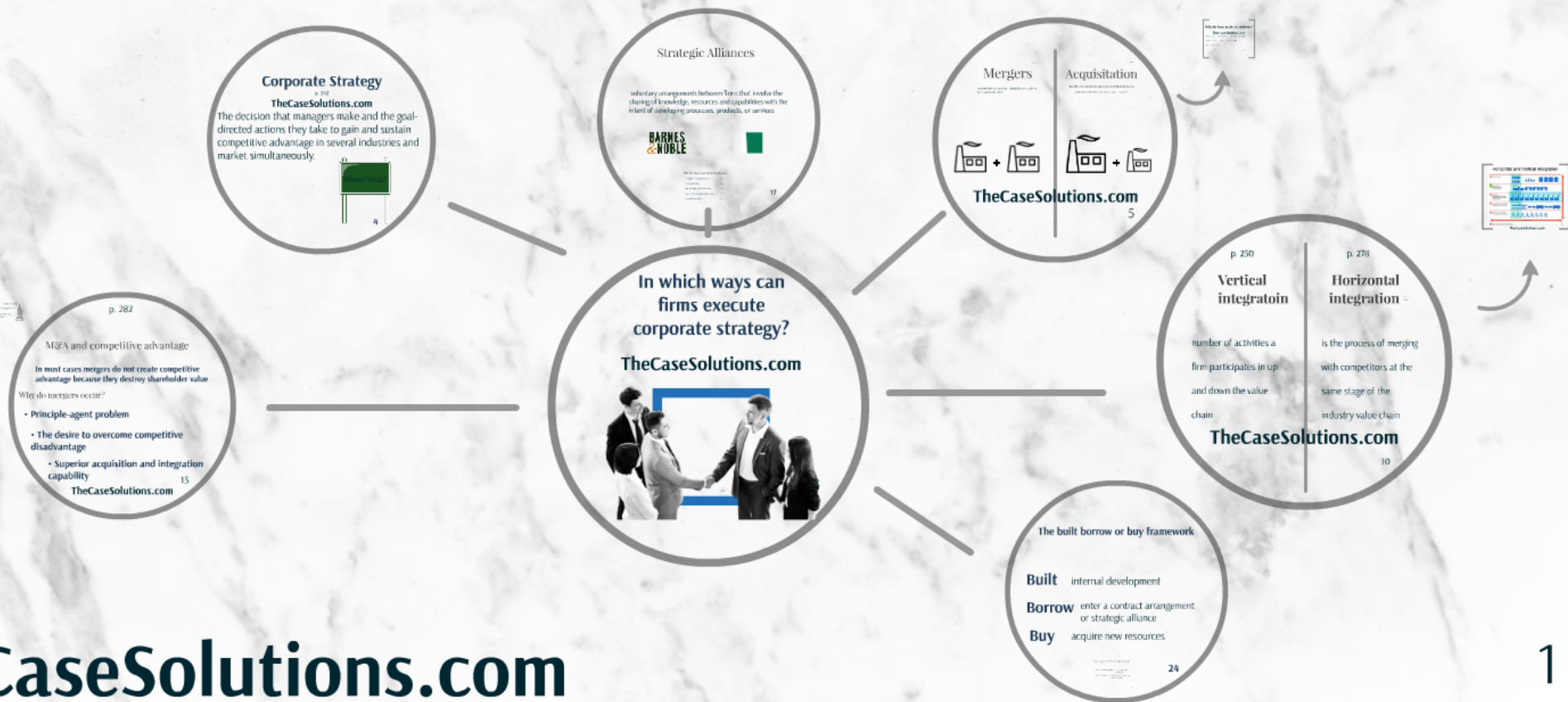
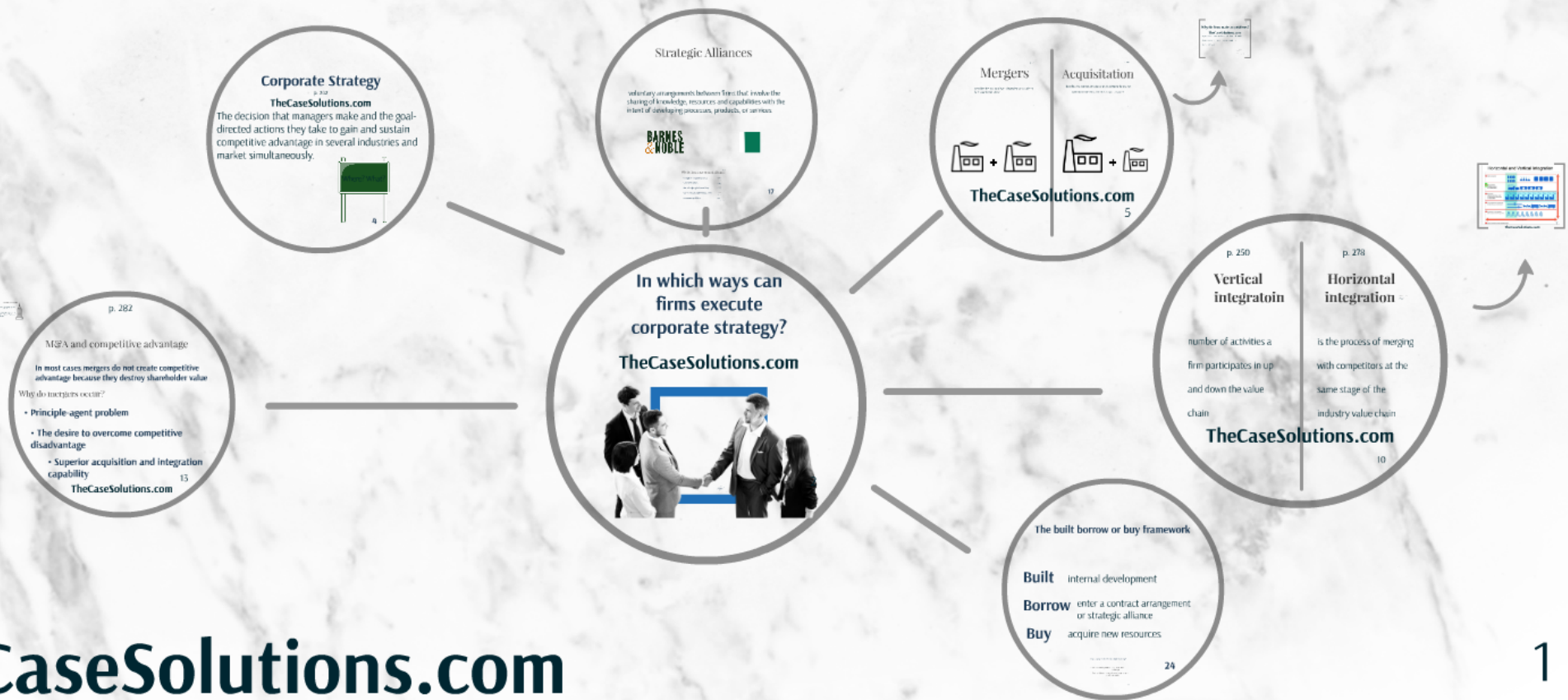


