



# Enginuity 2016 Competition

## PERFORMANCE REVIEW FOR 'Nothing Rhymes with Atkins'



### 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

Liam Bryant  
Jack Carroll

Rosemary Brazel  
Winthrop Lawhon

Will Lavelle  
Alice Brown



### 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.

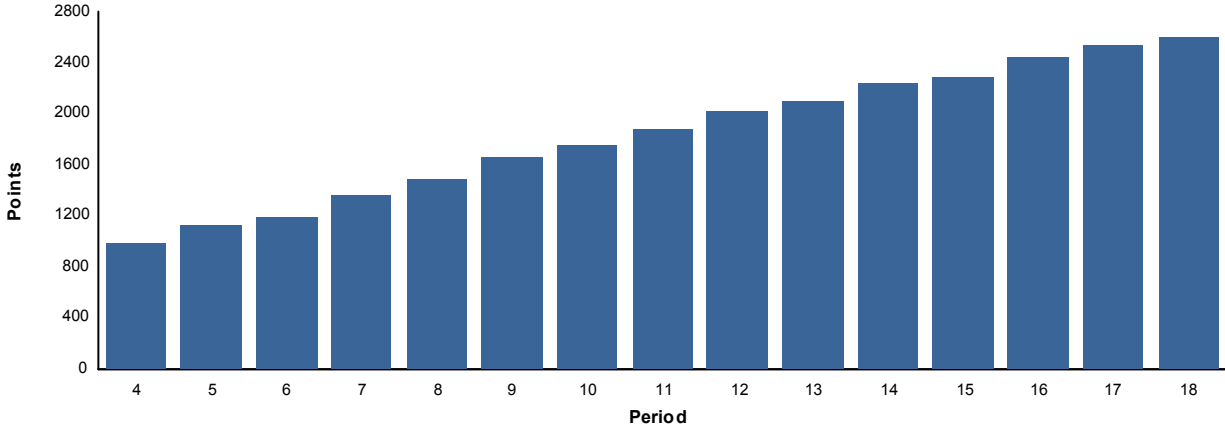
# KEY PERFORMANCE INDICATORS

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 2,599 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	119	114	170	142	130	99	141	74	101	1,138
6	59	129	140	179	153	145	80	114	77	125	1,201
7	68	139	165	193	164	165	99	127	88	157	1,365
8	76	150	184	207	173	190	103	129	97	187	1,496
9	82	157	197	220	179	225	118	156	107	225	1,666
10	88	168	218	240	184	225	111	142	123	255	1,754
11	94	169	223	252	188	260	129	161	133	282	1,891
12	99	169	226	264	192	285	142	170	146	326	2,019
13	103	175	237	282	194	305	132	146	164	369	2,107
14	107	182	249	304	196	310	157	149	187	398	2,239
15	111	182	252	314	198	330	160	133	191	417	2,288
16	115	184	257	330	200	345	173	169	225	448	2,446
17	120	186	260	340	202	375	178	151	241	480	2,533
18	125	185	259	348	204	390	192	138	259	499	2,599

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		
<b>Financial Management</b>				
Company value:	4,886,205	10,004,700	105 %	E
Share price:	1.18	4.36	269 %	E
Capital employed:	68 %	97 %		A
Turnover:	10,522,050	19,622,950	86 %	A
Job profit:	4.4 %	6.5 %		D % of job cost
Overhead costs:	1.8 %	1.4 %		D % of job cost
Operating profit:	1.9 %	4.0 %		D % of job cost; net, after tax and interest
Dividend paid:	2.0 %	1.8 %		D % of job cost
<b>Overhead Management</b>				
Market share:	12 %	28 %		D % of the overall new work in the market identified
Market share split (UK):	45 %	71 %		D % of the market share in the UK
Market share split (OV):	55 %	29 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	115 %		D The benchmark was 100%
QHSE staffing level:	100 %	120 %		D The benchmark was 100%
Measurement staffing level:	100 %	120 %		D The benchmark was 100%
<b>Procurement</b>				
Number of jobs bid for:	10	63		D
Number of jobs won:	6	34		D
Bidding success rate:	60 %	54 %		D Jobs won as a % of jobs bid for
<b>Job Progression</b>				
Jobs finished early:	1	12		D
Jobs finished on time:	0	19		D
Jobs finished late:	0	1		D
Job completion efficiency:	0.96	0.84		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	1.49 %		D % due to targeted investments
Risk cost incurred:	50 %	74 %		D As a % of the contingency in the bid
Change in risk cost:	-10.9 %	-12.7 %		D % due to mitigating factors
Project manager weighting:	7.8	8.8		D Out of 10
<b>Future Outlook</b>				
Forward workload:	22,485,540	61,783,330		E
Forward margin:	866,077	1,192,972		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)