NATIONAL OPEN UNIVERSITY OF NIGERIA
91, CADASTRAL ZONE, UNIVERSITY VILLAGE, JABI, ABUJA
FACULTY OF MANAGEMENT SCIENCES
2024_1 EXAMINATION

COURSE CODE: ENT 410 **CREDIT UNIT: 2**
COURSE TITTLE: CORPORATE DEVELOPMENT: MERGERS AND ACQUISITIONS (1)
TIME ALLOWED: 2 HOURS

Instruction:
1. **Attempt question number one (1) and any other two (2)**
2. **Question number one (1) is compulsory and attracts 30 marks, while any other two questions attract 20 marks each**
3. **Present your answers any points in a clearly and orderly manner**

QUESTION ONE CASE STUDY: CHALLENGES IN INTRODUCING NEW PRODUCTS: A CASE STUDY ON THE NEW PRODUCT DEVELOPMENT PROCESS.

Parson Foods, a fluid milk processor (dairy), founded in 1925, grew through continuous acquisitions to become an industry leader. As part of Parson Foods' post-acquisition strategy, it allowed each dairy to operate autonomously with little oversight. Since dairies generally have limited geographic markets, due to the perishability of milk, the acquired dairies tended to retain control over their own territory. It was not likely an acquired dairy would compete against another of the Parson dairy within the given territory. In the 1990's, Parson Foods employed its growth strategy to frozen and canned vegetables. In implementing their new focus on vegetables, Parson Foods acquired the Darien Company. Over the next decade, Parson Foods grew through acquisition to become the largest processor of canned and frozen vegetables in the country. Following their dairy strategy, Parson Foods allowed acquired vegetable processors to operate autonomously while providing capital for organic growth. Unfortunately, unlike Parson's dairies, which rarely competed against one another, vegetable processors under Parson Foods umbrella distributed frozen and canned vegetables nationwide. This lack of perishability and defined geographical territories meant that the vegetable acquisitions competed against each other - often cannibalizing business from one another. As a result, the Parson Foods' consolidated vegetable operations reported significant operating losses. Parson Foods Vegetable Company (PFVC) With losses from vegetable company operations mounting, Parson Foods' executives decided to depart from their longstanding acquisition-autonomy strategy by establishing Parson Foods Vegetable Company (PFVC). PFVC was created to consolidate all vegetable processing operations into one company. Richard Lawson was named the first Chief Executive Officer of PFVC and charged with returning the company to profitability. Richard assembled a seasoned management team who quickly made operational and structural changes to improve PFVC's financial results. While their efforts improved financial results, Richard wanted more. In addition to organic growth, his vision was to grow PFVC through the introduction of innovative new products. Richard's vision would be challenging to execute considering the company's recent history of new product introduction. Soup-in-a-Flash, a microwaveable soup starter kit, introduced by Eagle Eye Foods, one of the companies consolidated to form PFVC. Soupin-a-Flash failed miserably with the company writing-off more than US$10 million of unsold finished goods. Because the failure of