

## Mergers and acquisitions

### Key terms explained:

**Merger:** When two companies join to form a larger company.

**Acquisition/takeover:** Taking control of a company by buying more than 50% of its shares.

**Joint Venture:** A business activity in which two or more companies have invested.

**Management buyout:** When the senior management team purchases the company they work for.

**Bid:** To offer money for shares in a company.

**Stake:** The proportion of a company in which the shareholder has invested.

**Monopoly:** A situation in which a single company or group owns all or nearly all of the market for a given type of product or service.

**Subsidiary:** A company in which 50% of voting stock is owned by another parent company.

**Source:** Market Leader Upper Intermediate and Investopedia

## The Impact of a Merger

*Assessing the impact of a merger (dimensions to consider)*

Potential benefits of a merger	Potential problems from a merger
Economies of scale	Clash of cultures
Shared services	Redundancies and resentment
A new more vibrant culture created	Overlap in functions and processes
An opportunity for an organisational review	Potential problems with the regulator
Access to a greater range of markets	Confusion both in terms of strategy and individual roles and responsibilities
A dominant market share	Competitive presence in the same markets
A greater pool of talent	The value added/USPs of both companies are diluted

## Verbs commonly used in acquisitions and more broadly finance

- *Take* a stake in a company
- *Make* a bid/a proposal
- *Reject* a bid/ a proposal
- *Call* an emergency meeting
- *Set* up a project team
- *Sell* shares/a stake
- *Launch* a bid/a new product/a new project
- *To review* a proposal/a contract
- *To initiate* a process/ a review
- *To implement* wide ranging cost savings.

## Quote of the month

**'The key to making acquisitions is being ready because you really never know when the right big one is going to come along.'**

James McNerney

## Prepositions corner

- 1) To open **up** new markets **for** development.
- 2) To acquire a stake **in** a fast growing company.
- 3) To invest **in** new technology.
- 4) To relocate your warehouses **to** a new location.
- 5) To advise the CEO **on** the potential risks **of** the merger.
- 6) It caused a minor disruption **to** production.
- 7) They decided **to** sell **out to** foreign investors.
- 8) As a consequence **of** the merger there is a great deal **of** anxiety **in** the work force.
- 9) As a result **of** the security breach the IT team checked the status **of** all the companies' computer systems.

## Remembering the changes for Reported speech

- ✓ **'Will'** becomes **'would'**.
- ✓ **'Must'** becomes **'had to'**.
- ✓ **'Can'** becomes **'could'**.
- ✓ **The present simple** becomes the **past simple**.
- ✓ **The present continuous** becomes the **past continuous**.
- ✓ **The past simple** and **present perfect** become the **past perfect**.
- ✓ **The past continuous** becomes the **past perfect continuous**.
- ✓ Remember if you are reporting a question that starts with a verb use **'if'**.