



The aftermath of acquisitions: challenges after an acquisition

A case study on Food Inc's acquisition of Bhojana

Bachelor Thesis International Business

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Abstract

Background

Mergers and acquisitions (M&As) are at present the most common way for a corporation to achieve growth. However, empirical studies show that, at best, only half of all mergers and acquisitions meet the initial strategic and financial expectations. In the analysis of M&A failure, poor target-selection decisions, unreasonable high purchase price and strategically mismatched organizations are common sources. It is furthermore well documented that mismanagement of the last stage in the acquisition process, the post-acquisition process is a significant source to acquisition failures.

Problem

Although there has been a great amount of research conducted on the acquisition process and especially the significance of a well-managed post-acquisition process, we have found lack of research with regard to what happens after this fundamental and ultimate phase has been carried out. What internal challenges might exist and can these be traced to the management of the post-acquisition process? Many corporations emphasize on going through the post-acquisitions process as quick as possible where they tend to “turn off the light”, meaning that they withdraw resources, management-teams and regard the process as complete. However, with regard to the high failure rate of acquisitions, it seems reasonable to believe that there might be a need for an intensified long-term approach to the acquisition-process in order to avoid future potential internal challenges and failure.

Purpose

The purpose of this study is to help contributing to the M&A literature by filling some of the unexplored gaps in how to manage acquisitions. We will by answering our research questions identify what internal challenges a corporation might face after an acquisition has been completed and if these potential challenges be traced to the acquirer’s management of the post-acquisition process. This will subsequently clarify if there might be a need of extending the acquisition process, hence adding a so called “post-post-acquisition process”, in order to prevent future upcoming internal challenges and failure. We believe that our findings and conclusions will be helpful in further research and give meaningful input in forthcoming M&A activities pursued both domestically and internationally.

Method

Since this research contained the need of identify, chart and analyze complex processes and phenomena, we chose to do a qualitative case study. The chosen case was Food Inc's acquisition of the India-based, family-run corporation Bhojana in 2007. To answer our research questions we have conducted interviews with key personnel involved in the acquisition in order to chart its process and identify what challenges they are facing today. In order to analyze the entire acquisition, its approach and challenges, we have used acknowledged M&A theory. A central part in the analysis was furthermore our extended model on the acquisition process that was used for looking at the case study's context to see if this specific case current challenges could have been prevented if a post-post-phase would have been added. This model was developed before we conducted the empirical study and is based on own interpretations developed after having identified potential lack in current M&A theory.

Conclusion

This study is only based on one case hence we cannot draw any general conclusions from our results, however, we consider Food Inc's acquisition of Bhojana to be a successful example of M&A theory in practice. Having managed the post-acquisition process with outermost care, resulting in a low number of encountered challenges during, as well as after the process, we believe that this case is a great platform to gain knowledge from.

Our research shows that internal challenges a corporation might encounter after an acquisition primarily are related to the management of people. These challenges are relevant regardless the acquirer's prior management of the post-acquisition process, however, if these challenges are diminished or turned into real problems seem strongly linked to this management. Furthermore, Food Inc's long-term approach to the whole acquisition-process indicates a new framework on how to manage these activities, where we believe Food Inc is at a certain point after the generally known last phase of an acquisition process, at a "post-post-acquisition process". This supports our reasoning about a potential need of an added phase to the acquisition process. Extending the process and further adding a new dimension might consequently lower the number of failed acquisitions as the internal focus and continuous work remains.



Table of Contents

Chapter 1 - Introduction	6
1.1 Background	6
1.2 Problem Area	7
1.3 Research questions and purpose of the thesis	9
1.4 Case introduction	9
Chapter 2 - Methodology	10
2.1 Research approach	10
2.2 Research method	10
2.2.1 Choice of research objects.....	10
2.2.2 Data collection	11
2.3 Theoretical framework	12
2.4 Analysis	13
2.5 Limitations	13
2.6 Validity and reliability	13
Chapter 3 - Theory	14
3.1 The M&A Process	15
3.2 The post acquisition process	18
3.2.1 Integration framework.....	18
3.2.2 Transition phase	20
3.2.3 Consolidation phase.....	20
3.3 Common challenges in the post-acquisition process	21
3.3.1 Problems in the integration process	21
3.3.2 People management	22
3.4 Summarizing the acquisition process	23
3.5 Theoretical discussion – A new theoretical perspective?	23
Chapter 4 – Empirical study	24
4.1 Background	25
4.1.1 Food Inc.....	25
4.1.2 Food Inc’s target markets.....	25
4.1.3 Food Inc’s acquisition targets.....	26
4.1.4 Bhojana.....	26
4.2 The acquisition	27
4.2.1 The pre-acquisition process.....	27
4.2.2 The post-acquisition process.....	28
4.3 The situation today	30
4.3.1 Completing the acquisition.....	30
4.3.2 Current challenges.....	31
4.3.5 Future outlook.....	32
Chapter 5 – Analysis	33
5.1 Food Inc’s acquisition process	33
5.1.1 The pre-acquisition process.....	34
5.1.2 The post-acquisition process.....	35
5.2 Challenges and the situation today	36
5.2.1 Challenges during the acquisition process	36
5.3 A new theoretical perspective?	38

Chapter 6 - Conclusion 41
6.1 Research conclusion 41
6.2 Strategic conclusion and discussion 42
6.3 Criticism to the research..... 43
6.4 Further research..... 44

Chapter 7 - Exhibits 45
7.1 Interview base - CEO of Food Inc 45
7.2 Interview base - Vice President of operations development, Bhojana..... 46

Chapter 8 - References 47

Chapter 1 - Introduction

In this chapter you will be introduced to the chosen field of study. A short presentation about the theory of mergers and acquisitions will be presented as well as its complications. The identified problem area will be introduced followed by the purpose of the thesis. Finally we will present the case study that provided a foundation for this thesis.

1.1 Background

Mergers and acquisitions (M&As) are at present the most common way for a corporation to achieve growth (Som, 2009). In 2010, the activity of mergers and acquisitions amounted to a value of US\$2.4 trillion where the driving force in the total value was acquisitions across borders (RTT News, 2011). Acquisitions across borders is the most frequent mode of entry to foreign markets since it enables corporations to overcome barriers to entry and get immediate market power and access (Som, 2009). Compared to Greenfield investment, which decreased in both number and value, cross-border M&As increased with 37 per cent during the year of 2010 (UNCTAD, 2011).

The term mergers and acquisitions are often used as synonyms, the unified term M&A is hence habitually used in theory. Despite their similarities, there is, however, a significant difference between them. A merger is when a new firm is created out of two already existing corporations, often of same size, where an acquisition on the other hand is when an acquirer purchases a controlling interest in another corporation and establishes itself as the new owner of the corporation (Angwin, 2007). For this thesis, the main focus will be on acquisitions only and not mergers. The process of undertaking acquisitions is in theory presented in many different ways. A holistic view, however, is that it consists of three main stages: a pre-acquisition process, transaction and a post-acquisition process.

There are numerous reasons for corporations to pursue M&As. These can be classified as financial-, strategic-, economic- and behavioral where the most common motive is to achieve growth. (Angwin, 2007) Other motivations are the prospects of capturing synergy, a desire to diversify into new products and markets, consolidate, get access to intellectual property rights and the possibility to acquire particular knowledge (Cartwright, Cooper, 1993; Gaughan, 2001). However, despite its numerous activities, there are high risks and challenges incorporated in the activity of mergers and acquisitions, shown by its high failure rate.

Empirical studies repeatedly demonstrate that, at best, only half of all mergers and acquisitions meet the initial strategic and financial expectations (Cartwright and Cooper, 1993; Hunt, 1990) and more recent studies show that the failure rate of M&As has increased and at present lies around 70 per cent (Alton and Christensen and Rising and Waldeck. 2011; Marks and Mirvis, 2001). Lasserre (2008) classifies a merger or acquisition as failed if the value of the combined entities is less than the sum of the value of the independent entities prior to the merger or acquisition.

In the analysis of M&A failure, poor target-selection decisions, unreasonably high purchase price and strategically mismatched organizations are common sources. It is well documented that mismanagement of the post-acquisition process, cultural incompatibility between firms and the negligence in leading change also are involving factors for acquisition failures (Cartwright and Robertson and Tytherleigh, 2005; Cartwright and Cooper, 1993; Datta, 1991; Nahavandi and Malekzadeh, 1988; Olie, 1994; Kotter, 1996; Schweiger and Very, 2001). The post-acquisition process is the last step in the management of an acquisition process where the acquiring corporation integrates the acquired entity, and is usually regarded as the most difficult process to manage. According to theory this stage is crucial for an acquisition's success where the acquiring corporation implements rules, standards and install a unified vision that match its overall strategy. (Angwin, 2007) The importance of the post-acquisition process is further supported by Blomstermo, Johansson and Pahlberg (2002) as they imply that the integration time after an acquisition usually is a difficult and time-demanding process that creates large tensions within each entity's original networks and might in worst case scenario, diminish them.

The identified scale of M&A activity makes the theory hard to ignore since there has been a great amount of research done within the field. Searching Amazon.com (2011) shows 26,520 business books on acquisitions only, meaning that there are still frequent discussions on how to manage acquisitions. However, despite intense research in the field, we have identified a potential lack of research where further investigations can be made.

1.2 Problem Area

As touched upon before, a recurring source for an acquisition's failure is the management of the post-acquisition process (Datta, 1991; Cartwright and Robertson and Tytherleigh, 2005). A poorly managed post-acquisition process can end up with uncertain and anxious employees and to bring different cultures together has psychological consequences that may lead to

damaging actions within the corporations (Angwin, 2007). Although there has been a great amount of research conducted on the acquisition process and especially the significance of a well-managed post-acquisition process, we have found lack of research with regard to what happens after this fundamental and ultimate phase has been carried out, when the acquisition process is perceived as complete.

As we have not been able to find any conducted research within this field and hence no specific related theory, we will further investigate what internal challenges that might exist after all stages in the acquisition process have been fulfilled and when everyday operations are supposed to be in order. Many corporations emphasize on going through the last phase, the post-acquisition process as quick as possible where a common time constraint is 100 days, but sometimes even less. The acquiring corporation then tend to “turn off the light”, meaning that it withdraw resources, management-teams and simply regards the process as complete. We do however wonder about the consequences of this short-term approach. With regards to the high failure rate of acquisitions, it seems reasonable to believe that there might be a need for an intensified long-term approach to the acquisition-process in order to avoid potential internal challenges and failure. We believe that this research will give a further in-depth view on different internal challenges that face acquisitions after it has been complete and if these challenges can be explained and traced to the management of the post-acquisition process. This will hence clarify if there might be a need of adding another stage that will extend the acquisition process, a “post-post-acquisition process”, in order to prevent future upcoming internal challenges and failure.

