



# ENGINEUNITY 2020 COMPETITION

## PERFORMANCE REVIEW FOR 'Flying Doraemon with Extra wings'

### MANAGEMENT TEAM

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### SPONSOR

Jacobs

### THE CHALLENGE



It is the **beginning of 2020**.

A UK-based **global construction business** that has only been in existence for one year needs a **new management team** to run the company for the foreseeable future.

The company **operates in a number of sectors**, with jobs, clients, rival competitors, and people worldwide.

To grow the business the new management team will need to devise an **effective business strategy**.

Developing an effective strategy will involve acquiring an understanding of :-

- The **economic environment** in which the company is operating
- The **strengths and weaknesses** of the business as it currently stands

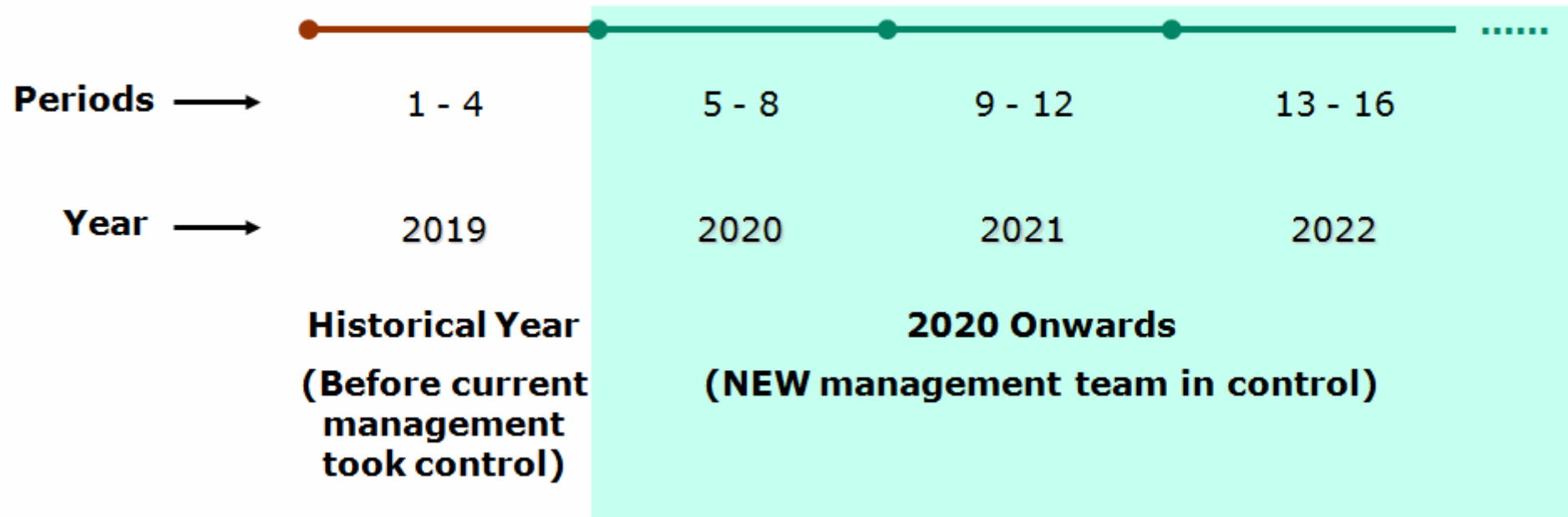
To implement the strategy **decisions** will have to be made in a number of key areas :-

- Financial management
- Overhead management
- Procurement
- Job progression



## TIMEFRAME

Decisions are made for a **period**, representing 3 months, or a quarter, in the real world.



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.

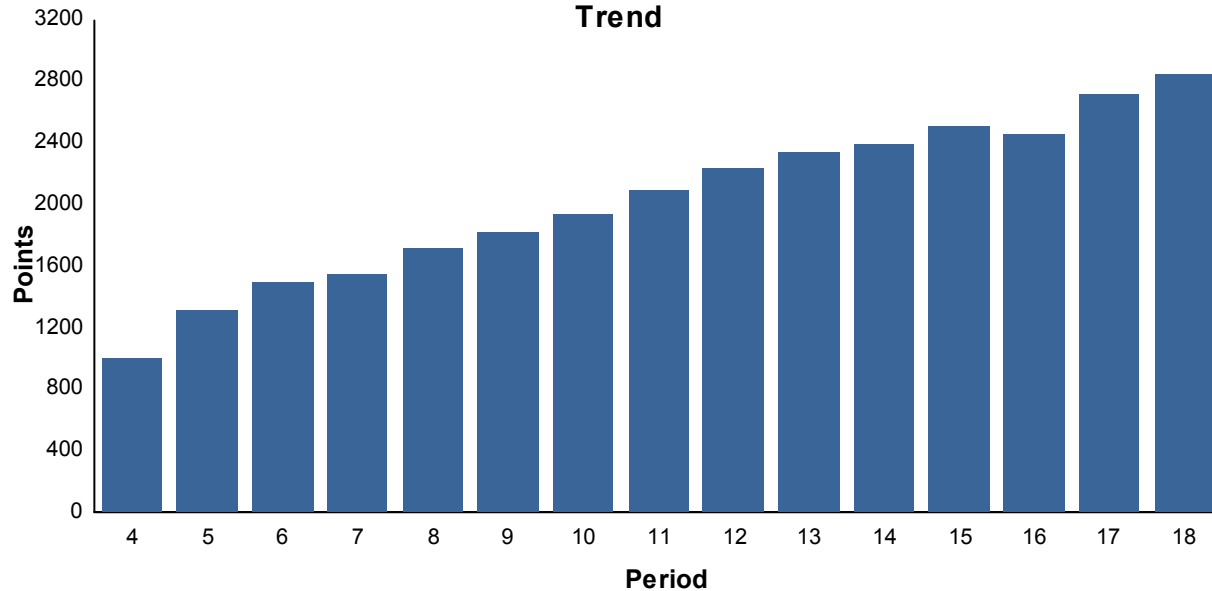
# OVERALL PERFORMANCE (KPIs)

