



ENGINUITY 2022 COMPETITION

PERFORMANCE REVIEW FOR 'Euston we have a problem'

MANAGEMENT TEAM

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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

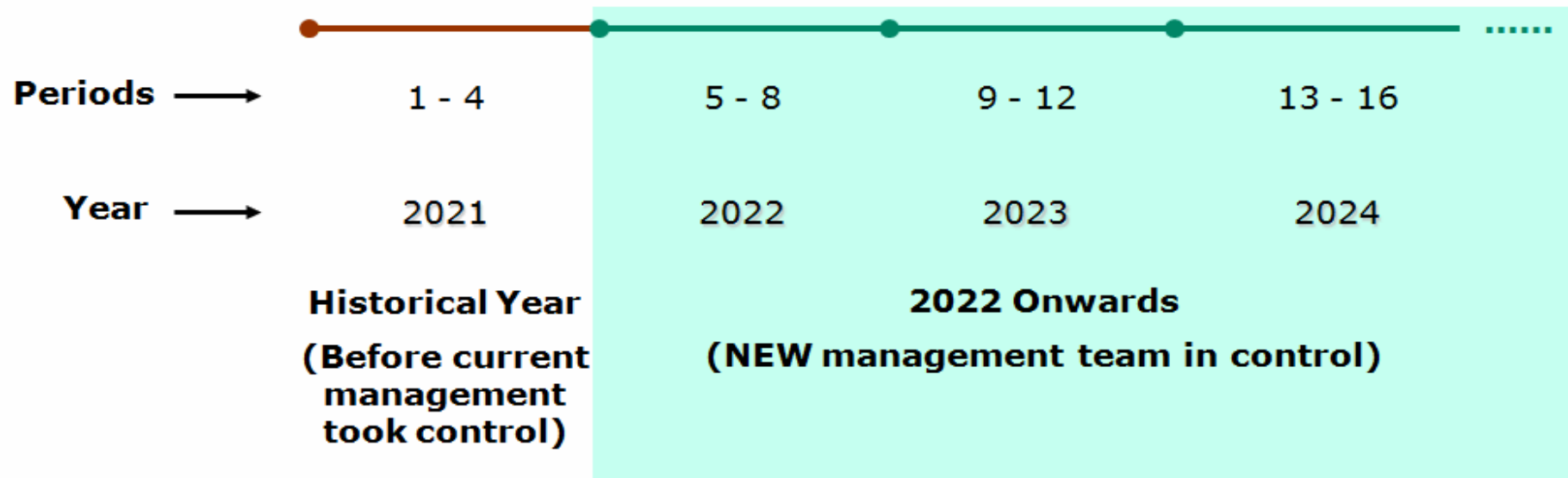
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

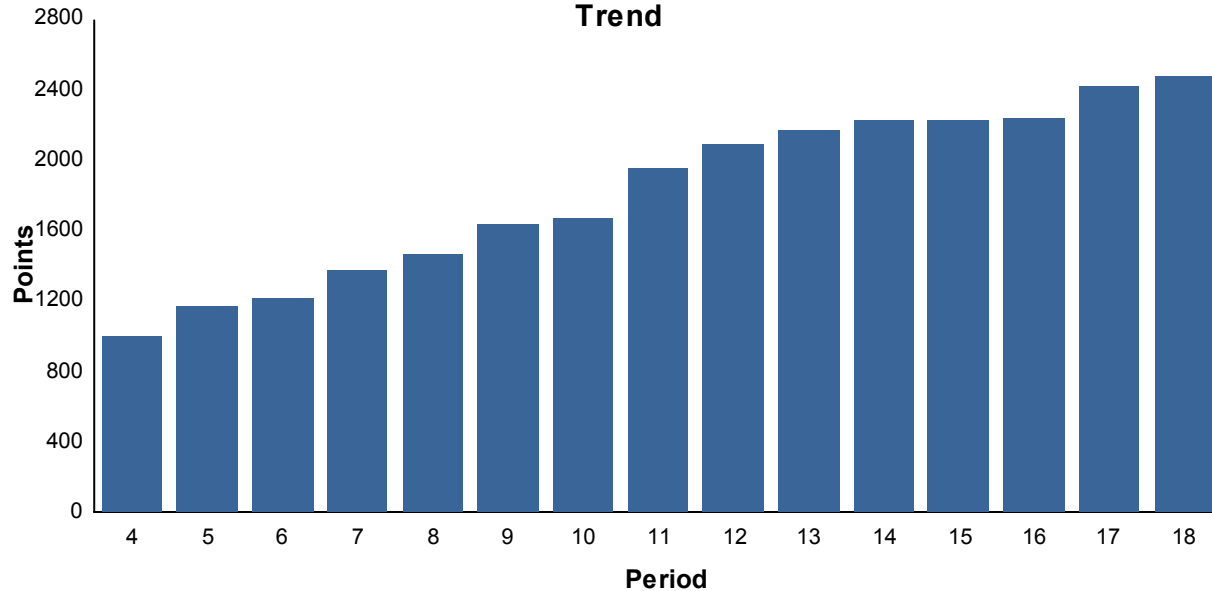
OVERALL PERFORMANCE (KPIs)

