The old adage that “one plus one” makes three is the special alchemy of a merger or an acquisition.

Mercantile Mergers & Acquisitions has worked with many companies that are seeking a strategic relationship where some equity is sold or exchanged.

The most practical perspective on strategic partnerships is that they become an association between two companies by which they agree to work together to achieve a strategic goal. This is often associated with long-term supplier-customer relationships. This is only one of many reasons to merge operations. Cost savings is another. Sharing management is another strong reason for doing a merger.

At Mercantile Mergers & Acquisitions Corporation we believe that two companies together are more valuable than two separate companies - at least, that's the reasoning behind mergers & acquisitions.

This rationale is particularly alluring to companies when times are tough. Strong companies will act to buy other companies to create a more competitive, cost-efficient company. The companies will come together hoping to gain a greater market share or to achieve greater efficiency. Because of these potential benefits, target companies will often agree to be purchased when they know they cannot survive alone.

What is the distinction between mergers and acquisitions? Although they are often uttered in the same breath and used as though they were synonymous, the terms merger and acquisition mean slightly different things.

When one company takes over another and clearly established itself as the new owner, the purchase is called an acquisition. Mergers have different variations.

What are the benefits of Mergers or Strategic Partnerships?

At Mercantile Mergers & Acquisitions we believe that synergy is the magic force that allows for enhanced cost efficiencies of the combined business. Synergy takes the form of revenue enhancement and cost savings. By merging, the companies hope to benefit from the following:

- Staff reductions - As every employee knows, mergers tend to mean job losses. Consider all the money saved from reducing the number of staff members from accounting, marketing and other departments. Job cuts will also include the former CEO, who typically leaves with a compensation package.
- Economies of scale - Yes, size matters. Whether it's purchasing stationery or a new corporate IT system, a bigger company placing the orders can save more on costs. Mergers also translate into improved purchasing power to buy equipment or office supplies - when placing larger orders, companies have a greater ability to negotiate prices with their suppliers.
- Acquiring new technology - To stay competitive, companies need to stay on top of technological developments and their business applications. By buying a smaller company with unique technologies, a large company can maintain or develop a competitive edge.

- Improved market reach and industry visibility - Companies buy companies to reach new markets and grow revenues and earnings. A merge may expand two companies' marketing and distribution, giving them new sales opportunities. A merger can also improve a company's standing in the investment community: bigger firms often have an easier time raising capital than smaller ones.

That said, achieving synergy is easier said than done - it is not automatically realized once two companies merge. Sure, there ought to be economies of scale when two businesses are combined, but sometimes a merger does just the opposite. In many cases, one and one add up to less than two.

What are the different kinds of Strategic Partnerships and Mergers?

From the perspective of business structures, there is a whole host of different mergers. Here are a few types, distinguished by the relationship between the two companies that are merging:

- Horizontal Merger - Two companies that are in direct competition and share the same product lines and markets.
- Vertical Merger - A customer and company or a supplier and company. Think of a cone supplier merging with an ice cream maker.
- Market-extension merger **-** Two companies that sell the same products in different markets.
- Product-extension merger **-** Two companies selling different but related products in the same market.
- Conglomeration - Two companies that have no common business areas.

Mercantile Mergers & Acquisitions has successfully advised and assisted many different forms of mergers and strategic partnerships.