

Bittersweet aftertaste of M&A

*Intertemporal coordination mechanisms
to reduce indigestion problems*



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Abstract

M&A is a common method for companies to create rapid growth and several serial acquirers have developed acquisition programs as part of their corporate strategy. However, excessive acquisition intensity and neglected integration activities will over time lead to indigestion problems in complex and unmanageable organizations. Previous research describes different phases and dimensions of acquisitions separately, as they tend to be handled in such way by serial acquirers. Research about serial acquirers, acquisition programs and multiple integration processes is furthermore scarce. This research paper contributes to theories about serial acquirers' ability to manage their acquisition programs and organizational processes. The paper presents a qualitative single-case study of a serial acquirer and its radical changes of different organizational processes to handle indigestion problems. A framework is developed, where their activities are categorized as coordination mechanisms that are used to facilitate a balance by integrating different phases of the acquisition processes and consequently different dimensions of the acquisition programs. Three dimensions are seen to be especially critical to balance through this framework, which are acquisition pace, degree of integration and speed of integration. Serial acquirers are recommended to be proactive and develop coordination mechanisms early in their acquisition journey to prevent indigestion problems.

Keywords: *M&A, Serial Acquirer, Acquisition Program, Indigestion problems, Coordination mechanisms*

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Definitions

Mergers and Acquisitions

A combination of the assets of two (or more) previously separate companies into a new legal entity. An acquisition or takeover is said to occur when the control of assets is transferred from one company to another. Mergers and acquisitions (M&A) are commonly used interchangeably (Ghauri & Buckley, 2003) and will therefore be used in such way in this research paper.

Integration

Following through changes in functional activity arrangements, organizational structures, systems and cultures in combined organizations to facilitate a consolidation into a functioning whole (Slangen, 2006).

Indigestion Problems

Acquisition indigestion may describe a situation in which the purchasing company has difficulties making the most of a takeover. Problems are related to integration issues (Kusewitt, 1985).

Serial Acquirer

A company that in a systematic manner is engaging in multiple acquisitions to execute its strategy (Faulkner et al., 2012, p. 152).

Acquisition Program

Sequences of acquisitions initiated by an acquiring firm, with the intention of achieving a specific business goal or reaching a market position (Faulkner et al., 2012, p. 149).

Acquisition Phases

Three different phases of the M&A process; Strategy, Transaction and Integration (Haspeslagh & Jemison, 1991).

Acquisition Dimensions

Five dimensions of acquisition programs; Pace, Scope, Fit, Degree of Integration and Speed of Integration (Faulkner et al., 2012, p. 152).

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1.0 Integration overload

– a reason for M&A indigestion

Mergers and acquisitions (M&A) are commonly used as a method to reach rapid growth (Kummer & Steger, 2008). It has often been described as “the way of growth” or “vehicle for growth” and is routinized and performed systematic by firms to remain competitive on a global scale (Faulkner et al., 2012, p. 339; Trautwein, 1990). The strategic motive for acquisitions is usually value creation by potential synergies; combined organizations are optimally creating more value than the sum of each firm. The combined organizations could decrease costs, but also rapidly increase profits by creating new revenue streams by accessing new markets, products, technologies or innovation capabilities (Makri et al., 2010). M&A could also be a way to satisfy market analysts and investors that expect double-digit growth without challenging shareholder loyalty or neglecting market conditions favouring size and volume (Kummer & Steger, 2008).

The opportunities that can be reaped are mirrored in the M&A activity statistics; in 2014 the total global value of M&As was \$3 230 billion, an increase by 47.7 % from previous year (Merger Markets report, 2014). In 2014, the number of acquisitions worldwide was approximately 40 000 transactions out of 15 000 in Europe (IMAA, 2014).

Despite the popularity of M&A, several researchers have shown that at least half of the M&As fails in realizing intended value. The failure rate for domestic M&As has been fairly consistent over time, around 50 %, but for cross-boarder M&As the risk of failure is up to 80 % (Sirower, 1998; Grotenhuis, 2009). Several studies indicates that added value of M&A activates is actually close to zero on average (Faulkner et al., 2012, p. 71).

The outcome is to a large extent dependent on the processes to make and implement acquisition decisions (Jemison et al., 1986). Research on individual acquisitions has acknowledged integration as the most difficult phase for success and at least 60 % of the M&As fail due to indigestion problems (Mace & Montgomery, 1962; Heimeriks et al., 2012). Haspeslagh and Jemison (1991) stress that “integration is key to making acquisition work”, but that managers feel least comfortable with this phase in the process: “it is difficult, time consuming, uncertain, and fraught with risks and setbacks”. It costs money and creates high demands on organizational resources and capabilities. Managers are moreover proved to pay insufficient attention to the integration phase (Mace & Montgomery, 1962).

Serial acquirers are companies that have embraced a M&A growth strategy to its fullest extent and regularly buy new businesses as a part of their corporate strategy (Faulkner et al., 2012, p. 152). Serial acquirers are making nearly a quarter of all M&As in the world and each company can have a history hundreds of acquisitions (BCG Report, 2011). Continuously conducting acquisitions to achieve a business goal or market position are commonly handled through acquisition programs (Faulkner et al., 2012, p. 149). They are “clusters of tightly coupled projects, in which significant interdependencies exist

between the projects, often including the need to share scarce human-, equipment-, and other resources” (Chatterjee, 2009).

Routinizing acquisitions through acquisition programs could likely enable organizational capabilities to develop, but M&A research has shown a more complex reality. Acquisition programs are difficult to handle and many organizations are experiencing indigestion problems as a result of making more acquisitions than they are capable of integrating (Kusewitt, 1985). Serial acquirers that constantly acquire new targets need to handle multiple integration processes that affect each other, but research on this is rare (Chatterjee, 2009). Moreover, a fragmented view is often applied on acquisitions by dividing activities into a pre- and post-deal phase. Research that do not take interactions between the different phases into account insufficiently explain acquisition success and a need exists for a more multidisciplinary approach (Bauer & Matzler, 2014).

A pre-study indicated that indigestion problems are confirmed as very tangible to some technology intense serial acquirers (see Appendix 1). A focus on building large organizations has outweighed organizational restructuring needs early in their acquisition journeys, since that is “something that could wait, but specific acquisitions are only available now”, as explained by one of the interviewees. An integration consultant moreover explained that a “wait and see” approach is common also in other organizations. This approach shows to be successful in the beginning, but after a couple of years of intense M&A and limited or no integration of the acquired businesses, indigestion problems have appeared in severe magnitudes and created a bittersweet aftertaste. All three tech companies in the pre-study have had problems to balance their desire to acquire more with a constructive way of conducting integration activities. A need to change approach has developed after proceeding like this during several years.

The contradiction between M&A perceived as an “easy” solution for growth and a reality of a more demanding integration phase than expected, which for example is seen in the pre-study, creates an interesting dilemma that serial acquirers face. What crucial processes (Jemison et al., 1986) can be found that handle integration challenges of M&A as a consequence of high acquisition intensity? What will happen if an organization need to change approach to integration over time due to indigestion problems? Even though a serial acquirer may be good in performing individual acquisitions it does not guarantee success in the acquisition programs (Barkema & Schijven, 2008). Different components of acquisition programs have been investigated separately, but not in a broader context where it is possible to see how they interact with each other. More detailed descriptions are requested on how acquisition programs are managed (Faulkner et al., 2012, p. 152; Kusewitt, 1985; Fuller et al., 2002; Barkema & Schijven, 2008).

The purpose of this study is to contribute to theories about serial acquirers' ability to manage their acquisition programs by gathering in-depth information about how organizations integrate activities in different phases and dimensions of M&A and acquisition programs. The research question of this paper is:

How does a serial acquirer handle indigestion problems through organizational processes and acquisition programs?

The reader will be presented a qualitative single-case study of a Scandinavian serial acquirer with interview data that enable access to information and thorough knowledge of organizational processes. The pre-study implied that the biggest problem in acquisition programs was how to handle a balance between a constant flow of new acquisitions (pace) and multiple integration processes (integration). This research paper will therefore mainly focus on how these dimensions are balanced with each other and how this relates to the indigestion problems that could occur.

1.1 Research contribution

Given the large amount of M&A that is done each year by serial acquirers, the research in this field is of great relevance to get a better understanding of how acquisition programs are balanced. However, as previous stated there are limited research about serial acquirers and their ability to manage an acquisition program (Kusewitt, 1985; Fuller et al., 2002; Barkema & Schijven, 2008). In general, the most dominating research is conducted from the early 1980s and onwards with a financial perspective (Chatterjee, 2009). Traditional M&A research is mostly focused on executing individual acquisitions, which stress that research is needed to shed light on an organization's overall acquisition strategy (Faulkner et al., 2012, p. 152). Researchers that explicitly address the difference between integration in one-off acquisitions, versus acquisition programmes are scarce (Chatterjee, 2009).

The M&A research generally treat pre-deal decisions and post-deal integration as separate events. A multidisciplinary approach to understand the whole process and how different dimensions of the acquisitions affect each other is unusual (Bauer & Matzler, 2014; Weber et al., 2012, p. 14). Indigestion problems as a consequence of integration have been frequently researched in individual acquisitions, but looking at pace and integration strategies in a more interactive way has not been found.

Several functions of the companies are involved in acquisitions programs with the challenge of coordinating people responsible for the acquisitions and integrations, which often are different people. Accomplishing a better collaboration across these functions would give a stronger and longer lasting value of the multiple acquisitions (Faulkner et al., 2012, p. 164).

An industry that is commonly used for M&A research and integration is high tech companies, which therefore will be the scope for this research to remain consistent (Ranft & Lord, 2002). However the high tech industry, especially med-tech, healthcare, bio-tech and hard industry, have gone through major changes the latest years, which makes it relevant to do new research. The industry face decreased growth, consolidations and higher demands from customers to offer integrated and more complex solutions, which puts demands on companies to involve different divisions in the companies to a larger extent (Interviewee, Investment bank Analyst). Changes in the markets depend on demographic changes and development of customer behaviors. New competitors and customer's price sensitivity also request cost reductions, which could be solved through opportunities of synergies across business areas (Interviewee, Investment bank Analyst).

2.0 Literature review

This section is covering previous research about benefits and difficulties of acquisitions, serial acquirers and M&A phases and dimensions of an acquisition program. Finally the research gap addressed in this paper will be revealed.

2.1 Benefits of conducting acquisitions

There are several benefits that can be accessed through an acquisition that take much longer time and resources to develop organically. Value creation is foremost reached through organizational motives by creating synergies or to respond to industry changes, but individual and industry motives are also apparent (Weber et al., 2013 p. 29).

