

LEVEL 7 ASSESSMENT SPECIFICATION

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S u b m i s s i o n method:	All written assessments, where practical and possible, must be submitted via Turnitin unless otherwise instructed by the Lecturer. (Please DO NOT put this assessment specification into Turnitin or it will match many similarities with other students' submissions.) Alternative submission method (if applicable): Late submission of the assessment will result in a late penalty mark. Penalties for late submission: Up to one week late, maximum mark of 50%. Over one week late, 0%. Only the Extenuating Circumstances Panel may approve a change to submission dates.		
Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Module Learning Outcomes (from module syllabus)

Upon the successful completion of this module, the student should be able to demonstrate the ability to:

- critically evaluate the main features which contribute to the international business environment with the focus on macro-economic conditions;
- critically evaluate the different modes of engagement with international markets and explore the interconnectedness between these and the technological, economic, legal, political, ecological and cultural environment in which expanding companies operate;
- assess micro-economic structures with respect to decision making in global organisations;
- critically evaluate issues in trade theory relevant for the conduct of international business and the internationalisation of organisations.

TASK DESCRIPTION

As one of the managing directors of an international organisation, you have been tasked to write a report, which critically assesses the current environmental forces and their impact on the organisation.

The organisation:

You can choose any international organisation. For instance you may base this task on an organisation you have been or are still working for. Alternatively, you can choose an organisation you have come across during your studies or you are generally interested in.

The choice of organisation needs to be discussed with the module lecturer before you conduct any research.

Your task:

Given your knowledge in economic theory, you have been asked to write a report where you critically assess the environmental conditions (all of which will be massively changed from the norm by Covid-19) in which the organisation operates. It is particularly important to demonstrate and discuss the **actual** and **potential** implications of the various factors on the organisation. It is also expected, that you refer to and implement appropriate economic theory in your discussion.

Your report needs to include the following steps:

- The assessment of the competitive environment requires you to identify, analyse and interpret industry specific figures.
- The macro-economic analysis should be based on a critical assessment of a range of national and international macro-economic performance indicators.

- From the above analysis, derive a comprehensive conclusion, which evaluates the current position of the chosen organisation within the international market and provide an outlook/ scenario with respect to future organisational decisions and/ or developments. This should include analysis and discussion on the thinking behind the microeconomic decisions taken by the company previously and also on how these decisions may change if the organisation decides to take up any potential new ways of moving forward in the future.

Note. Your participation in the class Curatr activities will be taken into account within the marking of this assessment (see marking criterion “Transferable Skills for Life and Professional Practice.”

(5,000 words report/ 100% of total mark)

**Global Business Challenges
BMMB7006D**

IMI PLC

A Report For

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By

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14th December 2020

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1.0 Introduction

This report will focus on IMI PLC (IMI) a British global leader in providing complex engineering solutions for wide range of industrial applications. The business currently positions itself within the FTSE250 with an adjusted revenue of £1.873 billion in 2019 (IMI PLC, 2020). The focus of this report will be to analysis current macro (external) and micro (internal) factors that are influencing the business.

Industry relevant figures will be used as supporting evidence to measure the performance of IMI in relation to its current market position. The future planning of IMI's strategic plan will also be explored. An evaluation of the position of the company along with future strategic direction based on micro and macro factors will also be critically discussed analyzing future actions.

2.0 IMI Divisions

IMI operates across three divisions: IMI Precision, IMI Critical and IMI Hydronic. The three different divisions currently operate across fifty countries and employ approximately eleven thousand people globally. Below is a brief introduction to each divisional department (IMI PLC, 2020):

- *Precision*: contributed an adjusted revenue of £907million in 2019.
- *Critical*: contributed an adjusted revenue of £651million in 2019.
- *Hydronic*: contributed an adjusted revenue of £315million in 2019.

3.0 PESTEL Analysis

3.1 Political:

The main political issue facing the UK currently are trade deal negotiations. The UK under the EU operated under forty different trade deals with over seventy countries. As a percentage in 2018 this accounted for eleven percent of UK trade (Edgington ,2020). In 2019 the EU was the UK's largest trading partner with exports valuing £374 billion, whilst the UK imported £294 billion from the EU. This accounted for forty-three percent of all UK exports and fifty-two percent of all UK imports (Ward, 2020).

