



# Enginuity 2016 Competition

## PERFORMANCE REVIEW FOR 'IngenuiTeam'



### 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

Justin Levatino  
Xinhe (Lily) Liu

Joseph Salvo  
Diego Pulido



### SPONSOR

WSP | Parsons Brinckerhoff



### 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.

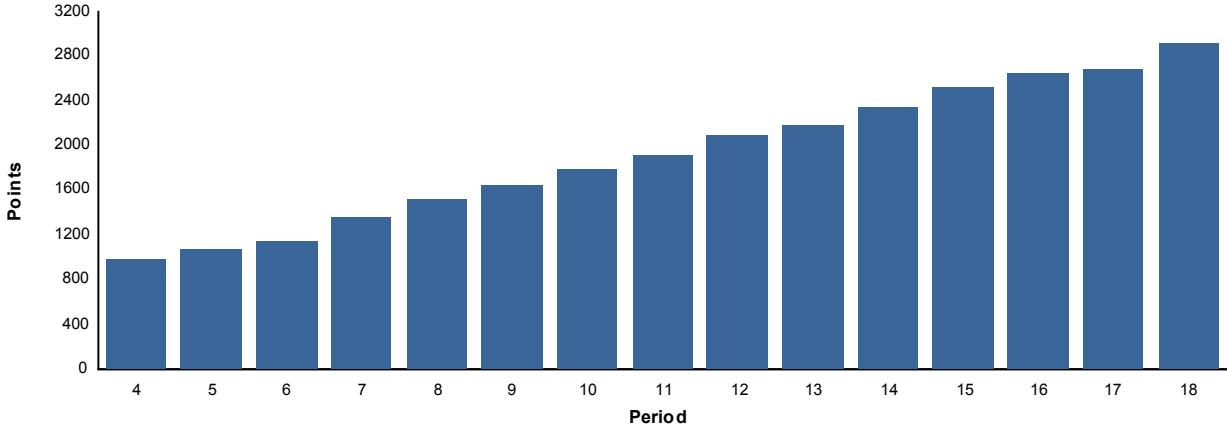
# KEY PERFORMANCE INDICATORS

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 2,918 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	110	92	170	142	130	99	133	62	102	1,088
6	60	122	123	181	154	130	79	107	64	129	1,149
7	69	142	161	199	165	170	101	126	76	163	1,372
8	78	158	192	221	174	190	102	129	84	196	1,524
9	86	169	214	243	179	215	104	126	91	230	1,657
10	90	171	218	257	184	245	128	150	94	267	1,804
11	97	174	225	280	188	275	125	149	101	309	1,923
12	106	181	239	312	192	315	136	154	112	347	2,094
13	112	183	242	332	193	355	132	119	126	394	2,188
14	117	188	251	356	194	385	149	125	148	438	2,351
15	121	193	257	375	197	410	203	120	166	478	2,520
16	126	186	248	377	199	440	217	165	184	516	2,658
17	134	177	234	388	201	470	193	156	192	549	2,694
18	137	176	231	405	202	480	220	257	228	582	2,918

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	11,627,220	138 %	E
Share price:	1.18	3.85	226 %	E
Capital employed:	68 %	96 %		A
Turnover:	10,522,050	21,728,440	107 %	A
Job profit:	4.4 %	6.1 %		D % of job cost
Overhead costs:	1.8 %	1.7 %		D % of job cost
Operating profit:	1.9 %	3.5 %		D % of job cost; net, after tax and interest
Dividend paid:	2.0 %	1.0 %		D % of job cost
<b>Overhead Management</b>				
Market share:	12 %	38 %		D % of the overall new work in the market identified
Market share split (UK):	45 %	36 %		D % of the market share in the UK
Market share split (OV):	55 %	64 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	112 %		D The benchmark was 100%
QHSE staffing level:	100 %	119 %		D The benchmark was 100%
Measurement staffing level:	100 %	119 %		D The benchmark was 100%
<b>Procurement</b>				
Number of jobs bid for:	10	66		D
Number of jobs won:	6	37		D
Bidding success rate:	60 %	56 %		D Jobs won as a % of jobs bid for
<b>Job Progression</b>				
Jobs finished early:	1	22		D
Jobs finished on time:	0	11		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.96	0.87		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.69 %		D % due to targeted investments
Risk cost incurred:	50 %	56 %		D As a % of the contingency in the bid
Change in risk cost:	-11.4 %	-20.2 %		D % due to mitigating factors
Project manager weighting:	7.8	9.2		D Out of 10
<b>Future Outlook</b>				
Forward workload:	22,485,540	70,737,410		E
Forward margin:	866,077	2,221,613		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)