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## Master Thesis

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How do serial acquirer managers legitimize more extensive integrations?


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## ABSTRACT

This paper investigates which factors that influence the legitimization of more extensive integrations by the managers of serial acquirers. A more extensive integration is characterized by a more comprehensive nature than single post-acquisition integrations, mainly in terms of complexity and structural alignment of acquired units. Even though a substantial part of M&A activity originates from serial acquirers, they have been subject to limited research. We conducted a case study to comprehend which factors accelerate and which factors alleviate the urgency to conduct more extensive integration for managers of serial acquirers. We identified growing pains from acquisitive growth and a vertical acquisition as the most crucial accelerators, whereas a top-performer strategy and meticulous post-acquisition integration represented the most alleviating factors. We contribute to existing literature on serial acquirers by providing insight to contingencies that arise prior to more extensive integrations.

# INTRODUCTION

Serial acquirers tend to accumulate multiple organizational inefficiencies after sequences of acquisitions, which potentially impede their synergy realization. The magnitude of these organizational inefficiencies increases per acquisition, and gradually reinforces the serial acquirer's need to create an organizational fit that unlocks synergistic potential (Barkema & Schijven, 2008). Post-acquisition integration is stated to represent the single most important determinant to realize synergies (Larsson & Finkelstein, 1999). However, there are substantial differences in the degree of target integration adopted by acquirers. Depending on the strategic objective, an acquirer may blend targets into one new organization, or let them persist as autonomous units (Chakrabarti & Mitchell, 2005). The degree of integration adopted by managers is crucial for acquisition outcomes, as under- and over integration may impede realized value, or even cause value destruction (Pablo, 1994). Additionally, managers often face a trade-off between operational activities and integration, and too much focus on either is likely to hamper achievement of strategic objectives (Hitt, Hoskisson & Ireland, 1990). Considering global M&A deals were valued at $3.2 trillion in 2016, it is apparent that decisions that ensure value creation through acquisitions are of great importance (Mergermarket, 2017). It is therefore important to gain insights into the factors that influence a manager's decision to engage in more extensive integrations.

Our research examines factors that influence the managerial decision to engage in more extensive integration for serial acquirers, a topic that has received little scholarly attention. We argue that the topic is actualized by Barkema and Schijven`s (2008, p. 717) call for further study: *"future research could make important contributions by providing a better understanding of what it is exactly that drives major organizational change."* We are aware that organizational inefficiencies accumulate through acquisitions, but there is limited research on how these affect the managerial decision-making perspective. Specifically, the factors that compel managers to carry out more extensive integrations to create adequate organizational fit. We define a more extensive integration by its comprehensiveness relative to single post-acquisition integrations, as it entails integration of several units into a more coherent whole.

This leads us to our research question:

*"How do serial acquirer managers legitimize more extensive integrations?*

In our single case study, we have examined serial acquirer managers to identify prominent factors that substantiate the legitimization of more extensive integration. Our findings contribute to the understanding of interconnected factors that cause a manager to conduct more extensive integration. Several factors are found to accelerate integrations, while other factors alleviate the urgency of such engagements.

Based on our findings, we propose an emergent model that describes the interrelationship between these factors, and how each factor influences the decision to engage in more extensive integration. Our research adds to literature by revealing that the serial acquirers' growing pains and the shift in strategic focus subsequent to a vertical acquisition work as legitimizing factors for more extensive integration. We also observed that imitating an external actors' organizational structure, and the loss of external support accelerated the legitimization of such a decision. Further, our most important contribution to literature might be the four factors which we identified to have an alleviating effect on the phenomenon; unstructured top managerial myopia, meticulous post-acquisition integration, acquiring top performing targets, and awareness of integration complications. In addition, we argue that the perceived need for a streamlined structure plays an important role for all factors influencing engagement in more extensive integration since the need underpins all decisions made. Our research also add to literature by pointing out that the integration motive can be a major implication for synergy realization in addition to the actual implementation phase. By integration motive, we refer to the factors that accelerates or impedes the managerial legitimization of more extensive integration. These findings have practical importance since they enable serial acquisition managers to be more deliberate about recognizing, and reconciling the interplay between factors affecting integration decisions.

## LITERATURE REVIEW

Serial acquirers are often required to identify and pursue an organizational fit that unlock synergistic potential. This follows as they tend to accumulate organizational inefficiencies after series of acquisitions, which at some point require changes to properly utilize all acquired units (Barkema & Schijven, 2008). Organizational fit denotes the compatibility level between an acquirer and a target in a future state, and tend to imply changes in organizational systems to realize the underlying potential. Although many scholars argue that strategic fit is pivotal for synergy realization, others propose that the synergies hinge more on the subsequent integration process which creates the organizational fit (Datta & Grant, 1991; Haspeslagh & Jemison, 1991). The managers of acquiring firms are often expected to provide plans for integration and manage newly acquired units in a proper way to ensure value creation (Pablo, 1994). Additionally, managerial attention will be limited due to the trade-off between operational activities and challenging integration decisions (Hitt, Hoskisson & Ireland, 1990). Regardless of standpoint, there is consensus among scholars that the inclusive post-acquisition transformation process tends to be very complex. Consequently, acquisition managers must be deliberate in their integration initiatives to build a sufficient organizational fit (Pablo, 1994). A future state of organizational fit requires that sub-procedures are well aligned through integration initiatives. Specifically, integration initiatives entail combination of daily processes, coordination of business units with common resources, and centralization of support activities applied by multiple units (Pablo, 1994; Hitt, Harrison & Ireland, 2001). Scholars have suggested different processes to create organizational fit, but this literature review will focus mainly on creation of organizational fit through integration.

Integration refers to the process of several interconnected, long-lasting and open-ended implementation activities that occur post-acquisition (Haspeslagh & Jemison, 1991). The integration of an acquisition means that the acquirer ensures that resources are applied effectively to achieve strategic objectives, and is understood to be more of an iterative process than ad-hoc events (Pablo, 1994; Barkema & Schijven, 2008). Moreover, the implementing process means that the acquirer combines with the target legally, structurally and culturally to a consolidated and functional whole (Haspeslagh & Jemison, 1991). The degree of integration is adjusted according to the strategic objective of the acquirer. Specifically, a firm might decide to blend targets into one new organization, let the target persist as autonomous, or use it as a learning object (Chakrabarti & Mitchell, 2005).

According to the study "Managing Fast Growth" by Catalyst Venture Partners (2008, p. 1) "*Growth is key to the survival of any business".* Thus, desired growth may explain a significant portion of a firm's behavior (Guth & Ginsberg, 1990). In the context of acquisitive growth, scholars have paid most of their attention to the consequences stemming from the strategic decision. When firms are growing through acquisitions, academics have dedicated a significant amount of the research to organizational fit processes. To build such a fit requires considerable managerial resources to combine similar processes, to centralize support activities, and to resolve conflicts (Hitt, Harrison, & Ireland, 2001). However, these managerial actors might be subject to bounded rationality that represents significant cognitive constraints, which is likely to result in inadequate processing of stimulus (Greve, 2003; Ocasio, 1997; Penrose, 1959). These cognitive simplifications mean that the manager is likely to search for satisfactory rather than optimal courses of action, leading to suboptimal solutions (Hitt & Tyler, 1991). Consequently, simplifications combined with a rapid growth may force the acquiring managers to make organizational changes at some time juncture through second stage integration initiatives (Barkema & Schijven, 2008).

Furthermore, serial acquirers may add inefficiencies along their string of acquisitions, often in the form of deviating cultures, structures and processes from targets. As these inefficiencies accumulates it may result in a suboptimal organizational fit, making coordination and complexity even more comprehensive (Barkema & Schijven, 2008). As the managerial resources becomes overstretched due to proliferating coordination, managers will satisfice the integration of targets, leaving the next acquisition even more suboptimal. Consequently, these accumulated inefficiencies may gradually escalate the call for new alternatives, for example accomplishing organizational change through a new type of structure (Barkema & Schijven, 2008). In fact, these inefficiencies might be the reason that the average acquisition fails to realize expected synergies in the short to medium term (King, Dalton, Daily & Covin, 2004). According to Haspeslagh & Jemison (1991), a major organizational change may be needed to realize expected synergies, and to combine all various pieces into an “integrated network of operations” (p. 255). They further suggest that the creation of organizational fit go far beyond the level of single acquisitions.

Besides, Hayward (2002) added to the literature when finding that the time span between acquisitions were influential. The length between each acquisition were found to be most adequate when it was neither too short, nor too long. When the time span between each acquisition is too long, key personnel participating in the previous acquisition might disappear, and the learning benefits from experience could be gone. However, by spending too little time between each acquisition, the firms may experience drawbacks in terms of focusing on too many things at the same time, simply because it is more demanding for the team's capacity (Hayward, 2002). In addition, Laamanen & Keil (2008) confirmed this notion by revealing that low time span between acquisitions and high acquisition rates affect the acquisition performance negatively. Likewise, other research has revealed that if a given number of acquisitions is conducted more frequently, it will lower the degree and quality of integrations, hence moderate the realized synergies (Kusewitt, 1985; Vermeulen & Barkema, 2002).

Laamanen & Keil (2008) also focused on the size of the acquiring firm. Specifically, small firms were asserted to face trade-offs by focusing their time on ongoing business, or acquisition processes. The substantiating reason for this trade-off is argued to be the limited number of senior-level managers to undertake acquisition activities. Conversely, larger firms have greater prerequisites for handling several acquisitions simultaneously, or within a shorter time span. This follows as they generally have more human capital available, as well as financial resources for the acquisition process. Additionally, larger firms are enabled to create specialized units for sub-processes within the acquisition process. Chatterjee (2009) turned the focus around to the role of size of the target firm. He argued that small target acquisitions are less likely to suffer from ego problems from their owners. When considering smaller acquisitions, employee turnover is therefore an adequate measure of acquisition performance.

Moreover, when the acquisitions frequently originates within the same industry, the serial acquirer is more likely to succeed when relying on previous experience. The logic is that industry-specific knowledge might enable the acquirer to make better judgement and contingent decisions through the acquisition process (Haleblian & Finkelstein, 1999; Hayward, 2002; Zollo & Singh, 2004). Chatterjee (2009) elaborates further to this notion by arguing that it already exists a common understanding in the industry they compete in, and that both the acquirer and the targets tends to be aware of industry dynamics.

McNamara, Haleblian, and Dykes (2008) examined waves of acquisitions within industries. They found that firms acquiring early in the wave will accomplish greater performance. Furthermore, their study revealed that early movers may act based on, and benefit from asymmetric informational advantages over its competitors. Specifically, early movers may benefit from the asymmetrical information since they select superior acquisition targets, further enabling them to choose the ones with the highest degree of strategic fit.

When concerning the post-acquisition integration, it is often the strategic objective of the acquirer that decides how the post-acquisition integration is conducted (Chakrabarti & Mitchell, 2005). If a target is granted autonomy, it means that the acquiring firm minimize acquisition disruption, enabling the target firm to carry on business as usual. Conversely, major integrations of units and coordination across their former boundaries will promote exploitation of the target firm (Colman, 2008; Puranam, Singh & Zollo, 2006). Furthermore, Pablo (1994) argues that a serial acquirer can learn which level of integration that is most appropriate for different targets.

Also, when a firm is developing a post-acquisition integration strategy, Birkinshaw, Bresman & Håkanson (2000) suggests that there are two fundamental processes in the integration of acquired targets. One of the processes is called human integration, and is concerned about generating satisfaction and a shared identity among the employees in the merging firms. The other process, task integration, emphasizes value creation from the acquisition by means of capability transfer and resource sharing. Moreover, they argue that the connection between these activities are minimal, despite several interdependencies. Employee satisfaction and trust are among the most crucial of these interdependencies. When the employees are satisfied and trust the acquirer, it is likely to enable better task integration, which further leads to a state that fosters convergence of identities (Birkinshaw et al., 2000). In particular, the researchers suggest that the acquirer may limit integration between units in the initial integration phase for 5-7 years. When such an approach is combined with appreciable focus on employee satisfaction, it may lead to mutual respect and shared identity, which further leads to a closer task integration (Birkinshaw et al., 2000)

Larsson & Finkelstein (1999) argue that the post-acquisition integration represents the single most important determinant to realize synergy between the merging firms. In addition, Barkema & Schijven (2008) emphasize that acquisition integration should not be regarded as a one-time ad-hoc event, but rather as an iterative process that evolve over time. Therefore, following a string of related acquisitions, a major organizational restructuring may reduce the organizational inefficiencies which have been accumulated from all acquisitions. The restructuring may actually allow the organization to unlock synergic potential several years after the acquisitions were undertaken. By not implementing the organizational restructuring immediately after each acquisition, it will permit the firm to evaluate, identify, and decide on an approach to realize anticipated synergies from a wide range of alternatives. In addition, firms may benefit of hindsight, which in turn allows the company to evaluate all the conducted acquisitions concurrently. This can further lead the firm to uncover new synergistic opportunities as well (Barkema & Schijven, 2008).

Barkema & Schijven (2008) also argue that it is unnecessary to restructure after each acquisition, chiefly because restructurings tend to be a very resource demanding process. Furthermore, they argue that the effects of a restructuring will become significantly better after a string of acquisitions, simply because several inefficiencies call for such an initiative. In addition, the logic of these arguments is supported by Vermeulen & Barkema (2001), which states that multiple integrations may lower the degree and quality of integrations, further impeding realized synergies. Further, Barkema & Schijven (2008) identified a trade-off regarding this decision, and indicated that experienced acquirers often sacrificed some profitability in the short-term to become more profitable in the long-run. Hence, the balance between acquisitive growth and organizational restructuring are found to be largely dependent on acquisition intensity and acquisition experience.

# METHODOLOGY

A qualitative approach is chosen to examine how serial acquirer managers legitimize more extensive integrations. To fully capture managerial perception and rationalization about the phenomenon, our qualitative approach with in-depth data collection is needed. Our research got inspired by Barkema and Schijven's (2008) call for future research on organizational change drivers for serial acquirers. We found the research setting most reconcilable with a qualitative approach due to its inductive nature. This is because a qualitative approach enabled us to formulate general research questions initially, which could be further specified as data were gathered and interpreted (Bryman & Bell, 2015, p. 25). This chapter will give a brief introduction to our research setting, followed by methodological considerations to ensure that the empirical investigation contributes valid findings to social science. In particular, the following will describe and justify our choice of methodological approach, research design, data collection and data analysis.

