

The empire company limited

[History](#), [Empires](#)



In the Empire Company Limited Case, James Vaux, the associate director at Scotia Capital is the main decision maker. It is his job in September of 1998 to decide on a price at which The Oshawa Group Limited will sell their company/accept a takeover offer at. The Oshawa Group Limited (Oshawa) is a food retail, wholesale, and distribution firm. The Empire Company wants to expand beyond their Atlantic Canada roots; however, there are a few catches. The Wolfe family owns 100% of the voting shares of the company, and not only know the value of their company and expect to receive at least that much, but also a premium on top of that.

Greg Rudka is the Managing Director at Scotia Capital; he has extensive background in the history of the grocery industry and was the one who noticed this opportunity as well as the person who assigned James Vaux to his assignment of the value of Oshawa. ISSUES There are two main issues at hand. First, Vaux needs to determine a value for both classes of shares that Empire would be willing to pay to the Wolfe family and Oshawa equity holders to acquire a position in the Oshawa Company without starting a bidding war.

The second issue is that Vaux needs to find a way to finance the deal. There are a few minor issues in this case, starting with competition. The grocery industry is very competitive. There are only a few large firms involved in the industry. Of course, there are mom and pop stores all over North America, but they only make enough to live themselves and they are not bringing in the same profits as the major chains, so they are not legitimate threats to Empire. Next, the Oshawa Company's entire voting shares are owned by the Wolfe family as mentioned above.

This will add to the level of difficulty in the purchase or acquisition of Oshawa. Finally, the last issue is that in the grocery industry, it is cheaper to acquire a competitor's company and chains than it is to open a new store. In other words, horizontal acquisitions were the primary source of growth on the revenue side for the grocery business. People don't like change and because of this, creating or changing the name of their "local grocery store" may upset or disrupt their previous shopping experiences.