BI Norwegian Business School - campus Oslo

GRA 19502

Master Thesis

Component of continuous assessment: Thesis Master of Science

The Value of Learning and Experience; How Serial Acquirers in Norway Utilize Learning and Experience to Mitigate Barriers to Synergy Realization

Navn:	Anine Gulbrandsen, Stig Svenneby Kirkedam

Start:	02.03.2017 09.00
Finish:	01.09.2017 12.00

Anine Gulbrandsen

Stig Svenneby Kirkedam

Master thesis

At BI Norwegian Business School

The Value of Learning and Experience; How Serial Acquirers in Norway Utilize Learning and Experience to Mitigate Barriers to Synergy Realization

Hand-in date:

01.09.2017

Programme:

Master of Science in Business
Strategy

Supervisor:

Helene Loe Colman

Place of study:
BI Oslo

"This thesis is a part of the MSc programme at BI Norwegian Business School. The school takes no responsibility for the methods used, results found and conclusions drawn."

Abstract

This thesis presents an overview of how serial acquirers utilize learning and experience to mitigate barriers to synergy realization. The paper examines nine serial acquirers in Norway, through semi-structured in-depth interviews, using a grounded theory approach. Our findings show that firms do indeed learn. The serial acquirers in this study utilize their ability to learn by centralizing their knowledge into teams and departments, having extensive amounts of codified knowledge that is being developed over time, and develop strategies and activities to deal with the known risks and barriers to synergy realization based on their experiences. New acquisitions bring new experiences into the firms, restarting the cycle, where the firms would further develop their codified material and update their processes. Based on our findings; this seems to increase the success of later acquisitions. This thesis contributes to the literature on serial acquirers by taking a new approach to how serial acquiring learn, and how this knowledge is further developed to improve future processes.

Acknowledgements

Our first and foremost acknowledgement goes to our supervisor, Helene Loe Colman; who has guided us through and helped us throughout this thesis process.

We would also like to thank the respondents who took their time to meet with us and share their knowledge and experience.

Lastly, we would like to thank the remaining staff of the Department of Strategy at BI Norwegian Business School, who during our degree has contributed to the knowledge we applied in this thesis.

Table of contents

1. Introduction 1
2. Theoretical background 3
2.1 Serial acquirers 3
2.2 Synergy Realization 4
2.3 Barriers to synergy realization 6
2.4 Learning and serial acquisition capabilities 11
3. Methodology 13
3.1 Research strategy 13
3.2 Primary research sample 14
3.3 Data collection and interview Guide 15
3.4 Qualitative Data Analysis 16
3.5 Trustworthiness 18
4. Findings 18
4.1 Data structure 18
4.2 Learning activities - knowledge articulation and appropriation 20
4.3 Knowledge and experience utilization; Measures to mitigate barriers 24
4.4 Acquisition Performance and learning outcomes 36
4.5 Emergent model of measures to mitigate barriers to synergy realization 42
5. Discussion 43
5.1 Summary of findings 44
5.2 Learning and codification of knowledge 45
5.4 Serial acquisition capabilities 48
5.5 Barrier Mitigation 50
6. Conclusion 54
Limitations and future research 54
7. References 56
8. Appendix 62
Appendix 1: Interview guide 62
Appendix 2: Fact sheet of the study: 63

1. Introduction

Research has shown that many mergers and acquisitions fail; despite increased attractiveness for acquisitions, and focus on effective strategies in both the pre-and post-acquisition stages (Graebner, Eisenhardt & Roundy 2010; Hansell, Walker, & Kengelbach 2014). Serial acquirers; defined as "*firms that grow through series of mutually interrelated acquisitions aimed at specific targets"* (Laamanen & Keil, 2008); have over the past decade become more visible as well. In 2011, they accounted for around a quarter of all M&A activity (Kengelbach & Roos, 2011). This has spurred the interest of researchers in various fields, since much of the previous research show that M&A activity tend to fail or destruct value; rather than creating it (Ismail, Abdou & Annis 2011). Evidence from the works of Lubatkin (1983), Ravenshaft and Scherer, (1987); as well as Meschi and Metais (2013), suggest that serial acquirers don't gain abnormal returns or high performance. Moreover, Fowler and Schmitt (1989), Hayward (2002) and Zollo and Singh (2004) suggest the opposite.

Serial acquirers are particularly prominent in high-tech industries, and much of the research on serial acquisitions have thus been conducted in these. Previous research covers industries such as; electronics and electrical equipment (Blonigen & Taylor, 2000), IT (Colman & Lunnan, 2013), pharmaceuticals and biotechnology, computer and office equipment, packaged software, communications equipment, measuring and medical equipment, telecommunications, and health services (Laamanen & Keil, 2008). Our study will continue the research on high-tech serial acquirers, more specifically on firms in the IT, Software, Telecom and Metallurgy; as the firms chosen for this study perform well, and are easily identified as serial acquirers.

In many cases, acquisition success; and thus the success of serial acquirers, is measured through the value added to the firm from the acquisitions. This is also known as the realization of synergies, which may be both deliberate and serendipitous (Graebner, 2004). The logical reasoning for following a serial acquisition strategy is fairly basic; as you continuously acquire, integrate and capture synergies, thus growing in size (Colman & Lunnan, 2013); and proceed to acquire new companies, you create a "snowball" effect, or strategic momentum (Amburgey & Minor, 1992).

However, as many serial acquirers have experienced, and numerous researchers have shown; realizing synergies is difficult, and the processes are filled with obstacles and barriers. Managerial bias, misleading information from due diligence, or destruction of synergies through integration are some of the many barriers mentioned in previous research (Haleblian et al., 2009; Perry and Herd, 2004; Kale et al. 2009). Very and Schweiger (2001) argue that there are two possible solutions to these obstacles; exiting from the deal before closing, or finding a way to overcome the barriers.

The aim of our study is to dive deeper into one of the aspects of serial acquisition strategies that researchers seem to disagree the most on; which is the value of learning and experience for serial acquirers, specifically if and how they learn to overcome the barriers they face. Laamanen and Keil (2008) argue that serial acquirers can develop acquisition program capabilities; and that learning and experience may improve the performance of serial acquirers. On the other hand, Chatterjee (2009) argue that managerial bias and overconfidence may lead to some experience and learning being destructive for value creation. In addition, works by among others Ismail (2008); argue that learning, experience and capabilities do not yield positive effects for serial acquirers at all. On the flipside; Very & Schweiger's (2001) research shows a strong link between learning and overcoming barriers related to acquisitions. The conflicting results of both serial acquisition performance and serial acquisition learning calls for more extensive research on the learning of serial acquirers, especially considering the increasing amount of serial acquirers.

We thus aim to expand on existing literature to provide an overview of the adversities the serial acquirers face throughout the processes, and through 9 in-depth interviews with separate serial acquirers in high-tech industries in Norway; we wish to provide an overview of how serial acquirers use their experience and develop capabilities to overcome these barriers. This can provide valuable insight in an academic sense, as the study takes on several aspects of the serial acquisition programs (Laamanen and Keil, 2008; Chatterjee, 2009), and can provide valuable evidence of how serial acquirers hinders many of the common issues of M&A activity.

From a managerial standpoint, this thesis can provide several valuable insights. For one, it seeks to give a general, yet comprehensive overview of the different barriers a serial acquirer faces across the process. Secondly, the thesis provides insight in how several of Norway's largest serial acquirers take measures to mitigate these barriers, and how they use their own unique experience to mitigate the risks associated with this type of growth. This can provide some key points to what inexperienced managers and managers that struggle with high acquisition failure rates should focus on, and consider while implementing their own strategies.

The research question we will answer is thus as following; **"How do serial acquirers utilize experience and learning to mitigate barriers to synergy realization?"**

2. Theoretical background

Research on serial acquirers has shown that, as mentioned; serial acquisition strategies don't always yield positive performance. The relation between serial acquisition strategies and the outcomes in terms of synergies, learning and experience, as well as capabilities; is also a novel field in strategic management literature, where we must draw on previous studies both on singular acquisition activity, research on serial acquirers; as well works that focus on each of the different aspects of our research question. In this section, we will mainly describe three main subjects that will be in the centre throughout our thesis: synergy realization, barriers to synergy realization, learning and serial acquisition capabilities; which follows from our research question.

2.1 Serial acquirers

The popularity of M&As can be explained by it being a somewhat "easy" way of growing, compared to other strategies for growth (Datta & Grant, 1990). Through M&A's, a firm can quickly access new technologies, knowledge and capabilities (Ranft & Lord, 2000), as well as expand its scale and scope (Harrison et al., 1991). Technology-based firms can for instance be acquired because an acquirer needs a certain technology or technological capability that the target firm possess (Ahuja and Katila, 2001). This is evident in that most acquisitions (83%) are done to capture technologies, market and customer knowledge, sales relationships, product

innovation capabilities and engineering capabilities (Ranft & Lord, 2000). All of the abovementioned rationales are what we define as synergies; and realizing these synergies are key for acquisition success. In the following sections we will look deeper into what these synergies are, what barriers the serial acquirers face when trying to realize synergies, and how serial acquirers are proposed to learn from their experience.

As previously mentioned, serial acquirers are common in high tech industries. One interesting study argues that innovation and R&D internally in the firm is negatively related to M&A activity in the US electrical equipment industry (Blonigen & Taylor, 2000). Previous studies have presented models suggesting that innovation is the only way for a firm to survive and grow (Blonigen & Taylor, 2000; Dasgupta & Stiglitz, 1981, Reinganum, 1985, Jovanovic & MacDonald, 1994a, 1994b). However, other works of research, such as and Gans and Stern (2000), indicate that licensing or acquisitions may substitute internal innovation and R&D. This suggests that large firms may rather obtain innovation than create it, and that serial acquisition strategies are a viable and profitable way to grow in high-tech industries.

Serial acquirers stand out because of their continuous process of acquiring new companies. The optimal acquisition rate, as well as number of acquired companies is difficult to determine, and depends on context, company size and capacity. Kusewit (1985) suggests a rate of acquisitions that is sufficiently high to develop and maintain expertise, without being so frequent that attention to assimilation and integration is lost, and he suggests that the rate should not be lower than one acquisition per 4-5 years (Kusewit, 1985). When it comes to timing, Kusewit (1985) found that acquisitions during market lows was positively related to financial performance. Serial acquirers have many transactions, and depend on them being profitable for the strategic momentum (Amburgey & Minor, 1992) to continue. Therefore, it is not sufficient to only find the right targets with synergy potential and strategic fit, the acquirer also need to appropriate them at the right cost, as well as acquire the right amount of companies.

2.2 Synergy Realization

Synergies take on several different forms, and each acquisition can have different motives. According to Harrison et al (1991), there are two distinct types of

synergies; increased operational efficiency, and skill or capability transfer. Colman and Lunnan (2013) further define four forms of synergies; Financial, Operational, Human and Competitive synergies. These synergies may lead to value creation through increased market power and market shares and economies of scale and scope (Birkinshaw et al., 2000; Chatterjee, 1986: Lubatkin, 1983; Singh and Montgomery, 1987). Some synergies can also be realized without intent, defined as serendipitous value creation (Graebner, 2004). These may arise from business practices, technologies and capabilities that the acquiring firm did not find during the screening, due diligence or negotiation stage. Schweiger and Weber (1989) presents three factors that need to be present for synergy realization; Strategic fit, Optimal price and Optimal integration. Similarly, Larsson and Finkelstein (1990) argue that in order to capture synergies most efficiently, the target firm needs to be as much in line with the acquiring firm as possible, through similarity, complementarity and "in-hostility" of the takeover (Larsson & Finkelstein, 1990); as this will lead to less problems later in the process, which we will cover more thoroughly later.

Many researchers have placed a lot of emphasis on the integration of the acquired firms, both in studies of single M&A deals and of serial acquirers. This is due to the realization of the synergies, as well as the measurable performance can be studied at this point (Capron & Mitchel, 1998). Pablo (1994) defines integration as the process of gaining interfirm coordination and control. Acquired firms needs to be integrated on several different levels; and researchers have identified several "types" of integration addressing this. For instance, Shrivastava (1986) defines physical- (consolidation of physical assets), procedural- (standardization of work procedures) and managerial/Socio-cultural integration (organizational structures and culture). Another point of view divides the integration in two components; Task and human integration (Birkinshaw et al, 2000). Other vital aspects of the integration stage are the speed of integration (Cording, 2008); which determines when the acquiring firm may start realizing their synergies. The speed of integration is dependent on the relatedness between acquiring and acquired firm, as well as the context of the acquisition (Homburg & Bucerius, 2006). Integration depth is also dependent on the relatedness between the firms (Datta & Grant, 1990), similar to the decision on speed. Integration depth varies from full autonomy to complete absorption.

2.3 Barriers to synergy realization

Our basis for barrier identification lies in Very and Schweiger's (2001) research on the link between learning and overcoming difficulties related to acquisitions, and their overview of problems an acquirer faces. We do however categorize their findings slightly differently and expand on their research in order to find more general barriers. The barriers we present span both individual stages of acquisition processes, as well as "general" barriers that is present during the entirety of an acquisition. In addition, some barriers are present because of the serial acquisition strategy.

Barriers to synergy realization:

This list shows what we have identified in the literature as the main barriers to synergy realization, which will be elaborated in the sections below.

- Unfavourable market conditions and Institutional framework
- Internal disruption and opportunistic behaviour
- Loss of (own) market focus
- Managerial Biases
- Lacking screening and targeting skills
- Misleading information from Due Diligence
- Premia (Price) paid exceeding potential synergy gains
- Top management turnover
- Turnover of key personnel
- Change reluctance and cultural clash
- Loss of productivity in acquired firm
- Destruction of synergies through integration
- Lack of target management commitment

<u>Unfavourable market conditions and Institutional framework</u>

Governmental institutions and the legal framework can in some instances be a major hindrance to the implementation of a serial acquisition strategy (Very & Schweiger, 2001). For instance the Norwegian competition authority will in many instances control and in some cases reject acquisitions, due to the deal's impact on the market. There are also laws covering when and how the acquirer can proceed with acquisitions, and the process can be long and difficult.

Internal disruption and opportunistic behaviour

Disturbances both internally in the firm and externally in the market poses another threat to the realization of synergies. Haspeslagh and Jemison (1991) argue that competitors may act opportunistic and take advantage of the disruptive situation the acquiring firm goes through, thus threatening the firm's position. Acquisitions also disrupts the firm internally through the disruption of daily business routines, which may lead to more inefficient operations (Canella & Hambrick, 1993). For serial acquirers, managing many subsequent or even parallel acquisition processes may lead to a loss of structure and control in the acquiring firm (Hitt et al., 1998). This can lead to not only failure to capture synergies from the acquired firms, but also to severe disruption in the core of the firm. Another problem arising from the disruptive situation is the loss of market focus (Urban & Pratt, 2000). Urban and Pratt (2000) found that the focus on retaining the firm's own client base in general seems to decline during the integration process, which may eliminate the potential gains the firm has from the acquisition.