*Research Setting*

The research setting in our thesis are managers in Team Verksted AS (TV AS), a commercial vehicle workshop chain established in July 2011 as a subsidiary of the state-owned company Nettbuss AS. With former CEO Kjell Eddie Wang, the company sat out a mission to become the largest independent commercial vehicle workshop chain in Norway, a position that would require a fast but restrained growth. Initially, the CEO and board of director agreed that series of acquisitions would be the most efficient way to reach this state, also broadening their strategic focus from bus workshop activities to commercial vehicle workshop operations.

Team Verksted AS's outline is based on the former profile of Team Verkstedsenter AS, which provided internal maintenance and reparation of Nettbuss Trøndelag's busses. These workshops provided equivalent activities to commercial vehicles in the external market, but only as a minor part of their engagements. After a divestment in 2011, the current firm TV AS aligned their operations, which encompassed that several bus workshops of Nettbuss were transformed into commercial vehicle workshops, now mainly targeting the external market. During the fall of 2016, TV AS acquired one of its spare-parts suppliers, Lastvangsdelar AS (LVD AS), which made them a vertically integrated chain.

As of 01.01.2017, Team Verksted AS own and run 19 commercial vehicle workshops geographically dispersed in Norway, in addition to the newly acquired spare part supplier. Their service provision is almost exclusively targeting the external market, working as an autonomous subsidiary with regards to its parent company Nettbuss AS. The current CEO of the company is Thomas Schiøtz, who intends to continue workshop acquisitions in the time to come. The firm is budgeting an operating revenue of 520 MNOK in 2017.

A budget of this size is substantial, as the commercial vehicle workshop industry in Norway is appraised to 10 BNOK, and dominated by a few huge brand retailers. These retailers sell commercial vehicles, but they also perform the vast majority of ensuing workshop operations. Moreover, the largest actors tend to supply about 50% of own spare parts, which means that they are vertically integrated to some extent.

We argue that Team Verksted is a suitable case for shedding light on how serial acquirer manager integration strategies changes over time, and to identify which factors they use to legitimize integration initiatives. Since their establishment in 2011, the firm has conducted an average of three acquisitions each year. Considering this pace in combination with intended organizational integrations, it represents an intriguing case to examine.

*Research Approach*

A qualitative approach is chosen to obtain in-depth understanding of how serial acquirer managers legitimize more extensive integrations. The rationale for choosing this approach is because it tends to view social life in terms of processes. A process is defined by Pettigrew (1997, p. 338) as *"a sequence of individual and collective events, actions and activities unfolding over time in context".* We argue that this orientation is suitable as it enables us to elucidate how organizing and organizations unfold, as a result of multiple acquisitions (Gioia, Corley, & Hamilton, 2012). Thus, we will be able to understand integration rationales through manager perceptions.

Given our unit of analysis, we applied a systematic inductive approach to develop concepts with prevailing effect on the phenomenon of organizational change for serial acquirers. Furthermore, we chose the systematic approach to capture concepts important to human organizational experience, as well as being able to synthesize the findings (Gioia et al., 2012). We argue that this approach was optimal to describe attributes of integrations based on managerial legitimization.

*Research Design*

According to Bryman & Bell (2015, p. 10), the research question should direct towards an appropriate choice of research design. Our focus on how serial acquirer managers legitimize more extensive integrations is most reconcilable with a case study design. As Stake (1995) points out, this type of research enables a detailed and intensive analysis of a single case. Hence, a case study will facilitate the in-depth analysis required to derive meaning from the complexity of how managers legitimize more extensive integrations. In addition, a case study design is highly appropriate when the research question at hand is a "how- question" (Yin, 2013). Furthermore, we seek to enrich existing literature on serial acquirers with a single-case study positioned as a common case (Yin, 2013). This follows as our inductive approach explores a phenomenon that is pointed out by Barkema & Schijven (2008) require a better understanding. Our case is positioned as a common case since we have captured everyday thoughts and circumstances that the managers in our single case are concerned about (Yin, 2013). Above all, the selection of our case is based on Stakes (1995) anticipation of the opportunity to learn. We believe that the characteristics of our serial acquirer would be a competent case to learn from, despite its uniqueness.

### *DATA COLLECTION*

Our data collection consisted of applying multiple data sources like organizational documents, and conducting semi-structured interviews. The organizational documents include board papers, annual reports, online business finders, newspapers, and company websites.

Semi-structured qualitative interviews were our primary data source. We interviewed 5 key individuals regarding the serial acquirer and the acquisitions conducted. Our interview objects were representatives from the top management, the chairman of the board, a former CEO, as well as an acquired CEO. These individuals represent all the “high level” decision makers in the company, in addition to an individual with experience from being acquired. Although 5 interviews seem like a small number, we held interviews until saturation was achieved (Marshall, Cardon, Poddar, & Fontenot, 2013).

When conducting a research project, there are several ethical considerations to take into account at all stages of the project (Bryman & Bell, 2015, p.129). Throughout our data collection, we strived to be ethically responsible by following all ethical principles set out by Diener & Crandall (1978). When we first approached our interview objects, we provided them with information regarding our topic for the thesis, and how they could help us by participating in our research. However, it was also important not to reveal too much information about our study as this could potentially reduce the chance to address new aspects.

At the start of interviews, we always asked the interview objects for permission to record the dialogue, in which all of them granted. This enabled us to transcribe the data gathered in verbatim, setting the ground for a good analysis (Harvey, 2011). In addition, we informed how our consent form had several terms they needed to be aware of. Most importantly, participation in the study were voluntary, questions were voluntary to answer, and the participant were allowed to withdraw from the study at any moment. All the interviews had a duration between 45 and 120 minutes, excluding follow-up questions by phone and Email. The interviews were held with only one informant at a time to increase the likelihood of obtaining answers from the participants that were not influenced by other informants. We were both present during all the interviews, to ensure that we could accumulate as much information as possible (Eisenhardt, 1989).

Before choosing the research setting, we were invited to a meeting with the CEO in Team Verksted AS to get necessary insight from the potential research case. Following the interview, he provided all the documentation and plans related to all acquisitions, in addition to comprehensive strategic orientation documents. This gave us insight and ensured a broader understanding of the phenomena we were about to study. It also enabled us to have a good overview prior to all interviews. Consequently, the secondary data collection prepared us well for interviews, and saved time as we avoided to as too general or basic questions.

Semi-structured interviews were conducted by support of an interview guide, where we listed a series of questions and themes to discuss during the interview (Bryman & Bell, 2015, p.213). This form allowed for flexibility, which enabled the interviewees to elaborate further on what they found of importance. We were prepared to deviate somewhat from the interview guide, and had predisposed several follow-up questions.

The interview guide was disposed into three phases, were the first phase consisted of warm-up questions, giving a historical outline. Second phase consisted of more reflecting questions, whereas the last phase was more closing questions which allowed for final thoughts. We made sure that all of our questions were open enough to make the interviewee reply based on how he or she interpreted the question. In addition, we avoided to ask leading questions, making sure that we did not steer the participants to corroborate notions we had in advance (Appendix 1).

*DATA ANALYSIS*

Data derived from interviews and observations tends to appear as a corpus of unstructured material, which is not straightforward to analyze (Bryman & Bell, 2015, p. 13). Our data analysis assessed a variety of these textual documents, but our main focus was directed towards analysis of the semi-structured interviews conducted. Throughout the analysis of the interviews, we believed that the interviewees told the truth, and interpreted thereafter. The method applied in our data analysis approach strives to build data structure of concepts and themes investigated to understand a phenomenon. We base our analysis on the approach described by Gioia et al. (2012), which strives to create qualitative rigor when conducting inductive research. Hence, we will briefly present the procedure we have carried out to develop our model, which describes how factors impose serial acquirers to make organizational changes through more extensive integrations.

Firstly, we started to transcribe interviews in verbatim, enabling informant terms, concepts, and categories to emerge from our research. After transcription, we developed an overwhelming amount of 1st-order categories individually, before discussing and agreeing upon which of them to bring into the analysis.  Following the logical progress of data structuring proposed by Gioia et al. (2012), we began to look for similarities and differences among the quotes and categories, narrowing down to a detailed structure of 19 1st-order concepts. These concepts were given labels which we attempted to make as descriptive as possible. As we were striving for credibility, both of us studied the data collected and identified patterns and further aggregations. This was done individually to make sure that our interview data was interpreted carefully.

After satisfaction of the 1st-order concepts was reached, we assessed how these concepts could help us answering our research question. Here, our focus was to identify factors of explanatory value to how serial acquirer managers legitimize more extensive integrations, as well as interrelationships between the factors. When these factors and interrelationships were identified, we merged the 19 1st-order concepts into eight 2nd order themes, where all of them held high explanatory value to our research question.

At this point in our analysis, we had created the data needed for building a data structure (see figure 1). This data structure did not only help us with visual aid in the further configuration, it also provided a graphic representation of all the pivotal steps, from the raw data to terms and themes (Gioia et al., 2012). The 2nd-order themes and visual data structure made it simpler for us to consolidate the concepts into two aggregated dimensions. One of our dimensions describes all the concepts and categories (except some interrelationships) that accelerate a serial acquirer manager to engage in more extensive integration. The other dimension describes all the concepts and categories (except some interrelationships) that alleviate a serial acquirer manager to engage in more extensive integration.

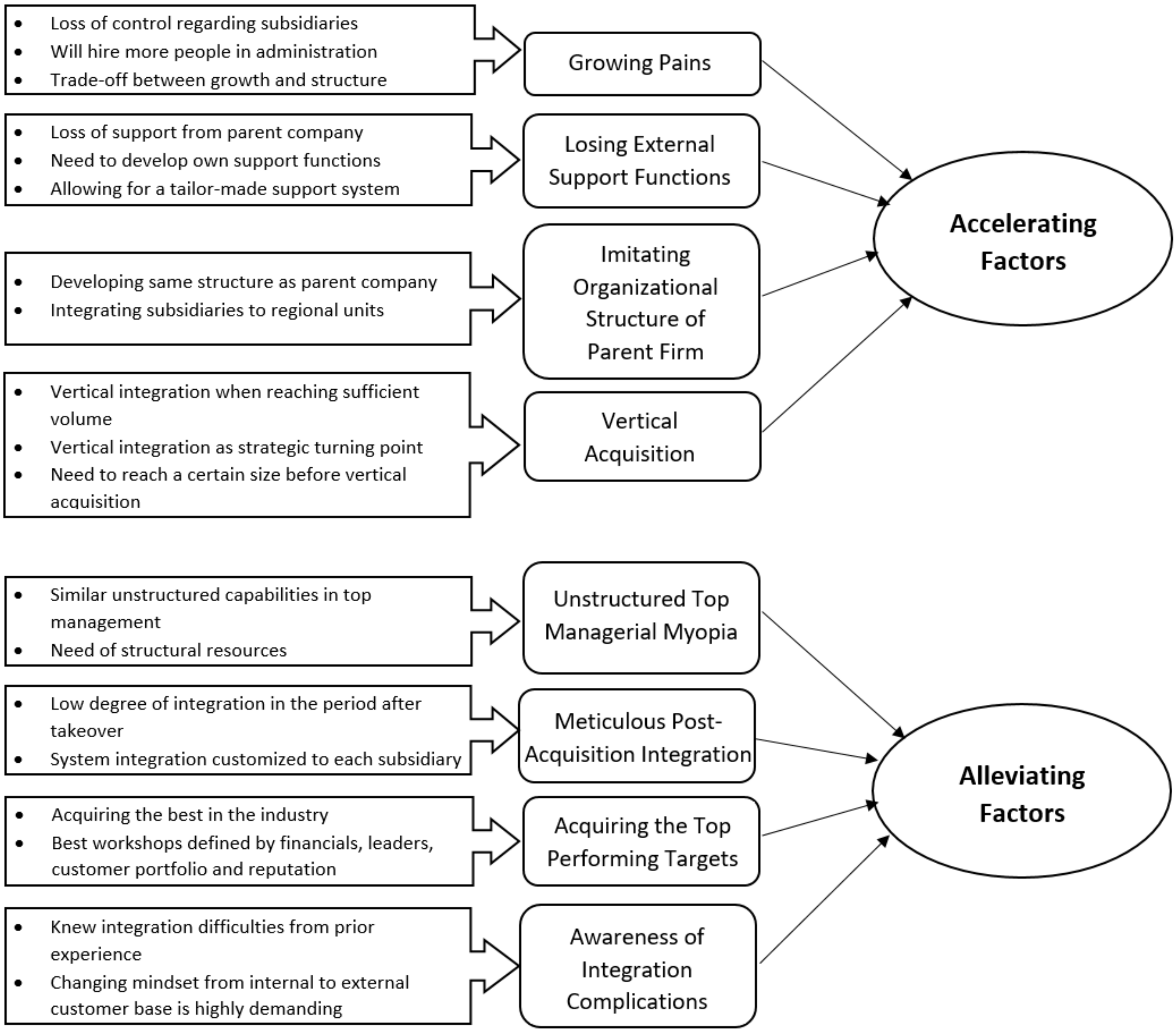



**Figure 1:** Data structure

Design adapted from Corley & Gioia (2004)

Based on our data structure, we were enabled to develop an emergent model. This model illustrates the dynamic interrelationships between the concepts and themes, and intuitively link their interaction towards the phenomenon (Gioia et al., 2012), which in this case is factors that legitimize more extensive integrations for serial acquirer managers.

## FINDINGS

Our data collection revealed several intriguing elements of the serial acquirer. The most prominent aspect initially, was how managers emphasized future integration as decisively connected with creation of organizational fit. Hence, we saw a need to further investigate influential factors that related to the managerial focus. Research identified several drivers that caused integrations at a faster pace, and mitigating factors that alleviated the urgency. In addition, our research revealed an underlying perceived need for streamlining, which altered the vast majority of decisions made by management. Our findings will descriptively present the most noteworthy of each element stimulating in either direction, before we propose an emergent model where interconnections are described.

