



ENGINUITY 2020 COMPETITION

PERFORMANCE REVIEW FOR 'Jersey Geoengineers'

MANAGEMENT TEAM

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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

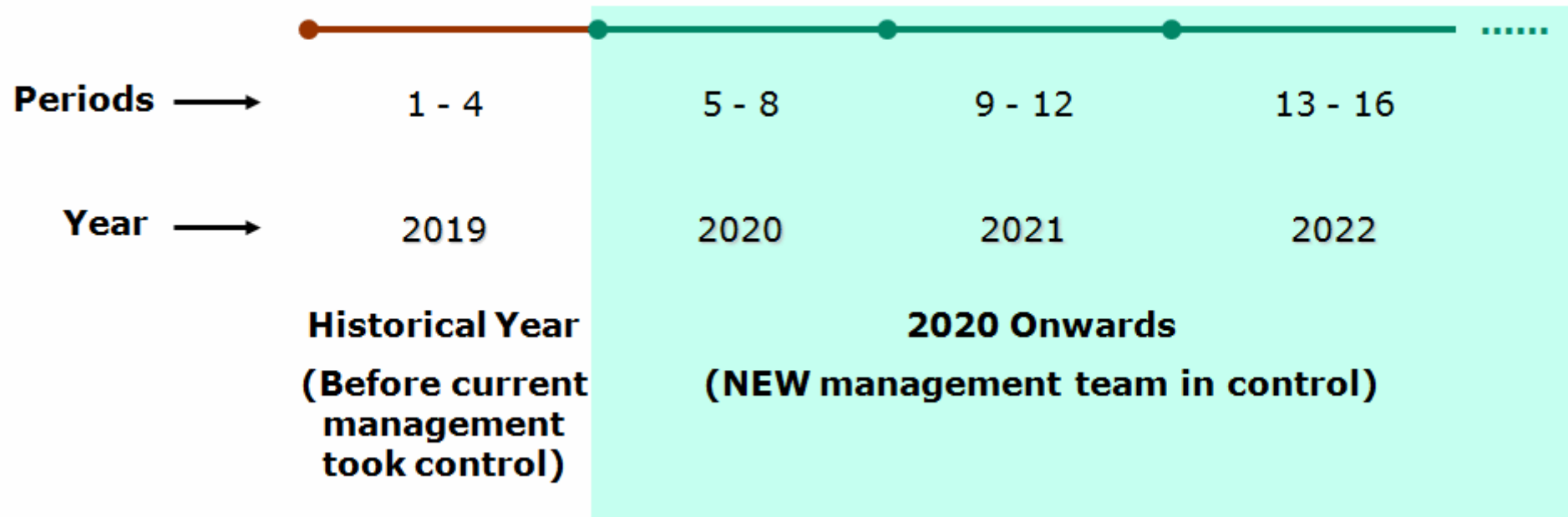
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

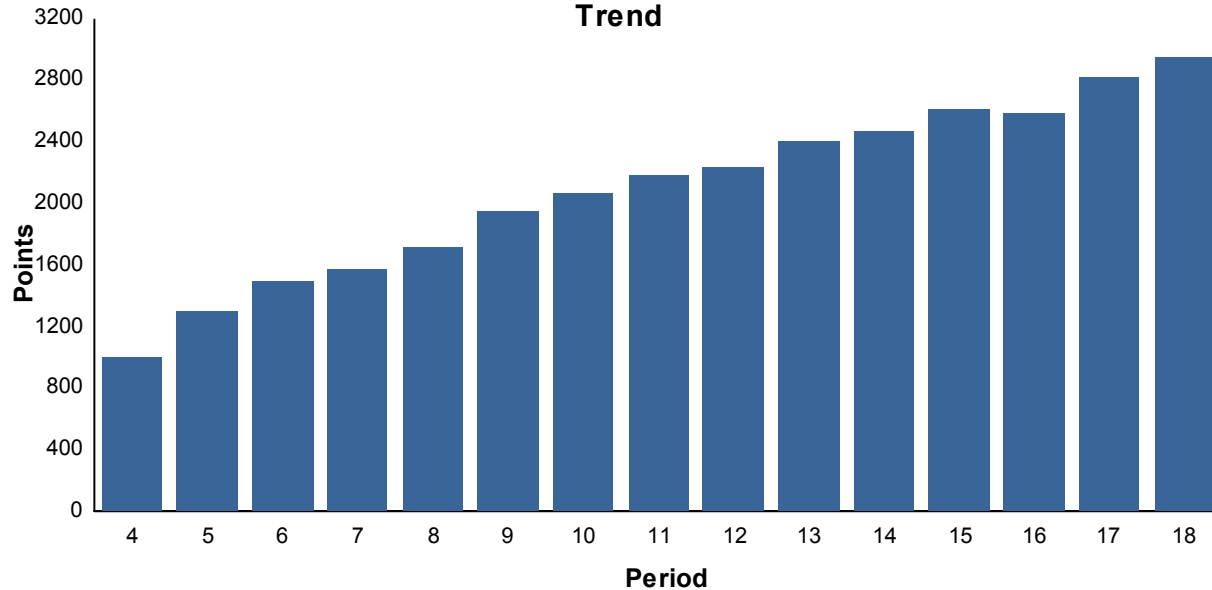
OVERALL PERFORMANCE (KPIs)