Common goals for companies are to gain cost synergies, economies of scale, by rationalizing financial-, operational- and management systems (Trautwein, 1990), for example by utilizing production processes to a fuller extent and sharing headquarter costs between a larger amount of units. Economies of scope is another synergy that can be achieved by for example cross-selling products through complementary sales organizations (Weber et al., 2013, p. 29). If growth rates are declining in the acquirer's core business, diversification can also be a good strategy. New markets, products, technologies, innovation capabilities or management talents (Makri et al., 2010; Weber et al., 2013, p. 31) can be accessed where the buyer has little or no previous experience before competitors have ripped the main volume of that market (Weber et al., 2013, p. 29).

Serial acquirers take advantage of the same basic opportunities that were just described to gain benefits, but as a consequence of conducting several acquisitions during short time periods and not seldom simultaneously in the corporation the magnitude of for example economies of scale and scope becomes much larger. In a globalizing economy the size also get crucial – corporations need to be one of the biggest players in their markets to handle an increasingly competitive business landscape and serial acquisitions enable fast movements on new markets to gain power. Furthermore, consolidating markets put higher demands on the ability to deliver enough products. When such consolidations change the market conditions an acquisition program can be a way to quickly reach a specific market position or business goal (Faulkner et al., 2012, p. 153). Corporations need to have clear business logics of how the acquisitions, individually and collectively, will create shareholder value. However, the logic is sometimes seen after acquisitions are made when common patterns are possible to detect (Chatterjee, 2009).

2.2 Potential difficulties of being a serial acquirer

Since M&A is a tempting solution to create growth and get access to new opportunities for the company to exploit it is easy that managers engage in value-destroying M&As without further reflections because of individual or collective social psychological perceptions. Hubris or overconfidence can lead to underestimated risks and overvalued targets. One effect of hubris can be that the time between two acquisitions is decreased after previous acquisition successes (Kengelbach et al., 2012). Additionally, overoptimism could lead to neglecting that hazards can affect them (Faulkner et al., 2012, p. 235).

Serial acquirers' management may be good in performing individual acquisitions, but that does not guarantee success in the acquisition programs. Capabilities to manage multiple acquisitions require higher-level skills to handle complexities of coordination across acquisitions within an acquisition program (Kusewitt, 1985). Executing many acquisitions may enable firms to learn, but it also creates other dynamics that need to be controlled (Barkema & Schijven, 2008). A trap is to rely too much on individual acquisition experience and also for managers to become too careless to reach a combination of the desirable excellence in both individual and multiple capabilities, Q4 in Figure 1 (Faulkner et al., 2012, p. 161). As a consequence, issues can be overlooked because of a too narrow focus when evaluating the progress of individual acquisitions. In the long run, this can lead to severe indigestion problems (Kusewitt, 1985).

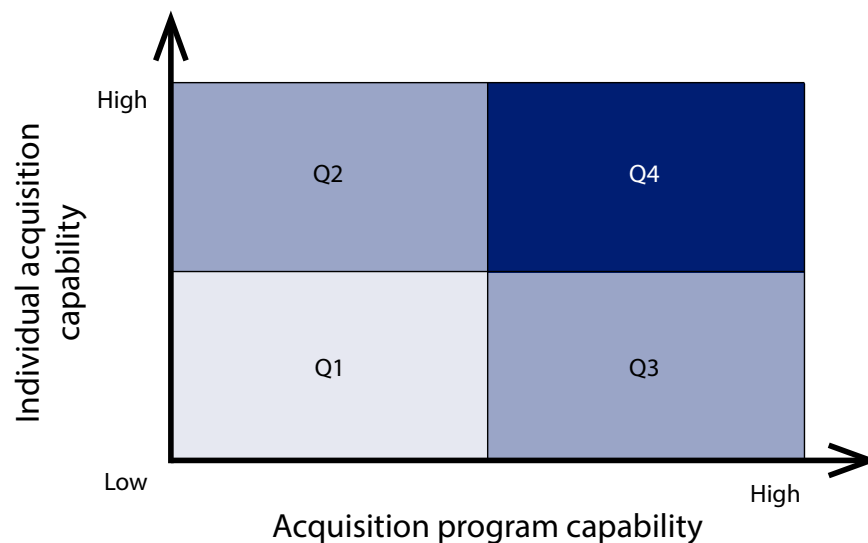


Figure 1. Individual and Multiple acquisition capabilities (Faulkner et al., 2012, p. 161)

To avoid indigestion problems a balance needs to be found between acquisitive growth and organizational restructuring. Barkema and Schijven (2008) argue that the balance that needs to be reached depends on the corporations' capabilities that have been developed through their acquisition intensity and prior experience of both acquisitions and restructuring activities. Developing capabilities will enable the a suitable balance to be reached, but how this is done is insufficiently researched.

2.3 Dimensions of an acquisition program

Instead of treating acquisitions as isolated events, serial acquirers can develop acquisition programs to design well functioning systems and processes that take a constant flow of new acquisitions into account. Little research is done on acquisition programs (Faulkner et al., 2012, p. 152), but five dimensions are mentioned to be of specific importance; pace, scope, fit, degree of integration and speed of integration. Scope and fit have a secondary focus in the report and will only be briefly presented but are covered since they are underlying dimensions in the overall program and give a background understanding of the field.

M&A activities are conventionally performed in three different phases; 1) strategy formulation before the transaction 2) financial evaluation, negotiation and closure of the deal in a transaction phase and 3) an integration phase after the deal is closed (Haspeslagh & Jemison, 1991), see Figure 2. Some researchers stress that a more interactive approach between the phases would be preferable but in most research and in practice the phases are treated sequentially after each other (Weber et al., 2013, p. 14; Bauer & Matzler, 2014; Faulkner et al., 2012, p. 172).

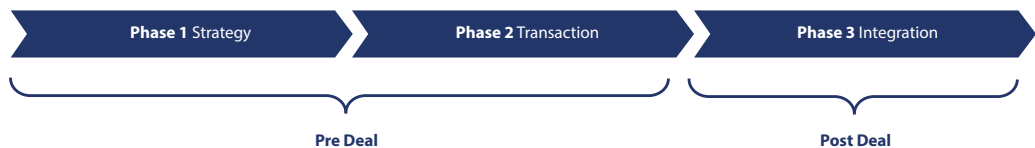


Figure 2. The M&A phases (Haspeslagh & Jemison, 1991)

During the first strategy phase, the firms set the strategic and financial goals for the acquisition. Examples of strategic goals could be the previous described benefits that are sought for, such as new geographical markets or to find cost-synergies (Weber et al., 2013, p. 30). During the second transaction phase, screening of different potential targets take place. A business case is usually developed that should describe several aspects, such as the structural approach, what target outcomes that are aimed for, what capabilities that are needed and responsibility allocation to secure a commitment to the strategy (Faulkner et al., 2012, p. 254). The last phase is the integration phase, which usually is described as the most difficult. The integration phase could include organizational changes in structures, processes, systems and people (Schweiger et al., 1994). However, as previous mentioned little research is done on multiple integrations (Chetterjee, 2009). Laamanen and Keil (2008) research about serial acquirers, but mainly focus on the first two phases.

2.3.1 Pace of the acquisition program

For serial acquirers engaging in multiple acquisitions it is important to decide how often new firms should be acquired, the pace of M&A. The acquisition pace is suggested to be high enough to develop capabilities, but not too high so that it outweighs the attention needed for organizational development and integration. Hayward (2002) found that an acquisition interval of six to twelve months could be a benchmark, but it is dependent on each organization's prior capabilities, which make it complex to generalize. Hayward (2002) also found an inverted-U relationship between a) time elapsed between the focal acquisition and the one before it and b) focal acquisition performance. Kusewitt (1985) similarly discovered that performing a high number of acquisitions in short time periods will in general most likely reduce the quality and degree of organizational development and integration.

Regarding the rhythm of new acquisitions researchers have found a positive correlation between an even-paced rhythm (equal intervals) and performance since it provides sufficient time for managers to understand and digest expansion processes (Vermeulen & Barkema, 2002). Shi and Prescott (2012) adds to this research by promoting an even-event rhythm, where the acquisitions are both undertaken evenly and more flexibly when it makes sense, rather than for example as a bandwagon effect to be able to meet pressures from powerful stakeholders.

2.3.2 Acquisition scope

The scope of the acquisition program is decided by the relatedness between the target firm and the acquirer. External relatedness refers to the similarity of target markets and positioning, while internal relatedness represents similarities in management and culture (Homburg & Bucerius, 2006). Acquiring many different firms in the program requires additional pressure for individual acquisition-level capabilities. Adding too many business logics could create a complex business that put too much strain on a firm's capabilities to manage its acquisition program (Faulkner et al., 2012, p. 156).

2.3.3 Fit - organizational and cultural similarities

Acquired companies can vary in size and large firms are recommended to avoid acquiring too small organizations, since they require more attention than they add value. The organizational, cultural and strategic fit are also important and larger similarities have a positive contribution to the success of the overall program (Faulkner et al., 2012, p. 157). Furthermore, acquiring targets in different countries make the integration process more difficult and time consuming due to national cultural differences (Vermeulen & Barkema, 2002).

2.3.4 Integration

The post deal phase is when many of the consequences from the above dimensions become tangible, but this phase also includes several choices making it a dimension in its own right. Post deal integration activities include changes in functional arrangements like organizational systems, structures and processes, but also cultural changes to create

a functioning whole between the acquirer and the acquired firm (Slangen, 2006). Birkinshaw et al. (2000) describe this as two parts of the integration that are distinct from each other; the process “task” integration and the organizational behavior “human” integration. Task integration measures the transfer of resource sharing and capabilities, while human integration ensures shared identity and satisfaction among employees in the two companies.

One part of the human integration that is stated as one of the most important, but also most difficult parts of M&A, is to deal with cultural challenges (Schweiger & Goulet, 2000). More than 90 % of the European M&As face difficulties in combining cultures (Hay Group, 2007). Differences can be both between subcultures, functional or organizational levels in the corporates and national cultures, which apply for serial acquirers that often are multinational corporations (Faulkner et al., 2012, p. 394). In large organizations different power and politic relationships can also emerge where managers engage in questionable practices to climb up the organizational ladder (Clegg, 1989). A culture of empire building in M&A could occur where managers maximize their own utility more than the utility of the shareholders, if values are not shared (Trautwein, 1990).

Task and human integration are not independent of each other and one could facilitate the other. Both of them are needed to be handled to create all possible effective synergies intended with the integration, see Figure 3. Human integration is however most important in the early phase of integration before individuals on each side know each other. Setting some level of human integration in place before task integration is conducted to its fullest mediates the success of task integration. In reality they often occur to different extents and are dependent on desired degree of integration (Birkinshaw et al., 2000).

