



Enginuity 2015 Competition

PERFORMANCE REVIEW FOR 'Aspiring for a PB Hat Trick'



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

Matthew Lupton

Ren Fu



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.

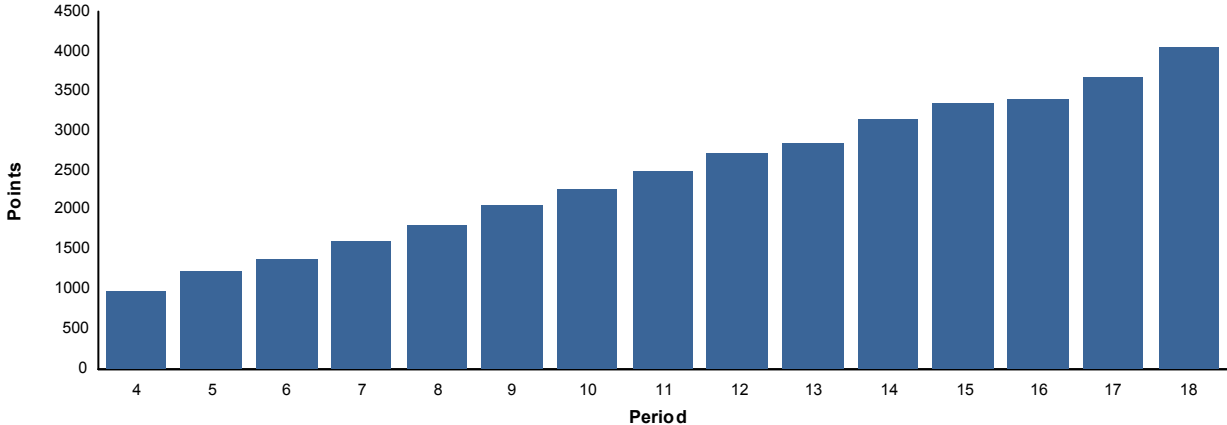
KEY PERFORMANCE INDICATORS

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 4,047 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	51	144	155	175	145	125	116	148	77	103	1,239
6	63	167	210	193	163	130	118	149	79	133	1,405
7	73	190	261	217	175	170	122	156	86	169	1,619
8	82	217	316	250	183	190	118	157	95	204	1,812
9	90	239	362	289	191	215	143	179	108	250	2,066
10	98	254	394	327	197	245	149	186	132	289	2,271
11	106	267	425	372	202	280	162	201	162	330	2,507
12	113	273	438	400	206	310	177	221	208	376	2,722
13	121	280	455	451	208	340	158	176	239	418	2,846
14	129	285	468	490	212	405	211	195	302	464	3,161
15	135	283	463	531	214	435	240	215	328	513	3,357
16	141	283	465	592	214	445	194	180	349	553	3,416
17	149	283	469	622	213	515	188	224	411	596	3,670
18	151	283	466	609	215	550	339	327	461	646	4,047

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	17,220,220	258 %	E
Share price:	1.12	7.37	558 %	E
Capital employed:	62 %	94 %		A
Turnover:	10,072,540	22,935,700	128 %	A
Job profit:	4.2 %	9.9 %		D % of job cost
Overhead costs:	2.1 %	2.0 %		D % of job cost
Operating profit:	1.6 %	6.2 %		D % of job cost; net, after tax and interest
Dividend paid:	2.2 %	1.9 %		D % of job cost
Overhead Management				
Market share:	10 %	39 %		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 %	210 %		D The benchmark was 100%; the optimum level was 200%
QHSE staffing level:	100 %	217 %		D The benchmark was 100%; the optimum level was 200%
Measurement staffing level:	100 %	217 %		D The benchmark was 100%; the optimum level was 200%
Procurement				
Number of jobs bid for:	13	64		D
Number of jobs won:	6	39		D
Bidding success rate:	46 %	61 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	0	27		D
Jobs finished on time:	1	10		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.99	0.95		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.79 %		D % due to targeted investments
Risk cost incurred:	91 %	42 %		D As a % of the contingency in the bid
Reduction in risk cost:	27.8 %	46.8 %		D % due to mitigating factors
Project manager weighting:	8.5	9.5		D Out of 10
Future Outlook				
Forward workload:	18,835,610	91,187,630		E
Forward margin:	745,985	2,441,616		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)