**BE82: Conflict: Case Study: HERMAN & CORRIE TEAS**

*A well-established company in the Netherlands must decide whether it wishes to become part of a large multinational.*

**Background**

Herman & Corrie Teas was founded by Herman and Corrie Van Etten in Rotterdam in 1888. The firm is privately owned. It imports and packages tea, selling its products mainly in Europe, the US and Australia. A large multinational drinks company, Universal Cola Corporation (UCC), has recently made an offer to buy Herman & Corrie Teas. The management must decide whether to recommend the shareholders to accept the offer.

**Listening: 2.57** Listen to a business report on Radio Europe.

The presenter is talking to Joan Knight, an expert on the tea industry. Joan describes Herman & Corrie Teas as a 'green company' and talks about its values and ethical principles.

**How might Herman & Corrie Teas benefit from the sale?**

**Conflict**

Read this e-mail from the Chief Executive of Herman & Corrie Teas to a senior manager in the company. Note down the key points.

Simon Marsh

To:

UCC Offer

Subject:

We'll be deciding whether to recommend UCC's offer at our Board of Directors' meeting next Tuesday. I intend to invite our two major shareholders to attend, as well as a staff representative and a senior manager from within the company.

I want to hear all the arguments for and against the offer before we make a decision.

I haven't made up my mind yet, nor have my colleagues on the Board. We accept that profits have not been impressive in the last three years. We also know that we have a limited range of suppliers and products, which has attracted criticism in the financial press. Finally, it's true that we've had problems recently attracting top-class executives to fill management positions.

I hope we will have a good discussion, which will enable us to make the right decision.

**Discussion:**

1. What are some of the potential advantages and disadvantage of accepting the offer?

2. What would you do as CEO?

**Writing:**

As Chief Executive of Herman & Corrie Teas, write a letter to the shareholders, giving your reasons for recommending or not recommending UCC’s offer to purchase the company.

Dear Shareholders,

The multinational drinks group Universal Cola Corporation has made an offer to purchase the company. Our reasons for accepting / not accepting their offer are as follows: