



# ENGINUITY 2019 COMPETITION

## PERFORMANCE REVIEW FOR 'Baby Got Hatch'

### MANAGEMENT TEAM

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### SPONSOR

Hatch

### THE CHALLENGE



It is the **beginning of 2019**.

A UK-based **global construction business** that has only been in existence for one year needs a **new management team** to run the company for the foreseeable future.

The company **operates in a number of sectors**, with jobs, clients, rival competitors, and people worldwide.

To grow the business the new management team will need to devise an **effective business strategy**.

Developing an effective strategy will involve acquiring an understanding of :-

- The **economic environment** in which the company is operating
- The **strengths and weaknesses** of the business as it currently stands

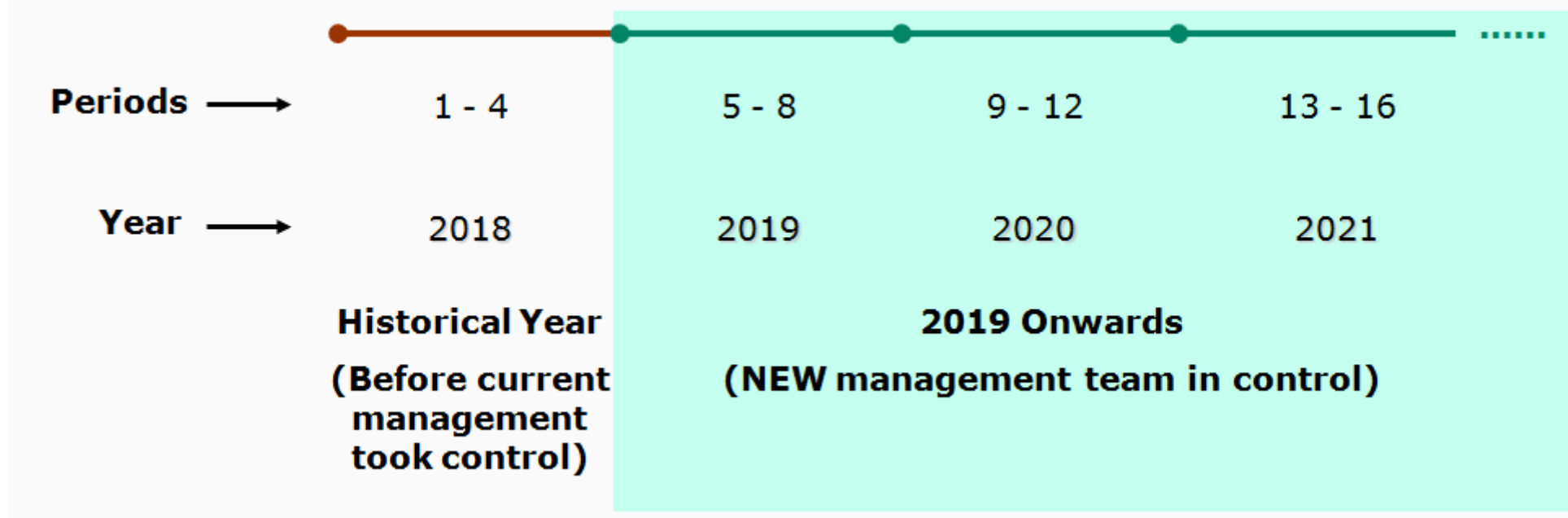
To implement the strategy **decisions** will have to be made in a number of key areas :-

- Financial management
- Overhead management
- Procurement
- Job progression



## TIMEFRAME

Decisions are made for a **period**, representing 3 months, or a quarter, in the real world.



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)

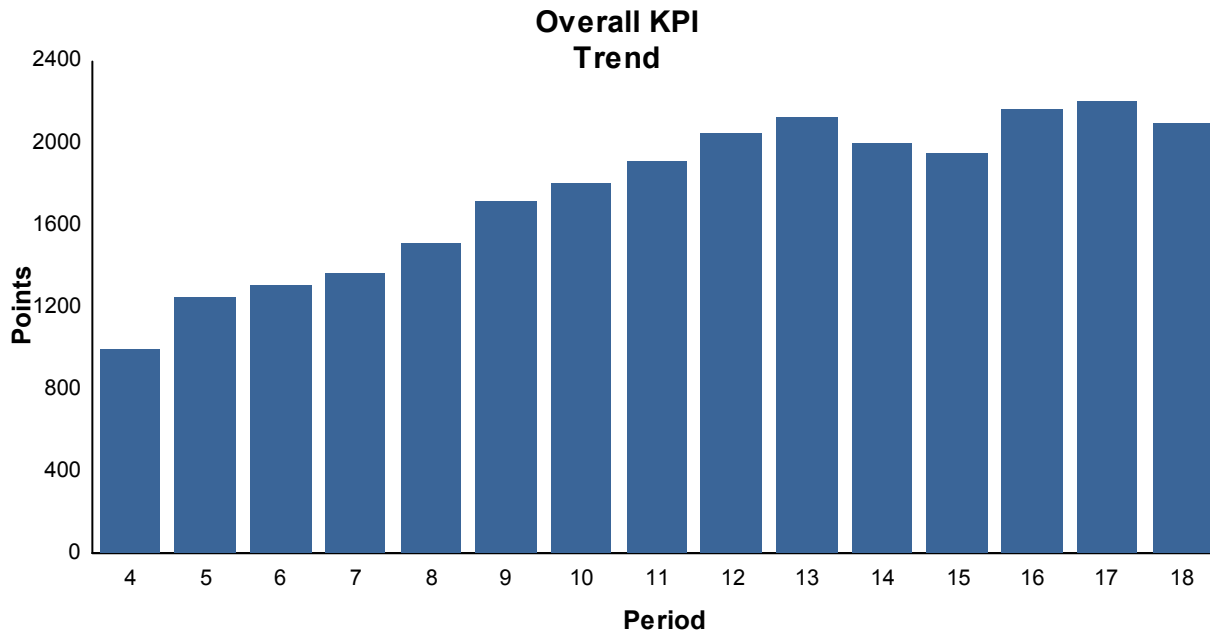
During the Later Years the teams compete 'head to head' against each other for work. This creates an even more uncertain and pressurized environment in which the skills and team dynamics formed in the early years are really put to the test.

