

# Acquiring another organization in the same industry

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Acquiring another organization in the same industry Kudler Fine Foods was founded in 1998 and have three locations only in California. They are trying to expand their services and overall efficiency (Kudler, 2007). Acquiring another organization in the same industry seems to be a straightforward plan for Kudler. Developing a joint venture with a foreign company would put the least amount of political risk on Kudler. With every positive advantage, the board of Kudler would need to look at the potential negative aspects as well. Two strengths of acquiring another organization is reduced costs due to having a bigger buying power and adding geographic areas which will increase your market area. Reducing cost by having a bigger economic buying power can save Kudler thousands of dollars weekly. Blank (2012), "Acquiring a company in the same industry often results in enhanced economies of sale for a combined, larger entity, along with increased efficiency in production and other aspects of business operations" (para. 3). If Kudler acquires a company located in the Midwest or east, this will increase their geographic area. It would allow them to reach a market that they did not have easy access to before. Creating synergy between the two companies can make the bottom-line move in the direction the board members want to see. Although growth is what Kudler desires, they must keep in mind the growing pains that come along with it. The business model that Kudler presently has may be the opposite then the one they are acquiring. Sorting out the best practices can take time and if not handled efficiency could cause employee moral to take a turn for the worse. Kudler also need to keep in mind that if there is any indication that they might be trying to monopolize with the acquiring of the new company it could cause

for unexpected legal fees. Kudler main opportunity in this plan is becoming one of the top market leaders by eliminating competition when they acquire the company. Kudler needs to find a friendly acquisition where the other company's owner is possible considering retiring or has current debt issues and is located in a good geographic location. This would make the acquisition smoother for the employees who are about to embark the change to Kudler. Being perceived as saver is always better than being perceived as an company trying to take over.