Rothmans Inc. – The Curious Case of the Interest Rate Swap



Rothmans Inc. – The Curious Case of the Interest Rate Swap



**In which ways can
firms execute
corporate strategy?**

TheCaseSolutions.com



Corporate Strategy

p. 242

TheCaseSolutions.com

The decision that managers make and the goal-directed actions they take to gain and sustain competitive advantage in several industries and market simultaneously.



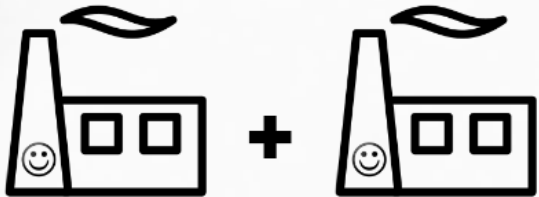
Why do firms
TheCase
- To gain access to new markets
- To gain access to a new customer base
- To preempt rivals

p. 278

Mergers

describes the joining of two independent companies to form a combined entity

6



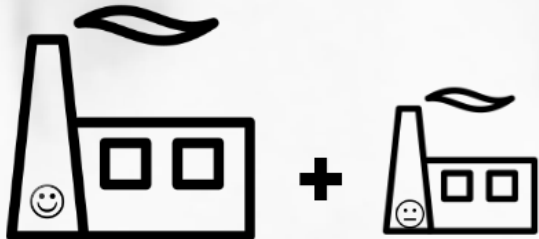
p. 278

Acquisition

describes the purchase or takeover of one company by another

Hostile takeover: whenever target firm does not want to be acquired.

7



TheCaseSolutions.com

5

Why do firms make acquisitions?

