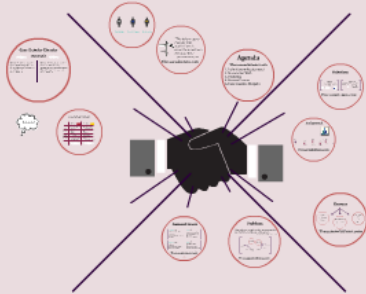


# Playing at Serial Acquisitions



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# Thank you for your attention



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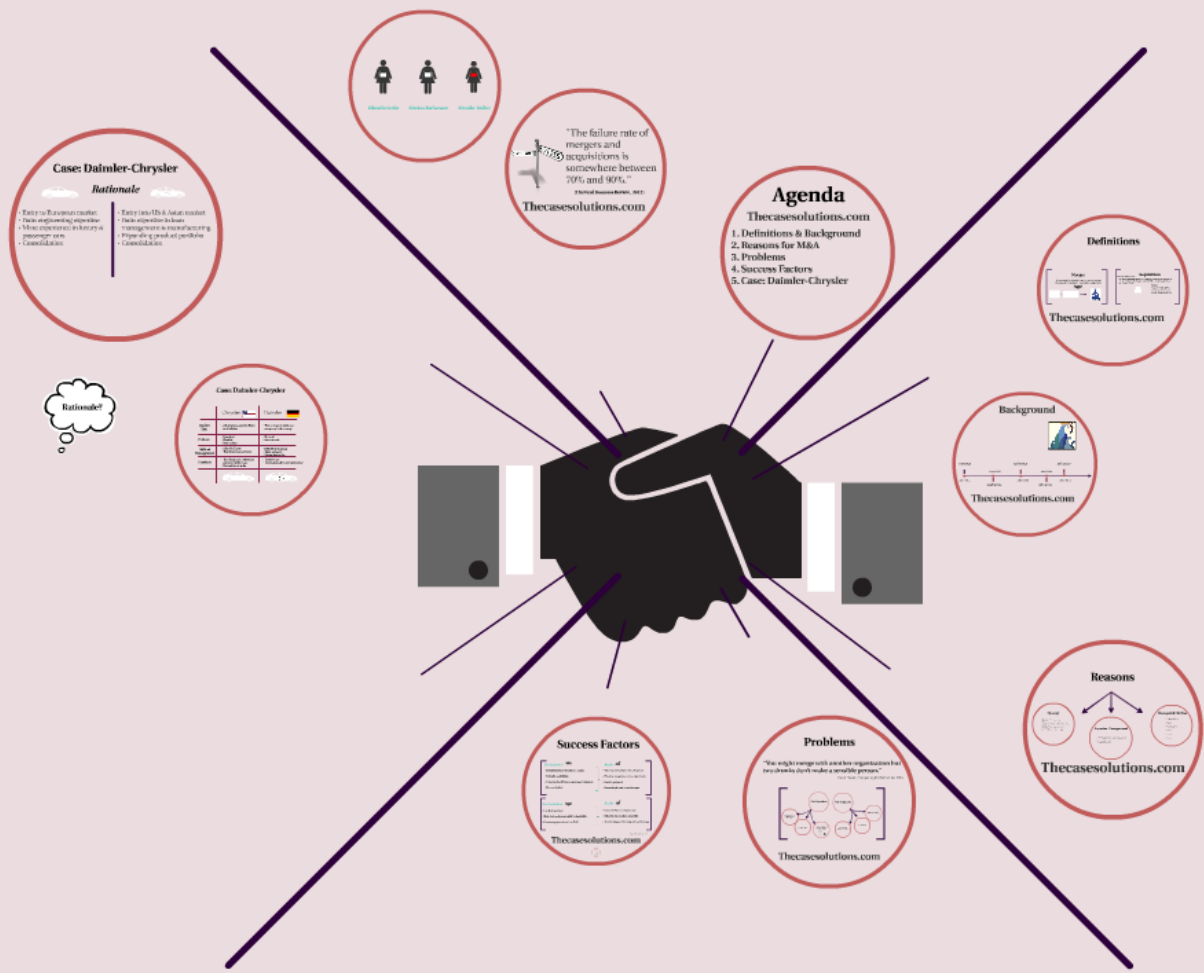
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"The failure rate of mergers and acquisitions is somewhere between 70% and 90%."

(Harvard Business Review, 2011)

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# **Agenda**

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- 1. Definitions & Background**
- 2. Reasons for M&A**
- 3. Problems**
- 4. Success Factors**
- 5. Case: Daimler-Chrysler**

# Definitions

## Merger

Is a strategy through which two companies agree to integrate their operations on a relative coequal basis.