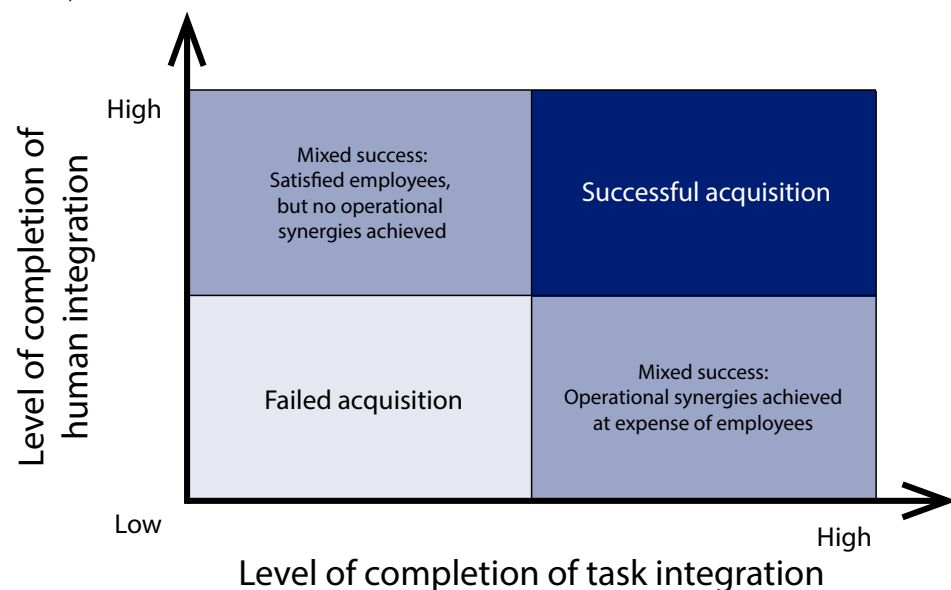


Figure 3. Impact of Task- and Human integration processes on acquisition outcome (Birkinshaw et al., 2000)

A key question in the integration strategy is to decide how much and in what way the acquired firm should be integrated into the buying firm. The most commonly used descriptions of these M&A typologies choices were made by Haspeslagh and Jemison (1991). They defined them as four possible strategies; holding, absorption, preservation or symbiotic, see Figure 4. They range from “holding”, where the acquired firm is not meant to be integrated, rather just to gain financial value there of. “Preservation”, when the firm’s autonomy remains by usually becoming a subsidiary or division and “symbiotic” acquisitions where the aim is to find a balance between the target firm’s autonomy and integration with acquiring firm. A full integration is achieved by “absorption”, where the target firm is absorbed by the acquiring firm. Salk (1994) explains absorption by using the term unification, preservation by using pluralism and symbiosis by using federation. Sometimes strategies are used simultaneous and on different levels for diverse organizational functions affected by the integration.

If some degree of integration is intended to be applied, the first decision is to identify what parts of the organization where reconfigurations are required. It is common for serial acquirers that it concerns functions where economies of scale could be anticipated, like back end functions, sales functions and R&D (Chatterjee, 2009). The degree of integration will usually affect the speed of integration needed, as well as be adjusted to the relatedness of the firms (Haspeslagh & Jemison, 1991).

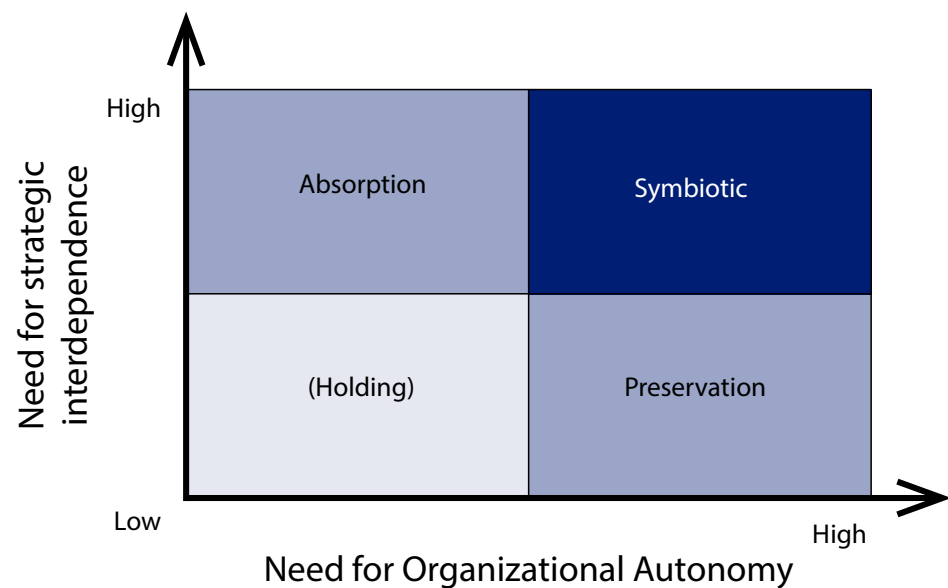


Figure 4. Degree of Integration Strategies (Haspeslagh & Jemison, 1991)

There is no consistency of best practices concerning decisions of the degree of integration in previous research. This shows the complexity of M&A as a growth strategy. Faulkner et al., (2012, p. 348) present studies where autonomy ensures better performance than centralization and that it can generate high employee retention in high tech companies. But in contrast it requires coordination and interaction to be able to realize

synergies and for small high tech firms and that the opportunities for synergies should outweigh the cost of integration. Several choices of degree of integration seem to have their own benefits in different settings, but these studies mainly concentrate on single acquisitions. This research paper, on the other hand, tries to develop a better knowledge of how serial acquirers reason about their choice of degree of integration as a way to balance a rapid acquisition intensity.

The timing and speed of integration, which relates to when and how fast the serial acquirers make their integration initiatives, are also important to manage. It is complex to give a general recommendation for the specific speed, since it is highly dependent on each acquisition's and organization's preconditions and what is intended to be achieved. However, several researchers have historically stressed that integration is an iterative and ongoing process, but that focus should be on making several changes right after the deal has been executed due to the importance of the "First 100 days" (Angwin, 2004). The first days following the deal have a "Window of opportunity" where employees in the target company usually expects that changes are suggested by the acquiring company (Ranft & Lord, 2002). It has moreover been found a negative correlation between a postponed integration (a time lag) and performance later on (Colombo et al., 2007).

A second stage in the post-acquisition integration could also occur, where organizational restructuring enables the acquirer to unlock more synergies. However, disruptive radical changes later on add a new drop in performance similar to just after the deal has been executed. Major organizational reconstruction processes tend to be executed only if a crisis has become sufficiently deep. They usually involve more people than the small group who initially integrated each acquisition and could require a redirection away from other activities within the firm, such as additional acquisitions. Reconstructions later in the integration could become very large in magnitude, since they usually involve several acquired firms (Barkema & Schijven, 2008).

Regardless of what speed that is decided it is of importance to use communication in all phases of the integration to create clarity in what is going to happen. Communication should be multidimensional and the richness of exchanges influences the effectiveness (Ranft & Lord, 2002). Communication could affect the perception of a fair and just integration, which could minimize employee's uncertainty, apprehension and resistance and create trust and commitment. It is a feeling of knowing how to get access to necessary information and how to make impact (Ellis et al., 2008).

2.4 Literature gap

Given the large deal of M&As that are executed each year by serial acquirers, research in this field is of great relevance, but the above literature review stresses that acquisition programs are insufficiently investigated (Barkema & Schijven, 2008; Chatterjee, 2009; Faulkner et al., 2012, p. 152). The complexity of M&A and management of acquisition programs make it unfortunate that research mainly has treated acquisitions as isolated events, although it is in reality often part of a sequence of acquisitions that together create a corporate strategy (Barkema & Schijven, 2008). A significant literature gap exists to get a better understanding of serial acquirers (Faulkner et al., 2012 p. 152).

The above literature review moreover reveals that there are several dimensions of an acquisition program that serial acquirers needs to handle to avoid indigestion problems. The research is fragmented, treating each dimension and phase in the process separately (Bauer & Matzler, 2014), but this research paper will try to give a more complete view of how the dimensions and phases can interact with each other through organizational processes. The main focus is to specifically look at how multiple integration phases are balanced through how speed- and degree of integration are handled, given that serial acquirers are keeping a high acquisition pace with many accumulated acquisitions.

3.0 Method

This section presents and motivates the research method by describing the design, data gathering, analytical tools and research quality.

3.1 Research strategy

The intention of this thesis is to investigate how serial acquirers balance the acquisition pace and degree and speed of integration by looking at organizational processes. An explorative research method is selected since the academic research in this area is incomplete and a new phenomenon in terms of corporations changing integration strategies is observed in the technology industry. Saunders et al. (2009) agree that explorative research is best suited under circumstances where there is a limited knowledge of the research area like in this case.

This study has been designed as a qualitative study, which allows a complex understanding of the context (Ting-Toomey, 1984; Seale et al., 1999). Furthermore, a qualitative analysis makes it possible to investigate interpersonal and cognitive processes (Edmondson & McManus, 2007), which is relevant when looking into serial acquirer's internal reasoning.

3.2 Research design

An abductive research approach was used, which implies that the literature review is conducted in parallel to the data collection. This is argued by Alvesson and Skoldberg (1994) to be the best approach for this kind of setting. This allows insights from each process to influence the other iteratively and the understanding of a new or unknown situation can be facilitated (Richardson & Kramer, 2006, p. 500). Although different research steps were made iteratively and somewhat overlapping in time (illustrated by the arrows in Figure 5), they could be divided into three areas, seen in Figure 5.