Managerial Biases

The Managerial pitfalls, identified by among others Smit and Moraitis (2015), broadly covers a vast number of things that can go wrong due to poor management decision-making. For instance, managers may destroy shareholder value through "Managerial self-interest" (Haleblian et al., 2009). Haleblian and Finkelstein (1999) also found that acquirers may create generalizations on false premises while being inexperienced. For instance, when they treat dissimilar acquisitions equally; because the previous acquisition was successful. This may lead to negative performance in the next. This is related to the U-shaped performance-experience relation they found; as experience grows, their biases and generalizations decrease, thus increasing performance. (Haleblian and Finkelstein, 1999).

Lacking screening and targeting skills

Very and Schweiger (2001) also point out to a lack of experience and skill in screening and targeting. Being unable to find targets with good strategic fit is key in a serial acquisition program (Chatterjee, 2009), and failure to do so may lead to acquisitons that realize no synergies or even destruct value for the company.

Misleading information from Due Diligence

Among the most common reasons for acquisition failure, is not having enough or the right information about the target company (Hitt et al, 1998; Very & Schweiger, 2001). Perry and Herd (2004) argue that the reason for much of the failing M&A activity is not due to not doing a due diligence; but the failure to do it well. The due diligence, as previously mentioned, has to cover several dimensions of the target firm; most commonly their finance, legal issues, technology, commercial aspects and human. A failure to assess any one of the dimensions may lead to problems post acquisition, or in the worst case acquisition failure. (Very & Schweiger, 2001). The due diligence should also cover target culture and business practices in order to avoid the issues that can arise regarding people, or at the very least minimize the probability of heavy turnover and loss of customers. Harding and Rouse (2007) defines this due diligence process as "human due diligence", and argues that far too many acquisitions are made without the proper examination of the human side of the target firms, and thus have an increased failure rate.

Premia (Price) paid exceeding potential synergy gains

The negotiation stage of the acquisition, although less researched in academia (Walsh, 1989), is an important part of the acquisition process. Paying a too high price compared to the potential value the acquirer can draw out of the target is a major barrier a serial acquirer has to face (Very & Schweiger, 2001). The reasons for paying too much are varied, but among the most common is being drawn into lengthy bidding rounds and thereby be affected by the "winner's curse" (Very & Schweiger, 2001; Dickie, Michel & Shaked, 1987), rushing into deals without proper due diligence (Jemison & Sitkin, 1986, Very & Schweiger. 2001), conflict of interests in the ownership of target or hostility in the negotiation and take-over (Walsh, 1989).

The market conditions themselves can also in some instances be an adversity. In certain markets (Norwegian Telecom, for instance), there are so few companies left in the market that finding targets to acquire is difficult. The economic conditions of the country can also be a hindrance, as the price the acquirer has to pay depends on market and economic conditions.

Although some research suggests that there is no direct long term performance link between acquisition price and firm performance (Kusewit, 1985), acquiring your target at a too high price may eliminate any profit you can gain from the acquisition, or even prove fateful to your own firm. Both Kusewit (1985) and Datta, Pinches and Narayanan (1992) also found bidding in stock rather than cash had positive performance implications for serial acquirers. This finding was later reinforced in the study by Fuller, Netter and Stegemoller (2002).

Top management turnover

This barrier might not be a problem in several cases, as many acquiring firms seek to peel off the top management of their target company to begin with (Law, 1986). However, in many other cases, a lot of the target firm's knowledge, good processes, momentum in the market and so on, reside in and come from the top management of the firm (Ranft & Lord, 2000). In cases where the negotiations are "hard", or hostile, the retention of the target top management team has been found to be fairly low, and Walsh, (1989) found that the negative effects of such hostile negotiations could last for as much as four years after the closing of the deal.

Turnover of key personnel

The inability to retain key personnel in the acquired unit is another barrier a serial acquirer may have to deal with. Ranft and Lord (2000) emphasise the need to retain both top executives as well as regular employees when integrating the acquired firm. Their quantitative study found that 84 % of acquisitions are done to acquire technologies, market or customer knowledge and sales relationships, product innovation capabilities or sales relationships; and that more than 40% of the knowledge and capabilities resides in other people than just the management and top executive teams. This makes it crucial to retain both top executives and other personnel.

Change reluctance and cultural clash

Much of the literature on post-acquisiton integration has focused heavily on the aspects of human integration, for instance by Birkinshaw, Bresman & Håkonsson (2000). Several other studies has focused on cultural clashes and acculturation of the acquired firms (kilde), and the reluctance to change in these; and how all of these "human" aspects of the acquisition can affect the performance of the

acquisition. Trying to change the culture of the acquired firm can be quite difficult, as the firm often consists of several layers of culture and subcultures (Navahandi & Malekzadeh, 1988). The acculturation model presented by Berry (1983) gives an overview of how a firm should acculturate the target in a M&A context. Due to change reluctance and cultural differences, there is a risk for painfull, slow and ineffective processes where they have to fire a lot of people or people leave on their own because of the cultural clash. (Navahandi & Malekzadeh, 1988).

Loss of productivity in acquired firm

Another problem born from integration of the acquired firm is the general drop in productivity and innovation in the acquired firm (Hitt et al., 1991). Integration causes disruption of the social structure in the acquired firm, and as shown by (Parachuri, Nerkar & Hambrick, 2006); key innovators in the acquired firms have a tendency to lose their productivity when their social status or centrality in the company changes.

Destruction of synergies through integration

Integration not matching the firm being acquired may lead to a complete acquisition failure. Acquired units with different resources and capabilities should be partners, rather than be absorbed (retain as much autonomy as possible), in order to both avoid the coordination-autonomy problem, as well as destroying the potential synergies the firm can extract through integrating too much, or too fast (Kale et al. 2009).

Lack of target management commitment

Lacking commitment in the acquired firm can be a major problem in the post-acquisition integration. A lack in commitment from the management team in the acquired unit will also affect the commitment from the firm as a whole (Weber, 1996), which can hinder the communication between the organizations, as well as reduce productivity, innovation and increase turnover. Lacking commitment can therefore be seen as a reinforcing effect on several of the other barriers.

2.4 Learning and serial acquisition capabilities

Serial acquirers are involved in numerous learning processes that can potentially create feedback loops for the acquiring firm (Barkema & Schijven 2008). If the firm can take advantage of these positive aspects of repetitive momentum (Amburgey & Miner, 1992), one can argue that it enables a serial acquirer to reduce the possibility of mistakes in future acquisitions (Barkema & Schijven 2008). CEO and management learning in acquisition programs has also been explored; to see whether CEOs learned from previous mistakes (Atkas, Bodt & Roll, 2009); and the learning theory has been tested, providing evidence that there are positive performance implications of management learning (Atkas, Bodt & Roll, 2007). It is also argued that serial acquirers will develop the expertise that help them distinguish dissimilarities across acquisitions, which enables the serial acquiring firm to use previous experience when appropriate (Barkema & Schijven 2008).

Haleblian and Finkelstein (1999), found that serial acquirers, rather than continuously increasing their acquisition success rate and performance, have a U-shaped relationship between performance and experience. Similarly; Hayward (2002) argues that experience *per se* is not sufficient to secure performance, but that the firm needs the "right experience"; that the firm benefits the most from a variety of experiences in both similar and dissimilar acquisitions (Hayward, 2002).

Zollo and Singh (2004) suggest that the application and the creative process of deliberate learning mechanisms generates collective learning in the organization, through learning "spillovers"; in addition to the direct learning from codification and articulation of the knowledge and experiences (Zollo & Singh, 2004). They also found a strong positive relation between the codification of knowledge and later acquisition performance, suggesting that these deliberate learning mechanisms indeed increase the performance of acquirers, and by extension, possibly serial acquirers. The risk related to the ambiguity and complexity of making an acquisition can be reduced with these mechanisms. If the process, plan and experience have been articulated through speech or text, the knowledge loss can be decreased when a person resigns (Kale & Singh 2007). Similarly, Trichterborn, Knyphausen-Aufse, and Schweizer (2015) found that usage of articulation indicates better acquisition processes and improved performance. Furthermore; Lanctot and Swan (2000) states that organizational learning will have a significant effect on

performance in future acquisition transactions. However, according to Ismail (2008); single acquirers will generate higher returns than serial acquirers regardless of experience, which can indicate that the experience of a serial-acquiring firm do not have significant effect on performance.

Eisenhardt and Martin (2002) argue that dynamic capabilities are "*A set of specific and identifiable processes such as product development […], they are neither vague nor tautological*" (Eisenhardt & Martin, 2000); which can arguably be applied to the processes serial acquirers have. In addition; Zollo and Winter's (2002) idea of a three-step process to develop dynamic capabilities can easily be applied to serial acquirers in this regard. Zollo and Winter (2002) developed a framework to address the role of experience accumulation, knowledge articulation, and knowledge codification processes in the evolution of dynamic capabilities, as well as operational routines. They argue that dynamic capabilities are shaped by the coevolution of these learning mechanisms. "*At any point in time, firms adopt a mix of learning behaviors constituted by a semiautomatic accumulation of experience and by deliberate investments in knowledge articulation and codification activities"* (Zollo & Winter, 2002). Moreover, they note that experience accumulation happens through the steady stream of new acquisitions, and knowledge articulation and codification through whichever form of deliberate learning mechanism the serial acquirer chooses.

Serial acquirers are very different from other firms that are focusing heavily on growth, because of their need to constantly negotiate new deals and integrate new firms. Haspeslagh and Jemison (1991) argue that this results in a new form of capabilities being formed in these companies, and they believe these capabilities can be directly linked to targeting, negotiation and integration, making them more efficient in all stages of the acquisition process (Haspeslagh & Jemison, 1991). Laamanen and Keil (2008) expands on these capabilities and calls them acquisition program capabilities, which enables the managers to identify the right number of acquisitions, how to time the individual acquisitions and what type of firms they should acquire (Laamanen & Keil, 2008). Laamanen and Keils' (2008) define an acquisition capability as "*to comprise the knowledge, skills, systems, structures and processes that a firm can draw upon when performing acquisitions*". Acquisitions target identification, negotiation abilities, and management of the actual integration

process is examples of these capabilities. Further, Laamanen and Keil (2008) note that the development of acquisition capabilities takes place mainly on the acquisition program level, which therefore sets them partially apart from the concept of dynamic capabilities.

Acquisitions in a serial acquisition program cannot be viewed independently, as they partake in a broad acquisition strategy. (Haleblian et al., 2009; Barkema & Schijven, 2008b). Following on this argument; these strategies require significant sequential organizational restructuring, and the performance implications of each acquisition depend on that acquisitions position in the acquisition program (Barkema & Schivjen, 2008). Chatterjee (2009) also provide evidence that acquisitions that are part of a well-structured acquisition program are more likely to succeed than one-off deals. Furthermore, the acquisition program capabilities follow on Learned et al's (1969) argument that a firm's key to success is the firm's ability to find or create distinctive competences.

3. Methodology

Several factors have determined the research methodology for our paper. This section will cover the description and justification for the design and methods that are appropriate for our thesis. Given the research question; we have chosen an exploratory design for our research, to assess the phenomenon of serial acquirers in a new light. We used grounded theory as our research approach through the use of semi-structured, in-depth interviews with anonymous managers and personnel in prominent positions in serial acquiring companies. We found that this is an advantage as we can get knowledgeable answers based on first-hand experience with serial acquisition strategies. Our overall research is characterized as qualitative and the sections below will present the methodology of our study in more detail.

3.1 Research strategy

We have conducted our research through semi-structured interviews across several different high-tech industries in Norway. We used these industries due to serial acquisition strategies being frequently used in these sectors to achieve growth (Laamanen & Keil, 2008, Colman & Lunnan, 2013). Some of the firms we interviewed do numerous acquisitions each year, either to acquire technology or

human expertise. In addition, the serial acquirers chosen for this study were all of significant size, and have all been through many acquisition processes. Hence, we chose these firms as they would be able to provide high-quality information and share valuable experience related to our research question.

We aimed for a grounded theory research strategy. The grounded theory strategy was particularly helpful to predict and explain behavior, where our main emphasis was to develop and build theory (Saunders et al., 2009, p. 149). Grounded theory will be explained more detailed in the section of data analysing. Following grounded theory, an inductive approach is exploratory and open-ended (Saunders et al., 2009, p. 41). This approach is appropriate to better understand the nature of serial acquirers by analysing and making sense of the data we collect.

Furthermore, the formulation of our research question determined which type of classification we chose; an exploratory study, which is valuable for getting insight, ask questions and to assess a phenomenon in a new light (Saunders et al., 2009, p. 139). In other words, the exploratory design enabled us to get more insight to the phenomenon of serial acquirers than what already existed, as well as to make contributions to previous theory.

3.2 Primary research sample

As our qualitative research contains recognition and selection of individuals that are particularly knowledgeable about, and experienced with topics and objects of interest; purposeful sampling is essential (Palinkas et al., 2013). For our research, we used a non-probability sampling technique (Bryman and Bell, 2015, p. 435). In this way, we selected specific members in different high-tech companies that had relevant knowledge and expertise in the area of our study. Thus, a purposeful sampling in relation to our research question was to interview members within these industries, who pursue a serial acquisition strategy.

According to Saunders et al (2009); the non-probability sampling is frequently used within business research. We contacted several firms within high-tech industries, and our main focus was on IT, software development and telecommunication industries. As a result, we have interviewed three people from firms within the IT, Software development, and Telecommunication industries. The benefits with

conducting the interviews ourselves were that we had full control over the interview process. Moreover, we could decide the questions to be asked, and in addition get a deeper understanding of the answers provided by the respondents. In addition, we have used interview transcripts on the same topics from six previous interviews within telecommunication, metallurgy, consulting and software development industries. These interviews were mainly conducted with people from the top management team, or CEO´s; who had great experience with the acquisition process. As it was difficult to get many respondents, it was beneficial to have access to transcriptions of previous interviews. However, it can be difficult to read others' material, as we were not present during these interviews, and their research questions differed from ours. Therefore, the information from some of the interviews was slightly limited. However, we were fortunate and found significant amounts of overlapping information that was relevant for our study.

3.3 Data collection and interview Guide

The research question and the nature of the topics of interest are considered in the choice of primary data collection method. To get an in-depth understanding and be flexible in our data collection, semi-structured interviews are applied as the main data collection method. We aimed for the use of one particular interview guide, which guided us by a list of questions specific to our topic (Bryman and Bell, 2015, p. 481). As we are part of a research project about serial acquisitions we had been provided with an interview guide, which has been our main guide throughout the interview process, although we have adjusted the guide to fit our research question (Appendix 1). We believe that the use of one specific interview guide made it easier to compare the different firms, as we would be able to cover the same topics for all the interviews. The questions of the interview guide were open-ended, which allowed for the participants to use their firms-specific and personal knowledge and acquisition experience. However, if necessary, additional questions aimed at our specific topic has been added during the interviews (Appendix 2, Interview topics). Such questions were asked if we felt that the interview guide did not fulfil all our objectives regarding the research question. By asking additional questions and not follow the interview guide exactly the way it was outlined, the we might appear as a knowledge producing participant, rather than just following a pre-set interview guide (Leavy, 2014). We believe that the flexibility to elaborate on details and discuss various topics increased our possibility to find rich tendencies and variances

in the respondent's answers, and further increased our chances of getting new insights.