Due to empirical studies that have shown that challenges in acquisitions across borders are greater than domestic ones, we have chosen to investigate a cross-border acquisition. Instead of “solely” identifying a suitable target, cross-border M&As are more complex as corporations additionally face differences within organizational culture, corporate governance, power of rank, regulations, expectations and national culture (Finkelstein, 1999; Schweiger and Very, 2011).

1.3 Research questions and purpose of the thesis

Our research questions are stated as follows:

- ◇ What internal challenges might a corporation face after an acquisition has been completed?
- ◇ Can these potential challenges be traced to the acquirer's management of the post-acquisition process?

The purpose of this study is to help contributing to the M&A literature by filling some of the unexplored gaps in how to manage acquisitions. We will by answering our research questions identify what internal challenges a corporation might face after an acquisition has been completed and if these potential challenges be traced to the acquirer's management of the post-acquisition process. This will subsequently clarify if there might be a need of extending the acquisition process, hence adding a so called "post-post-acquisition process", in order to prevent future upcoming internal challenges and failure. We believe that our findings and conclusions will be helpful in further research and give meaningful input in forthcoming M&A activities pursued both domestically and internationally.

1.4 Case introduction

We have chosen to investigate an acquisition in India done by a Scandinavian corporation. This choice was done due to the recent focus on emerging markets and the increased challenges implied in acquisitions across borders.

In order to more easily identify challenges, we chose to investigate an "extreme case". Due to the amount of confidential information that we have been given during interviews, we chose to have this case study anonymous in order not to harness its competitive advantage. Following information about the companies is thus fictitious but has an overall resemblance to the real case.

This case study is about one of Scandinavia's largest companies Inc Group that operates in branded consumer goods. For this case study, we chose to investigate its division Food Inc that operates in the food industry, since its primary growth comes from acquisitions and is thus in line with our research proposal. This specific case study will be about Food Inc's acquisition of the Indian-based, family-run company Bhojana in 2007. The classification of being an "extreme-case" comes from its differences in national origin, organizational structure and hierarchy of power.

Chapter 2 - Methodology

This chapter will present and motivate the chosen scientific approach and research method in order to explain why the specific case study was selected and how the empirical research was conducted. Also, criteria for the theoretical framework and procedure of analysis will be presented as well as limitations and validity of the research

2.1 Research approach

With this research, as explained in previous chapter, we want to look deeper into and analyze what internal challenges a corporation might face after an acquisition has been completed and if these potential challenges can be traced to the acquirer's management of the acquisition process. We have chosen a hermeneutic scientific approach and inductive and qualitative research method in order to find answers to our research questions. A hermeneutic approach emphasizes on issues that primarily cannot be scientifically measured, such as the human behaviour. Instead this approach looks at the context in order to interpret and draw conclusions. (Kovalainen, 2008) Our choice of research approach comes from the complexity of our research questions which involves factors that are hard and impractical to measure in a statistical way. We will instead analyze this case' context and draw conclusions with the help of our theoretical framework.

2.2 Research method

When the goal with a research is to identify, chart and analyze complex processes and phenomena, the case study is a suitable method. The main reason for this is that a case study allows and even demands a certain closeness to the research object. (Merriam, 1988) Since our research requires us to be close to the research object in order to get a profound understanding of the situation we have hence chosen case study as research method. Furthermore, we decided to do a qualitative study since our research questions demand a deep investigation and not analysis based on quantifiable-data.

2.2.1 Choice of research objects

As explained in the introduction, a case study has been done on the Scandinavian food-corporation Food Inc. and its acquisition of the Indian corporation Bhojana. The choice of investigating this certain case was based on several reasons and criteria. When looking for a suitable acquisition to look deeper into, the first criterion was that the acquisition had to be perceived as complete. Since this certain acquisition took place in the beginning of 2007, we

assumed that this was the case but as you will see in the empirical study, it was not. Furthermore, due to cross-border acquisitions implications mentioned in the introduction, we looked for an acquisition that had been done across national borders. In addition, the recent focus on emerging markets made us search for an acquisition that had took place in one of the BRIC-countries. Having the main criteria set for finding a suitable case to investigate, we based our succeeding search on accessibility and convenience. Since we wanted to get the opportunity to do a qualitative research based on face-to-face interviews, the geographical distance had a significant meaning. Having searched for and finally identified a suitable corporation within a capable distance, Food Inc in Scandinavia, we got to the insight that personal contacts had strong connections to the corporation. As a result, based on the corporation's geographical closeness, convenience of accessible contacts and the corporation's acquisition of a firm in India 2007, we took the decision to make further investigations hence making it the target of our case study.

Another dimension to our approach of decision-making is that this case presented the characteristics of being an "extreme case", hence making it easier to identify potential current challenges. The classification of being an "extreme case" was due to the identified differences in national origin, organizational structure, size and hierarchy of power between the corporations.

As mentioned in the introduction we have chosen to have the corporations anonymous due to the amount of confidential information we have received from our interviews. The names of the corporations are thus fictitious but their sizes, origin and strategies are authentic. What concerns featured numbers, such as turnover and number of employees these have been slightly modified in order for the reader to not be able to trace the corporations to their originality.

2.2.2 Data collection

The empirical research is based on primary data that solely has been collected through interviews. This choice was made since we wanted to investigate the post-acquisition process in detail with people involved and not only secondary data from the corporations' websites etcetera. We conducted two interviews, one with the CEO of Food Inc and one with the Vice President of operations development at Bhojana who normally works at Food Inc's headquarters in Scandinavia. Both interviewees have worked for many years in the corporation, which make them well experienced within the fields of mergers and acquisition since this is the corporation's most common growth strategy. The CEO of Food Inc has

further on an extra large amount of knowledge within this field since he is the manager of the corporation's internationalization and has hence been involved in several acquisitions.

As mentioned above, we wanted to conduct interviews face-to-face. This was in order to receive the interviewee's total response, both verbal and non-verbal reactions such as specific expressions and gestures. The first interview was held with the CEO of Food Inc at its headquarters and took approximately two hours. The second interview with the Vice President of operations development at Bhojana in India was for practical reasons held over telephone due to the geographical distance and took approximately one hour. Despite the lack of face-to-face interaction, we believe the telephone interview turned out well, since we put a lot of effort on trying to understand underlying reflections and interpret perceived feelings as much as possible. However, it was much easier to fully understand the person being interviewed face-to-face since we more effortlessly could ask attendant questions. The interviews were held in a semi-structured manner in order for us to ensure to both get answers to our key questions as well as open up for further discussions. We had e-mailed both interviewees beforehand in order to make them more prepared for the interview. However, since we had framed the interview in a semi-structured way we could ask attendant questions when needed in order to get a deeper understanding and hence greater knowledge.

For the description and background of both corporations we have also used secondary data in order to get an overview of the corporations. This collection of data furthermore helped us be more prepared for the interviews, which enhanced the quality of the gathered primary data as we easier could ask attendant questions based on prior knowledge.

2.3 Theoretical framework

We have used acknowledged M&A research and theory when shaping the theoretical framework. As our research covers the activity of acquisitions we have emphasized the theory of acquisitions and not mergers. The framework highlights and explains the dominating theory within the field of study and brings up theory relevant for our research questions. The framework has been essential for us in order to make an accurate analysis of Food Inc's acquisition of Bhojana. In order to make the acquisition process more comprehensive we will summarize the theory in an illustration. This will furthermore act as a base when analyzing the case.

Finally, a theoretical discussion will be presented where we discuss the potential need for an extended acquisition-process. The discussion is based on own interpretations developed after having identified potential lack in current M&A theory. The model was developed before we had conducted the empirical study.

2.4 Analysis

Our approach in the analysis chapter is initially based on a comparison between findings from the empirical study and the theoretical framework. It will consist of Food Inc's entire acquisition process of Bhojana and not solely the post-acquisition process. This decision has been made as we see this as critical in order to get a full understanding of the situation and hence be able to draw conclusions from our research. A central part in the analysis is furthermore our developed model presented in the theoretical discussion that will be used by looking at the case study's context in order to see if this specific case current challenges could have been prevented if a post-post-phase would have been added to its acquisition process.

2.5 Limitations

Time-limitation made us take the decision to limit the research to one case study. Hence we cannot draw any general conclusions from our results. When conducting this in-depth research, we wanted to interview employees at Bhojana as well as those involved at Food Inc in order to get their perspective on the acquisition. This did, however, turn out to be highly unpractical and unrealistic due to the geographical distance where we instead decided to focus our research on the acquirer's perspective. This however, once again, limits the use of the research, as the result can be argued to be biased.

2.6 Validity and reliability

We have tried to ensure as high validity as possible for our research within the set time frame. When conducting a research, investigators should be aware of both external and internal validity. External validity refers to the extent results of the study are generalizable and internal validity refers to the precision of how the study was conducted (Merriam, 1988). With regards to internal validity both of us took notes during the interviews and in order to not miss out on any findings we initiated writing early, as soon as the first interview had been conducted. The semi-structured interviews furthermore gave us the opportunity to listen carefully and ask attendant questions that could clarify certain statements and diminish potential misunderstandings. When the second interview was conducted we did not refer to any answers that were given from the first interview with the CEO of Food Inc. This was done in order to not aim the second respondent in a certain direction but to fully get his

individual beliefs about the acquisition and its current situation. Since the respondents wished to have the corporations and themselves anonymous the amount of given information could be more rich and authentic hence increasing the case study's validity. With regards to the external validity we know that this research has its limitations. Since this case study only has been conducted on one acquisition, we cannot make any legitimate generalizations as discussed above.

Reliability refers to what extent a research yields the same results on repeated trials and the trustworthiness of the given content (Merriam 1988). Since our case study is of an anonymous character, it is hard to re-do the exact same case study. Also, since it is hard to investigate secondary data to prove given facts due to its anonymity, a reader might question the contents reliability. Despite of this awareness, we as authors have tried to ensure that the conducted data is of highest quality and hence have a strong reliability. Since reliability is dependent on the reliance of the respondents, we chose respondents with outermost care. By only interviewing personnel with important roles in the acquisition and with strong previous knowledge in the field of study, we were able to obtain a high quality in the collection of primary data, hence achieving a greater amount of reliability.