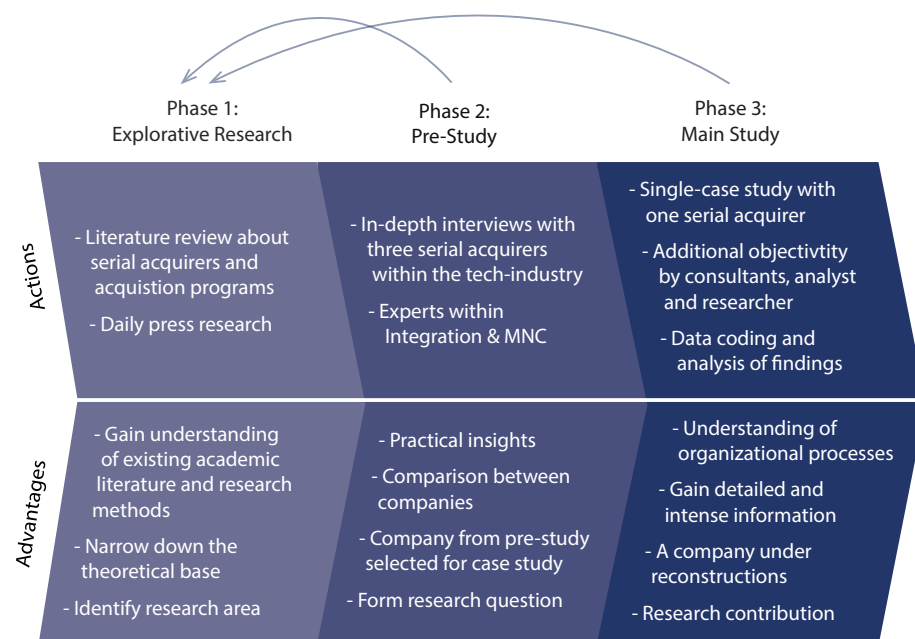


Figure 5. Research process design

Initially, information was gathered about serial acquirers, acquisition programs and M&A Integration by a comprehensive research on previous literature to gain a basic understanding, which resulted in the finding of the literature gap. The research was also complemented with sources from daily press to confirm relevance and interest for such study.

After revealing the literature gap, a qualitative pre-study was made to confirm whether the area was of a greater interest to representatives from serial acquirers and to corporations in close relation to serial acquirers. This is also recommended by Ritchie et al. (2014, p. 49), who think it is useful to talk to people engaged in the area to shape both the overall aim of the study and to form an explicit research question.

Semi-structured interviews were held with representatives from three serial acquirers, anonymously called “Water”, “Oxygen” and “Earth”, as well as integration experts (see Appendix 1 - Interviewees). The broad selection criteria were used for the pre-study companies, namely that they are serial acquirers in the high tech industry, since the industry was found to be relevant in M&A research (Ranft & Lord, 2002). Contacts with several companies were taken by convenience sample through the researchers’ networks.

Building in elements of comparison early in the process between different groups were a way to build deeper understanding by for example identifying the presence of a phenomena of indigestion problems due to a high acquisition pace. The pre-study together with previous literature studies formed the research question that is further investigated in the main study.

The main study was designed as a single-case study on Oxygen to enable the phenomenon to be studied in context (Yin, 2009) and with multiple perspectives (Ritchie et al., 2014 p. 66). M&A activities are seen as an important part of corporate strategies and it is difficult to get access to these large organizations. Focusing on one individual company allowed a more detailed and intense study to be conducted (Bryman & Bell, 2007) by involving people with different perspectives who share the same specific context (all within Oxygen).

Three qualities of the selected organization made it particularly useful for the purpose of the study; 1) having a defined strategy of acquisitions to reach growth 2) a long history of conducting acquisitions and 3) changing approach of integration activities. The first and second criteria were analyzed by looking into secondary data of acquisition growth targets and number of acquisitions made during the last 20 years, see Table 1. The third criterion was analyzed through the qualitative pre-study. All had experienced similar indigestion problems in effect of intense acquisition activity and a need to change approach of integration activities, but they were in different phases of change, see Table 1. Oxygen would enable insights to collected from an organization that is in the middle of the change process, whereas Water was in the start of realizing a need for change and Earth had processed the changes over a longer period of time and was not in the same

heat of discussion. To conclude, Oxygen was found to fulfill the criteria in the best way, making it possible to find answers to this paper's research question.

It was considered to conduct a comparable case study by involving all of the pre-study companies, but limitations in time and accessibility resulted in focusing on one case company. However, it could be argued that the pre-study act as a resonance, confirming findings and shedding light on differences. The main study also consists of several sample-groups, which make comparisons possible between them.

Table 1. Company information of the pre-study companies

Company alias	Water	Oxygen	Earth
<i>Growth target</i>	<ul style="list-style-type: none"> • 12 % per year • (5 % acquired) 	<ul style="list-style-type: none"> • Double within 3 years. Acquired growth substantial 	<ul style="list-style-type: none"> • 10% per year • (5 % acquired)
<i>Acquisitions last 20 years</i>	<ul style="list-style-type: none"> • Around 50 	<ul style="list-style-type: none"> • Around 70 	<ul style="list-style-type: none"> • Around 200
<i>Current status: Changes to handle indigestion problems</i>	<ul style="list-style-type: none"> • Limited 	<ul style="list-style-type: none"> • Started with changes 2 years ago 	<ul style="list-style-type: none"> • Changes initiated 10 years ago

3.3 Data

3.3.1 Data collection

In-depth interviews were held because of the possibility to generate descriptions and interpretations of people's social worlds (Ritchie et al., 2014, p. 178), which serve the aim of this paper. This made it possible to explore the research area in depth in order to understand motivations and impacts despite the complexity of the phenomena. Interviews are argued to represent the core of qualitative research methods (Ritchie et al., 2014, p. 178). Alternatives to in-depth interviews would have been to set up group discussions or observations, but the nature of the data, the subject matter and the study population were all in favor for in-depth interviews (Ritchie et al., 2014, p. 59). A group discussion would not offer the same opportunity to get detailed individual accounts. The choice also related to more hands on practical issues, such as the geographical spread of interviewees and their limited time available. Furthermore, it avoided any power issues that could have appeared because of the wide range of hierarchical levels represented in the study population. Furthermore, due to geographical reasons and the limited time available to spend at the organization, observations were not applied in the study although it is also a qualitative research method that can provide rich empirical data (Ritchie et al., 2014, p. 59).

3.3.2 Interviewees

Given that the research area stretches over all of the acquisition phases the selection criteria for the interviewees were that the persons should be involved in M&A strategy, transaction or integration activities. The total amount of interviewees in the pre-study were five and fifteen in the main study. Ten out of these fifteen were employed in the case company Oxygen. Recommendations of a suitable number of interviewees vary depending on a number of aspects (Ritchie et al., 2014, p. 117-118), from which the most important aspects in this paper are argued to be the heterogeneity of the population, the number of persons within the main study and the number of selection criteria. However, limited amount of resources in terms of time also limited the interview size. The data collection was judged to be completed when information was repeated by interviewees, which can be called theoretic saturation (Bloor & Wood, 2006).

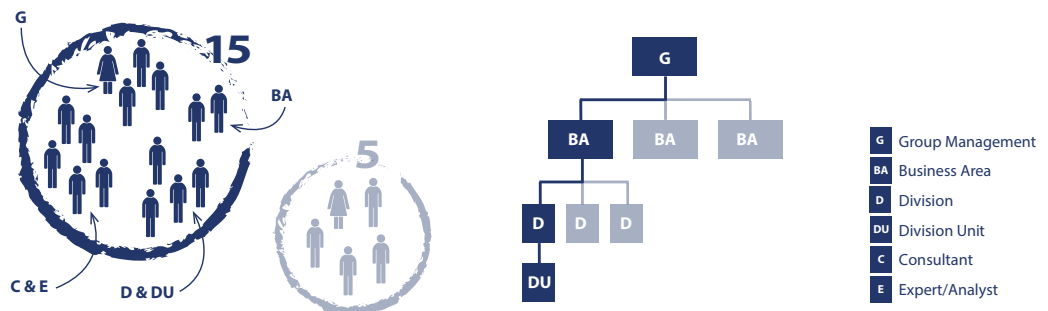


Figure 6. Number of interviewees divided into sample groups and hierarchical levels

The pre-study was made with a limited amount of interviewees to get a better understanding of the research field and to form the research question. Interviewees represented the two serial acquirers Earth and Water together with two people from Oxygen, that also were included in the main study. In addition to the serial acquirers, one integration consultant was interviewed to give insights in indigestion problems together with a researcher with knowledge about serial acquirer's development (see Appendix 1). Interviewees in the main study represented three hierarchical groups within the organization 1) Group Management 2) Business Area and 3) Division (see Figure 6).

In subject of the research question the heterogeneity of the population in the main study could be argued to be both diverse and homogeneous. Oxygen is a big multinational company, with approximately 20 000 employees worldwide, leading to the possibility of having diverse thoughts about M&A activities. However, within different sub-units homogeneity were predicted to be seen. The groups were used as the basis for the selection, which in them selves were homogenate because the characteristics of the population. This is argued by Ritchie et al. (2014, p. 113) to be suitable when using non-probability methods in qualitative research. Different groups could though represent different viewpoints and the main study as a whole become heterogeneous.

To get a broader, perhaps also more objective perspective, about the development of Oxygen as serial acquirer, five external persons with connections to the organization were also interviewed. Three consultants that have been involved in the last year's change projects, an investment bank analyst with focus on Oxygen and its competitor's acquisition strategies and a researcher that has studied Oxygen.

The method used to identify interviewees was snowballing, described as a useful approach when it is difficult to identify the population (Ritchie et al., 2014, p. 129). This was helpful in the Oxygen case, because of the high degree of decentralization that made it difficult to trace right persons. Furthermore, work distribution differs from unit to unit, which made it relevant to talk to the HR Manager in some cases and Business Development Manager in some cases. However, a disadvantage of this method is that the diversity of opinions represented can be compromised.

The initial contacts were made with the Group HR that later directed the following interviews to one of the Business Areas and one of their Divisions. A probable scenario is that they referred to the best examples in the organization but problems related to more problematic parts of the organization were also brought up during interviews, which gave the impression that interviewees were opened, honest and relaxed.

To fulfill research ethics all of the interviewees were asked to voluntarily participate in the study with a guarantee that all personal information will be kept anonymous in the research. Moreover the interview records were treated with confidentiality and the interviewees were informed of our independency to the case companies and that there were no other interests involved. Taking all of these actions is perceived to be decent research ethics, as stated by Silverman (2010, p. 155).

3.3.3 Interview set-up

All interviews were conducted with a semi-structured approach, which is characterized of a clear agenda of topics and questions that need to be discussed. Additionally, there is freedom to ask questions to further develop the understanding of discussed topics. Interviewees can also come up with other interesting insights, expressed by their opinions and feelings. Only using structured interview questions could have limited the width of answers (Saunders et al., 2009).

Meetings were set up as live meetings, video-meetings or telephone interviews depending on the availability of interviewees. Most of the interviewees worked in other cities, which resulted in conducting most of them via telephone. Live meetings were generally 60-90 minutes and telephone interviews 30-60 minutes (see Appendix 1).

3.3.4 Secondary resources

As a complement to interviews, secondary resources were used. Annual reports, academic literature and media articles were used, as well as corporate websites. A master thesis about an integration process from 2005 conducted on the same case organization (Oxygen) added additional five interviews as secondary sources to the main study (Häkkinen & Wistrand, 2005).