TheCaseSolutions.com


- To gain access to new markets and distribution channels
- To gain access to a new capability or competency
- To preempt rivals

Star Alliance

- World's largest global airline alliance

- Founded on 12 May 1997

- As of 31 March 2014 Star Alliance is the largest global alliance by passenger count with 653.6 million and composed of 27 airlines



Merger

- Delta Air Lines
- Lufthansa
- LOT
- Air Canada

Acquisition

- BMI
- Scandinavian Airlines
- Air France

p. 250

Vertical integration

number of activities a
firm participates in up
and down the value
chain

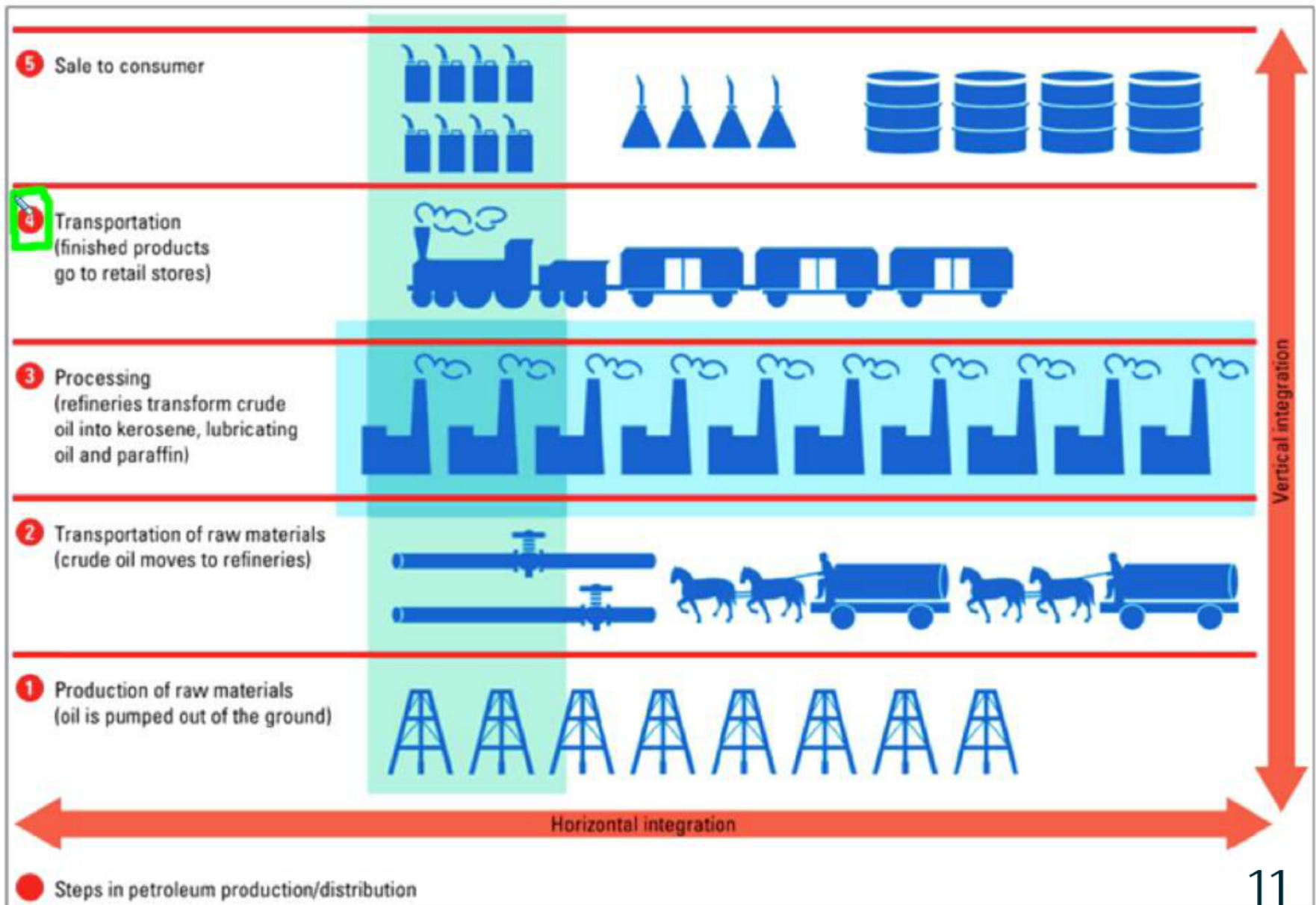
p. 278

Horizontal integration

is the process of merging
with competitors at the
same stage of the
industry value chain

TheCaseSolutions.com

Horizontal and Vertical Integration



p. 282

M&A and competitive advantage

In most cases mergers do not create competitive advantage because they destroy shareholder value

Why do mergers occur?

- **Principle-agent problem**
- **The desire to overcome competitive disadvantage**
 - **Superior acquisition and integration capability**

13

TheCaseSolutions.com



publicity
to be
open to
AR
10