



Enginuity 2015 Competition

PERFORMANCE REVIEW FOR 'Monty ANZAC's'



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

Bryce Neyland
Celia Schofield

Christopher Povey
Michael Tan

Alex McKenzie



SPONSOR

MWH Global



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.

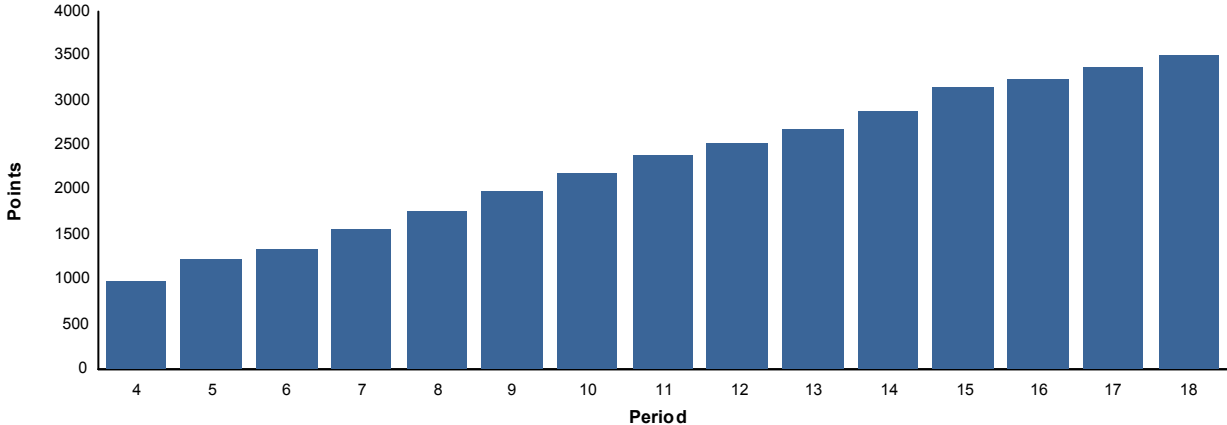
KEY PERFORMANCE INDICATORS

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 3,525 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	50	137	152	179	146	125	121	146	66	106	1,228
6	63	154	194	196	162	130	109	140	66	141	1,355
7	73	180	244	221	174	180	120	153	67	164	1,576
8	81	207	296	253	184	195	134	154	72	190	1,766
9	89	234	351	298	192	220	141	169	76	223	1,993
10	96	248	382	343	198	245	154	193	78	253	2,190
11	104	263	414	391	203	280	166	190	93	291	2,395
12	110	269	427	429	207	280	181	207	111	321	2,542
13	117	280	452	490	208	335	163	161	123	353	2,682
14	123	288	471	543	210	355	191	173	140	388	2,882
15	126	294	481	576	213	385	266	216	174	422	3,153
16	132	294	484	620	215	385	261	221	207	437	3,256
17	139	296	493	676	215	440	229	197	234	466	3,385
18	146	298	498	747	214	460	217	180	254	511	3,525

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		
Financial Management				
Company value:	4,809,415	21,126,470	339 %	E
Share price:	1.12	4.06	262 %	E
Capital employed:	62 %	94 %		A
Turnover:	10,072,540	22,120,790	120 %	A
Job profit:	4.2 %	10.6 %		D % of job cost
Overhead costs:	2.1 %	2.0 %		D % of job cost
Operating profit:	1.6 %	6.7 %		D % of job cost; net, after tax and interest
Dividend paid:	2.2 %	0.8 %		D % of job cost
Overhead Management				
Market share:	10 %	38 %		D % of the overall new work in the market identified
Market share split (UK):	59 %	37 %		D % of the market share in the UK
Market share split (OV):	41 %	63 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	203 %		D The benchmark was 100%; the optimum level was 200%
QHSE staffing level:	100 %	197 %		D The benchmark was 100%; the optimum level was 200%
Measurement staffing level:	100 %	197 %		D The benchmark was 100%; the optimum level was 200%
Procurement				
Number of jobs bid for:	13	64		D
Number of jobs won:	6	29		D
Bidding success rate:	46 %	45 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	0	19		D
Jobs finished on time:	1	9		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.99	0.94		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	2.31 %		D % due to targeted investments
Risk cost incurred:	96 %	30 %		D As a % of the contingency in the bid
Reduction in risk cost:	23.2 %	57.0 %		D % due to mitigatng factors
Project manager weighting:	8.5	9.1		D Out of 10
Future Outlook				
Forward workload:	18,835,610	58,477,840		E
Forward margin:	745,985	1,340,273		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)