3.4 Analysis

3.4.1 Coding, pattern and presentation of empirics

The coding process of the data in this paper was divided into several steps. First, the data was sorted into the different sample-groups that they represented. Second, quotes and statements from the material were categorized into relevant themes, such as acquisition strategy, integration activities, responsibilities, indigestion problems, growth, due diligence, etc. The themes were sorted and reorganized iteratively in a creative and idea-generating process. Opposed to a process where the data is indexed and coded into more detail, this allows a better conceptual understanding by taking contexts and interpretations into account (Bazely, 2013, p. 139). Hammersley and Atkinson (2007: 162 Bazely, 2013, p. 126) formulated this in a good way by stating that “Coding is entirely dependent on close reading – they are not mechanical tasks”. The procedure also stimulated questioning of the data, challenging why the information gathered would be important. Only the most clearly themes are covered and presented in the empirics. Coding was initiated in parallel to the first interviews that were held, making it possible to

adjust or complement the template with prepared topics covered during the interviews. Third, since the research question included a change of approach to handle indigestion problems the data was structured in chronological order, before and after the change at Oxygen 2013. Finally, when all data was coded it was identified five overall themes representing different organizational processes in the organization.

Since the aim of the paper was to cover the serial acquirer's overall organizational processes related to pace- and degree of integration, the five themes of the empirics was selected with influences from the "STAR-model" (Galbraith, 2009). The model is applicable since it covers the foundation of a company's design and a broad spectrum of strategy, structure, processes, people and rewards. Due to the similarities in the empirics covering people and rewards these two themes were merged. Galbraith (2009) also talks about how the five themes relates to the company culture. Since cultural challenges were dominant in the case company it was selected as an additional theme in the empirics.

3.5 Research quality

One problem in qualitative studies is how to judge reliability and validity measures, the former referring to the replicability of a study's findings and the latter referring to the extent to which a finding is well founded and accurately reflecting the phenomenon being studied. Using the same measures as quantitative studies are inappropriate and would cause confusion if applied (Ritchie et al., 2014, p. 354). This research paper is therefore screened and evaluated by using another framework developed by Lincoln and Guba (1985) in which they have applied the specific conditions prevailing in qualitative studies. The aspects that are evaluated are the credibility, transferability, dependability and confirmability of the study.

3.5.1 Credibility

To establish that the information and findings were accurate several sources were used to compare and verify that the same information was brought up. This includes interviewees from different units in the hierarchical levels, as well as external experts that had insights of the case company. Secondary sources were also used to verify that correct information was collected, such as another case study on the same corporation, media articles and websites.

The same template with prepared questions was also used in the different interviews and only adjusted by including more follow-up questions in the areas where each interviewee had most insights.

3.5.2 Dependability

Since the case firm is in a phase of massive organizational changes and the preconditions are continuously changing the dependability of a qualitative research of this sort is demanding. Actions are although taken, by advice from Bryman and Bell (2007) to make a throughout documentation of the research work process for others to be able to control, repeat or make a similar research. Motivations for selection of data, interviewees, analytic patterns, etc., are presented to give a proper description of decisions made.

3.5.3 Transferability

The context and complexity of the case study make it unlikely that the study would give exactly the same results when conducted again on another company. This was nevertheless not the aim of the paper. However, findings are argued to be transferable on a generalized level and the pre-study that is conducted on other organizations in similar situations is a way to verify the possibility to do that. The corporation that was chosen for the main study was selected on those premises – it should be a typical case containing attributes that are similar to many other cases that could have been selected instead (Denscombe, 2010). The empirics are presented with a lot of data and contextual descriptions to enable readers of this research paper to recognize and acknowledge to what extent the results could be transferable in their own contexts (Lincoln & Guba, 1985).

3.5.4 Confirmability

The research question was not decided upon in the initial phase of the research. This served as a way to keep an open mindset. Once a research question was set, it was formulated in broad terms and was adjusted along with what information that was revealed. The interviews were also strictly managed, preparing templates with neutral open-ended questions. Furthermore, all interviews were recorded and transcribed, which enabled the specific formulations to be captured. Processing the responses by listening to them twice (both during the interview and transcription) and by reading them through several times reduced the risk of subjectivity that could arise if the findings are only based on memory. It was not possible to send all transcripts to the different interviewees, because of their lack of available time to read them through. However, three key interviewees read the final empirics presented in the paper to confirm that it did not contain any misinterpretations or misunderstandings.

Furthermore, findings are aimed to be handled in a nuanced way by presenting aspects that can be perceived both as negative and positive in respect to the case company. What has been interesting in the paper is not whether a successful acquisition program has been conducted or not, but rather what processes and mechanisms that have been used to address issues. The two authors have done the selection of findings separately, also this with the aim to be as nuanced as possible and avoid impacting each other's selection processes. However, it is not possible to eliminate all biases completely. The qualitative method is in itself dependent on interpretations of the context and the data collected from the interviews (Patton, 1990; Shenton, 2004).

4.0 Empirics and analysis

The historical development of the balance in Oxygen shows that indigestion problems have appeared, but recent changes also reveal how they approach the problems in their organizational processes. The reader will here be presented data that support these findings. The data has been collected from interviews with employees at Oxygen, as well as from experts who have special insights in Oxygen in their roles as consultants, analysts or researchers. Empirics and analysis will be covered simultaneously by relating the data to previous research that is presented in the literature review.

4.1 Background information

Oxygen is a Scandinavian technology intense company that has its roots already in the early 1900s. The founder was a true entrepreneur who saw the potential in manufacturing agricultural equipment. Once he got the business rolling, Oxygen progressed quite quickly and it was possible to expand geographically, selling the products in several countries. The next big step for Oxygen was to move into other product markets within the healthcare industry. That set the direction for the corporation, which started to grow very strong during the 1990s. They developed to become a market leader in many of their markets.

Moreover, the early 1990s was the beginning of an acquisition journey for Oxygen, when the firm was introduced at the stock market. At that time the company employed around 800 persons, but they rapidly expanded through approximately 70 acquisitions conducted between 1993-2013. The annual growth of sales was 15-20 % during this period. An interviewed investment bank analyst describes Oxygen to be “extremely acquisition driven”. The financial development of the company could be defined as a success story and the management has been praised for their proficiencies in finding new target firms to diversify the customer offer with attractive complementary products. Today the company is a big group with three Business Areas. Together they employ more than 15 000 employees and operate in 40 countries worldwide. The largest regions are Western Europe, US and Canada.

During the initial acquisition period (1993-2013), there was no explicit company-wide strategic agenda existing – each Business Area was seen as a separate company with their own strategies and management. However, the strategy to grow through acquisitions was set by the Group Management and communicated to the different Business Areas. The Group CEO during this period has been especially mentioned as a very important person and was thought of as a strong and charismatic leader who has spread his acquisition philosophy in the Group.

4.1.1 Early acquisitions

In general, target acquisitions were smaller companies acting on niche markets and once acquired they were kept intact with a low degree of integration to secure their entrepreneurial culture. One of the consultants roughly described the approach like “we are not going to buy them if they are not going to add value. If they are going to add value – lets not mess it up”. Haspeslagh and Jemison (1991) would categorize the degree of integration as a “holding” approach to mainly gain financial values. The integration strategies of the acquisition also had similarities with “preservation” where the organizational autonomy was kept, but taken in as separate divisions and units. Interviewees also brought up other arguments to why a low degree of integration often was chosen. The target acquisitions were companies that performed very strongly with up to 20 % growth and being number one, two or possibly three in its market (Interview, Group). Oxygen did not want to interfere when they obviously knew what they were doing, Oxygen did not see why they should. As said by one interviewee:

“Our success story has been to acquire 50 companies, but to let them grow by themselves – giving them the freedom of basically no integration... why should we hinder them to keep on being successful if they were successful when we bought them?”

(Interviewee, Group)

The previous Group CEO explained that the way that M&As were conducted was by evaluating the multiples – companies with lower multiples were bought and a quick multiple expansion was possible when the financial accounts were merged. He continued by saying that “I think that this way of conducting acquisitions affected our mindset and how we thought about target acquisitions”. For example, financial targets were set for each new acquisition with objectives for that business case, but the Business Area was free of choosing how these targets should be reached.

4.1.2 Early signs of indigestion problems

Oxygen had, and still has, a silo-oriented structure with Business Areas operating separately almost like different groups, not knowing about each other’s approaches and activities. When discussing how acquisitions have been handled and monitored interviewees explained that each acquisition has had its own strategy and plan – they have not been handled jointly as a program and there have been no systems or processes used to find a balance between different approaches of integration within the group. One interviewee on Group level stated that “M&A activities in one Business Area did not affect decisions in the other Business areas and M&A activities in one Division did not affect decisions in the other Divisions.” One effect of this was that issues or consequences relating to one specific Division that bumped into problems have been seen as specific for them. If the Group management decided to stop M&A activities in one Division, that did not mean that other units had to be affected by this.

In contrast to the financial excellence during the period of high acquisition intensity, the top management eventually started to notice signals of arising issues within the organization. The strong focus on creating rapid growth to secure a leading position in the market had taken the main focus and internal processes to manage integration activities and internal coordination were not seen as important and was not prioritized to the same extent. Until a couple of years ago it was sufficient to run the organization by letting acquired firms continue with their own business, but at that point in time indigestion problems were getting too severe to keep neglect the need for another approach to the different units within the group.

Symptoms of problems of a complex organization were first of all found in contact with the external market and suppliers. As a consequence of using different brand names for each company, customers became confused and it was hard to understand the broad and complementing product portfolio that Oxygen's several divisions could deliver. Although integrating some of the sales teams was an exception in the low integration strategy, sometimes salespeople from different units approached the same customers, cannibalizing on each other's businesses. In the other part of the organization, synergy benefits in economics of scale were missed when different units bought components from the same supplier without taking advantage of volume discounts.

Another signal of arising problems was that the organization had grown so large and complex that it was hard to access comparable reports. The different Business Areas and Divisions used different vocabulary and systems to create reports. In general, a lack of horizontal and vertical flow of information made it difficult for management to get relevant information. Additionally, Oxygen did not have any group-wide contact information, which made it difficult even to know if and who the counterpart would be in the company.