The interviews have been conducted at the location of the respondents. To be specific, we have met at their headquarters; due to both practical reasons as well as to secure a known atmosphere for the respondents. One hour was assigned to each interview, and the interviews were recorded and later transcribed to grasp the most essential information. The meetings with the respondents started with a brief explanation of the purpose of our research. With connections in some of the firms, we think that the participants were able to trust and be open to a higher degree. During the interviews, we were both present, to secure reliability and in-depth information. One person had the main responsibility for following the interview guide and structuring the interview, whilst the other made the recording and asked follow-up questions if necessary. We think that by dividing responsibilities, it was easier to track the contents and secure the flow of the conversation.

The transcription of the interviews made us aware of interesting findings along the way, and whether or not it was necessary to conduct more interviews. When we felt that no new information was discovered, and started to see similar or contrasting tendencies, we was satisfied with the number of respondents. After conducting three interviews, in addition to analyzing six related transcripts, our sample provided us with detailed information that we could build our analysis and research on. In other words, we were pleased with the number of participants and the richness of the collected data.

3.4 Qualitative Data Analysis

As we in the previous sections have explained and justified how we gathered our information, this section will concern the analysis of the data collected. The previous sections justify our approach and we can see that the methodology is highly recognized as qualitative methodology (Saunders et al. 2009). The qualitative data analysis is the range of procedures and processes, which will give us some form of explanation about the phenomenon we study. To analyse qualitative data, two common strategies are used, namely analytic induction and grounded theory (Bryman and Bell, 2015, p. 581).

As we aim to contribute to and enhance the theories on serial acquisition strategies, we will use the grounded theory method to analyze the data. Grounded theory is defined as "*theory that was derived from data, systematically gathered and analysed through the research method. In this method, data collection, analysis, and eventually theory stand in close relationship to each other*" (Strauss and Corbin, 1998, p. 12). Grounded theory consists of four different tools; theoretical sampling, coding, theoretical saturation and constant comparison, which we used to analyze our data (Bryman and Bell, 2015, p. 585-88). We applied the key process in grounded theory, coding, to break the data into component parts after the data sampling. The use of initial coding was appropriate. After the interviews were collected and transcribed we used line-by-line coding which means naming each line of our written data. A sentence could for example be: "*Then we set in one of our strongest and most structured project-leaders, who had done it before, integrated before";* which we called use of experienced leadership/management experience. After performing our line-by-line coding, we could explain larger segments based on our established strong analytic directions from the line-by-line coding (Charmaz, 2006). This means that we for example connected the word for the given example from the line-by-line coding, leadership/management experience, and connected it with other related words.

Table 1: Example of line-by-line coding

Initial	Key Comments interwievs	Focused
Commercial DD	2. Den femte formen for dd er kommersiell dd. Der undersøker vi kundene deres og hva de synes om leverandøren. Det gjør vi ofte før vi tar kontakt med selskapet, som en del av researchen. Vi gjør markedsundersøkelser der vi ser på hvilke selskaper som har de mest fornøyde kundene. Og de er selvsagt de mest interessante å kjøpe.	Assessing target market and customer relations
What the market thinks of the target		
What companies have the most satisfied customers?		
Finding the right targets		

In that way, we can get a broad insight that in the in future can be grouped and turned into categories. In time, we reached a stage where further coding was yielding no new insights to our concepts, and the need for further collection of data was no longer necessary. We saw it as important to continuously compare our data collection and concepts, in that way we did not lose information in the process. In

the end, we had ensured information regarding how the firms utilize learning and experience to mitigate barriers.

3.5 Trustworthiness

Reliability, replicability and validity are used to verify if measures are consistent, if the study is repeatable and the conclusion well founded (Huemer, 2016). However, these criteria are primarily relevant to quantitative research. As we are using a qualitative approach, an alternative set of criteria concerned with the trustworthiness of our study was applied (Bryman and Bell, 2015, p. 51). Merriam (2009) discuss trustworthiness with references to the traditional validity and reliability, and explore issues of those two regarding qualitative research. First of all; internal validity, could be seen in the light of our interview guides and whether or not the respondents have given us truthful answers during the interviews. It concerns that the data and emerging findings must feel saturated (Merriam, 2009). In other words, you hear the things over and over again, and no new information surfaces as you collect more data. In addition, the credibility of the data, concerning the belivability of our findings, are assessed trough all information being verified from the interviewees, and that all information are from employees in a job position concerning the M&A function.

The reliability and the consistency of the data are questioning whether or not the research findings can be replicated, if the study is repeated will it yield the same result; and whether or not the results are consistent with the data collected (Merriam, 2009). We have transcribed and coded all interviews, and all our analysis and categories are developed from the interview data. Our overall conclusion is that the answers provided by the respondents were highly relevant and made a good fit to the context of our research and our researched phenomenon. Following this, we regard the validity of our data as good.

4. Findings

4.1 Data structure

Based on our interview data, we found that our respondents use their experience to mitigate barriers in a fairly similar manner. Our findings are structured into three main dimensions, that covers how they gain experience and learn from it, how they use it, as well as how this affects the outcomes. Thus, our main dimensions are

named; learning activities, mitigation activities and learning outcomes. These dimensions are divided into first- and second order categories, that covers some of the most prominent findings in each dimension.

Figure 1: Learning activities

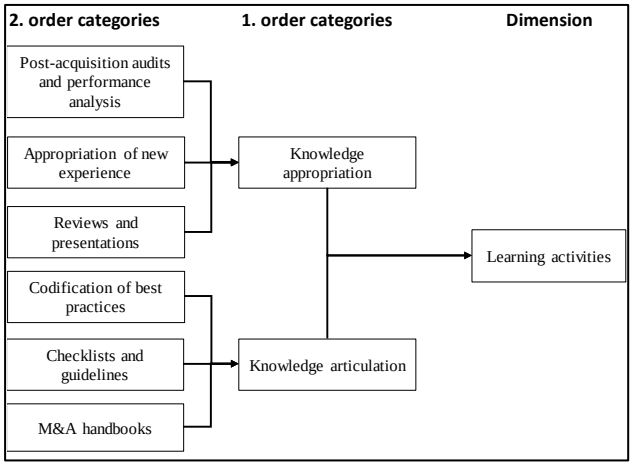


Figure 2: Mitigation activities

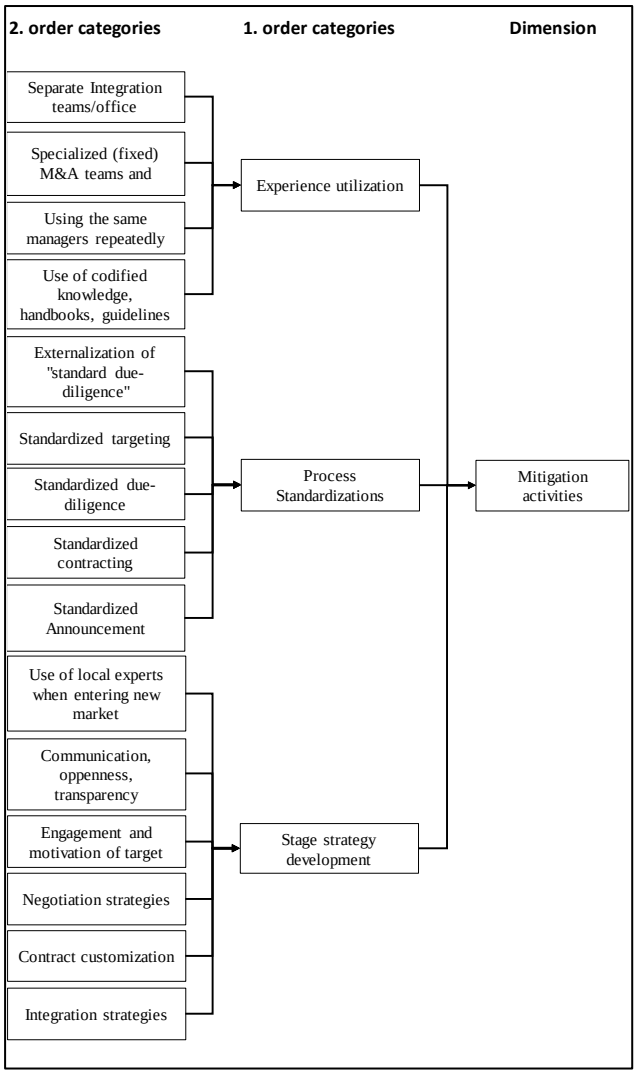
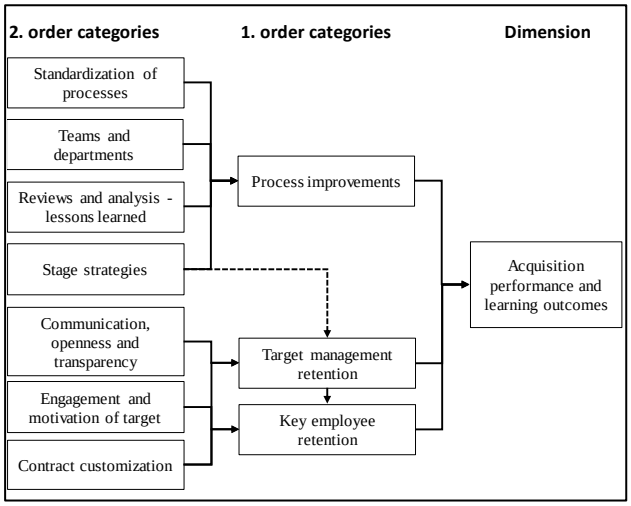


Figure 3: Acquisition performance and learning outcomes



4.2 Learning activities - knowledge articulation and appropriation.

The learning activities are the deliberate and undeliberate actions the serial acquirers take in order to appropriate and articulate knowledge and experience. These actions include the transformation of documented processes and reviews into guidelines, checklists and handbooks, transformation of tacit knowledge and know-how into documented best practices, as well as the treatment of post-audits and performance analysis. This will be further explained in the sections below. This appropriation and articulation allows the firms to gain knowledge of- and document how to mitigate the barriers that the firms most commonly face.

Knowledge Appropriation

Knowledge appropriation is the process of acquiring new knowledge, learning new lessons and getting new experiences. Following our research question; this knowledge and experience is strictly related to acquisitions, and does not cover the tacit knowledge, capabilities and other types of know-how that is not acquisition related in the targets. The following section will cover the two main categories we found within knowledge appropriation: Post-audits and performance analysis, which is primarily used to review performance of the acquisition, gain insight in what went right and wrong and get a hold of “lessons learned”. The second category covers new experience on individual and group level, which we for simplification will call learning outcomes.

Post-audits/performance analysis

All respondents in this study reported that they had some sort of post-acquisition evaluation, either in the form of performance analysis projects, presentations for the board of directors, audits or reviews. The timespan varied among the respondents, ranging from 1 year after the acquisition announcement, to 3 years after "integration completion". These analyses allow the firms to identify barriers post acquisition, thus preparing them for what might be an issue in the future. In addition, these reviews would help the firms to learn from their own mistakes, and improve on what they already do right.

The attributes of the acquired units seemed to determine when the audit took place. Smaller acquisitions appeared to be integrated both faster and "deeper", making a long-term analysis of the acquired firm difficult; hence the acquiring firms tend to do the post-acquisition audits and analyses at an earlier stage. Large acquisitions that take significantly longer to integrate were typically reviewed after 18 months to two years post-acquisition, depending on the "*level of complexity and size of the integrated unit".* Acquired units that could continue with a large degree of autonomy were also easier to analyze and keep track of, and therefore allowed for both more reviewing and later analysis. One respondent reported "*The companies that are allowed to continue as their own juridical units are easier to track, and we have an extremely tight follow-up and good analysis, the companies that we completely fuse in are harder to track after a couple of years, but the autonomous companies we can track for at least 3-4 years".*

The common factor however; is that all respondents would review and analyse their acquisitions based on chosen Key Performance Indexes (KPIs), after a predetermined timeframe, and that it is all well documented for future use, both what they did successfully and what needs to improve in the next process. As one respondent described; *"[they] need to report how we are doing with the targets and goals we have set. And then we are no longer involved. But we are talking about working more on…, the thesis is to go back a couple of years after we made an acquisition, and say «OK, has it been a success or not? What are the key learnings from what we did? » We are working on getting this into a system, do it more structured"*

One of the respondents also highlighted the importance of honesty in the evaluation process: "*We do a business review after 12 months; we have one in the beginning of the process, and then a review of the business case later. It is especially important to not make the result nicer than it is. Just because it looks better. There might still be time to correct things that do not seem right. However, if this is overlooked on purpose, it will not be possible to change it, and we lose all potential for learning".* Following on this statement, an evaluation of the business case should be taken seriously. Moreover, it is essential to do the evaluation thoroughly because this will help the firm long-term. The employees are then able to improve or do changes that can mitigate the previously mentioned barriers and secure the success of the acquisition, as well as increase the knowledge within the firm. However, if the evaluations of the processes are sloppy, it might look good for directors in the short-term, but can be harmful in the end.

New experience

All the respondents highlighted the value of their inherent experience. This experience: That is not always documented or codified, resides in the various members of the organization, particularly in the managers that work continuously with acquisitions; as well as on a group level for the teams or departments in the firms. New experience; both good and bad, is appropriated for every new acquisition. The aim for the respondents was to learn from this experience, and use it to improve their process in the future.

One of our respondents commented that they believe their advantage over firms that perform single acquisitions is the fact that they are serial acquirers, and thus have more experience and have a long term plan on how to learn and improve for each new acquisition. Our respondent noted, "*I believe it is better to be a serial acquirer. Everything you practice a lot, you become good at, right? If you do it once every four years it's hard to get good. If you do it all the time, you develop routines, procedures, people that know "it", an acquisition program. You build up a lot of knowledge in the organization around you"*

After the completion of the acquisition processes, new experience is developed both on group and individual level. The teams or M&A departments gain group level experience by learning how to cooperate, "fit" into their roles, and create team

dynamics. Employees and managers gain new knowledge and insights based on their personal experiences, and would try to bring said knowledge to the table in the future processes. As one respondent noted; *"Yes, the reasoning for doing it this way, is to learn more. It is too late to reverse the acquisition, but it's done in order to see how to improve"* (following a review of an acquisition). The post-audits and reviews (articulation section) that the firms use, thus serve two purposes; documentation of lessons learned, as well as reflection on new experience.

Knowledge Articulation

The data show that on a general basis; the articulation of experience and knowledge within the firms happens in much the same way in all interviewed companies. A general trait was the emphasis on the codified knowledge to be useful for people involved in the acquisition processes, and in order for it to be so; it is essential that the right people have access to it. Our findings show that a lot of the knowledge articulation happens through codification of knowledge and experience. The first category within knowledge articulation thus covers the storage and codification process regarding acquisition experience and knowledge within the firms; and how this can affect the outcomes. In addition, we also try to identify how the knowledge is reviewed, updated or discarded.