***Considerable desire for size***

Our data collection identified a desire for size among Team Verksted`s administration already from the establishment. We further noticed that the strong desire for size was motivated by three particular factors. Firstly, TV AS noticed substantial market opportunities prior to establishment, where size and geographical dispersion were central elements. Secondly, a sophisticated image in the marketplace were required to compete with incumbent actors, which could be obtained through extensive growth. Lastly, the firm was motivated to achieve a turnover that would legitimize the acquisition of a supplier.

*Perceived market potential*

Prior to establishment, a gut feeling among managers of Nettbuss AS perceived the possibility to penetrate the 10 BNOK commercial vehicle workshop market. Their notion was mostly based on a general impression that customers were a little dissatisfied, and the fact that many owners of "truck-fleets" operated with multiple brands. Specifically, the management assumed that a 10% share would be feasible to achieve in the long term.

> *"We perceived there to be a market of about 10 BNOK for our type of services, where we saw an opportunity of penetrating about 10%. This was based on some dissatisfaction in the market, and the fact that customers tended to operate many different truck brands"*

Thereupon, the firm decided to hire a consultancy firm to conduct a market analysis and develop a business plan. The consultants confirmed that there were many dissatisfied customers in the market, and a huge potential in terms of available truck quantity. In particular, their estimates totaled 8-10 BNOK in potential industry revenue, where Akershus and Oslo appeared as the most attractive regions. The qualitative interviews conducted by the consultants revealed that several customers were displeased, and that they demanded brand-independent commercial vehicle workshops as an additional option. Thus, based on the market analysis and own assumptions, TV AS decided to grow through multiple acquisitions, also evaluating new establishments as an option.

> *"An external firm analyzed the market and developed a business plan based on it. Quantitative data indicated a market size of 8-10 BNOK for commercial vehicle workshops based on regional statistics and number of trucks operating in Norway. Qualitative research also indicated that the general customer was a somewhat dissatisfied"*

This means that the preliminary analysis established the foundation for the unique concept of Team Verksted AS. Consequently, the firm was ready to initiate the serial acquisition process, and some internal conversions of Nettbuss workshops. We argue that the specific choice of becoming a serial acquirer would influence all subsequent operations presented in the remaining parts of our findings.

*Attaining a sophisticated image through growth*

Initially, Team Verksted defined an objective of becoming a nationwide multi-brand workshop chain. But to reach an image that truly challenged competitors, the firm found it necessary to attain a sophisticated image by reaching a substantial size. Specifically, their chain concept identified two pivotal growth elements, namely sufficient nationwide distribution, and sizable volume. Combining these elements with a strong association to the chains core values; reliable, affordable and decent were argued to substantiate their brand. Accordingly, TV AS has now achieved a preferred status among numerous commercial vehicle owners, and attracted several well-performing targets.

> *"The strategy has been to build sufficient distribution and volume, from fully owned workshops, and to ensure that they are aligned in a way that makes them operate well"*

> *"Plus, the fact that we have reached a nationwide profile as a chain now, it was not like that when we stated. (..) Simply to become extensive enough to be perceived as a serious option"*

*Internal spare part volume that justifies a vertical acquisition*

Given this desire for size, the serial acquirer had an underlying but silent goal of reaching a turnover volume around 500 MNOK. This goal was at the consciousness of the management, but remained a silent strategy as it was not formally determined or defined at initiation. The management points out that the rationale behind keeping it silent was that the lack of relevance for daily operations, as well as maintaining decent relations to all suppliers.

> *"It revolved around building enough volume, and this year we have a budget of approximately 500 MNOK. So now we sell enough parts to be able to do this ourselves, which takes us to the vertical integration and the strategy around it. It has followed us from day one, but more like a silent strategy from our side, but clearly a strategy"*

> *"We did not formalize the vertical integration strategy before it was utterly necessary, because it could weaken our relation to suppliers"*

In essence, the aspired volume goal entailed demand of spare parts for commercial vehicles internally that would make it sensible to acquire a supplier, later determined to be Lastvagnsdelar AS (LVD). Despite the fact that LVD had other external customers, TV AS wanted to wait until such a volume before initiating the acquiring process.

> *"We didn't find big enough volume in the industry to start up with spare parts immediately. Consequently, the spare part business has been a silent strategy which have remained in the background of our public strategy"*

The internal volume is a decisive element as 40-50% of operating costs comes from purchasing spare parts. Thus, the acquisition of LVD is expected to eliminate a double marginalization of approximately 10%, as the average profitability of the target has been 10% the last decade. Specifically, the integration aims at improving the bottom line with around 15 MNOK, given current operating costs of about 234 MNOK. The key acquisition is therefore presumed to ensure substantial economies of scale benefits, and we perceive it to be a pivotal element for the firm's success from now on.

"*The larger you become, the more spare parts are you able to sell. When we are finished with building up a system around this, we have that benefit that we do not need to go in the open market to sell parts, because we already own our customers."*

*"Before we acquired, LVD already had 10% profitability, and now we're transferring this in-house. (..) Even though we don't manage to purchase all the spare parts through this firm, we have potential to earn 15 MNOK from this, or at least 10 MNOK. This profitability has previously been held by our supplier, but now it's our profitability"*

***Growing Pains***

Another intriguing finding was that the administrative part of the serial acquirer failed to grow with a coinciding pace to the rest of the firm. This resulted in overstretched managerial resources, where we identified two particular causes that may influence the decision to engage in a more extensive integration. Firstly, Team Verksted AS has traded growth consciously at the cost of building structure, resulting in overstretched managerial resources. Secondly and closely related, we observed that as TV AS continued its string of acquisitions, they also experienced scarcity of local control as there were too many employees and local managers.

*Trade-off between growth and structure*

By following the acquisitive growth strategy, TV AS grew fast and became extensively complex. Consequently, the workload in the administrative unit increased with a coinciding pace. Team Verksted's administration has from the establishment consisted of three employees, one responsible for the economic aspects, and two people in charge of "the rest". This structure and distribution have been working quite well despite an extensive focus on growing the firm. However, as the need for structure and control increased, the board of directors has pointed out a need for more heterogenous competences in the administration. In addition to their diverse competence needs, they also pointed out a lack of capacity as a result of extensive "growing pains".

*"When you only have a few workshops, the need for structure is not necessarily that big, because you have a good overview over everything anyways. However, it's clear now that the workload for the CEO has become pretty demanding, and therefore we have to build more extensive support functions around him. There are something*

*happening with the governance structure in the firm when you become bigger, including more people and larger geographical scope."*

As stated by the CEO; the company has built up as fast as possible, and intended to structure along the way. But lack of structural alignment as the firm has prospered now calls for more extensive integration, where he believes that the current year entails creation of an adequate structure. Specifically, the project manager points out the 15th acquisition as a turning point where the extensive growth suddenly resulted in a lack of control. On the other hand, the management agree that the solid foundation of the current corporation would have been impossible to reach by organic growth only.

*"And we have decided that we should build fast, so we can structure along the way. I think 2017 will be a year for structure"*

*"We have built and built, and now we are around 300 employees, and it is impossible to know everyone (..) we believe that the point came around 14-15 workshops"*

*"But how we are going to build the administrative function is something that we are working with as we speak, and it will be necessary as the chain gets bigger"*

In brief, top management stresses that to grow administratively and structurally while continually acquiring targets has represented a major challenge recently. Particularly, they point out that it has been difficult to appear tidy and professional as the number of targets has outgrown the administration. The growth has therefore resulted in a state where the they experience a trade-off that leads to insufficient personal presence. Consequently, the administration decided to reorganize and expand management to efficiently control all targets in the future.

*Scarcity of local control*

During the first years after the establishment, Team Verksted's management had a good overview over all its operations, and knew all employees by their first name. However, the administration lost the capacity to maintain close relationships with each workshop during the growth period, simply because there were too many. For instance, it meant that TV AS lacked capacity to develop sufficient benchmark indicators for their workshops. By still governing the company through the same organizational structure, the administration had to rely exclusively on trusting the workshop managers at each of the locations to get sufficient indicators of their performance.

> *"It's too demanding now, because we don't have a good benchmark system. We will always have to trust our employees, but I am 100% dependent on trusting what they are saying. Therefore, if they are saying that they are doing fine, I have to disseminate the same message to the board of directors."*

> *"What is important for us now, was not important before we grew big. When you have 10 workshops, measuring the performance-level wasn't a problem, because it was easy to frequently follow up employees, numbers, bookings, and also talk with their customers."*

As a result of the rapid growth, the administration's capacity to accurately control and supervise workshops now belong to the past. Therefore, the firm has to rely on simple quantitative control mechanisms and the workshop managers' statements to have a sufficient overview. Examples of such indicators are exhaustive key figures from the financial statements, and detailed balance sheets of the subsidiaries. However, the CEO points out that the management have had a tendency to pay most attention to the few subsidiaries that have underperformed relative to expectations, and forgotten about the well-performing ones. As a result of this tendency; the management neglected when one of the top-tier subsidiaries financial statement suddenly started to turn downwards, and delivered a profitability of 0,01% at the end of 2016, compared to 18,5% in 2015.

> *"Until now, we have had a bad habit. We've been running around and analyzed, been digging and scratching at the poor performing workshops, and completely forgot about the ones performing well. As long as the monthly key figures was satisfying, we thought it was fine, even though it wasn't."*

In addition to having insufficient capacity to control workshops, the CEO felt like he was falling behind in other areas as well. One example is their marketing and branding strategy. The CEO explained that they have lacked a clear marketing plan, and that all marketing operations had been rather reactive.

"*Oh, a sales representative from advertising called just now, we better purchase an advertisement with him"*

The three subsequent headings will present findings that either reinforce the growing pains pointed out, or coexist as drivers for more extensive integrations. Firstly, our research has revealed that an unstructured top management will reinforce growing pains, at the same time as it mitigates the urgency of extensive integrations. Secondly, our case study identified that loss of external support function will trigger integrations and changes to achieve a more coherent organization. Lastly, we point out that there is consensus among top managers on how the parent firm's organizational structure and development has represented a viable choice to imitate.

***Unstructured top management myopia***

The CEO of Team Verksted characterize the operating part of the administration as two individuals with alike personalities, as well as being similar in terms of experience. Both the CEO and the Project Manager are certified mechanics for commercial vehicles, and have worked with this mechanic specialization for the majority of their careers. Moreover, the CEO has experience as a sales representative in the bus industry, while the project managers have held different positions in one of Team Verksted's self-established workshops. After working as a mechanic, he worked in the customer reception, and later as the workshop manager. In addition, the CEO points out their attitude is similar, and that none of them are particularly structured. But he also explains the latter as an advantage during all the acquisitions since it evades rigidity.

"*The structure we have, or to put it differently, the structure we don't have. We understand that it can be difficult for others to see that as a benefit, but we often do that."*

However, lack of structural competence is also interpreted by the CEO as an achilles for them in the years to come, which will consist of ample structuring activities. In fact, the administration points out that prioritizing growth over structure has been a conscious choice all along. Correspondingly, the CEO acknowledge that lack of structure has limited the ability to utilize much of the competence from the acquired firms. However, they hope that a new management group composed of influential and relatively heterogenous employees from the organization will make sure that the competence is exploited properly.

> *"We've purchased a lot of competence from the acquisitions which we're not clever enough to exploit yet, because we are running the business as we do. However, we're about to take advantage of that now. Soon, we will add 4 or 5 persons to the management team with different competences"*

***Losing external support functions***

On top of the increased workload and demand for more structure in the administration, Team Verksted AS lost important support functions from its parent company, Nettbuss AS. Specifically, Nettbuss AS carried out a huge reorganizing of their organization in 2016, which also affected TV AS. The parenting firm went from a structure with a holding company without any own revenue; into an all-embracing firm with subsidiaries only outside their core business. In the previous structure of Nettbuss, staff functions supported all the subsidiaries, even those who were not a part of their core business like Team Verksted. But as a consequence of the restructuring, TV AS lost all services provided by the parent firms' staff function, simply because they were not a part of the core operations. Accordingly, we believe that the management have to assess the subsequent effect since it aggravates the current lack of human resources. Specifically, the loss has led to the ongoing development of own support functions like HR, and other back-office. The demand for a new internal support is however perceived by the CEO as a facilitator for customization, since all functions can be developed to perfectly match internal needs. In addition, the chairman stresses the importance of reaching the state of a coherent whole, which we believe can be achieved by carrying out more extensive integrations.

> *"Back then, they had a clear staff function which included HR, quality and other support functions. We got support in all disciplines, because the people working in the staff function did not care whether it was Nettbuss Sør (Nettbuss subsidiary), or Team Verksted that wanted help. Their job was to help all the subsidiaries, either they were a part of the core business or not. "*

> *"Suddenly we lost HR among other activities (...) which is why we have engaged in taking these functions in-house. It suits us better because it allows us to customize the system, making sure that they are 100% aligned to fit our needs. "*

***Imitating organizational structure of parent firm***

Since TV AS is the first commercial vehicle workshop chain to establish through series of acquisitions, there is no such thing as a "best practice" regarding an optimal organizational structure. We believe this might be why the serial acquirer is subject to a similar organizational consolidation approach as their parent company went through recently. Specifically, the integrations entailed that Nettbuss AS reorganized to a holding firm for some years with regional subsidiaries, before consolidating to the current one-firm organizational structure. In brief, the parenting firm experienced significant improvements as a result of the extensive integration. After several systems and routines got consolidated and more coherent, the CEO of Nettbuss experienced noteworthy efficiency gains and lower cost. In addition, they experienced significantly better utilization of support activities after consolidation, mostly because the new structure fostered competence environments.

> "*Then Nettbuss went from a similar structure as we have today, with one AS and several subunits, where Nettbuss AS, which identically to Team Verksted AS didn't generate a krone themselves, everything came from beneath"*

> *"There is no doubt that the new structure improved, it caused lower costs and increased efficiency when systems and routines got consolidated and redirected. Support also improved after consolidation since it entailed more competence environment activity"*

It seems like there is consensus among the top management of the serial acquirer that their current structure, and future structure is highly affected by the parent company. However, the project manager of TV AS points out that there are no specific target date for a such a consolidated structure.

