



ENGINUITY 2020 COMPETITION

PERFORMANCE REVIEW FOR 'Business as Usual'

MANAGEMENT TEAM

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THE CHALLENGE



It is the **beginning of 2020**.

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

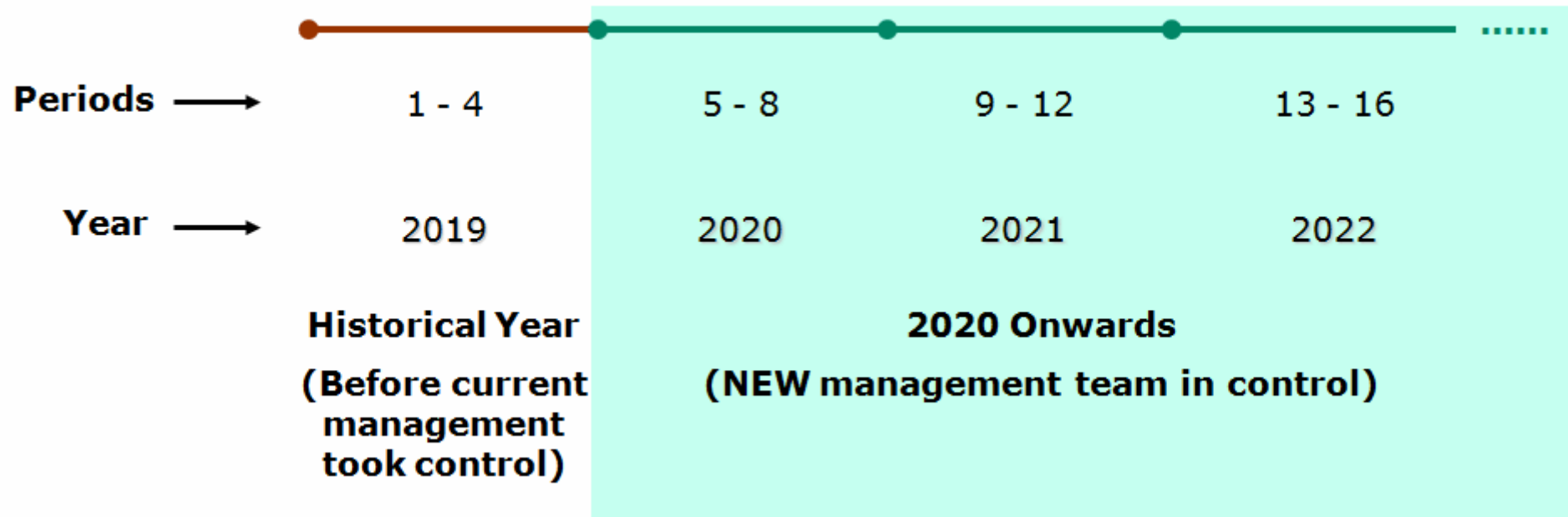
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

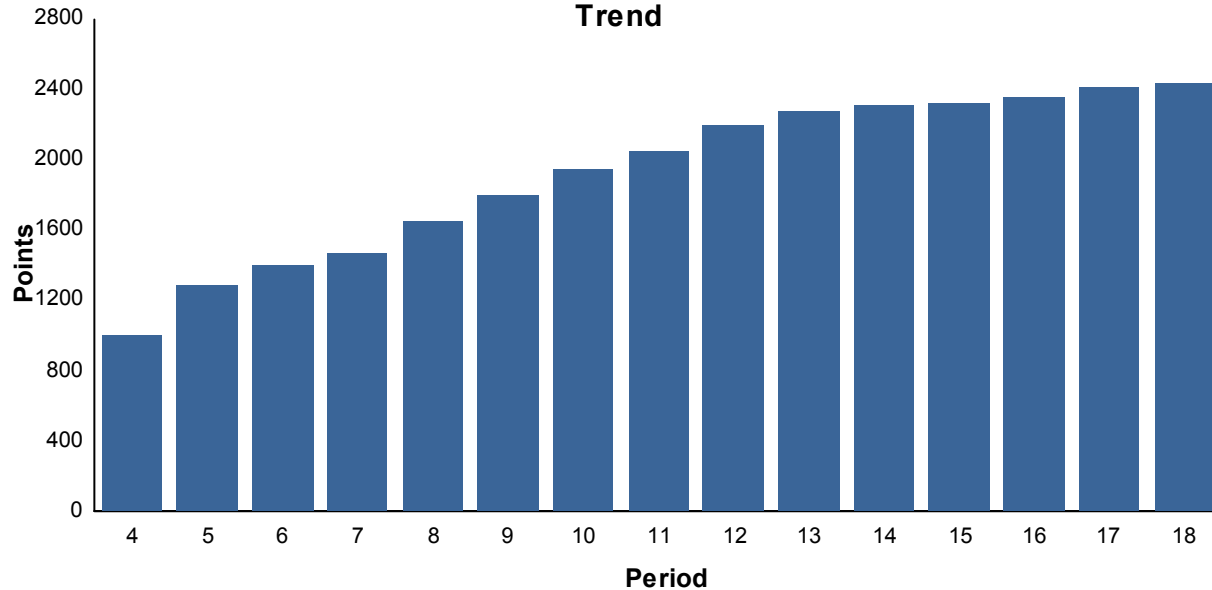
OVERALL PERFORMANCE (KPIs)