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 2,477 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	147	100	168	161	97	122	171	73	76	1,170
6	Early Years	2022 (Q2)	73	107	36	160	191	122	149	206	63	114	1,221
7	Early Years	2022 (Q3)	84	132	101	174	213	122	140	195	73	140	1,374
8	Early Years	2022 (Q4)	103	146	149	194	229	135	115	158	78	162	1,469
9	Early Years	2023 (Q1)	115	153	166	210	240	176	131	176	74	194	1,635
10	Early Years	2023 (Q2)	123	166	188	230	242	193	103	138	70	221	1,674
11	Early Years	2023 (Q3)	130	184	221	248	251	217	162	186	97	255	1,951
12	Early Years	2023 (Q4)	137	193	245	264	258	229	166	185	120	295	2,092
13	Later Years	2024 (Q1)	146	197	254	290	264	257	157	147	131	328	2,171
14	Later Years	2024 (Q2)	152	199	247	301	270	269	174	118	127	367	2,224
15	Later Years	2024 (Q3)	159	192	231	303	273	294	166	105	113	398	2,234
16	Later Years	2024 (Q4)	166	188	225	308	273	343	121	69	107	443	2,243
17	Later Years	2025 (Q1)	166	188	212	289	277	343	227	131	118	476	2,427
18	Later Years	2025 (Q2)	173	187	214	300	280	372	195	113	127	516	2,477

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	4,670,589	8,231,429	76 %	End of timeframe	
Share price	1.07	1.94	81 %	End of timeframe	
Average capital base	4,087,638	5,588,771	37 %	Each period of timeframe	
Average capital base utilisation	51 %	94 %		Each period of timeframe	
Average turnover	6,976,444	18,352,570	163 %	Each period of timeframe	
Job profit	4.8 %	5.3 %		During whole timeframe	As a % of job costs
Overhead costs	3.1 %	2.3 %		During whole timeframe	As a % of job costs
Net operating profit	1.4 %	2.5 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	3.3 %	0.9 %		During whole timeframe	As a % of job costs
Forward workload	16,026,520	44,541,600		End of timeframe	
Forward margin	586,224	662,315		End of timeframe	
OVERHEAD MANAGEMENT					
Market share	11 %	34 %		During whole timeframe	% of the overall new work in the market identified
Market share split (UK)	35 %	38 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	65 %	62 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	119 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	129 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	129 %		During whole timeframe	Optimum level is 100%
PROCUREMENT					
Number of jobs bid for	12	63		During whole timeframe	
Number of jobs won	5	33		During whole timeframe	
Bidding success rate	42 %	52 %		During whole timeframe	Jobs won as a % of jobs bid for
JOB PROGRESSION					
Project manager weighting	8.0	9.0		During whole timeframe	Out of 10
Project manager resignations	0	3		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	21,485	839,033		During whole timeframe	
Jobs finished early	0	18		During whole timeframe	
Jobs finished on time	0	14		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 %	4 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.91		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.6 %		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 %	-1.0 %		During whole timeframe	
Measure of risk contingency included in bids	1.0	0.9		During whole timeframe	0=No contingency, 1=sensible level, 2=full risk cost
Risk cost incurred before mitigating factors	53 %	64 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-6.7 %	-37.4 %		During whole timeframe	
Risk cost incurred after mitigating factors	49 %	40 %		During whole timeframe	As a % of the contingency in the bid