Chapter 3 - Theory

This chapter will present the chosen theoretical framework that will be used in order for us to make an accurate analysis of the empirical study. Initially, we will give a theoretical perspective of the entire acquisition process in order to make the activity understandable for the reader. The presented theory will furthermore be summarized in an illustration to make it more tangible. Finally, a theoretical discussion will be presented where we discuss the potential need for an extended acquisition-process. The discussion is based on our own interpretations developed after having identified lack in current M&A theory.

For our theoretical framework we have used acknowledged and peer-reviewed M&A theory. Presented theories have been published within a time line of twenty years. Our choice of presenting certain relatively old theories is due to their still valid legitimacy and relevance, such as the integration framework presented by Haspeslagh and Jemison (1991). However, more focus has been, on theories presented by Angwin (2007) and Lasserre (2008), as these

theories have further developed previous research and increased the prominence of the post-acquisition process.

3.1 The M&A Process

As mentioned in the introduction, a well-planned acquisition process is crucial for an acquisition to become successful. The execution of the process sets the overall quality of the acquisition and its ability to create value. In theory, there are many different models on the acquisition process with certain stages to complete. A holistic view on the process is that it involves three main stages: a pre-acquisition process, transaction and a post-acquisition process.



Haspeslagh and Jemison (1991) illustrate the acquisition process by introducing a conventional view of acquisition decision-making where emphasis is on estimating potential value creation. Their model is based on hard economic, strategic and financial evaluation and constitutes of seven components: strategic objectives, search and screening, strategic evaluation, financial evaluation, negotiation, agreement and integration (Haspeslagh and Jemison, 1991). A more generalized view, referred to the three main stages mentioned before, is the process that includes: preparation, negotiation and integration introduced by Sudarsanam (1995). The author has elaborated the three main stages with underlying components, equivalent to those of Haspeslagh and Jemison, as: strategy formulation, target search, evaluation, negotiating, financing, closing the deal and finally a match of organizational, cultural and strategic fit in the integration phase (Sudarsanam, 1995).

Last decades, more emphasis has been placed on the third phase, the post-acquisition phase, as the awareness of its relevance has increased. The integration phase and less tangible matters have also been added in the phase of planning, such as people management (Marks and Mirvis, 2001). A systematic description of the acquisition process, presented by Angwin (2007), involves five main stages: framing the strategy, identifying the target, negotiating the transaction, post-deal implementation and results. This theory of Angwin (2007) highlights the importance of having a well-planned process from the start of an acquisition until the end. To ensure a successful acquisition, the acquirer first and foremost needs to review its overall corporate strategy and consider its strategic options. After having framed a strategy, the acquirer sets its growth directions, whether through the acquisition it will extend its activities

in terms of products or in terms of markets. Angwin (2007) presents four main directions to choose from: market penetration, market development, product development or diversification. The relatedness between the acquirer and the acquired firm, whether their products or markets overlap, decides which growth direction the acquisition will have.

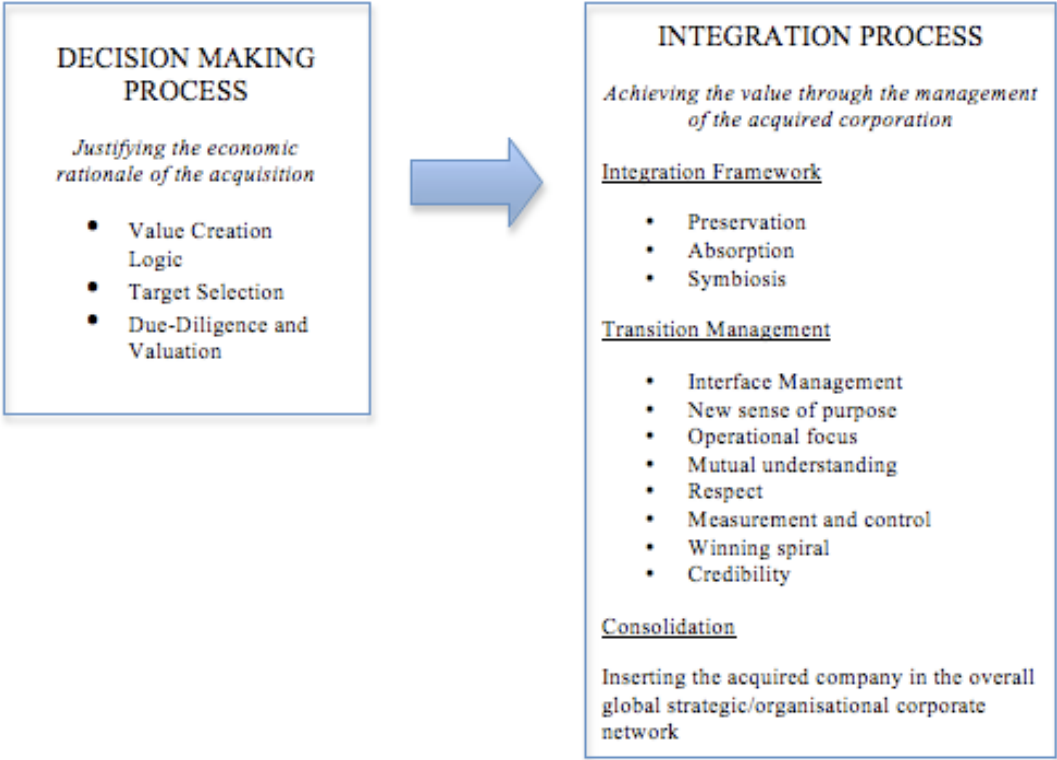
When looking for a suitable target, a set of criteria for acquisition targets is established. A fit analysis of strategic, organizational, capability and cultural factors need to be done in order to see the possibility for a great match. It is, however, often difficult to find a target that has a perfect fit while at the same time being open for sale. When having identified a target, a valuation and price offer is set. For an acquirer, value is achieved when the combination of the two, minus the acquisition cost (the premium price and costs of integration), exceeds the value of both firms standing on their own. (Angwin, 2007)

After the price offer has been set, negotiations take place. There are two ways for the acquirer to approach the target company: friendly or hostile. A friendly acquisition is when the acquirer approaches the target firm's management with a bid who subsequently recommend the deal to its shareholders for approval. In hostile deals, the acquirer goes directly to target firm shareholders without approaching the management in the target firm. (Angwin, 2007) Further on, acquirers need to conduct a thorough due diligence. A due diligence team consists of professional advisors who validate all the information they have on the target company and make further investigations on its conditions and resources. Screening of targets covers the appointed financial and strategic criteria as well as the assessment of human and cultural elements. The less tangible matters in a due diligence are also important as it investigates and reveals motives of the seller in an acquisition. These soft investigations also reveal the employees of the target firm's feelings about the acquisition. (Marks and Mirvis, 2001) Furthermore, the extent to which the acquirer can insert due diligence depends on the openness of the target firm. Since any target is likely to present the best possible image of itself to achieve maximum price offered, this process can be hard-mastered. Finally, the largest part of the negotiation stage is spent on verifying legal obligations, clarifying formal treatments such as accounting and negotiating the price. Once the deal has been completed, the acquirer can begin to manage the target company, which occurs in the post-deal implementation process. (Angwin, 2007)

Lasserre (2008) gives another dimension of the acquisition process as he having revised the work of Haspeslagh and Jemison, presents a framework on cross-border M&As. The

acquisition process in global M&As is a two-piece framework, the pre-acquisition process, refers to the decision making process and the post-acquisition process, refers to the integration process. Components within each process are similar to those theories described above. The global M&A approach is illustrated in figure 2.1.

Figure 2.1: The acquisition process in global M&As. *Source: Adapted from Hasepslagh and Jemison, 1991, repr. Lasserre, 2008, p 139*



The logic of value creation, in the decision-making process, in economic terms is only justified if the value of the two combined entities is bigger than the sum of the value of the independent entities before the acquisition. From a strategic point of view value can be created with regards to benefits the acquisition will bring the acquirer, such as global reach, consolidation and/or diversification. (Lasserre, 2008) In hand with finding the appropriate strategic and economic value, the target selection process that was described in previous paragraph takes place. As touched upon before, the subsequent due diligence and valuation of target can be quite hard-mastered. This is principally the situation in global acquisitions in emerging markets due to less accurate, reliable, accessible marketing and strategic information, encountered difficulties in view of political or nationalistic attitudes, and accounting standards that are not in line with international standards.

3.2 The post acquisition process

As stated in the introduction, the post-acquisition process is the main source of failure for M&As if not handled properly. The outcome of the post-acquisition phase largely depends on its managerial planning prior to the acquisition and actions taken during the process (Lasserre, 2008).

3.2.1 Integration framework

Given that the post-acquisition process can be a phase of anxiety and uncertainty, there is a great need to have a well-planned integration framework that can help and guide those involved in the acquisition process in order to generate a certain degree of assurance (Lasserre, 2008). The integration of a foreign acquisition is furthermore generally much more complex than in purely domestic context due to lack in familiarity of the target's environment and organization (Sudarsanam, 1995).

A corporation's attitude to integration can be explained by considering two central dimensions of the acquisition: its relationship to the acquisition target and how value is created. These dimensions relate to the extent the acquired firm needs to be integrated, nature of interdependence, and the need to retain the acquired firm's organizational configuration and strategic capabilities. (Angwin, 2007; Haspeslagh and Jemison, 1991; Sudarsanam, 1995) The contingent framework developed by Haspeslagh and Jemison (1991) is the dominating model within the field of integration framework. The contingent framework considers the distinctive needs for strategic interdependence and organizational autonomy in a matrix-illustration that helps suggest suitable integration approaches (Figure 2.2) The model presents four distinct integration styles that determine what organizational architecture the acquired firm should have. Options include: preservation, symbiosis, absorption and holding.

Figure 2.2. Source: Haspeslagh and Jemison, Managing acquisitions, 1991

Need for organizational autonomy	High	Preservation	Symbiosis
	Low	Holding	Absorption
		Low	High
		Need for strategic interdependence	

In a preservation-acquisition, the acquired corporation preserves its independence and cultural autonomy. The primary task of the acquirer is thus to keep the source of the acquired firm intact, since deterioration in the acquired corporation's ways of managing daily operations could hamper future success. The preservation mode fits with situations where few operational synergies can be achieved and the context of business desires a large degree of autonomy in decision-making. This mode is therefore common in many cross-border M&As due to the need of local adaptation. Since no synergies from interdependence are to be expected, and no major benefits or value can be added by forcing integration of processes, assets and decision-making, the objective is to preserve the acquired entity as far as possible. In this mode, only general management skills may be transferred. (Haspeslagh and Jemison, 1991; Lasserre, 2008; Som, 2009) Instead of gaining from achieved synergies, the value in preservation-acquisitions comes from an enlargement of markets, products and the transfer or competencies. However, in order to develop and exploit the acquired firm's capabilities to the full, the acquired firm still needs to be supported by its acquirer (Sudarsanam, 1995).

