



Enginuity 2016 Competition

PERFORMANCE REVIEW FOR 'HMS Dominion'



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

Brian Pourciau

Tucker Buchanan

Christopher Leonard

Soroush Fakhri Yazdi



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.

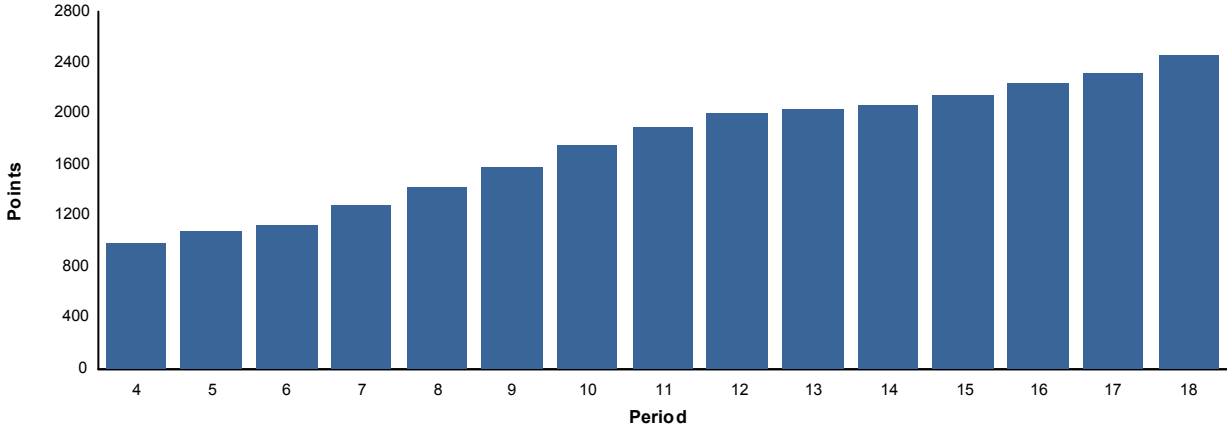
KEY PERFORMANCE INDICATORS

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 2,457 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	109	72	163	142	130	99	146	65	106	1,080
6	60	111	81	166	157	145	90	123	67	138	1,138
7	71	123	108	177	168	175	92	119	77	173	1,283
8	80	129	127	190	176	215	95	122	88	216	1,438
9	87	139	143	203	183	240	108	125	98	256	1,582
10	94	151	170	228	188	275	112	131	116	292	1,757
11	97	156	182	239	193	285	140	157	125	329	1,903
12	102	157	186	249	196	335	138	148	132	363	2,006
13	106	155	183	252	198	350	142	133	128	398	2,045
14	114	149	173	263	200	380	122	114	123	430	2,068
15	117	145	164	264	201	425	128	116	113	469	2,142
16	118	142	158	269	203	445	161	136	113	498	2,243
17	123	142	159	278	205	445	156	154	129	526	2,317
18	126	144	163	297	206	505	167	146	141	562	2,457

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	8,539,848	75 %	E
Share price:	1.18	2.37	101 %	E
Capital employed:	68 %	98 %		A
Turnover:	10,522,050	19,839,830	89 %	A
Job profit:	4.4 %	4.9 %		D % of job cost
Overhead costs:	1.8 %	1.8 %		D % of job cost
Operating profit:	1.9 %	2.4 %		D % of job cost; net, after tax and interest
Dividend paid:	2.0 %	0.8 %		D % of job cost
Overhead Management				
Market share:	12 %	37 %		D % of the overall new work in the market identified
Market share split (UK):	45 %	31 %		D % of the market share in the UK
Market share split (OV):	55 %	69 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	136 %		D The benchmark was 100%
QHSE staffing level:	100 %	138 %		D The benchmark was 100%
Measurement staffing level:	100 %	138 %		D The benchmark was 100%
Procurement				
Number of jobs bid for:	10	55		D
Number of jobs won:	6	34		D
Bidding success rate:	60 %	62 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	1	25		D
Jobs finished on time:	0	8		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.96	0.87		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	0.84 %		D % due to targeted investments
Risk cost incurred:	48 %	63 %		D As a % of the contingency in the bid
Change in risk cost:	-14.2 %	-29.1 %		D % due to mitigating factors
Project manager weighting:	7.8	9.7		D Out of 10
Future Outlook				
Forward workload:	22,485,540	53,603,450		E
Forward margin:	866,077	1,263,571		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)