> *"It is clear that we are going to consolidate it all (..) without a time constraint, we want to become only Team Verksted AS in the end, with sub-units"*

***Strategic Shift from Vertical Acquisition***

Another fascinating element of the serial acquirer, is how a turnover of 500 MNOK enabled the firm to initiate the supplier acquisition. In fact, the vertical acquisition seems like the strongest motivational element to engage in more extensive integration at this juncture, and is substantiated by three factors. Firstly, the vertical acquisition is pointed out by the CEO as a strategic turning point, moving from horizontal to vertical focus. In essence, this meant greater attention to integrations, and creating a coherent structure. Secondly, uncooperative market reaction reflected that the acquisition was done at the right moment, as the firm were able to handle the discount obstructions from other suppliers. Lastly, there is the aspired effects from vertical acquisition, where TV AS aims to use the acquisition as a tool to regain control of subsidiaries.

*Turning focus from horizontal to vertical integration*

Interestingly, TV AS saw a turning point in strategic focus as it now mainly revolves around an effective integration of the supplier. Since the vertical acquisition will involve a more extensive integration than horizontal targets, we understand the current year to be critical for the serial acquirer. Also evaluating the novelty of such an acquisition for the management, thorough integrations is expected to be very time consuming. The management team seems confident with regard to the long-term implementation of the target, but are prepared to make mistakes and adjust suitably.

> "*Now, we've turned the psychology in the company around to revolve around spare parts.*"
>
> *"I've said that if we miss out on the parts in the first try, it won't be a crisis. We just have to adjust."*

*Uncooperative market reactions*

There were also immediate reactions from the competitors once the vertical acquisition got public. Some commercial vehicle workshop competitors which also operate as suppliers of TV AS, reacted by obstructing all discounts promptly. Such a reaction may indicate that competitors suddenly perceived TV AS as a more sophisticated competitor, as the firm is vertically integrating a former supplier. By evaluating these market reactions, we can ascertain that keeping the vertical integration strategy silent was a clever move.

> "*In this case, the brand retailers do whatever they can to stop us. As a consequence, we are losing some discounts, and Scania removes all discounts. This is their way of meeting our vertical integration move.*"

*Aspired effects of vertical integration*

We believe that the acquisition of LVD was not only a mean to reduce the cost of spare parts, but also a way of initiating other processes. The acquisition will entail the obvious change of supplier for subsidiaries, but also that the overall infrastructure of the firm is enhanced. To fully exploit the acquisition, the management team aims to implement a more extensive IT system in order to unlock the full potential of their scale economy benefits. The aim of this IT system is to make it comprehensive enough for all the subsidiaries to see each other's inventory, and be able to purchase and borrow spare parts and tools from each other. In addition, the management believe that these improvements will encourage the subsidiaries to share more information and knowledge, and get the feeling that they are a part of a bigger and more coherent chain.

> *"The communication within the subsidiaries is quite good. However, we are still working on to get the workshops to communicate together. (..) They have to talk to each other's and get the feeling that they are a part of a chain."*
>
> *"We've workshops which are specialists on Volvo, and a DAF workshop which is working on a Volvo. In such scenarios, they can call the Volvo workshop and exchange the knowledge. This isn't anything we offer centrally yet, but you do not get this opportunity if you're not a part of the chain"*

An aspired scenario is that struggling workshops can call specialists from other workshops within the chain for guidance with specific operations. The project manager point out that the intended IT system integrations might work as a facilitator for mergers of local to regional units. The intentional structure will entail business as usual for workshop managers, but a new reporting structure towards regional managers instead of the central administration. In other words, the overall aim for the new IT system is to save costs, enhance communication and collaboration, as well as serving as a control mechanism for the management team.

> *"In the long term Askim shall be able to buy a spare part from Bodø. If Bodø have a part there they don't need, it is better that Askim buys it, than Bodø wrecking it next year."*
>
> *"We offer Norway's greatest network of multibrand workshops. Therefore, we are now working on the collaboration where the workshops share their specialized knowledge."*

Briefly, we believe that TV AS' motivation for the vertical integration go beyond the economic benefits. The firm wants to use the infrastructure that already is established in the vertical target as a good basis for future consolidation. In essence, the firm should leverage the infrastructure from the vertical integration to reach an organizational fit. Chiefly, this entails that our case might reveal how a vertical integration can be used as a tool to initiate more extensive integrations for serial acquirers.

***Meticulous Post-Acquisition Integration***

Our research also revealed how a differentiated degree of horizontal integration has postponed the serial acquirers need to conduct more extensive integrations. We identified two prominent characteristics of the horizontal post-acquisition integration. Firstly, the firm employed an individual integration approach based on characteristics of the acquired firm. However, the pace of system integration was to some degree standardized. Secondly, the degree of integration tended to be very low amongst acquisitions, which now requires change to improve the overall structure, and to ensure a coherent chain.

*System Integration customized to each subsidiary*

Economies of scale gains is also expected to arise from daily system consolidation. Specifically, the CEO points out that integration of systems and tasks are initiated at some point to ensure that all acquired units cooperate in the long term. This entails that pension, accountancy and salary support for units are transferred to the acquirer immediately; while systems affecting the workshops' daily operations may take 6 months, or up to 3 years to integrate. Examples of other types of systems are IT-systems with stock overview and historical data, automatic schemes for governmental reporting, centralized marketing, and centralized systems for supply management.

> *"They get to continue as before, maybe for half a year, or up to three years. And we basically wait until we find it appropriate to integrate them into our system"*
>
> *"Gol is still on their own system, but Helges Bil was transferred to our system last fall. (..) They went two years on their own system before changing to ours."*
>
> *"It may look like we will try to transfer Askim over to our system before the summer. However, in this case, we have to do an even more thoroughly job to make sure the integration is successful."*

In short, every integration is adjusted individually, and to a large extent determined by the attitude of acquired employees. The management team perceive it as crucial that the systems for stock overview and historical data are consolidated in the end, to reach the state of a coherent chain. Furthermore, the project manager points out that the autonomy granted to acquired units has enabled them to observe and use them as learning objectives. But as of 2017, the firm have decided to create more structure between all acquired firms, and engage in more extensive integrations.

> *"How we do it is very different. We change the operating system to ours, we move the accountancy to our centralized accounting unit, as well as salary system and those kinds of things. And there is standardization of manual administrative cases, those are important parts of the economies of scale benefits"*

> *"We learn a lot from the acquired units every day, what works and what's not. And we have been able to observe this by keeping a fair distance"*

> *"We will never be able to work as a chain if the systems are not identical in the end. Hence, it is crucial that the systems display current stock and historical data for all the units"*

*Target autonomy determined by employee attitude*

While the acquirer grows fast to assure efficiency gains and cost reductions from these implemented systems, it also works to ensure that the growth does not affect the targets employees negatively. Both the CEO and project manager perceive human integration as a ripening process which happens at different paces, and therefore needs to be managed individually. They stress that some workshops obtain a shared identity and satisfaction quite rapidly, while other scenarios are more time consuming. Hence, our research shows that firms with historically enduring ownership are more likely to suffer from ego problems. When dealing with such ego problems, the CEO pointed out time to be the best tool to overcome these issues.

> *"We would say that human integration is achieved when all the acquired employees have the feeling that they are a part of our chain, not just the old firm with different owners"*

*"Because a firm that we buy, are nothing more than the people within"*

In fact, Team Verksted's experience has revealed that workshops subject to frequent managerial and staffing changes often reach a satisfying level of human integration rapidly. On the other hand, historically consistent workshops have a tendency to need more ripening time to reach a satisfying level of human integration, simply because the organizational culture often is very strong.

*"We do very few things from day 1, and this is a deliberate choice as it creates a trust towards us, before we start to change"*

*"If the subunits achieve their goals and follow their intended plan, they get to have great autonomy"*

As a result of these differences, the management only intervene if they detect a substantial deviation between the budget frame and the subsequent financial statement. Consequently, the CEO grant top-performers more authorization for everyday decisions due to their superior local competence. Since the firm usually acquire top-tier performers, the degree of integration tend to be low in the initiating phase since local managers have governed themselves competently for decades.

*"Here is another challenge; understand the difference in the companies, when is it right to integrate this one, what will be accepted, and how should it be integrated?"*

*"We have always been open to local governance. And we don't want the workshop managers to operate identically; because they know their markets better. So they are usually allowed to carry on as before"*

*"It is a reason that we wait to change anything that have to do with the employees' daily operations. We do not make any changes in the staff or routines until we identify problems with it"*

The fact that it can take between 6 months and 3 years for the acquired workshop to be integrated to the chain's IT system, is described by the CEO to be an attempt to safeguard the workshops' daily operations**.** Ordinarily, the administration refrains from rushing into major changes in acquired targets until the employees' trust are gained, and they perceive a coherent identity between the target and TV AS. Moreover, the firm engage in activities that fosters networking and trust between targets, building a stronger affiliation to the Team Verksted brand. We assess that this meticulous integration is not only an advantage in terms of less complications from intrusion, but also practical for an administration with limited human resources. Despite the fact that targets are granted autonomy much based on performance, it is crucial that they are perceived as a coherent chain in the long term.

> *"In order to create an own identity for Team Verksted, and to make the employees feel that they are a part of the chain, we arrange trips with the whole chain. This summer we are taking all to Trøndelag for a full weekend"*

> *"Not too much local focus has suited us well, since our managerial force is limited"*

***Acquiring the Top Performing Targets***

A touched upon, the management experienced little need for immediate changes in acquisition targets after takeover, much due to the top performer strategy. Team Verksted's initial acquisition strategy was to only acquire top performers in the industry. Top performers meant quantitatively in terms of solid economic results, and qualitatively in terms of managerial reputation and persistency in customer base. These acquired units tended to perform well even after the acquisitions, which is why they were granted autonomy over longer periods.

> *"The broader thought behind the acquisitions is as we say; we always acquire the best ones. That is actually our thought"*

Besides, the administration in TV AS described many of the acquired workshop managers as reluctant to change. These workshop managers generally held their position combined with full ownership for decades, and were therefore used to work in a particular manner. For instance, the CEO explained that the managers who usually had a "my molehill"-attitude showed inability to see the utility derived from incremental changes in routines. The CEO meant that this reluctance often came as a result of tenacious routines, and supplier agreements with high personal value attached for the employees at the workshops. Hence, we believe that the consistent good performance and the reluctance caused the administration to make fewer changes, and keep targets as autonomous as they have.

*"And we try to be careful about our local CEOs. We try to remember that they are the ones that runs the daily operations, and we should help and support him"*

*"It has been a little too much of my molehill-attitude among the CEOs, for example in cases of consolidation of supplier activities"*

In brief, there was a rationale from the management to not make any major changes as it would put the motivation of the best performing workshop managers at risk. This priority shows how decisive the role of local managers is, and how important they are to make sure that the local workshop attitude is maintained. Besides, the fact that TV AS was acquiring the top performers entailed that targets could carry on business as usual to large extent. Business as usual also implies a more meticulous integration, which is why targeting the best facilitates a slow integration. Furthermore, the CEO points out that many of the acquired workshops would be likely to suffer economically and with regard to the customer base if workshops managers vacate their role in without a transition phase. Such a point substantiates the importance of acquiring the best targets, with a presumed correlation between the workshop manager and the workshops performance.

*"If the manager would sell because he wanted to withdraw, it would probably not be that interesting to buy, because it's really personal dependent. The target has reached to where it is because of the hard work of the leader, so we are very focused on retaining him"*

*"Given the strategy chosen, it would have been impossible to grow any faster due to all the integration (..) I would say that we desire as few firms as possible"*

***Awareness of Integration Complications***

Another interesting element pointed out by the management, is that TV AS already has derived experience from integrations and readjustments of targets. Specifically, it means that they are familiar with the complexity, predicaments, and workload involved in such processes. For instance, the management point out that they have experienced predicaments when merging existing subunits, especially in cases where a merged target had an enduring ownership history. Furthermore, consistent ownership tended to entail very strong feelings of affiliation to a particular workshop, which usually caused a lot of turbulence. On the other hand, those firms that has been subject to recurring ownership changes and high employee turnover has proved to be more inclined to change promptly. Therefore, our overall interpretation is that complication experience derived from previous integrations will cause the administration to postpone integrations until they are absolutely necessary.

> *“We can often merge firms right away if they have been subject to a lot of changes in ownership structure previously”*
>
> *"We have experienced that there is a lot of turbulence as a consequence of mergers. It is a lot more work than one assumes, mostly because there are so much feelings.”*

***A Perceived Need for Streamlined Structure***

Another noteworthy element of the serial acquirer is how the majority of decisions are motivated by a desired streamlined organizational structure. Specifically, there seems to be consensus among the top management regarding operations of TV AS, and its deviations from the core business of their parent company. We believe that such a deviation implies that the serial acquirer can be contemplated as a business development case that will be realized at an appropriate juncture. But before the acquirer get to that point, it must realize numerous synergies and reach the critical mass where the value of the chain-brand exceeds the one of acquired targets. Consequently, the value of working as a rationalized chain is likely to entail a price significantly higher than the accumulated acquisition costs.

> *“We intend to reach out to investors in the market in a couple years to sell the whole, or parts of it. It's all there, because Team Verksted is not a part of the core activities in either Nettbuss or NSB, but a business development case that we intend to realize at a point”*
>
> *“And we have a plan that at the day where we sell it, we will sell it for much more than we bought it. Because then it will be a lot larger, streamlined and established as a chain.*

However, rationalization of processes means multiple changes, which tends to be very resource demanding. This is why the firm has to take several considerations when it comes to the pace of human integration, and why the management have not merged all firms into one yet. Another aspect touched upon by the management is the difficulty of creating an industrialized and streamlined firm, while still managing to have a local proximity. The chairman pointed out that such a trade-off between local and central management might even be reinforced by the entrepreneurial spirit that acquired leaders tend to have.

> *"To gather and retain all these small entrepreneurs, and convert them into something industrial, and make it streamlined can be a transition"*

Still, we believe the process of reaching a streamlined organizational structure is likely to entail pondering at several levels. The "chain"-structure is one of the cornerstones of the corporate strategy, where the brand name aims at a high level of recognizability, and close associations with terms like affordable, reliable, and decent. To reach a new and slick structure, it has been crucial to find a suitable pace of acquisitions, in addition to proper acquisition objects. The target managers of these objects have until recently been forming a management group, but this solution has proved itself insufficient. Consequently, the top management is now forming a new and modernized management team with fewer members. This group is organized to include key personnel of highly competent and influential individuals, to complement each other and ensure remarkable long-term performance. In addition, the management group will safeguard a management structure that emphasize a local anchoring, and closeness to customers, factors that are vital for good performance.