Our findings show that many of the interviewed companies have created an M&A handbook, or other types of acquisition guidelines. These are used as developing tools rather than recipes, changing or being updated when new experiences and new knowledge is appropriated in the firms. One of our interviewees said, "*When it comes to the M&A part, we have a manual that is painfully long, it is the "drivers manual". When you get into the part of describing the due diligence and all that; it is the best in the business".* The employees actively working with the acquisition process often had the responsibility for the handbook, and the handbooks were actively updated in order to make it as up to date as possible. Another of our respondents noted, *"We have this handbook for how to do acquisitions, that has been continuously improved after each acquisition we have made".* The handbooks appear to be made partially in order to standardize the acquisition process, and to transfer experience from one process to the next. As one of the respondent said: *"Now we have begun to standardize and secure that we have experience transfer from one acquisition to another*". The M&A handbooks covered in most cases how

to find targets, how to negotiate, and how to perform the due diligence. Some other cases covered (like the first example); a full guide to the entire acquisition process. Following the above, some of the firms also had guidelines or a handbook for how to continue after the deal was secured, which were frameworks for the integration stage, often called an integration checklist, plan, or handbook. One of the respondents described this plan as *"A framework that we call an integration plan; that includes all the things from employee contracts, IT, location and premises, and customers",* in other words; a framework for integration standardization. In one of the studied firms, the integration checklist was developed to "*consist of documentation from the 3-4 biggest acquisitions in the firm, as well as general rules and best practices"*; which implies to this document being both a standardization framework as well as having documentation of best practices and know-how that can be used for future reference.

The codification of knowledge seems to be important in both individual acquisition processes, as well as for the development of the acquisition program as a whole. However, as one interviewed informant pointed out; "*each acquisition is different and experienced managers is needed together with the documented knowledge".* Several other company representatives gave similar statements; the combination of experienced managers and personnel together with the documented procedures is what makes their acquisitions run smoothly. Previous experience is the foundation of procedures that are being constantly developed. All of the firms had developed a handbook, but it is important that the routines don't decrease flexibility, or prevent quick decision-making when this is required. As one respondent put it; "*...you need to have people that are able to make decisions, that understand things quickly, and that are very experienced. Because suddenly things start moving very fast, and then it won't help to scroll through a handbook… you need to have a feeling with… yes, you need experience".*

4.3 Knowledge and experience utilization; Measures to mitigate barriers

The result of our analysis indicates that serial acquirers have a system for how they prevent barriers to synergy realization; which from their point of view is how they create value and synergies. The measures they take to secure synergies spans across three categories that are all linked to the way learning, knowledge appropriation and articulation is handled in the firms; but branch out into individual solution

systems. The identified categories are standardization of processes and procedures, development of specific barrier mitigating activities, process-stage strategies and establishment of fixed teams and departments.

Standardization of processes

Targetting

The interviewed companies in this study reported that the targeting and screening process is both crucial to their success, as well as among the most problematic parts of the strategy. Therefore, all respondents reported that they had a regulated, structured process for their targeting strategy, using either an M&A department or an experienced team for the process over time. One respondent reported that "*Our entire organization in all the countries in which we operate is aware that we are running a serial acquisition strategy, and all the managers are continuously looking for targets […] so they look for targets in their respective markets, and we make contact"*. Another respondent reported having "agents" similar to football managers in the markets, which would look for and screen potential targets, again continuously. One of our respondents noted that "*...and if you have bought the wrong company at the wrong price it will help very little to have a good integration process, and if you buy the right company at the right price; it can go very well even if your integration process is not perfect. So a quality company at the right price; Everything starts there!"*

A point to note is that continuously looking for relevant targets that fits in the acquisition program eats away at the company's resources; as employe(es) or managers will constantly have to evaluate potential targets and run screening on different companies. This is among the most important tasks of the M&A department in several of the observed companies, which will be more thoroughly described in the next section. However; several respondents reported that they constantly had personnel in the field, doing market research, talking with competitors and other potential targets, either managers, "agents"; or other specialized personnel.

One of the interviewed firms also pointed out that the market conditions can be a driver of their acquisition program. They would typically avoid large amounts of acquisitions in economic upturns, as the prices for acquisitions would go up, and

strike during economic downturns, as prices are usually lower. *"Economic downturns is very bad for organic growth, but not when you want to acquire. Norway is in relatively bad weather, so acquiring is not that expensive, the same in Finland, so there is a potential to make good deals there as well, Sweden is in an economic upturn however; so we stay away from there for the time being".* In other words; they would take advantage of the market conditions when possible.

Due diligence

Our findings related to the due diligence process show that all our respondents have a high degree of standardization. Most of the studied firms also choose to use external consultants for parts of the due diligence, and internal teams for other. One company would typically have five different forms of due diligence, all standardized and orchestrated under the management of the M&A department; "*We do several forms of due diligence, firstly we do a financial DD; which we use [external consulting firm] for, which we have done for many years. […] If there are a lot of contracts involved, we use our [main lawfirm] for a legal DD. […] When we buy a software company we also run technological DD […] The fourth form of DD that we do is and HR DD, where we use our own HR-department to run a full assessment of all the employees as if we would be hiring them ourselves. […] The fifth DD form we do is commercial DD […] we often do this prior to contacting the target, as a part of our research".*

The set-up depends on the type of target to be analysed, but generally, standard issues such as financial due diligence and legal due diligence gets outsourced to third party consulting firms, while the acquiring firm wish to use their own team for technological, HR and commercial due diligence, which in many cases is the analysis of the acquisition rationale. "…*We use the same people repeatedly, both internal and external…"* A common factor among all respondents was that they will choose the same external company, and preferably the same team of consultants for the standardized due diligence, as well as using the same team repeatedly in the internalized due diligence. However, one of the largest firms in this study reported that they had internalized the entire process.

Some respondents reported that the due diligence process was led by the M&A department, and the tasks distributed from them to the different departments and

consultants in the team, while other respondents reported that the M&A process was led centrally (by the top-management team), and tasks distributed from them. In other words, the due diligence in all cases would be structured into several parallel work-streams, with a central management team that would oversee the process.

Contracting

Our findings indicate that serial acquirers go for one out of two different strategies when it comes to contracts. The first direction is having a set of pre-written standard contracts, which can be altered to some degree to fit the target company. One of our observations had three standard contracts: "*We have one very simple in local language, which we use when the balance is insignificant, in other words when the balance is not important. [...] then we have one in that still is in local languages, that we use when it's a little more complicated, maybe they have more warehouse, more than one office, maybe several leasing contracts etc. It is not very complicated, but a little. and then we have a full contract, in English, which suits better when there are owners who speak English to avoid language issues etc."* The respondent noted that the full English contract was for the larger and more complex acquisitions. He had spent a lot of time on simplifying agreements and contracts and not "*cover my ass in all circumstances"* with the smaller companies to not lose them in the process, and therefore mitigate the risk of heavy turnover due to confusion and uncertainty, as well as the risk of losing the deal altogether.

Announcement

The announcement phase in the acquisition process is divided into external and internal announcement. By internal announcement, we mean announcement internally in the acquiring firm, as well as the acquired target. External announcement in this context refers to announcement to the press, market and stock exchange when needed.

In all our observations, the CEO of the acquiring firm, together with the most prominent managers; were the ones to make all internal announcements. Several of the observed companies had a codified standard system for announcement to the acquired unit. Prior to informing the entirety of the target (and often acquiring firm), the heads of negotiation together with the CEO of the acquiring firm would prepare

the management of the target firm with the most vital information in advance of the official announcement. "*What we do then, is to make a "telco" the night in advance of the announcement with the most central leaders of the acquired companies. They get informed in this telco by our CEO, who explains why, and how things are going to happen the next day, to prepare them…"* This would allow the central managers of the target firm to prepare themselves for the integration of their firm, as well as preparing to answer questions coming from their own employees.

Thereafter, the managers of the acquiring firm would typically call in for an extra-ordinary general assembly. First in the acquired unit, then in the acquiring; before the acquisition goes public, with information as to why the acquisition was made and what is going to happen next. One respondent told us that in a recent acquisition, they "*go public (internally) with the deal after the contract is signed, and then we put a lot of time on planning for exactly what to say, making sure that both me and [X] says the same thing, a press-release is made […] and we make a Q&A; we sit down in a room and predict what people are going to ask, and then we make answers; we always do this prior to an announcement".* This was not the only respondent that reported doing this, in several other of our observations, the managers of the acquiring firm would also prepare answers for extensive Q&A sessions after the announcement in order to reduce uncertainty. Key factors with the internal announcement are therefore openness, honesty and being very straightforward with the upcoming changes to systems, personnel and roles.

The external announcement is mostly relevant for companies listed on the stock exchange, as they are legally obliged to announce their acquisitions to the press and the stock market. All the observed stock-listed companies in our dataset would typically send a press-release message in the morning before the stock market opens, after making sure that all employees of both acquired and acquiring firm were properly informed of the acquisition.

In cases where the acquiring firm's headquarters were located outside of Norway (1 observation), the press release would be handled by the M&A department in that country. For all other observations, the board of directors together with the top management team would make the press release, thus allowing the management of the integration team to work independently from the hassles of the press. *"We have*

in a smaller degree released press-releases, only by exception when the sellers insist on it…" One of our observations is not listed, and the board of directors chose deliberately to be removed from the stock exchange in order to reduce the amount of press releases they had to do when acquiring new firms.

Development of mitigation activities and stage strategies

Table 2: Activities aimed at mitigating barriers to synergy realization

Activity	Mitigated Barrier(s)
Prepare answers to extensive Q&As	- Turnover of key personnel
Engage and motivate target managers	- Top management turnover
Use price ceiling in negotiations	- Premia (price) paid exceeding potential synergy gains
Indoctrinating target managers early	- Top management turnover - Change reluctance and cultural clash - Lack of target management commitment
Informing operational personnel early	- Turnover of key personnel - Change reluctance and cultural clash
Joint strategy process	- Top management turnover - Change reluctance and cultural clash - Lack of target management commitment
Allow autonomy in "special" cases	- Change reluctance and cultural clash - Destruction of synergies through integration - Loss of productivity in acquired firm
Remove problematic people in pure technological acquisitions	- Change reluctance and cultural clash
Secure interests through contract terms	- Turnover of key personnel - Top management turnover - Change reluctance and cultural clash
Add integration plan to contract	- Internal disruption and opportunistic behavior - Change reluctance and cultural clash
Target client-base examination	- Premia (price) paid exceeding potential synergy gains
Create "new" teams in each process	- Managerial Biases -
Avoid auctions	- Premia (price) paid exceeding potential synergy gains
Look for targets in market lows	- Unfavourable market conditions

Communication, openness, transparency and engagement

Another important point stressed by most of our respondents was having complete openness, honesty, at the same time as being strict and clear with the acquired units, throughout the entire process. "…*There are a lot of people who become very diffuse because they do not dare to be honest, it also creates a lot of variations of the truth, and it gives hundreds of issues on tiny things, so be very clear, "yes, we should change the name, and we shall do it in 2017", for example"* The lack of communication between acquiring and target firm managers and personnel had in several of the interviewed companies proved to be detrimental to acquisition success. Managers and other people in "prominent positions" need to communicate everything that needs to be done, how, and why to all relevant personnel in both acquiring and acquired companies throughout the entirety of the acquisition process, not only during the announcement.

Another interesting, yet not surprising finding was the focus many of the observed companies had on motivating and engaging managers and operational personnel both in the target and acquiring company. One respondent noted "*It is important to get the employees with you, make them understand why we do things…"* in most cases, engaging employees and target managers is done in order to make the acquisition run smoothly, in addition to secure management retention, which will be covered in a later section.

Measures for barrier mitigation following specific stages

Negotiations

"Discuss the difficulties before marriage" – respondent in software company

Two major differences in mentality regarding negotiations became clear from our interview data. Although all our observations declared finding the right price to be the most challenging part of the negotiations stage, the way to work towards the right price was divided in two opposing directions.

The first group would base the negotiation on a price ceiling, using their due diligence to find any reason to bring down the price demanded of the seller, and working the price down until it went under the price ceiling. The other group, although their methodology may seem similar, would not do everything in their

power to bring the price down. As the manager of one of Norway's largest serial acquirers put it "*The price is the price, unless you deliberately hold something back".* Their mentality in this regard was hence not to reduce the price as much as humanly possible, but use the due diligence more as a safeguard in case the sellers acted opportunistic.

The team in charge of running the negotiations were in all our observation a combination of managers from different departments, external consultants, such as lawyers and representatives from the external consultant teams involved in the due diligence, as well as (in some cases) CEO and/or CFO in the acquiring firm. These teams are put together to utilize the experience and knowledge of the team members to the best possible degree, with people inheriting various competencies and capabilities involved in the negotiations.

We identified the key focus of the negotiations from the acquiring firm's side as creating trust in the target firm, through openness and honesty, being clear on the intended achievements of the acquisition as well as using structure and carefully placed arguments. Another key aspect in the negotiation is to discuss all matters that may create problems later in the acquisition process, especially regarding the retention and firing of staff in the acquired firm.

<u>Customization of contracts</u>

This is obviously more time consuming and more difficult than having a standard set of predefined contracts, but allows for significantly more freedom in the terms the firm can put into the contract. For instance, one observation would secure the retention of the target company Gründers through the terms in the contract, as well as other key personnel they wished to retain. Some of the observed companies would also place all "difficult" matters in the terms of the contract itself. Our informant in one company stated that "*We have after some time learned that the integration should start early, and we started a few years ago to make and discuss an integration plan with the target before we sign the purchasing contract. We discuss the difficult things before we sign. This would include who will be the manager, who would have to leave the acquired unit, who would have to stay, what roles would be changed, what products stays and goes ... and of course this sometimes leads to a no-deal."*

Integration

All respondents reported that their codified handbooks, checklists and plans are tools, not rules, and deviation from the plans happened regularly. Stemming from their acquisition experience, all the observed companies would make room for deviations in their integration plans, and thus *"expect the unexpected".* One way they implement this is by having an experienced integration manager that is able to make quick decisions on limited information, without the use of the codified knowledge, as we showed in the knowledge articulation section. Another important aspect of the management of the integration stressed by several respondents was that the integration manager needed to be trusted, both by the acquiring and the acquired firm.

Another factor all respondents emphasised was informing the relevant operative personnel as early as possible, as long as rules regarding confidentiality were upheld. In addition, several companies reported that they wish to indoctrinate the good leaders of the acquired firm into the business routines and practices, culture and systems of the acquiring firm as early as possible, so that they can contribute with the integration of the rest of the employees. They reported that when the target managers were up to speed and motivated; the rest of the employees tended to follow.

Most observations also reported that they would gradually phase their processes and systems into the acquired units, rather than devouring the company whole. Typically, technological systems such as IT, financial reporting etc. would be integrated first, followed up by integrating the culture and other human aspects later on. Another way for several of our observations to ease the integration process was to gather relevant managers of both the acquiring and acquired firm to develop a business case and a joint strategy for both firms. This was said by one respondent: "*We have worked a lot on creating a joint strategy, and what we need to do post-acquisition, and we felt that we received great enthusiasm from [them] on what they were going to do".*

In some cases, acquisitions were allowed to continue with high degrees of autonomy. The general response from multiple of the study's respondents to why

some firms were allowed autonomy while others weren't being mainly for two reasons. Firstly; firms that have a specific path, momentum or technology that should not be disrupted by integration, where the gründers refuse to give up their control (especially when the rationale depends on the gründers) and when the target culture is a major part of the firm's success. The second reason for allowing autonomy, as presented by one respondent "*Some firms continue as their own legal business units, with their own name. This is because we are beginning to reach a size where we feel it's beneficial to have multiple brand-names, it's like Carlsberg and Tuborg, same owners but competes fiercely in the market. The same goes for our industry here in Norway; where we for instance bought [X], which if you read closely on their website, will have a small note somewhere that they are owned by us, most people don't know this".* In other words: diversification of the brand portfolio.