The symbiosis strategy is often referred to "best of both" or as a "merger of equals" (Som, 2009). The integration process begins with a preservation mode but as the corporations start to coexist they gradually become increasingly interdependent. There is no sharing of operational resources, but there may be a gradual transfer of functional skills. As figure 2.2 shows, symbiotic acquisitions involve a high need for both strategic interdependence and organizational autonomy and thus presents the most complex of managerial challenges. Symbiotic acquisitions as the preservation mode are often used across borders, where value is gained from the achievement of synergies but differences in environmental contexts require a high degree of autonomy. (Haspeslagh and Jemison, 1991; Lasserre, 2008; Sudarsanam, 1995)

The mode of absorption is used when there is a low need for organizational autonomy, but a high need for operational interdependencies and is thus a direct contradiction to the preservation mode described above. In absorption, the degree of integration is complete as it implies full consolidation of operations, organization and culture over time. This enables the acquiring companies to adopt best practices and recognize complementarities. However, in order to eliminate duplication, it is important to share operational resources. Holding is a relatively rare mode of integration where there is both a low need for strategic interdependence and organizational autonomy. This implies that the acquired corporation in a holding acquisition might be in a situation where it cannot function on its own and where it

solely needs financial help in order to survive. The acquirer hence takes the position as a rescuer. (Lassere, 2008) (Sudarsanam, 1995)

3.2.2 Transition phase

Despite integration mode, there is a critical phase in any merger or acquisition where there is a high risk of shock or anxiety among those involved. In the post-acquisition process this is often witnessed during the process of change, the so-called transition phase. The transition phase is when the acquirer establishes its credibility and demonstrates its ability to manage the new concern or acquired corporation. To create confidence and reliability in an acquisition, the acquirer needs to show proof of credibility. To strengthen the degree of credibility it is essential that involved managers work closely with headquarters to make sure that the acquisition is well supported by the centre. In the transition phase there are seven main issues that need to be solved: (a) Appointment of an executive team and interface management (b) Instilling a new sense of purpose, demonstrating that the acquisition has been well planned (c) Focus on concrete operational results (d) Development of mutual understanding and respect (e) Introduction of measurement tools to measure and control progress (f) Creation of a winning spiral (h) Demonstration of credibility. (Lasserre, 2008) For cross-border acquisitions where cross-cultural issues are likely to arise, mutual understanding and respect has a great importance. The ability of two entities to understand each other is critical for the success of any integration. Mutual understanding is enhanced when the acquirer shows respect for employees of the acquired company and adopts an attitude sensitive to cultural differences. In order to manage a successful transition phase, acquirers should instill a climate of mutual understanding by studying existing practices of the acquired company and seek opinions among employees before introducing change. (Lasserre, 2008) The purpose of the transition is to give confidence to various stakeholders about the capabilities of the acquirer to contribute to the development of the acquired firm.

3.2.3 Consolidation phase

According to Lasserre (2008) the consolidation phase is about providing the acquired corporation with a strategic identity and ensuring that it has a specific role in the overall regional or global strategy of the acquirer. To ensure successful integration, it is important that the acquired firm's employees feel that they have certain roles to play, that they are a part of a strategic vision and that their contribution is essential for achieving it. One of the best methods to give the acquired firm a sense of purpose is to delegate specific responsibilities, for example leading strategic initiatives in terms of business or product development. Besides

integrating the acquired company strategically, it is also important to be able to make the acquired company part of the family by introducing it to the existing network of knowledge and competencies.

3.3 Common challenges in the post-acquisition process

3.3.1 Problems in the integration process

As previously mentioned, the management of the post-acquisition process is a critical factor in order for an acquisition to become successful. Haspeslagh and Jemison present three recurring problems in the integration process that tend to hamper the ability to create the appropriate atmosphere for capability and knowledge transfer in an acquisition. These are: determinism, value destruction and leadership vacuum.

Determinism refers to the fact that reality after an acquisition often is very different from what was initially expected. These differences appear because additional information becomes available and/or because of unexpected events such as changes in industry, technology, or changes in the acquirer's corporation. The problem of determinism arises, as there is a tendency to stick to original justification instead of trying to adapt to changes. The second recurring problem, value destruction, is explained by the impact and phases of change acquisitions have on established order of activities. These changes naturally foster uncertainty, fear and anxiety among the acquired firm's managers and employees who may become unwilling to work toward achieving success. Some employees might also leave the firm or retreat to past behaviors. Haspeslagh and Jemison (1991) highlight this problem as they state, "No matter how much empathy managers in acquiring firms have, they usually underestimate the depth of the problem of employee value destruction" (Haspeslagh and Jemison, 1991, p 132). As there is a tendency for value to be destroyed in acquisitions, the importance of great leadership is essential. Hence, the lack of leadership, leadership vacuum, may lead to great problems in the integration process. Leadership vacuum is referred to as the lack of appropriate leadership to articulate a new purpose for the combined firms. Institutional leadership is important during and after an acquisition in order to help involved people to develop, understand, and embrace the purpose of the as well as to see their role in it. Lack of leadership can affect the atmosphere of capability transfer by limiting interchange of knowledge, willingness to participate and organizational slack. (Haspeslagh and Jemison, 1991)

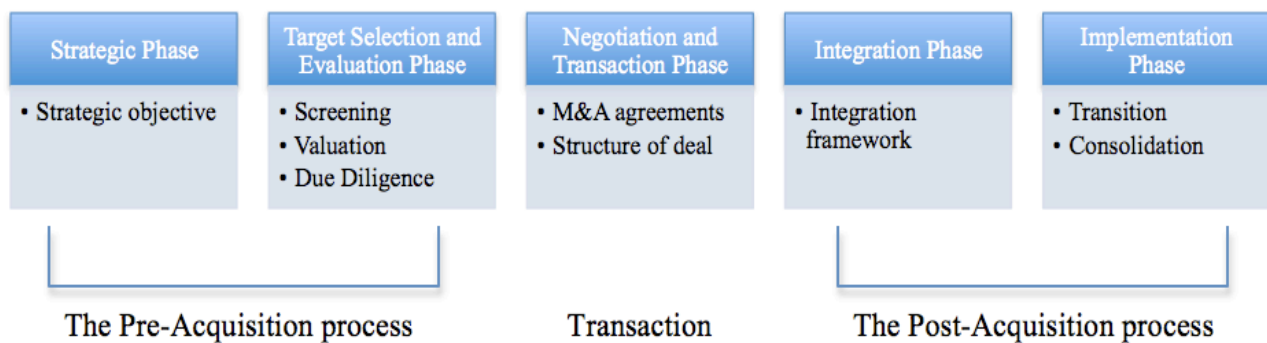
3.3.2 People management

Critical problems just presented, can be traced to the management of people in acquisitions. Researchers have and are still highlighting the issue of employees' and managements' reactions to acquisitions, which by Schweizer (2005) is referred to as the human-related phenomena. Schweizer divides the human-related reactions of employees and managers into three levels: individual-, interpersonal-, and collective, that each discusses a variety of reactions to acquisitions. Common phenomena on an individual level that follows after an announcement of a M&A, is shock, disbelief, grief and a high degree of uncertainty. As employees have no control over the situation and expect upcoming changes within its organization, they often feel anxious and stressed about the future. This stress factor is further augmented by time constraints, as it usually is a propensity to require a high degree of speed in acquisitions. If an acquirer has a desire to complete the acquisition process quickly, this will subsequently not only affect employees but also lower the chances for a successful outcome as integration issues will be disregarded or managed with hasty solutions. Another common phenomenon on an individual level is the loss of identity. The identity refers to the cognitive and affective bond an individual has to its organization. Employees thus run the risk of losing their identity if they no longer can relate to their corporation after an acquisition. (Schweizer, 2005)

Corresponding to an individual's relation to its organization, are the potential reactions that occur within the organization, at an interpersonal level. Phenomena on an interpersonal level are mainly related to the management of the integration process. Again, as previously mentioned, time has a critical impact on the management of the acquisition process. If the management team are under high time-pressure while at the same time facing many complex problems, they might employ a crisis-management mode. This mode is highly authoritarian and is further characterized by centralized decision-making and low flow of communication. Another common occurrence is passivity of management. This passive management can be referred to Haspeslagh and Jemison's theory (1991) about leadership vacuum presented before. Furthermore, the impact managers have on employees' behaviour can be immense. For example, if a leader leaves its position after an acquisition, employees might due to uncertainty follow their leader, which consequently will result in loss of knowledge and competencies. The final approach Schweizer presents is concerned with challenges encountered on a collective level. These challenges are mainly concentrated to cultural clashes between two firms and the attitude of "we versus them". (Schweizer, 2005) This problem particularly arises in the activity of cross-border M&As (Som, 2009).

3.4 Summarizing the acquisition process

In order to more easily comprehend how the overall acquisition process looks like, we here present an illustrated summary of the acquisition process. It is based on the theories presented by Lasserre (2008) and Angwin (2007) as these theories put more emphasis on the post-acquisition process, which as highlighted before is a crucial phase in an acquisition. The illustrated summary will furthermore be used as a framework when analyzing Food Inc's acquisition of Bhojana.



3.5 Theoretical discussion – A new theoretical perspective?

An acquisition process, as thoroughly described above, is considered complete after the post-acquisition process has been carried out. In general, corporations have developed a certain time frame for the management of this process that differs from case to case, but a recurring time constraint is 100-days (Angwin, 2004). After the last process has been carried out, hence usually after these 100 days, the management team withdraw resources and key personnel that have been working with the acquisition and perceive it as complete. All the challenges or issues related to the post-acquisition process which were described earlier in this chapter, are then expected to be solved. We do however, as stated in the introduction, believe that this constraint time limit might not be enough in order to achieve a successful acquisition with no remaining challenges. It is therefore, due to the high failure rate, easy to assume that there is a potential need for a prolonged acquisition process. We have accordingly developed a model of the acquisition process where we have added another element, the “post-post-acquisition process”.



We argue that the main purpose of potentially adding a post-post-phase is to change the overall short-term attitude towards acquisitions. Many recurring problems identified in theory cannot be solved within a short period of time and if aiming for maximizing value, a long-term perspective has to be embraced. An added dimension to the whole acquisition process can presumably help to avoid or diminish potential challenges a corporation might face after the post-acquisition process.

