



Enginuity 2018 Competition

PERFORMANCE REVIEW FOR 'Global Connections'

THE CHALLENGE

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

Kathryne Stockinger

Zakiya James

David Romness

Muhsin Khan

Arzhang Zamani

Ilan Giboff

SPONSOR

Parsons Corporation

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.

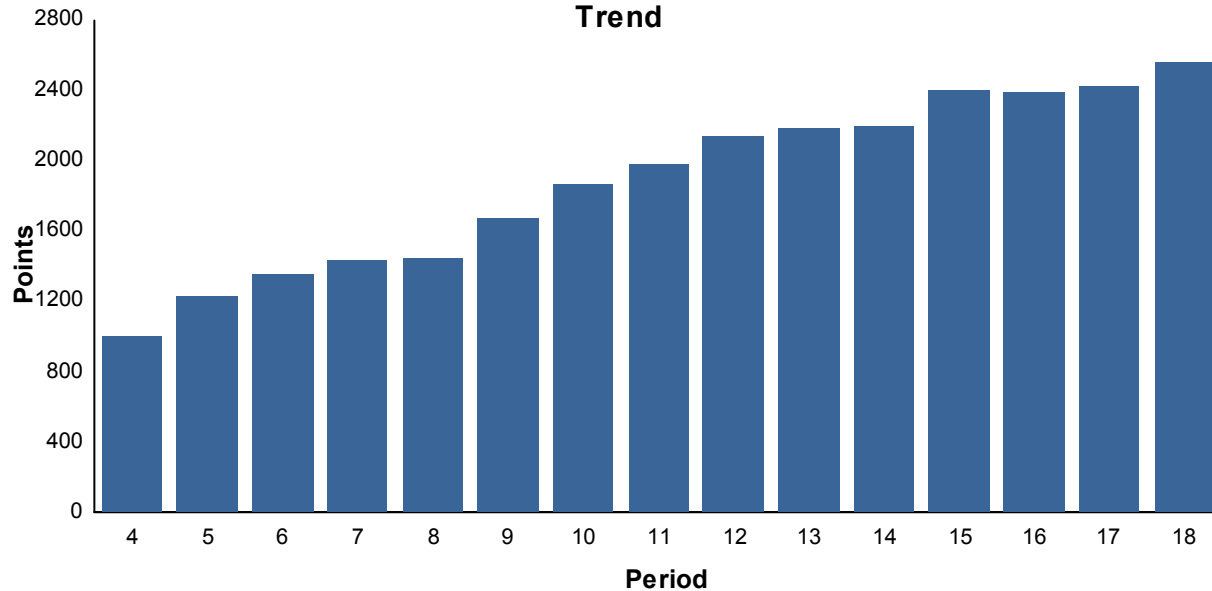
KEY PERFORMANCE INDICATORS

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 1,000 points

Overall company performance improved from 1,000 to 2,559 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	2017 (Q4)	40	130	130	170	120	100	70	100	70	70	1,000
5	Early Years	2018 (Q1)	49	129	147	171	147	125	120	164	82	99	1,233
6	Early Years	2018 (Q2)	61	135	180	176	167	130	121	178	86	121	1,355
7	Early Years	2018 (Q3)	77	121	152	175	188	175	129	185	86	148	1,436
8	Early Years	2018 (Q4)	83	124	152	176	196	185	109	156	85	181	1,447
9	Early Years	2019 (Q1)	92	145	219	198	205	220	114	156	108	216	1,673
10	Early Years	2019 (Q2)	96	156	242	206	213	250	147	194	113	252	1,869
11	Early Years	2019 (Q3)	102	162	262	218	223	265	157	190	123	276	1,978
12	Early Years	2019 (Q4)	111	170	291	239	231	310	149	173	147	321	2,142
13	Later Years	2020 (Q1)	113	176	297	241	233	315	145	159	149	358	2,186
14	Later Years	2020 (Q2)	120	178	306	255	234	345	103	99	153	397	2,190
15	Later Years	2020 (Q3)	122	178	295	247	240	390	197	140	152	436	2,397
16	Later Years	2020 (Q4)	126	179	297	259	243	405	156	101	154	469	2,389
17	Later Years	2021 (Q1)	129	177	294	258	246	410	163	99	152	494	2,422
18	Later Years	2021 (Q2)	134	177	295	266	249	460	174	110	161	533	2,559

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:	4,711,236	7,372,041	56 %	E
Share price:	1.02	2.34	129 %	E
Capital employed:	50 %	89 %		A
Turnover:	8,162,096	16,387,620	101 %	A
Job profit:	4.1 %	5.7 %		D % of job cost
Overhead costs:	2.5 %	2.3 %		D % of job cost
Operating profit:	1.2 %	2.9 %		D % of job cost; net, after tax and interest
Dividend paid:	2.6 %	1.6 %		D % of job cost
Market share:	11 %	32 %		D % of the overall new work in the market identified
Market share split (UK):	39 %	41 %		D % of the market share in the UK
Market share split (OV):	61 %	59 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	116 %		D The benchmark was 100%
QHSE staffing level:	100 %	122 %		D The benchmark was 100%
Measurement staffing level:	100 %	122 %		D The benchmark was 100%
Number of jobs bid for:	13	74		D
Number of jobs won:	8	30		D
Bidding success rate:	62 %	41 %		D Jobs won as a % of jobs bid for
Jobs finished early:	0	21		D
Jobs finished on time:	3	10		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.94	0.94		D 0 to 1, where 1 is the optimum level
Reduction in job cost:	0.03 %	0.81 %		D % due to targeted investments
Risk cost incurred:	45 %	52 %		D As a % of the contingency in the bid
Change in risk cost:	-21.7 %	-24.5 %		D % due to mitigatng factors
Project manager weighting:	8.2	9.1		D Out of 10
Forward workload:	15,477,540	38,540,870		E
Forward margin:	521,414	572,319		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)