One of our more surprising findings was the low degree of attention some of the biggest companies paid to the culture of their acquired companies. Especially the companies in IT and software development showed little to no interest in preserving the target companies' culture. One of our informants explained this was due to the large degree of much smaller company-acquisitions. For them: it would be impossible to retain the culture of all of these; and in cases where culture is a major part of the target's success, they would rather let the company keep a high degree of autonomy and run the same path as they did pre-acquisition. Another informant had a more direct way of dealing with cultural clash and change reluctance, and the informant explained the matter as "*we can change out the people causing the problems, especially when it is the technology we are looking to acquire, most of our integration is based on weeding out what we don't need, and bringing in our systems and people to further develop the things that we do need*".

However, as widely discussed in the literature, as well as a common factor for most our interviewed firms, the acquisitions aim to bring in capabilities and competent people into the acquiring firm. *"Bringing the gründers onboard"* was a sentence repeated several times, by several interview objects, and in these cases, simply weeding out the problematic people will not aid towards acquisition success. The retention of key personnel in this case was instead due to (as mentioned above); contract terms, as well as motivation and encouragement from various measures

done by the management of the acquiring firms. Some of the other firms acknowledged the importance of target culture, one example was a respondent in the consulting industry who said "*The integration process can be quite problematic, and culture is important […] The integration process the first one-hundred days, as I'm sure you know about, where we have a long checklist we run through, very structured and focused. Then there is a cultural adaptation and management".* Some other respondents also reported that they sought to preserve the culture for some time while slowly fusing in their own culture into the target.

Development of teams and departments

Our findings show that most of the firms had an own department; specialized in M&As. These departments work primarily with the acquisition processes within the firm, by creating target pools, screen and identify potentially fitting targets; and control the process until the integration of the acquired firm began. Some firms would also have the M&A unit or department running the process from start to finish. Some firms had not developed an M&A department, but would use teams of experienced personnel that had a good history of working together. A key to both set-ups was to re-use personnel and experience, with experienced managers and good group dynamics. Except for the firm that had internalized the entire process; all firms would also use the same external consultants and advisors repeatedly. A statement from one of the respondents describes the value of this; "*Using the same business lawyer; for instance, for 10 years, makes it so we know the team, and the team knows us, we know how to cooperate, and we both know our culture, structure and systems, so that we can help each other instead of turning it into a generic legal issue; it turns into something that fits in with us".*

The number of internal and external advisors and consultants the interviewed companies use is based on the size and complexity of the acquisitions. If the firm acquired was a small-sized firm, external advisors would be less likely to be necessary, while large and more complex acquisitions often demanded that the acquirer had to bring in teams of external consultants and advisors; especially in the due diligence and negotiation stages.

One of the respondents said that using experience from previous acquisitions is crucial in order to be better at what they do, and that it is important to have

competence in all the different areas of expertise. Competence was defined by one respondent as having knowledge about how to find potential targets, how to screen out the right firms, say no to the ones that did not fit the strategic rationale, and to have knowledge around how to proceed in the process. Another respondent noted neatly that: "*Three things are important when doing M&A: competence, competence and competence*".

Some experience seems difficult to transfer, which makes it even more important to have experienced managers included in the process. One of the respondents compared the process of M&A to an orchestra: "*the notes are read, and the song is played if the notes are available. However, it is as important to know the piece and work together with the others at all time, in order to protect the piece if something with the notes goes wrong. The recipe is to have one bandleader that manages the team to focus on what is important".*

The need for a highly experienced team is especially large when entering a new market sector or industry. One of our observations stated that their mentality in this regard is to "*know that you don't know, study the new market areas carefully, get to know your competitors and be humble*" as key when entering new market areas. In other words, when looking for targets outside your own home market, the firm needs to do its homework and learn what is good in the new market area, and then start their screening and targeting process. One firm solved this by running market research through external market analysis companies, and interviewing various targets' client base. This gave them information on which companies are most attractive in the market, with the most satisfied customers and best product. These market analyses provide them with the necessary information to know who to approach. Some of the interviewed companies pointed out the importance to target these firms, as acquiring attractive firms will also make the acquiring firm more attractive in the market.

In several of the interviewed companies, The M&A teams would withdraw and have the process taken over by other departments or managers after securing the deal. Several of the interviewed companies were also constantly using the same team for the integration process, often separate from the M&A department. As one of the respondents mentioned: *"Yes, we have a separate integration team. So, there*

is a hand-over from the deal team to the integration team". While some of the firms had an integration team, other firms were in the process of creating one, as they had seen how beneficial it could be. One company even goes so far as establishing a separate integration office for all their acquisition processes, using the same managers and integration personnel for each process. The same firm would also have the manager of the integration office in for the entirety of the acquisition process, which ensures that he knows everything about the process up to the point where he/she takes over for the integration. All the observed companies would also follow codified integration plans, pre-set guidelines and routines, as well as best practices.

One of the companies would create a "new" team every time they started a new acquisition process, where they would *"Put together a new team, because we need the local knowledge, and we need the M&A expertice, and it's from "are we going to buy, evaluate, negotiate, how do we reach the finish line…?" In the integration phase itself, the M&A unit will exit and the local team will have the responsibility".* In other words, man up the team with both experts from the M&A department with local managers and experts in the market that they are about to enter. For them, having the experienced personnel from the central M&A department manage the process, with support from the local experts, was the best way to utilize their combined knowledge.

4.4 Acquisition Performance and learning outcomes

<u>Process standardization and process improvement</u>

Standardizations, thoroughness in the processes and more personnel committed to M&A activities, although leading to arguably significant improvements in acquisition success rate and performance; does cost a lot of resources. As one of our respondents said; "*There are both benefits and downsides. The acquisition process gets a lot more expensive, and takes a lot longer when you look into everything, using long lists and analyze the process and having a large number of people involved. But the process hopefully yields a much better result…"*

The respondents do however report that the use of extensive M&A experience combined with thorough, standardized procedures under the leadership of

experienced M&A managers, does in fact improve the outcomes of the acquisitions. The firm that would create new teams with experienced people from the central M&A department with local personnel and experts, reported great success. This allowed the acquiring firm to use their extensive M&A experience, standardized procedures and experienced managers from the central M&A department in combination with knowledge and experience in the local market and/or industry in which they are going to acquire, in a more dynamic way than if they would have a set team for every process.

However, combining the teams in this way was not without its problems, as the respondent noted "*M&A is kind of neutral and we have our role here, and we need to think about the best interest of the corporation. The problem is that we need help from the local teams, because they know the industry and business, but they are often incentivized to make a deal, even more than us. This is due to them being very keen on, "if we can make our company in [country X] very important, then we will also have personal success, right?" So they can be very incentivized to push a bit too hard".* This indicates that even though there seems to be little bias in the responding firms, managerial overconfidence and bias is still an issue, especially when working with local units.

<u>Standardizations in targeting and screening</u>

As mentioned in the previous section, serial acquirers utilize their experience to develop routines and standardized processes across all stages of the acquisitions. Among the most important actions serial acquirers take, however; is the establishment of M&A departments, or having personnel that are committed to only working on M&A activities (teams). This affects for instance the targeting stage, as a team or department committed to only M&A activities have the autonomy and resources to commit personnel to screening and targeting, and as their experience with this task grows; their codified data improves, and the process becomes both quicker and easier.

Similarly, Serial acquirers develop capabilities and skills regarding how they approach their targets. One of our respondents said "*It is important to look at what you are buying, and it is important to not pay too much. And in order to not pay too much, you need to avoid auctions. Therefore, you have to find targets yourself, go*

to the ones that are not planning on selling, and create the ideas and processes. And it's not always that easy for financial players, for instance private equity funds, so they typically end up in auctions. It doesn't necessarily turn into bad deals, but they often end up having to buy large companies, or bad companies that no one else wants to deal with, but if you have an angle or competence on what you are doing, you can turn it around".

Targeting companies in a certain revenue range to avoid private equity firms and other financial funds, as well as making contact with the target "before they know they are for sale" eliminates the threat of competitive bidding auctions and the "winners curse" already at the targeting phase of the acquisition process. Many of our respondents reported similar tactics in their targeting, indicating that serial acquirers does indeed have a big advantage over other firms looking to acquire due to their targeting strategies and capabilities.

The type of targets the interviewed firms went after were mainly small, often startup companies that are just starting to gain momentum in the market. Going after these firms, again, reduces the chances of having to deal with competitive bidding as they often pass under the radar of large private equity firms and holding companies, while they still have enough market power and revenues to potentially realize synergies for the acquiring firms. In addition, these firms will typically have fewer employees and more basic systems, making integration easier and quicker, allowing for the serial acquirers to acquire more targets in tighter timeframes.

Standardized Due Diligence

The due diligence stage was in all observations highly standardized, and followed strict routines and codified material. According to the respondents, this has increased the quality of the due diligence, where they can make more informed decisions, assess risk and identify barriers easier, as well as doing the target evaluation significantly faster. The use of external support, preferably the same teams from the same companies repeatedly; further increases the due diligence quality and speed. In some cases, a good due diligence can work as a safeguard for the acquiring firm when negotiating, as anything the target management withholds will be revealed in the due diligence.

Contracting

Creating customized contracts for each negotiation seems to be more or less the standard choice for the firms in our study. Experienced negotiators and managers will have more knowledge of what is important to include in these contracts, in many cases "the difficult things"; for instance, all decisions on who will stay and go in the target, how culture will be handled, and the integration plan. Doing this allows for a significantly smoother implementation of the integration plan, as well as avoiding many of the human obstacles that would occur later in the process. One firm pointed out that this was the single most important aspect of their acquisition process, as it allowed them to turn down acquisitions that could yield problems, saving them from bad deals, as well as reaping the benefits of their good acquisitions at a much earlier stage.

Announcement

The key with the internal announcement is to prepare all employees of both firms of the coming changes, reduce their uncertainty and prevent both internal and external disruption when the information of the acquisition goes public. As one of our interview objects put it; *"It is much safer when an employee can directly ask the management of what is going to happen, especially when he is unsure of his future position, than to read that his employer has been acquired in the newspaper the next day".* About half the observations also pointed towards trying to not only inform the acquired employees; but also to engage and motivate them for the future. In their experience, this eased the integration substantially, as motivated employees are much more willing to change than frightened ones.

There was one choice in particular that caught our attention; which was one firm's deliberate choice to not be listed on the Stock exchange. This decision allows them to acquire firms more discretely, thus reducing the insight their competitors have in their strategy. This reduces the chance of being disrupted our having to deal with opportunistic behavior from the market, as they are not legally obliged to publish any press releases.

Target Management retention

Including the managers of the acquired firm in the strategy process, by for instance developing joint strategies, business cases and business development plans; has in

many of the observations' experience improved the motivation and willingness to be integrated significantly for the whole firm. Motivated and informed target managers are significantly more willing to try to get the rest of the employees onboard with the integration process, thus leading to less problems with cultural clash and unwillingness to change. Therefore, it is also important to indoctrinate the target managers the acquiring firm is going to keep in the systems, processes and culture of the acquiring firm as early as possible, which a point one of our respondents is focused heavily on. In cases where the managers of the acquired firm are not going to keep their roles and are not going to be dealt a severance package (getting fired), new roles in the organization would typically be assigned to them. These were either as managers of other departments, business areas or other prominent positions. In this sense, their knowledge and experience would not be lost simply because they chose to leave when they cannot keep their role in the acquired unit.

Employee retention

Our findings show that the retention of employees varied to a large degree among the observed firms. One of the respondents highlighted that their main reasoning for acquiring firms was the technology, and therefore didn't pay much attention to the retention of employees. As mentioned earlier, some subjects paid a low degree of attention to the culture of the acquired companies. However, other respondents emphasized that the personnel of the acquiring firm were the most important factor behind their acquisition rationale. A common factor for most our interviewed firms, was that the acquisitions often aim to bring in capabilities and competent people into the acquiring firm. As one respondent stated; *"As it was with [X], there was a huge focus on securing the retention of the employees"* A key aspect in the negotiation is thus to discuss all matters that may create problems later in the acquisition process, as noted in the previous sections; especially regarding the retention and firing of staff in the acquired firm.

Securing retention through contract terms, as well as having Q&A sessions through the announcement stage simplified the integration and increased employee retention, as the employees of the acquired firm were already were informed about their future. However, this does not mean that integration is easy, and one

interviewee learned that skipping the integration office was a bad idea, as mentioned by the respondent as *"We didn't have an integration office, and no one that had it as a separate task […] we slipped in this situation, we didn't manage to hold on and even though it wasn't a traditional integration we have to have an integration office, partly with people from our team, and partly with people from [target]"*

Substituting own innovation and R&D

One of the problems with large, serial acquiring companies; is that they in many cases don't have time and resources for internal R&D and innovation. A respondent noted; *"You have so much responsibility for what you have already created, so much interest in what you have employed, commitments to and contracts with customers; so you are often a bit stuck with what you have, and this can cause the innovation to stop".* However, the respondent also noted that this was one of the major rationales for being a serial acquirer in the first place: "*If you have an active acquisition strategy you can purchase the innovation that a large company cannot create itself [...] we are in an industry where changes happen fast, and there is a lot of innovation going on, it's hard to keep up, but doing a lot of acquisitions allow us to hang on anyway".*

Effectiveness of teams and departments

Our findings show that the interviewed firms was heavily emphasising experience, as each acquisition was different. Therefore, documented material and codified knowledge alone was not enough to secure success in new acquisitions. It was crucial to develop teams and departments with knowledge of- and experience with M&A, from finding targets to the negotiation, due diligence and integration of the chosen target.

The departments and teams varied between being responsible for whole processes, targeting and negotiation, and only stepping in after a deal was secured. Developing teams and departments with long experience and access to codified material ensured that the teams gained new experience from each acquisition; improving the M&A processes in the firm, as well as enabling quick decision-making when this was required. In addition, when entering a new market sector, having personnel with knowledge and expertise on these areas was essential to have enough insight for

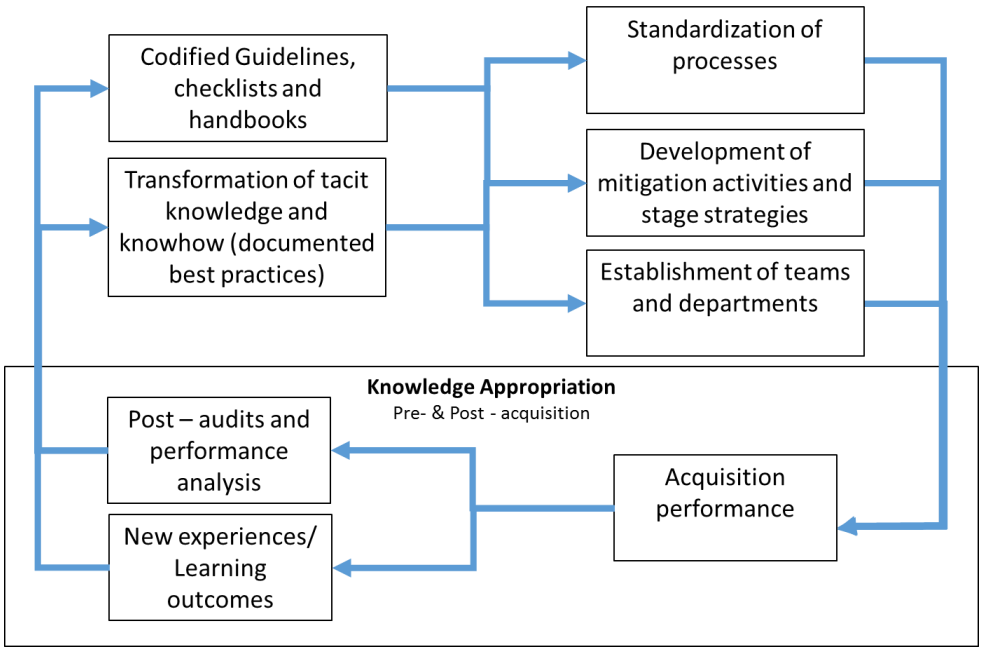
doing a successful acquisition *"both having the formal experience and be able to make that evaluation, we need to bring in people that has the expertise in the field and know what we are going to acquire"*.

