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Case: OTGiant's acquisition of DMini

OTG is a publicly traded company with divisions in electrical converters and other electrical services. Its main product, which makes up over 50% of its annual revenue, is quickly become commoditized and the profit margin is now in low single digits.  OTG also hit a growth plateau in recent years with new competitors coming from overseas.

Several rounds of shuffling ensue within the chief executive suites.  Finally, after an extensive, high profile national search, the board appointed Ms. Bel as the new CEO.  With her extensive experience leading a large software firm, she is confident that she can bring the company back to its old days of glory.

Soon after taking office, Ms. Bel identified an acquisition target, DMini.  DMini is well positioned on the frontier of a new electrical service technology. OTG’s board is presented with some deal information and the discussion begins.

Discussion:

Did the Board do the right thing in hiring a well connected industry person to lead this company?