It was also noticed and recognized as a warning sign that cultural aspects differed a lot between different units. A fragmented view of the core values in the organization was confirmed by a survey that was sent out, showing at least fifty different opinions of core values that were represented in Oxygen (Interviewee, Group). Cultural challenges were significant, which Schweiger and Goulet (2000) bring up as a high risk after acquisitions, with unaccepted values appearing. A plausible effect of having a wide spread of core values is cases of blackmailing within the group (Interviewee, Group). This problem correspond with what Clegg (1989) and Trautwein (1990) mention as an example of a culture where managers engage in questionable practices and maximized their own utility more than the utility of the shareholders.

The most severe issue that Oxygen experienced was warnings from authorities, resulting in sanction fees and action programs expenses of around \$150 million. The lack of control that resulted from the deficient flow of information and the diverse range of attitudes had made it possible for parts of the organization to disregard important steps in the documentation of the manufacturing processes. The warning letters resulted in production restrictions in some of the involved factories.

At this point in time several changes were made to address these problems, which to a large extent refers to a changed approach of integration strategy. One of the interviewed consultants argues that "It is common that they only react in crisis", which certainly is true in Oxygen's case and Barkema and Schijven (2008) could agree to. The changes were made when signals of indigestion problems were obvious, not earlier on. Following section begin with a summary of the changes that were made, see Table 2, as well as more detailed descriptions and analysis of them.

4.2 Changed approach of importance of integration

The main finding in this research paper is that Oxygen has developed coordination mechanisms as a solution to the problems that were arising from previously having few and insufficient ways to balance the pace of acquisitions and the degree of integration in their acquisition program. This will be argued for by portraying how the indigestions problems that have appeared have been handled (see a summary in Table 2 on the next page).

Table 2. Changed approach of integration at Oxygen

Organizational aspects	Earlier (1993-2013)	Change (2013-2015)	Quotes
<i>Strategy</i>	<ul style="list-style-type: none"> • Low degree of integration • Integration managed by Business Areas & Division • Main integration: include new products in sales distribution channels • Financial targets for M&A, but no specific integration measures • Acquisitions seen and handled separately 	<ul style="list-style-type: none"> • Increased focus on integration in a group-wide strategy • Integration of back-end functions • Higher speed of integration 	<p><i>"I doubt there was an overall strategy before...it is the first time Oxygen viewed the company as a whole"</i> (Division)</p> <p><i>"It is pretty good as a guidance when thinking about integration. You get directions about what the Group wants to focus on...centralized purchases is high on the agenda"</i> (Division)</p>
<i>Structure</i>	<ul style="list-style-type: none"> • Decentralized organization • Complex organizational structure • No ownership of integration costs since M&A responsibilities are divided in hierarchy 	<ul style="list-style-type: none"> • Increased centralization • Introduction of cross organizational functions and projects 	<p><i>"What they do now is introducing common processes...it might be easier to reason about these activities as a way of coordinating themselves"</i> (Consultant)</p> <p><i>"Many have started up business development offices"</i> (Division)</p>
<i>Processes/Systems</i>	<ul style="list-style-type: none"> • Structured processes for new acquisitions but not for integration activities • Few communication channels 	<ul style="list-style-type: none"> • Integration as a part of the overall processes 	<p><i>"We do a profound due diligence now, where you learn more about the culture, how they could be integrated in several aspects"</i> (Division)</p>
<i>People & Reward systems</i>	<ul style="list-style-type: none"> • Organizational capabilities focused on strategy and transaction • Few compensation incitements for integration 	<ul style="list-style-type: none"> • Talent pools and capabilities to balance the rapid growth • A newly appointed CEO 	<p><i>"Managers are continuously trained in the implementation of the new strategy"</i> (Annual report)</p> <p><i>"I will require more group engagement"</i> (New Group CEO)</p>
<i>Culture</i>	<ul style="list-style-type: none"> • Few initiatives to work with values or shared identity within the group • A fragmented culture with different core values • Accountability for their own business area 	<ul style="list-style-type: none"> • New group-wide core values to create a shared identity in the organization 	<p><i>"The group-wide values defined during the year comprise a unifying link and key element of our success"</i> (Annual report)</p>

4.2.1 Increased attention of integration in new group-wide strategy

As a first step to deal with the accumulated indigestion problems at Oxygen a group-wide strategy for all Business Areas and Divisions focusing on collaboration and integration was developed. This was a change in the Group management's attitude; the new approach showed that higher attention and focus was put on integration. The group-wide strategy could in itself be seen as a strong coordinating mechanism that affects how the rest of the group should value and handle integration activities and describes what the expectations are on the different units in the organization.

The new strategic move was clearly a reaction of the indigestion problems that the organization had experienced. The fragmented culture and lack of control on organizational processes that eventually led to warnings from authorities made the top management aware of a need for increased attention to integration activities and the group-wide strategy formed a base to start to take action from. One interviewee described the new group-wide strategy like this:

"I doubt that there was any overall strategy for Oxygen before, at least not any clearly communicated. Lower levels had strategies, units and business areas, but it is the first time I have seen anything carefully structured and communicated on an Oxygen level. I guess Oxygen viewed the company as a whole (in this strategy)."

(Interviewee, Division)

Many levels of the company were involved in the process to develop the joint strategy, by for example gathering Head of Business Areas as well as Presidents and Managing Directors in Business Areas and Divisions, in a group wide workshop in Stockholm archipelago. 150-200 persons were in present in total, which in itself was a way for people to share tacit knowledge and can be viewed as an activity that facilitates human integration (Birkinshaw et al., 2000). The workshop brought up a lot of what by interviewees were perceived as "modern and acknowledged principles", such as focusing on purchases, limiting complexity and centralizing the organization, but also to drive innovation and R&D activities. Focusing on the joint purchase systems and R&D activities enable economies of scale and are in literature also described as common ways for serial acquirers to start approach integration synergies (Chatterjee, 2009). Interviewees seem satisfied with the strategy and one expresses the usage in following way:

"It is pretty good as a guidance when thinking of integration. You get directives about what the Group wants to focus on – it is quite clear that product development and centralized purchases are high on the agenda."

(Interviewee, Division)

The process resulted in a strategy that was launched in 2013, where five focus areas define how Oxygen will achieve stronger organic growth as a complement to the strategic acquisition agenda; 1) documented value creation 2) a strengthened sales model 3) further expansion in emerging markets 4) supply chain excellence and 5) utilize and leverage synergies through increased collaboration between the Business Areas. Looking into these in further detail reveal that what they imply are joint processes and activities to a far extent that will integrate the different units within Oxygen. It indicates that the organization is moving from a “holding” or “preservation” mode in their choice of degree of integration to an “absorption” approach, which has more strategic interdependence and demand much more managerial skills (Haspeslagh & Jemison, 1991). Implementing all of the focus areas could be seen as a large second restructuring phase (Barkema & Shijven, 2008) and as one of the consultants predict it would be “difficult when you try to change everything at the same time in that magnitude”

Group management also states in the interviews that the strategic move has effects on the requirements of speed of integration – they are getting much tougher. This is specifically mentioned when back-end integration activities are discussed, such as aligning the financial report systems or other administrative procedures. It has gone from an earlier formulation of a desire to harmonize such systems to a directive to make sure it is fulfilled within a certain amount of time, which is a common approach promoted in academic research. This implies that the importance of the “First 100 days”, as stated by Angwin (2004), is recognized by the management. A person from the Division that was interviewed also acknowledged this changed attitude. The President of a newly acquired company, here named “NewUnit”, stated that his perception is that the Business Area more aggressively integrated this unit than one acquisition that was made some years earlier. Another person representing the same Division explained that NewUnit had to change its company name very early in the integration phase, while earlier target acquisitions were allowed to keep their company name and logo without even adding the Group or Business Area name.

The changed approach of strategic thinking concerning integration shows that indigestion problems are unwanted and that they are taken very seriously. Before this change management acted reactively on upcoming problems – there was a lack of proactive strategies to detect issues in an earlier stage. Several examples of issues that have been allowed to grow in magnitude, in the end causing great problems, have been brought up during the interviews and are described in earlier sections. The most serious problem grew so much in magnitude that it recently resulted in penalties from authorities as a consequence of insufficient documentation of quality processes. If not before, this created a lot of stir in the organization and acted as a wake-up call for the Group management to start monitor integration activities in another way.

4.2.2 Introducing cross-organizational functions

Oxygen has after the new strategy introduction chosen to increase centralization and to introduce Group operations functions as solutions to address issues that have been caused because of complex organizational structures. The increased attention from Group management can be seen as a coordinating mechanism for the organization as it makes it possible to address indigestion problems in an earlier stage in a fast growing organization.

The earlier choice of a low degree of integration has resulted in a complicated organization. Oxygen is described as a babushka doll; if you look into one unit, you will find several new companies within that unit and if you continue to look into one of these there will once again turn up more companies in the structure. This is not a rare consequence for serial acquirers that are involved in multiple acquisitions. Barkema and Schijven (2008) state that many serial acquirers develop complex organisations with different structures, cultures and ways of working.

All interviewees were unanimous when talking about the corporation's complexity, regardless of what level in the hierarchy they represented. One unit did not know the counterpart of their role in another unit and top management could not access any complete information about people and roles within different units. The complexity of the structure and the lack of regular communication channels are reasoned to be a problem by top management, because of the resulting lack of control. Business Areas have been responsible for the progress after acquisitions are made, but the Group has had few mechanisms to detect and follow up on specific cases.

Another problem has been a lack of ownership of integration since M&A responsibilities are divided in hierarchy. Top management has been involved in strategy and transaction activities and integration activities have been issues to deal with in the units closest to the acquisition, e.g. top management has managed the strategy and transaction phase whereas the Divisions have managed the integration phase. Moreover, Häkkinen and Wistrand (2005) found that some of the limited amount of integration activities that Oxygen has conducted were initiated by people in a unit located on another geographical site and then given to local project leaders to be implemented, leaving a high risk of a lack of understanding for what is possible to be done.

The separation of responsibilities can be seen also in how costs are divided. The Division that "gets" the acquisition should pay for all costs that are connected to the integration. Costs are allowed for in the business case when the due diligence is conducted, but any costs that are not foreseen will be drawn from the budget of the Division. The Group has financed acquisitions in order to be able to buy the target, but Divisions have had the ownership of the consequences. Additionally, compensation programs in the Divisions have been dependent on the balance sheet, which make any investments in processes and capabilities connected to integration activities secondary. It was not incentivized to spend money on proactive investments. The longer it could be avoided, the better. The interviewed investment bank analyst further stressed, "Oxygen maybe has

been to lean and not prioritized restructuring costs, which they maybe could afford with their previous growth, but not now”. The mindset of conducting as little integration as possible and the strict division of costs related to the integration phase combined with the incentive system have limited the ownership of problems related to the integration strategy – who would want to spend money on integration activities that can help to balance integration activities with a high acquisition pace?

