



Enginuity 2017 Competition

PERFORMANCE REVIEW FOR 'TheBestBecaTeamSoFar'



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

Wilson Yu

Clark Taylor

Andrew Baird

Yi Yong Tan

Samuel Kilkenny-Brown

Michael Bransfield

SPONSOR

Beca



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.

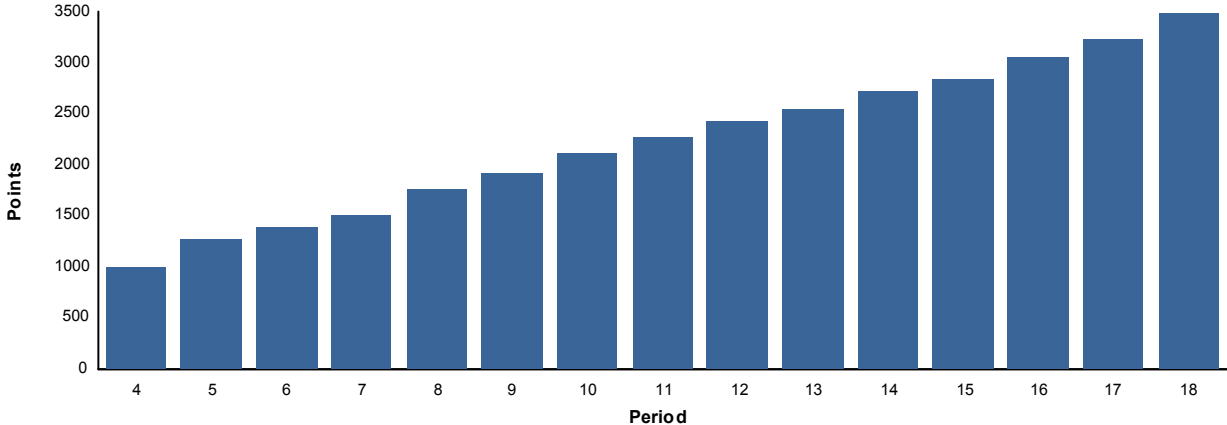
KEY PERFORMANCE INDICATORS

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 3,488 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) | 54 | 149 | 204 | 184 | 137 | 140 | 103 | 118 | 82 | 108 | 1,279 |
| 6 | Early Years | 2017 (Q2) | 59 | 142 | 193 | 187 | 148 | 160 | 128 | 149 | 70 | 152 | 1,388 |
| 7 | Early Years | 2017 (Q3) | 68 | 163 | 248 | 210 | 154 | 175 | 105 | 133 | 69 | 188 | 1,513 |
| 8 | Early Years | 2017 (Q4) | 74 | 180 | 286 | 230 | 160 | 230 | 130 | 163 | 83 | 228 | 1,764 |
| 9 | Early Years | 2018 (Q1) | 81 | 201 | 339 | 261 | 165 | 245 | 128 | 151 | 99 | 263 | 1,933 |
| 10 | Early Years | 2018 (Q2) | 87 | 207 | 356 | 283 | 168 | 275 | 146 | 177 | 116 | 297 | 2,112 |
| 11 | Early Years | 2018 (Q3) | 95 | 210 | 368 | 309 | 172 | 320 | 149 | 168 | 141 | 341 | 2,273 |
| 12 | Early Years | 2018 (Q4) | 100 | 212 | 375 | 329 | 174 | 340 | 179 | 193 | 160 | 373 | 2,435 |
| 13 | Later Years | 2019 (Q1) | 104 | 219 | 394 | 368 | 176 | 360 | 197 | 142 | 167 | 416 | 2,543 |
| 14 | Later Years | 2019 (Q2) | 111 | 224 | 407 | 412 | 178 | 435 | 190 | 128 | 184 | 456 | 2,725 |
| 15 | Later Years | 2019 (Q3) | 113 | 224 | 399 | 433 | 179 | 435 | 245 | 152 | 190 | 483 | 2,853 |
| 16 | Later Years | 2019 (Q4) | 118 | 224 | 401 | 451 | 181 | 455 | 250 | 210 | 243 | 519 | 3,052 |
| 17 | Later Years | 2020 (Q1) | 124 | 225 | 408 | 474 | 181 | 485 | 254 | 253 | 287 | 550 | 3,241 |
| 18 | Later Years | 2020 (Q2) | 128 | 226 | 413 | 484 | 183 | 535 | 309 | 288 | 331 | 591 | 3,488 |

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 | 13,658,440 | 185 % | E |
| Share price: | 1.03 | 4.87 | 373 % | E |
| Capital employed: | 78 % | 97 % | | A |
| Turnover: | 11,919,030 | 22,741,060 | 91 % | A |
| Job profit: | 3.4 % | 6.3 % | | D % of job cost |
| Overhead costs: | 1.8 % | 1.2 % | | D % of job cost |
| Operating profit: | 1.3 % | 4.3 % | | D % of job cost; net, after tax and interest |
| Dividend paid: | 1.8 % | 1.2 % | | D % of job cost |
| Measurement staffing level: | 100 % | 117 % | | D The benchmark was 100% |
| Market share: | 11 % | 35 % | | D % of the overall new work in the market identified |
| Market share split (UK): | 64 % | 25 % | | D % of the market share in the UK |
| Market share split (OV): | 36 % | 75 % | | D % of market share Overseas (outside the UK) |
| QHSE staffing level: | 100 % | 117 % | | D The benchmark was 100% |
| Head office staffing level: | 100 % | 117 % | | D The benchmark was 100% |
| Number of jobs bid for: | 14 | 50 | | D |
| Number of jobs won: | 6 | 37 | | D |
| Bidding success rate: | 43 % | 74 % | | D Jobs won as a % of jobs bid for |
| Jobs finished early: | 0 | 24 | | D |
| Jobs finished on time: | 0 | 12 | | D |
| Jobs finished late: | 0 | 0 | | D |
| Job completion efficiency: | n/a | 0.92 | | D 0 to 1, where 1 is the optimum level |
| Reduction in build cost: | 0.00 % | 1.61 % | | D % due to targeted investments |
| Risk cost incurred: | 43 % | 44 % | | D As a % of the contingency in the bid |
| Change in risk cost: | -22.6 % | -34.4 % | | D % due to mitigatng factors |
| Project manager weighting: | 8.1 | 9.2 | | D Out of 10 |
| Forward margin: | 715,258 | 2,057,346 | | E |
| Forward workload: | 19,358,560 | 85,540,130 | | 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)