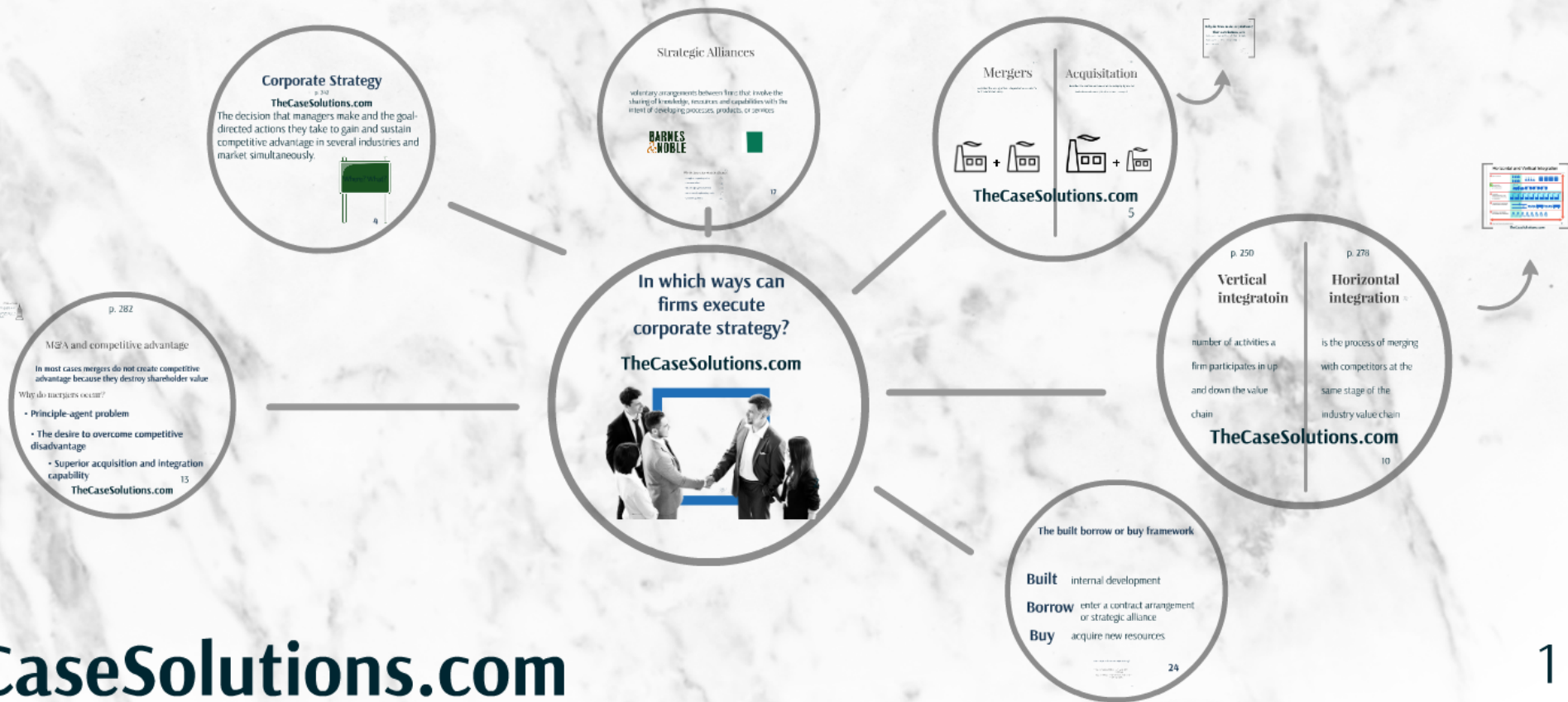


# Twenty Questions for Every M&A: Improving Postmerger Integration Performance



# Twenty Questions for Every M&A: Improving Postmerger Integration Performance

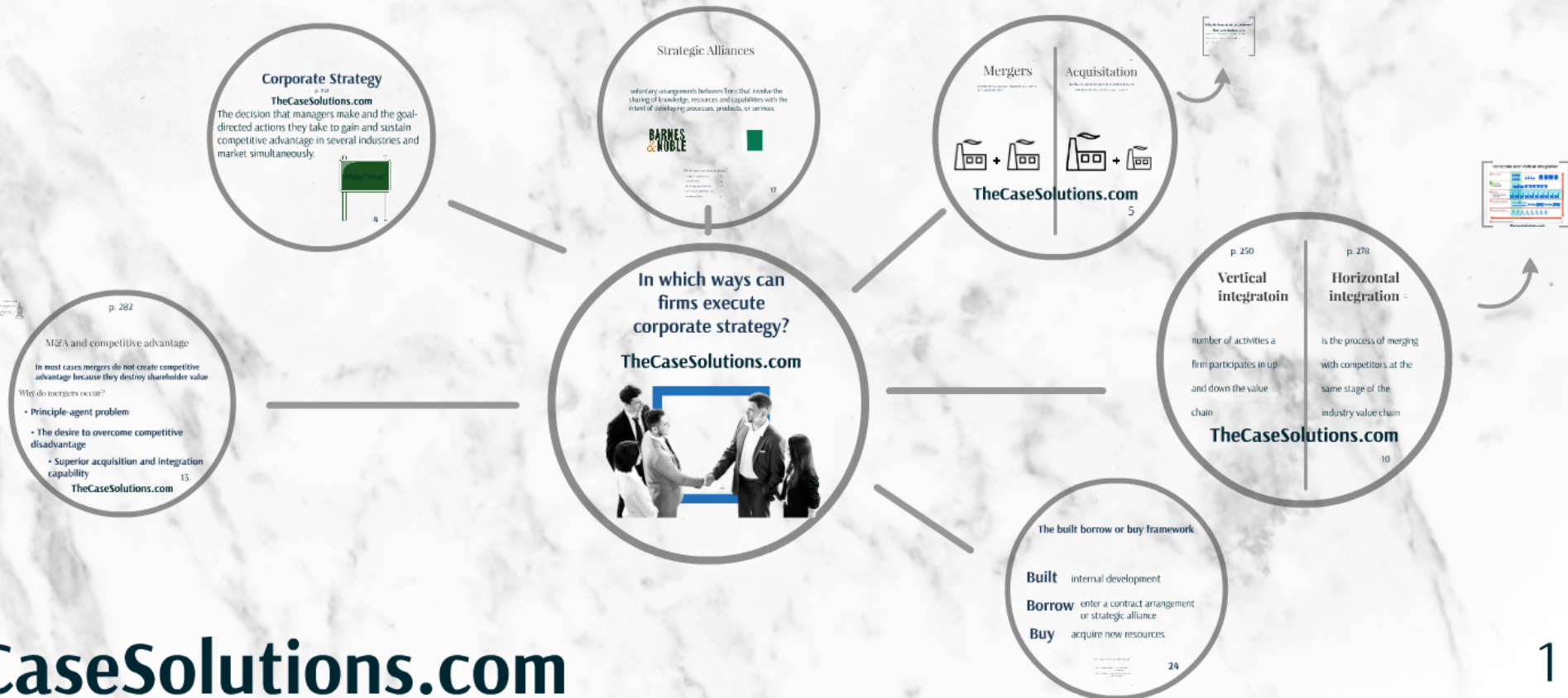


Image by goodtextures: <http://fav.me/d2he3r8>

**In which ways can  
firms execute  
corporate strategy?**

**TheCaseSolutions.com**



# Corporate Strategy

p. 242

**TheCaseSolutions.com**

The decision that managers make and the goal-directed actions they take to gain and sustain competitive advantage in several industries and market simultaneously.



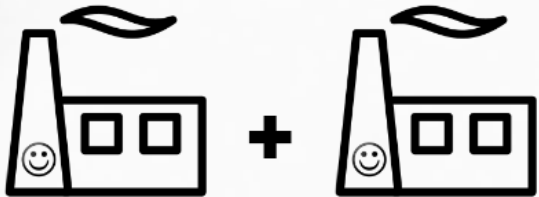
Why do firms  
TheCase  
- To gain access to new markets  
- To gain access to a new customer base  
- To preempt rivals

p. 278

# Mergers

describes the joining of two independent companies to form a combined entity

6



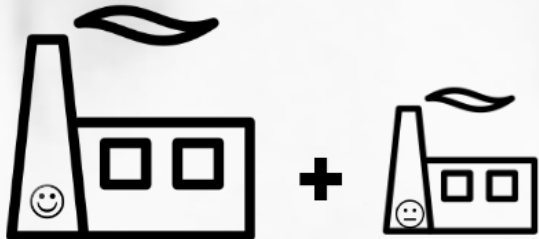
p. 278

# Acquisition

describes the purchase or takeover of one company by another

**Hostile takeover:** whenever target firm does not want to be acquired.

7



# TheCaseSolutions.com

5

# Why do firms make acquisitions?

## TheCaseSolutions.com


- To gain access to new markets and distribution channels
- To gain access to a new capability or competency
- To preempt rivals

### Star Alliance

- World's largest global airline alliance

- Founded on 14 May 1997

- As of 31 March 2014 Star Alliance is the largest global alliance by passenger count with 653.6 million and composed of 27 airlines



