



# ENGINUITY 2020 COMPETITION

## PERFORMANCE REVIEW FOR 'Parsons Pentagon View'

### MANAGEMENT TEAM

Vineet Rodrigues

Hung Truong

Nikhil Kadway

Maged Rofaief

### SPONSOR

Parsons

### 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

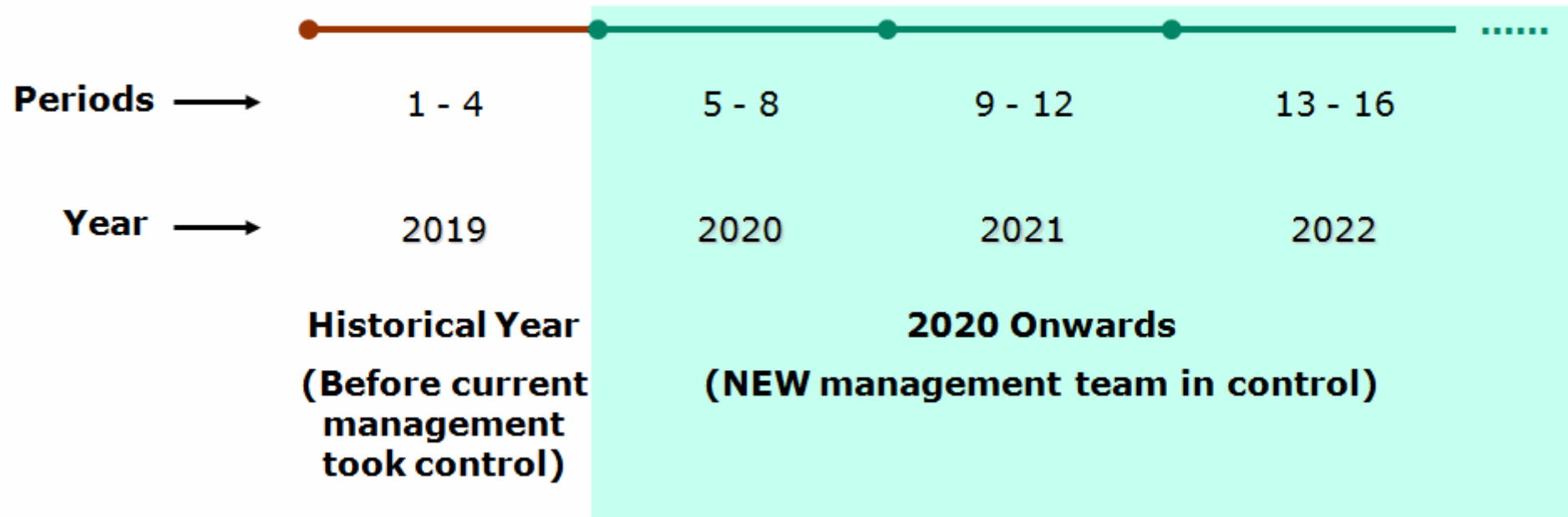
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

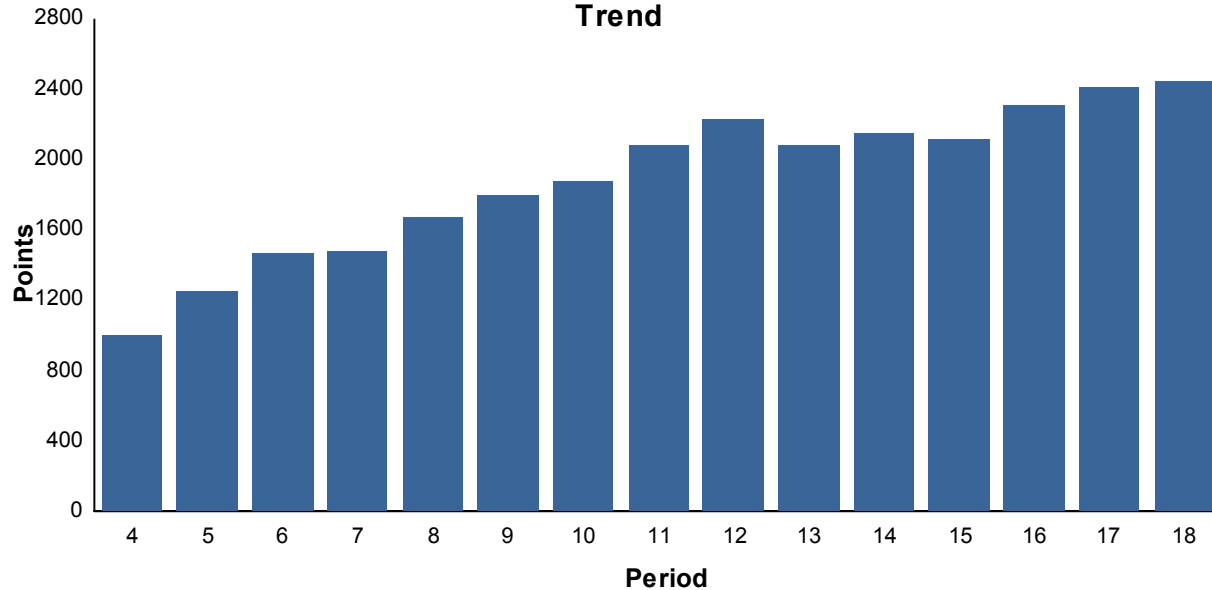
# OVERALL PERFORMANCE (KPIs)