Effectiveness of codification of knowledge

Post-audits were done to review the results, analyse synergies, enable learning, transfer experience, identify barriers and to see if the acquisition target and integration was in line with the strategic rationale of the firm. All the firms made post-audits and evaluated the process; which could improve the process for their next acquisition.

The handbooks and codified knowledge that is in constant development makes the process easier for the teams and operational personnel. The knowledge was codified in order to simplify the acquisition process. It made it easier for the employees involved in the process to keep track of each step in the acquisition. In addition, employees with non-or little experience was able to use this handbook as a guide throughout the process, and help their decision-making.

4.5 Emergent model of measures to mitigate barriers to synergy realization



Based on our findings, we have developed a grounded model following the cycle of the firms' appropriation, articulation and utilization of knowledge and experience in a serial acquisition program. Firstly, we found that new knowledge is

appropriated through gaining new experiences from past acquisitions, as well as more deliberately through analysis and reviews of acquisition outcomes. The analysis and reviews are typically documented, and used to update and improve codified handbooks, guidelines, checklists and the like in the articulation phase.

Uncodified experience is less visible in the firms, but our findings indicate that firms will transform it to documented best practices and documented examples in order to have codification of these. In any case, individual and group level experience and knowledge is inherent in the teams and managers in charge of the acquisition processes, and is being drawn on in new processes through the establishment of teams and departments that work specifically with M&As.

The codified knowledge and experience is typically used as tools that will develop over time, and aid in the standardization of some of the processes in the acquisitions, typically in those stages that are more or less equal in all acquisitions. For the stages in the acquisition process that are not similar for new acquisitions, typically negotiation and integration, the firms seem to develop strategies for how to deal with each new acquisition, using both codified knowledge and experienced teams and managers. These techniques are applied in order to minimize the risks and barriers that the firms have faced in the past, and improve acquisition outcomes. Finally, after new acquisitions, the firms would restart the cycle with reviews and post-audits to document any new experience and knowledge that they could use to improve their future processes.

5. Discussion

Our findings and the emergent model are exclusively built upon the information given from the respondents. This section of the thesis will discuss our main findings in the light of relevant theory from our literature review. In order to answer the research question; "*How does serial acquirers utilize experience and learning to mitigate barriers to synergy realization?",* the discussion centre around how the serial acquirers actively utilize learning and experience throughout the processes in order to mitigate barriers in later acquisitions. We will also examine how our findings relate to previous literature.

5.1 Summary of findings

Our findings show that the serial acquirers of this study have a very large amount of codified material they utilize when starting new acquisition processes. This includes documentation of best practices, M&A handbooks, checklists and guidelines for the different stages in the acquisition process. In addition, the firms will to a large extent also use the same personnel repeatedly; either using the same teams or having separate departments specialized in the different stages of the acquisition processes.

Furthermore, we found that the firms will review and evaluate all acquisitions after a time in order to document what they did right, and what they can improve in the following processes, thereby updating their knowledge and codified material. This creates a learning loop where managers, teams and departments constantly increase their experience and develop capabilities (know-how) related to acquisitions, at the same time as they improve the firms' codified knowledge.

Based on this knowledge, the firms mitigate the barriers to synergy realization discussed in the theoretical background by several means. Among our most important findings in this regard is the way rationale and aim of the acquisition will influence the integration. When acquiring technologies, our findings show that firms tend to devour their targets whole, as the human side of the acquisition is less important and not necessary to realize the intended synergies. Target culture also seemed to be less acknowledge and tended to when the acquiring firm is large, as mixing in and trying to retain all acquired firms' cultures would be near impossible; and very inefficient.

On the other hand, when the human capital of the target firm is of importance; due to culture, capabilities within the firm that spring from team dynamics, gründers, managers etc: The acquired firm is often allowed more autonomy; at least for a time. This is done in order to preserve the target culture and retaining the key figures within the companies, and continue the target's momentum in its market.

Another important finding was how some firms would protect their interests through the contractual terms, "discussing the difficult matters before signing"; for instance, having descriptions of integration and retention and firing of personnel as

part of the contract. This secures retention of key employees and managers, reduce uncertainty, as well as making an integration plan for both companies; thus, preparing them for the remaining stages of the process.

Lastly, our findings show that the serial acquirers standardize an extensive amount of process stages; mostly the ones that are similar from acquisition to acquisition, thereby increasing the speed and quality of these stages. Extensive use of the firms' documentation makes these stages easier to standardize and manage. Many firms also externalize parts of these stages, using the same teams of external consultants repeatedly. This gives room for more focus on the difficult and unique parts of the acquisition stages, like negotiation and integration; which are often the most important aspects of the acquisitions.

5.2 Learning and codification of knowledge

Knowledge Appropriation

The knowledge appropriation; among other things, consist of performance analysis and post-audits. Our findings show that all the firms in the study did some kind of evaluation after the process of integration was done. Honesty in this evaluation process was heavily emphasized, as "cheating" in these evaluations would reduce the potential learning. We found that acquisition managers had learned their lessons in previous acquisitions; especially when they had made mistakes. Among others: the lessons learned regarded targeting, negotiations, contracting and integration; and the respondents noted that these lessons learned had improved their processes significantly. This finding fits well with the findings of Atkas, Bodt and Roll (2007), who claim that managerial learning does take place, and that CEOs do indeed learn from previous mistakes.

The new experiences were as often as possible documented, which again contributed to knowledge articulation and moreover to the development of codified knowledge. This is consistent with the findings of Zollo and Winter (2004), who found that not only by accumulating experience, but also by using time and effort in activities that require a great amount of cognitive effort do the firms develop collective competences (Zollo & Winter, 2004). They state that firms actively learn by codifying previous experiences. However, they also argue that the benefit of

creating an acquisition-specific tool might lie more in the learning of the creative process, than the actual use of the tool afterwards (Zollo and Winter, 2004).

Proposition 1: Serial acquirers who systematically use evaluations and post-acquisition reviews will have a higher level of new knowledge appropriated after each new acquisition.

Knowledge articulation

Our findings show extensive use of handbooks, checklists, guidelines, documented best practices and manuals; which consisted of rules and information on how to proceed in the acquisition process. This indicates that the codified knowledge is both useful and of very high importance for the interviewed firms. Similarly, Zollo and Singh (2004) found that there is a strong relationship between codification of knowledge and later acquisition performance. Knowledge articulation can reduce the risk of ambiguity and complexity when making an acquisition, as well as reduce the possibility of making mistakes in future acquisitions, and knowledge loss can be reduced when a knowledgeable employee resigns (Barkema, Schijven 2008; Kale and Singh 2007).

Furthermore, Trichterborn, Knyphausen-Aufse, and Schweizer (2015) states that the use of knowledge articulation can enable better acquisition processes and improved performance. Our findings show that documented knowledge simplified and made it easier for the employees to make the right decisions in the process, which was indicated to increase the performance. This indicates that the articulation of the knowledge and experience does indeed provide the learning spillovers discussed by Zollo and Singh (2004).

Zollo and Winter (2002) differentiate knowledge articulation and knowledge codification in their discussion on the creation of dynamic capabilities. However; we base our model on these two tasks being the same; as our findings indicate that serial acquirers will both articulate the knowledge through discussions, reviews and performance evaluations, as well as codifying all this experience and knowledge into best practices, handbooks, guidelines and checklists in the same process.

Proposition 2: Extensive articulation of experience and knowledge into handbooks, checklists, guidelines and best practices increases the individual and group level knowledge within the firm.

Establishment of Teams and departments

Another major finding regarding the actions serial acquirers take in order to mitigate the barriers to synergy realization is their centralization of competence and experience through the establishment of M&A departments and teams. These teams and departments also serve as "hubs", where new experience and knowledge is appropriated and articulated into explicit knowledge that can be used in future processes. In this manner, serial acquirers seem to overcome many of the challenges they face through centralizing the competence and capability development, contrary to having some experience and competence scattered around in the organization. Having considerable experience with implementing change allows for the acquiring firm to have more flexibility and developed adaptation and acculturation skills (Hitt et al, 1998). Serial acquirers with teams and departments specialized in these specific tasks thus have a greater chance of mitigating the barriers discussed in the literature review.

Our findings highlight the importance of experience in the acquisition process; which was needed in order to act independent, flexible and quick in the decision-making, when this was required. Zollo and Winter (2002) also suppose that accumulation of experience is appropriated through streams of new acquisitions. However, Haleblian and Finkelstein (1999) found that when treating dissimilar acquisition equally; due to the success of previous ones, it could lead to negative performance in the next. Only one respondent discussed this issue directly, by saying that every acquisition is different, and therefore the independency of the decision-maker was important. However, our findings indicate that the success rate of the serial acquiring firms was high; which might tell us that this was not a prominent issue. Barkema and Schijven (2008) also argues that serial acquirers can use relevant experience when appropriate for specific contexts, and that they are able to distinguish differences across acquisitions, due to their expertise.

Proposition 3: The development of M&A departments and specialized teams allow serial acquirers to centralize and enhance their knowledge and experience to further develop their acquisition capabilities

Another benefit of having teams and departments running the acquisitions is, although not explicitly stated in our findings; the ability to maintain market focus during the acquisition and integration processes, as these departments and teams are specialized in acquisitions and will not have other tasks within the firm. Therefore, one of Urban and Pratt's (2000) concerns regarding acquisition failure is mitigated by the development of these teams. The teams and departments also serve to, as stated above, avoid disruption of the firm's own business routines (Canella & Hambrick, 1993), as the teams, and especially departments; run autonomously from the rest of the business operations.

Proposition 4: Using specialized teams and departments reduce internal disruption and maintains the market focus of the acquiring firm, as they can act independently from the daily operations of the firm

5.4 Serial acquisition capabilities

According to Haspeslag & Jemison (1991) a serial acquirer is able to form capabilities in the targeting, negotiation and integration stage, which makes them more efficient in the stages of the acquisition process. This is what makes serial acquirers unique from firms that do only one or a few acquisitions.

Our findings show that the serial acquirers in the study have developed easily identifiable processes and procedures for all stages in their acquisition program, fitting well within Eisenhardt and Martin's (2000) definition of dynamic capabilities. This is also supported by the argument that the firm´s ability to create distinctive competences is a firm's key to success (Learned et. al, 1969). We propose that the capabilities and competences the respondents emphasize in the different phases in the acquisition process are all part of an extended version of Laamanen and Keil's (2008) definition of acquisition program capabilities, as discussed in the theoretical section. These capabilities enable managers to identify the right numbers of acquisitions, time the individual acquisitions, and to know what kind of firms to acquire (Laamanen and Keil, 2008). By extension; the

capabilities are also used to standardize processes that are similar in each acquisition, utilize collective and individual experience in teams and departments, and develop strategies for how to deal with the more "difficult" and unique stages of new acquisitions. The respondents defined these capabilities slightly differently, and their definition consisted of the following: knowledge of how to find potential targets, screen the right firms and how to proceed in the process. The arguments presented by Laaman and Keil (2008) definitely support the definition of capabilities from the respondents, which substantiates the fact that it is essential to have this kind of capabilities in a serial acquisition program.

Proposition 5: Serial acquirers deliberately create acquisition capabilities through structuring their experience and knowledge appropriation and systemizing their experience and knowledge articulation.

Another prominent finding is how the firms would combine their articulated knowledge with the teams and departments they had created, to better utilize the acquisition capabilities in the firm. The core of all team compositions seemed to be maximizing the utilization of experience and codified knowledge, by using experienced personnel and managers repeatedly in addition to having standardized and documented procedures; which is easily accessible to the operational personnel. We see that all the firms emphasized both utilization of codified knowledge and experienced personnel. The firms interviewed are all large high-tech firms in Norway, and we see a lot of similarities among the firms regarding how they work as serial acquirers. Although some of the firms might acquire for the purpose of technology, and some for the competences in the human assets, each firm worked actively towards documenting and building experience within the firm in order to mitigate barriers and improve performance.

Proposition 6: Serial acquirers utilize their acquisition capabilities by combining their articulated knowledge with competent and experienced teams and departments with experienced managers in the acquisition processes

5.5 Barrier Mitigation

Schweiger and Weber (1989) present three main criteria that need to be present in order to realize synergies from an acquisition; strategic fit, optimal price and optimal integration. Our findings suggest that these criteria are inherent in the measures the respondents take in order to mitigate the barriers to synergy realization; and that the three main dimensions of measures stem from the acquisition capabilities.

According to our findings, it seems beneficial to have "agents" or managers in the market that continuously screen targets in order to maintain the target-pool of potential acquisition targets. According to one of the respondents, they would approach the targets based on three criteria; economic low-turn in the market, the target was not for sale, and the target being in a revenue and development "sweetspot". The first criteria fits well with Kusewit's (1985) finding that acquisition during market lows are positively related to performance. This, as explained by our respondent, is due to the prices being significantly lower at the time; thus, fulfilling Schweiger and Weber's (1989) second criteria.

The target approach strategies that the firms in this study had created, by avoiding private equity firms and competitive bidding auctions fits well with the findings of Very and Schweiger (2001). In addition, they would "plant the idea of selling" the company into the target ownership's head. When the companies approach their targets when they are "not for sale", our findings show that many acquirers did; it would foster cooperation instead of hostility in the negotiation, thus reducing the chances of hostile take-over and following troublesome integration (Walsh, 1989).

<u>Retention of key personnel and target top management</u>

As shown in the findings, the focus on target culture is seemingly very low in the technology acquiring companies. Therefore, the need of "human integration" (Birkinshaw, Bresman & Håkonsson, 2000) is drastically reduced. The focus on "task integration" however, seems much higher, at least in some of the firms. This is among our most surprising findings, as acculturation of the acquired unit in the integration process, and how that fosters value creation has been the primary focus for several researchers, such as Birkinshaw, Bresman & Håkonsson (2000). This points towards another of the major differences in serial acquirers and firms going

for one-off deals and mergers. This finding thus contradicts a commonly accepted argument, which is that the acquirer should take several measures to improve cooperation, reduce target top management turnover and reduce cultural barriers (Very & Schweiger, 2001). When acquiring many companies in a rather quick succession, the serial acquirer cannot and should not try to attend to the target culture unless it is vital for their value creation (in those cases they let the target stay autonomous), as this would increase the integration time, and foster disruption in the organization.