In October 2020, the UK secured its first trade deal as an independent trading partner with Japan. Japan is the world's third largest economy whilst the UK is fifth. The UK-Japan Comprehensive Economic Partnership Agreement (CEPA) will result in tailored benefits that were previously unavailable to the UK whilst constrained by EU agreements. These benefits focus on digital trade, data, and financial services, food/drink, and creative industries. The UK's trade with Japan is estimated to increase by £15billion (British Embassy Tokyo, 2020).

The UK second significant trade discussion is with Canada who have extended the Comprehensive Economic and Trade Agreement (CETA) which means that the UK will remain trading with Canada under the same conditions as when it was a member of the EU. This will remove ninety-eight percent of potential tariffs being applied to exports. It also gives the UK the opportunity in 2021 (After leaving the EU) to negotiate a similar personalized trade deal as witnessed between Japan and the UK.

This also strengthens the UK's position in entering the Comprehensive Trans-Pacific Partnership (CPTPP) as Japan and Canada are members. This would grant access to its eleven members all trading with reduced tariffs on over ninety-five percent of goods. The CPTPP covers thirteen percent of the global economy and is of the biggest free trade agreements in the world. In 2019 CPTPP was responsible for £110 billion of trade (Department For International Trade, 2020a).

The political issue of the trade war between America and China. The trade war has seen tariffs of \$250billion applied to China imports to US and \$110billion on US imports into China (Selmi et al, 2020). This has repercussion from a political aspect for the UK as it peruses its strategic plan of building a free trading global nation. The UK could be under political pressure from the US to excluded China from trade talks however recent protectionist tactics applied by the US ask the question is this the best nation to become heavily involved in trade deals with?

In recent years, the US has withdrawn from trade agreements such as the Trans-Pacific Partnership (TPP) which has recently been superseded by the Comprehensive Trans-Pacific Partnership (CPTPP). By becoming a US close trading partner, the UK could potentially be restricting itself from other trading partners and negotiations. One of the very reasons why the UK left the EU (Department For International Trade, 2020b).

3.2 Economic:

A major external factor effecting IMI is the decision by the UK June 2016 to leave the EU. The result to the leave resulted in the fall of the pound, this fall occurred at the significant points. The first being on the 20th February 2020 when the EU referendum date was announced. The pound was already declining in value from the beginning of 2016 due to political uncertainty. The second took place on the 24th June 2016 when the referendum result to leave was announced, resulting in a five percent decline in the value of the pound. A further five percent drop in value took place on the 2nd October 2016 when the announcement date for Article 50 (The formal process of leaving the EU) would be triggered (Office for National Statistics, 2016).

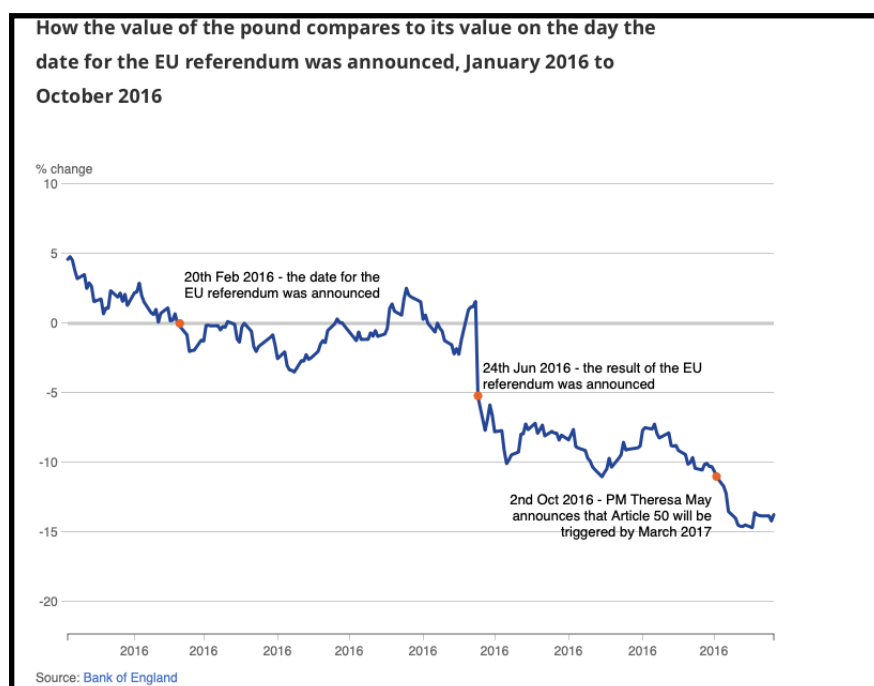


Figure 1: The Pound over the year 2016 (Office for National Statistics),

Moving to November 2020 and the recovery of the pound has been slow further exacerbated by the Covid19 pandemic resulting in the pound falling a further three percent in March 2020. Resulting in higher costs to business on imports from other nations Trading Economics (2020).

