



Why Aurora Cannabis (TSX:ACB) Needs to Find a Partner Now More Than Ever

Description

The cannabis industry is seeing a lot of red lately as investors have been rushing to hit the “sell” button on concerns related to poor governance. In what’s become a bit of a Wild West, there’s been no shortage of regulatory issues and concerns recently.

For **Aurora Cannabis Inc** ([TSX:ACB](#))(NYSE:ACB), it could use a strategic partner from another industry to help give investors some much-needed confidence in the stock.

The company has already brought on some [well-connected individuals](#) into the fold that should give the Aurora access to some big public companies.

However, we still haven’t seen anything materialize on that front, and certainly nothing that resembles the **Constellation Brands** deal with rival pot company **Canopy Growth Corp**.

While critics may say that having a partner like Constellation led to Canopy’s Co-CEO Bruce Linton [parting ways with the company](#), it’s also an indication that the beer maker wanted to ensure that operations were stronger and more likely to be profitable in the future.

It may not be popular for the growth investors who may only be looking for growth at all costs; overall, a focus on operations and processes is the way to ensure some long-term stability for the company.

For Aurora, having an established organization involved will help provide investors with some trust, as there would be too much to lose for a reputable company to be involved with illegal cannabis operations.

It would give Aurora a strong reputation to fall back on — and that could go a long way with investors who might be more than a little shaken given recent developments in the industry.

However, finding a deal has proven to be a challenge for the company, as Aurora has been noticeably quiet in terms of mergers and acquisitions lately, which wasn’t always the case for the company.

While there’s undoubtedly been interest from other industries in the past, there have also been many

companies that have not just been on the fence, but they've also expressed a disinterest in being associated with cannabis entirely.

With Constellation seeing its results weighed down by its investment in cannabis and the industry looking even riskier than it was in the past, finding a deal with a good company may be harder than ever for Aurora — assuming that it's looking for one, that is.

Bottom line

Trust is at a premium in the industry these days, and one way for Aurora to generate a lot of it in a short period is to have a big name company invested in it, as that would certainly give Aurora's operations a vote of confidence, which would likely translate to more trust with investors as well.

The downside in finding a deal, which we've seen with Canopy Growth's situation, is that it might mean giving up a little control of the company and having to do things a different way.

However, over the long run, having a big company helping navigate through these challenging times could make the stock a much more attractive buy for investors.

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