



# ENGINUITY 2022 COMPETITION

## PERFORMANCE REVIEW FOR 'AECOMplete Shambles'

### MANAGEMENT TEAM

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### SPONSOR

AECOM

### THE CHALLENGE



It is the **beginning of 2022.**

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

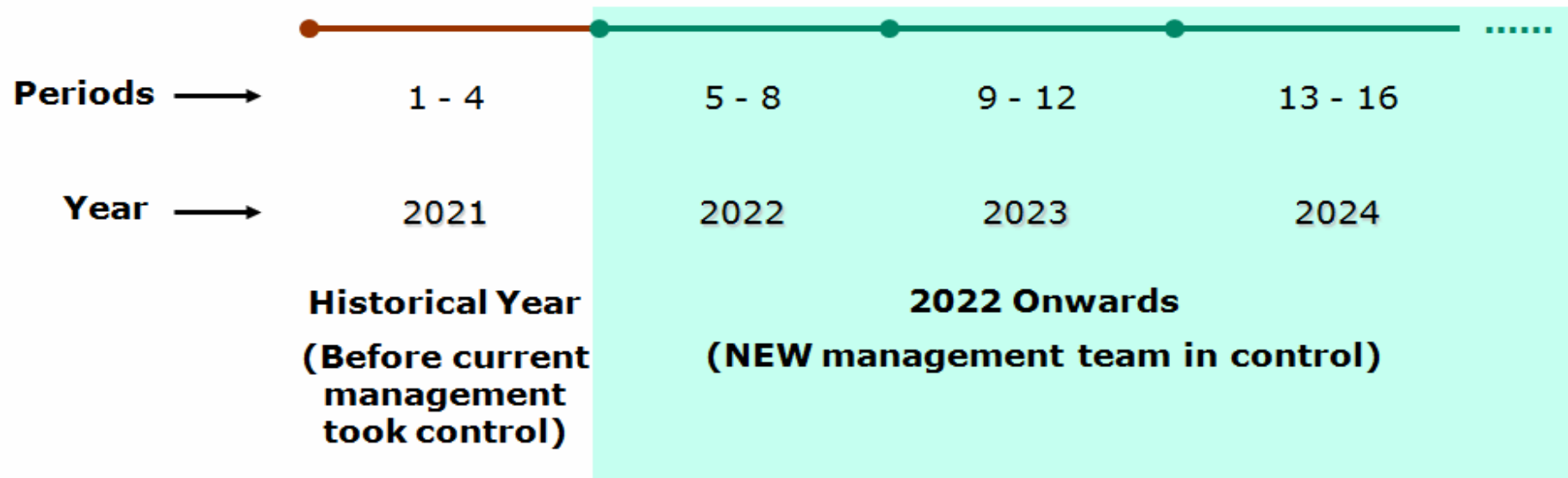
To implement the strategy **decisions** will have to be made in a number of key areas :-

- 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)

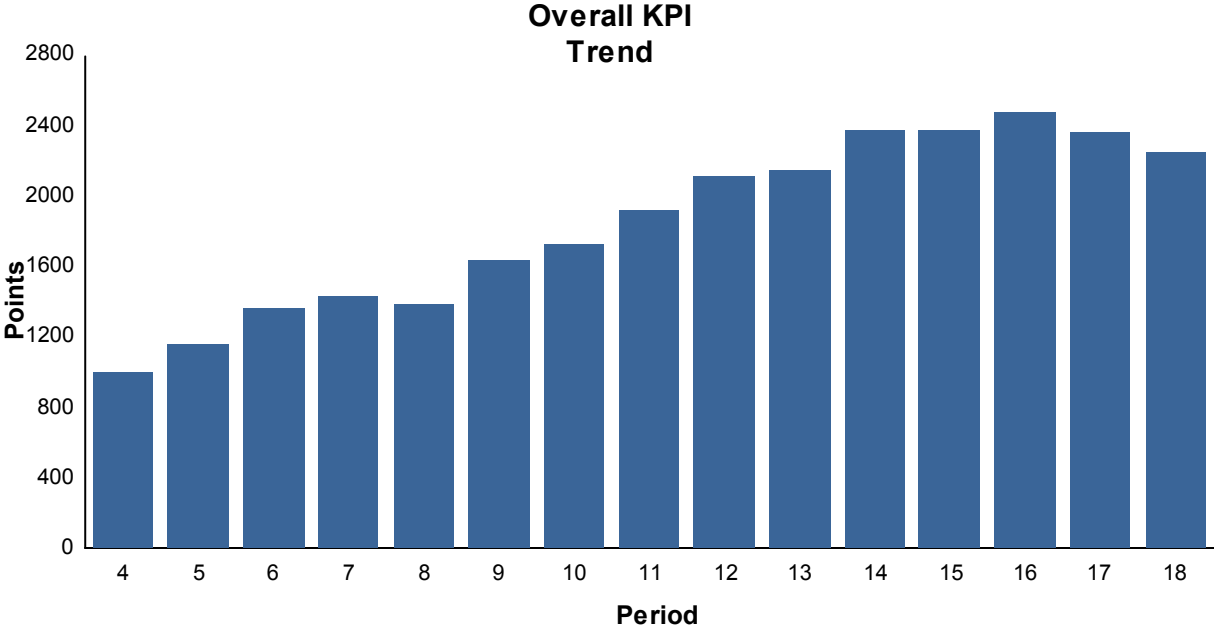
During the Later Years the teams compete 'head to head' against each other for work. This creates an even more uncertain and pressurized environment in which the skills and team dynamics formed in the early years are really put to the test.