3.3 Social:

The way in which employees conduct their working business has evolved, with a rise of eighty percent of employees working from home over the last two decades (CIPD, 2020). As shown by the chart below from CIPD (2020):

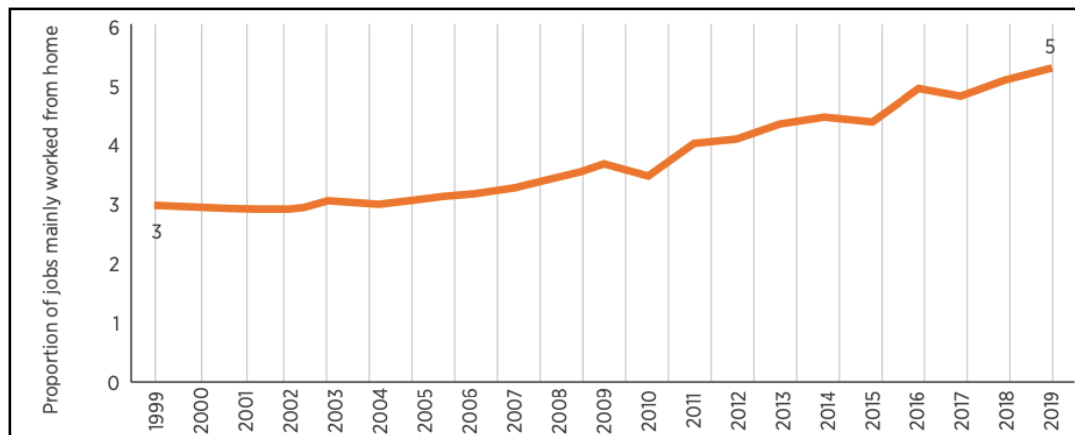


Figure 2: Rise in working from home 1999-2019 (CIPD, 2020).

The world has been massively impacted by the COVID19 pandemic, how humanity socializes, works, and interacts has completely changed. The trend in homework was steadily increasing before the effects from the COVID19 in 2020 however the pandemic has rapidly accelerated this growth.

Social attitudes of workers and business are also adapting to the pandemic. A culture of trust is being developed between employees and businesses relinquishing the barriers of “fixed working days” and “set working hours”. There is a strong argument that if an employee can perform the same level of work to the same standard regardless of working location why not offer the option of remote working? The argument also goes one step further by asking the question do employees need to be confined to set working hours if business objectives are achieved with flexible working hours?

British based IMI has been following the UK governments advice of home working where possible. IMI has embraced remote and flexible working environment throughout 2020 something that the company had been discussing since 2018 but never acted.

This cultural change has embraced trust and individuality of employees, accepting different needs of employees and giving managers of departments across all of its sites the ability to judge employees performances on measurable objectives and not how long has been spent in the workplace. IMI now follows Theory Y from McGregor’s theory X and Y, believing that all employees will take responsibility for their work and provide the business

with the best outcome if given trust and freedom to exercise their own ideas (McGregor, 1960).

IMI is currently heavily investing in its infrastructure to ensure employees remain connected regardless of location. This infrastructure upgrade is currently called the “ONE TEAM” initiative. It has pledged to support diversity and individualism covering remote and flexible working to ensure employees can work to their best ability by reducing the everyday working pressures. The CEO of IMI Twite (2020) has stated:

I firmly believe that our differences make us stronger. Inclusion and diversity are both vital if we are going to maximize innovation to solve industry problems.

3.4 Technological Advancements:

IMI supply engineering systems globally within the defence industry. The value of the pound falling since Brexit and COVID19 pandemic has had little impact on defence industry spending. The Ministry of Defence has pledged a defence budget of £41.5 billion for 2020/2021. This is an increase of £2.5 billion from 2019. This places the UK as the third highest for defence expenditure equating to around two percent of national GDP.

In 2019 The UK Ministry of Defence unveiled its ten-year military plan with its highest spending of £46.7 billion from 2019-2029 within the advancement of the nuclear submarine industry, in which IMI specialize within (Ministry of Defence, 2020).

