



Enginuity 2014 Competition

Review of the Performance of "Tenacious Turtles"



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.

The first task facing the new management team is to form a business strategy to 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.

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.



MANAGEMENT TEAM

Kapil Devang
Mangesh Bhosale

Bhavana Arabhavi
Sanket Mehta

Nikhil Dharwadkar
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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 during the procurement process came from simulated companies, based in particular countries, who could tender for work in their own country only, or worldwide.

Each rival company had their own unique profile and tendering history, which had to be carefully assessed in order to formulate an effective procurement strategy for competing against them.

The Later Years (periods 13-18)

During the Later Years the competition during the procurement process came from the other 'human' teams in the competition. There was also competition for the services of project managers.

This created an even more uncertain and pressurised environment in which the skills and team dynamics formed in the early years were really put to the test.

KEY PERFORMANCE INDICATORS

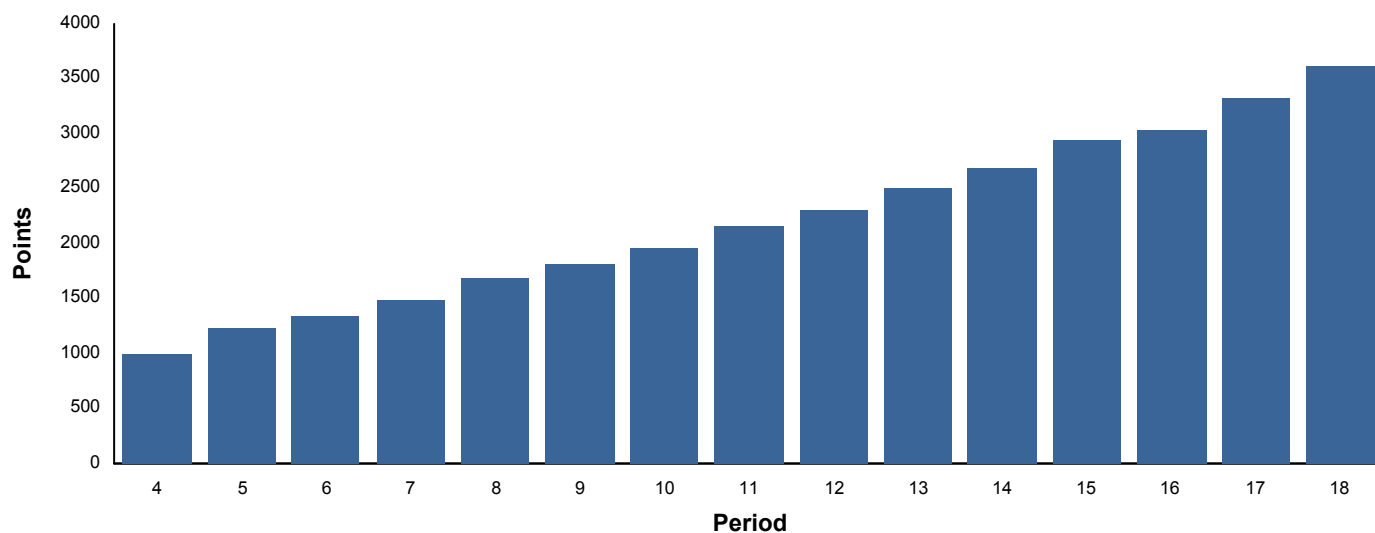
Performance indicators were used to measure the progress of the company in a number of key areas.

The indicators 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 3,608 points

Period	Turnover	Gross Profit To Turnover	Operating Profit To Turnover	Company Value	Capital Employed	Contract Complete	Forward Workload	Forward Margin	Share Price	Client Satisfact	Total Rating
4	40	130	130	170	120	100	70	100	70	70	1,000
5	58	134	161	179	162	115	99	139	73	106	1,226
6	88	137	177	195	190	145	80	110	80	135	1,337
7	103	139	187	205	211	155	98	123	89	170	1,480
8	113	163	245	230	226	160	113	116	113	200	1,679
9	126	162	247	242	238	185	107	137	131	230	1,805
10	136	165	255	256	247	220	116	150	149	271	1,965
11	146	176	279	283	255	250	119	165	181	313	2,167
12	155	178	283	297	261	285	125	163	202	355	2,304
13	166	182	296	346	266	330	121	168	227	405	2,507
14	174	194	323	411	267	370	107	138	251	455	2,690
15	177	200	336	459	271	385	161	174	286	498	2,947
16	185	201	342	517	272	445	124	106	290	542	3,024
17	188	204	348	566	275	460	180	174	346	576	3,317
18	192	206	354	621	278	505	202	234	391	625	3,608

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

	<u>History</u>	<u>Since</u>	<u>Change</u>	<u>Basis</u>
Number of periods:	4	14		
Financial Management				
Company value:	4,793,606	17,498,240	265 %	E
Share price:	1.25	6.99	459 %	E
Capital employed:	48 %	96 %		A
Turnover:	7,356,342	21,680,810	195 %	A
Job profit:	5.7 %	9.5 %		D % of job cost
Overhead costs:	3.4 %	2.3 %		D % of job cost
Operating profit:	1.8 %	5.2 %		D % of job cost; net, after tax and interest
Dividend paid:	2.9 %	0.9 %		D % of job cost
Overhead Management				
Market share:	14 %	35 %		D % of the overall new work in the market identified
Market share split (UK):	60 %	40 %		D % of the market share in the UK
Market share split (OV):	40 %	60 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	210 %		D The benchmark was 100%; the optimum level was 200%
QHSE staffing level:	100 %	211 %		D The benchmark was 100%; the optimum level was 200%
Measurement staffing level:	100 %	211 %		D The benchmark was 100%; the optimum level was 200%
Procurement				
Number of jobs bid for:	21	58		D
Number of jobs won:	10	40		D
Bidding success rate:	48 %	69 %		D Jobs won as a % of jobs bid for
Job Progression				
Reduction in job costs:	0.11 %	1.69 %		D % due to targeted investments (build cost reductions)
Reduction in job costs:	0.12 %	0.37 %		D % due to targeted investments (risk cost reductions)
Risk cost incurred:	77 %	35 %		D As a % of the contingency in the bid
Project manager weighting:	7.8	8.9		D Out of 10
Jobs finished early:	0	24		D
Jobs finished on time:	3	15		D
Jobs finished late:	0	1		D
Job completion efficiency:	0.96	0.94		D 0 to 1 where 1 the optimum level
Future Outlook				
Forward workload:	23,773,620	68,745,430		E
Forward margin:	1,132,632	2,648,931		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)