



# ENGINUITY 2022 COMPETITION

## PERFORMANCE REVIEW FOR 'Enginuity State of Mind'

### MANAGEMENT TEAM

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### SPONSOR

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### THE CHALLENGE



It is the **beginning of 2022**.

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

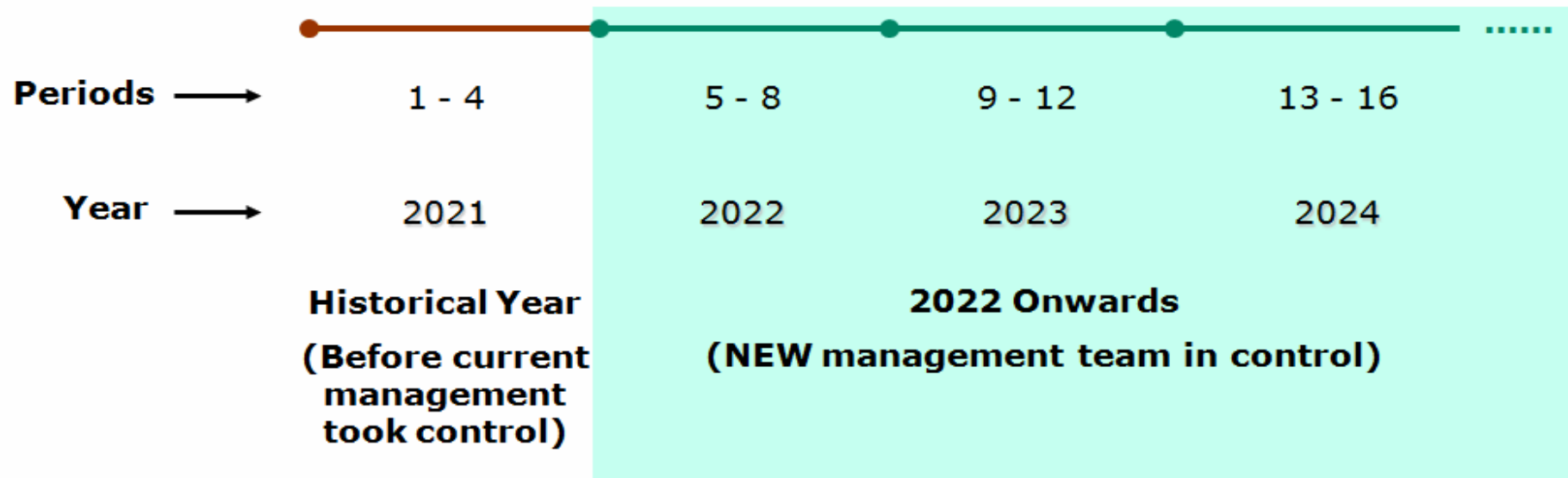
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

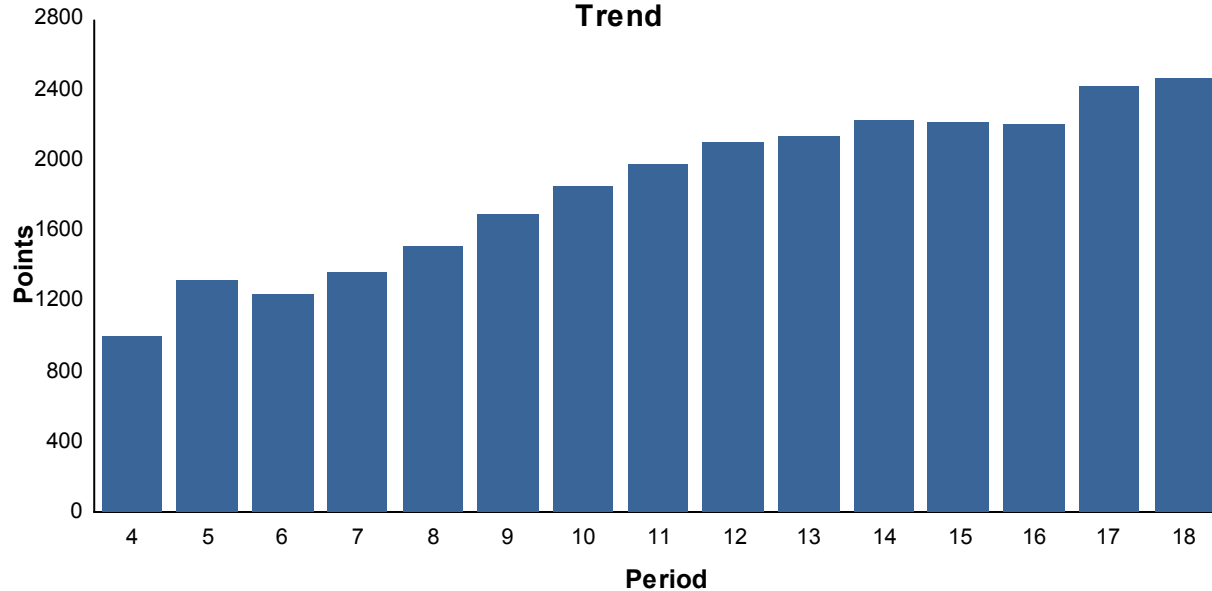
# OVERALL PERFORMANCE (KPIs)

