



Enginuity 2016 Competition

PERFORMANCE REVIEW FOR 'GMT+5:30'



THE TASK

A fledgling **UK-based multinational construction company**, with its headquarters in London, has been trading for just one year. A **new management team** is needed to run the company for the foreseeable future, making the key business decisions related to finance, marketing, overheads, procurement and job progression. The decisions are made for each period, which represents a quarter, or 3 months. The new management team need to form **an effective strategy to grow the business**, and satisfy the high demands of the company's shareholders, who are keen to see a quick return on their investment.

Although based in the UK, and subject to UK tax laws and interest rates, **expansion into overseas markets**, and different continents, may be an attractive proposition. A lot will depend upon the prevailing economic climate in the UK, and worldwide, which changes as time progresses to provide a realistic and dynamic challenge for the new management team. Working in different countries will present some **particular challenges** to overcome, such as client restrictions, global competitors and environmental problems (extreme weather conditions, civil unrest, local labour problems etc). However, the **potential rewards and opportunities** of operating globally, such as worldwide client base, niche markets and lucrative large-scale contracts, may outweigh the risks.

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



MANAGEMENT TEAM

Gajender Vashisth
Nayela Fatma

Sahil Goyal
Shariq Khan

Priyank Rajpurohit
Mohit Nagpal



SPONSOR

WSP | Parsons Brinckerhoff



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.

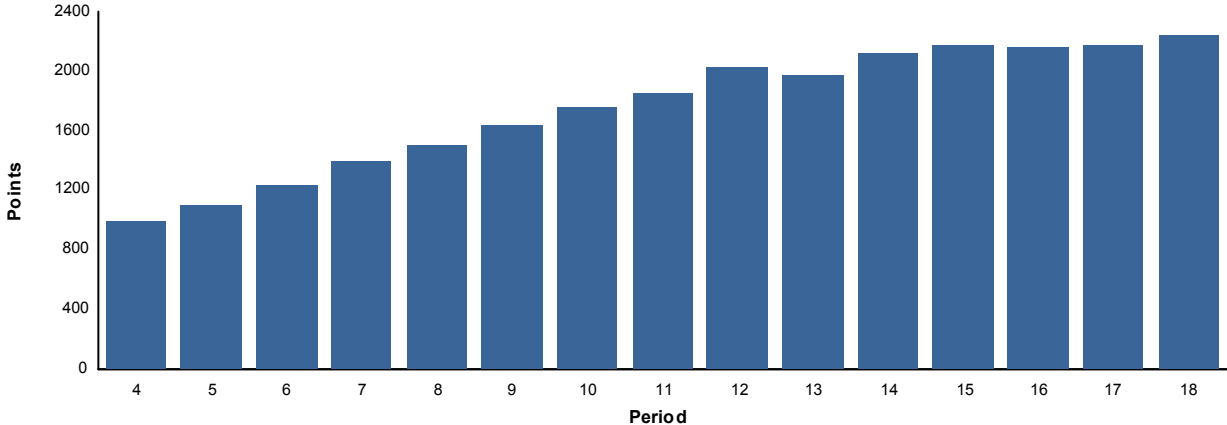
KEY PERFORMANCE INDICATORS

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 2,247 points

Base Period	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	40	130	130	170	120	100	70	100	70	70	1,000
5	48	125	115	170	138	130	87	127	72	96	1,108
6	60	140	154	183	152	145	86	120	81	122	1,243
7	68	152	182	199	164	170	103	130	86	149	1,403
8	77	159	199	217	173	185	105	125	91	178	1,509
9	85	167	220	241	179	230	107	123	98	197	1,647
10	91	164	218	253	184	235	128	158	101	236	1,768
11	100	160	216	272	189	280	114	147	107	271	1,856
12	104	167	229	298	193	290	145	172	119	307	2,024
13	110	170	240	327	189	340	71	83	116	337	1,983
14	113	172	242	344	189	355	141	94	122	349	2,121
15	113	170	231	341	190	375	181	99	108	367	2,175
16	117	161	216	343	192	355	184	97	107	388	2,160
17	120	158	211	353	194	355	186	95	115	396	2,183
18	126	154	206	367	196	410	155	79	124	430	2,247

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		
Financial Management				
Company value:	4,886,205	10,540,700	116 %	E
Share price:	1.18	2.09	77 %	E
Capital employed:	68 %	92 %		A
Turnover:	10,522,050	19,794,360	88 %	A
Job profit:	4.4 %	5.3 %		D % of job cost
Overhead costs:	1.8 %	1.3 %		D % of job cost
Operating profit:	1.9 %	3.1 %		D % of job cost; net, after tax and interest
Dividend paid:	2.0 %	0.8 %		D % of job cost
Overhead Management				
Market share:	12 %	30 %		D % of the overall new work in the market identified
Market share split (UK):	45 %	41 %		D % of the market share in the UK
Market share split (OV):	55 %	59 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	113 %		D The benchmark was 100%
QHSE staffing level:	100 %	119 %		D The benchmark was 100%
Measurement staffing level:	100 %	119 %		D The benchmark was 100%
Procurement				
Number of jobs bid for:	10	50		D
Number of jobs won:	6	31		D
Bidding success rate:	60 %	62 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	1	19		D
Jobs finished on time:	0	10		D
Jobs finished late:	0	2		D
Job completion efficiency:	0.96	0.86		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.32 %		D % due to targeted investments
Risk cost incurred:	50 %	47 %		D As a % of the contingency in the bid
Change in risk cost:	-10.9 %	-32.0 %		D % due to mitigating factors
Project manager weighting:	7.8	8.5		D Out of 10
Future Outlook				
Forward workload:	22,485,540	49,680,750		E
Forward margin:	866,077	682,189		E

Basis

The basis for setting each measure was:

E (At the end of the timeframe) **A** (An average for each period of the timeframe) **D** (The value during the whole timeframe)