



# Enginuity 2016 Competition

## PERFORMANCE REVIEW FOR 'Corporate Pirates'



### 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

David Rowland  
Rob Haskell

Rene Nielsen  
Chris Pevreal

Michael Jacobson  
Johnson Lu

Emma Fisk



### SPONSOR

Beca



### 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.

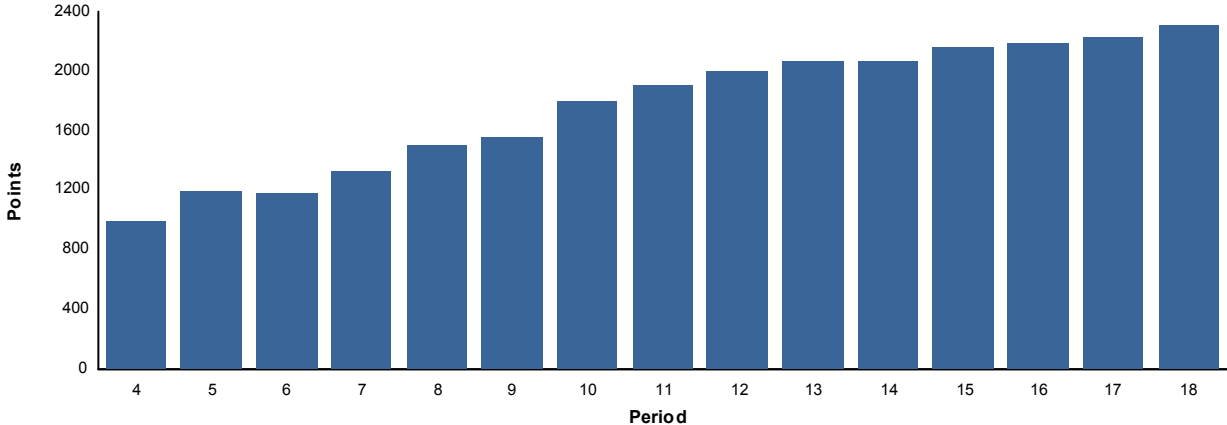
# KEY PERFORMANCE INDICATORS

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 2,308 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	135	151	175	142	130	99	145	79	100	1,204
6	59	129	147	179	153	130	79	112	74	118	1,180
7	68	136	158	189	163	170	95	120	76	157	1,332
8	76	144	175	203	172	210	107	142	85	195	1,509
9	84	160	203	227	173	225	71	101	91	227	1,562
10	89	165	209	241	179	265	128	155	107	264	1,802
11	92	163	207	247	183	290	150	181	106	297	1,916
12	97	162	208	257	188	315	150	188	117	326	2,008
13	105	156	200	271	191	330	144	194	115	369	2,075
14	110	155	198	292	191	345	122	160	116	378	2,067
15	112	149	185	294	194	350	199	164	98	420	2,165
16	117	149	187	318	197	370	177	128	104	448	2,195
17	123	145	182	325	199	370	181	120	113	473	2,231
18	131	141	178	334	201	430	134	113	133	513	2,308

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		
<b>Financial Management</b>				
Company value:	4,886,205	9,586,389	96 %	E
Share price:	1.18	2.25	91 %	E
Capital employed:	68 %	95 %		A
Turnover:	10,522,050	20,567,920	95 %	A
Job profit:	4.4 %	4.8 %		D % of job cost
Overhead costs:	1.8 %	1.4 %		D % of job cost
Operating profit:	1.9 %	2.6 %		D % of job cost; net, after tax and interest
Dividend paid:	2.0 %	0.8 %		D % of job cost
<b>Overhead Management</b>				
Market share:	12 %	33 %		D % of the overall new work in the market identified
Market share split (UK):	45 %	49 %		D % of the market share in the UK
Market share split (OV):	55 %	51 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	117 %		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%
<b>Procurement</b>				
Number of jobs bid for:	10	59		D
Number of jobs won:	6	36		D
Bidding success rate:	60 %	61 %		D Jobs won as a % of jobs bid for
<b>Job Progression</b>				
Jobs finished early:	1	18		D
Jobs finished on time:	0	16		D
Jobs finished late:	0	1		D
Job completion efficiency:	0.96	0.87		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	0.93 %		D % due to targeted investments
Risk cost incurred:	50 %	53 %		D As a % of the contingency in the bid
Change in risk cost:	-11.2 %	-26.0 %		D % due to mitigating factors
Project manager weighting:	7.8	8.5		D Out of 10
<b>Future Outlook</b>				
Forward workload:	22,485,540	43,094,610		E
Forward margin:	866,077	976,060		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)