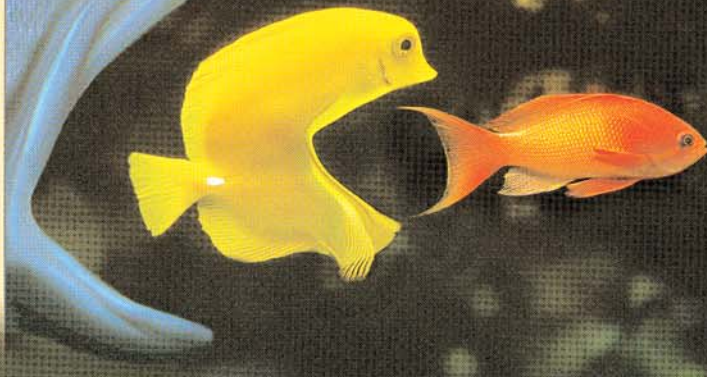


OVERVIEW ▼

- Vocabulary**
Describing takeovers and mergers
- Listening**
Making acquisitions
- Reading**
Why mergers fail
- Language review**
Headlines
- Skills**
Summarising in presentations
- Case study**
Group Bon Appetit PLC

'You cannot buy a company merely by buying its shares.'

Sir James Goldsmith (1933–1997)
Anglo–French financier



Starting up

- A** Think of a recent takeover or merger. What kinds of business were involved? Were both companies successful before it happened? What about now?
- B** What are the advantages and disadvantages of:
a) takeovers? b) mergers?
Think about the companies involved, their employees and the consumer.
- C** Studies show that 65% of mergers do not achieve their expected results. What are the reasons for this, do you think?

Vocabulary

Describing takeovers and mergers

- A** Match the terms on the left to the definitions on the right.
- | | |
|---------------------------|---|
| 1 alliance | a) getting control of a company by buying over 50% of its shares |
| 2 joint venture | b) two or more companies joining to form a larger company |
| 3 LBO (leveraged buyout) | c) a business activity in which two or more companies have invested together |
| 4 MBO (management buyout) | d) when a company's top executives buy the company they work for |
| 5 merger | e) buying a company using a loan borrowed against the assets of the company that's being bought |
| 6 takeover / acquisition | f) an agreement between two or more organisations to work together |

- B** Make as many expressions as you can from the words in the box. For example, 'to take a stake in a business'.

acquisition	bid	hostile	launch	make
stake	take	takeover	target	

- C** Complete the following newspaper extracts with words from Exercises A and B. There may be several possible choices for each gap.

- 1 Investors dismissed Lafarge's £3.4 billion for Blue Circle yesterday, rejecting the offer on the grounds that it was 'wholly inadequate'. (The Times)
- 2 The Boards of Glaxo Wellcome and Smithkline Beecham announce that they have unanimously agreed the terms of a proposed of equals to form Glaxo Smithkline. The new company is expected to generate substantial operational synergies. (Press release)
- 3 Sotheby's, the auction house, is forming a with Amazon.com, the Internet retailer, to create a new on-line auction service. As part of the deal Amazon.com will in Sotheby's. (The Economist)

Listening

Making acquisitions



▲ Nigel Portwood

- A** Match these words with their meanings
- | | |
|------------------|--|
| 1 asset | a) an organisation's different costs and the way they are related to each other |
| 2 cost structure | b) advantage produced when two organisations combine resources |
| 3 integration | c) calculations about, for example, what the size, amount or rate of something will be in the future |
| 4 momentum | d) something belonging to a business that has value or the power to earn money |
| 5 projections | e) combining two companies so that they can work closely and effectively together |
| 6 synergy | f) the ability to keep increasing, developing or being more successful |
- B** 13.1 Listen to the first part of an interview with Nigel Portwood, President and Chief Executive Officer at Pearson Education. What essential preparatory steps should a company take to make a successful acquisition?
- C** 13.2 Now listen to the second part of the interview. What three things need to be done to ensure the successful integration of a newly acquired business?
- D** 13.3 Listen to the last part of the interview. What are the five key questions for judging whether an acquisition has been successful?