The technological advancements of harnessing nuclear energy through fission are rapidly progressing as the world attempts to meet the ever-growing demands from an expanding population of approximately seven billion people. The pressures of globally reducing carbon emissions are also a current topic.

Nuclear power is a zero-emission process of producing energy, which fits in line with today's environmentally conscious world. In 2019 the US avoided producing four-hundred-seventy-six million metric tons of carbon dioxide emissions, through nuclear energy use (Office of Nuclear Energy, 2020).

It has the potential to provide the world with its growing energy consumption rates. The European Nuclear Society (2020) state: "1kg of coal produces 8 kWh whereas 1kg uranium-235 (the main element in nuclear fission) produces 24,000,000 kWh."

The UK and Canada are venturing into a joint program to further develop nuclear fission to provide nuclear energy at a cost-effective price, with reduced implementation times improving its global sales. Using the trade theory of comparative trade, Canada is uranium abundant and is the second largest global producer mining twenty-two percent of the world's supply in 2016. This has a value of £2 billion however Canada currently has nineteen nuclear power plants ranking it eighth in the world however eighty-five percent of all extracted uranium is exported (Department for Business, Energy & Industrial Strategy, 2020).

The UK has the skills and knowledge to further advance nuclear technology through research and development programs such as the Rolls Royce Small Modular Reactor Program (SMR). As described by Rolls Royce (2020) SMR aims to:

The global energy sector is facing increasing pressure to produce more power more quickly and in more places with more certainty of availability cost, capacity and flexibility and lower input costs and a smaller environmental impact. Satisfying both has called for a new approach. Our UK SMR concept is the answer (Rolls Royce, 2020).

The main aim of the SMR program is to create small nuclear reactors that can be manufactured in sub-assemblies and transported to any location as a fully working nuclear reactor. This will remove the current restrictions of traditional nuclear plants and further increase the development of the nuclear industry globally. Figure 3 shows there are only four countries globally that significantly use nuclear power and the main reasons are implementation costs and skilled resources. A traditional nuclear power station such as the one being built at Hinkley point C in Somerset UK is estimated to cost around £22 billion, Rolls Royce estimate their SMR system will cost £3billion to implement and will have the advantage of being transportable (Rolls Royce, 2020).

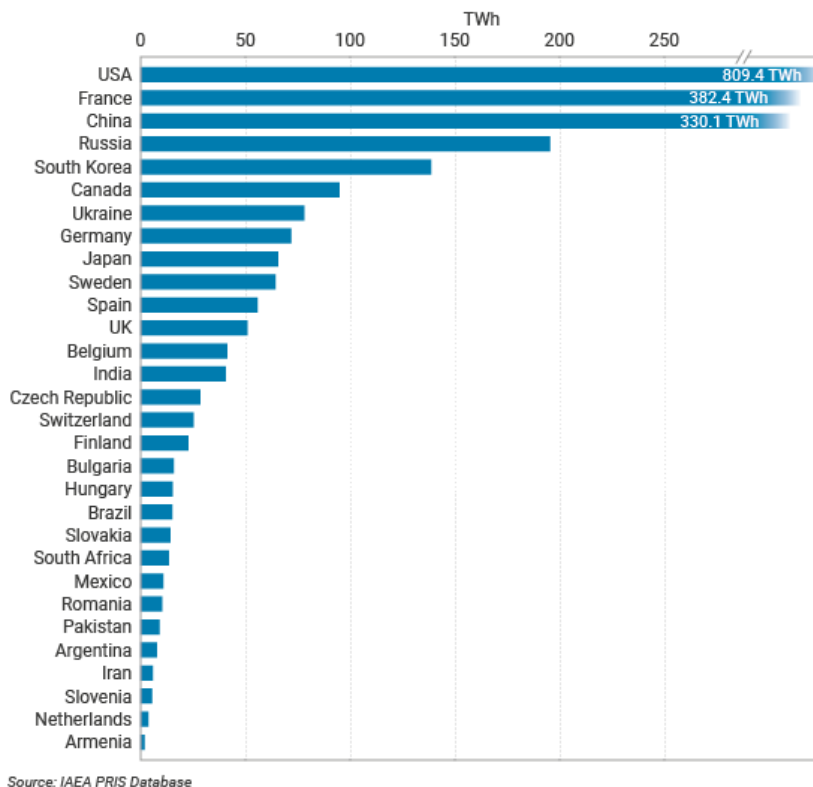


Figure 3: Nuclear Generation by Country 2019 (World Nuclear Association, 2020).

