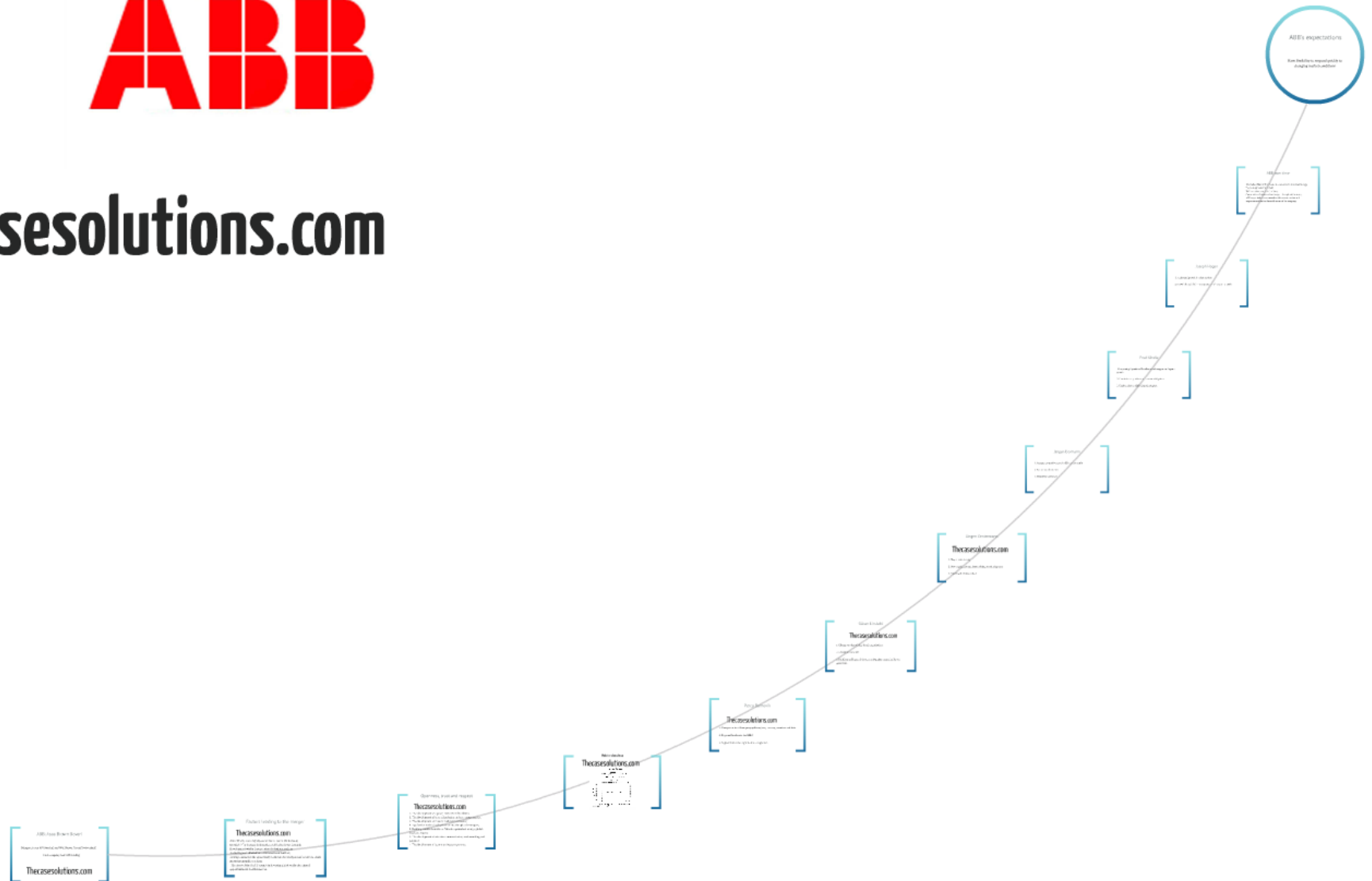


Strategic Decline



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Strategic Decline



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ABB: Asea Brown Boveri

Merger of Asea AB (Sweden) and BBC Brown Boveri (Switzerland)

Each company took 50% holding

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Factors leading to the merger

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After WW2, economy expansion led to rise in the demand;

On mid-1970, increase in the price of oil led to lower demand;

Development within Europe offered solutions, such as:

- Lowering and elimination of internal tariff barriers;
- Giving companies the opportunity to bid on electricity across borders to create greater geographic freedom;
- The effect of the GATT rounds in lowering global tariffs also offered opportunities in North America.

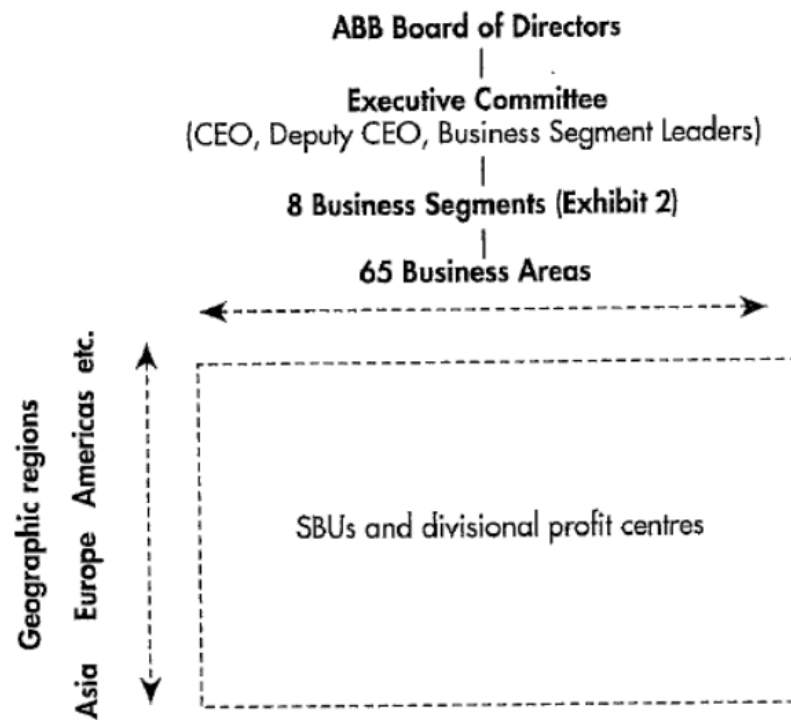
Openness, trust and respect

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1. The development of a group-wide umbrella culture;
2. The development of core technologies and core competencies;
3. The development and use of multinational teams;
4. Application to the development of effective global managers;
5. Building a multi-domestic or federal organisation along a global-local continuum;
6. The development of effective communication, understanding and patience;
7. The development of customer focus programme.

Matrix structure

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Source: Johnson and Scholes (1992), *Exploring Corporate Strategy*, Prentice Hall, 358



Percy Barnevik

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1. Reorganize into three geographic regions, Europe, Americas and Asia
2. Regional heads into the EMC
3. Segments were brought back to 4 segments.

Göran Lindahl

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1. Change to a knowledge based organization
2. 6 business segments
3. Problems in Financial Services and Quality control in Power generation

Jürgen Centermann

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1. Major restructuring
2. New acquisitions and issues relating to reducing costs
3. Repairing the balance sheet