



ENGINUITY 2019 COMPETITION

PERFORMANCE REVIEW FOR 'Mott's Tunnellers'

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

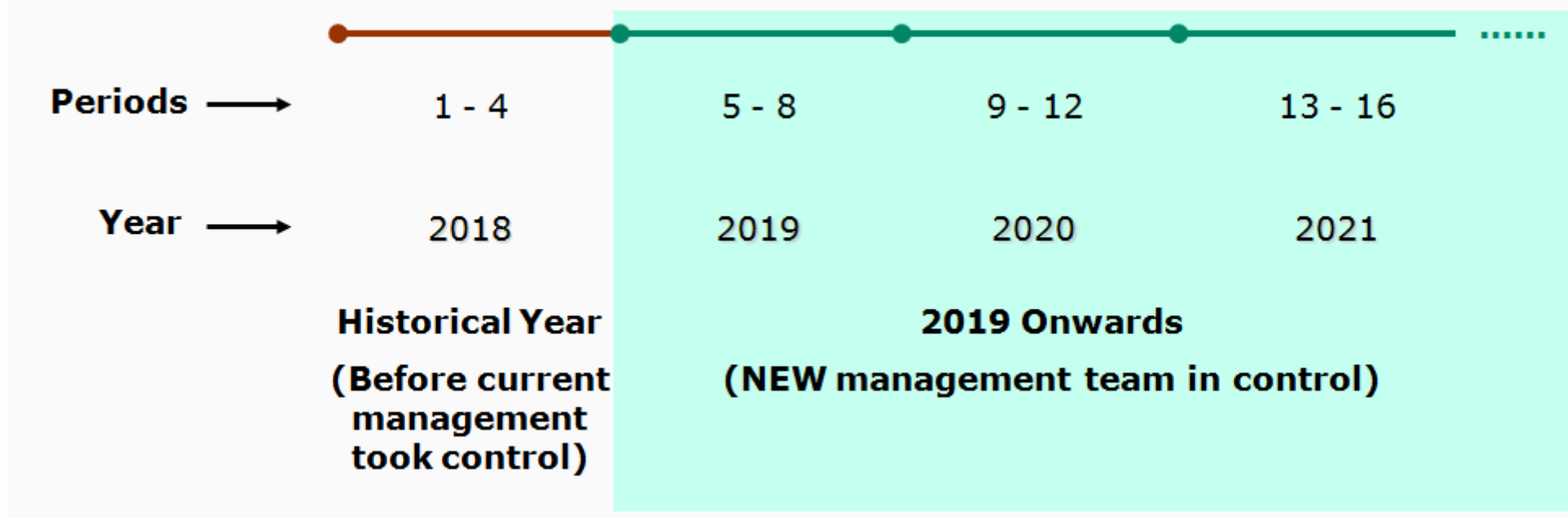
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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.

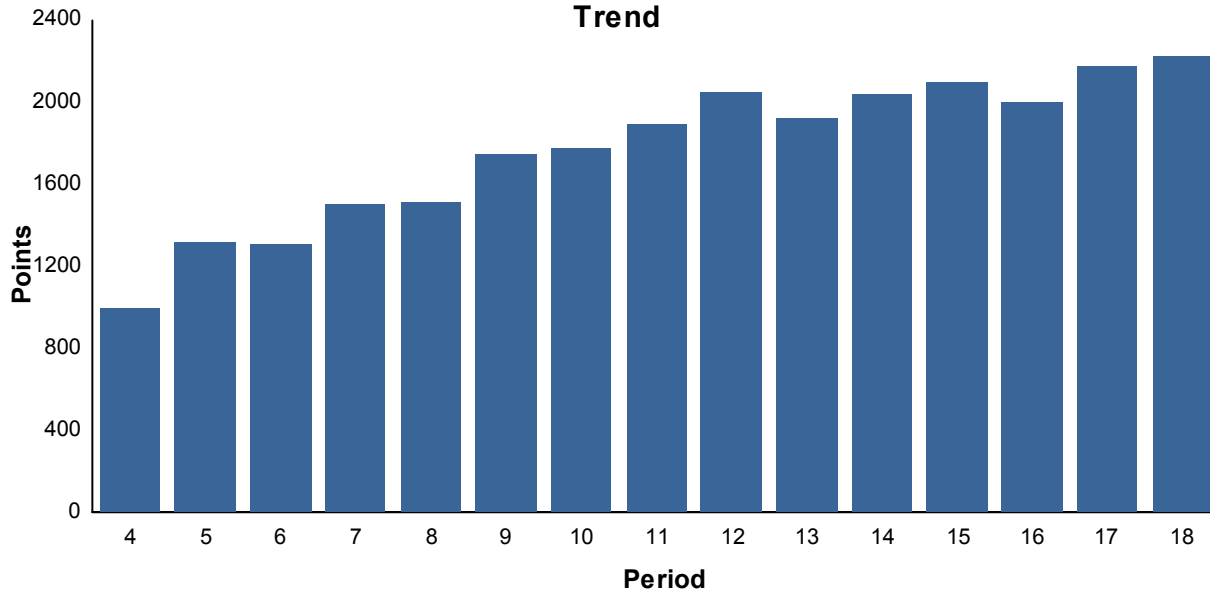
OVERALL PERFORMANCE (KPIs)

