



ENGINUITY 2019 COMPETITION

PERFORMANCE REVIEW FOR 'Safe As Houses'

MANAGEMENT TEAM

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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

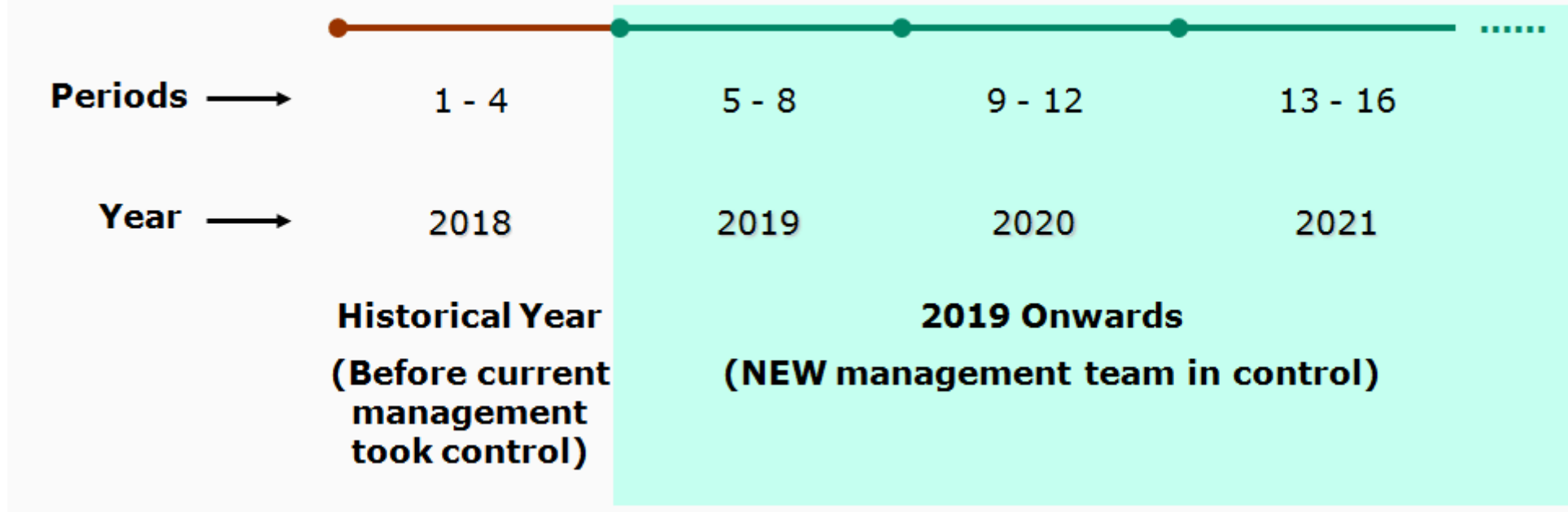
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

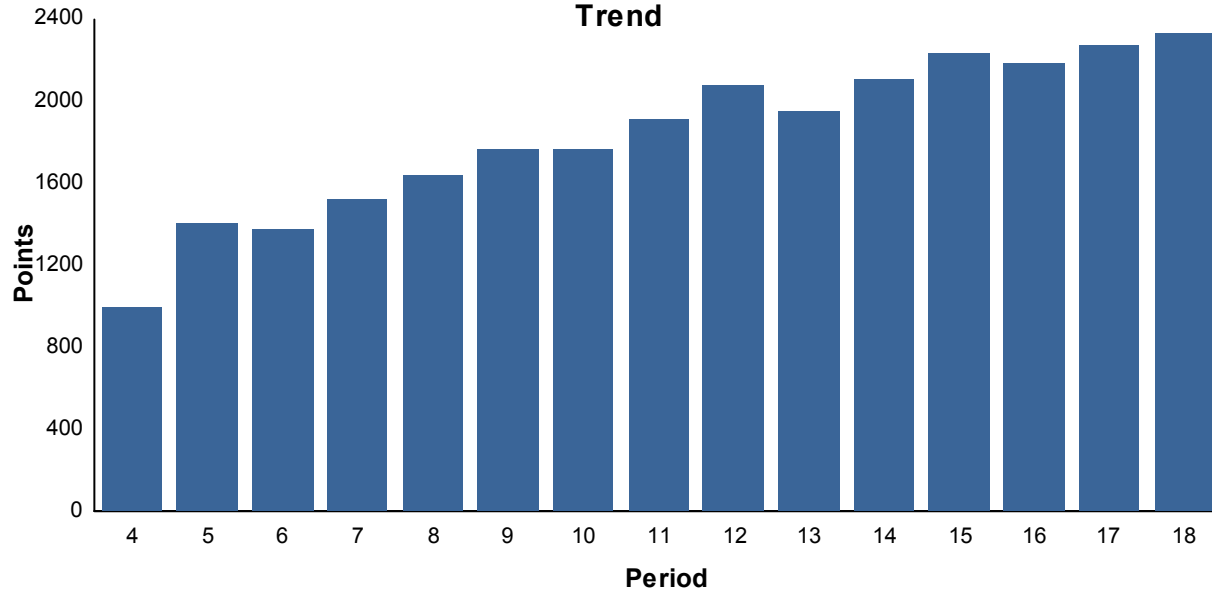
OVERALL PERFORMANCE (KPIs)