In accordance with Weber (1996), many of the respondents also wished to foster motivation and commitment among the managers of the target firms; by letting them be part of "joint strategy" processes and indoctrinating them into the acquiring firm's system and culture early on. This was done in order to bring both managers and gründers (in many cases, these are the same) "on-board" for the integration. This secured that not only the managers were motivated for the future changes, but also the employees of the target firms, as shown in the findings section.

Proposition 7: Serial acquirers develop flexible strategies for each of the "unique" acquisition stages; that build on both experience and standardizations in order to deal with unforeseen risks and common barriers to synergy realization

<u>Securing interests through contractual terms</u>

Another key finding is the way some serial acquirers would secure their interests and original acquisition rationale through the contractual terms. As stated in our findings, the key to "including the difficult things in the contract" was to secure synergy realization already from the end of negotiations, as well as identifying potential deal-breakers (Very & Schweiger, 2001) on both sides of the negotiation table right away, allowing the firms to exit from deals that would cause too much problems. Typically, as shown in the findings; this would include integration plans and specifics about personnel retention and termination. Ranft and Lord (2000) emphasise the need to retain both management and personnel, as both groups inherit the knowledge within the firms. Using contractual terms to keep the knowledgeable personnel that you want within the firm is thus one way to secure this key employee retention.

Having the integration plans ready at this early stage also allows the management of both acquiring and acquired firms to be prepared before the actual integration. Aspects of the integration, such as cultural issues and other potential barriers to synergy realization would also be dealt with in this manner. Birkinshaw, Bresnan and Håkonsson (2000) argue that task and human integration should be performed separately, and planning on how to do this already in the negotiations and contracting stage gives a good basis for doing just that.

Proposisition 8: Including "the difficult issues" as well as the integration plans in the contractual terms allows serial acquirers to mitigate barriers to synergy realization and protect their interests before signing the deal.

Standardization of processes, routines and procedures

Our findings show that serial acquirers have a large amount of standardized M&A procedures. Among the reasons for these standardized procedures was due to their large amounts of codified knowledge. This was particularly evident in the due diligence and contracting stage of the process. The other stages, targeting, negotiation and integration, were as reported by our respondents so different from time to time that they needed more than just standardized procedures and codified material to reach their acquisition goals.

Similar to Very and Schweiger's (2001) findings, our findings show that the firms relied on external consulting firms in the extensive standardized due diligence. This was especially emphasized when targets were to be acquired in new industries or countries. The serial acquiring firms would use both external consulting firms and local expertise from within the firm. This ensures that the due diligence provides enough information and thus leads to a smaller chance of future issues, exemplified by one of our respondents as technological dead ends, debt liabilities, weak personnel or managers and bad customer relations. A good due diligence thus reduces the risks associated with acquiring a new target (Perry & Herd, 2004).

Proposition 9: Standardization of "equal" stages enables serial acquirers to improve their process speed and quality, thus freeing more time and resources for more complex and dissimilar stages in the acquisition process.

Managerial bias

Unsurprisingly, our findings provided little to no evidence of attempts to reduce biases or other managerial flaws. All interviewed companies were experienced to the degree where they would be increasing performance with new experience, in accordance with Haleblian and Finkelstein's (1999) U-shaped experience-performance relationship. However; one of our respondents reported that they had experienced bias in the past; where they had treated dissimilar acquisitions equally, using the same standardized process, due to prior success, and struggled significantly with the integration of the new target. This gives an indication of experience and standardizations being insufficient to mitigate barriers on their own; and that blindly following the "tools" that is handbooks, checklists and guidelines the same way for all acquisitions will not reduce the potential problems when making new acquisitions, similar to the discussion presented by Chatterjee (2009). The need to treat new acquisitions differently has already been widely discussed, and the respondents display this by using guidelines and handbooks as tools; and utilize their experience, expert advice from external sources and evaluation of context to make decisions during the processes. This finding is consistent with arguments presented by Chatterjee (2009); which indicate that always using the same teams, procedures and experience the same way every time; may lead to overconfidence (managerial biases) and thus to acquisition failure (Chatterjee 2009). The ability to deviate from the standardized processes may therefore be crucial in some acquisitions.

One of our interviewed companies exemplified this with their most recent acquisition, which they allowed to remain completely autonomous. Previous acquisitions had all been fully integrated, and their customer bases shifted over, but the last acquisition broke all standards after the signing of the contract. The management in the integration team realized that the target culture was too valuable to "integrate away". In addition; this acquired unit had developed technological solutions that the acquiring firm didn't know about pre-acquisition, which they decided to integrate into the organization as a whole. This is a good example of serendipitous synergy realization (Graebner, 2004) that followed a deviation from the standardized processes and procedures in the acquiring firm.

6. Conclusion

The link between learning from experience, acquisition capabilities and synergy realization is still in its infancy in strategic management literature. This thesis has drawn on multiple views in order to connect the dots between these. Our research contributes to the works of among others, Laamanen and Keil (2008), Very and Schweiger (2001), Schweiger and Weber (2000) as well as Haleblian and Finkelstein (1999); by presenting additional insight into how serial acquirers develop acquisition capabilities, and further how they use them to secure value creation by mitigating some of the most discussed barriers to synergy realization in the literature.

Our data show us that firms do indeed learn, and that capabilities seem to form both in individual processes and on a higher "acquisition program" (Laamanen & Keil, 2008) level. Serial acquirers utilize these lessons learned and capabilities by centralizing their knowledge into teams and departments, articulating and updating their extensive codified knowledge through reviews, analysis and audits of past performance into handbooks, guidelines checklists and best practices. Many companies also developed specific tasks and activities which were meant to directly mitigate barriers. From our findings, this seems to increase the success of later acquisitions, but testing the soundness of this model through quantitative research can greatly enhance the theory.

Limitations and future research

In the very beginning of our thesis two research questions was formulated. During the beginning of our interview period the interview guide consequently consisted of topics for both research questions, which might have limited the amount of data that could have been extracted from each interview related to our final research question. If we had known in advance that we would only end up with our current research question, we could have used more time on this question , allowing extra information and more in-depth answers.

Secondly, we only conducted one interview with one person in each of the serial acquiring firms, which may have limited our interpretation on how learning and experience can be used to mitigate barriers, as there were several other employees

involved in the acquisition processes. Bias in the interviewed people is therefore a risk we acknowledge, which may affect the internal validity of our study.

Lastly, we have only conducted in-depth interviews with nine serial acquirers within the given high-tech industries, and due to our qualitative design we cannot say that our study of how learning and experience is used can be generalized for all serial acquirers within other industries.

As mentioned previously, the research on serial acquirers is far from saturated, and further research should look more deeply into each of the dimensions presented in our model, and our propositions should be tested on a larger scale through mixed method or quantitative studies.

7. References

Ahuja G. and Katila R. (2001). Technological acquisitions and the innovation performance of acquiring firms: a longitudinal study. *Strategic Management Journal* 22(3):197-220.

Amburgey TL, Miner AS. (1992). "Strategic momentum: the effects of repetitive, positional, and contextual momentum on merger activity." *Strategic Management Journal* 13(5): 335–348.

Angwin, D. (2004.) Speed in M&A integration: The first 100 days. *European Management Journal*, 22(4):418–430.

Atkas, Nihat, Bodt, E. and Roll, R. (2009). Learning hubris and corporate serial acquisitions. *Journal of Corporate Finance*. Vol. 15

Atkas, Nihat, Bodt, E. and Roll, R. (2007). Corporate serial acquisitions: An empirical test of the learning hypothesis. Core discussion paper 2007/23.

Barney, Jay B. (1988). Returns to bidding firms in mergers and acquisitions: Reconsidering the relatedness hypothesis. *Strategic Management Journal* 9 (special issue): 71-78.

Bryman, A., and Bell, E., (2015). *Business Research Methods*. 4th ed. Oxford: Oxford University Press.

Barkema, H.G. and M. Schijven. (2008). How do firms learn to make acquisitions? A review of past research and an agenda for the future. *Journal of Management*, 34(3): 594–634.

Birkinshaw, Julian. Bresnan, H. Hakonson, L. (2000). Managing the post acquisition integration process: how the human integration and task integration processes interact to foster value creation. *Journal of Management Studies* 37(3): 395-426

Blonigen B, Taylor C. (2000). R&D Intensity and Acquiistions in High Technology Industries: Evidence From The Us Electronic and Electrical Equipment Industries. *The Journal Of Industrial Economics* (1): 0022 1821

Bonaglia, Federico. Goldstein, A. and Mathews, J.A. (2007). Accelerated Internationalization by Emerging Markets' Multinationals: The Case of the White Goods Sector. *Journal of World Business 42:* 369-383

Bower, Joseph L. (2001). Not all M&As are Alike–and that Matters. *Harvard Business Review* 79 (3): 92-101.

Canella, Albert A. and Hambrick, D.C. (1993). Effects of Executive Departures on the Performance of Acquired Firms. *Strategic Management Journal* 14 (1): 137-152.

Cartwright, Susan and Schoenberg, R. (2006). Thirty Years of Mergers and Acquisitions Research: Recent Advances and Future Opportunities. *British Journal of Management* 17: 1-5.

Charmaz, K. (2006). *Constructing Grounded Theory: A practical guide trough qualitative research*. Sage Publication.

Chatterjee, Sayan. (2009). The Keys to Successful Acquisition Programmes. *Long Range Planning* no. 42 (2):137-163.

Chatterjee, Sayan. (1986). Types of synergy and economic value: The impact of Acquistions on merging and rival firms. *Strategic Management Journa*l 7 (2): 119

Colman, Helene L. and Randi Lunnan. (2013). Serieoppkjøp: Økt effektivitet – eller det motsatte? *Magma*, 62-70.

Colman, H.L. and R. Lunnan. (2011). Organizational identification and serendipitous value creation in post acquisition integration. *Journal of Management, 37(3).*

Cording, Margaret, Petra, C., and King D.R. (2008). Reducing Causal Ambiguity in Acquisition Integration: Intermediate Goals as Mediators of Integration Decisions and Acquisition Performance. *Academy of Management Journal* 51 (4): 744-767.

Datta, Deepak K. Grant, J.H. (1990). Relationships between Type of Acquisition, the autonomy given to the Acquired firm, and acquisition success: an empirical analysis. *Journal of Management.* 16(1): 29-44

Dasgrupta, P and Stiglitz, J. (1981). Entry, Innovation, Exit: Towards a Dynamic Theory of Oligopolistic Structure. *European Economic Review.* Vol 15.

Datta DK. (1991). Organizational fit and acquisition performance: effects of post-acquisition integration. *Strategic Management Journal* 12(4): 281-297.

Dierick I, Cool K. (1989). Asset stock accumulation and sustainability of Competitive advantage. *Management Science* 35(12): 1504–1511.

Dickie, Michel & Shaked, (1987). The Winner´s curse in the merger game. *Journal of general management*: 32-51

Datta, Deepak K., Pinches, G.E. and Narayanan, V.K. (1992). Factors influencing wealth creation from mergers and acquisitions: A meta-analysis. *Strategic Management Journal*. Vol. 13(1).

Eisenhardt, Kathleen M. and Martin, J.A. (2000). Dynamic Capabilities: What Are They? *Strategic Management Journal*. Vol. 21(10).

Fowler KL, Schmidt DR. (1989). Determinants of tender offer post-acquisition Financial performance. *Strategic Management Journal* 10(4): 339-350.

Finkelstein S, Haleblian J. (2002). Understanding acquisition performance: the role of transfer effects. *Organization Science* 13(1): 36–47.

Fuller K, Netter J, Stegemoller M. (2002). What do returns to acquiring firms Tell us? Evidence from firms that make many acquisitions. *Journal of Finance* 57(4): 1763 – 1793.

Graebner, Melissa E. (2004). Momentum and Serendipity: How Acquired Leaders Create Value in the Integration of Technology Firms. *Strategic Management Journal 25:* 751-777

Graebner, Melissa E. ; Eisenhardt, Kathleen M. ; Roundy, Philip T.(2010). Success and failure in technology acquisitions: lessons for buyers and sellers. *the Academy of Management Perspectives*, 24(3): 73(20)

Gans, Joshua S., Stern, Scott. (2000). Incumbency and R&D Incentives: Licensing the Gale of Creative Destruction. *Journal of Economics & Management Strategy*, December 9(4):485-511

Haleblian J, Finkelstein S. (1999). The influence of organizational acquisition experience on acquisition performance: a behavioral learning perspective. *Administrative Science Quarterly* 44(1): 29–56.

Haleblian, J., Devers, C.E., McNamara, G., Carpenter, M.A. and Davison, R.B, (2009). Taking Stock of What We Know About Mergers and Acquisitions: A Review and Research Agenda. *Journal of Management.* Vol:35(3) 469 502.

Huemer, L. (1998). *Trust in Business Relations: Economic Logic or Social Interaction?* Umeå: Borea.

Harding, David and Rouse, T. (2007). Human Due Diligence. *Harvard Business Review 04:2007.* Accessed 04.05.2017. https://hbr.org/2007/04/human-due-diligence

Harrison, Jeffrey S. Hitt, M.A. Hoskisson, R.E. Ireland, R.D. (1991). Synergies and Post-Acquisition Performance: Differences versus Similarities in Resource Allocations. *Journal of Management* 17(1): 173-190.

Haspeslagh, Philippe C. and Jemison D.B. (1991). *Managing Acquisitions: Creating Value Through Corporate Renewal*. New York: Simon and Schuster.

Hayward MLA. (2002). When do firms learn from their acquisition experience? Evidence from 1990–1995. *Strategic Management Journal* 23(1):21- 39.

Hansell, Gerry; Walker, Decker; Kengelbach, Jens. (2014). Lessons from Successful Serial Acquirers - Unlocking Acquisitive Growth. *BCG perspectives*

Homburg, Christian and Bucerius, M. (2006). Is speed of integration really a success factor of mergers and acquisitions? An analysis of the role of internal and external relatedness. *Strategic Management Journal* 27: 347-367.

P, Dyer JH, Singh H. (2002). Alliance capability, stock market response, and long-term alliance success: the role of the alliance function. *Strategic Management Journal* 23(8): 747–767.

Hitt, Michael, Harrison, J., Ireland, D. and Best, A. (1998). Attributes of Successful and Unsuccessful Acquistions of US Firms. *British Journal of Management*. Vol. 9

Ismail, T.H, Abdou, A.A and Annis, R.M. (2011). Review of literature linking Corporate Performance to Mergers and Acquisitions. *The Review of Financial and Accounting Studies.* ISSN 1450-2812 Issue 1(2011).

Jovanovic B, Macdonald G. (1994). The life cycle of a competitive industry. *The journal of political economy*. 102(2): 322

Jemison, David B. and Sitkin, S.B. (1986). Acquisitions: the process can be a problem. *Harward Business Review*. March 1986

Jovanovic B, Macdonald G. (1994). Competetive Diffusion. *The journal of political economy*. 102(1): 24

King, D.R., D.R. Dalton, C.M. Daily and J.G. Covin. (2004). Meta-analysis of post-acquisition performance: indications of unidentified moderators. *Strategic Management Journal*, 25(2): 187–200.

Kengelbach, J. and Roos, A. (2011). Riding the Next Wave in M&A: Where are the Opportunities to Create Value? *Boston Consulting Group.* https://www.bcgperspectives.com/content/articles/mergers_acquisitions_postmerger_integration_riding_the_next_wave_in_m_and_a/?chapter=5 Accessed 13.01.2017

Kusewitt JB Jr. (1985). An exploratory study of strategic acquisition factors relating to performance. *Strategic Management Journal* 6(2): 151 169.