# 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 2,250 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	2021 (Q4)	40	170	120	170	130	80	70	100	70	50	1,000
5	Early Years	2022 (Q1)	55	161	142	172	154	97	102	141	73	70	1,167
6	Early Years	2022 (Q2)	66	137	111	169	185	122	166	248	73	90	1,367
7	Early Years	2022 (Q3)	78	158	181	188	202	122	128	189	77	107	1,430
8	Early Years	2022 (Q4)	97	159	198	205	210	134	82	117	69	122	1,393
9	Early Years	2023 (Q1)	103	177	224	223	218	173	125	171	72	153	1,639
10	Early Years	2023 (Q2)	109	193	255	247	223	173	126	161	71	174	1,732
11	Early Years	2023 (Q3)	116	208	288	277	231	193	151	179	75	208	1,926
12	Early Years	2023 (Q4)	124	219	314	305	240	213	176	202	90	238	2,121
13	Later Years	2024 (Q1)	134	223	330	332	244	237	134	150	107	263	2,154
14	Later Years	2024 (Q2)	140	234	352	354	250	261	189	184	129	289	2,382
15	Later Years	2024 (Q3)	144	236	352	365	252	273	153	147	136	316	2,374
16	Later Years	2024 (Q4)	147	241	352	379	254	285	176	169	139	340	2,482
17	Later Years	2025 (Q1)	152	242	356	399	251	297	83	80	134	367	2,361
18	Later Years	2025 (Q2)	152	235	338	384	243	309	49	47	107	386	2,250



**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			
<b>FINANCIAL MANAGEMENT</b>					
Company value	4,670,589	10,538,080	126 %	End of timeframe	
Share price	1.07	1.63	52 %	End of timeframe	
Average capital base	4,087,638	5,776,584	41 %	Each period of timeframe	
Average capital base utilisation	51 %	81 %		Each period of timeframe	
Average turnover	6,976,444	16,087,560	131 %	Each period of timeframe	
Job profit	4.8 %	6.8 %		During whole timeframe	As a % of job costs
Overhead costs	3.1 %	2.0 %		During whole timeframe	As a % of job costs
Net operating profit	1.4 %	4.0 %		During whole timeframe	As a % of job costs after tax and interest
Dividend paid	3.3 %	1.1 %		During whole timeframe	As a % of job costs
Forward workload	16,026,520	11,237,050		End of timeframe	
Forward margin	586,224	276,359		End of timeframe	
<b>OVERHEAD MANAGEMENT</b>					
Market share	11 %	25 %		During whole timeframe	% of the overall new work in the market identified
Market share split (UK)	35 %	37 %		During whole timeframe	% of the market share in the UK
Market share split (OV)	65 %	63 %		During whole timeframe	% of market share Overseas (outside the UK)
Head office staffing level	100 %	122 %		During whole timeframe	Optimum level is 100%
QHSE staffing level	100 %	130 %		During whole timeframe	Optimum level is 100%
Measurement staffing level	100 %	130 %		During whole timeframe	Optimum level is 100%
<b>PROCUREMENT</b>					
Number of jobs bid for	12	61		During whole timeframe	
Number of jobs won	5	21		During whole timeframe	
Bidding success rate	42 %	34 %		During whole timeframe	Jobs won as a % of jobs bid for
<b>JOB PROGRESSION</b>					
Project manager weighting	8.0	8.2		During whole timeframe	Out of 10
Project manager resignations	0	0		During whole timeframe	Due to insufficient bonus levels or being headhunted
Net gain from bonus payments to project managers	21,485	355,470		During whole timeframe	
Jobs finished early	0	17		During whole timeframe	
Jobs finished on time	0	5		During whole timeframe	
Jobs finished late	0	0		During whole timeframe	
Ineffective labour on site	2 %	1 %		During whole timeframe	
Subcontractor labour used on site	0 %	3 %		During whole timeframe	As a % of total labour
Job completion efficiency	n/a	0.95		During whole timeframe	0 to 1, where 1 is the optimum level
Reduction in job costs (build) due to targeted investments	0.0 %	1.0 %		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	0.0 %	-1.2 %		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	53 %	61 %		During whole timeframe	As a % of the contingency in the bid
Change in risk cost incurred due to mitigating factors	-13.1 %	-37.1 %		During whole timeframe	
Risk cost incurred after mitigating factors	46 %	38 %		During whole timeframe	As a % of the contingency in the bid