## Acquisition

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Is a strategy through which one company purchases 100 % shares of another company making the acquired firm a subsidiary business within its portfolio



### Takover

It is an unfriendly acquisition. Target firm is not willing to sell the company's shares as well as compete the acquiring firms' bid

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# Background



**1st Wave**

1897-1904

1916-1929  
**2nd Wave**

**3rd Wave**

1965-1969

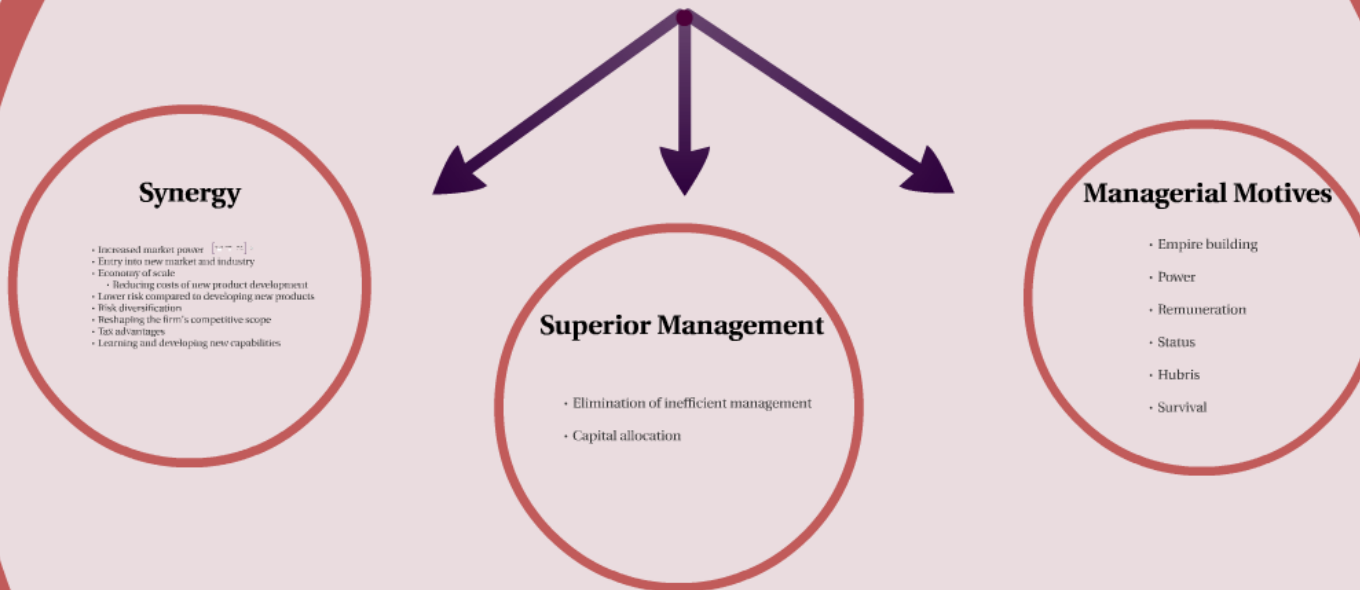
1984-1990  
**4th Wave**

**5th Wave**

1992-2002

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# Reasons

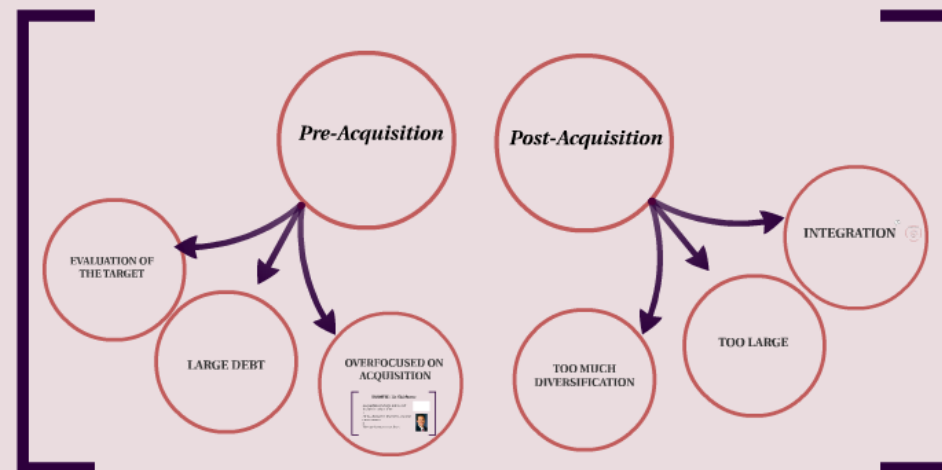


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# Problems

**“You might merge with another organization but two drunks don’t make a sensible person.”**

(Gary Hamel, Competing for the Future, 1994)



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# Success Factors

## Pre-Acquisition



- Complementary resources / assets
- Friendly acquisition
- Effective due diligence & proper valuation
- Financial slack

## Results



- Synergy and competitive advantage
- Effective integration, lower premium
- No overpayment
- Financing is easier and cheaper

## Post-Acquisition



- Low debt position
- High degree of adaptability & flexibility
- Continuing investments in R&D

## Results



- Lower risk, better reputation
- Effective integration, synergies
- Sustain long-term competitive advantage

Source: Ireland et al., 2013

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