



Enginuity 2016 Competition

PERFORMANCE REVIEW FOR 'The A-Team'



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, making the key business decisions related to finance, marketing, overheads, procurement and job progression. The decisions are made for each period, which represents a quarter, or 3 months. The new management team need to form **an effective strategy to grow the business**, and 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, which changes as time progresses to provide a realistic and dynamic challenge for the new management team. 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.

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



MANAGEMENT TEAM

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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 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.

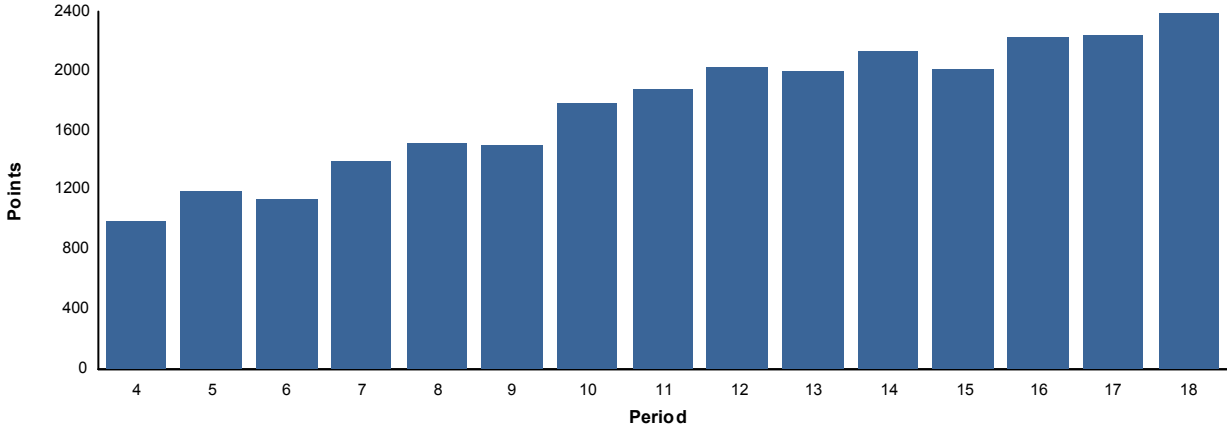
KEY PERFORMANCE INDICATORS

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 2,392 points

Base Period	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	40	130	130	170	120	100	70	100	70	70	1,000
5	48	133	142	172	142	130	99	145	80	103	1,194
6	60	127	141	176	149	130	63	91	80	129	1,146
7	68	145	172	188	161	170	105	125	98	167	1,399
8	76	153	187	199	170	185	106	135	109	200	1,520
9	86	170	222	236	167	215	35	49	97	231	1,508
10	86	168	200	235	174	245	150	167	98	270	1,793
11	90	175	215	260	178	255	137	155	95	321	1,881
12	94	181	228	289	183	290	156	166	95	347	2,029
13	102	179	229	307	184	290	108	114	108	376	1,997
14	106	178	227	314	184	330	132	131	125	409	2,136
15	108	173	218	312	179	345	74	71	112	428	2,020
16	108	174	213	319	183	350	202	98	120	458	2,225
17	112	170	210	338	184	365	164	84	118	495	2,240
18	116	168	209	361	186	385	209	115	130	513	2,392

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		
Financial Management				
Company value:	4,886,205	10,373,660	112 %	E
Share price:	1.18	2.19	86 %	E
Capital employed:	68 %	87 %		A
Turnover:	10,522,050	18,181,710	73 %	A
Job profit:	4.4 %	5.8 %		D % of job cost
Overhead costs:	1.8 %	1.9 %		D % of job cost
Operating profit:	1.9 %	3.2 %		D % of job cost; net, after tax and interest
Dividend paid:	2.0 %	0.8 %		D % of job cost
Overhead Management				
Market share:	12 %	34 %		D % of the overall new work in the market identified
Market share split (UK):	45 %	50 %		D % of the market share in the UK
Market share split (OV):	55 %	50 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	129 %		D The benchmark was 100%
QHSE staffing level:	100 %	137 %		D The benchmark was 100%
Measurement staffing level:	100 %	137 %		D The benchmark was 100%
Procurement				
Number of jobs bid for:	10	56		D
Number of jobs won:	6	30		D
Bidding success rate:	60 %	54 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	1	16		D
Jobs finished on time:	0	12		D
Jobs finished late:	0	1		D
Job completion efficiency:	0.96	0.85		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	0.88 %		D % due to targeted investments
Risk cost incurred:	50 %	42 %		D As a % of the contingency in the bid
Change in risk cost:	-12.1 %	-26.6 %		D % due to mitigatng factors
Project manager weighting:	7.8	9.2		D Out of 10
Future Outlook				
Forward workload:	22,485,540	67,124,160		E
Forward margin:	866,077	992,693		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)