3.5 Environmental:

Within the UK oil & gas generated £24 billion in 2019 contributing just over one percent towards UK GDP. In terms of oil and gas this equates to just over one million barrels produced per day. Globally the UK is ranked only fifteenth in the world with US, Russia and Saudi Arabia contributing to the production of thirty-three million barrels per day during

2019. The oil and gas drilling sector alone contribute around four percent of the global economy (OGUK, 2020).

Over the last decade environmental issues have played a key role in shaping the energy sector. In 2010 the DEEPWATER Horizon oil spill devastated the environment by spilling two-hundred million gallons of oil over an eight-seven-day period. The effects of this catastrophe are still witnessed today. It has been calculated that the oil and gas industry would need to reduce its emissions by ninety percent to achieve carbon neutral by 2050 set out by the UK.

The Minister for Energy and Clean Growth Skidmore (2020) stated:

Today we're leading the world yet again in becoming the first major economy to pass new laws to reduce emissions to net zero by 2050 while remaining committed to growing the economy - putting clean growth at the heart of our modern Industrial Strategy.

In October 2020, The European Union agreed to a climate policy that works towards ensuring that by 2050 all EU members will contribute towards a continent that removes more CO₂ emissions from the air than it produces (European Parliament, 2020). The advancement of renewable energy technology is slowly replacing the oil and gas industry gaining increasing popularity from an investment point of view. The Global Sustainable Investment Alliance which examined five of the world's largest markets Australia, New Zealand, Canada, Europe, Japan and the United States calculate that \$30.7 trillion has been invested in renewable energy sources at the start of 2018 (Beck et al, 2020).

One of the contributing factors to the rise in renewable energy is the reduction in the costs of the technology. The cost to implement solar panels has seen the biggest decline of around eighty-two percent, whilst wind farming has declined thirty-nine percent (International Renewable Energy Agency, 2020).

3.6 Legal Product Certification:

There are legal requirements that IMI must comply with to sell pressure rated engineering systems globally. These requirements include health and safety compliance, pressure equipment directive (PED) and explosive atmosphere directive.

These require numerous certifications depending on intended country of sale. Without the correct certification a system cannot be legally sold. There is greater complexity when dealing with projects between IMI sites. A system may comply with certification in the country of manufacture such as the UK (under ATEX Directive) but then it could be sent to India for test (Peso Certification) and finally sold within Russia (TR CU Certification). This requires a huge amount of resource to remain globally complaint (India Certification, 2020: HSE, 2020: CIS, 2020). These external certification factors are constantly changing with legislation and require constant renewal.

IMI has no control over certification requirements and can only ensure they meet acceptance through a dedicated team who specialize in ensuring all products are certification compliant within its main markets. The challenge to IMI comes when an order is placed from a country of whom IMI is not compliant or when certification has expired.

The results; high renewal or application fees. Due to the global size of IMI all its major markets are certified at the latest revision.

4.0 SWOT Analysis IMI

4.1 Strength (Internal)

IMI has adapted to operating globally under one globally recognized brand and has the capabilities to design, manufacture, assemble and test complex engineering systems for some of the most challenging applications on the planet. Its strength comes from its global presence which consists of two-hundred global sites each one specializing in a different range of skills and applications. This heavily diversifies the workforce skill resulting in the world's best talent in fluid motion controls, electronic, systems design and manufacturing. Multiple sites can be utilized for several different projects giving IMI the advantages gained from economies of scale.

Turnkey solutions can be supplied at very competitive prices compared to companies that require sections of their engineering systems to be brought from third parties. This gives the added appeal to large investors requiring bespoke engineering solutions as they prefer to deal with one supplier when requesting a turnkey solution. It also gives IMI PLC strong branding recognition within its markets which has contributed to its long term nuclear defence contracts with the Ministry of Defence, Rolls Royce, BAE Systems and Northrop Grumman. This provides an extra level of payment security to IMI PLC as supplying to the defence industry generally guarantees payment.

4.2 Weakness (Internal)

An area of weakness that needs to be addressed within IMI PLC is its project lead-times. The business is extremely successful at designing engineering solutions and providing excellent quality levels however its product development times are significantly longer than its competitors.

