Case analysis cooper industries

Business

Case Analysis Cooper Industries Cooper Industries was organized In 1919 as a manufacturer of heavy machinery and equipment.

By the mid-sass it was a leading producer of engines and massive compressors used to force naturals through pipelines and oil out of wells. Management was concerned, however, over Its heavy dependence on sales to the OLL and gas Industries and the violent fluctuation of earnings caused bathe cyclical nature of heavy machinery and equipment sales. Although the company's long-term salesman earnings growth had been above average, Its cyclical nature had dampened

Wall Street's Interest the stock substantially. (Cooper's historical operating results and financial condition reassembled In Exhales 1 and 2.) Minimal efforts to lessen the earnings volatility were not successful.

Between 1959 and 1966, Cooperative (1) a supplier of portable industrial power tools, (2) a manufacturer of small industrial rand process compressors, (3) a maker of small pumps and compressors for oil field applications, and(l) a producer of tire-changing tools for the automotive market.

The acquisitions broadened Cooperator's but left it still highly sensitive to general economic conditions. In 1966 Cooper began a full review of its acquisition strategy. After several months of study, treacheries were established for all acquisitions. First, the industry should be one in which Cooper cold-blooded a major factor.

This requirement was in line with management's goal of leadership within few distinct areas of business. Second, the industry should be fairly stable, with a broad market for the products and a product line of " small ticket" items.

This product definition was intended delineate any company that had undue profit dependence on a single customer or several large salesperson year. Finally, it was decided to acquire only leading companies in their respective marketing's. This new strategy was initially implemented with the acquisition in 1967 of the Lifting Reluctantly, the world's largest manufacturer of measuring rules and tapes.

Cooper acquired a qualifications line, an established distribution system of 35, 000 retail hardware stores throughout thinned Slates, and plants in the united States,

Canada, and Mexico. It also gained the services flimflam Rector, president of Lifting, and Hal Stevens, vice president of sales. Both were extremely knowledgeable In the hand tool business and had worked together effectively for years. Their goals to build through acquisition a hand tool company with a full product line that would use common sales and distribution system and Joint advertising. To do this they needed Supersonically strength.

Lifting provided a solid base to which two other companies were added.

In 1969 the Crestfallenly Corporation was acquired. The company had been highly profitable In the early sass butterflies In recent years under the mismanagement of some Investor-entrepreneurs who agglomeration In 1963. A series of acquisitions of weak companies with poor product lines eroded Charlottesville profitability until, in 1967, a small loss was reported. Discouraged, ten Investors wanted to cutout, Ana cooper? eager to AAA a crescent’s well-known Ana high-quality wrenches, pliers, underachievers to its line? was interested.