



Enginuity 2016 Competition

PERFORMANCE REVIEW FOR 'EngiWINity Strikes Back'



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

Renardo Bezati
Jason Pittenger

Daniel Cook
Daniel Beard



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.

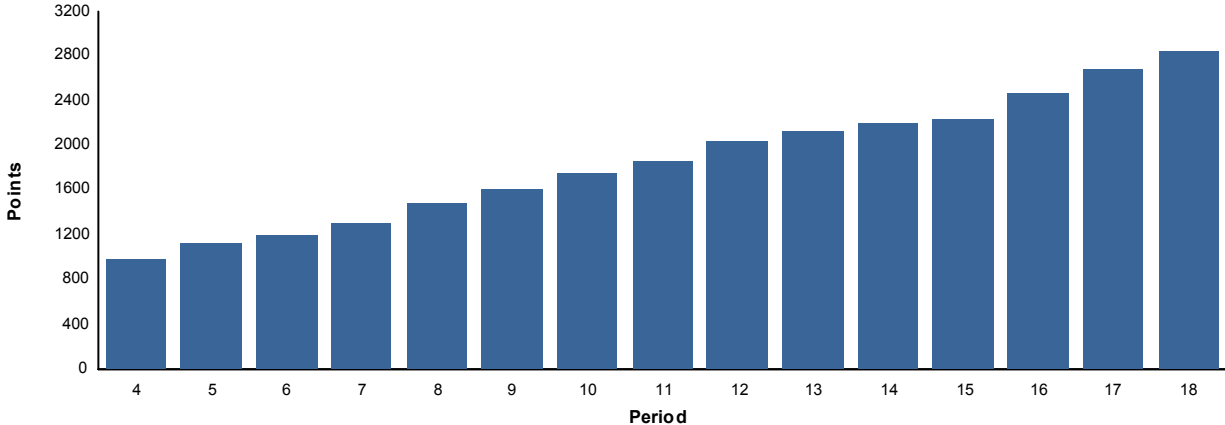
KEY PERFORMANCE INDICATORS

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 2,855 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	128	172	141	130	96	130	74	95	1,139
6	62	132	149	183	157	130	89	113	78	118	1,211
7	73	139	165	198	167	155	91	108	74	143	1,313
8	81	151	185	219	176	190	105	132	75	179	1,493
9	88	154	194	234	182	225	109	132	81	215	1,614
10	94	163	210	257	187	245	123	146	81	250	1,756
11	100	167	218	275	191	275	128	135	91	284	1,864
12	104	173	229	293	194	305	161	167	107	320	2,053
13	109	178	238	316	197	330	166	131	113	365	2,143
14	116	173	229	328	200	345	164	133	117	396	2,201
15	122	172	227	353	198	395	129	92	117	433	2,238
16	124	170	219	362	200	420	217	159	130	475	2,476
17	131	170	221	394	202	455	214	218	161	524	2,690
18	134	166	212	402	203	495	244	282	158	559	2,855

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	11,551,640	136 %	E
Share price:	1.18	2.66	125 %	E
Capital employed:	68 %	96 %		A
Turnover:	10,522,050	21,222,890	102 %	A
Job profit:	4.4 %	5.7 %		D % of job cost
Overhead costs:	1.8 %	1.7 %		D % of job cost
Operating profit:	1.9 %	3.2 %		D % of job cost; net, after tax and interest
Dividend paid:	2.0 %	0.6 %		D % of job cost
Overhead Management				
Market share:	12 %	38 %		D % of the overall new work in the market identified
Market share split (UK):	45 %	32 %		D % of the market share in the UK
Market share split (OV):	55 %	68 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	111 %		D The benchmark was 100%
QHSE staffing level:	100 %	121 %		D The benchmark was 100%
Measurement staffing level:	100 %	121 %		D The benchmark was 100%
Procurement				
Number of jobs bid for:	10	58		D
Number of jobs won:	6	33		D
Bidding success rate:	60 %	57 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	1	20		D
Jobs finished on time:	0	12		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.96	0.86		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.85 %		D % due to targeted investments
Risk cost incurred:	50 %	54 %		D As a % of the contingency in the bid
Change in risk cost:	-11.3 %	-20.2 %		D % due to mitigating factors
Project manager weighting:	7.8	9.1		D Out of 10
Future Outlook				
Forward workload:	22,485,540	78,298,980		E
Forward margin:	866,077	2,445,898		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)