



Enginuity 2015 Competition

PERFORMANCE REVIEW FOR 'PB's Canadarm'



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

Ariel Feldman
Angelina Ramdin

Alex Crandall
Brian Putre

Dylan Haber
Anna Melnik



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.

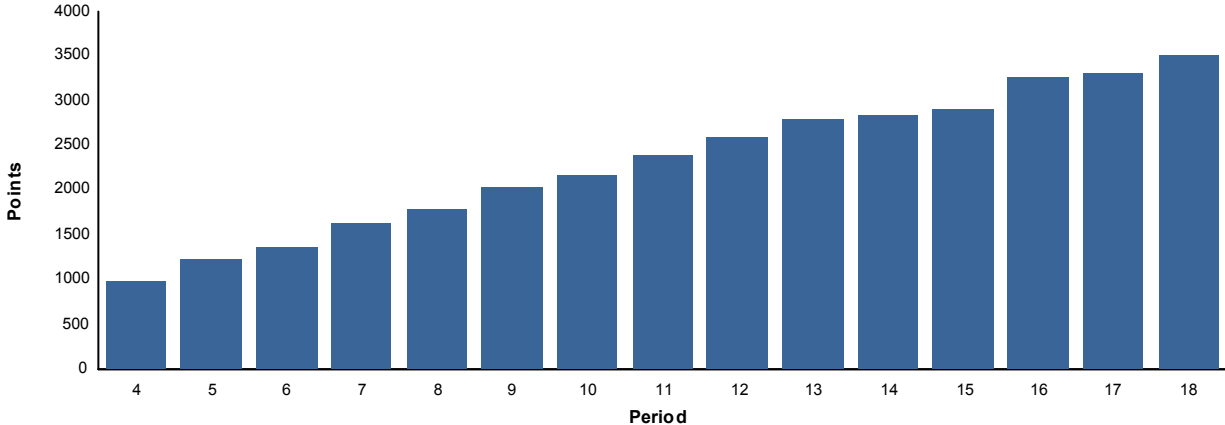
KEY PERFORMANCE INDICATORS

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 3,528 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	51	141	150	174	146	125	121	157	78	107	1,250
6	63	165	210	195	160	130	101	137	79	144	1,384
7	74	188	261	218	174	180	123	163	91	177	1,649
8	84	204	295	244	184	195	131	153	101	216	1,807
9	91	224	339	277	192	225	147	170	120	257	2,042
10	96	237	364	302	195	240	132	160	141	299	2,166
11	101	247	384	328	200	260	178	200	171	334	2,403
12	111	259	410	370	205	305	172	196	208	376	2,612
13	118	267	427	406	208	320	182	197	262	410	2,797
14	126	274	442	441	206	375	122	122	297	449	2,854
15	128	276	440	453	204	385	153	111	296	473	2,919
16	131	279	442	466	207	430	274	172	357	515	3,273
17	138	278	445	493	209	430	244	143	382	556	3,318
18	145	277	445	511	211	490	292	147	414	596	3,528

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	14,459,740	201 %	E
Share price:	1.12	6.62	491 %	E
Capital employed:	62 %	92 %		A
Turnover:	10,072,540	21,996,090	118 %	A
Job profit:	4.2 %	9.7 %		D % of job cost
Overhead costs:	2.1 %	2.2 %		D % of job cost
Operating profit:	1.6 %	5.9 %		D % of job cost; net, after tax and interest
Dividend paid:	2.2 %	2.3 %		D % of job cost
Overhead Management				
Market share:	10 %	39 %		D % of the overall new work in the market identified
Market share split (UK):	59 %	33 %		D % of the market share in the UK
Market share split (OV):	41 %	67 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	219 %		D The benchmark was 100%; the optimum level was 200%
QHSE staffing level:	100 %	224 %		D The benchmark was 100%; the optimum level was 200%
Measurement staffing level:	100 %	224 %		D The benchmark was 100%; the optimum level was 200%
Procurement				
Number of jobs bid for:	13	64		D
Number of jobs won:	6	35		D
Bidding success rate:	46 %	55 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	0	18		D
Jobs finished on time:	1	16		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.99	0.88		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.55 %		D % due to targeted investments
Risk cost incurred:	91 %	21 %		D As a % of the contingency in the bid
Reduction in risk cost:	27.8 %	55.0 %		D % due to mitigating factors
Project manager weighting:	8.5	9.5		D Out of 10
Future Outlook				
Forward workload:	18,835,610	78,595,070		E
Forward margin:	745,985	1,094,121		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)