

# Marketing and robertson tool

[Business](#), [Marketing](#)



Q) If you were Mr. Vincent would you try to gain control of Robertson tool in May 2003 If I were Mr. Vincent , yes I would like to gain control of Robertson tool in May 2003. The synergy after acquiring as well as profits which would be gained after the merger will be more than the cost of the merger. Monmouth had earlier acquired Dessex. It acquired a quality product line, an established distribution system of 15000 retail hardware stores spread across United States as well as in Canada and Mexico. The Acquisition of Dessex provided a solid base for the other two companies which were added, Keane and Kroll.

Keane was highly profitable but was under mismanagement whereas Kroll was a leading supplier of soldering tools to industries, electronics and consumer market. The sales force in Monmouth's Dessex-Kroll-Keane tools lines overlap with Robertson and this would provide a one of the opportunities of lowering costs of operations. Robertson was one of the largest domestic manufactures of cutting and edge hand tools and a leader in its two main product areas. This well fitted with Monmouth's strategy to acquire only leading companies in their respective market segments.

The two companies will also complement each other in terms of their sources of earnings where Robertson's strength in the industrial market and its strong European distribution system would of great asset and would pull Monmouth's products strengthening their presence in this market. Acquisition of Robertson Tool fits well with Monmouth' diversification strategy and will allow them to broaden markets and be less sensitive to the general economic conditions. Robertson has great distribution system with coverage all over the world.

Robertson is believed to have the strength to grow as fast as other companies in terms of sales (6%-7%) in its industry. More importantly, it could provide Monmouth the diversification of product line. The expansion in the hand tool market would lessen the volatility of Monmouth caused by the cyclical nature of heavy machinery and equipment sales. Besides, Monmouth could help Robertson Tool reduce its cost of goods sold and selling expenses substantially, due to the elimination of sales and advertising duplication and excessive number of products.

The two companies would also be complementary since they each dominate in the industrial and consumer market. Q) Why is Simmons eager to sell its position to Monmouth for 50\$ per share? Simmons wanted to gain a majority stake at Robertson yet he was falling short of 249000 shares which needed to give him majority control. Simmons now feared that Robertson might merge with NDP and he would have to receive NDP common stock for its 177000 shares of Robinson Stock which he knew wasn't good at all.

On the other hand, a merger of Monmouth and Robertson would allow Simmons to convert its share into common stock of Monmouth at an acceptable exchange rate. Simmons expected a rebound from cyclical downturn and Monmouth stock would show price appreciation. The stock was traded on NYSE which provided substantial liquidity. So he agreed for 50\$ per share as it was a good price. Moreover the Book value was \$53 so it seemed to be a pretty good deal for Simmons.