

Feasibility Study Extension Rekefjord East

Subject: EMBA International Management

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External project partner: Rekefjord Stone AS, Hauge i Dalane

The Norwegian production company Rekefjord Stone AS will within three to four years run out of raw material in one of their two quarries. Within the concession, there is a possibility to extend the quarry into another area. An extensive analyse of the market and financial outcome of such extension shall provide the board with a base for the strategic decision.

Background

Rekefjord Stone AS is a production company for stone products as aggregates for asphalt, core material for the offshore wind farm industry and armour stone for coastal defence. The company is located at the south-west coast of Norway. 95% of the produced goods are exported by vessels to various markets around the North Sea and Baltic Sea.

The raw material in the Norit quarry area A have been exploited over the past 40 years, and there are about three Million tons left for quarrying, which is equal to about three to four years production. Then the quarry has to be closed or extended into another area, area B, within the concession.

Objectives

The Board of Rekefjord Stone AS shall be provided with a base for the decision which is supported by an analyses of the present and future market and the necessary investment which is needed, and resulting in a recommendation for the strategic approach.



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Conclusion

The result of the analyses show that the market which is needed, is there for all three segments and Rekefjord Stone AS also has the position to utilise the possibilities. A clear trend for growth is evaluated in the segments for offshore wind industry and coastal defence. The financial statement is taken into account. The main proposed strategic approach resulting out of the SWOT analyses, is to develop a further stable asphalt market to spread the risk and be more independent of each market.



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