> *"It is kind of the bottom strategy to establish this as a chain, to make it recognizable for the customers, because the whole point of a chain is that they can rely on an affordable and decent delivery"*

> *"We will form a new management group now. Traditionally it has been all local CEOs that has formed the group because it was convenient, but it doesn't work anymore"*

Another important element to reach the desired streamlined structure is a sufficient implementation of the diverse economies of scale components. More specifically, we believe that components like HR, automatized certification systems, benchmarking and marketing will ensure substantial synergies for the acquired units, especially when the back-office functions are closely incorporated. A further decisive element of the streamlined structure for the serial acquirer is the vertical integration of the acquired spare part supplier. This follows as about

50% of turnover at workshops comprise of buying spare parts, and the possibility to build on the infrastructure of the vertical acquisition. In particular, the cost savings offered by eliminating the double marginalization is assumed to be approximately 10%. To ensure a satisfactory corporate structure, the integration will be done slowly and thoroughly by the top management.

> *"We change the operating system to ours, we move the accountancy to our centralized accounting unit, as well as salary system and those kind of things (..) standardization of manual administrative cases, those are an important parts of the economies of scale benefits"*

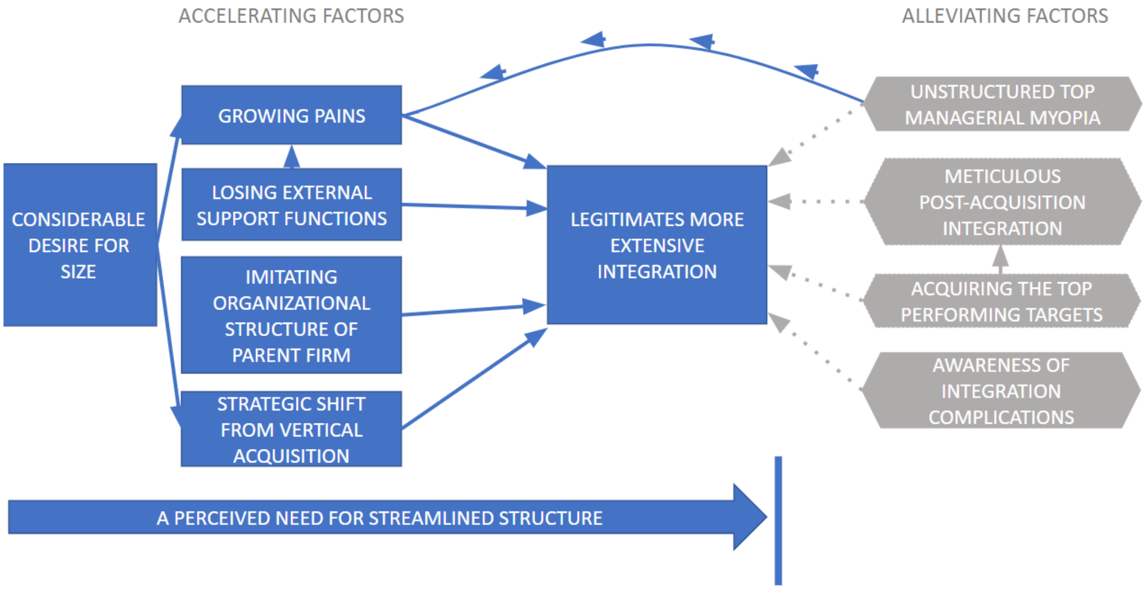
Furthermore, the management perceive the chance to organize own support mechanisms as advantageous, since it entails the opportunity to tailor them specifically. The organizational alignment will be done by strengthening the top management, including a dedicated project manager for the spare part acquisition integration. And without an actual deadline set out, the firm intend to consolidate all firms in the long term, into an all-embracing firm with agile subunits. Briefly, a fit and agile organization will be better at taking more proactive actions, since they are easier to control and benchmark internally. In addition, the legal aspects of a consolidated firm will be simplified as there are fewer firms to cope with time consuming formalities. By and large, a streamlined organization would make a potential sale more likely, and open for a joint ownership or franchise arrangements in the future.

> *"It is clear that we are going to consolidate it all (..) without a time constraint, we want to become Team Verksted AS in the end, with sub-units"*

> *"Within around 3-5 years we might be more inclined to enter partial ownerships or no ownership at all, meaning franchise"*

## EMERGENT MODEL

The model below illustrates the influential factors related to the serial acquirer managers decision to engage in more extensive integration. As touched upon, we define these extensive integrations to be more comprehensive than single post-acquisition integrations, mainly because of their complexity and structural rearrangements. Our model is two-parted, where the boxes to the left are factors that causes the integration decision to happen faster, whereas the boxes to the right are factors that alleviates the urgency of such integrations. This emergent model is grounded in the research we have conducted, and aims at describing the dynamic interrelationships between the concepts and themes, and further link their interaction towards the phenomenon (Gioia et al., 2012).




We argue that a thorough preliminary analysis sets the ground for a well-reasoned business case, which in fact is influential for all factors to the left in our model. Specifically, we argue that serial acquirers strive for streamlined structures, which is likely to substantiate the majority of decisions. Furthermore, we believe that streamlining tend to be a part of businesses development cases, which often aim at value realization through consolidation and improvement of activities. Consequently, the notion is likely to lead to more extensive integrations at some juncture. The objective of becoming a well aligned firm is indeed a persistent process that continues even after more comprehensive integration initiatives, which we illustrate by the extensive arrow at the bottom of our model.

One of the first concepts that guides serial acquirers towards the decision to engage in a more extensive integration, is when the firm has a considerable desire for size. As illustrated by the model, desire for size is not directly linked to legitimization of more extensive integrations. However, we argue that desire for size is indirectly causing the integration decision through reinforcing ‘growing pains’, and facilitation of the ‘vertical acquisition’. Firstly, as the desire for size includes substantial and rapid growth, it will directly lead to growing pains as the small serial acquirer has persistently traded growth over structure due to limited capacity. Secondly, it directly influences ‘strategic shift from vertical acquisition’ as a sufficient volume was a pivotal prerequisite that facilitated the vertically acquisition.

Based on our study, we argue that growing pains are one of the main influencing factors for engaging in more extensive integration. As the administration has experienced overstretched capacity in addition to geographically dispersed targets, there has been struggles to keep local presence at all subsidiaries. Accordingly, we argue that overstretched administrations will experience lack of control over its subsidiaries when the organizational structure is not aligned appropriately to the size of the firm. In brief, we believe that serial acquirers that disregard development of an adequate organizational structure to govern a larger firm will experience growing pains, and thus need to engage in more extensive integrations.

Improvement of the serial acquirer’s organizational structure is one of the main goals of a more extensive integration, and we argue that ‘unstructured top managerial myopia’ has a negative influence on such an initiative. This connection is based on the administration being neglectful with regard to structure, thus postpone more extensive integrations. Consequently, the factor has an alleviating effect on the urgency of conducting more extensive integrations for managers. However, by disregarding targets integration and development of organizational structure with a coinciding pace to the growth, the firm may impede synergy realization. Hence, we argue that an unstructured homogeneous top management team with a narrow focus will reinforce the growing pains as a cause of the overstretched workload, as indicated by the upper arrow from the component in our model.

We argue that losing external support functions will influence serial acquirer managers extensive integration decision. Such a loss forces the manager to change in order to adjust daily support operations. Hence, we argue that the factor accelerates the urgency of conducting more extensive integrations. In addition, we argue that losing external support will reinforce the growing pains even more, as the loss of such support will add more tasks to the already overstretched managerial capacity. This causal link between loss of external support and growing pains is illustrated by the arrow in our emergent model.

Furthermore, we argue that serial acquirers may be inspired to imitate organizational structure of their parent firm. If a serial acquirer is dissatisfied with their organizational structure, it will search for a best practice in related industries, and adapt to an organizational structure similar to a preferred actor. Hence, we believe that imitation of organizational structure accelerates the decision to engage in a more extensive integration.

Based on our findings, we believe that reaching substantial volume combined with a sufficient distribution network is likely to cause serial acquirer managers to initiate strategic shifts through a vertical acquisition. We argue that the first vertical acquisition organized by a serial acquirer is among the most influencing factors regarding the managerial decision to engage in a more extensive integration. This strategic shift imposes an infrastructural towards a coherent whole, as opposed to an excessive growth focus in the past.

Our findings also suggest that a meticulous post-acquisition integration will cause the serial acquirer less interferences as subsidiaries manage their daily operations individually. By following such an approach, the serial acquirer may impede the ability to realize synergistic potential from its acquisitions. We also believe that the serial acquirer needs to align appropriately to realize synergies later. Accordingly, we argue that keeping acquisition targets autonomous have an alleviating effect on the serial acquirer's decision to engage in more extensive integrations.

We argue that in cases where serial acquirers are able to acquire the top performing targets, there will be less inefficiencies that accumulates throughout the string of acquisitions. In particular, superior targets are argued to allow more autonomy in the initial phase, facilitating integration at a convenient time for the acquirer. Hence, we believe that targeting the best actors in the industry is a factor that alleviates serial acquirers need for more extensive integrations.

Lastly, our findings indicate that awareness of integration complications might have a mitigating effect on future integration activities. Serial acquirers that have experience from complex integrations might acknowledge all challenges associated with initiating and carrying out such processes. Consequently, we argue that integration experience influence serial acquirer managers to postpone more extensive integrations.

## DISCUSSION

By and large, our research adds to previous serial acquirer literature by identifying accelerating and alleviating factors that affect the legitimization of managerial integration decisions. We argue that growing pains from acquisitive growth, and a strategic shift caused by a vertical acquisition are causing managers to engage in more extensive integrations. Specifically, the chaos caused by rapid growth and the desire for a streamlined structure with a vertically integrated firm seems to be important elements that requires significant organizational change when inefficiencies has accumulated. In addition, our research reveals interesting alleviating factors which have a delaying effect on the legitimizing of more extensive integrations. As prior research has mainly focused on all the factors that drives a major organizational change at some level, our findings add to literature by revealing factors that have an opposing effect on organizational changes. We also provide deeper insight to Barkema & Schijven's (2008) article by detailly describing which organizational inefficiencies that arise after a string of acquisitions.

Among the most interesting and deviating findings compared to prior studies, is the four alleviating factors revealed by our emergent model. To our knowledge, no prior studies have devoted much attention to why integration activities has been postponed or disregarded. Therefore, much of our discussion will focus on the mitigating factors, and how they add to existing social science literature. Our study reveals that those factors are just as important in understanding how serial acquirer managers legitimizes more extensive integrations. We believe the lack of focus in this area might be caused by the research design chosen by others. While other scholars have collected data from many firms, and mostly analyzed it quantitatively through figures or questionnaires, we collected data through a single case study. The inductive approach allowed us to explore how serial acquirer managers legitimizes more extensive integrations in-depth, and made us open for new aspects to be revealed. We believe our research approach is the main reason for our contribution to literature, and want to encourage scholars in the field to use a similar approach.

When considering the heart of our model, which is ‘legitimates more extensive integration’, it evolves around the motives for the legitimization. As we regard more extensive integration as a major organizational change, Barkema & Schijven’s (2008) article plays a big role in the discussion. They proposed that as a result of all inefficiencies stemming from a string of acquisitions, a major organizational restructuring is needed to reduce the accumulated effect. An organizational restructuring might unlock synergistic potential, even several years after an acquisition is undertaken. Comparatively, our findings suggest that when all the inefficiencies arise from the string of acquisitions, it is time to engage in a more extensive integration instead of organizational restructuring. In accordance, we argue that major organizational restructuring may not be the only tool to eliminate and overcome the resulting inefficiencies. In particular, we believe that engaging in a more extensive integration is beneficial since it tends to be less time consuming and costly than the organizational restructurings proposed by Barkema & Schijven (2008). Their description of restructuring seems unnecessarily complex for synergy realization, including to recombine specific subunits in multiple existing divisions. In our case, being geographically dispersed is absolutely necessary, as the customers demand the serial acquirer to deliver local presence. To then look across these divisions for more radical synergy potential will be inadequate use of the limited resources. However, when the firm engage in a more extensive integration instead of an organizational restructuring, it will increase the efficiency of the integration procedure, and at the same time save money and resources on the “search for radical opportunities”- cost.

We argue that the more extensive integration as opposed to Barkema & Schijvens (2008) organizational restructuring might be a more adequate use of resources as it is less comprehensive. However, such a solution might be limited to those serial acquirers that initially engage in a low degree of post-acquisition integration, and are dependent on being geographically dispersed. Besides, we lack empirical evidence to substantiate this statement as our research object have not conducted the more extensive integration yet.

As pointed out in the model under meticulous post-acquisition integration, Team Verksted’s s has granted acquired workshops much autonomy to use them as learning objectives. However, the firm intends to create more structure between acquired units as of 2017, mainly through engagement in more extensive integrations. Briefly, the changes will entail infrastructural changes within IT, and a new reporting structure towards regional managers instead of the central administration. We believe these changes is in line with Chakrabarti & Mitchell's (2005) propositions, which claims that the degree of integration is decided according to the strategic objective of the acquirer. Our research confirms that an acquirer can use targets as a learning objective if it fits their strategy, in our case a rapid growth strategy.

In relation to this argument, Pablo (1994) argue that among the different degrees of integration, a serial acquirer will be able to learn which level of integration that is most suitable for different targets. We believe our findings confirms that acquirers may be meticulous in the initial part of integrations, and therefore are able to deliberately learn from acquisitions. Consequently, the acquirer will be able to adjust the degree of integration according to changes in strategic focus. Since the serial acquirer managers changed their strategic focus because of the vertical acquisition, our findings confirm that they are likely to adjust the degree of integration to suit the new strategic objectives. The adjustment is however not evident as the more extensive integrations are not carried out yet. Hence, we add to literature by pointing out how learning through a meticulous post-acquisition integration will mitigate the urgency of more extensive integrations.

