

External analysis for ameresco inc. (amrc)

Business, Management



EXTERNAL ANALYSIS FOR AMERESCO INC. (AMRC) External Analysis for Ameresco Inc. (AMRC) The recent years have seen an increase in the number of new organizations being established thereby increasing levels of competition across respective industries. This has prompted many companies to adopt measures of reducing production costs among them saving on energy hence expanding the energy services industry. Companies in the energy services industry focus their operations on developing, installing, and financing projects meant to improve energy efficiency by reducing energy maintenance costs over a given period of time usually several years. Nonetheless, increased participation in the energy services industry has yielded increased competition between companies in the industry amid challenges presented by the external environment. The external environment has significant influence on the performance of companies through economic, technological, political-legal, and sociocultural factors. To sufficiently understand the influences of the external environment it is important to concentrate on a specific player in the industry such as Ameresco Inc. which is one of the largest energy services companies in North America.

Although the economy cannot be controlled by an organization, it has great influence on the growth and development of a particular organization. This can be attributed to the impacts of economic growth, inflation, economic stability, and unemployment policies on the success of an organization (Dragnic, 2014). Ameresco's location in North America gives it an advantage of relatively little negative influence of the economy. For example, its location in the USA is favorable to its success due the constant economic

stability and growth presenting an opportunity for success. Additionally, inflation rates are relatively low thereby increasing its chances of success. However, areas with high unemployment rates offer relatively cheap labor hence increasing profit margins and vice versa. As such, the cost of labor incurred by Ameresco is relatively high although the changing times may present cost reductions based on labor importation trends. Technology plays a critical role in the development of the energy savings industry. Technological advancements mainly focus on improving efficiency of energy consumption while maintaining low costs and conserving the environment. As such, the recent technological advancements pose a great opportunity for Ameresco's success.

Moreover, the political aspect heavily affects the performance of a particular industry depending on either favorable or unfavorable government policies. Political aspects influencing performance of organizations emanate mainly from taxes. For example, high taxes are likely to reduce profit margins of organizations. Additionally, the performance of Ameresco is heavily dependent upon legal factors such as those governing employment and conservation of the environment. Ameresco among other companies in the energy savings industry are expected to come with solutions that are environmentally friendly. As such there has been major focus on developing projects that utilize green energy due to its nature of environmental conservation. This implies that innovations along the lines of green energy are likely to receive positive reception from political aspects. Sociocultural issues mainly focus on demographics and cultural aspects of the market hence allowing businesses to determine consumer needs. Additionally,

sociocultural factors entail considerations on population growth rates and ethical beliefs (Christiansen, Turkina, and Williams, 2013). As such Ameresco's operation need to be in line with North America's cultural and ethical beliefs. For example energy projects should be in line with religious beliefs and ensuring that they do not have negative health implications. Conclusively, the success of businesses is dependent not only on internal factors but also external factors. However, external factors cannot be controlled by organizations and they include economic, political-legal, sociocultural, and technological factors. Economic factors affecting performance of organizations include economic growth, inflation, and economic stability. Energy savings industry is heavily dependent on technological advancements due to formulation of energy efficient projects. Sociocultural factors mainly focus on ensuring that operations correspond to cultural aspects in a particular society. Political-legal factors are mainly rely mainly on government policies such taxes and employment regulations. As such, organizations need to comply with external factors in order to attain success.

References

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