



Enginuity 2017 Competition

PERFORMANCE REVIEW FOR 'Robert's Lucky Birds'



THE TASK

A **new management team** are needed to run a **UK-based global construction business** that has only been in existence for one year.

Although based in the UK, **expansion into overseas markets** may be an attractive proposition, depending upon the economic climate in different parts of the world. Working in other countries presents some **particular challenges** to overcome, such as environmental problems and specialised local competition for work. However, the potential **rewards and opportunities** of operating globally may outweigh the risks.

To grow the business the new management team will need to devise and implement an **effective business strategy**. This will involve making decisions in a number of key areas; finance, overheads, procurement and job progression. **Decisions are made for a quarter, or 3 months.**

The decisions to be made, and fate of the company, rests in the hands of the new management team.



MANAGEMENT TEAM

Ho-Wan To

Meaghan Carlisle

Dimitra Rozi

Chris Carter

Francisco Pereira

SPONSOR

Robert Bird Group



TIMEFRAME

The company had already been operating for periods 1 to 4, known as the History year, before the new management team took control.

The new management team were in charge for two different stages.

The Early Years (periods 5-12)

During the Early Years the competition for jobs comes from a number of simulated companies. Each one has their own unique profile and bidding history, and a careful assessment of the opposition is required to formulate an effective procurement strategy.

The Later Years (periods 13-18)

During the Later Years the teams compete 'head to head' against each other for work. This creates an even more uncertain and pressurized environment in which the skills and team dynamics formed in the early years are really put to the test.

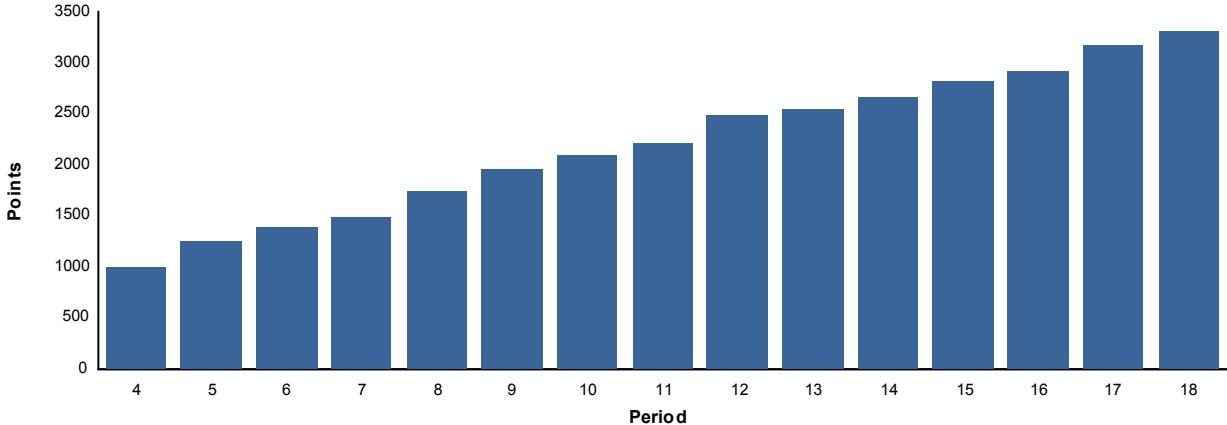
KEY PERFORMANCE INDICATORS

Performance indicators were used to measure company progress in a number of key areas. They were weighted at the start of the early years to reflect their variability, initially to a 1,000 points