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 2,221 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	175	123	171	172	105	154	204	86	75	1,317
6	Early Years	2019 (Q2)	68	159	116	173	196	117	130	171	73	102	1,305
7	Early Years	2019 (Q3)	86	172	152	187	219	137	140	188	89	130	1,500
8	Early Years	2019 (Q4)	98	172	156	193	227	161	112	150	85	158	1,512
9	Early Years	2020 (Q1)	104	181	160	198	240	174	179	233	95	178	1,742
10	Early Years	2020 (Q2)	116	180	164	209	251	198	155	194	98	209	1,774
11	Early Years	2020 (Q3)	126	181	171	224	260	230	163	194	104	239	1,892
12	Early Years	2020 (Q4)	132	190	182	232	267	247	192	218	123	265	2,048
13	Later Years	2021 (Q1)	135	192	182	245	265	247	116	132	115	294	1,923
14	Later Years	2021 (Q2)	142	193	178	259	270	274	186	107	113	316	2,038
15	Later Years	2021 (Q3)	142	191	160	249	274	286	221	126	92	350	2,091
16	Later Years	2021 (Q4)	145	191	165	262	273	286	135	78	99	366	2,000
17	Later Years	2022 (Q1)	148	191	165	268	278	303	226	101	106	384	2,170
18	Later Years	2022 (Q2)	153	189	167	271	283	333	206	86	115	418	2,221

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	7,557,963	59 %	End of timeframe	
Share price	1.06	1.74	64 %	End of timeframe	
Average capital base	3,937,890	5,307,823	35 %	Each period of timeframe	
Average capital base utilisation	49 %	92 %		Each period of timeframe	
Average turnover	6,996,588	16,190,850	131 %	Each period of timeframe	
Job profit	4.7 %	5.2 %		During whole timeframe	As a % of job costs
Overhead costs	2.4 %	2.4 %		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 %	1.0 %		During whole timeframe	As a % of job costs
Forward workload	13,789,860	40,632,190		End of timeframe	
Forward margin	501,657	431,341		End of timeframe	
OVERHEAD MANAGEMENT					
Market share	11 %	30 %		During whole timeframe	% of the overall new work in the market identified
Market share split (UK)	44 %	36 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	56 %	64 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	102 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	114 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	114 %		During whole timeframe	Optimum level is 100%
PROCUREMENT					
Number of jobs bid for	7	93		During whole timeframe	
Number of jobs won	4	25		During whole timeframe	
Bidding success rate	57 %	27 %		During whole timeframe	Jobs won as a % of jobs bid for
JOB PROGRESSION					
Project manager weighting	8.5	8.6		During whole timeframe	Out of 10
Project manager resignations	0	1		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	25,518	487,781		During whole timeframe	
Jobs finished early	0	19		During whole timeframe	
Jobs finished on time	0	6		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 %	8 %		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 %	0.1 %		During whole timeframe	
For D&B jobs, change in build cost due to consultant designer	-0.7 %	-0.7 %		During whole timeframe	
Measure of risk contingency included in bids	1.0	1.0		During whole timeframe	0=No contingency, 1=sensible level, 2=full risk cost
Risk cost incurred before mitigating factors	45 %	34 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-35.1 %	-31.9 %		During whole timeframe	
Risk cost incurred after mitigating factors	29 %	23 %		During whole timeframe	As a % of the contingency in the bid