Long product development lead-times are one of the downsides that IMI PLC suffers due to its diseconomies of scale. Communication between its sites regionally is responsive however when dealing with different global locations communication is poor and often misunderstood resulting in lengthy project delays. The reason for this is that IMI sites are managed by regional division heads. When dealing between continents the problem is magnified and potentially there can be ten different regional divisional managers dealing with multiple projects for several different industries.

The root cause of product development delays are inefficiencies in globally structuring the workflow as most regional managers will focus on the quick wins to promote sales revenue for their sites. A major project for one site may be low down on the priority list for a different site. This often has a negative effect on the business overall.

4.3 Opportunities (External)

Technology advancements within the nuclear industry creates a significant opportunity for IMI to expand into this market. The UK Government is heavily investing in Rolls Royce to

achieve global energy demands through its SMR Program. A partnership that the UK Government has jointly ventured into with Canada. If the main objective of the SMR is achieved, its results would transform the nuclear industry.

The advancement of the nuclear industry is an external factor that IMI has no control over however IMI can take advantage of its progression through its strong partnerships and strategic planning to create its own market entry. One of the biggest opportunities available to IMI is its nuclear and defence contracts. IMI currently has a long-term contract with Rolls Royce to design the latest version of valves for the Dreadnought nuclear submarine due for release in 2030. This project began in the concept stages in 2012 which saw Rolls Royce and IMI working together on the design and test. As of 2020 IMI is the sole supplier of nuclear valve systems for all twelve Dreadnought nuclear submarines currently in production. This employs a total of twenty direct heads. A contract estimated at around £1million for research and development and an additional £5million for production.

This has resulted in IMI building an extremely strong working relationship with the nuclear manufacturing division of Rolls Royce. This puts IMI in a strong position for the SMR project launching in 2021. IMI has the added advantage of being classified as a Rolls Royce gold supplier, this means that all new project contracts are offered directly to gold suppliers.

During the political section of the PESTLE review Section 3.1. It was identified that upon leaving the EU in January 2021 the UK may attempt to gain entry to the CPTPP. This would provide a significant opportunity in securing markets in energy, oil & gas, life sciences, and nuclear & defence. This would give IMI a strong advantage over its US based competitors when trading within the CPTPP zone due to the US in 2017 under the Trump administration withdrawing from the Trans-Pacific Partnership (TPP) (Department for International Trade, 2020b).

The opportunity presented to IMI could also extended beyond the free trade agreement of the CPTPP into other global nations especially if the SMR programs delivers on its promises. Trade that was not previously viable as member of the EU provides the UK with an opportunity to renegotiate its trade deals on its own terms.

4.4 Threat (External)

As identified in section 3.5 of the PESTLE analysis there is a strong threat to the oil and gas industry from global pressures to develop renewable energy. With 2050 being set as the new target deadline to achieve carbon neutral by the UK and EU. This threat directly affects IMI as thirty-five percent of its business is directly from this sector. The threat is not a complete market collapse but a market trend that expects to see a gradual decline. This will have a serious impact on IMI oil & gas products reducing the businesses opportunity for organic growth. The thirty-five percent of the business directly employees three-thousand heads to maintain production capacity.

The fall in the value of the pound as explored in section 3.2 of the PESTLE is impacting IMI as imports from other countries have increased in value resulting in lower profit margins. It has been argued that a devalued pound would result in increased trade, due to lower export cost. This has not been witnessed at IMI and the increase in imports from countries such as Germany (Euro) and the US (Dollar) has resulted in IMI incurring higher

costs. This reduces the business ability to remain as competitive as possible when bidding globally against competitors SWAGELOK which are US based.

The political status of the UK as it emerges in 2021 as a free trading nation could potentially become a threat to IMI. If the UK leaves the EU without a trade deal this creates a significant level of uncertainty as World Trade Organization rules take effect. These are the same trading rules that currently exist between the UK and countries such as China, Brazil, and Saudi Arabia. There is a threat that if no trade deal is agreed between the UK and EU then the EU may find the UK less favorable for trade. There is also the possibility that the UK government may attempt to use some form of protectionism in the form of import quotas to protect its domestic market.