Our emergent model suggest that a meticulous post-acquisition integration plays an alleviating role in legitimizing a more extensive integration for serial acquirer managers. As mentioned, Birkinshaw et al.s` (2000) study revealed that there are two pivotal processes when integrating targets; namely task and human integration. These processes are proposed to be initiated simultaneously, but the task integration should only lead to a satisfying level. When reaching a satisfying level of human integration, they suggest to initiate a renewed and more comprehensive task integration, building on the success of the human integration. This approach shares similarities to how the meticulous post-acquisition integration has been conducted by TV AS. Firstly, they built trust by refraining interruptive integrations in daily activities, only integrating support functions as accountancy, pension, and salary. But as trust was gained and the target shared the parent company's identity, they plan to initiate a renewed task integration though IT consolidations. In addition to the importance of gaining trust, we believe that the renewed task integration is encouraged by the vertical acquisition. According to the CEO, they rather wait to implement the renewed task integration half a year longer than necessary, than half a year too early, simply to ensure that human integration is successful.

Hence, we argue that this meticulous integration strategy is an alleviating factor for the urgency of engaging in more extensive integration. When following this strategy punctually, the serial acquirer needs to gain all targets' trust before initiating renewed integration processes. Consequently, when conducting multiple acquisitions each year, there will always be some targets that are imperfectly human integrated, and delay the integration process.

Another intriguing element revealed by our research is the ego problems that leads to meticulous post-acquisition integration. Our findings are contrary to Chatterjee (2009), who argued that small targets are less likely to suffer from ego problems from their respective owners. Based on our findings, we believe that historically enduring ownership is a more prominent determinant of ego problems than size. Our argument is based on significant differences in size of acquired firms which can be found in appendix 2, and the qualitative statements made by the serial acquirer management. Our notion is also based on Chatterjee's (2009) measurement of acquisition performance through looking at employee turnover.

Since the ego problems cause TV AS to keep targets autonomous for a longer time, we argue that ego problems have an alleviating effect on integration decisions as a substantiating factor of meticulous post-acquisition integration. In addition, we argue that we enrich Chatterjee's (2009) research by suggesting other causes for ego problems than the size of the firm.

In our emergent model, we suggest that growing pains accelerate the manager's decision to engage in a more extensive integration, and that the growing pains are reinforced by the loss of external support. As mentioned in our findings, the 15th acquisition became a turning point for the serial acquirer, where it realized that the extensive growth had resulted in a lack of control. This made them unable to realize the synergistic potential. The organizational inefficiencies augmented more by losing external support functions. These organizational inefficiencies correspond with the research presented by Barkema & Schijven (2008), where they suggest that there will be accumulated organizational inefficiencies after a string of acquisitions.

Therefore, we argue that growing pains, reinforced by the loss of external support, have led to overstretched managerial resources, hampering a consecutive and sufficient integration of targets. We thereby strongly support the argument proposed by Barkema & Schijven that organizational inefficiencies accumulated by a string of acquisitions drives organizational change.

Our emergent model proposes that “acquiring the top performing targets” plays an alleviating role in the legitimizing of a more extensive integration. We thereby confirm some of, McNamara, Haleblian, & Dykes (2008) propositions, where they argue that early movers within an industry acquisition wave will benefit from asymmetrical information. Specifically, they pointed out that early movers benefit from selecting superior acquisition targets, which enables them to choose the ones with the highest degree of strategic fit. This argument is strongly confirmed by our research case, where the initial strategy was to only acquire top performing targets within the industry. The best fit workshops are described as profitable, partially brand independent, as well as offering a suitable geographical location. If they were not the first ones to start acquiring within the industry, it would presumably be impossible for them to acquire all the top performing ones. Even though it was not mentioned explicitly by our informants, we argue that this approach has resulted in an adequate strategic fit. This follows as they have required less intervention because of good performance, and thus alleviated the urgency to engage in more extensive integrations.

To preserve the early mover advantage, we believe that it was important for Team Verksted’s administration to “strike while the iron is hot”, meaning that it was important to acquire all targets before other actors in the industry started to compete for them. As a result of this, focusing on building a structure was inadequate use of the capacity. Our argument adds to McNamara, Haleblian, and Dykes` (2008) findings by pointing out this potential trade-off for early movers. Specifically, we believe that growing pains were a consequence of an excessive focus on utilization of the first mover advantage.

Another interesting finding identified by our research is how acquiring top performers and awareness of integration complications made the management postpone integration initiatives. This notion is somewhat discussed by Barkema and Schijven (2008) who argue that restructuring is unnecessary after each acquisition because it tend to be very resource demanding. They further argue that restructurings after a string of acquisitions will give significantly better effects. Our case study partly confirms this argument, where we propose that too frequent and extensive changes may hurt the subsequent integration processes. In particular, many of the targets had been running their business competently for decades, and our research indicated that immediate interference in daily matters would reduce target employees' motivation and thus their performance.

In accordance with Barkema & Schijven, we agree that too frequent restructurings may hurt the acquirer. We further add to literature by arguing that the awareness of integration complications and acquisition of top performers are factors that make serial acquirer managers postpone more extensive integration.

Our model also propose that the unstructured top managerial myopia had a reinforcing effect on growing pains. This follows as an unstructured management team has decided to disregard structuring activities to ensure rapid growth. Specifically, the acquisitive growth strategy pursued entailed nine acquisitions during the two first years as illustrated by the table in appendix 2. Hayward (2002) argued that spending too little time between each acquisition will assign the firm certain drawbacks. In line with this, Team Verksted's frequent acquisitions disabled them to concentrate on building the structure needed internally and properly integrate targets. It was already demanding enough for the two operating employees in the administration to focus on all processes surrounding acquisitions. However, the high frequency in TV AS' acquisitions does not seem to affect the overall acquisition performance as negatively as Laamanen & Keil (2008) has previously argued. In particular, they have had an excellent acquisition performance in all acquisitions from an employee turnover perspective. The firm's success formula has been to keep workshops unchanged regarding most daily matters during the post-acquisition integration, which has resulted in exceptionally high employee retention.

In essence, we believe that the consequences of conducting too frequent acquisitions will increase the need for more extensive integrations of acquired units, especially when structural alignment is sacrificed at the expense of growth. However, we believe that the need for extensive integrations is not as critical as previously pointed out by scholars, as Team Verksted has observed excellent acquisition performance in terms of their employee retention.

We also propose that 'Unstructured Top Managerial Myopia' plays an alleviating role towards legitimizing more extensive integrations, at the same time as it reinforce growing pains.

Therefore, we argue that our research adds the importance of composing a heterogeneous top management team. We characterize the current management in Team Verksted as quite similar in terms of attitude, background, and lack of structural focus. We believe that the unstructured top management team has been subject to myopia, and thus neglected structural alignment. Therefore, we argue that it would be beneficial to compose a top management team with different managerial backgrounds to conduct the great variety of tasks that is needed when growing through acquisitions.

When observing that TV AS has traded growth over structure perpetually since establishment, we argue that their "structural debt" has come to a point where the need a more extensive integration to regain its structure is critical.

Another intriguing element in our research is the imitation of the parent firm's organizational structure. Our notion confirms the propositions made by Barkema & Schijven (2008), who claimed that acquirers tend to search for solutions internally when it strives for an adequate organizational fit. This entail that a firm perceives their existing organizational structure as an exogenous variable. We argue that Team Verksted AS` initial focus is in line with this proposition, as no structure initiatives were conducted during the starting phase of the firm. Furthermore, Barkema & Schijven (2008) argue that acquirers shift to distant solution search when coordination and integration problems reach a critical point due to attributes of behavioral theory. We believe that these inefficiencies have driven TV AS to a point where they have shifted the search towards an external but close actor, namely their parenting firm in order to find an adequate organizational structure. Due to the close relation to the parent firm, we believe that external search for solutions went faster than in other scenarios. Hence, we argue that the imitation of the parent firm's organizational structure has influenced the management to engage in more extensive integrations at an earlier juncture. Our research contributes by confirming that serial acquirer managers search for solutions in their external environment, but add to literature by revealing that they will do initial search in the closest organizational sphere.

# CONCLUSION

The main inference drawn from our research is that there are several factors accelerating and alleviating the urgency of conducting extensive integrations for serial acquirer managers.

Additionally, these factors are found to be substantiated by a perceived need of a streamlined organization, since the desire alters the majority of decisions. Furthermore, a vertical acquisition is identified as a potential facilitator to carry out more extensive integrations through utilization of vertical infrastructure. Being conscious of all influential factors are helpful for serial acquirer managers as it enables them to reflect on potential pitfalls, and make better decisions subsequent to a string of acquisitions.

# MANAGERIAL IMPLICATIONS, LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

*Managerial Implications*

We believe that this thesis contributes to existing research by providing deeper understanding of the factors affecting serial acquirer managers to legitimize more extensive integrations. Serial acquirer managers should not regard acquisition integration as a single event, but rather as an iterative process that evolves over time and focus on the firm's long-term performance. When following this approach, the thesis could enable managers to identify different parameters that signals the need for more extensive integrations. One of our most influential findings might be the alleviating factors that makes managers postpone integration initiatives. In particular, this thesis contributes to serial acquirers that have chosen to integrate their targets to a low degree, and is concerned about unlocking more of the synergistic potential. Regardless of the degree of integration, inefficiencies are likely to accumulate through strings of acquisitions. To eliminate inefficiencies, the acquirer should align appropriately, keeping in mind that integrations are resource demanding, and that too seldom integrations is likely to result in suboptimal performance. Consequently, it may be unnecessary to engage in extensive integration activities after each acquisition conducted, and rather advantageous to conduct after several acquisitions. Moreover, serial acquirer managers should strive to find the appropriate balance between acquisitions, and engaging in more extensive integrations.

*Limitations*

We recognize that our research entails limited transferability as our case study is of common nature. Given the uniqueness of the serial acquirer examined, there might be elements from the case that limit findings to be applicable in other contexts. We also believe that there are certain limitations since the more extensive integration are not executed yet.

*Suggestions for future research*

We suggest that future research should examine our case at a later juncture to assess the full effect of our proposed determinants, and their actual influence on more extensive integration initiatives. Such research might provide deeper insight to how a relatively small serial acquirer changes post to a more extensive integration process decided by management. Future research might also test our model in other cases with other specifics, to assess whether influencing factors are generic enough to be applicable to other industries.

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# APPENDIX

## *Appendix 1 Presentation of interview themes*

*Theme 1 - History of Team Verksted*

The first theme of our interest was asking the participants of Team Verksted's history which they have been a part of. By this, we got a deeper understanding of what roles the participants have had, as well as a better impression of how they highlight the history of the firm differently.

*Theme 2 - About Team Verksted as a company*

After the more broad question of the firm's history, the intervieewes were asked to describe the company briefly. This theme asked the informants to explain the structural characteristics of communication, responsibilities and tasks within the firm.

*Theme 3 - Team Verksted's general strategy*

The next question asked the intervieewes how they would describe the firm's strategy at the beginning, and if there were any changes during the growth period.

*Theme 4 - Acquisition strategy*

In the fourth theme, we asked about the overall acquisition strategy. Thereafter, we asked whether they had been sticking to that strategy during all the acquisitions or not, followed by questions regarding expected synergies.

*Theme 5 - Acquisition processes*

The fifth theme included more reflecting questions regarding the acquisition processes. We sked the interviees if they could walk us through the last acquisition process they took a part of. Under this question, we had prepared several follow-up questions to fully understand the process.

*Theme 6 - Post-Acquisition integration*

The next questions asked the informants to explain how integration was conducted after an acquisition. Moreover, it asked them to elaborate on the decision making structure, what the firms add of value to Team Verksted, and how different firms were integrated as of today.

*Theme 7 - Future prospects*

This theme consisted of questions regarding the future of Team Verksted. We asked what they believed would be challenging in the future for the firm, as well as a question regarding the aspired market position in terms of size and scope.

*Theme 8 - Final thoughts*

The concluding theme question were very open to allow the interviewees to stress what they perceived as important. We ensured that the question would enable the informant to add important information if he or she felt that our former questions lacked important elements.

## Appendix 2: Acquisition Timeline

**Table of Team Verksted's acquisitions since the establishment**

| Company | Location | Revenue[1] | Price | Shares in % |
|---|---|---|---|---|
| 2011 | | | | |
| Team Verkstedsenter Trøndelag AS | Orkanger, Stjørdal, Trondheim | 100 MNOK[2]* | 26.5 MNOK | 100% |
| Team Verkstedsenter Sør AS | Arendal and Kvinesdal | 40 MNOK | 5.1 MNOK | 100% |
| Last og Buss Vest AS | Bergen | 20 MNOK | 8 MNOK | 100% |
| Buss og Klima AS | Oslo | 14 MNOK | 4.25 MNOK | 100% |
| Rige Bil og Hengerservice AS | Kristiansand | 17 MNOK | 5.93[3] MNOK | 100% |
| 2012 | | | | |
| Team Verkstedsenter Møre AS | Volda | 19,5 MNOK | 3 MNOK | 100% |
| Sjåk Bil AS | Sjåk | 17,5 MNOK | 0,5 MNOK | 100% |
| Sjøholt Last og Buss AS | Ålesund (Sjøholt) | 14,5 MNOK | 3 MNOK | 49% |
| Larsnes Last og Buss AS | Larsnes | 22 MNOK | 1,5 MNOK | 49% |
| 2013 | | | | |

1 Revenue is from the year before the acquisition

2This revenue does not reflect the true value acquired by Team Verksted as Cecilienborg was not included in the transaction, and contributed approximately 20% of total revenue.