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 2,449 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)	54	186	189	178	149	90	106	149	80	68	1,249
6	Early Years	2020 (Q2)	68	194	228	189	168	122	131	188	85	99	1,472
7	Early Years	2020 (Q3)	80	180	215	195	179	139	120	169	75	126	1,478
8	Early Years	2020 (Q4)	88	199	263	214	188	159	138	189	88	145	1,671
9	Early Years	2021 (Q1)	97	210	292	235	196	164	143	186	95	174	1,792
10	Early Years	2021 (Q2)	104	221	320	257	198	194	125	157	100	205	1,881
11	Early Years	2021 (Q3)	108	231	339	276	202	217	175	192	112	232	2,084
12	Early Years	2021 (Q4)	111	238	355	283	208	217	211	210	139	262	2,234
13	Later Years	2022 (Q1)	120	230	344	305	208	232	118	113	135	276	2,081
14	Later Years	2022 (Q2)	127	217	319	316	210	267	166	86	125	315	2,148
15	Later Years	2022 (Q3)	130	218	320	335	206	290	101	43	123	350	2,116
16	Later Years	2022 (Q4)	132	218	315	343	208	298	205	73	142	371	2,305
17	Later Years	2023 (Q1)	137	214	308	353	211	330	216	77	151	410	2,407
18	Later Years	2023 (Q2)	140	206	293	345	214	342	251	80	145	433	2,449

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	9,505,416	103 %	End of timeframe	
Share price	1.05	2.17	107 %	End of timeframe	
Average capital base	4,075,584	6,358,932	56 %	Each period of timeframe	
Average capital base utilisation	64 %	88 %		Each period of timeframe	
Average turnover	8,114,228	17,138,850	111 %	Each period of timeframe	
Job profit	4.3 %	5.3 %		During whole timeframe	As a % of job costs
Overhead costs	2.7 %	1.7 %		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 %	0.9 %		During whole timeframe	As a % of job costs
Forward workload	17,285,100	61,921,880		End of timeframe	
Forward margin	617,535	493,917		End of timeframe	
<b>OVERHEAD MANAGEMENT</b>					
Market share	12 %	29 %		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 %	130 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	130 %		During whole timeframe	Optimum level is 100%
<b>PROCUREMENT</b>					
Number of jobs bid for	14	58		During whole timeframe	
Number of jobs won	5	30		During whole timeframe	
Bidding success rate	36 %	52 %		During whole timeframe	Jobs won as a % of jobs bid for
<b>JOB PROGRESSION</b>					
Project manager weighting	8.0	8.6		During whole timeframe	Out of 10
Project manager resignations	0	3		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	29,596	610,988		During whole timeframe	
Jobs finished early	0	14		During whole timeframe	
Jobs finished on time	0	15		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 %	12 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.93		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.5 %		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 %	-0.7 %		During whole timeframe	
Measure of risk contingency included in bids	1.0	0.6		During whole timeframe	0=No contingency, 1=sensible level, 2=full risk cost
Risk cost incurred before mitigating factors	21 %	74 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-12.9 %	-34.5 %		During whole timeframe	
Risk cost incurred after mitigating factors	18 %	49 %		During whole timeframe	As a % of the contingency in the bid