Performance Indicators were used to measure company progress, weighted at the end of the History to reflect their variability, initially to 1,000 points.

Overall company performance improved from 1,000 to 2,845 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	2019 (Q4)	40	170	120	170	130	80	70	100	70	50	1,000
5	Early Years	2020 (Q1)	59	179	187	179	158	90	127	173	86	75	1,313
6	Early Years	2020 (Q2)	73	189	230	193	176	122	132	177	83	117	1,492
7	Early Years	2020 (Q3)	91	181	232	207	190	150	119	150	71	156	1,547
8	Early Years	2020 (Q4)	101	190	255	225	199	178	137	169	72	195	1,721
9	Early Years	2021 (Q1)	114	186	253	242	207	215	140	160	66	234	1,817
10	Early Years	2021 (Q2)	123	188	262	262	212	244	144	161	64	273	1,933
11	Early Years	2021 (Q3)	129	190	270	280	218	261	172	184	69	315	2,088
12	Early Years	2021 (Q4)	137	200	294	307	222	278	178	181	89	354	2,240
13	Later Years	2022 (Q1)	143	205	304	329	225	327	176	139	98	391	2,337
14	Later Years	2022 (Q2)	149	202	297	338	228	339	196	115	105	423	2,392
15	Later Years	2022 (Q3)	158	203	300	368	230	371	180	117	121	460	2,508
16	Later Years	2022 (Q4)	163	205	305	392	225	411	80	59	121	500	2,461
17	Later Years	2023 (Q1)	161	206	293	393	225	435	218	128	139	521	2,719
18	Later Years	2023 (Q2)	160	206	290	402	228	435	274	151	147	552	2,845

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	Additional information
Number of periods	4	14			
<b>FINANCIAL MANAGEMENT</b>					
Company value	4,682,259	11,078,900	137 %	End of timeframe	
Share price	1.05	2.21	110 %	End of timeframe	
Average capital base	4,075,584	6,372,247	56 %	Each period of timeframe	
Average capital base utilisation	64 %	94 %		Each period of timeframe	
Average turnover	8,114,228	19,744,200	143 %	Each period of timeframe	
Job profit	4.3 %	5.3 %		During whole timeframe	As a % of job costs
Overhead costs	2.7 %	1.6 %		During whole timeframe	As a % of job costs
Net operating profit	1.2 %	3.1 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	2.8 %	0.6 %		During whole timeframe	As a % of job costs
Forward workload	17,285,100	67,601,310		End of timeframe	
Forward margin	617,535	929,735		End of timeframe	
<b>OVERHEAD MANAGEMENT</b>					
Market share	12 %	33 %		During whole timeframe	% of the overall new work in the market identified
Market share split (UK)	0 %	0 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	0 %	0 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	116 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	120 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	120 %		During whole timeframe	Optimum level is 100%
<b>PROCUREMENT</b>					
Number of jobs bid for	14	61		During whole timeframe	
Number of jobs won	5	39		During whole timeframe	
Bidding success rate	36 %	64 %		During whole timeframe	Jobs won as a % of jobs bid for
<b>JOB PROGRESSION</b>					
Project manager weighting	8.0	9.3		During whole timeframe	Out of 10
Project manager resignations	0	1		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	29,596	888,823		During whole timeframe	
Jobs finished early	0	28		During whole timeframe	
Jobs finished on time	0	9		During whole timeframe	
Jobs finished late	0	0		During whole timeframe	
Ineffective labour on site	1 %	1 %		During whole timeframe	
Subcontractor labour used on site	0 %	6 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.92		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.8 %		During whole timeframe	
Reduction in job costs (risk) due to targeted investments	0.0 %	0.2 %		During whole timeframe	
For D&B jobs, change in build cost due to consultant designer	-0.7 %	-0.9 %		During whole timeframe	
Measure of risk contingency included in bids	1.0	1.0		During whole timeframe	0=No contingency, 1=sensible level, 2=full risk cost
Risk cost incurred before mitigating factors	21 %	49 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-15.8 %	-35.2 %		During whole timeframe	
Risk cost incurred after mitigating factors	17 %	32 %		During whole timeframe	As a % of the contingency in the bid