



# Enginuity 2017 Competition

## PERFORMANCE REVIEW FOR 'Capitol Based'



### 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

Brian Pourciau

Cathleen Barry

Margaret Rockwell

Aaron Mihalik

### SPONSOR

Parsons Corporation



### 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.

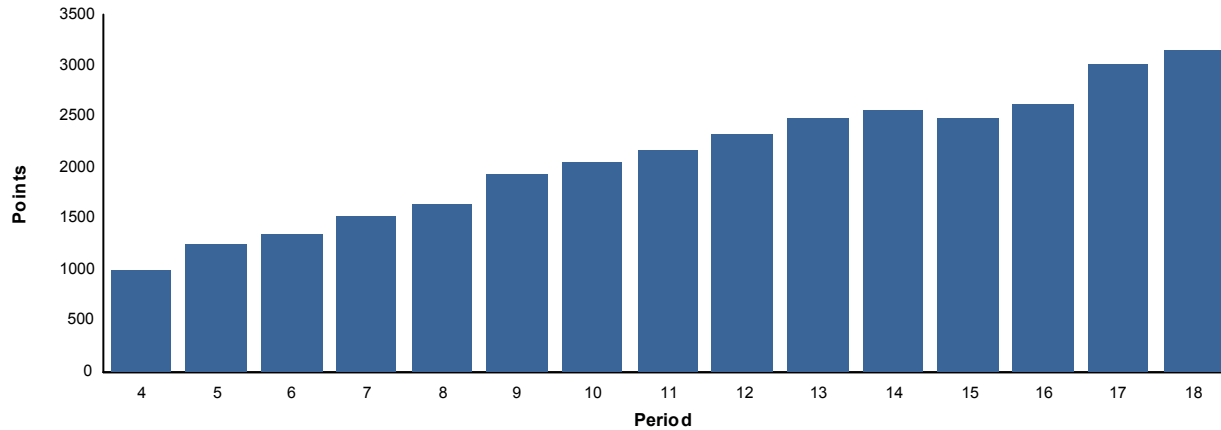
# KEY PERFORMANCE INDICATORS

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 3,159 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	141	179	179	137	140	103	130	83	108	1,254
6	Early Years	2017 (Q2)	59	144	184	185	145	160	113	143	69	147	1,349
7	Early Years	2017 (Q3)	68	161	230	202	154	175	119	164	78	181	1,532
8	Early Years	2017 (Q4)	78	178	279	226	155	225	79	109	88	225	1,642
9	Early Years	2018 (Q1)	80	199	307	242	160	245	150	190	111	260	1,944
10	Early Years	2018 (Q2)	82	208	318	253	164	250	166	212	120	296	2,069
11	Early Years	2018 (Q3)	90	213	341	279	168	280	154	176	146	334	2,181
12	Early Years	2018 (Q4)	95	211	344	290	171	305	179	194	167	374	2,330
13	Later Years	2019 (Q1)	99	211	347	306	174	335	210	223	181	410	2,496
14	Later Years	2019 (Q2)	105	211	351	330	175	355	193	206	211	442	2,579
15	Later Years	2019 (Q3)	110	209	350	349	172	395	108	108	207	479	2,487
16	Later Years	2019 (Q4)	112	209	346	352	170	420	144	138	234	508	2,633
17	Later Years	2020 (Q1)	112	213	349	368	172	460	295	226	262	554	3,011
18	Later Years	2020 (Q2)	114	212	348	388	174	460	315	288	275	585	3,159

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	10,956,920	128 %	E
Share price:	1.03	4.04	292 %	E
Capital employed:	78 %	92 %		A
Turnover:	11,919,030	20,153,990	69 %	A
Job profit:	3.4 %	5.8 %		D % of job cost
Overhead costs:	1.8 %	1.6 %		D % of job cost
Operating profit:	1.3 %	3.6 %		D % of job cost; net, after tax and interest
Dividend paid:	1.8 %	1.1 %		D % of job cost
Measurement staffing level:	100 %	132 %		D The benchmark was 100%
Market share:	11 %	37 %		D % of the overall new work in the market identified
Market share split (UK):	64 %	36 %		D % of the market share in the UK
Market share split (OV):	36 %	64 %		D % of market share Overseas (outside the UK)
QHSE staffing level:	100 %	132 %		D The benchmark was 100%
Head office staffing level:	100 %	128 %		D The benchmark was 100%
Number of jobs bid for:	14	51		D
Number of jobs won:	6	35		D
Bidding success rate:	43 %	69 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	17		D
Jobs finished on time:	0	16		D
Jobs finished late:	0	0		D
Job completion efficiency:	n/a	0.90		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	0.76 %		D % due to targeted investments
Risk cost incurred:	43 %	88 %		D As a % of the contingency in the bid
Change in risk cost:	-22.8 %	-19.7 %		D % due to mitigatng factors
Project manager weighting:	8.1	9.6		D Out of 10
Forward margin:	715,258	2,059,234		E
Forward workload:	19,358,560	87,230,990		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)