5.0 TOWS Analysis

TOWS analysis will be conducted to identify the relationship between the sections of the SWOT analysis to form a future business strategy:

	Opportunities	Threats
	Advancing Nuclear Technology	Decline in Oil & Gas
	Highly investment area renewable technologies	Value of Pound
	Global Free Trade Agreements	NO EU trade deal
		High competition renewable energy sector
Strengths	S-O Strategy	S-T Strategy
Strong Partnership Rolls Royce, nuclear defence projects.	The strong existing partnership with Rolls Royce can be used to enter the advancing nuclear industry by using IMI's global and diverse skill set combined with existing nuclear certification. This presents IMI with the opportunity to provide Rolls Royce with a turnkey solution for the SMR project to advance the nuclear industry. Securing the SMR project with	The decline of the oil & gas industry is a serious threat to IMI. The global skill set IMI can be used to develop new oil & gas products that help reduce waste whilst developing environmentally friendly product portfolios. This will not stop the decline of the oil & gas industry but will allow IMI to hold as much market share as possible over a significant

	Opportunities	Threats
Wide global skill set.	Rolls Royce provides increased opportunity to enter the renewables market, strong IMI branding will further secure global sales as the UK negotiates trade deals as an independent nation. Allowing the UK to enter in trade agreements such CPTPP etc.	period, whilst ensuring a steady revenue stream. The strong branding of IMI linked with current partners such as Rolls Royce SMR program can be used to outbid the competition within the renewable energy sector.
Strong Branding and globally certified for a range of applications		
Ability to provide turnkey solution		
Weaknesses	W-O Strategy	W-T Strategy
Long project lead-times.	The advancement of nuclear technology provides IMI an opportunity to assess how it manages its global resources efficiently to prioritize workloads. The SMR project being undertaken by Rolls Royce will require specialist IMI products from numerous global sites. Closely working with Rolls Royce, a larger corporation will give IMI the chance to share best working practices to reduce project lead times. The opportunities from the potential joint venture between Rolls Royce and IMI will also address the issue of global communication and long project lead times between sites due to the size of the project.	By ensuring that workload prioritizing of IMI most important business objective globally will ensure project lead times are kept to minimum by keeping lines of communication open between sites at all time. This will work towards minimizing IMI biggest weakness whilst ensuring it can enter the highly competitive market of renewable energy and compete competitively. The above improvements will also minimize the risk to IMI's market share for oil & gas industry ensuring product prices remain low.
Global communication delays.		
Poor workload prioritizing globally - 3		

Table 1: TOWS Analysis for IMI PLC

6.0 Porters Five Forces Analysis

Porters Five Forces will now be conducted to assess the strategy of IMI entering the nuclear energy. The competitiveness of the environment along with the forces that will influence IMI will be analyzed:

- **Competition**: IMI is entering into an industry with low competition from; SWAGELOK, Velan, FLOWSERVE and Suzler. Due to the nature of the industry all these companies are globally positioned with vast resources available. IMI is of a similar scale to the competition except for Suzler which is the largest within the market. However, IMI supply Suzler with several key components for their own systems, which Suzler rebrand within their valve systems. IMI globally supplies a range of different industries with a wide product portfolio an advantage over the current competition who all only specialize within valve and pump systems.
- **Supplier Power**: To enter this market IMI would become its own supplier for many of the nuclear components. This will ensure quality levels are maintained. It also means that supplier bargaining powers are greatly reduced due to the products being manufactured internally. The only components that will need to be sourced are standard components such as consumables. There is a wide variety of suppliers for these low-cost components globally.
- **Buyers Power**: There are a few customers currently within the nuclear industry but as technology advances customers interest will increase. Due to the nature of the industry there is a high level of research and development involved before a finished system is supplied. This present a potential barrier for IMI as customers are less likely to switch to another supplier once the initial high value research and development costs have occurred. However, customers have strong bargaining power in the initial stages before placing an order due to five specialist companies.
- **Threat of New Entrants**: The risk of new entrants into this market is low due to the wide range of resources required in entering the market such as; design, manufacturing, inspection/quality (destructive testing / non-destructive testing) and functional testing capabilities. The initial investment costs associated with building a nuclear product range portfolio will also create a barrier for new entrants especially those who's brand awareness is low internationally. There are also strict legal certification processes that businesses must comply with to supply the nuclear industry, these regulations can differ depending on country of supply which will act as a deterrent to new smaller domestic based market entrants.
- **Threat of Substitute Products**: The global demand for clean energy continues to increase and the nuclear industry is a key part of that growth. The product designs may adapt to meet changing requirements but for the foreseeable future the nuclear industry hold a strong future.

