



Enginuity 2013 Competition

Review of the Performance of "Atwins"

The Task

A fledgling UK-based construction company, with headquarters in London, had been trading for just one year. A new management team was needed to run the company for the foreseeable future, making decisions related to the key functions of the business for each period/quarter.

The first task facing the new management team was to form a business strategy to satisfy the high demands of the company's shareholders, who were keen to see a quick return on their investment.

Although based in the UK, and subject to UK tax laws and interest rates, the decision to expand into overseas markets, and different continents, would depend upon the prevailing economic climate in the UK, and worldwide, and the direction the new management team wanted to go in.

Working in different countries would present some particular risks and 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 (worldwide client base, niche markets, lucrative large-scale contracts), may outweigh the risks.



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

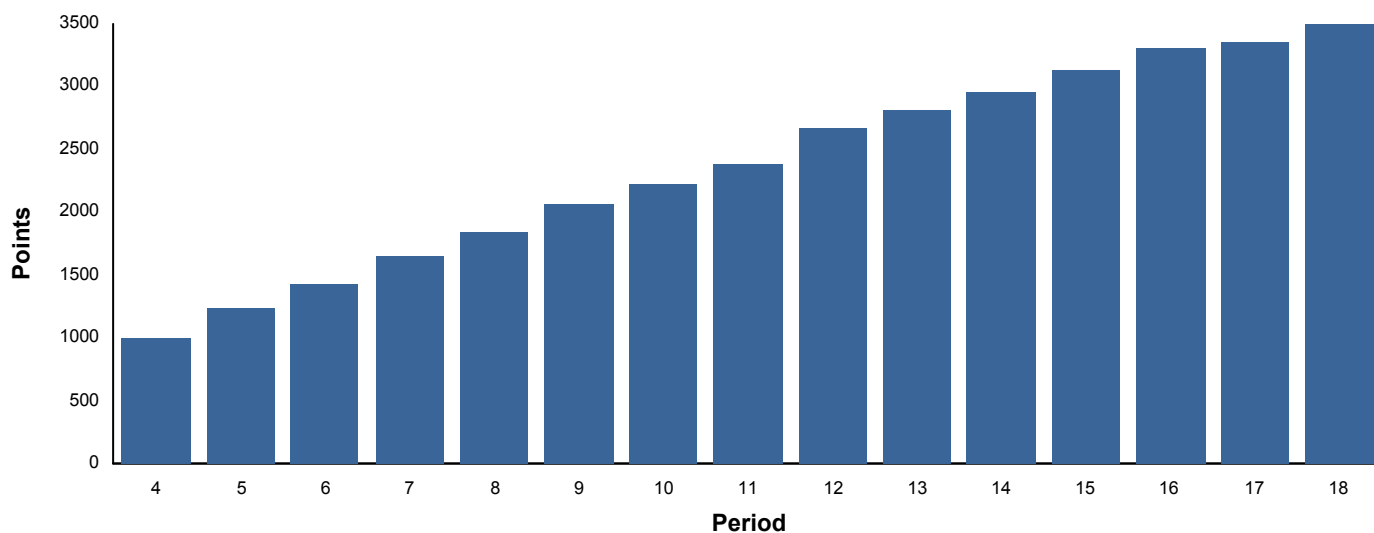
Performance indicators were used to measure the progress of the company in a number of key areas.

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 3,500 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	47	149	164	185	131	135	93	154	74	104	1,236
6	54	175	203	204	140	140	101	195	85	139	1,436
7	63	210	263	240	146	160	95	196	105	176	1,654
8	69	223	286	266	149	205	100	197	125	220	1,840
9	71	250	321	299	152	225	123	222	149	258	2,070
10	76	263	340	331	155	240	123	215	176	302	2,221
11	83	274	358	371	158	295	112	186	209	340	2,386
12	86	285	374	405	159	345	131	246	259	384	2,674
13	89	303	402	441	161	345	138	203	309	417	2,808
14	92	308	411	456	161	380	141	203	356	450	2,958
15	95	319	426	475	162	405	151	191	411	497	3,132
16	99	322	433	486	163	430	159	213	452	542	3,299
17	102	318	429	477	164	465	171	178	457	586	3,347
18	105	317	430	475	165	515	196	199	476	622	3,500

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:	5,058,013	14,127,030	179 %	E
Share price:	1.11	7.55	580 %	E
Capital employed:	88 %	97 %		A
Turnover:	14,935,390	23,075,190	55 %	A
Job profit:	4.3 %	11.8 %		D % of job cost
Overhead costs:	1.8 %	1.7 %		D % of job cost
Operating profit:	1.9 %	7.3 %		D % of job cost; net, after tax and interest
Dividend paid:	1.4 %	3.9 %		D % of job cost

Overhead Management

Market share:	12 %	33 %		D % of the overall new work in the market identified
Market share split (UK):	59 %	43 %		D % of the market share in the UK
Market share split (OV):	41 %	57 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	211 %		D The benchmark was 100%; the optimum level was 200%
QHSE staffing level:	100 %	214 %		D The benchmark was 100%; the optimum level was 200%
Measurement staffing level:	100 %	214 %		D The benchmark was 100%; the optimum level was 200%

Procurement

Number of jobs bid for:	18	63		D
Number of jobs won:	7	37		D
Bidding success rate:	39 %	59 %		D Jobs won as a % of jobs bid for

Job Progression

Reduction in job costs:	0.00 %	2.95 %		D % due to targeted investments (build cost reductions)
Reduction in job costs:	0.00 %	0.10 %		D % due to targeted investments (risk cost reductions)
Risk cost incurred:	25 %	60 %		D As a % of the contingency in the bid
Project manager weighting:	7.6	9.6		D Out of 10
Jobs finished early:	2	23		D
Jobs finished on time:	0	12		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.98	0.91		D 0 to 1 where 1 the optimum level
Forward workload:	24,933,920	69,771,230		E
Forward margin:	883,296	1,760,153		E

Colour coding

Green background indicates exceptional performance in this area

Red background indicates a weakness in this area

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)