



Enginuity 2017 Competition

PERFORMANCE REVIEW FOR 'Manatees Wearing Hats, now Part of Stantec'



THE TASK

A **new management team** are needed to run a **UK-based global construction business** that has only been in existence for one year.

Although based in the UK, **expansion into overseas markets** may be an attractive proposition, depending upon the economic climate in different parts of the world. Working in other countries presents some **particular challenges** to overcome, such as environmental problems and specialised local competition for work. However, the potential **rewards and opportunities** of operating globally may outweigh the risks.

To grow the business the new management team will need to devise and implement an **effective business strategy**. This will involve making decisions in a number of key areas; finance, overheads, procurement and job progression. **Decisions are made for a quarter, or 3 months.**

The decisions to be made, and fate of the company, rests in the hands of the new management team.



MANAGEMENT TEAM

Jasmine Washington

Julio Guedes

Deborah Kloeckner

Jose Granados

Richard Pentecost

Karl Johnson

SPONSOR

MWH now part of Stantec



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.

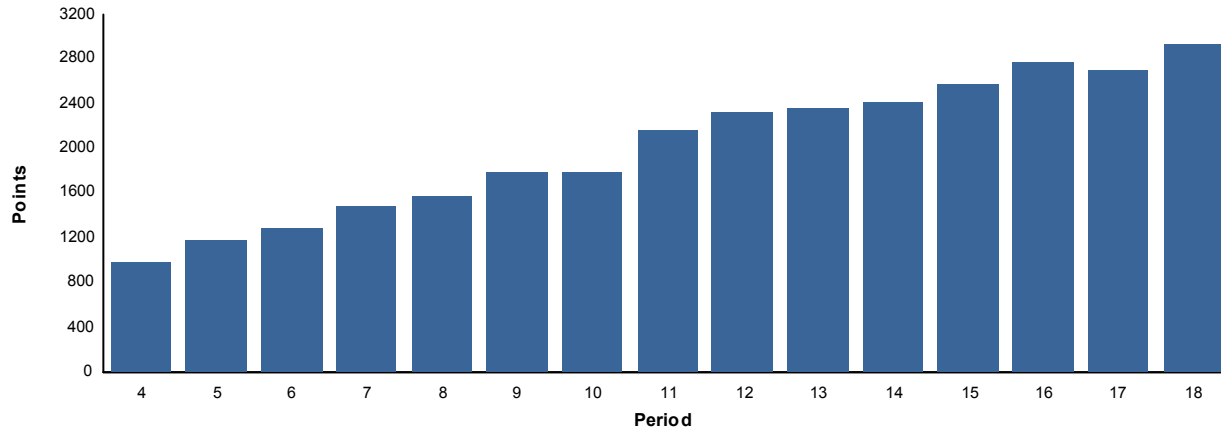
KEY PERFORMANCE INDICATORS

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 2,943 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	2016 (Q4)	40	130	130	170	120	100	70	100	70	70	1,000
5	Early Years	2017 (Q1)	53	145	186	182	130	140	78	96	74	102	1,186
6	Early Years	2017 (Q2)	55	133	149	179	140	160	126	161	61	134	1,298
7	Early Years	2017 (Q3)	61	163	225	198	149	170	123	172	72	160	1,493
8	Early Years	2017 (Q4)	72	165	245	214	154	215	95	138	75	199	1,572
9	Early Years	2018 (Q1)	78	185	297	241	159	230	123	162	92	236	1,803
10	Early Years	2018 (Q2)	82	197	329	263	155	260	58	75	96	272	1,787
11	Early Years	2018 (Q3)	84	209	351	281	158	300	162	181	134	310	2,170
12	Early Years	2018 (Q4)	85	217	370	293	162	300	192	213	154	348	2,334
13	Later Years	2019 (Q1)	92	215	371	307	166	310	164	181	177	380	2,363
14	Later Years	2019 (Q2)	100	210	366	326	167	365	126	140	200	424	2,424
15	Later Years	2019 (Q3)	102	211	369	335	166	415	142	155	217	470	2,582
16	Later Years	2019 (Q4)	102	217	372	341	168	425	232	178	241	506	2,782
17	Later Years	2020 (Q1)	108	218	380	369	167	445	123	84	262	546	2,702
18	Later Years	2020 (Q2)	112	220	386	381	169	510	207	84	283	591	2,943

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		
Company value:	4,798,249	10,762,160	124 %	E
Share price:	1.03	4.17	305 %	E
Capital employed:	78 %	89 %		A
Turnover:	11,919,030	19,689,810	65 %	A
Job profit:	3.4 %	6.1 %		D % of job cost
Overhead costs:	1.8 %	1.3 %		D % of job cost
Operating profit:	1.3 %	4.1 %		D % of job cost; net, after tax and interest
Dividend paid:	1.8 %	1.6 %		D % of job cost
Measurement staffing level:	100 %	147 %		D The benchmark was 100%
Market share:	11 %	32 %		D % of the overall new work in the market identified
Market share split (UK):	64 %	35 %		D % of the market share in the UK
Market share split (OV):	36 %	65 %		D % of market share Overseas (outside the UK)
QHSE staffing level:	100 %	147 %		D The benchmark was 100%
Head office staffing level:	100 %	151 %		D The benchmark was 100%
Number of jobs bid for:	14	56		D
Number of jobs won:	6	36		D
Bidding success rate:	43 %	64 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	23		D
Jobs finished on time:	0	14		D
Jobs finished late:	0	0		D
Job completion efficiency:	n/a	0.89		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.50 %		D % due to targeted investments
Risk cost incurred:	43 %	46 %		D As a % of the contingency in the bid
Change in risk cost:	-22.5 %	-35.2 %		D % due to mitigatng factors
Project manager weighting:	8.1	9.1		D Out of 10
Forward margin:	715,258	597,732		E
Forward workload:	19,358,560	57,227,580		E

Basis for setting each measure

E (At the end of the timeframe)

A (An average for each period of the timeframe)

D (The value during the whole timeframe)