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ALCOR M&A launches Low Cost Global Acquisition Models

ALCOR M&A launches models to acquire target companies using 1/10 of their value and also discuss the Advantages and Disadvantages of Acquisitions

George Molakal speaking at Global Summit

SINGAPORE, MUMBAI, LONDON, CHICAGO, ILLINOIS, UNITED STATES, October 23, 2018 /EINPresswire.com/ -- ALCOR M&A launches global Cross Border Low-Cost Acquisitions Capital

Singapore, New Delhi, Dubai, London, Frankfurt, New York, Chicago, Tokyo, Hong Kong, Sydney

ALCOR M&A, the global leader in cross-border M&A transactions, launches low-cost acquisition funding models. These low-cost funding models help you to acquire a target with almost 1/10 of the cost of the target company. Companies perform acquisitions for five main reasons, a) economies of scale, b) increase market share, c) create synergies, d) reduce costs and e) diversify. Acquisitions have been the key driver in a company's growth strategy, as companies see acquiring a firm's operations as a complementary exercise to organic growth.

George Molakal, the CEO of ALCOR states that for most acquisitions the firms often raise private equity, receive a bank loan or conduct mezzanine funding or use ALCOR's low-cost acquisition funding for cross-border acquisitions – which incorporates both debt & equity in the purchase. It is also common for sellers to finance part of the acquisition, most often, with a bank loan or use the target's assets to raise debt capital. However, before pursuing the acquisition of another company, it is imperative to consider the advantages & disadvantages of the acquisition will present.

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One of the greatest benefits of a company acquisition is the opportunity to quickly secure resources and core competencies that are not held in-house. These may include entry into new products/markets, a larger and more diverse client base, and improved brand image &

reputation. In some recent acquisitions, this resulted in an immediate increase in revenues, improved financial outlook and a decrease in development costs.

Companies have also used acquisitions to build market presence and increase market share while reducing overall competition in the industry. In industries where competition is fierce, and there are high barriers to entry, acquisition can reduce a competitor's capacity while ensuring synergetic benefits are gained. Often noticed with the emergence of new technology that can increase productivity, companies will make cost-efficient acquisitions rather than spend on internal R&D, which is often expensive & time-consuming (Apple's acquisition of Siri & Beats Electronics).

Global Customer Mapping

In aligning with stakeholders' expectations, corporations often acquire other companies to increase the overall return on investment. This is particularly problematic when companies become excessively bureaucratic and run into physical or logistical resource issues – leading to a peak in marginal productivity. As a counter-measure, companies, together with key stakeholders, turn to grow companies to acquire and incorporate into the revenue stream (Procter & Gamble's acquisition of Gillette).

Boris Tsimerinov, the North American Executive Director also stressed that there were also disadvantages associated with acquisitions, namely high acquisition costs, unrelated diversification, duplication and integration challenges – as cultural clashes, disgruntled employees and conflicts that have a detrimental effect across the combined organizational hierarchy. This is forthcoming, as business cultures take a significant amount of time to develop and remain very rigid.

There are numerous challenges when bringing together a diverse line of products and services; both in managing & growing them. A significant amount of money, resources & capabilities is spent in countering the depletion of value and competencies that arise. Furthermore, under certain circumstances, namely hostile takeovers (RBS takeover of ABN AMRO), the financial cost of acquisition can be high compared to the value added of the acquisition, thus significantly decreasing returns on investment.

Acquisitions can also lead to a duplication of human resources, resulting in job cuts & reorganization within the company (Comcast acquisition of AT&T Broadband). While a company works to optimize its human resources & processes, company management is often distracted from running the business. Challenges and a stringent timeline for completion may result in managerial focus being taken away from internal development & daily operations. This ultimately affects the post-acquisition entity which sees a delayed & sometimes reduced savings from synergies.

Although a strategic acquisition can grow a business in an efficient, effective and timely manner, there remain several constraints. There are some variables that go into the success or failure of an acquisition and it is imperative that companies looking to acquire conduct detailed due diligence, hire competent financial professions to construct & execute the deal and commit their time, money & effort to the overall success of the acquisition.

James Poddar, a Business Analyst with ALCOR M&A, works with companies who want to grow their exports to 60 plus countries using the Unique Global Customer Mapping Model - http://www.alcormna.com/global-customer-mapping.

ALCOR MNA is a global merger and acquisitions firm with operations in 20 countries worldwide, completed more than 300 transactions assisting companies to expand to 60 countries globally. www.alcormna.com

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