The lack of ownership of integration costs that is the result of M&A responsibilities that have been divided in the hierarchy can also be seen in issues of more technical natures that have caused problems throughout the company. One such problem has been conflicting policies within units that in some cases have resulted in conflicts. One example described was a unit that needed to dismiss three employees who all had different contracts as a result of them originally being hired in different target acquisitions. However, the employee with the poorest benefits claimed to be discriminated due to ethnicity and sued the unit. Group HR stress that this could have been avoided if the unit would have had mechanisms to display this earlier and resources to make all of them equally paid. Other examples are benefit policies and rates of pension funds. The acquired companies have not wanted, for example, to increase the rate to harmonize with the other Group, who should take the cost for a rising rate?

To address these problems Oxygen has initiated structural reorganizations and introduced new functions to the Group. Unlocking more synergies in a second stage of post acquisition integration through restructuring are said usually to involve more organizational members than the small group who initially integrated each acquisition individually (Barkema & Schijven, 2008), which also can be seen in this case. The head quarter has for example expanded from 15 to 50 employees during the last two years and this growth can be seen as a sign of the intention to introduce more control mechanisms. However, one Group manager states that:

“We do not want to become too superior either. We want to find the balance to provide freedom, but we must have stronger control mechanisms. (...) We must find a balance of how far we can go without intruding.”

(Interviewee, Group)

A management researcher with insights of Oxygen also commented on the difficulties to balance between increased centralization and keeping some freedom out in the organization. He argues that talking about integration can seem threatening for them, because of the long history of praising simplicity:

“What they do now is introducing common processes and regions, making it less simplistic. It might be easier to reason about these activities as a way of coordinating themselves. It will not be easy, they come from a history where they have not had the need to focus on that. Their focus have been the product and the market and this is not the story going forward.”

(Interviewee, Researcher)

In general the reactions of employees of more collaboration have been positive and “people do want to utilize the benefits of the bigger Group. It is not so much why do you do it now? It is more why have we not done this previously?” However, there are also cases of skepticism and a lot of people joined the company due to the freedom and are used to manage their own business. Now the “luxury” of doing that is decreased, expressed by one interviewee at Group level.

The head quarter has not only grown in size, going from 15 to 50 employees, but it has also changed the power relations by clarifying that responsibilities will be removed from the Business Areas and put on the HQ if it is not managed correctly. A Group manager states, “The (Group) CFO or HR manager will take over if problems are detected and not solved.” However, M&A integration is still said to be the responsibility of the Business Areas and in order to facilitate a closer follow-up structure that will detect any problems or hinders in an earlier phase a President in one of the Divisions accounts for a structural change in both Business Areas and Divisions:

“Many have started up business development offices, where the same person who handle strategy and transaction activities of M&A also continues to manage the integration of the target acquisition.”

(Interviewee, Division)

The business development office in that specific division was although actually somewhat created by coincidence; a manager with M&A experience came back after a couple of years abroad and the idea came up to hire another person with relevant capabilities of all three phases of M&A (strategy, transaction and integration) to form a new function in close connection to the Division President. Most importantly though, this overlap makes it possible to evaluate and bring up integration issues in an earlier stage. Additionally, it makes it possible to compare and manage several integration processes jointly to see how they affect each other.

A new group-function has also been developed, Group Operations, with the aim of finding synergies and unify the company. This function will facilitate integration of back end functions, such as IT, purchases and finance, but will also develop systems and processes for front-end functions, such as all Oxygen sales channels. In this way, both economies of scale and economies of scope are reached (Chatterjee, 2009; Weber et al., 2013, p. 29). Three-year plans have been developed for five different big overall Group Operation change projects. The employees responsible for the different projects will report directly to the Group management and CEO. This shows that people that are involved with integration activities are tied tighter to the Group management, as a mechanism to facilitate coordination and control over the progress. The different phases of M&A become more overlapped (Haspeslagh & Jemison, 1991).

Strategic Change Projects or Breakthrough Projects (Schaffer, 1990) have also been conducted since the launch of the new Group strategy. These have been developed to energize and set a focus on cooperation between different Business Areas, by involving people cross the organization. They have had a specific aim and a much more narrow scope than the five Group Operation projects, but are supposed to be delivered within 90 days after launch. Using this format has made it possible for the different Business Areas to jointly collaborate and for example look into specific sites where all three have had production, but earlier without collaboration. However, all of these projects have not reached their objectives and the main reason for this is argued to be because of insufficient support and attention from the Business Areas and for employees to collaborate (Interviewee, Consultant). This could be a result from what Birkinshaw et al., (2000) describes as a lack of human integration. Research shows that some level of human integration already in place mediates the success of task integration, but a lack of human integration can be seen and will be further discussed later in the paper.

4.2.3 Developing integration processes for a group-wide acquisition program

Several initiatives have been introduced to facilitate a better incorporation of integration processes in the acquisition program to coordinate the acquired companies in a better way and find a balance between the rapid acquisition pace and integration activities.

The historical unbalanced focus on the acquisition part of the growth strategy has led to inadequate processes and tools to handle acquisitions and integration. Looking at the strategy, transaction and integration model by Haspeslagh and Jemison (1991), the last phase has been managed in an ad-hoc manner. One employee at a unit explains “We gladly reuse tools that we have used in previous acquisition processes, now I talk about the transaction part, not integration. I would be surprised if you found any documentation of how to integrate”. One other continues: “We have had clear structured processes for how to find and present targets but integration has been more when it comes”. Moreover, the follow-up and evaluation documents have focused rather on increased revenues and numbers than on successful integration initiatives.

The risk of not having structured processes for the integration is brought up by project leaders in the divisions in interviews with Häkkinen and Wistrand (2005). It could lead to wrong initiatives being implemented or in the wrong order. Further they stress that it could create a delayed acceptance of integration and that a “we and you” culture could be developed when people responsible for integration are not involved in the beginning of the process. One consultant also pointed this out “I see so many companies doing this mistake – that nobody actually knows why you bought the company. It is only four or five people involved in the overall strategy, but several more should implement it. You have to tell them why you are buying to create understanding”.

As a consequence of the rapid growth communication systems between Business Areas to facilitate synergies and transfer knowledge have been insufficient. Three different employees stress how they could not find their colleagues in similar positions in other business areas by a common email or telephone register. "It is somewhat easier vertical, but horizontal it could be really difficult to find counterparts. You need to build your own informal network". One of them continues by saying that those who have a wish for cross-communication have the opportunity to build their own informal networks. However, it requires several years of dedicated time to develop an informal network with people of similar experience and roles. A personal interest and an attitude that it is helpful and important to do so are needed to succeed with this. The interviewee says, "Not many think that it is important." Further, on a Group level one of the delays in the process to conduct a cross-organizational employee survey was "since we did not have all email addresses to people in the different business areas".

The few systems that have been used for coordination across Business Areas and Divisions have been financial systems, since it is required for auditing reasons, and the product catalogue to facilitate for the sales force. However, it is stated that some acquired companies have struggled for months and years to be fully integrated in the IT-system.

To address the process weaknesses, one mechanism that has been introduced to increase the coordination within one acquisition process, as well as between multiple integration processes, is to include the integration phase in documentations of M&A. One example is how integration aspects are handled during the strategy phase doing the due diligence; "We do a profound due diligence now, where you learn more about the culture, how they could be integrated in several aspects". One of the consultants argues that the cultural assessment will be crucial for the future development, because of the possibility to fine-tune the strategic fit to potential targets. Templates have also been developed for management during the integration phase, e.g. a "green, yellow and red system with show stoppers to track the process. A template on what needs to be done the first 100 days". The templates indicate a more defined focus on a rapid speed of the integration, which Angwin (2004) recommend together with Colombo et al. (2007). However, it seems like the progress of integration documentation that is used throughout the organization still vary a lot in different Business Areas, as well as in different Divisions. One employee states, "When it comes to integration I think that in general there are very underdeveloped processes".

By involving integration plans already in the due diligence mechanisms and stage gate stoppers are created that enable judgements to be made whether a new acquisition is possible or not, given the resources needed to integrate it in already ongoing integration processes. As one interviewee expresses "It is quite clear that you do not manage to do everything at the same time...it is a broad-band discussion of how much you can handle". In a specific case, one Division got the message to "get your house in order" before they were allowed to do any new acquisitions. It took two years before they served the right to buy something new. The mechanism could be seen as a solution to handle how

often new acquisitions should be made and a proficient method to avoid the drawbacks of Hayward (2002) inverted U-curve between a too rapid pace and performance. Also Kusewitt (1985) could agree that the lower intensity could increase the quality of the integration.

Beside these mechanisms that have been introduced to coordinate the integration processes, some initiatives have also been made to increase communication and to get a better understanding for why integration activities have become so important within Oxygen. These initiatives are made within Group Operations by using storytelling to reduce uncertainty. Articles and other information are published on the intranet to increase the understanding for the restructuring activities. The result has been good and is in line with what Ranft and Lord (2002) and Ellis et al. (2008) emphasize – a high importance of communication in the integration process. However, there are still improvements that could be made to develop a better communication throughout the organization. One interviewee states, “There are still very little contact with other business areas. On that front a lot of things can be improved”.

4.2.4 Development of organizational integration capabilities

Oxygen has started to cultivate integration capabilities among employees and efforts are made to create a culture where integration should be prioritized. The educational activities can be viewed as coordinating activities, mechanisms that will increase the focus on integration. This is seen as an important step to balance the prior focus on a rapid acquisition pace. Capabilities have earlier been focused on strategy and transaction skills, which resulted in a limited ability to handle integration issues and indigestion problems.

The importance of human capital and to develop capabilities has with the rapid growth and market focus not been on top of the agenda. Relating to Weber et al.’s (2013, p. 29) explanations of benefits with M&A the focus has been on industrial advantages. One Group level member expressed “It does not matter how many talents we have, what capabilities we have if no one wants to buy our products”. However, capabilities that have been developed were mainly to do new acquisitions. It could be compared with Laamanen and Keil (2008) that also concentrated on the strategy and transaction side of the acquisition program and neglect the integration part. An external consultant confirm by stating that; “There was a lack of capabilities on how to work with integration... ..They could have had an own competence center to work with integration to help and facilitate the first integration initiatives”. Employees with more experience of doing new acquisitions preferred to continue with what they were good at instead of exploring new development areas, like managing also the integration process.

