



Enginuity 2018 Competition

PERFORMANCE REVIEW FOR 'Shear Incompetence'

THE CHALLENGE

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

Laura Truscott

Rose Mosely

Eric Lay

Rebekah Wilhelmi

Nirul Singh

Dean Holmes

SPONSOR

Arcadis

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.

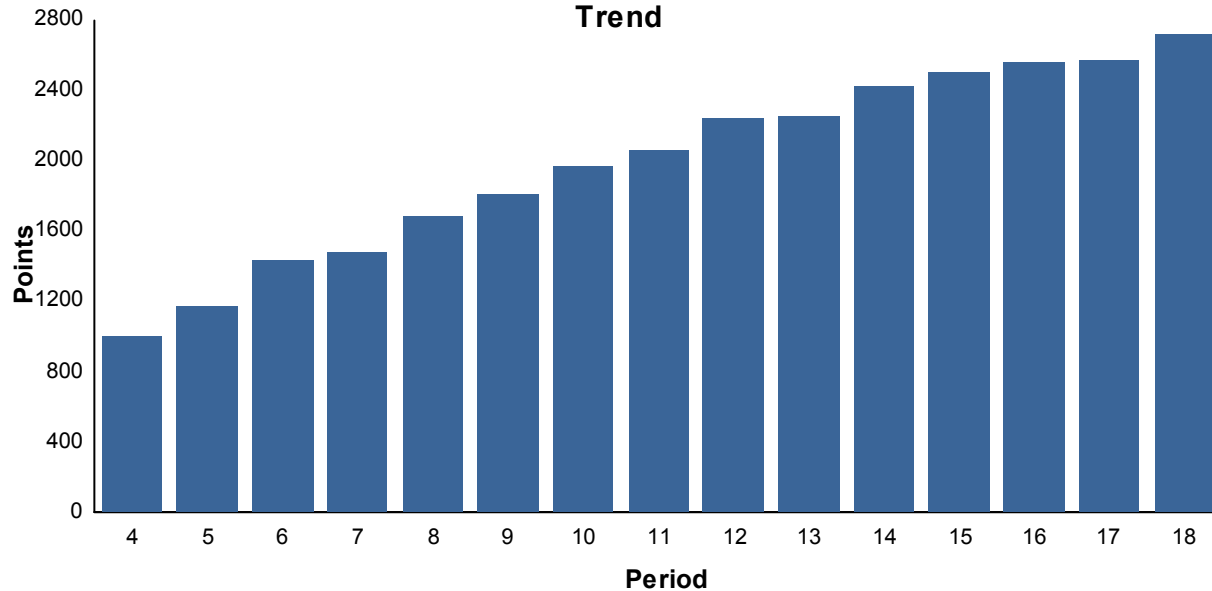
KEY PERFORMANCE INDICATORS

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 1,000 points

Overall company performance improved from 1,000 to 2,717 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	2017 (Q4)	40	130	130	170	120	100	70	100	70	70	1,000
5	Early Years	2018 (Q1)	49	122	127	169	143	125	108	154	75	99	1,171
6	Early Years	2018 (Q2)	60	135	181	177	172	130	158	216	88	121	1,438
7	Early Years	2018 (Q3)	79	126	185	184	193	165	122	170	89	165	1,478
8	Early Years	2018 (Q4)	88	137	225	196	209	170	153	205	104	198	1,685
9	Early Years	2019 (Q1)	99	141	249	207	220	220	137	178	116	237	1,804
10	Early Years	2019 (Q2)	107	147	271	220	230	240	160	202	126	270	1,973
11	Early Years	2019 (Q3)	116	146	275	230	238	280	154	185	130	308	2,062
12	Early Years	2019 (Q4)	124	152	298	250	244	315	164	189	156	354	2,246
13	Later Years	2020 (Q1)	131	163	331	277	243	345	92	105	170	398	2,255
14	Later Years	2020 (Q2)	134	170	336	284	244	385	151	106	180	434	2,424
15	Later Years	2020 (Q3)	135	170	319	274	247	390	187	143	168	473	2,506
16	Later Years	2020 (Q4)	142	171	327	291	251	415	157	113	189	507	2,563
17	Later Years	2021 (Q1)	143	173	314	282	251	435	163	108	165	534	2,568
18	Later Years	2021 (Q2)	143	174	314	284	254	470	206	129	175	568	2,717

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:	4,711,236	7,870,015	67 %	E
Share price:	1.02	2.55	150 %	E
Capital employed:	50 %	92 %		A
Turnover:	8,162,096	17,641,420	116 %	A
Job profit:	4.1 %	5.6 %		D % of job cost
Overhead costs:	2.5 %	1.9 %		D % of job cost
Operating profit:	1.2 %	3.1 %		D % of job cost; net, after tax and interest
Dividend paid:	2.6 %	1.7 %		D % of job cost
Market share:	11 %	28 %		D % of the overall new work in the market identified
Market share split (UK):	39 %	43 %		D % of the market share in the UK
Market share split (OV):	61 %	57 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	122 %		D The benchmark was 100%
QHSE staffing level:	100 %	132 %		D The benchmark was 100%
Measurement staffing level:	100 %	132 %		D The benchmark was 100%
Number of jobs bid for:	13	62		D
Number of jobs won:	8	38		D
Bidding success rate:	62 %	61 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	21		D
Jobs finished on time:	3	15		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.94	0.92		D 0 to 1, where 1 is the optimum level
Reduction in job cost:	0.03 %	1.21 %		D % due to targeted investments
Risk cost incurred:	45 %	43 %		D As a % of the contingency in the bid
Change in risk cost:	-20.6 %	-16.7 %		D % due to mitigatng factors
Project manager weighting:	8.2	8.8		D Out of 10
Forward workload:	15,477,540	45,469,390		E
Forward margin:	521,414	670,816		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)