



# Enginuity 2017 Competition

## PERFORMANCE REVIEW FOR 'Le Nain Rouge'



### 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

Jason Pittenger

Daniel Cook

Marcia Yockey

### SPONSOR

WSP



### 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.

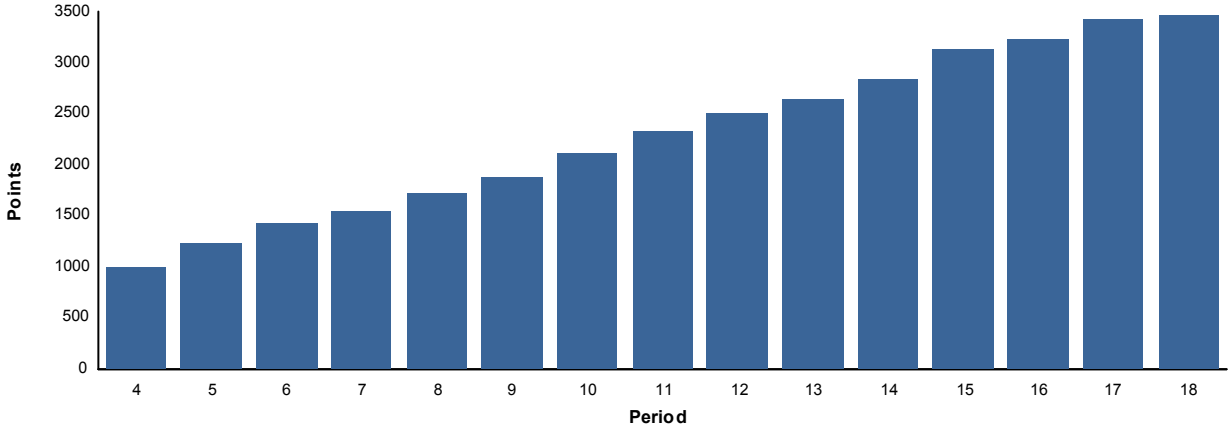
# KEY PERFORMANCE INDICATORS

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 3,459 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	144	194	181	132	140	86	113	82	106	1,231
6	Early Years	2017 (Q2)	57	152	207	184	144	160	130	167	86	145	1,432
7	Early Years	2017 (Q3)	68	169	252	207	152	175	109	150	86	177	1,545
8	Early Years	2017 (Q4)	75	187	298	233	157	205	119	156	86	215	1,731
9	Early Years	2018 (Q1)	81	208	345	262	159	245	104	132	98	253	1,887
10	Early Years	2018 (Q2)	85	223	372	284	163	260	153	177	118	286	2,121
11	Early Years	2018 (Q3)	91	242	418	323	166	295	153	166	150	326	2,330
12	Early Years	2018 (Q4)	95	248	433	344	169	305	187	199	179	359	2,518
13	Later Years	2019 (Q1)	102	259	459	385	172	325	184	155	215	397	2,653
14	Later Years	2019 (Q2)	110	265	479	429	172	400	149	124	268	439	2,835
15	Later Years	2019 (Q3)	113	269	482	443	174	425	245	186	332	469	3,138
16	Later Years	2019 (Q4)	117	266	476	454	175	440	232	189	376	500	3,225
17	Later Years	2020 (Q1)	123	261	466	479	176	475	277	224	401	538	3,420
18	Later Years	2020 (Q2)	125	262	466	492	176	500	249	209	408	572	3,459

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	13,889,840	189 %	E
Share price:	1.03	6.01	483 %	E
Capital employed:	78 %	93 %		A
Turnover:	11,919,030	22,255,340	87 %	A
Job profit:	3.4 %	7.4 %		D % of job cost
Overhead costs:	1.8 %	1.6 %		D % of job cost
Operating profit:	1.3 %	5.0 %		D % of job cost; net, after tax and interest
Dividend paid:	1.8 %	1.6 %		D % of job cost
Measurement staffing level:	100 %	125 %		D The benchmark was 100%
Market share:	11 %	36 %		D % of the overall new work in the market identified
Market share split (UK):	64 %	26 %		D % of the market share in the UK
Market share split (OV):	36 %	74 %		D % of market share Overseas (outside the UK)
QHSE staffing level:	100 %	125 %		D The benchmark was 100%
Head office staffing level:	100 %	112 %		D The benchmark was 100%
Number of jobs bid for:	14	54		D
Number of jobs won:	6	34		D
Bidding success rate:	43 %	63 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	23		D
Jobs finished on time:	0	10		D
Jobs finished late:	0	0		D
Job completion efficiency:	n/a	0.90		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	2.23 %		D % due to targeted investments
Risk cost incurred:	44 %	53 %		D As a % of the contingency in the bid
Change in risk cost:	-21.9 %	-14.1 %		D % due to mitigatng factors
Project manager weighting:	8.1	9.2		D Out of 10
Forward margin:	715,258	1,494,622		E
Forward workload:	19,358,560	68,859,390		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)