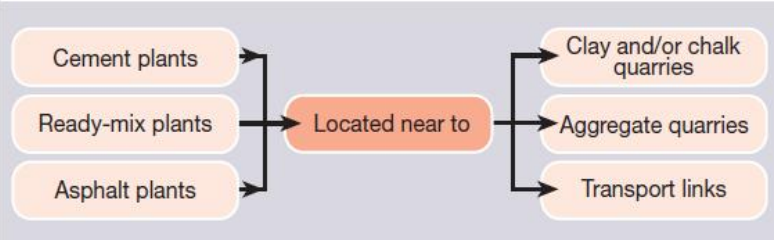
THE TIMES 100
BUSINESS CASE STUDIES

Location of business - CEMEX

Concrete is the second most consumed substance in the world after water. It is made from aggregate, cement and water and can be mixed on building sites or supplied readymixed from a concrete plant. CEMEX is one of the worldôs largest building materials companies. It is a leading supplier of **aggregates** (sand, gravel and crushed rock), cement and readymixed concrete. It also produces asphalt and concrete products. CEMEX UK has three cement plants, 60 quarries and nearly 230 readymixed concrete plants. CEMEXôs customers range from multinational building companies to individuals building their own homes.

Industries usually locate in places where they are close to their customers or to raw materials. This allows them to reach their **market** easily and to keep transport costs low. Examples include coalmines on coalfields or shipbuilding on the coast. It is important that industries locate in the most sustainable locations. This means that industries need to find **suitable locations** that minimise any harmful effects on the environment. These could be where the industry produces the least amount of waste or makes minimum journeys of the finished products to distribution centres. All these factors help to protect the environment. They also give a business benefits by reducing its costs and increasing its **profits**. CEMEX has operational sites across the UK. It is a constant challenge to identify the most sustainable and efficient means of production across all parts of its business. This includes getting its goods to market effectively, that is, in the most sustainable and cost-effective way. Wherever possible, CEMEX locates its plants close to where the raw materials are.



CEMEX has a national supply network in the UK with more than 400 locations. This ensures that quality building materials are available to customers locally. It aims to locate quarrying and manufacturing facilities in the most appropriate locations to meet local market needs. The majority of its readymixed concrete and asphalt plants are sited near quarries to ensure speedy supply and to save time and travel costs. However, large construction projects sometimes require a different approach. This was the case with the construction of the Wembley Stadium. CEMEX located its readymix concrete plant on the construction site to improve efficiency. A similar plant was set up for the development of a wind farm in Scotland.

Quarries can only be located where minerals occur. However, the business can make decisions where to locate its secondary activity. For example, a readymixed concrete plant could be close to its raw materials (in a quarry) or close to its markets (in a city). CEMEXôs awareness of how its choice of location has an impact on the local environment is vital to its long-term business performance. CEMEX adopts a sustainable approach wherever possible:

- It transports over 30 million tonnes a year by road, rail, river and sea, including aggregates, cement and fuel. Rail journeys give five times fewer emissions than similar journeys by road.
- CEMEX uses water transport where possible to help minimise its **carbon footprint**. It transports products via sea, rivers, conveyors and underground pipelines. The longest pipeline is 57 miles long. This saves more than 400 lorry journeys per day and supports the UK Governmentôs objective of getting trucks off the road wherever possible.

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Questions

1. List as many different factors affecting the location of business as you can.

2. Describe which factor is likely to be most important for a clothing retailer.

3. Explain why larger supermarkets tend to be located ówut of townô

4. Analyse how CEMEX manages to reduce its environmental impact through getting the right location.

Task

Scenario: The managers of a concrete supplier have found two possible sites for the development of another ready mixed concrete plant. They have asked you to give your opinion about which of the two sites they should choose. Read the following information about the two possible sites for a new ready mixed concrete plant ï site A and site B. Use the information to write a report making a justified recommendation of which site the management should choose.

- *Site B is close to a university which has a well respected management school. This might provide possible candidates for the management team of the new plant.*
- *Both sites would have good access to the raw materials as there are quarries close by.*
- *Site A is in an area of high unemployment. There are lots of potential workers and the cost of labour is low.*
- *There would be enough room at Site B to build two large wind turbines which could help power the plant and reduce CO_2 emissions.*
- *Site A is a Brownfield site whereas Site B is a Greenfield site. There is greater likelihood that the local authority will grant planning permission for Site A.*
- *There are 30% fewer competitors within 50 mile radius of Site B than there are near Site A.*
- *Site B is well serviced by road and rail networks. Site A has satisfactory road and rail network, but it also benefits from access to a large canal /river network.*
- *Site B is an up and coming area with several new developments planned for the surrounding area which include a large shopping centre, a new cinema complex and a residential development.*
- *It is estimated that the cost to develop Site A would be £1.75 million less than the cost to develop Site B.*