Our reasoning behind this new dimension furthermore comes from an assumed need of extending the process of transferring competencies and a requirement to maintain and further deepen an acquirer's initial relationship to its acquired corporation in order to diminish the complexity of people management. Since the management of employees during an acquisition can be quite hard mastered, it is of great importance to not rush through the post-acquisition process (Schweizer, 2005). Time is hence of big importance and we believe as stated above that issues of this kind cannot be solved within the constraint time limit of 100 days. The other mentioned aspect is the prospect of achieving value by transferring competencies. An acquirer has to develop and exploit its acquired firm's capabilities to the full and at the same time transfers its best practices (Sudarsanam, 1995). If aiming for creating true, sustainable value for both corporations, again, the short period of 100-days will not be enough. Hence, the acquisition process needs to be revised and prolonged. The case-study (that is the base of this thesis) will help us to see what kind of challenges a corporation might face after the post-acquisitions process has been completed and furthermore help us with our reasoning whether an added dimension could have solved or diminished these challenges or problems.

Chapter 4 – Empirical study

This chapter will present the case study of Food Inc's acquisition of Bhojana. We will first give a brief introduction to each corporation's background, followed by a description of the acquisition process and encountered challenges. Finally, we will present the current situation of the acquisition and existing challenges. We have chosen to describe the entire acquisition process to get a complete understanding of the case. This we see as crucial for making an accurate analysis and subsequently answer our research questions. As stated in the methodology chapter, the empirical research is based on primary data that solely has been collected through interviews held with the CEO of Food Inc and the Vice President of operations development at Bhojana who is temporarily sent out from Food Inc.

4.1 Background

4.1.1 Food Inc

Food Inc is a leading supplier of branded consumer goods in the food industry. It is currently present in 15 countries with strong positions (number one or two) in Northern Europe, Central Europe and Russia. The corporation strives to continuously grow and seize new business opportunities where its growth strategy is based on mergers and acquisitions. Food Inc's growth ambition is optimistic where it carefully chooses its foreign markets and potential acquisition targets in order to expand profitably. Food Inc operates on the basis of a multi-local model. This strategy means that an acquired company in a foreign market will maintain its brand name instead of being re-branded to the globally known brand, which according to the CEO is commonly done by other international corporations. This multi-local model is by the corporation itself perceived to be a great source to its competitive advantage since the acquired corporation will remain its local acquaintance and important relationship to existing customers.

4.1.2 Food Inc's target markets

To date, Food Inc has mainly expanded its business through acquiring corporations in the Northern and Central part of Europe where it holds its most supreme market positions. Lately however, there has been a shift in the food industry where corporations turn to seek new markets and potential targets. Since the food market in Europe has become mature, corporations including Food Inc, now follow the general movement to seek for business opportunities in emerging markets such as Russia, China and India. Food Inc argues that the shift of market focus comes from the great opportunity these countries offer due to their size of population, rapidly growing markets and citizens' increased purchasing power. Food Inc considers these market characteristics highly attractive and hence essential to take critical shares in. The CEO stresses this importance, as he states that there are big economic and strategic incentives behind the logic to follow this trend. "If the Swedish market has a growing potential of two percent with a population of approximately ten million people and the Indian market in its place has a growing potential of 20-30 percent with a population of 1,2 billion, the choice to invest in India instead of Sweden becomes natural and almost mandatory" (CEO Food Inc). Despite the emerging markets' high attractiveness, getting access to the markets through acquisitions has not been an easy task for Food Inc. As Food Inc is positioned as a high-brand, an acquisition of a corporation that does not represent the same could easily damage and lower its corporate reputation. Therefore, Food Inc prepares its entry to foreign markets very carefully and takes time to position itself by first and foremost

gather critical knowledge of the market and its leading brands. By doing so, they can identify which brands that can be potential future corporations to acquire.

4.1.3 Food Inc's acquisition targets

Food Inc first criterion when targeting potential acquisition targets is the requirement of having a leading position in its market(s). This is of high relevance to the corporation and the CEO states this by explaining that, "It is more demanding and resource intensive to make a weak position strong, than it is to make strong position stronger" (CEO Food Inc). It is furthermore of high significance, as mentioned above, what kind of product offering and brand awareness the potential acquired corporation has, which segments it is targeting and if it is a suitable complement to Food Inc's product portfolio. Additionally, the corporation needs to have an organizational and cultural fit with Food Inc and if it does not, it has to have the ability to change and adapt. However, the most relevant criterion for its targets is whether a potential deal can create a return on investment that is in line with the overall goals of Food Inc. The CEO really highlights the importance of having all these aspects taken into consideration when looking for potential targets.

In 2005, a window of opportunity opened in the Indian market. The food corporation Bhojana was for sale and combined with its essentials of having a top-position in its market and being a high-brand with strong growth potential, Food Inc became highly interested. Food Inc identified Bhojana as a good business opportunity and hence a potential corporation to acquire where a deeper investigation of the potential target shortly started thereafter.

4.1.4 Bhojana

Bhojana is an Indian based corporation operating in the same industry as Food Inc (the Food industry). The corporation is today, as well as prior to the acquisition, among top five processed food manufactures in India and holds strong number one or two positions in its current markets. The brand has for a long time been well established among the Indian population and its national origin is of high relevance as its products are referred to "Authentic Indian". Bhojana was founded in the early 20th century and has throughout history been run by the same family until the acquisition in 2007. In 2007 Bhojana employed 1000 people and its operating revenues totaled approximately \$40 million.

With a history of being a family-owned and run company, Bhojana's organizational structure and decision-making was prior to the acquisition strongly influenced by the founder and his family. The CEO of Food Inc points out that the decision-making was never made at a lower,

operational level within the organization, nor with a horizontal approach, but was solely managed top-down. All decisions had to go through top management that solely consisted of family members, which subsequently affected the efficiency within the organization. The owner and head of family has had a significant role in Bhojana where his values and actions have had direct impact on the corporation's stakeholders and its daily operations. The CEO refers to the corporate culture of Bhojana as a direct reflection of the owner's own values and beliefs, where the corporation's employees liked to see him as a father figure within the company.

4.2 The acquisition

4.2.1 The pre-acquisition process

After Food Inc had identified Bhojana as a suitable target based on previous mentioned requirements, a valuation process of the corporation commenced. The Food Inc Group's M&A team, placed at headquarters, carried out the valuation process by following a general procedure developed for assessing the corporation's current value and potential future synergetic value. After this procedure, Food Inc approached the management of Bhojana with a friendly bid. According to the CEO of Food Inc, there was no need for a hostile approach as Bhojana was open for sale. He additionally emphasizes the importance of having approached Bhojana with a friendly bid in order to gain its trust and make the deal become a reality. The CEO of Food Inc further argues that building trust between buyer and seller is important in every acquisition, but even more so in India. Relationships and ties between both family and business-partners are in India stronger and of higher relevance than in for instance the western part of Europe argues the CEO of Food Inc. Additionally, considering Bhojana's owner's big influence on the corporation and its employees, it was critical to get his acceptance and create trust when negotiating the deal. Food Inc, therefore, already in this early stage appointed one of its employees, a skilled and experienced negotiator, to be responsible for the continuous contact with Bhojana's owner. The main purpose of this was to get the owner and his family to feel involved and to gain their acceptance.

Bhojana approved Food Inc's first non-binding offer and Food Inc's initial investigation confirmed that an acquisition would be a good deal and in line with the corporation's overall strategy. After the approval, an additional more in-depth valuation round commenced where a due diligence started its accurate investigation. Food Inc has previously experienced that in emerging economies it is a big problem to make sure that the valuation of a corporation is

accurate. There are many cases of problems when corporations “dress up the bride” as the CEO states. This means that corporations attempt to hide defects in order to be evaluated higher. This is perceived to be a more recurring problem in emerging countries due to the lack of national control systems and objective data. The due diligence team hence carefully takes its time to go through all the important financial, legal, tangible and “soft” aspects in order to identify if an acquisition is profitable and for what price. During the valuation process it became obvious that the “soft issues would be the hard issues” as the CEO, frequently states. This meant that after the second valuation round was complete, Food Inc could evidently see how much power the owner of Bhojana had. Based on this finding combined with Food Inc’s way of doing business, Food Inc saw great need in changing Bhojana’s organizational structure. In order to ensure efficiency within the acquired entity, employees would have to change their ways and begin to take decisions of their own, an organizational transformation that was not easily managed. During the transition phase Food Inc was concerned with the risk of losing important competence and knowledge within the acquired entity. Therefore, Food Inc identified the importance of keeping the owner in the organization during this phase in order to gain the acceptance of Bhojana’s employees. As negotiations went on, both corporations came to the agreement that the owner would get the position as chairman during the following three years after the takeover. After negotiations had been set the transaction was completed and Bhojana was from now on a part of Food Inc.

4.2.2 The post-acquisition process

As stated earlier, Food Inc operates on the basis of a multi-local model. For Bhojana, this means that despite changed ownership structure it could still maintain its brand name and be run by the locals who have the best knowledge of the corporation’s products and markets. Food Inc is in general pro-decentralization but it, however, does strive to standardize its internal reporting systems, audits and risk management procedures in order to have control of its divisions. To share best practices within the strategy of acquisitions, the Food Inc Group has an experienced M&A team placed at headquarters. The M&A team have developed a general 100-day program that is used for all its acquisitions. The 100-day program is a specific list of things that should be done or accomplished during the first hundred days after an acquisition. The program is such an important and sensitive document for Food Inc that the corporation has chosen not to share it with the public in detail.

Food Inc has during the integration put a lot of emphasis on transferring and implementing its management skills and thus change the organizational structure of Bhojana in order to realize

growth. Food Inc's view was that Bhojana's old, one-man controlled system and structure, had limited the corporation's expansion possibilities. Organizational restructuring and the challenges sprung from this has hence been the major issue to deal with throughout the post-acquisition process. One of the first steps taken in order to achieve organizational change was to restructure the top management. Replacing the CEO was an essential part of this restructuring. The person who was assigned as new CEO was also from India who shared values and beliefs with Food Inc and had a good sense for Indian branding, distribution and sales. When the new CEO joined, a new management team was assigned who had an open mind to the restructuring. The goal was to obtain a divisional structure within the corporation in order to flatten out the existing strong hierarchy, and stimulate decision making at all levels. The new and also remaining managers were sent to Food Inc's headquarter in Scandinavia in order to learn more about the corporation's strong culture and management skills.

