



Enginuity 2015 Competition

PERFORMANCE REVIEW FOR 'Team Brincker-HOFF'



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

Elyes Aidi
Sam Deeley

Thomas Parkinson
Georgia Cooke

Sarah Onions



SPONSOR

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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.

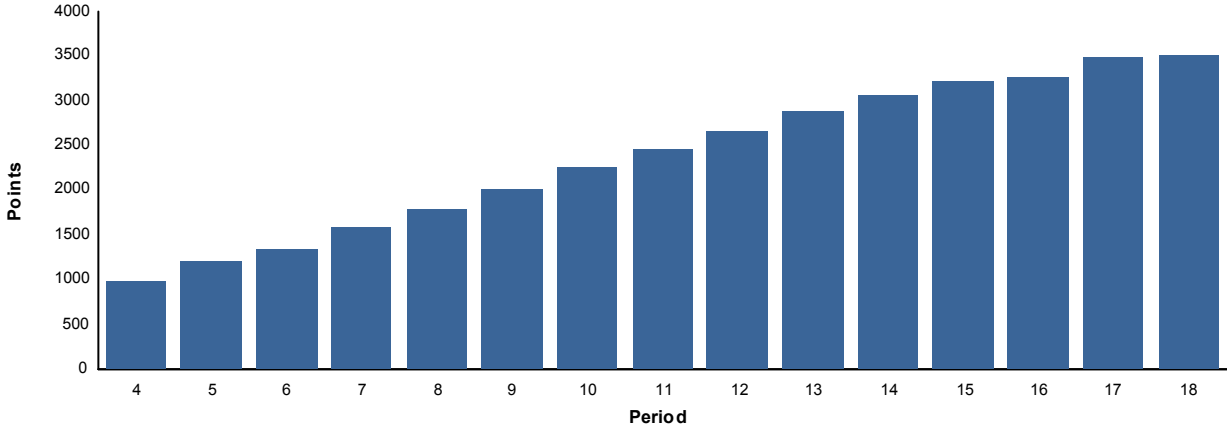
KEY PERFORMANCE INDICATORS

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 3,514 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	50	140	149	174	145	125	116	145	76	102	1,222
6	63	162	204	187	160	130	106	129	88	132	1,361
7	72	186	253	205	174	155	122	146	104	170	1,587
8	80	211	304	239	185	190	127	153	108	211	1,808
9	89	231	347	273	193	225	131	155	131	249	2,024
10	97	245	379	308	199	270	145	181	161	287	2,272
11	104	252	397	338	204	290	160	192	192	332	2,461
12	111	263	420	396	209	325	171	201	199	378	2,673
13	118	272	439	445	211	370	167	210	236	422	2,890
14	124	279	455	505	212	425	184	178	251	467	3,080
15	126	282	454	543	215	425	244	172	255	512	3,228
16	134	280	453	602	215	465	186	133	267	531	3,266
17	139	277	448	641	217	470	284	158	296	570	3,500
18	146	271	439	684	216	525	207	109	301	616	3,514

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:	4,809,415	19,361,490	303 %	E
Share price:	1.12	4.81	329 %	E
Capital employed:	62 %	94 %		A
Turnover:	10,072,540	22,145,360	120 %	A
Job profit:	4.2 %	9.5 %		D % of job cost
Overhead costs:	2.1 %	2.1 %		D % of job cost
Operating profit:	1.6 %	5.8 %		D % of job cost; net, after tax and interest
Dividend paid:	2.2 %	0.8 %		D % of job cost
Overhead Management				
Market share:	10 %	34 %		D % of the overall new work in the market identified
Market share split (UK):	59 %	33 %		D % of the market share in the UK
Market share split (OV):	41 %	67 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	214 %		D The benchmark was 100%; the optimum level was 200%
QHSE staffing level:	100 %	225 %		D The benchmark was 100%; the optimum level was 200%
Measurement staffing level:	100 %	225 %		D The benchmark was 100%; the optimum level was 200%
Procurement				
Number of jobs bid for:	13	79		D
Number of jobs won:	6	39		D
Bidding success rate:	46 %	49 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	0	24		D
Jobs finished on time:	1	13		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.99	0.92		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.99 %		D % due to targeted investments
Risk cost incurred:	91 %	45 %		D As a % of the contingency in the bid
Reduction in risk cost:	27.4 %	40.7 %		D % due to mitigatng factors
Project manager weighting:	8.5	9.4		D Out of 10
Future Outlook				
Forward workload:	18,835,610	55,649,730		E
Forward margin:	745,985	813,398		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)