

San miguel corporation on diversification



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San Miguel Corporation, one of the top manufacturers of food and beverages in the Philippines on a journey to diversify into energy, mining, and other utilities.

When we hear the name, " San Miguel Corporation", the first things that come to our mind are food and drinks, especially alcoholic beverages namely, San Miguel Beer. A decade ago, people see San Miguel Corporation as a strong player of Food, Beverages and Packaging Market. In 2007 San Miguel announced its intention to diversify into high-growth, high-yield sectors like energy, power, mining, and other utilities as stated in their company website. Since then, the company has made several important strategic acquisitions, most significantly in Manila Electric Co., oil refiner, Petron Corporation, and the acquisition of Limay power plant and three separate power generation contracts.

The acquisition of 11 percent stake in the country's largest conglomerate, cements, for 27. 61billion pesos in 2007 ignited this diversification. With Ramon Ang's leadership in San Miguel Corporation many entrepreneurs say that San Miguel Corporation is now in every growth sector of our country and still continues to be an investor in major growth projects.

Diversification can be beneficial as it brings with it the potential of additional sources of revenue. But there are also risks that vendors who adopt broad offerings could alienate partners and over-commit themselves in markets insufficiently lucrative to support their business. It is not an easy task to do and control mostly everything. Recognizing strengths and opportunities is required to have a successful plan carried out and focus is required to

recognize any organization's greatest strengths and opportunities. With the diversification in process done by San Miguel Corporation it must divide its focus and it might lack in some areas.

Just a week ago, a US Economist named, Nouriel Roubini hailed the Philippines as an economic success. Citing the country's potential to move toward a higher growth rate of at least 7 percent a year. In his analysis, one of the areas that the Philippines need to invest in is on Infrastructures. It is needed to attract more investors into Philippines. And this might be good news for the San Miguel Corporation's diversification.