It was from the very beginning of the acquisition very important for Food Inc to emphasize the importance of mutual understanding and respect. Food Inc tried to make it very clear how much faith they had in Bhojana and that it would play a significant role as a part of Food Inc. Food Inc communicated to managers and employees that they were interested in the corporation's knowledge and skills and that Food Inc wanted to help them grow. The corporation's top management wanted to interact with employees as stated above, with understanding and respect in order to manage the potential fear of change among employees and also diminish the cultural and organizational differences. Although Food Inc adapted this approach throughout the process, managing cultural differences has since the acquisition's beginning been considered one of the most resource demanding tasks. According to the CEO of Food Inc, communication problems due to different frame references are a clear example of the impact cultural differences have.

The former owner, who as explained earlier, was appointed chairman during the transition phase, was in the beginning satisfied with this position. His power and influence did however decrease when key managers responsible for operational divisions attained more power. He did not feel comfortable in this new situation and decided to leave the corporation before agreed. This situation created uncertainty within Food Inc, as they were scared of losing important know-how. In line with this, the CEO of Food Inc once again emphasizes that "the soft issues are the hard issues" meaning that changing reporting and financial system etc. was relatively easily done compared to the challenge of changing people's set of mind.

4.3 The situation today

4.3 Completing the acquisition

Bhojana's Vice-President of operations development implies that the integration of Bhojana has been a process of extra long duration relative to Food Inc previous acquisitions. This is primarily being explained by two reasons: the long-lasting challenge of the management of the transition phase and the importance of building strong relationships in India. "If we had not managed to get Bhojana's organization on board in this journey of change, we would have faced a gigantic uphill. In order to do this, we simply had to create credibility and trustworthy relationships with all stakeholders involved, from top management to employees working with daily operations" (Bhojana's VP operations development). An additional factor for the ongoing integration process of Bhojana is Food Inc's requirement of high quality standard. To develop good standards within accounting, HR, marketing, sales, daily operations and ensuring high quality of raw materials, improvements are not occurring over night but are still at present being revised.

This year, four years after the initial acquisition process started, Food Inc looks at the acquisition as a still ongoing process. Disregarding the fact that the acquisition transaction has been carried out and Food Inc owns Bhojana, it is still working on the acquisition process. "Whether to classify if the acquisition of Bhojana is complete or not, we first and foremost need to outline to what degree we should refer to. Based on our standard integration program of 100-days and ownership structure, Bhojana has already been integrated to Food Inc. However, with regards to the current position of still transferring best practices and trying to improve Bhojana, the acquisition cannot be perceived complete" (Bhojana's VP operations development). When talking to the Vice President of operations development at Bhojana, he points out the importance of transferring best practices. "Compared to other big international companies where employees from the acquirer's headquarter are put in place to show how work is done by standardizing daily operations to international norm, Food Inc tries to observe and identify explicit areas in need of improvement. These areas can easily be identified due to Food Inc's superior experience within the food industry and great business knowledge that has created a range of best practices that are transferred to its acquired entities" (Bhojana's VP operations development). For Bhojana, this has resulted in a more strategic way of work similar to Food Inc. The Vice President refers this method to "bridge building" between the two corporations based on trust and credibility that conveyed humility and a sense of security for Bhojana's employees. The VP of operations development at

Bhojana and the CEO of Food Inc emphasize that its current status of still working with the acquisition is considered positive since it allows them to ensure that best practices are transferred and a long-term relationship can be maintained. The VP of operations development at Bhojana will continue to ensure this for one more year.

4.3.2 Current challenges

The Vice President of operations development expresses the main challenges faced with today to be the attractive but extremely tough Indian market's characteristics: its growth rate and high inflation. The Indian market has a growth rate that differs widely compared to Food Inc's previous market experiences, something that has resulted in a bigger challenge than it initially was perceived to be. "Being attracted by having identified great possibilities in a rapidly growing market is not hard to understand. However, what's more difficult to understand and do in practice, is frankly how to double production volume in three years in order to meet an excess demand." (Bhojana's VP operations development). Another market characteristic in India that has become a challenge for Bhojana and thus indirectly for Food Inc is the country's increasing inflation. Food inflation in India according to Bhojana's VP has increased more than ten percent last year, which consequently has affected Bhojana as its business forecasting becomes hard to predict, as the cost of production is so uncertain due to the inflation's volatility. Despite its indirect impact on the acquisition process, the VP still raised this challenge as it affects the degree of uncertainty among Bhojana's employees.

Former discussed challenges were to the VP of operations development primary in view of Bhojana. If instead looking at a perspective from Food Inc's lenses, the most certain long-term challenge faced both during the acquisition and at present is the cultural difference. "The impact of cultural differences is tremendously easy to underestimate. Despite the fact that this issue is being widely discussed in acquisitions, it is very hard to perceive what effects national culture and people's individual reference frames might have when two culture clash." (Bhojana's VP operations development) The VP of operations development doubtless believes that Food Inc could not have prepared more than it had done with regards to minimising cultural challenges during the acquisition process and at present. Both the VP and CEO of Food Inc imply that the critical success factor in trying to manage cultural changes has been and still is to simply use common sense. An additional factor for managing these challenges is according to Food Inc its corporate multi-local strategy that has allowed Bhojana to remain its national heritage externally as well as internally. The VP emphasizes

that at present he is the only Scandinavian employee working for Bhojana in India, a factor that most certainly diminishes the negative impact of cultural conflicts.

With experience from prior acquisitions, Food Inc knows that a recurring challenge is the preservation of knowledge within an acquired corporation. During the acquisition of Bhojana this was a risk when the corporation's owner decided to resign earlier than agreed. "When Bhojana's former owner resigned his position as chairman, some employees decided to follow due to strong relations and fear of future uncertainty. In order for us at Food Inc to ensure the preservation of the corporations' employees, we immediately had to create a degree of assurance for Bhojana's stakeholders." The VP continues by stating, "As we had insisted on growth, investments such as improvements of the infrastructure, production sites etc. had to occur quickly to create credibility. Additionally, equally important as preserving gained knowledge within Bhojana, is the exchange of knowledge between the two corporations. The transformation of best practices will not only create possible synergies, but also create strong relationships built on trust" (VP Operations Development). Despite working frequently with preserving employees, Food Inc as stated managed to lose a great source of knowledge when former owner of Bhojana left. Referring to previous description during the acquisition process, this created suspicion within Food Inc's top management of possible causes. Today this loss of competence has resulted in a new competitor for Bhojana operating in the same industry with similar product offerings. The advantage this new corporation will have is that it can learn from previous failures and have a broad business network. However the CEO of Food Inc stresses that this is not perceived as a critical problem in the future neither for Bhojana nor its owner Food Inc.

4.3.5 Future outlook

After the acquisition in 2007, Bhojana is now having a stronger position on the Indian market due to a continuous trend of good growth. Food Inc's multi-local strategy has preserved the Indian company's brand and local identity, which has made it appear unchanged to consumers who have remained devoted to the brand. Geographically Bhojana has expanded with focus on the domestic market where it has consolidated its market leadership in south of India and is at present expanding into the northern, western and eastern regions to reach a pan-Indian presence in the next couple of years.

The future outlook for Bhojana is highly optimistic among top managers at Food Inc. It is believed to become the corporation's strongest brand in its brand portfolio within a decade or

two due to the immense growth the Indian market offers. Besides having achieved successful growth, Bhojana has just acquired an Indian manufacturer of spices and spice mixes, located on the opposite side in India to where Bhojana's headquarter is. This acquisition will fill gaps in Bhojana's current product portfolio and help Bhojana's pan-Indian expansion. Due to the thoroughgoing acquisition process Food Inc has experienced with Bhojana, Food Inc's knowledge of the Indian market and its business environment has made the acquisition of the new entity much quicker and convenient. To have Bhojana, an Indian brand, as a middleman has meant a lot in this acquisition both in terms of communication and trustworthiness.

The VP of operations development and the CEO of Food Inc explains that the acquisition of Bhojana is perceived as Food Inc's most successful acquisition of all times. It has created a door of possibilities to the Indian market and its success has made it become a superior base for further expansion in India. The successful management of the overall acquisition process from initial preparation to the continuous and current work with implementation has furthermore developed Food Inc knowledge in managing acquisitions. The acquisition is assumed completed within a year from now.

Chapter 5 – Analysis

This chapter will present an analysis of Food Inc's acquisition of Bhojana by linking the empirical study to the theoretical framework. We will explain and compare the acquisition-process by referring to our summarized theoretical model in order to find potential deviations or gaps that can explain the outcome and the emergence/management of encountered challenges. We will in line with this furthermore apply our model that was introduced in the theoretical discussion. This analysis will subsequently act as a foundation for answering our research questions in the next chapter.

5.1 Food Inc's acquisition process

By studying the Bhojana-case, we can conclude that Food Inc's overall acquisition process is thought through, well planned and well organized. Looking at the whole process in the perspective of our summarizing illustration, we can identify that all five phases have been managed with outermost care and attention to detail, where we have not been able to discover any missing phases or lack of important procedures. Food Inc's management of the acquisition process can hence be acknowledged as theory in practice.

5.1.1 The pre-acquisition process

For the pre-acquisition process we can distinguish that Food Inc had a clear strategic objective for the acquisition of Bhojana that was well in line with its overall corporate strategy of expanding to new markets. Food Inc's main motive was to extend its activities in terms of reaching an unexplored market, thereby extending its business through market penetration. Referring to Angwin's (2007) theory about growth dimensions, an additional objective besides reaching new markets could be diversification as the corporation through the acquisition of Bhojana also enriched its product portfolio.

As theory presents, subsequent to having identified a target market, an acquirer has to make an accurate search for potential targets in order to find a corporation that is suitable to one's overall growth strategy (Angwin, 2007). In line with this, when screening markets for targets, Food Inc has for all its acquisitions established a set of criteria for potential targets in order to ensure that the acquired corporation will contribute to its overall strategy. In this case however, no active search was needed since Bhojana came up for sale. Nevertheless, the importance of fulfilling Food Inc criteria was still essential in order to consider a potential acquisition.

To see the compatibility between the two firms, an analysis of organizational, cultural and strategic fit was made, which is highlighted in theory by Angwin (2007). Since Food Inc identified a very low resemblance from start, it worked pro-actively throughout the acquisition process in order to minimize potential problems related to these differences as much as possible. Despite a low organizational and cultural fit, Food Inc still saw huge potential in the acquisition of Bhojana. The acquisition was presumably besides getting immediate access to the Indian market also done in order to gain know-how about the characteristics of the Indian market. When Food Inc had identified that Bhojana seemed to meet set criteria, a valuation and due diligence procedure commenced in order to investigate if it truly fulfilled what it claimed. Food Inc adapted an extra thoroughgoing approach in the valuation process since the acquisition took place in an emerging market. This was due to the awareness of difficulties with inaccurate figures and information in these markets, something highlighted in theory by Lasserre (2008). For the negotiation stage, Food Inc's friendly approach was important as it set the foundation in the creation of the long-term relationship between the corporations. After both corporations had agreed on the binding offer, the post-acquisition process commenced.