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 2,431 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	2019 (Q4)	40	170	120	170	130	80	70	100	70	50	1,000
5	Early Years	2020 (Q1)	59	172	170	177	157	90	122	181	87	76	1,291
6	Early Years	2020 (Q2)	72	174	204	186	170	122	112	163	86	108	1,397
7	Early Years	2020 (Q3)	87	163	197	193	183	144	119	166	80	139	1,471
8	Early Years	2020 (Q4)	95	183	242	211	191	156	131	181	95	170	1,655
9	Early Years	2021 (Q1)	104	188	261	225	199	183	143	185	105	200	1,793
10	Early Years	2021 (Q2)	112	197	283	240	206	200	161	193	121	233	1,946
11	Early Years	2021 (Q3)	122	199	294	257	212	220	161	175	136	268	2,044
12	Early Years	2021 (Q4)	129	202	303	271	216	254	173	184	159	302	2,193
13	Later Years	2022 (Q1)	134	207	307	278	219	266	172	179	173	335	2,270
14	Later Years	2022 (Q2)	140	204	302	282	222	279	178	168	182	355	2,312
15	Later Years	2022 (Q3)	143	210	302	285	221	318	146	124	187	387	2,323
16	Later Years	2022 (Q4)	147	207	291	281	224	318	193	97	176	416	2,350
17	Later Years	2023 (Q1)	154	202	284	285	226	358	177	82	186	455	2,409
18	Later Years	2023 (Q2)	158	194	267	272	229	378	187	99	169	478	2,431

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			
FINANCIAL MANAGEMENT					
Company value	4,682,259	7,505,063	60 %	End of timeframe	
Share price	1.05	2.54	142 %	End of timeframe	
Average capital base	4,075,584	6,051,798	48 %	Each period of timeframe	
Average capital base utilisation	64 %	95 %		Each period of timeframe	
Average turnover	8,114,228	19,415,540	139 %	Each period of timeframe	
Job profit	4.3 %	5.0 %		During whole timeframe	As a % of job costs
Overhead costs	2.7 %	1.6 %		During whole timeframe	As a % of job costs
Net operating profit	1.2 %	2.8 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	2.8 %	1.6 %		During whole timeframe	As a % of job costs
Forward workload	17,285,100	46,101,590		End of timeframe	
Forward margin	617,535	611,957		End of timeframe	
OVERHEAD MANAGEMENT					
Market share	12 %	27 %		During whole timeframe	% of the overall new work in the market identified
Market share split (UK)	0 %	0 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	0 %	0 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	111 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	120 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	120 %		During whole timeframe	Optimum level is 100%
PROCUREMENT					
Number of jobs bid for	14	72		During whole timeframe	
Number of jobs won	5	32		During whole timeframe	
Bidding success rate	36 %	44 %		During whole timeframe	Jobs won as a % of jobs bid for
JOB PROGRESSION					
Project manager weighting	8.0	8.8		During whole timeframe	Out of 10
Project manager resignations	0	1		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	29,596	677,276		During whole timeframe	
Jobs finished early	0	18		During whole timeframe	
Jobs finished on time	0	15		During whole timeframe	
Jobs finished late	0	0		During whole timeframe	
Ineffective labour on site	1 %	1 %		During whole timeframe	
Subcontractor labour used on site	0 %	2 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.89		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.1 %		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	-0.7 %	-0.9 %		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	21 %	56 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-15.7 %	-35.0 %		During whole timeframe	
Risk cost incurred after mitigating factors	17 %	37 %		During whole timeframe	As a % of the contingency in the bid