**2-Prepare a strategic audit (CADOT) of the group: Look at competitive advantages and disadvantages, opportunities and threats at Group level, what core competences or strategically valuable assets does the group possess.**

**Strengths:**

* Monopolistic position
* Sold demand
* Strong and experienced management
* A high market share
* The company has an extensive and wide variety of electrical products and services
* ElSewedy is a highly reputed firm in the MENA with four diversified segments

**Opportunities:**

* Capital intensive so entry barriers are high
* Demand for cables is expected to increase due to increasing infrastructure
* Excess capacity from Egypt can be channeled to the newly emerging European market
* Egypt’s varied natural resources and industrial products could be attractive for backward integration
* Wind energy is a promising division which promotes generation of alternative power

**Weakness:**

* Volatility of cupper prices
* High demand on imports of raw materials exposing the group to FX risk
* ElSewedy targets almost everyone this suggests a lack of focus

**Threats:**

* Operating in high risk countries (Syria, Algeria, Sudan and Zambia)
* Sensitivity for governmental strategies
* Instability of the Egyptian economy

**ElSewedy core competences:**

* Expertise in the electrical field, 70 years now.
* Vision, which makes them to think in continuous expansion.
* Diversity, serving wide range of customer’s needs being able to deliver almost all services and products necessary to wrap up a project with innovative solutions for a range of fields and industries.
* Geographical presence, operating from different business hubs between Europe, Africa, and Middle East enjoying a variety of business incentives and number of free trade agreements being able to deliver products and services at any time to any destination in the best possible business setup.
* Strong ability to penetrate the market within the region through building long and lasting relationships with their customers during the process of providing continuous solutions that attend to their needs.
* Workforce, professionals who share their background, experience and expertise in a skilled, but homogenous group working always very hard to meet customer needs and to exceed market expectations.

**3- What drove the group to expand and possibly diversify? Review its portfolio of investments and its strategic business units. How would you assess the multi-business portfolio of the group in terms of the strategic assessment tools such as the Portfolio Matrix and the Parenting Fit Matrix? Is there synergy in the group’s portfolio? Where are the misfits? Why?**

We see that the below factors playing a major part in ElSewedy expansion:

* ElSewedy aims to position itself as a major player in the specific markets it serves besides being the market leader in several countries where it operates.
* Penetrate a market with a growth opportunity in one of the business segments it operates, establish its brand and expand its market hold to the other business lines
* Position itself as a one-stop shop for energy solutions through the cross selling of its products and services while building long-term customers relationships, and
* Control input costs and optimize production efficiency.

Moreover we think that part of ElSewedy expansion and diversification is driven from its mission and vision

* **Mission:** “manufacturing & marketing safe energy products in order to meet & exceed market expectations and positively contribute to developing our society & environment”
* **Vision:** “to be one of the key players in energy solutions and its related services globally”

**ElSewedy Main business lines:**

**Wires and cables:**

MENA Region's Largest Cable player, ElSewedy is currently largest MENA regions single-largest cable producer ElSewedy has around 20% to 40% in all countries while the growth in this sector is stable

**Wind Energy:**

ElSewedy ventured into the wind sector in 2008 through a number of strategic transactions including the acquisition of Spanish wind turbine manufacturer MTOI, Despite solid prospects in the region, the segment has not contributed to numbers in the beginning, but it currently is the leading wind energy producer in Egypt in a highly growing market share.

**Trunkey Projects (Engineering and contracting):**

Trunkey segment (aka Engineering and contracting) offers a one-stop-shop for clients as ElSewedy undertakes large power generation, distribution, and transmission projects from the design and engineering to contracting, installation, and delivery, the division has historically focused on Egypt, Algeria, and some other African countries, but the company has been looking to venture into other Arab countries such as Saudi Arabia and some new African markets such as Rwanda and Zambia. The vast majority of the segment’ client base is utilities. The company has medium market share while the growth in this sector is stable.