3 Agreement with owner also to pay out 1 MNOK before acquisition

| Company | Location | Revenue | Price | Shares in % |
|---|---|---|---|---|
| Nettbuss Øst AS | Hadeland | 22 MNOK | 8 MNOK | 100% |
| 2014 | | | | |
| Helges Bil AS | Otta | 18.6 MNOK | 6.5 MNOK | 100% |
| 2015 | | | | |
| Team Verksted Øst AS, Avd: Slemmestad | Slemmestad | New property | New Property | 100% |
| Team Verksted Sør AS Avd: Larvik | Larvik | New property | New Property | 100% |
| E18 Lastebilservice AS | Askim | 40.9 MNOK **(IP)** | 40 MNOK | 100% |
| Fjeldhus Motor AS | Oslo | 20.5 MNOK | 9.1 MNOK | 100% |
| Hallingdal Lastebilservice AS | Gol | 22 MNOK | 9 MNOK | 100% |
| 2016 | | | | |
| Nordvik Last og Buss | Bodø<br>Tromsø<br>Bjerka | 53 MNOK | 8.82 | 49%[4] |

4 A two-year option enables Team Verksted to acquire the remaining 51% of shares for MNOK 9.120,

***Appendix 3: Preliminary Thesis Report***

# Preliminary Thesis report

# - A Case Study on Team Verksted AS -

Hand-in date:

16.01.2017

Campus:

BI Oslo

Name of Supervisor:

Helene Loe Colman

Programme:

Master of Science in Business, Major in Strategy

# Content

# 1.0 Introduction

## *1.1 Mergers and acquisitions*

Acquisitions as phenomena has been widely researched within several sciences, and often in combination with mergers. The noteworthiness of the M&A phenomenon is well illustrated by its global deal value, which in 2015 totaled an all-time high $4.7 trillion (Lam, 2016). Literature suggests that the rationale underlying these acquisitions revolve around expected synergies (Haspeslagh & Jemison, 1991). Interestingly, acquisitions are often found to erode the acquiring firm's value (Datta, Pinches & Narayanan, 1992). This contradiction clarifies the role of cautious target selection and efficient post-acquisition integration to realize synergies (Barney, 1988; Larsson & Finkelstein, 1999). We would argue that to conduct research on a serial acquirer might clarify such opposing presumptions about acquisition performance competently. This thesis aims to provide insight on contingencies for acquisition performance, as the current literature is inconsistent in terms of prevailing variables (King, Dalton, Daily & Covin, 2004).

Long-term firm growth is another significant concept from the literature, and is proven to be a highly decisive factor of acquisition behavior (Schweizer, 2005). When growth is desired, acquisition experience may provide important contributions to organizational learning, which in turn is likely to make the firm a more efficient acquirer (Barkema & Schijven, 2008). Hence, serial acquirers might accumulate useful capabilities over time, enabling them to conduct acquisitions efficiently, and suffice desired growth ambitions.

## *1.2 Serial acquirers*

A serial acquirer is defined as a firm that makes streams of interrelated acquisitions in accordance to strategic targets (Schipper & Thompson, 1983, p. 86). These types of firms among the S&P 500 were found to create more value than sporadic acquirers, according to a study conducted by the Boston Consulting Group (Hansell, Walker & Kengelbach, 2014). More specifically, the study revealed that those firms which spent 15% or more of their market capitalization tended to deliver 5-25% annual return to investors. Conversely, those firms that were less acquisitive delivered a substantially lower annual return around 0 to 10%.

Another study conducted by BCG reveals that serial acquirers are able to buy higher revenue growth than those firms that focus on organic growth instead (Kengelbach et al., 2015). Interestingly, those firms among the S&P 500 that made an acquisition had 8.3% higher revenue growth than the firms that abstained from acquiring during a five-year period. Furthermore, those acquirers that conducted more than one acquisition annually realized a revenue growth that were 23% higher than the ones focusing on organic growth, on average. Not surprisingly, the results showed that the more acquisitions carried out, the more revenue growth were obtained. In contrast, Ismail (2008) has found that serial acquirers were out-performed by single acquirers by 1.66% in terms of cumulative abnormal returns.

Moreover, acquiring managers tend to rely on strategies that has enabled them to grow in the past. This follows as they gain confidence from growth strategies that has worked well, and therefore usually stick to the strategy they perceive as most adequate (Greve, 2008). Such behavior may cultivate skills when it comes to making pensive and prudent analysis of targeted firms, reducing the risk of erroneous acquisitions. More specifically, a well devised due diligence would reduce the risk of overpaying for a target, when the firm is craving for fast revenue growth (Hitt, Harrison & Ireland, 2001).

Although the literature on serial acquisitions has developed in several directions over the past decades, there is still a need for more research regarding circumstantial matters for growth. This study aims to elucidate the factors that enables a serial acquirer to grow and achieve the aspired synergies. Taking all the above into consideration, we have formulated the following working research question:

**Working Research Question:**

*"What circumstances enables a serial acquirer to grow according to predefined targets?"*

## 2.0 Literature review

There are several explanations in the M&A literature of why companies acquire, and how moderating factors influence acquisition performance. This literature review will shed light on circumstantial matters that enable serial acquirers to reach their targets. Initially, the chapter will elaborate on the strategic rationales that might underpin an acquisition, as it enable us to understand the subsequent phases of an acquisition. More specifically, the part will elucidate the great importance of value creation and growth as precursors. The following part will name several process factors that has a moderating effect on acquisition performance. In specific, broad topics like organizational learning, acquisition programs, firm specifics and post-acquisition integration will be discussed briefly.

## *Antecedents*

### *Value motivations*

Some firms want to acquire in order to gain market power as an attempt to appropriate more value from its customers. This market power hypothesis arise from the finance literature, with the ground idea that having fewer firms in an industry increases firm-level pricing power in horizontal M&A's (Haleblian et al., 2009). Another rationale that underlies the market power argument is conducting acquisitions to access market and infrastructure specific advantages (Cloodt, Hagedoorn & Van Kranenburg, 2006). Among other propositions of value creation through acquisitions, is the desire to increase efficiency through cost reduction. Evidence of this antecedent were found by Banerjee and Eckard (1998), which pointed out horizontal acquisitions in the 1900s as predominantly efficiency driven. Efficiency motives has historically been most evident in time of economic downturns.

Other scholars proposes that acquisitions can be used as a mean to redeploy assets and transfer competency in order to achieve economies of scope (Haleblian et al., 2009). This was confirmed by Capron, Dussauge, and Mitchell (1998), which in their study found that horizontal acquisitions often led to significant realignments of resources between acquisition targets and acquirers. On the other hand, agency theorists have found evidence that acquisitions are conducted in order to discipline ineffective managers. More specifically, the acquirers may believe that a change in leadership will improve the targeted firms' performance (Jensen & Ruback, 1983). chachal & Walking (1994) confirmed this notion by pointing out that CEO's of acquired firms are often dismissed after the acquisitions is completed. In addition to the poor governance, the CEO's of the acquired firms were often overcompensated according to the acquirers.

### *Growth*

Another rationale that may explain a significant portion of a firm's acquisition behavior is desired growth, and studies predominantly point out long-term growth as paramount. Nevertheless, firm growth's influence on acquisition behavior has received little scholarly attention (Schweizer, 2005). However, a few studies within finance have examined how firm characteristics can activate the desire for external growth. More specifically, Hay & Liu (1998), and Soerensen (2000) finds the likelihood of external growth to be positively related to firm size, book-to-market ratio and profitability. The intuition behind this is that available resources is a determining factor for acquisitions behavior. One should however note that these acquiring firms usually represent sizable and publicly traded corporations.

On the other hand, smaller firms would possibly face a trade-off between whether to allocate managerial focus on either internal growth, or negotiation and integration processes related to acquisitions. Hence, growth as an antecedent would require deliberation with limited resources before pursuing an acquisition strategy (Laamanen & Keil, 2008).

## *Moderating Process Factors*

### *Organizational learning*

One of the reasons that serial acquirers are able to grow and perform better than one-time acquirers is proposed to be the organizational learning they gain from previous acquisitions. A study conducted by Lanctot and Swan (2000) shows that organizational learning has a significant impact on future acquisition performance. When the number of acquisitions conducted rise, the performance and returns of each acquisition will also increase. Ismail (2008) called this learning "*the acquisition learning curve"* with the idea that the experience serial acquirers' build, eventually will benefit shareholders value. We can also find the same idea in the article written by Laamanen and Keil (2008), which propose that a serial acquirer needs to conduct several acquisitions before the potential acquisition learning benefits arise. In other words, the more acquisitions experienced by a serial acquirer, the more learning it accumulates, and the higher probability for successful acquisitions in the future. Conversely, Ismail (2008) indicated in his study that it does not matter how much experience the acquirers accumulates, since one-time acquirers continue to generate higher returns.

Moreover, acquirers are more likely to succeed from previous experience if it originates from the same industry as the majority of their acquisitions. This follows as the industry-specific knowledge might enable the acquirer to make better judgment and contingent decisions through the acquisition process (Haleblian & Finkelstein, 1999; Hayward, 2002; Zollo & Singh, 2004).

Haleblian and Finkelstein (1999) also applies an organizational learning perspective in order to explain the relationship between acquisition experience and acquisition performance. In contrast to the proposed learning curve, they present a U-shaped relationship between organizational experience and acquisition performance. With a U-shaped relationship, they propose that the performance of the first acquisition represents a baseline level.

Rather than treating the second acquisition as unique, firms tend to generalize too much from the previous acquisition, which often result in worse acquisition performance. Eventually, the acquirers will gain more experience and become better at perceiving the underlying differences and similarities between distinct acquisitions. This results in more appropriate generalization, and the acquirers will perform better again.

Even though companies tends to perform worse before they are able to perceive the appropriate level of generalization, it is worth mentioning that some firms are unable to learn from experience, and some are inexperienced. These firms will potentially face a risk of utilizing acquisition experience which seems to be similar to previous experiences, but are distinctively different (Haleblian & Finkelstein, 1999). Therefore, serial acquirers with sufficient experience also need to develop a capability to identify what is appropriate to generalize and not. This will enable them to apply past experience only when it is relevant (Barkema & Schijven, 2008).

Haspeslagh and Jemison (1991) proposes that acquisition experience and learning from previous acquisitions will help the acquirer to develop what they call acquisition capability. Acquisition capabilities in this case will per Haspeslagh and Jemison (1991) include "*knowledge, skills, systems, structures, and processes that a firm can draw upon when performing acquisition* (referred to by Laamanen and Keil, 2008, p.664)*."* In order to develop such capabilities, companies need to conduct several acquisitions to be able to find a pattern they can build their capabilities upon (Haleblian & Finkelstein, 1999). Furthermore, Laamanen & Keil

(2008) and Zollo & Winter (2002) suggests that building acquisition capabilities for one-time acquirers may not be optimal as it is time consuming, and too few acquisitions to identify a trend upon.

***Acquisition programs***

There is a general agreement among scholars that acquisition experience is beneficial to achieve the predefined goals of the acquisition. Zollo and Singh (2004) identified that inexperienced acquirers often tend to misjudge the challenges that occur in the post-acquisition integration. On the other hand, more experienced acquirers are better to predict the potential problems which may occur in the post-acquisition integration process, in addition to the integration costs (Hunter & Jagtiani, 2003). This notion is also confirmed by Haleblian & Finkelstein (1999), which in their research found that acquisition experience can enable firms to safeguard potential synergies, and extract learning from target firms to the acquiring firm.

Research on acquisitions shows that over half of all acquisitions are inefficient, and many are characterized as failures (Chatterjee, 2009). Among one-time acquirers and serial acquirers, it is proven that the serial acquirers are the ones who are performing best. However, among all serial acquirers, there are differences in performance. Chatterjee (2009) identified that some of these differences can be explained by whether a serial acquirer engaged in an acquisition program or not. Chatterjee defines acquisition programs in the following manner:

> "*An acquisition programme is a group of acquisitions driven by a core business logic, often with significant interdependencies. The programme ends when the underlying logic is no longer viable* (Chatterjee, 2009, p. 138)."

Moreover, the scholar argues that acquisitions are successful only when it is a part of a well-developed acquisition program. More specifically, a couple acquisitions might enable serendipitous clarity of the business logic. If this is the case, the firm might detect a useful pattern which can benefit future acquisitions (Chatterjee, 2009).

### *Acquirer and target characteristics*

In addition, Laamanen and Keil (2008) reveals other significant factors that might be moderated by the scope of an acquisition program. Their study points out that if a serial acquirer conduct many acquisitions within a short time span, it will negatively affect acquisition performance. Furthermore, the variability of acquisition rate were found to negatively affect acquisition performance, where the term denotes how much time that is available between two separate acquisitions.

Another crucial factor to consider is the size of the acquirer, which is found to have a positive influence on acquisition performance for serial acquirers. This is argued to be the case as smaller firms have a limited number of senior-level managers to undertake acquisition activities. On the other hand, Chatterjee (2009) elucidates the role of size of the target firm. He finds that small acquisitions are less likely to suffer from ego problems from their respective owners. In cases of small acquisitions, he therefore points out that employee turnover will be a sufficient measure of acquisition success. Considering the acquiring firm again, larger firms tend to specialize structures and processes, often through designated teams to manage acquisition processes efficiently. As a result, specialized units will be beneficial to accumulate acquisition capabilities, and is often related to the scope of the firm (Laamanen & Keil, 2008).

For an acquisition to be characterized as successful and contribute to firm growth, the acquisition target has to be thoroughly considered in order to achieve predefined targets. Chatterjee (2007) identified that mergers and acquisitions within the same industry are less risky to conduct. He argues that it already exists a common understanding of the business they compete in, and that both firms tend to know the industry dynamics. Another important aspect of the acquisition target is their customer relationship. Dalziel (2007) studied the importance of the target firms' customers in acquisitions. Her study revealed that the degree of whether the acquisition creates or destroys value for the target firm's customers is an important assessment tool for the acquisition success. However, little attention has been paid to the impact of the acquired firm's customers and salespeople (Dalziel, 2007).

### *Post-acquisition integration*

The post-acquisition integration is usually adjusted according to different strategic objectives of the acquirer. A firm might decide to blend the target into one new organization, use the target as a learning object, or let the target persist as an autonomous unit (Chakrabarti & Mitchell, 2005). If a target is granted autonomy, it means that the acquiring firm minimize acquisition disruption, enabling the target firm to carry on business as usual. Conversely, integration of units and coordination across former boundaries will promote exploitation of the target firm (Colman, 2008; Puranam, Singh & Zollo, 2006).