5.1.2 The post-acquisition process

Since Food Inc's strategy for reaching successful growth is to preserve an acquired corporation's local acquaintance and important relationship to customers, it was for Food Inc very important to keep Bhojana's knowledge and brand-identity as much as possible. When looking in the perspective of the contingent framework by Haspeslagh and Jemison (1991), we can accordingly identify that its integration approach can be linked to the preservation mode since Food Inc saw a high need for organizational autonomy and low need for strategic interdependence. This choice of integration approach is presumably one of the corporations' key factors to successful acquisitions as compared to a total absorption it does not need as high cultural and organizational fit in order to obtain value. This implies less resource demanding work since the acquired corporation does not have to transform completely. The preservation mode is moreover suitable when looking for acquiring targets across borders, which is part of Food Inc's strategy, since cultural and organizational differences tend to be even bigger which can make a complete organizational integration difficult to master. Furthermore, Food Inc's 100-day program is an essential part in the post-acquisition process as it ensures that the phase is managed in an accurate way. Besides setting the platform for the integration, we believe its function and main objective additionally is to guide and help those involved in the process in order to avoid uncertainty. Notable is that Food Inc does not consider the acquisition as complete after these 100-days, which will be further analyzed bellow.

The management of the transition and consolidation phase that follows after the integration process seems to be of high relevance for Food Inc. According to theory, these are critical phases in order to obtain a successful acquisition and it is the "soft issues" that predominantly are difficult to manage. Food Inc's managing of the phases follows what theory proclaims, in the sense that while it is establishing its credibility and demonstrates its ability to manage the new corporation it also emphasizes the need for mutual understanding and respect. This is necessary in order to manage the potential fear of change that can result in difficult integration problems as presented by Haspeslagh and Jemison (1991). However, despite its emphasis on respect, Food Inc still faced challenges related to "soft issues" during this process, challenges that will be further discussed later on. Lasserre (2008) highlights the need of giving an acquired corporation its own role and identity within the acquirer in order for the new corporation to feel that it has a function and contributes. For the specific case of Bhojana we have not been able to identify any distinguished strategic role for the corporation. However, we believe that this can be explained by Food Inc's overall growth strategy, as its

main rationale is to get access to new markets and not to delegate specific roles, for example product development that is emphasized by Lasserre (2008). Then again, Food Inc still stresses the importance of ensuring that each acquired corporation feels that it contributes to the corporation's overall success.

5.2 Challenges and the situation today

Summarizing Food Inc acquisition of Bhojana, we see that its thorough acquisition process so far has turned out extensively well. This argument is based on the small scale of identified challenges the corporation is facing today when the acquisition roughly has been completed. However, the empirical study shows that the presumed internal challenges faced with after an acquisition primarily are related to the management of people, something which will be further analyzed below.

The biggest challenges overall facing the corporation today are problems referred to the high inflation rate and exponential growth in the Indian market. Because of their externality, these challenges cannot be derived from, or considered as consequences of a poorly managed acquisition process but simply explained by characteristics of the Indian market. We believe that this trivial number of challenges facing the corporation today is the result of having performed a well-managed post-acquisition process. By having prevented common challenges to arise as well as successfully deal with those that did occur, the amount of future challenges i.e. current could hence be diminished to a large extent.

5.2.1 Challenges during the acquisition process

With regards to the management of the integration phase, theory presents three recurring problems that corporations tend to face in acquisitions: determinism, value destruction and leadership vacuum (Haspeslagh and Jemison, 1991). These issues have, however, not become a problem in this case, something which most likely can be explained by Food Inc's rich experiences from previous acquisitions that have resulted in a general acquisition strategy that takes these common complications into consideration. For this acquisition we see two main reasons that accordingly support this argument. The first reason was Food Inc's desire to create a strong relationship with the acquired corporation that generated credibility and trust among its' employees. This affiliation resulted in diminished feelings of anxiety, stress and disbelief among people involved, which hence could prevent problems of determinism and value destruction to appear. This was furthermore strengthened via Food Inc's rapid investments, which confirmed its' promised vision about realizing growth for Bhojana. Secondly, considering the problem of leadership vacuum, this could be avoided via the

maintenance of the former owner as well as the instant appointment of a new CEO. Due to this rapid management, employees in Bhojana never had to feel lack of leadership. We furthermore believe that the CEO's characteristics were of great meaning for helping Bhojana's employees understand and embrace upcoming challenges with a positive attitude.

Having managed to prevent the most common problems in the integration phase to arise, Food Inc still faced other challenges during the post acquisition process, such as the management of the transition phase and how to come to terms with Bhojana's former owner. Food Inc attempts to decrease the owner's power proved to be more difficult than it was initially perceived to be and his great impact on employees made this problem more sincere, since if managed poorly, this problem could distress other members within the organization. Alluding to what can be distinguished in the empirical research, we perceive that this challenge created a rigorous tension between Food Inc and the former owner of Bhojana. As of having different values, beliefs and views on management style, the resemblance between them was fairly small, which consequently made conflicts easier to occur. This tension and tough relation can hence be a significant cause for the owner's early departure and the subsequent creation of a competitor within the same business. The management team does not consider this as a critical problem for future success in the Indian market. However, we do believe that this can be a potential future threat due to the former owner's market knowledge, network connection and strong ties with Bhojana's employees.

Looking at Food Inc's way of dealing with the tough transition phase in line with the acquisition process, we cannot see any explicit solutions or actions that could have been applied or managed differently in order to deal with this dilemma. Our reasoning is based on the belief that the primary cause for this problem to arise, was not because of a poorly managed transition phase, but because of the cultural differences that exist between the two corporations. This difficult management of cultural differences can also explain the current lack of Scandinavian (as well as other nationalities) employees at Bhojana, since there is only one person from Food Inc working for Bhojana, the Vice President of operations development. Another cause that can explain the challenge of the transition phase is the fact that Food Inc acquired a family-owned corporation. In family owned and run corporations, there is a strong affiliation between the founder and its corporation. Hence during a situation of separation, for example during an acquisition, this could result in the problem of loss of identity where eventually the owner might leave the corporation (Schweizer, 2005). For this

case study, we can therefore assume that the former owner's behavior during the post-acquisition process could be the result of loss of identity arisen from separation anxiety.

Distinguished throughout the post-acquisition process is that the main challenges faced with can be related to the clear statement given by the CEO of Food Inc; "The soft issues are the hard issues", implying that people management is the most difficult challenge in an acquisition. Referring to Schweizer's human-related phenomena (2005) we can classify the challenges of this case on an individual and collective level. Regarding the individual level, Food Inc managed to diminish a large fraction of employees feeling anxious and stressed due to the corporation's emphasis on creating credibility and trust between the two corporations. However, as some employees still felt uncertain and concerned about the future, this resulted in a number of employees leaving Bhojana. Referring to theory, this outcome could be explained by Schweizer's (2005) presented phenomena: loss of identity, which refers to the cognitive and affective loss of bond an individual, has to its organization. Distinguished in the empirical study is however the fact that the amount of employees leaving Bhojana was significantly less than Food Inc initially had perceived. This is most likely explained by the essential amount of time Food Inc has dictated throughout the entire acquisition process, rather than rushing through the post-acquisition process where potential problems can have negative consequences on the outcome of the acquisition. With regards to previously mentioned problems of cultural differences and reactions to the organizational change, we can classify these as human-related phenomena on a collective level.

5.3 A new theoretical perspective?

After having analyzed Food Inc's acquisition-process of Bhojana we can identify that the main challenges from the very beginning have been to deal with the "soft issues", the management of people. However, Food Inc's well thought-through and well-managed acquisition process seems to have diminished or prevented many challenges to turn into problems. The acquisition-process has great resemblance to the given theoretical framework and the process can almost be described as an example of theory in practice, since nearly every important aspect that is highlighted in the theoretical framework can be found in the description of the acquisition process. We can however distinguish one significant deviation, which presumably also have contributed strongly to the few arisen problems and to the positive outcome of the acquisition. The identified deviation from theory is Food Inc's long-term approach to the acquisition-process that is shown in its perspective of when an acquisition process is perceived absolute.

Food Inc has in this case had an overall long-term approach to the acquisition. As we could identify in the empirical study, the acquisition was definitely not perceived as complete after the integration program of 100-days had been carried out. Food Inc instead based its post-acquisition process on need, rather than on a set time-schedule. Furthermore, as stated in the theoretical framework, when the post-acquisition process is finished, corporations tend to withdraw resources and management teams as they consider the acquisition complete. However, when Food Inc considered its post-acquisition finished they as well withdraw resources, but not to the fullest. The corporation instead maintained a key person that could work with identifying areas for improvement, continuing to transfer competencies and most importantly show a high degree of commitment in order to enhance the relationship between the corporations. As we can see, the acquisition was hence not perceived as entirely complete after the post-acquisition process, but was rather entering a new stage.

When resubmitting to theory, we can conclude that Food Inc's acquisition of Bhojana is absolute since it has completed all stages and procedures in the acquisition process. However, as stated above, if referring to findings in the empirical study, Food Inc is at present in a phase where it works on adjustments and improvements within Bhojana, denoting that the acquisition is still being managed. This indicates that Food Inc actually is at a certain point after the generally known final phase of an acquisition process, implying that Food Inc has added a dimension to the acquisition process that has other characteristics than the post-acquisition process.

Resubmitting to our model presented in the theoretical discussion, we based it on the belief that there is a potential need of changing the overall short-term attitude towards acquisitions as many recurring problems related to acquisitions cannot be solved within a short period of time. A corporation hence, if aiming for maximizing value, have to embrace a long-term perspective. An added dimension to the acquisition process can presumably help to avoid or diminish potential challenges a corporation might face after the post-acquisition process. Our reasoning behind this new dimension furthermore comes from the importance of transferring competencies and a requirement to maintain and further deepen an acquirer's relationship to its acquired corporation in order to obtain a successful acquisition.