7.0 New Business Strategy

The TOWS analysis combined with Porters Five Forces Analysis has shown that IMI should focus on entry into the clean energy sector. Classifying the market as clean energy

covers all standard renewable energy sources such as solar, hydro, wind and tidal. The clean energy market also incorporates nuclear energy, this has not officially been classified as a renewable energy however it is classed as a clean energy source due to no harmful emissions being produced as a byproduct (International Renewable Energy Agency, 2020). Nuclear should be the first clean energy market for IMI to enter as it is already producing nuclear defence products for Rolls Royce and the Ministry of Defence. For this reason the main business strategy should be the focus on developing IMI's working partnership with Rolls Royce in order to position itself as a key supplier for nuclear energy through the SMR project, this will allow a strong market entry with an existing partnership.

The influencing forces for IMI entering the nuclear industry as identified by using Porter's Five Forces Analysis has shown this to be a favorable decision for IMI to pursue. Due to the low level of competitions, low supplier power, low level of new entrants, low level of product substitution. The only area of caution is the buyer's power however this is a factor that will affect all businesses operating within this market.

8.0 Critical Evaluation

This report has identified that IMI is currently positioned as a global leader within the oil & gas and nuclear defence industries however as identified in the PESTLE analysis there are a number of key external factors that will significantly impact this industry. The environmental factor of reducing emissions and the technology advancements within developing clean energy, predominately nuclear. This will reduce IMI's revenue stream within oil and gas, not necessarily in the short term but as a long-term business strategy focusing on a declining industry will severely impact organic growth.

As identified in section 7.0 the business should focus on moving into the nuclear industry with a Rolls Royce partnership to help strengthen market entry. Over the past thirty years IMI has focused the majority of its resources in developing oil and gas technical expertise/knowledge this will need to evolve in order to supply the same level of technical expertise to customers with the nuclear industry. IMI will need to invest in training for its staff to ensure the right skill set is acquired for nuclear power. Training and development traditionally has not been distributed equally throughout IMI. UK sites benefit from high investment/training resources for research and development whilst other global sites are mainly used for manufacturing. This would need to be reassessed under the strategy to enter the global nuclear energy market as all of the competences identified in Porter's Five Forces have global technical expertise's, ensuring they can be closer to their customers within home countries.

In the past IMI has focused on solving complex customer problems however moving into a new industry with developing technology, such as the SMR project, IMI will need to anticipate the problems future customers will encounter. This will create a new mindset for the business which will require it to be more agile and reactive, creating a competitive edge. Traditionally this has not been the case on a global scale, the results of long project lead-times and poor communication between internal sites globally as identified during the SWOT analysis. IMI has remained leaders within their current markets due to strong brand awareness, however this luxury it does not hold within the nuclear industry internationally.

The decision to promote flexible/remote working to overcome the COVID19 challenges of 2020 has created a positive change in how its staff operate and interact. Solving the issue of poor communication which can cause long project lead-times. This also potentially

could be used as an added benefit to attract new talent into the business. COVID19 has forced IMI to improve communication between sites through web-based software and online meeting software. Every site now has access to the same standard communication software. This has seen the business move further towards operating as one entity due to connectivity. These communication improvements may possibly not have taken place across the entire organization if it was not for a global pandemic.

Strong internal communication needs to be encouraged to accelerate nuclear brand awareness worldwide, the decision should be made to promote its entry into the nuclear industry across all its sites this would provide an opportunity to gather customer feedback using its global presence. As explained during section 3.6 IMI already has a specialist team which maintain product certification and due to already operating within the nuclear defence industry nearly all certification required for IMIs traditional markets across Europe, Middle East and Africa are covered to a nuclear standard. This provides IMI with a very strong starting position as certification renewals required much less resources than first time registration.

IMI can use their position of suppling Suzler its biggest nuclear competition to gather data on sales by region to identify the best places to position itself. Also, what products Suzler buy from IMI for their own engineering systems, would allow IMI to build an even stronger strategy on its entry into the nuclear industry through benchmarking and analyzing the competition.

The macro environment factors such as political and economic issues. IMI cannot change however it can position itself in such a way that it remains attractive to all potential customers thorough innovative products. As IMI has done in the past, by positioning itself globally it gains access to several different key markets which can be taken advantage of should any favorable trade agreements be struck between countries. However, for this to work IMI would need to ensure that all of it sites have the required skills and knowledge to solve economic, social, and environmental challenges. IMI being a UK company also has the opportunity of the UK Government planning on becoming a strategic hub for free trade worldwide.

9.0 Reference

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