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 2,329 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)	51	190	164	175	175	105	161	219	90	78	1,408
6	Early Years	2019 (Q2)	72	158	139	177	205	117	138	185	73	108	1,372
7	Early Years	2019 (Q3)	88	171	173	193	227	134	142	183	83	129	1,523
8	Early Years	2019 (Q4)	101	168	175	201	243	150	152	198	87	159	1,634
9	Early Years	2020 (Q1)	110	168	179	210	256	180	165	223	94	181	1,766
10	Early Years	2020 (Q2)	118	168	181	217	262	180	146	187	99	209	1,767
11	Early Years	2020 (Q3)	128	173	192	232	270	208	170	196	112	234	1,915
12	Early Years	2020 (Q4)	133	176	200	243	278	228	189	227	130	275	2,079
13	Later Years	2021 (Q1)	138	180	208	252	275	236	106	129	129	295	1,948
14	Later Years	2021 (Q2)	141	191	223	268	276	256	160	125	143	319	2,102
15	Later Years	2021 (Q3)	140	196	228	273	281	276	225	126	147	343	2,235
16	Later Years	2021 (Q4)	141	196	229	273	281	276	180	99	143	365	2,183
17	Later Years	2022 (Q1)	141	195	224	281	285	276	231	119	140	376	2,268
18	Later Years	2022 (Q2)	143	198	229	290	289	299	219	110	157	395	2,329

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	Additional information
Number of periods	4	14			
FINANCIAL MANAGEMENT					
Company value	4,748,393	8,090,713	70 %	End of timeframe	
Share price	1.06	2.37	124 %	End of timeframe	
Average capital base	3,937,890	5,172,122	31 %	Each period of timeframe	
Average capital base utilisation	49 %	94 %		Each period of timeframe	
Average turnover	6,996,588	15,096,570	116 %	Each period of timeframe	
Job profit	4.7 %	5.5 %		During whole timeframe	As a % of job costs
Overhead costs	2.4 %	1.5 %		During whole timeframe	As a % of job costs
Net operating profit	1.7 %	3.3 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	3.0 %	1.6 %		During whole timeframe	As a % of job costs
Forward workload	13,789,860	43,081,630		End of timeframe	
Forward margin	501,657	550,018		End of timeframe	
OVERHEAD MANAGEMENT					
Market share	11 %	29 %		During whole timeframe	% of the overall new work in the market identified
Market share split (UK)	44 %	23 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	56 %	77 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	104 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	103 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	103 %		During whole timeframe	Optimum level is 100%
PROCUREMENT					
Number of jobs bid for	7	46		During whole timeframe	
Number of jobs won	4	24		During whole timeframe	
Bidding success rate	57 %	52 %		During whole timeframe	Jobs won as a % of jobs bid for
JOB PROGRESSION					
Project manager weighting	8.5	8.7		During whole timeframe	Out of 10
Project manager resignations	0	2		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	25,518	425,135		During whole timeframe	
Jobs finished early	0	14		During whole timeframe	
Jobs finished on time	0	10		During whole timeframe	
Jobs finished late	0	0		During whole timeframe	
Ineffective labour on site	0 %	1 %		During whole timeframe	
Subcontractor labour used on site	0 %	17 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.96		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	0.5 %		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 %	-1.0 %		During whole timeframe	
Measure of risk contingency included in bids	1.0	0.9		During whole timeframe	0=No contingency, 1=sensible level, 2=full risk cost
Risk cost incurred before mitigating factors	45 %	60 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-34.3 %	-35.6 %		During whole timeframe	
Risk cost incurred after mitigating factors	29 %	39 %		During whole timeframe	As a % of the contingency in the bid