Applying this to the presented case, we can see that our reasoning is highly relevant. As stated above, Food Inc has throughout the acquisition process acknowledged a need of working proactively with a long-term approach to challenges and problems incorporated in the

acquisition. The corporation has accordingly entered into something that we would define as a “post-post-acquisition process” where the main focus is to transfer competences and enhance the relationship to Bhojana in order to maximize value and diminish encountered challenges that otherwise can turn into problems and risk of failure. That it is a new temporary process the corporation has entered, is furthermore supported by the fact that Food Inc is pursuing this stage under a set time frame since the corporation expects that the acquisition will be completed within a year from now. The vice President of operations development at Bhojana, sent out from Food Inc’s headquarters, hence has a time constraint set for his role in the acquisition. This means that he is not supposed to work continuously with an ongoing work of finding improvements, but instead under a certain time that eventually, when finished, will denote the ultimate completion of the acquisition process.

Food Inc’s acquisition of Bhojana is today considered a success with few current problems facing the corporation. Consequently, we bring to a close that Food Inc’s management of having pro-longed the acquisition process has been a great source to its successful outcome. The acquisition’s successful outcome in line with Food Inc’s long-term approach to its management could further support that there is a need of an added dimension, hence, a new theoretical perspective as highlighted before. As a result, we believe that our developed theoretical perspective can provide other corporations pursuing M&As with great inputs in how to successfully manage acquisitions.



Chapter 6 – Conclusion

This chapter will present conclusions drawn from our research. We will give answers to the research questions based on findings from the case study, which will be presented as “research conclusions”. Distinguished differences between theory and empirical research we see as important for further investigations will be presented in a “strategic conclusion”. In this section we will furthermore draw attention to criticism of the research as well as suggestions for further research.

With previous research and dominating M&A theory in mind, we knew that managing acquisitions is a highly complex activity. Despite the great amount of research that has been conducted on the acquisition process and especially the post-acquisition process, we identified a lack of research with regards to the condition after an acquisition has been completed. Our purpose was accordingly to contribute to the M&A literature by filling these gaps by investigating the current condition after an acquisition has been made. As corporations seem to emphasize completing a post-acquisition process as quick as possible, where they tend to “turn off the light” after a short period of time, we questioned the consequences of this short-time approach. Due to the high failure rate of acquisitions, we found it reasonable to believe that this approach is not sustainable where there instead might be a need for an intensified long-term approach to the acquisition-process in order to avoid internal challenges and failure. To see this we based our research on investigating what internal challenges that might face an acquisition after it has been complete and if these challenges can be explained and traced to the management of the post-acquisition process. This would hence clarify if there is a potential need of adding a “post-post-acquisition process”, in order to prevent future upcoming internal challenges and failure that can’t be solved in the post-acquisition-process.

6.1 Research conclusion

Our research shows that the main internal challenges a corporation might encounter after an acquisition, primary are related to the management of people. This conclusion is drawn by referring to presented theory and the dominating theme of challenges Food Inc faced during the post-acquisition process. Our findings furthermore show that these challenges are relevant regardless the acquirer’s prior management of the post-acquisition process, however, if these challenges are diminished or turned into real problems seem strongly linked to this management. This conclusion is based on the fact that in this case study, we have not been

able to identify any current internal challenges which have turned into problems after the acquisition has been completed and this appears to be an outcome of Food Inc’s extensively well-managed post-acquisition process. Furthermore, the analysis shows that a distinguished factor contributing to the positive outcome was the long-term approach, proactive and thoroughgoing management of the “soft issues”, which prevented many challenges or problems to arise. Identified big challenges or problems are instead of an external kind, impossible to control, such as a high inflation rate and exponential growth in the country that is difficult to handle.

6.2 Strategic conclusion and discussion

We consider Food Inc’s acquisition of Bhojana to be a successful example of M&A theory in practice. Having managed the post-acquisition process with outermost care, resulting in a low number of encountered challenges during, as well as after the process, we believe that this case is a great platform to gain knowledge from. We have identified a great resemblance between Food Inc’s acquisition process and our summarized theoretical illustration and can conclude that the corporation has completed all stages and procedures thoroughly in the acquisition process. However, during our research we have been able to distinguish one significant deviation from theory: Its long-term approach to the acquisition-process that is shown in its perspective of when an acquisition process is perceived absolute.

As a conclusion drawn from empirical research, an important source for this acquisition’s positive outcome is Food Inc’s long-term approach on managing its acquisition of Bhojana. Food Inc’s current position of being in a phase where it works on adjustments and improvements within Bhojana, denotes that the acquisition is still being managed. This long-term approach has resulted in a new framework on how to manage the post-acquisition process, where we believe Food Inc is at a certain point after the generally known last phase of an acquisition process, at the “post-post-acquisition process”. This hence supports our reasoning about a potential need of an added phase to the acquisition process.



The current process of identifying areas of improvement and transferring best practices between the corporations, explains this presumed additional phase. Based on our findings we furthermore deduce that this added dimension could be in order to make it possible for Food Inc to maintain and further deepen its good relationship with Bhojana, since this is identified as highly relevant.

Having acknowledged a deviation from presented theories combined with the large number of failed acquisitions over time, we believe that this finding can be of high relevance for future acquisitions. As touched upon in the introduction, a recurring source for an acquisition's failure is the management of the post-acquisition process (Datta, 1991; Cartwright and Robertson and Tytherleigh, 2005). Extending this process and further adding another dimension might consequently lower the number of failed acquisitions as the internal focus and continuous work remains. Based on our findings we further believe that this added phase might be of extra high relevance in cross-border acquisitions since it is harder to maintain a strong relationship between corporations due to cultural differences encountered with.

Important notice in our analysis is our assumption that Food Inc Group's overall corporate strategy has had a great impact on this acquisition's successful outcome. Since its multi-local model allows acquired entities to preserve as much characteristics as possible, engaged changes are far less imperial relative to other acquisitions across borders. Conversely, with a decentralized, local structure, Food Inc's ability to reach synergies has substantially become less than for those corporations taking a more universal approach for its acquired entities. For Food Inc, it is thus important to weigh the advantage of decentralization to the advantage of centralization. What factor creates the most value: the ability to reach synergies, or the amount of local know-how and satisfaction among its acquired entities. Drawing conclusion from this case, despite minimized possibilities to reach synergies, this strategy seems to have been appropriate for this type of industry as the responsiveness for local preferences is immense and as the strategy manages to undermine the most common problems in acquisitions to arise

6.3 Criticism to the research

Conducting a case study on solely one corporation certainly has its advantages and disadvantages. A great advantage has been the ability to conduct in-depth interviews, which has given us the accessibility to confidential information, meaningful for the analysis of this research. However, basing this research on solely one corporation has resulted in an inability to make any generalization. This inability may hence affect our conclusions drawn from this

research. Another aspect worthy of concern is the potential bias this research may consist of, since we have only conducted interviews with people from the acquiring corporation. If we were instead able, as initially intended, to conduct interviews with people from Bhojana as well, we might have received a different result and conclusion. However, as we have been aware of this bias from the beginning we have tried to take it into consideration during the entire research.

6.4 Further research

This research as stated, has its limitations in the perspective of how it can be applied in a bigger perspective due to the fact that it involves solely one case. However, we do believe that this field of study is worth doing a wider research on with a statistically significant volume of acquisitions in order to be able to draw general conclusions. We base this belief on the acknowledged challenges of dealing with a post-acquisition process where more research can be done in order to find answers and solutions to the high failure rate which today is synonymous with acquisitions. The lack of theory of what happens after an acquisition-process and what the challenges are, is hence of high interest. For further research we recommend that a selection of acquisitions, both successful and less successful are used, in order to identify general challenges and problems corporations might face after an acquisition. Can any differences be distinguished and can these in turn be related to the management of the acquisition process? Furthermore, if a post-post-acquisition process had been added, would it have contributed to a better outcome of the investigated acquisition?

Chapter 7 - Exhibits

7.1 Interview base – CEO of Food Inc

Warm up questions

- What is your position in the corporation?
- For how long have you worked within the corporation?

Food Inc

- How does the organizational structure look like within Food Inc?
- How would you describe your corporate culture?
- How does Food Inc's international growth strategy look like?
- From your website we have understood that you work on a multi-local basis, what does that mean for you as a company?

Food Inc's M&A strategy

- Where are your current aims when looking for target markets?
- When looking for suitable acquisition targets, what are your requirements for a potential target?
- How does your acquisition process look like?
- What are your (Food Inc and individual) previous experiences in M&As?

Bhojana

- What is the story about Bhojana
- Why did you approach Bhojana?
- How would you describe the corporate culture of Bhojana?

The acquisition of Bhojana – Motives and Integration

- What were the motives for the acquisition? / Perceived Vision?
- What were the main goals of the integration?
- How did you work to achieve your goals?
- Did you use a specific integration model for the acquisition? How did you set up the integration?
- What are the main challenges today, four years after the acquisition?
- Have you overcome these challenges? If so, how?
- What has / has not work as expected? If not, why?
- Give examples of cultural similarities/differences that you encountered during the integration
- How did you work with areas that were problematic?
- Are you personally satisfied with the result of the integration? Why?
- Do you perceive that Bhojana's corporate history is affecting everyday work today?

Learnings from M&As

- Based on previous experiences, what do you regard to be the main challenges of M&As overall?
- If you could redo the acquisition of Bhojana, would anything be done differently in

order to achieve the best integration?

- What are your recommendations for other companies involved in cross-border M&As?
- Do you have any other comments concerning M&As?

7.2 Interview base – Vice President of operations development, Bhojana

Warm up questions

- What is your position in the corporation?
- For how long have you worked within the corporation?
- What did you do prior to your position in India?
- How do you like India? Do you still feel like you are an expatriate?
- What are the major challenges in India compared to Scandinavia?

Bhojana

- How does the current situation of Bhojana look like today?
- How does the organizational structure look like within Bhojana today?

The acquisition of Bhojana – Integration

- For how long have you been involved in the acquisition of Bhojana?
- How do you perceive that the acquisition of Bhojana has been managed?
- What were the main challenges during the acquisition?
- Have you overcome these challenges? If so, how?
- What major changes have been made for Bhojana during/after the acquisition?

The acquisition of Bhojana – Current situation

- What are the main challenges today, four years after the acquisition?
- How do you work with these challenges?
- Do you perceive that Bhojana's corporate history is affecting everyday work today?
- Are you personally satisfied with the result of the integration? Why?
- What has / has not work as expected? If not, why?
- Give examples of cultural similarities/differences that you encountered during the integration
- How did you work with areas that were problematic?
- If you could redo the acquisition of Bhojana, would anything be done differently in order to achieve the best integration?

Other

- Do you have any other comments concerning M&As?

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