

Lafleur trading company essay example

[Business](#), [Company](#)



An IPO for Lafleur Trading Company would provide sufficient capital, which may be applied for capital expenditure. The other strength of this approach is that this trading company will improve its public awareness through the IPO. On the other hand, acquisition will offer economies of scale to this trading company due to the increased capacity from the firm acquired. To add onto this, there is strength in that the distribution channels are expanded. When this trading company acquires another company in this trading line, the distribution channels between the companies will be shared. With regard to mergers, there is a benefit in diversification. This will happen if this trading company merges with another company in a different line of business. The other strength lies in giving this trading company a chance to deal with international competition since it can deal with multinationals. However, there are some weaknesses with these expansion options. The first is that Lafleur Trading Company will incur high costs of complying with regulatory bodies. It will also increase conflicts with shareholders due to scrutiny of decisions. Acquisitions have the disadvantages of culture clashes owing to different management styles that characterize organizations. A weakness of conflicting objectives may also delay the progress of these companies. A merger may cause conflicts in consumer perceptions and layoffs. These factors may be based on different brand images and the need for cost savings respectively.

The recommendation is that Lafleur Trading Company should use an IPO for expansion. Sufficient capital will be raised while the public perception will improve. The only weaknesses are high costs of regulation and conflicts with shareholders. The weakness of high regulatory costs will be compensated by

the improvement in performance. To deal with shareholder conflicts, this trading company should improve transparency and management practices. The IPO presents the best option for expansion.