



Enginuity 2015 Competition

PERFORMANCE REVIEW FOR 'Atkins Aberdream'



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

Matthew Bellamy
Stepanie Breen

Mark Hadjitofi
Jacky Mo

Alexander Grantham
Ben Dyer



SPONSOR

Atkins



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.

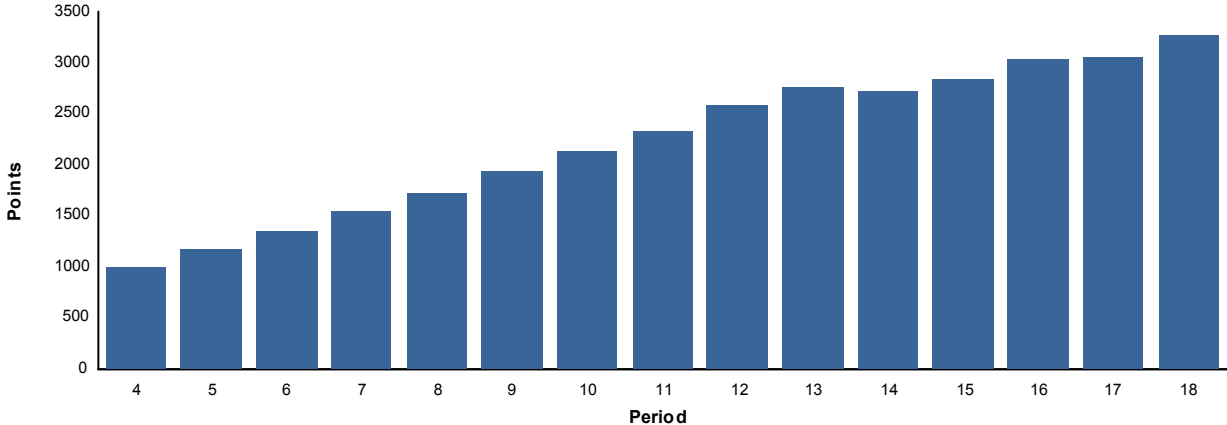
KEY PERFORMANCE INDICATORS

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 3,268 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	51	140	152	172	141	125	106	123	78	103	1,191
6	61	159	199	181	161	130	121	136	88	130	1,366
7	72	179	242	197	175	150	117	143	104	165	1,544
8	81	193	271	213	185	190	118	151	125	204	1,731
9	88	211	301	233	193	220	139	169	149	245	1,948
10	95	224	330	261	199	245	145	174	172	286	2,131
11	102	235	351	283	205	275	158	178	204	340	2,331
12	107	249	381	313	209	325	178	196	249	381	2,588
13	112	262	400	339	212	340	180	197	289	425	2,756
14	118	268	411	361	209	355	119	126	305	459	2,731
15	121	270	403	361	209	390	190	113	292	504	2,853
16	125	269	395	381	212	420	258	132	314	539	3,045
17	132	268	401	427	211	435	183	93	342	575	3,067
18	136	265	396	430	211	495	231	119	358	627	3,268

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:	4,809,415	12,151,810	153 %	E
Share price:	1.12	5.73	412 %	E
Capital employed:	62 %	92 %		A
Turnover:	10,072,540	20,552,740	104 %	A
Job profit:	4.2 %	9.2 %		D % of job cost
Overhead costs:	2.1 %	2.6 %		D % of job cost
Operating profit:	1.6 %	5.2 %		D % of job cost; net, after tax and interest
Dividend paid:	2.2 %	2.3 %		D % of job cost
Overhead Management				
Market share:	10 %	37 %		D % of the overall new work in the market identified
Market share split (UK):	59 %	35 %		D % of the market share in the UK
Market share split (OV):	41 %	65 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	215 %		D The benchmark was 100%; the optimum level was 200%
QHSE staffing level:	100 %	221 %		D The benchmark was 100%; the optimum level was 200%
Measurement staffing level:	100 %	221 %		D The benchmark was 100%; the optimum level was 200%
Procurement				
Number of jobs bid for:	13	105		D
Number of jobs won:	6	36		D
Bidding success rate:	46 %	34 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	0	22		D
Jobs finished on time:	1	13		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.99	0.91		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.44 %		D % due to targeted investments
Risk cost incurred:	89 %	41 %		D As a % of the contingency in the bid
Reduction in risk cost:	28.7 %	41.4 %		D % due to mitigatng factors
Project manager weighting:	8.5	9.7		D Out of 10
Future Outlook				
Forward workload:	18,835,610	62,114,840		E
Forward margin:	745,985	889,427		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)