**Merger**

- Delta Air Lines
- Lufthansa
- LOT
- Air Canada

**Acquisition**

- BMI
- Scandinavian Airlines
- Air France

p. 250

## Vertical integration

number of activities a  
firm participates in up  
and down the value  
chain

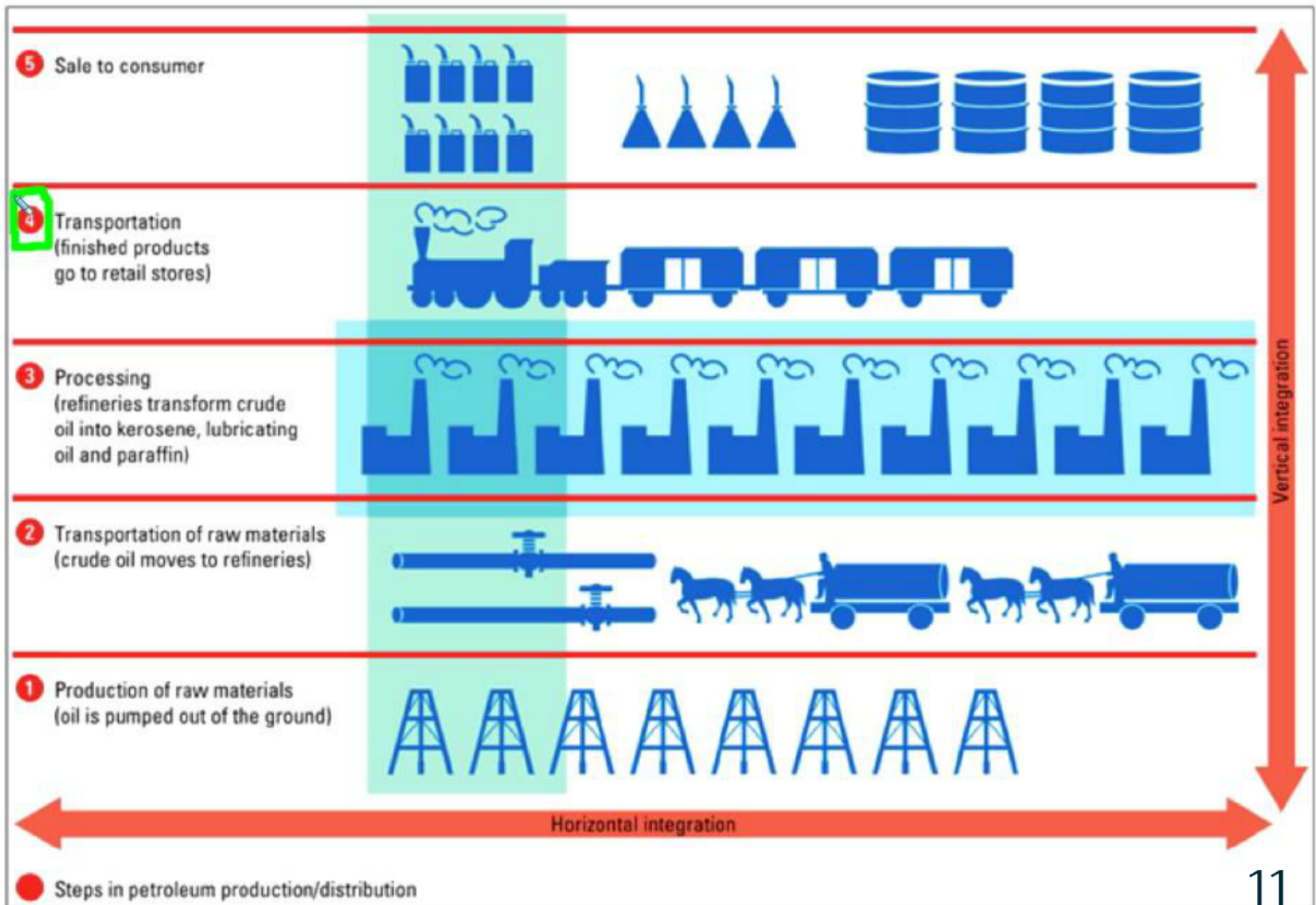
p. 278

## Horizontal integration

is the process of merging  
with competitors at the  
same stage of the  
industry value chain

**TheCaseSolutions.com**

# Horizontal and Vertical Integration





## M&A and competitive advantage

**In most cases mergers do not create competitive advantage because they destroy shareholder value**

Why do mergers occur?

- **Principle-agent problem**
- **The desire to overcome competitive disadvantage**
  - **Superior acquisition and integration capability**



managerial failure: form of self-interest in which managers consume resources of their superior skills in the face of their inferiority to the market

The desire to overcome competitive disadvantage  
mergers that are not motivated by gaining competitive advantage are consuming by losing the disadvantage



15

publicity  
to be  
open to

AR

16