

Per aarsleff swot analysis essay sample

[Business](#), [Company](#)



As a corporate entity, Per Aarsleff has a number of strengths, including diversified geographical operations, a strong technical competence, (such as in piling and pipe technologies) reduced costs of labor, and high revenues and growth rates. Its resources are geographically spread because it has operations in various regions all over the world, including Denmark, India, Sweden, Germany, Russia, Finland, Lithuania, the United Kingdom, Taiwan, Vietnam, and Italy. Diversified geographical presence ensures stability to revenues and lowers business risks (GlobalData, 2014, p. 17).

Considerable portions of its revenue are from emerging markets such as Russia, Taiwan, Vietnam, and India, in which it is able to enjoy the benefits of cheap labor that is often characteristic of emerging economies (U. S. Securities and Exchange Commission, 2014, p. 6). This enables it to maintain high profitability and growth rates. This is in addition to order backlog that the company has been experiencing. Lastly, the company is globally known for its high quality services. Per Aarsleff has strong project management and technical skills, such as in offshore wind farms, railway engineering, and site development, among others, which enables it to undertake complex projects (Per Aarsleff, 2014, p. 1).

Per Aarsleff is able to combine design, construction, and civil engineering capabilities with other specialist aforementioned skills, in addition to its vast experience in the field of construction and a strong brand image. This serves as core strength for the company (Per Aarsleff, 2014, p. 1).

Weaknesses

The company has three major weaknesses, which include dim prospects of future profitability (as the construction market becomes saturated), as some markets become less optimistic, high costs in research and development (R&D) (which demands significant monetary allocations from the company), and competitive market. The continued poor performance in the in R&D (which is evidenced in the company's continued use of traditional technologies), under the increasingly competitive market, will affect negatively the profitability of the company. (Kindly note that not everything in the paper will require a source. Some, such as this statement, are informed observations resulting from critical thinking)

Opportunities

Some of the opportunities that Per Aarsleff can exploit include the growing construction and engineering market in Europe and the very lively and profitable non-residential construction in the United States. The European construction industry has been on a growth trajectory and is expected to expand at a higher rate in the coming years. For instance, the UK construction and engineering market generated total revenues of \$82. 8 billion in 2010, and this has been accelerating (Datamonitor, 2011, p. 7). The operations of the company in Europe could leverage this outlook in strengthening its bottom line from the growing construction industry (Brunn, 2011, p. 1189).

Per Aarsleff, together with its subsidiaries, is an international general infrastructure contractor that specializes in civil engineering works, marine construction, and underground structures. In addition, the company offers

services related to the construction of highways, roads, piling and geotechnical site works, water treatment facilities, groundwork lowering, and underground structures (GlobalData, 2014, p. 4). Government initiatives in the expansion of infrastructure, such as the massive infrastructural expansion in developing economies, are likely to augment the demand for heavy construction (Per Aarsleff, 2014, p. 1). In addition, Per Aarsleff strong financial base and vast cash flows will help it in acquisitions.

Threats

Some of the threats to the company's operations include increasing costs of raw materials such as steel, growing competition (which may lead to reduced profitability), an unpredictable global economy, and unexpected problems, such as the financial crisis witnessed between 2008 and 2009. Others are increasing interest rates (which increases the cost of borrowing), external business risks, such as political strife in some of the countries in which it operates, as well as stringent environmental regulations. As the primary input in construction, steel has been plagued by chronic price volatility. Higher steel prices has escalated the prices of products used in construction and industrial applications. In addition to the raw materials problem, the problem of global warming has led to more stringent environmental regulations (Hollo, Kulovesi & Mehling, 2013, p. 474). Beginning 2005, important developments in this sector were brought under the purview of the Kyoto Protocol, which calls for the reduction of GHG (greenhouse gases). In addition, individual countries also enforce their own environmental

standards, such as the stringent standards enforced by the U. S. EPA (Environmental Protection Agency), which make operations complicated.

References

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