Overall company performance improved from 1,000 to 3,307 points

End Period	Status	Year/qtr	Turnover	Gross Profit To Turnover	Operating Profit To Turnover	Company Value	Capital Employed	Contract Completion	Forward Workload	Forward Margin	Share Price	Client Satisfaction	Total Rating
4	History	2016 (Q4)	40	130	130	170	120	100	70	100	70	70	1,000
5	Early Years	2017 (Q1)	54	145	192	182	137	140	103	127	82	106	1,268
6	Early Years	2017 (Q2)	59	141	187	185	148	160	129	163	75	145	1,392
7	Early Years	2017 (Q3)	69	156	228	203	155	175	102	141	79	182	1,490
8	Early Years	2017 (Q4)	78	174	276	227	161	245	117	154	93	222	1,747
9	Early Years	2018 (Q1)	83	191	317	250	165	260	139	172	112	265	1,954
10	Early Years	2018 (Q2)	91	201	346	287	169	295	130	163	113	313	2,108
11	Early Years	2018 (Q3)	98	209	367	315	168	330	108	132	139	356	2,222
12	Early Years	2018 (Q4)	100	211	365	322	171	360	196	215	161	389	2,490
13	Later Years	2019 (Q1)	106	214	371	356	174	375	190	164	171	426	2,547
14	Later Years	2019 (Q2)	114	220	387	405	176	435	179	99	182	472	2,669
15	Later Years	2019 (Q3)	115	215	367	411	177	450	239	152	189	517	2,832
16	Later Years	2019 (Q4)	125	220	382	470	177	485	173	116	209	558	2,915
17	Later Years	2020 (Q1)	130	223	388	489	177	565	223	142	251	596	3,184
18	Later Years	2020 (Q2)	128	223	376	464	175	575	269	206	258	633	3,307

Overall KPI Trend



- Turnover:** An indication of how much work the company has done
- Gross Profit to Turnover:** A measure of how profitable the company's jobs have been
- Operating Profit to Turnover:** A measure of how profitable the company is after considering all operating factors
- Company Value:** A measure of the asset value of the company
- Capital Employed:** A measure of how well the company's infrastructure is being utilised

- Contract Completion:** An indication of how successful the company is in completing contracts
- Forward Workload:** The remaining turnover (value) of jobs still in progress
- Forward Margin:** The remaining profit of jobs still in progress
- Share Price:** A measure of the strength of the company's share price
- Client Satisfaction:** An indication of the strength of the relationship build up with the company's clients

PERFORMANCE SUMMARY

	History	Since	Change	Basis
Number of periods:	4	14		
Company value:	4,798,249	13,108,780	173 %	E
Share price:	1.03	3.79	268 %	E
Capital employed:	78 %	93 %		A
Turnover:	11,919,030	22,874,520	92 %	A
Job profit:	3.4 %	6.2 %		D % of job cost
Overhead costs:	1.8 %	1.6 %		D % of job cost
Operating profit:	1.3 %	3.9 %		D % of job cost; net, after tax and interest
Dividend paid:	1.8 %	1.0 %		D % of job cost
Measurement staffing level:	100 %	121 %		D The benchmark was 100%
Market share:	11 %	35 %		D % of the overall new work in the market identified
Market share split (UK):	64 %	41 %		D % of the market share in the UK
Market share split (OV):	36 %	59 %		D % of market share Overseas (outside the UK)
QHSE staffing level:	100 %	121 %		D The benchmark was 100%
Head office staffing level:	100 %	120 %		D The benchmark was 100%
Number of jobs bid for:	14	74		D
Number of jobs won:	6	39		D
Bidding success rate:	43 %	53 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	30		D
Jobs finished on time:	0	10		D
Jobs finished late:	0	0		D
Job completion efficiency:	n/a	0.91		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	2.01 %		D % due to targeted investments
Risk cost incurred:	46 %	57 %		D As a % of the contingency in the bid
Change in risk cost:	-18.5 %	-12.7 %		D % due to mitigatng factors
Project manager weighting:	8.1	9.1		D Out of 10
Forward margin:	715,258	1,470,486		E
Forward workload:	19,358,560	74,297,490		E

Basis for setting each measure

E (At the end of the timeframe)

A (An average for each period of the timeframe)

D (The value during the whole timeframe)