



Eginuity 2017 Competition

PERFORMANCE REVIEW FOR 'LEEROY JENKINS'



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

Renardo Bezati

Kien Nguyen

Charlotte Wu

SPONSOR

WSP



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.

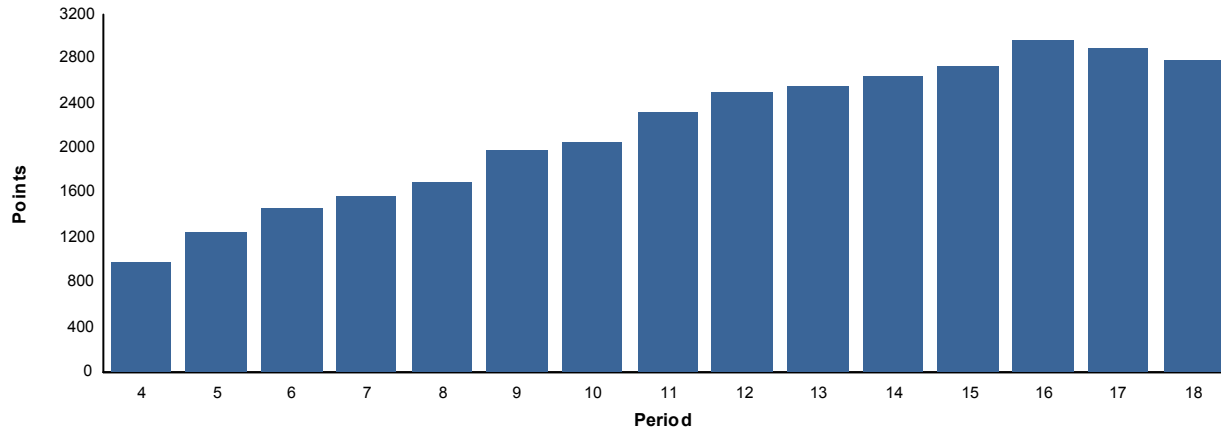
KEY PERFORMANCE INDICATORS

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 2,801 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)	53	153	213	184	132	140	86	115	83	108	1,267
6	Early Years	2017 (Q2)	57	163	224	190	144	160	130	177	85	146	1,476
7	Early Years	2017 (Q3)	66	179	272	213	151	175	111	157	84	176	1,584
8	Early Years	2017 (Q4)	75	207	337	246	152	210	80	108	86	209	1,710
9	Early Years	2018 (Q1)	78	223	359	264	158	240	151	160	99	253	1,985
10	Early Years	2018 (Q2)	84	235	392	296	159	260	112	123	107	289	2,057
11	Early Years	2018 (Q3)	89	252	430	335	163	275	159	177	135	314	2,329
12	Early Years	2018 (Q4)	91	259	437	353	166	295	196	205	150	350	2,502
13	Later Years	2019 (Q1)	96	263	449	384	168	310	187	160	166	384	2,567
14	Later Years	2019 (Q2)	103	262	449	417	169	345	166	131	190	418	2,650
15	Later Years	2019 (Q3)	110	260	446	448	167	415	135	92	205	462	2,740
16	Later Years	2019 (Q4)	109	261	421	435	169	425	294	153	215	486	2,968
17	Later Years	2020 (Q1)	113	254	407	450	169	425	233	124	217	509	2,901
18	Later Years	2020 (Q2)	118	252	407	480	167	440	128	69	215	525	2,801

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	13,547,260	182 %	E
Share price:	1.03	3.17	208 %	E
Capital employed:	78 %	87 %		A
Turnover:	11,919,030	20,850,260	75 %	A
Job profit:	3.4 %	7.1 %		D % of job cost
Overhead costs:	1.8 %	2.0 %		D % of job cost
Operating profit:	1.3 %	4.3 %		D % of job cost; net, after tax and interest
Dividend paid:	1.8 %	0.9 %		D % of job cost
Measurement staffing level:	100 %	121 %		D The benchmark was 100%
Market share:	11 %	35 %		D % of the overall new work in the market identified
Market share split (UK):	64 %	30 %		D % of the market share in the UK
Market share split (OV):	36 %	70 %		D % of market share Overseas (outside the UK)
QHSE staffing level:	100 %	121 %		D The benchmark was 100%
Head office staffing level:	100 %	114 %		D The benchmark was 100%
Number of jobs bid for:	14	75		D
Number of jobs won:	6	28		D
Bidding success rate:	43 %	37 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	17		D
Jobs finished on time:	0	12		D
Jobs finished late:	0	0		D
Job completion efficiency:	n/a	0.93		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	2.04 %		D % due to targeted investments
Risk cost incurred:	44 %	63 %		D As a % of the contingency in the bid
Change in risk cost:	-21.9 %	-14.2 %		D % due to mitigatng factors
Project manager weighting:	8.1	9.1		D Out of 10
Forward margin:	715,258	492,484		E
Forward workload:	19,358,560	35,507,050		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)