When forming a post-acquisition integration strategy, Birkinshaw, Bresman and Håkanson (2000) proposes that there are two pivotal processes in the integration of acquired companies. One of the processes is referred to as task integration, which emphasize the value creation of an acquisition through transfer of capabilities and resource sharing. The other crucial process is called human integration, and is concerned primarily with generating satisfaction and a shared identity among employees from both companies. Furthermore, the authors state that the link between these processes are limited, despite several interdependencies. An example of such an interdependency is employee satisfaction; which is likely to enable smoother task integration, leading to a state that fosters a convergence of identities (Birkinshaw et al., 2000). Interestingly, it is proposed that a firm may deliberately limit integration across units in the initial integration phase for 5-7 years. If such an approach is combined with a considerable focus on employee satisfaction, it might provide the mutual respect and shared identity that promotes a closer task integration (Birkinshaw et al., 2000).

## 3.0 Methods

There is a pivotal linkage between method and the nature of the research question, which is why our choice of research method requires deliberation. We will therefore give a brief company presentation, and a methodological consideration to ensure that the empirical investigation contributes valid findings to social science. Hence, the following will describe and justify our choice of methodological approach, research design, data collection and data interpretation. The last section of this chapter will describe the ethical considerations that might arise during the collection of data.

### *3.1 Company presentation*

Team Verksted AS (TV AS) was established in July 2011 as a subsidiary of the public owned company Nettbuss AS, with Kjell Eddie Wang appointed as CEO. The company sat out the mission to become the largest independent commercial vehicle workshop chain in Norway, a position that would require a fast but restrained growth. Initially, the CEO and board of directors agreed that series of acquisitions would be the most efficient way to reach this state, and that strategic focus would need to be broader than bus workshop operations.

The idea to start up TV AS came from Team Verkstedsenter AS, which was established by Nettbuss Trøndelag in 2003. This company provided internal maintenance and reparation of busses belonging to Nettbuss Trøndelag, and also service and reparations of all commercial vehicles to the external market. Nettbuss built to some extent further on this concept before they divested the division to TV AS. The divestment in 2011 meant that several workshops which previously belonged to Nettbuss AS were organized more similar to Team Verkstedsenter. This involved transforming many of the internal bus workshops acquired from Nettbuss, into commercial vehicle workshops serving the external market.

Today, Team Verksted AS owns and runs 19 commercial vehicle workshops, geographically dispersed in Norway. Their service provision is almost exclusively targeting the external market, and the firm works as an independent company with regards to its parent company Nettbuss AS. The current CEO of the company is Thomas Schiøtz, who intends to continue acquisitions of workshops in the time to come, and reach 500 MNOK in revenues in 2017.

### ***3.2 Approach***

A qualitative approach is chosen to obtain in-depth understanding of each acquisition. The rationale for choosing this approach is because it tends to view social life in terms of processes. A process is defined by Pettigrew (1997, p. 338) as *"a sequence of individual and collective events, actions and activities unfolding over time in context"*. We would argue that this orientation is suitable as it enables us to elucidate how events and patterns has evolved in each acquisition over time (Bryman & Bell, 2015, p. 407).

Our approach to link theory with data is essentially inductive since we formulate a research question before data is collected. This view entails that the research question is used to examine the possibility of reaching a specific logical conclusion, based on findings in data. Furthermore, we chose an epistemological position as interpretivist, and an ontological position as constructionist. These positions allows us to understand the social world through observing a participant's interpretation of the world, and determine social outcomes as contingent of interaction (Bryman & Bell, 2015, p. 392). We argue that this approach is optimal to describe attributes of each acquisition in relation to the research question.

### *3.3 Research design*

According to Bryman & Bell (2015, p. 10) the research question should direct towards an appropriate choice of research design. Our focus on growth through acquisitions is most reconcilable with a case study design. As Stake (1995) points out, this type of research enables a detailed and intensive analysis of a single case. Hence, a case study will facilitate the in-depth analysis required to derive meaning from the complexity of each acquisition. Furthermore, we seek to enrich existing literature on serial acquirers with a single-case study positioned as a revelatory case. This follows as our inductive approach explores a phenomenon that has received little scientific investigation previously (Yin, 2003, p. 42). However, note that we treat the single case study as broadly revelatory since the restriction seems unnecessary narrow (Bryman & Bell, 2015, p. 71). Above all, the selection of our case is based on Stakes (1995) anticipation of the opportunity to learn. We believe that the characteristics of our serial acquirer would be a competent case to learn from, given its uniqueness.

#### ***3.3.1 Generalizability of study***

Although Yin (2003) argues that researchers should focus on validity, replicability, and reliability to enhance findings from a case study, other scholars (Stake, 1995) disregards their salience. Hence, there seems to be no common ground regarding the gravity of these indicators. The generalizability or external validity of case studies has however been subject to much attention. Most scholars recognize the limited generalizability of these studies, although a few claims that it might give meaning to abstract propositions (Bryman & Bell, 2015, p. 69). Consequently, we recognize the limited generalizability of the serial acquirer in our study, and rather focus on the uniqueness of our research entity to develop a deep understanding of the complexity of the acquisitions.

### *3.4 Data collection*

Data will be obtained through two sources of information; semi-structured interviews, and organizational documents. These documents will include board papers, annual reports, online business finders, newspapers, and the company website.

Qualitative semi-structured interviews will be our primary data source. We aim at interviewing 8-10 key individuals regarding the acquisitions conducted. Furthermore, we want to interview the CEO, key personnel of acquisition targets, the management of the acquirer, as well as operating managers at different workshops. The CEO of the acquiring firm will designate most of the key employees that we ought to interview. This orientation ensures that both the perspective of the acquirer and the target will be elucidated.

### *3.5 Data Analysis*

When conducting a qualitative study, the data deriving from interviews and observations tends to be characterized as a corpus of unstructured textual material, which is not straightforward to analyze. Unlike quantitative research, there are no direct clear-cut rules of how to analyze except from some general approaches (Bryman & Bell, 2015). This section will elaborate on how we have analyzed the data already gathered, followed by how we plan to analyze the data after conducting the interviews.

Until now we have analyzed organizational documents such as all the board document since the establishment, which entailed documented and planned acquisitions, in addition to strategy documents. Through the analyze of these documents, we have examined all the acquisitions they have conducted and looked for similarities and differences. This analysis will enable us to better specify previous literature in the field, and thus make us better prepared to understand the company before starting to conduct the interviews.

After we have conducted the interviews, we will analyse and interpret the information we obtain. It will be of high importance not to determine what we expect to find before the analysis, because it might influence the results in the study. A typical challenge in qualitative studies is to capture what the interview object is trying to express (Bryman & Bell, 2015). Another challenge in our data analysis will be to interpret and understand the larger picture, as well as systematizing and codifying the data.

### *3.6 Ethical Considerations*

When writing a master thesis, there are several of ethical considerations which needs to be taken into account before, during and after conducting the research. When writing this thesis, we intend to take the four ethical principles presented by Diener and Crandall (1978) into account.

The first ethical principle is harm to participants. This principle entails physical harm as well as harm to the participant's self-esteem and possible future opportunities (Bryman & Bell, 2015). With regards to our involvement to the participants, physical harm is very unlikely. However, it is important for us to take into consideration that if our participants inform us about anything which can potentially harm, we will act thereafter and give the participant(s) respect by confidentiality and anonymity in the thesis if necessary.

The second principle in business research is lack of informed consent (Bryman & Bell, 2015). To overcome this pitfall, we have to make sure that sufficient information about the study is provided, and be clear that participation in the research is voluntary. As a tool, we will provide our participants sufficient study information and a consent form for the informant to sign. However, to obtain as much information as possible, we will not give the participant too much information because this can potentially reduce our chances for new aspects to be addressed.

The third and fourth principle is 'invasion of privacy' and 'issue of deception' (Bryman & Bell, 2015). During the interviews, it may come up questions which can be interpreted as personal or sensitive to the participants. One example of this is by asking one of the acquired owners how they felt about being acquired by Team Verksted. If this comes up, we will stress that it is voluntary to answer, or remind the participant of the anonymity and confidentiality opportunities in the study. Issue of deception would not be any obstacle in this thesis because we are planning to present our research as we inform to our participants. However, if our study broadens up to deviate substantially from what participants were told, they will be offered the opportunity to withdraw.

If we can fulfill these ethical principles, we believe that the thesis will be conducted in a responsible and ethical manner.

## 4.0 Time plan for thesis

The tentative timeline for the thesis is structured as follows and illustrated in Appendix 1:

January:

- Structure of research should be in place; main focus is to structuralize literature review and methodology.
- Main **milestone**: Preliminary Thesis Report is due **January 16th**.

February:

- Meeting with CEO to determine interview objects
- A semi-structured interview guide should be finalized by the **February 15th**. This makes it possible to conduct interviews with both the CEO of

Team Verksted AS (accompanied by our supervisor), and at least one other commercial vehicle workshop in February.

- Literature review should be fulfilled by the end of February, with a deadline **February 28th**.

March:

- At least one more interview with the CEO of TV AS is conducted after a second interview with a workshop number two.
- Other data collection will be conducted, and planning of remaining interviews will be carried out by **March 31st**.

April:

- We conduct the remaining interviews, enabling us to finalize data collection.

May:

- Transcription of all interviews should be finalized by **May 14th**.
- Start analysing and interpreting data from interviews.

June:

- Final part of analysis, a purposive conclusion is formed.
- If we detect substantial gaps between our collected data and the information required to be able to interpret, we conduct follow up interviews.
- Our first draft of a final thesis should be formed by **June 30th**.

July:

- Finalizing the thesis through repeated and critical correction.
- Intended delivery date is **July 31st**.

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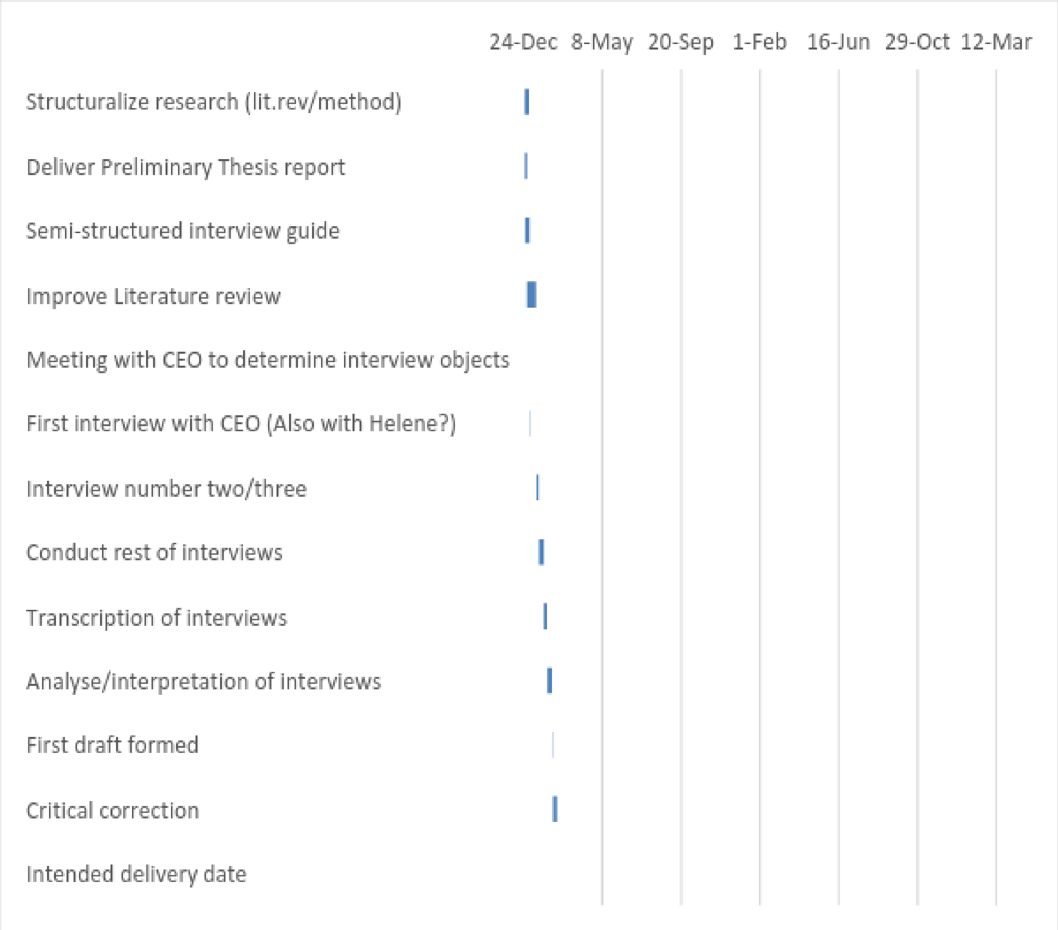
# 6.0 Appendecies

## *6.1 Appendix 1: Gannt Chart*



### *6.2 Appendix 2: Semi-structured interview guide*

Meant for interview objects other than the CEO

| | |
|---|---|
| Introduction of study | ★ Present us, and the research project<br>★ Brief info on why it is important to interview the object<br>★ Explain recording, transcribing etc, and the use of information (make object feel comfortable). |
| Background of interview-object | ★ What is you background?<br>○ Education<br>○ Work experience<br>○ Previous and current role in firm:<br>■ Tasks<br>■ Responsibilities<br>○ Why do work here rather than competitor? |
| Firm background | ★ History of the firm<br>★ Strategy and goals of the firm<br>★ What do you think motivated the acquisition of your company?<br>★ Can you explain the firm in brief now:<br>○ Communication<br>○ Responsibilities<br>○ Tasks |
| Acquisition information | ★ Explain how acquisition process was<br>○ When and how were you first contacted?<br>○ What happened after you were contacted?<br>○ How did you communicate with the acquirer?<br>○ What did you feel about being acquired by Team Verksted?<br>○ What could have been done better in the acquisition?<br>○ Was it anything about the acquisition process you did not like?<br>★ How have you experienced the post-acquisition?<br>★ Have your expectation after the acquisition been met? |
| Perceived autonomy/integrati on | ★ What have changed in your firm after being acquired?<br>★ Do you feel like you company is fully integrated in the Team Verksted brand?<br>★ What was the most challenging tasks for your when being acquired by Team Verksted?<br>★ How do you feel about working for Team Verksted? |
| Concluding remarks | ★ Future challenges<br>★ Other issues<br>★ Anything else that you think is of our relevance you want to add? |