



Enginuity 2018 Competition

PERFORMANCE REVIEW FOR 'STANdout TEChnologies AU

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

Dominic Murray-Flume

Alex McKenzie

Mark Cordell

Natalie Re

SPONSOR

Stantec

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.

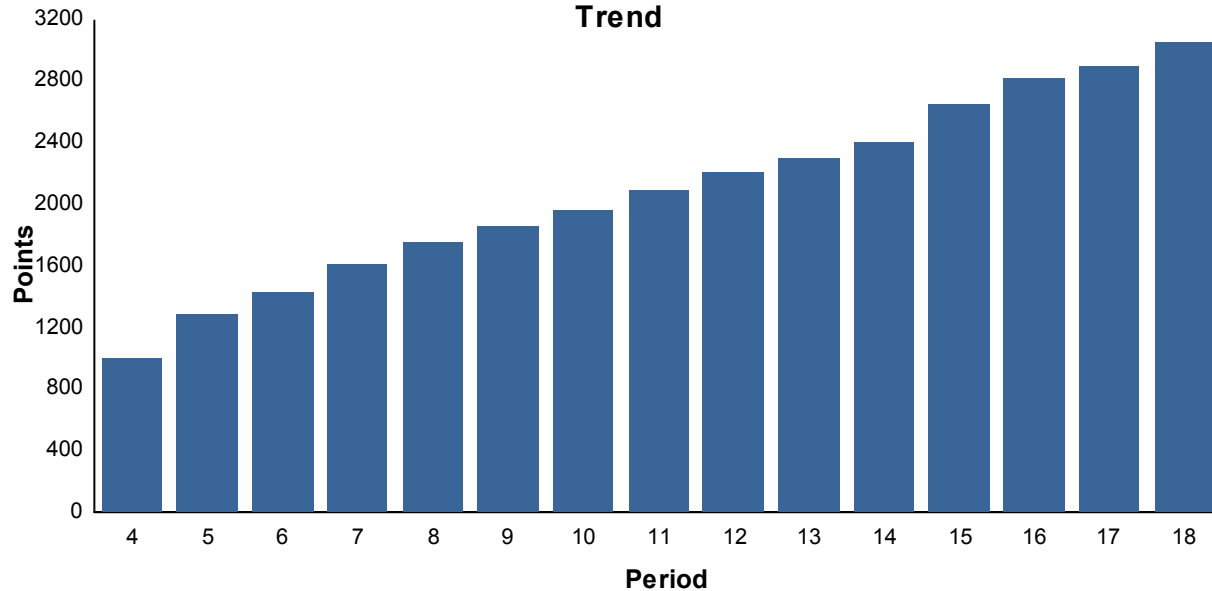
KEY PERFORMANCE INDICATORS

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 3,048 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	125	126	169	157	125	151	202	84	97	1,285
6	Early Years	2018 (Q2)	65	145	210	180	181	130	134	175	97	120	1,437
7	Early Years	2018 (Q3)	80	156	258	195	201	145	141	192	113	135	1,616
8	Early Years	2018 (Q4)	92	164	289	210	214	150	144	195	124	170	1,752
9	Early Years	2019 (Q1)	102	162	292	219	225	170	155	205	130	198	1,858
10	Early Years	2019 (Q2)	110	175	330	245	230	205	133	175	133	230	1,966
11	Early Years	2019 (Q3)	112	176	317	244	237	205	192	228	126	253	2,090
12	Early Years	2019 (Q4)	120	186	347	272	243	235	179	198	148	281	2,209
13	Later Years	2020 (Q1)	124	186	348	282	248	255	189	202	156	315	2,305
14	Later Years	2020 (Q2)	131	194	373	305	252	270	172	187	186	333	2,403
15	Later Years	2020 (Q3)	136	203	398	324	256	320	189	235	228	365	2,654
16	Later Years	2020 (Q4)	141	209	417	342	259	340	203	262	264	386	2,823
17	Later Years	2021 (Q1)	144	213	430	349	262	360	197	247	277	413	2,892
18	Later Years	2021 (Q2)	147	220	448	356	265	380	223	265	302	442	3,048

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	9,866,314	109 %	E
Share price:	1.02	4.40	331 %	E
Capital employed:	50 %	96 %		A
Turnover:	8,162,096	18,133,130	122 %	A
Job profit:	4.1 %	7.2 %		D % of job cost
Overhead costs:	2.5 %	1.9 %		D % of job cost
Operating profit:	1.2 %	4.5 %		D % of job cost; net, after tax and interest
Dividend paid:	2.6 %	2.2 %		D % of job cost
Market share:	11 %	32 %		D % of the overall new work in the market identified
Market share split (UK):	39 %	42 %		D % of the market share in the UK
Market share split (OV):	61 %	58 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	116 %		D The benchmark was 100%
QHSE staffing level:	100 %	117 %		D The benchmark was 100%
Measurement staffing level:	100 %	117 %		D The benchmark was 100%
Number of jobs bid for:	13	46		D
Number of jobs won:	8	23		D
Bidding success rate:	62 %	50 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	16		D
Jobs finished on time:	3	6		D
Jobs finished late:	0	1		D
Job completion efficiency:	0.94	0.93		D 0 to 1, where 1 is the optimum level
Reduction in job cost:	0.03 %	1.69 %		D % due to targeted investments
Risk cost incurred:	46 %	54 %		D As a % of the contingency in the bid
Change in risk cost:	-19.5 %	-14.5 %		D % due to mitigatng factors
Project manager weighting:	8.2	9.5		D Out of 10
Forward workload:	15,477,540	49,301,760		E
Forward margin:	521,414	1,379,681		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)