

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

In the November Edition: The world of sport – expressions, idioms and phrasal verbs.

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'**.