Kale, P, Singh H, Raman A. (2009). Mergers and Acquistions. *Harvard Business Review*: 109.115.

Kale, P. Singh, H. (2007). Building firms capabilities through learning: the role of the alliance learning process in alliance capability and firm-level alliance succes.*Strategic Management Journal* 28(10): 981-1000.

Laamanen, Tomi and Thomas Keil. (2008). Performance of serial acquirers: toward an acquisition program perspective. *Strategic Management Journal* 29(6): 663-672.

Learned, E., Christensen, C, Andrews, K. and Guth, W. (1969). Business Policy: Text and Cases. *Irwin, Homewood, IL.*

Lane PJ, Lubatkin MH. (1998). Relative absorptive capacity and interorganizational learning. *Strategic Management Journal* 19(5): 461–477.

Lanctot, A., and Swan, K, S. (2000). Technology acquistion strategy in an internationally competetive environment. *Journal of International Management* 6(3): 187-215

Larsson, Rikard. And Finkelstein, S. (1990). Integrating Strategic, Organizational, and Human Resource Perspectives on Mergers and Acquisitions: A Case Survey of Synergy Realization. *Organizational Science 10(1):* 1-26

Lin, Z., M.W. Peng, H. Yang and S.L. Sun. (2009). How do networks and learning drive M&As? An institutional comparison between China and the United States. *Strategic Management Journal* 30(10): 1113–1132

Loughran T, Vijh AM. (1997). Do long-term shareholders benefit from Corporate acquisitions? *Journal of Finance* 52(5): 1765–1790

Lubatkin MH. (1983). Mergers and the performance of the acquiring firm. *Academy of Management Review* 8(2): 218 – 225.

Leavy, P. (2014). The Oxford Handbook of Qualitative Research. *Oxford Library of Psychology*

Meschi, P.-X. and E. Métais. (2013). Do firms forget about their past acquisitions? Evidence from French acquisitions in the United States (1988–2006). *Journal of Management*, 39(2): 469–495.

Merriam, B. Sharan. (2009). *Qualitative Research. A guide to design and implementation*. 3rd edition. Jossey Bass

Nahavandi, A, Malakzadesh, A. (1998). Acculturation in Mergers and Acquistions. *Academy of Management Review*. 11(1): 1-32

Pablo, A.L. (1994). Determinants of acquisition integration level: A decision Making perspective. *Academy of Management Journal*, 37(4): 803–836.

Puranam, Phanish. (2011). Grafting Innovation: The Acquisition of Entrepreneurial Firms by Established Firms. PhD diss., *University of Pennsylvania.*

Parachuri S, Nerkar A and Hambrick D. (2006). Acquisition Integration and Productivity Losses in the Technical Core: Disruption of Inventors in Acquired Companies. *Journal Organization Scienze* 17(5): 545-562.

Puranam, P., H. Singh and S. Chaudhuri. (2009). Integrating acquired capabilities: When structural integration is (un)necessary. *Organization Science*, 20(2): 313–328

Perry, Jeffery ; Herd, Thomas. (2004). Mergers and acquisitions: Reducing M&A risk through improved due diligence. *Strategy & Leadership* 32(2): 12 19

Palinkas, L. P. A., Horwitz S. M., Green C. A., Wisdom J. P., Duan N., and Hoagwood K., (2013). Purposeful Sampling for Qualitative Data Collection and Analysis in Mixed Method Implementation Research. *Administration and Policy in Mental Health and Mental Health Services Research Adm Policy Ment Health* 42, no.: 533-44.

Rahahleh, N. and P.P. Wei. (2012). The performance of frequent acquirers: Evidence from emerging markets. *Global Finance Journal*, 23(1): 16-33.

Ranft, Annette L. and Lord, M.D. (2000) Acquiring New Knowledge: The Role of Retaining Human Capital in Acquisitions of High Tech Firms". *The Journal of High Technology Management Research* 11(2): 295-319.

Ranft, Anette L. and Lord M.D. (2000). Acquiring New Technologies and Capabilities: A Grounded Model of Acquisition Implementation. *Organization Science*. Vol. 13(4)

Ravenscraft DJ, Scherer FM. (1987). *Mergers, Sell-offs and Economic Efficiency*. Brookings Institute: New York.

Schipper K, Thompson R. (1983). Evidence on the capitalized value of merger activity for acquiring firms. *Journal of Financial and Economics* 11(1 4): 85 – 119.

Strauss, A., and Corbin, J.M. (1998). *Basics of qualitative research: Techniques and procedures for developing grounded theory*, Thousand oaks, CA: Sage

Schweiger, D.M. and Y. Weber. (1989). Strategies for managing human Resources During mergers and acquisitions: An empirical investigation. *Human Resource Planning*, 12(2): 101–118.

Shrivastava, Paul. (1986). Postmerger Integration. *Journal of Business Strategy* 7 (1): 65-76. doi:10.1108/eb039143

Shaver JM. (2006). A paradox of synergy: contagion and capacity effects in mergers and acquisitions. *Academy of Management Review* 31(4): 962-976.

Shleifer, R.W. Vishny. (2003). Stock market driven acquisitions *Journal of Financial Economics*. (70) 295–311

Smit, Han and Moraitis, T. (2010). Playing at Serial Acquisitions. *California Management Review* 53(1): 56-89.

Smit, H. T. J., & Moraitis, T. (2010) Serial Acquisition Options. *Long Range Planning*, 43(1), 85-103

Smit, Han T.J. and Moraitis, T. 2015. *Playing at Acquisitions: Behavioral Option Games*. Princeton University Press.

Saunders, M., Lewis, P., and Thornhill, A.,(2009). *Research Methods for Business Students*. 5th ed. Harlow, England: Prentice Hall.

Singh H, Montgomery C (1987). Corporate acquisition strategies and economic performance. *Strategic management journal*, 8(4): 377-386

Trichterborn, Anja, Zu Knyphausen-Aufseß, and Lars Schweizer. (2015). How to improve acquisition performance: The role of a dedicated M&A function, M&A learning process, and M&A capability. *Strategic Management Journal*

Urban, David J. and Michael D. Pratt. (2000). Perceptions of banking services in the wake of bank merger: an empirical study. *Journal of Services Marketing* 14: 118-131.

Vaara, E. (2003). Post-acquisition integration as sensemaking: Glimpses of ambiguity, confusion, hypocrisy and politicization. *Journal of Management Studies*, 40: 859–894.

Vermeulen, F, Barkema H.. (2001). Learning through acquisitions. *Academy of Management Journal*, 44(3): 457–476.

Vermeulen F, Barkema H. (2002). Pace, rhythm, and scope: process Dependence in building a profitable multinational corporation. *Strategic Management Journal* 23(7): 637–653.

Very, Philippe and Schweiger, D.M. (2001). The Acquisition Process as a Learning Process: Evidence from a Study of Critical Problems and Solutions In Domestic and Cross Border Deals. *Journal of World Business*. Vol. 36(1)

Walsh, James P. (1988). Top Management Turnover Following Mergers and Acquisitions. *Strategic Management Journal* 9 (2): 173-183.

Weber, Yaakov. (1996). Corporate Cultural Fit and Performance in Mergers and Acquisitions. *Human Relations*. Vol. 49(9)

Zaheer, A., X. Castañer og D. Souder. (2011). Synergy sources, target autonomy And integration in acquisitions. *Journal of Management*, 39(3): 604-632.

Zollo M, Singh H. (2004). Deliberate learning in corporate acquisitions: post-Acquisition strategies and integration capability in U.S. bank mergers. *Strategic Management Journal* 25(13): 1233–1256.

Zollo M, Winter SG. (2002). Deliberate learning and the evolution of dynamic capabilities. *Organization Science* 13(3): 339–351.

Zollo M, Singh H, (2004). Deliberate learning in corporate acquistions: post acquisition strategies and intergration capability in U.S. bank mergers. *Strategic management Journal* 25(13): 1233-1257

8. Appendix

Appendix 1: Interview guide

1) Beskriv ditt ansvar i organisasjonen
2) Si litt om bakgrunnen din i selskapet
3) Beskriv selskapets oppkjøpsstrategi
   a) Hva har vært din rolle i prosessene?
   b) Hvordan organiserer dere oppkjøps- og integrasjonsprosessen?
   c) Hvor i selskapet sitter ekspertisen på oppkjøp og integrasjon (personer, prosedyrer, blueprints, egen enhet)?
4) **Motivasjonsfaktorer**
   a) Er oppkjøp deres eneste vekststrategi?
      i) Utdyp!
   b) Hva er det strategiske rasjonale bak oppkjøpene? Gi eks
   c) Hvilke andre vekststrategier bruker dere?
      i) Om oppkjøp er et alternativ (mutually exclusive); vil dere velge oppkjøp fremfor noe annet?
         (1) Hvorfor?
      ii) Evt. I hvilke situasjoner vil dere velge oppkjøp fremfor annet.?
      iii) Kombinerer dere ofte forskjellige former for vekst?
5) **Læring og erfaring**
   a) I hvilke deler av oppkjøpsprosessen ligger det flest utfordringer?
      - Hva pleier utfordringene å være?
   b) Finnes det noen «one size fits all» type løsning? (standardiserte løsninger)
      i) (selvsagt ikke, MEN!) …
      ii) Hvordan bruker dere tidligere oppkjøpserfaring i nye oppkjøp?
         a. Utdyp; koding, dokumentasjon e.l.?
            i. Påvirker dette hastighet? (for eksempel)
      iii) Hvordan håndterer dere erfaringer fra utfordrende eller feilslåtte oppkjøp for å minske risiko i de neste?
      iv) Har dere opparbeidet noen spesifikke løsninger som gjør integrasjonen (og de potensielle problemene integrasjonen kan medføre) enklere?
         a. Hva med targeting, due diligence og forhandlinger?
            i. Utdyp
6) De neste spørsmålene refererer til det siste oppkjøpet dere gjorde der du selv (?!) var involvert.
   a) Kan du karakterisere den oppkjøpte enheten? (organisasjon, produkter, strategi, identitet, kultur)
   b) Hvordan identifiserte dere dette selskapet?
      i) Hvem var involvert i prosessen?
      ii) Hva var relasjonene til det oppkjøpte selskapet før avtalen?
      iii) Hvordan var dette oppkjøpet annerledes enn tidligere oppkjøp?
   c) Beskriv due-diligence prosess
      i) Hvem var involvert?
      ii) Hva var utfordringene?
      iii) Hvordan var denne due diligence-prosessen annerledes fra tidligere oppkjøp?
   d) Beskriv forhandlingsprosessen

i) Hvem var involvert?
ii) Hva og hvordan betalte dere for oppkjøpet? Var prisen riktig?
iii) Hva var utfordringene i forhandlingsprosessen?
iv) Hvordan var denne forhandlingsprosessen forskjellig fra tidligere oppkjøp?

7) Kunngjøring av avtalen?
   a) Hvordan ble avtalen offentliggjort?
   b) På hvilket tidspunkt ble avtalen kunngjort for de ansatte?
   c) Hva var deres ansattes reaksjoner?
   d) Hva var reaksjonene til det de ansatte i det oppkjøpte selskapet?
   e) Hva var annerledes fra tidligere oppkjøp?
8) De neste spørsmålene refererer til fasen etter at avtalen ble annonsert, også beskrevet som integrasjonsfasen.
   a) Kan du lede oss gjennom integrasjonsprosessen, hva som skjedde etter kunngjøringen av avtalen?
   b) Beskriv beslutningsprosessen som førte til deres valg av integrasjonstype for dette kjøpet (hvor mye og hvor fort selskapene ble integrert)
   c) Hvem var involvert og hvordan (på hvilke deler)?
   d) Hva var de største utfordringene i denne integreringsprosessen?
   e) Hva var de største konfliktene i integrasjonsprosessen, og på hvilket tidspunkt oppsto de?
   f) Hvordan var denne integrasjonsprosessen annerledes fra tidligere oppkjøp?
9) Disse neste spørsmålene refererer til resultatene av oppkjøpet:
   a) Hvor mye av teknologi, prosedyrer, prosesser etc. fra det oppkjøpte selskapet kan du se i det samlede selskapet i dag?
   b) Mistet dere mange nøkkelmedarbeidere fra det oppkjøpte selskapet?
   c) I hvilken grad har ledere fra det oppkjøpte selskapet fått lederstillinger i det nye selskapet?
   d) Hvordan følger dere opp etter oppkjøpet?
      i) Har dere noen form for etterarbeid for å se på resultatet av oppkjøpet?

Appendix 2: Fact sheet of the study:

Forskningsprosjekt ved Handelshøyskolen BI på serieoppkjøpere

Ved Institutt for strategi ved handelshøyskolen BI har vi etablert et forskningsprosjekt på serieoppkjøpere. De involverte BI forskerne er Randi Lunnan, Paulina Junni og Helene Loe Colman. Gjennom en bred intervjuundersøkelse blant norske virksomheter, er målet å undersøke de underliggende betingelsene for utvikling av kompetanse og kapasitet til å integrere oppkjøp.

Vi vil gjennomføre dybdeintervjuer med nøkkelinformanter i de definerte virksomhetene over en 5 års periode. Informantene vil være personer som har vært involvert i ett eller flere oppkjøp i virksomheten (dette kan være en forretningsområdeleder, daglig leder eller en annen person som har vært direkte involvert i oppkjøp og integrasjon).

Intervjuene vil bli gjennomført enten personlig eller via telefon av masterstudenter ved BI. Det vil bli benyttet lydopptager i intervjuene, så sant informantene gir tillatelse til dette. Informantene og deres selskaper vil være anonyme. Dette innebærer informasjon gitt i intervjuene ikke vil kunne kobles/identifisere virksomhetene eller personer. Når lydfilene er transkribert vil de bli slettet.

Informasjonen vi samler inn vil gi oss grunnlag for vitenskapelige publiseringer og masteroppgaver ved institutt for strategi ved BI.
Hvis du har spørsmål i forbindelse med studien kontakt gjerne Helene Loe Colman på telefon 464 10 462 eller helene.l.colman@bi.no

Appendix 3: Interview topics (Må fylles ut)

1. *General information*
   Here we gathered information about the firm and the position and experience of the informant.
2. *Motivational factors*
   Since our first research question is regarding the motives for an acquisition strategy, we had specific questions concerning this area. In more specific, the strategic rationale, the choice of this strategy over other growth strategies and the targeting of relevant firms.
3. *Learning and Experience*
   This theme was to shed light on how the firms use the experience from each process to learn and improve for new acquisition processes. In addition, how this learning takes place in each phase of the process.
4. *Contract/Negotiation/Announcement/Due diligence*
   In this phase we wanted to see if they used specific methods, which might be based on experience and learning, in order for the deal to go a smoothly as wanted.
5. *Integration and post-integration*
   Even though the integration is not the primarily focus of our research, we though it was important to include this area, as it is an important area of M&A research. We also believe that the measures the firms are using after an acquisition, is of interest, as it is a part of how the firm can evaluate and improve.
6. *Additional information*
   At the end we asked questions in order to ensure that all the areas was fully covered, and if the respondent wanted to add additional information beyond what was already been said.