**Electric products:**

El Sewedy acquired in December 2007 97.55% of Slovenian electrometers manufacturer Iskraemeco. Iskraemeco is the third-largest European electrometers manufacturer and the seventh-largest globally, it has a presence in over 100 countries with facilities in Slovenia, India, and Malaysia. The Iskraemeco acquisition was aimed primarily at the capitalization on government-initiated replacement projects in Europe to convert households and business from traditional electromechanical to smart meters that remotely measure, record, communicate, and control energy consumption. the European union(EU) aims to have 80% smart meter coverage y 2020 to meet its target of improving energy efficient by 20%, Europe's replacement programs are expected to be replicated in other parts of the world so there are a promising high growth market in this sector.

**Transformers:**

Strong Potential slowly materializing, ElSewedy diverse transformers product range capitalizes on solid industrial demand, we believe there is a promising market for transformers in the MENA with demand driven by a growing population and high industrial demand, especially from the oil and gas industry. ElSewedy offers a wide range for transformers allowing the company to serve several customers, currently it has a medium market share in this market and there are a high market growth.

**Portfolio Matrix Analysis**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Relative Market Share** | | |
| **Market Growth Rate** |  | **High** | **Low** |
| **High** | **C:\Users\Michael\Desktop\star.jpg**  Transformers  Electric products  Wind Energy | C:\Users\Michael\Desktop\mark.jpg |
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| **Low** | **C:\Users\Michael\Desktop\images.jpg**  Trunkey Projects  Wires and cables | C:\Users\Michael\Desktop\dog.jpg |
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**Parenting fit matrix**

|  |  |  |
| --- | --- | --- |
|  | **Low**  SBU’s Low Fit With Parent’s Core Competence | **High**  SBU’s High Fit With Parent’s Core Competence |
| **High**  Parent Understands SBUS Critical Success Factors | Trunkey Projects | Wires and cables  Wind Energy |
|
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| **Low**  Parent Misunderstands SBUs Critical Success Factors |  | Electric Products  Transformers |
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We thinks that there is a synergy in ElSewedy group portfolio and there are no misfits as ElSewedy

Electric has become a key player through providing complete integrated energy solutions; from raw materials such as metals and plastics as inputs across the spectrum of wires, cables; and electrical products such as advanced metering systems, distribution & power transformers, light poles, etc. to contracting and turnkey infrastructure projects and electricity generation through competitively advantaged wind technology, T&D networks as well as solar energy solutions, and this is due to:

* *Expertise in* the electrical field, over 70 years now.
* Vision, which makes them to think in continuous expansion.
* Geographical presence, operating from different business hubs between Europe, Africa, and Middle East enjoying a variety of business incentives and number of free trade agreements being able to deliver products and services at any time to any destination in the best possible business setup.
* Strong ability to penetrate the market within the region through building long and lasting relationships with our customers during the process of providing continuous solutions that attend to their needs.
* Workforce, professionals who share their background, experience and expertise in a skilled, but homogenous group working always very hard to meet customer needs and to exceed market expectations.

**4-What type of corporate strategy is the group following? How would you define the aims and objectives of the group? Does the group have a vision? Do you honestly think the group takes strategic management and planning seriously? To what extent? Why?**

ElSewedy electric is following the expansion strategy for the company, they are operating in 8 diversified energy segments; Cables & Accessories, Electrical Products, Energy Measurement &Management, Transformers, Communications, Wind Energy Generation, Solar Energy Solutions, Projects & Development.

The aims and objectives of the group are clear, the want to provide their customers a one-stop solution in terms of Designing, Engineering, Procurement and Construction. They become a significant contributor to the economic growth in Egypt through its development into a well-established group with extensive holdings, both locally and beyond borders in several other Middle Eastern & African countries as well as some European & Asian countries.

Yes, the group has a vision, they want to be one of the key players in energy solutions and its related services globally, and this clear in their diversified portfolio.

**5-What are your recommendations as a result the audits you carried out in Questions 2, 3 &4.**

* ElSewedy should expand more into Europe with a combination of aggression and caution in order to avoid a lack of focus
* Existing profitable markets in the MENA should be consolidated to fuel the expansion into Europe
* Expand in the wind energy segment to gain market leadership and high profits in the area
* invest in electrical services to balance the current prominence of the electrical products segment
* ElSewedy could collaborate in turnkey projects with competitors for more equitable relationships and low-risk market expansion