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 2,955 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	183	193	182	155	90	116	168	82	75	1,303
6	Early Years	2020 (Q2)	71	196	237	196	172	122	128	182	78	115	1,497
7	Early Years	2020 (Q3)	87	192	246	213	185	139	122	170	71	152	1,577
8	Early Years	2020 (Q4)	97	212	292	238	191	159	113	151	71	191	1,715
9	Early Years	2021 (Q1)	104	222	317	264	199	184	155	199	74	231	1,949
10	Early Years	2021 (Q2)	114	224	328	291	206	218	155	188	72	270	2,066
11	Early Years	2021 (Q3)	119	225	329	312	211	228	184	211	69	298	2,186
12	Early Years	2021 (Q4)	129	225	332	343	216	240	167	182	69	335	2,238
13	Later Years	2022 (Q1)	138	231	348	380	220	287	180	161	78	378	2,401
14	Later Years	2022 (Q2)	144	229	343	403	222	316	180	135	83	414	2,469
15	Later Years	2022 (Q3)	148	231	346	429	223	336	203	144	92	454	2,606
16	Later Years	2022 (Q4)	156	227	340	457	222	368	137	92	91	495	2,585
17	Later Years	2023 (Q1)	158	230	339	477	224	395	224	134	103	535	2,819
18	Later Years	2023 (Q2)	160	227	335	483	226	415	256	161	117	575	2,955

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			
FINANCIAL MANAGEMENT					
Company value	4,682,259	13,312,890	184 %	End of timeframe	
Share price	1.05	1.76	68 %	End of timeframe	
Average capital base	4,075,584	6,458,099	58 %	Each period of timeframe	
Average capital base utilisation	64 %	94 %		Each period of timeframe	
Average turnover	8,114,228	19,726,050	143 %	Each period of timeframe	
Job profit	4.3 %	5.9 %		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 %	3.6 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	2.8 %	0.3 %		During whole timeframe	As a % of job costs
Forward workload	17,285,100	63,235,490		End of timeframe	
Forward margin	617,535	994,956		End of timeframe	
OVERHEAD MANAGEMENT					
Market share	12 %	32 %		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 %	115 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	117 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	117 %		During whole timeframe	Optimum level is 100%
PROCUREMENT					
Number of jobs bid for	14	60		During whole timeframe	
Number of jobs won	5	37		During whole timeframe	
Bidding success rate	36 %	62 %		During whole timeframe	Jobs won as a % of jobs bid for
JOB PROGRESSION					
Project manager weighting	8.0	9.5		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	928,002		During whole timeframe	
Jobs finished early	0	25		During whole timeframe	
Jobs finished on time	0	10		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 %	7 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.94		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.7 %		During whole timeframe	
Reduction in job costs (risk) due to targeted investments	0.0 %	0.3 %		During whole timeframe	
For D&B jobs, change in build cost due to consultant designer	-0.7 %	-1.1 %		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 %	61 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-15.8 %	-42.9 %		During whole timeframe	
Risk cost incurred after mitigating factors	17 %	35 %		During whole timeframe	As a % of the contingency in the bid