# OVERALL PERFORMANCE (KPIs)

Performance Indicators were used to measure company progress, weighted at the end of the History to reflect their variability, initially to 1,000 points.

Overall company performance improved from 1,000 to 2,091 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	2018 (Q4)	40	170	120	170	130	80	70	100	70	50	1,000
5	Early Years	2019 (Q1)	52	161	116	171	166	105	140	176	79	80	1,246
6	Early Years	2019 (Q2)	68	145	104	172	197	117	152	171	67	114	1,307
7	Early Years	2019 (Q3)	84	136	105	176	219	134	147	161	70	133	1,365
8	Early Years	2019 (Q4)	94	145	126	186	235	144	158	177	79	168	1,512
9	Early Years	2020 (Q1)	103	165	163	205	248	169	170	195	98	199	1,715
10	Early Years	2020 (Q2)	115	170	176	219	259	189	158	183	108	224	1,801
11	Early Years	2020 (Q3)	126	167	176	227	267	214	165	189	116	265	1,912
12	Early Years	2020 (Q4)	131	168	178	230	275	227	196	207	129	306	2,047
13	Later Years	2021 (Q1)	137	176	190	246	281	227	196	205	139	332	2,129
14	Later Years	2021 (Q2)	143	179	199	258	278	249	95	99	140	356	1,996
15	Later Years	2021 (Q3)	141	176	175	232	272	277	104	85	108	384	1,954
16	Later Years	2021 (Q4)	140	178	160	223	275	277	222	167	117	408	2,167
17	Later Years	2022 (Q1)	144	180	166	240	279	292	213	131	128	434	2,207
18	Later Years	2022 (Q2)	146	178	167	247	276	305	127	75	119	451	2,091



## 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	Additional information
Number of periods	4	14			
<b>FINANCIAL MANAGEMENT</b>					
Company value	4,748,393	6,908,423	45 %	End of timeframe	
Share price	1.06	1.80	70 %	End of timeframe	
Average capital base	3,937,890	5,285,771	34 %	Each period of timeframe	
Average capital base utilisation	49 %	89 %		Each period of timeframe	
Average turnover	6,996,588	15,459,530	121 %	Each period of timeframe	
Job profit	4.7 %	4.9 %		During whole timeframe	As a % of job costs
Overhead costs	2.4 %	2.0 %		During whole timeframe	As a % of job costs
Net operating profit	1.7 %	2.4 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	3.0 %	1.2 %		During whole timeframe	As a % of job costs
Forward workload	13,789,860	24,964,510		End of timeframe	
Forward margin	501,657	376,833		End of timeframe	
<b>OVERHEAD MANAGEMENT</b>					
Market share	11 %	30 %		During whole timeframe	% of the overall new work in the market identified
Market share split (UK)	44 %	47 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	56 %	53 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	120 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	122 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	122 %		During whole timeframe	Optimum level is 100%
<b>PROCUREMENT</b>					
Number of jobs bid for	7	54		During whole timeframe	
Number of jobs won	4	28		During whole timeframe	
Bidding success rate	57 %	52 %		During whole timeframe	Jobs won as a % of jobs bid for
<b>JOB PROGRESSION</b>					
Project manager weighting	8.5	9.2		During whole timeframe	Out of 10
Project manager resignations	0	0		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	25,518	592,852		During whole timeframe	
Jobs finished early	0	13		During whole timeframe	
Jobs finished on time	0	15		During whole timeframe	
Jobs finished late	0	1		During whole timeframe	
Ineffective labour on site	0 %	1 %		During whole timeframe	
Subcontractor labour used on site	0 %	4 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.87		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.2 %		During whole timeframe	
Reduction in job costs (risk) due to targeted investments	0.0 %	0.2 %		During whole timeframe	
For D&B jobs, change in build cost due to consultant designer	-0.7 %	-0.9 %		During whole timeframe	
Measure of risk contingency included in bids	1.0	0.8		During whole timeframe	0=No contingency, 1=sensible level, 2=full risk cost
Risk cost incurred before mitigating factors	45 %	62 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-36.0 %	-38.6 %		During whole timeframe	
Risk cost incurred after mitigating factors	29 %	38 %		During whole timeframe	As a % of the contingency in the bid