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 2,469 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	2021 (Q4)	40	170	120	170	130	80	70	100	70	50	1,000
5	Early Years	2022 (Q1)	55	167	128	171	171	97	150	224	84	77	1,324
6	Early Years	2022 (Q2)	72	112	37	159	200	114	151	225	64	103	1,237
7	Early Years	2022 (Q3)	85	136	106	173	217	119	133	194	77	122	1,362
8	Early Years	2022 (Q4)	101	158	167	193	232	131	125	172	93	146	1,518
9	Early Years	2023 (Q1)	110	165	189	205	244	159	147	200	97	180	1,696
10	Early Years	2023 (Q2)	121	179	225	228	254	188	144	194	111	207	1,851
11	Early Years	2023 (Q3)	129	191	248	246	260	205	148	181	129	237	1,974
12	Early Years	2023 (Q4)	133	194	256	250	265	218	165	209	143	269	2,102
13	Later Years	2024 (Q1)	140	189	246	252	271	235	170	198	147	292	2,140
14	Later Years	2024 (Q2)	145	194	253	262	275	252	178	191	159	324	2,233
15	Later Years	2024 (Q3)	153	199	268	282	275	267	123	124	166	357	2,214
16	Later Years	2024 (Q4)	155	203	272	283	270	292	96	87	158	391	2,207
17	Later Years	2025 (Q1)	154	205	261	268	272	307	201	161	164	433	2,426
18	Later Years	2025 (Q2)	159	204	263	273	275	324	185	142	174	470	2,469

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	4,670,589	7,494,308	60 %	End of timeframe	
Share price	1.07	2.66	149 %	End of timeframe	
Average capital base	4,087,638	5,569,310	36 %	Each period of timeframe	
Average capital base utilisation	51 %	92 %		Each period of timeframe	
Average turnover	6,976,444	16,828,370	141 %	Each period of timeframe	
Job profit	4.8 %	5.8 %		During whole timeframe	As a % of job costs
Overhead costs	3.1 %	2.1 %		During whole timeframe	As a % of job costs
Net operating profit	1.4 %	3.1 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	3.3 %	1.7 %		During whole timeframe	As a % of job costs
Forward workload	16,026,520	42,448,070		End of timeframe	
Forward margin	586,224	834,711		End of timeframe	
<b>OVERHEAD MANAGEMENT</b>					
Market share	11 %	32 %		During whole timeframe	% of the overall new work in the market identified
Market share split (UK)	35 %	36 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	65 %	64 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	114 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	119 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	119 %		During whole timeframe	Optimum level is 100%
<b>PROCUREMENT</b>					
Number of jobs bid for	12	60		During whole timeframe	
Number of jobs won	5	30		During whole timeframe	
Bidding success rate	42 %	50 %		During whole timeframe	Jobs won as a % of jobs bid for
<b>JOB PROGRESSION</b>					
Project manager weighting	8.0	9.3		During whole timeframe	Out of 10
Project manager resignations	0	2		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	21,485	721,119		During whole timeframe	
Jobs finished early	0	12		During whole timeframe	
Jobs finished on time	0	15		During whole timeframe	
Jobs finished late	0	0		During whole timeframe	
Ineffective labour on site	2 %	1 %		During whole timeframe	
Subcontractor labour used on site	0 %	6 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.85		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.4 %		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	0.0 %	-1.2 %		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	64 %	51 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-9.8 %	-30.0 %		During whole timeframe	
Risk cost incurred after mitigating factors	58 %	36 %		During whole timeframe	As a % of the contingency in the bid