



Enginuity 2015 Competition

PERFORMANCE REVIEW FOR 'Newbee'



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

Jian Yu

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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.

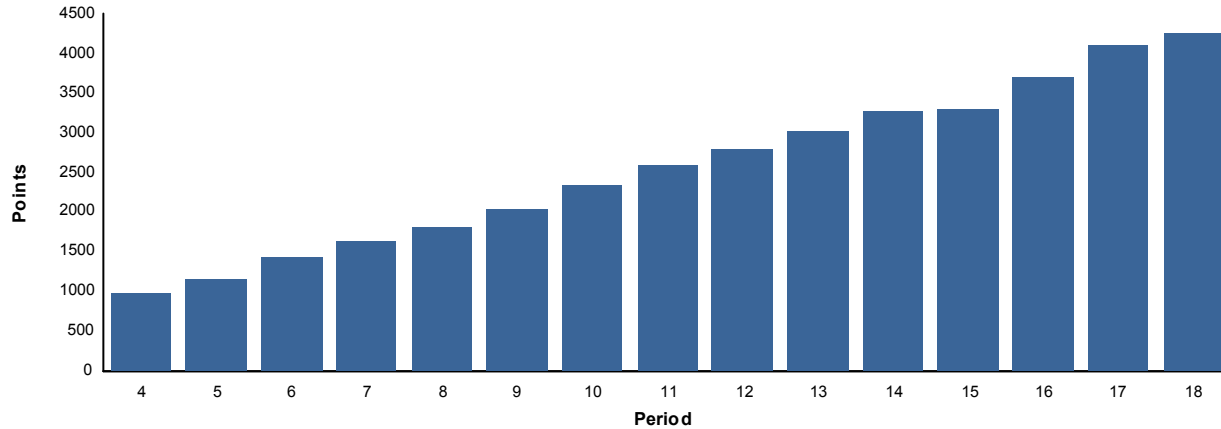
KEY PERFORMANCE INDICATORS

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 4,261 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	145	163	176	136	125	87	115	74	106	1,178
6	58	177	225	194	155	130	131	161	81	144	1,456
7	67	200	272	219	169	165	129	154	80	184	1,639
8	76	216	308	249	180	190	134	162	81	219	1,815
9	86	241	361	290	187	230	132	164	96	267	2,054
10	94	269	423	340	194	260	153	185	125	314	2,357
11	101	287	463	386	200	285	172	202	156	359	2,611
12	110	297	486	436	204	325	165	195	188	407	2,813
13	118	303	503	493	206	370	165	194	218	456	3,026
14	124	313	520	547	210	420	224	183	239	502	3,282
15	129	317	527	579	209	420	171	137	267	547	3,303
16	135	321	539	642	210	465	227	234	349	588	3,710
17	142	324	551	695	213	530	284	316	415	645	4,115
18	147	327	561	736	215	545	326	270	446	688	4,261

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	20,812,860	333 %	E
Share price:	1.12	7.14	538 %	E
Capital employed:	62 %	94 %		A
Turnover:	10,072,540	22,395,180	122 %	A
Job profit:	4.2 %	11.7 %		D % of job cost
Overhead costs:	2.1 %	2.0 %		D % of job cost
Operating profit:	1.6 %	7.6 %		D % of job cost; net, after tax and interest
Dividend paid:	2.2 %	1.8 %		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 %	32 %		D % of the market share in the UK
Market share split (OV):	41 %	68 %		D % of market share Overseas (outside the UK)
Head office staffing level:	100 %	222 %		D The benchmark was 100%; the optimum level was 200%
QHSE staffing level:	100 %	225 %		D The benchmark was 100%; the optimum level was 200%
Measurement staffing level:	100 %	225 %		D The benchmark was 100%; the optimum level was 200%
Procurement				
Number of jobs bid for:	13	68		D
Number of jobs won:	6	39		D
Bidding success rate:	46 %	57 %		D Jobs won as a % of jobs bid for
Job Progression				
Jobs finished early:	0	28		D
Jobs finished on time:	1	9		D
Jobs finished late:	0	0		D
Job completion efficiency:	0.99	0.95		D 0 to 1, where 1 is the optimum level
Reduction in build cost:	0.00 %	2.26 %		D % due to targeted investments
Risk cost incurred:	87 %	407 %		D As a % of the contingency in the bid
Reduction in risk cost:	30.3 %	59.2 %		D % due to mitigatng factors
Project manager weighting:	8.5	9.8		D Out of 10
Future Outlook				
Forward workload:	18,835,610	87,674,340		E
Forward margin:	745,985	2,017,288		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)