

Title: Synergies of Business

Timing: This is best done as a long-term assignment, allowing learners to learn more about your company and talk with leaders about the organization's future plans.

Develops: Research, Market Intelligence, Competitive Intelligence, Communication / Presentation Skills, Risk, Risk Management, Strategy, an understanding of Stakeholders, exploring Analogous Fields

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For decades brick and mortar stores moved to online commerce in order to keep customers, but in 2017 Amazon reversed that trend when it purchased the *solely* brick and mortar grocer, Whole Foods. Amazon was known for low prices and quick delivery of non-perishable commodities - Whole Foods was the antithesis of this. What was Amazon looking for that it couldn't create itself? Where was the synergy? Because fresh and frozen foods need to be kept relatively close to their final distribution point, Amazon now had access to an additional 400+ warehouses and cold storage facilities throughout the US. This not only bolstered their distribution network but opened the door to a product line the company didn't previously have (and that would have cost millions to create, test and perfect).

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CVS Pharmacies made an offer to purchase Aetna Healthcare for \$69 billion dollars (US) in late 2017. The nationwide pharmacy chain had nearly 10,000 stores as of 3rd quarter 2017 while Aetna Healthcare, an insurance company, had over 44 million members. Some of the reasons these two companies may work together synergistically are: many CVS stores have MinuteClinics within them that can operate as a non-urgent-care medical provider which would be more economical for the health insurer as well as minimize the number of healthcare providers the insurer would need to coordinate, the American population is aging which poses unique health challenges including the need for easy access to care providers or in-home care (CVS currently provides infusion services in the home), and the two companies would have more leverage to control costs with drug manufacturers .

Assignment: After reading the above insights, consider the following questions in relation to your own organization. Prepare a 5 – 10 minute presentation outlining a synergistic move you believe your company could make, including the data you used to arrive at your conclusion and the rationale for your recommendation.

Best done in small groups with mixed disciplines; e.g. finance, operations, marketing, etc.

- What are your company's strengths?
- What are your company's weaknesses?
- Complete this sentence as if you were a customer of your own company, "If only [company]...."
- What companies or types of companies would be synergistic with yours?
- What companies or types of companies are unrelated to yours and what synergies might be possible?
- What opportunities do you see to expand your company's reach (products, services, customers, etc.)?