The incentive and reward systems for people to engage in integration activities have neither balanced an overall interaction between rapid acquired growth and organizational development. By interviewees on Group level it was explained that “Local Presidents

lacked incitements to do changes” and “You do not want to do integration activities that create costs today, since yearly bonus and compensation is connected to performance and profit of the unit”. Moreover, “They [business area] were very keen on making the business case work, otherwise they would loose money”. Although not intentionally, the incentive systems could indirectly motivate hubris or empire building to develop in the organization, which Faulkner et al. (2012, p. 235) and Trautwein (1990) point out as difficulties for serial acquirers to handle and to prevent. To better utilize the human capital within the group, building and retaining talents have been a prioritized focus area for the Group:

”Exchanges between the business areas have also been restructured and expanded to establish a Group-wide talent pool. Furthermore, managers are continuously trained in the implementation of (Oxygen’s) strategy, such as in the form of challenges and opportunities associated with the prioritized activities established for achieving the targets.”

(Oxygen Annual report, 2014, p.16)

The initiative could be seen as handling integration more proactive and building the capabilities to excel in both individual and multiple acquisitions, and reach Q4 in figure 1 in the literature review. (Faulkner et al., 2012, p. 161). One example of also using talents from acquired companies was in a recent acquisition where the Sales officer from the acquired company became Sales officer for one of the Group’s sales office. Further other people have been recruited to the company with former experience from value-oriented companies, where integration is of importance. It adds new integration capabilities to the teams and at the same time the already existing employees develop more integration experience by using the same persons in the due diligence for M&A and integration.

Changing the Group CEO this spring has also been thought to lead to more integration and focus on human aspects in the organization. The new CEO, with a behaviourist background, explains the differences between him and the previous CEO in a Swedish financial magazine; “I will go deeper in the dialog with the organization and be more visible, tell them who I am and what I do. [Previous CEO] was, and is, a good leader that delegated a lot and put more accountability on the units, I will require more group engagement”. The CEO change could be seen as an attempt to have a predecessor for building more human integration into the organization, which Birkinshaw et al. (2000) stress is needed in a historically more task oriented organization.

4.2.5 Introducing group-wide core values

The last twenty years of M&A activity have brought many new cultures and attitudes into the organization. To harmonize a fragmented culture five group-wide core values are being launched, which have been formulated during workshops held throughout the corporation. The core values are mechanisms that will coordinate attitudes in the company.

In the annual report (2014) it is stated that “[Oxygen] has grown largely through acquisitions, which has resulted in the Group consisting of many different cultures”. Interviewees on Group level explain that ”There has been a high tolerance for different cultures” and when it comes to culture ”integration is in quotation mark – we have had no focus on culture”.

The units have been left independent “to encourage freedom and entrepreneurship”. Several persons continue to say that “70 % of the people working here never notice they are part of a bigger group than our small business unit”. One other: “The common man has no idea what the Group has to offer. You only see the business unit”. “If I call one of the acquired companies, we acquired them three years ago, they never answer with the Group name. Maybe they do not know that the Group owns them”.

A part of the culture diversification also included a plethora of values ”we understood that we did not had one value system - we had fifty” (Interviewee, Group level). One reason for this development as expressed by an interviewee in one Division is that “We thought the Group had some overall core values, but they were too much of something developed by a consultant, so we did our own core values”. One member of the Group HR team further explains:

“The companies that joined usually had their own values, or culture. And then, there was no translation of the values when they came to us. Maybe we sent ours on a planch that was placed in the hallway, but it was not clear what they stand for or what we mean. In an employee survey, it became very clear that employees did not know what values we had. If they did, they did not thought that we used them, talked about them or thought that they were important. And they did not know what they stood for.”

(Interviewee, Group)

Leaving acquired targets to deal with their own business and letting them develop their own culture and values had in some cases led to a culture where bad attitudes had developed, resulting in conflicts and in some cases blackmailing. One interviewee argue that they have given acquisition targets the freedom of basically no integration and that it has gone very good until the latest time; “Then you loose the transparency and loose sight of what they do. Then you become somewhat blue-eyed as a Scandinavian company.” (Interviewee, Group). On the Group level team it is expressed that:

“What we have known, but have not worked with, is by allowing a very decentralized organization one must have a very strong cultural value. We took it a little bit too much for granted that people would understand what we stood for. We were not sufficiently explicit and did not work with anchoring the values of the organization.”

(Interviewee, Group)

To make the organization and employees across the Business Areas share the same values, the Group has initiated a new value system project. It is clearly stated that the human integration should be increased to create a shared identity, which is praised by Birkinshaw et al. (2000). One employee in a Division explain “It sounds like it might not have huge effect working with key values, but it does. All companies are so complex and working with values and core values do much in setting the right attitudes. You try as a company to describe the attitudes you will premiere and not”. All interviewees at Group level stress the importance of the new project with unanimous quotes such as “if you do not agree to the values, you do not need to work here” (Interviewees, Group). Further, in the latest annual report it is explained how the values should act as a mechanism to balance the former decentralized organization:

“Now that we are coordinating certain functions at a Group-wide level to capitalize on valuable economies of scale it is important that we strike the right balance between these new initiatives and our unique history of entrepreneurship and strong responsibility. The Group-wide values defined during the year comprise a unifying link and key element of our success in this effort”

(Oxygen Annual report, 2014, p. 4).

4.3 Main findings

– Creating a balance through revolutionary changes

Oxygen's development of tools to balance between a rapid acquisition pace and degree and speed of integration has been done through changes that share revolutionary characteristics with a high tempo and dramatic changes. Several initiatives have been made to increase the degree of integration with an intention to apply more influences from the absorption approach presented by Haspeslagh and Jemison (1991). It is intended to create more unification between the different business units, which Salk (1994) also relates to as an absorption approach.

One proficient change in the new approach is to look at the strategy, transaction and integration model as phases that interact with each other (Haspeslagh & Jemison, 1991). Several of the indigestion problems that have grown in the organization have been a consequence of neglecting integration and the balance has been uneven due to minimal integration efforts. Developing an acquisition program with focus on the pre-deal phases seem to work in the beginning, but sooner or later the organization become so complex that the benefits of doing the acquisitions that were planned for from the beginning, such as cost synergies, are difficult to realize (Weber et al., 2013, p. 29).

Relating to Birkinshaw et al. (2000) and the different dimensions of integration, Oxygen's complicated culture, the organization's insufficient capabilities and the core value problems indicate that human integration has been of a low priority. The indigestion problems that are faced confirm that it is true that some human integration needs to be in place to make the task integration work. Several initiatives to increase the integration have been launched, but the question is if it is enough to reverse people now when old values already have been on the wall since the acquisition. The employees are in general open for the change, but in the end of the day a lot of the people joined the company to gain freedom and entrepreneurship. Today, these benefits are somewhat withdrawn.

The Oxygen case also problematizes the time lag between the closures of the deals and the starting point of integration activities of the acquired company, which Colombo et al. (2007) found is negative for performance. Oxygen has successfully created rapid growth and released time to focus on new acquisitions through its earlier acquisition strategy, but in a longer time perspective the implications from the time lag seem to be consistent with Colombo et al.'s (2007) predictions. Making delayed integration initiatives will create a much bigger change for Oxygen, compared to if restructuring would have been done right after the deals were conducted. A new "Window of opportunity" (Ranft & Lord, 2002) needs to be created and it will involve more organizational members. What is interesting, though, is that there are no intentions to decrease the acquisition pace, which Barkema and Schijven (2008) suggest could be required during organizational restructuring in a second integration phase.

Oxygen has an ambitious plan to find a better balance between the acquisition pace and integration activities to handle the indigestion problems. Some of the initiatives are just in the beginning of their implementation and it will be interesting to see how they will progress.

To summarize, Oxygen has handled the indigestion problems by launching different coordination mechanisms to match the rapid growth with integration activities. It is for example seen through coordination mechanisms that make integration an important part of the acquisition program, to clarify responsibilities for both acquisition and integration and unify employees. As shown in the pre-study, similar initiatives could also be found in other serial acquirers. Finding the concept of developing coordination mechanisms to balance between different dimensions of the acquisition program has been a new contribution to the understanding of serial acquirers.

5.0 Discussion

Here are the findings viewed in a broader perspective in relation to known models and concepts from prior academic literature. A coordination framework is presented to add knowledge to the research field of M&A in the specific setting of serial acquirers conducting acquisition programs.

5.1 Literature contribution

As portrayed early in this research paper previous researchers in M&A have had a fragmented view of the dimensions and phases of acquisitions, especially apparent in serial acquirers' acquisition programs (Bauer & Matzler, 2014; Chatterjee, 2009; Faulkner et al., 2012, p. 152). A more complete view has been needed on the interdependencies of several constructs and in particular how serial acquirers' high acquisition intensity is balanced with integration activities to handle or prevent indigestion problems. Since the outcome of acquisitions often is determined by how processes to implement and make acquisitions are performed (Jemison et al., 1986), they were the focus of this paper.

Both the companies in the pre-study and the main case study at Oxygen indicated that they have regarded the dimensions in their acquisition programs as separated silos, which is a problem that is described in previous literature (Bauer & Matzler, 2014; Chatterjee, 2009). These serial acquirers have moreover to a large extent neglected the last phase of M&A integration as pictured in the classic M&A process (see Figure 2 in the literature review). A change has though taken place in Oxygen after several years, which stresses that some balance seems to have been required over time to deal with indigestion problems.

Instead of strictly dividing processes of new acquisitions as pre- and post-deal phases this case study suggests that a more coherent approach is preferred. A modification of the model of the different M&A phases is therefore presented in Figure 7, where the different dimensions of an acquisition program are placed in the timeline of M&A phases. The developed model clarifies in what stages different decisions and actions concerning the dimensions need to be taken.



Figure 7. Model of the M&A phases combined with the acquisition program dimensions

The classic M&A process, as earlier discussed, is commonly divided into a strategy, transaction and integration phase (Haspeslagh & Jemison, 1991). The phases are placed in a chronologic order after each other, but the mindset that this case study argue is needed by managers to successfully conduct acquisition programs is to have all of the phases in mind in parallel. The finding adds to the few researchers that have questioned the conventional view of the acquisition process stages and that asks for a process-oriented perspective (Weber et al., 2013, p. 14). This does not mean that practical integration activities will take place before the deal is executed, but decisions on what, when and how integration activities should be conducted later on should be made as overall design decisions and interact with discussions and decisions to acquire more.

A framework is developed where the just mentioned attitude of handling organizational processes and activities in parallel instead of strictly in the M&A phases' time horizons, illustrated in Figure 8. The framework also pictures the coordination mechanisms that were identified in the empirical findings (illustrated with green arrows in Figure 8). The mechanisms show how different dimensions and phases interact with each other and give a more complete picture of a research area that otherwise is argued to be quite fragmented (Bauer & Matzler, 2014).

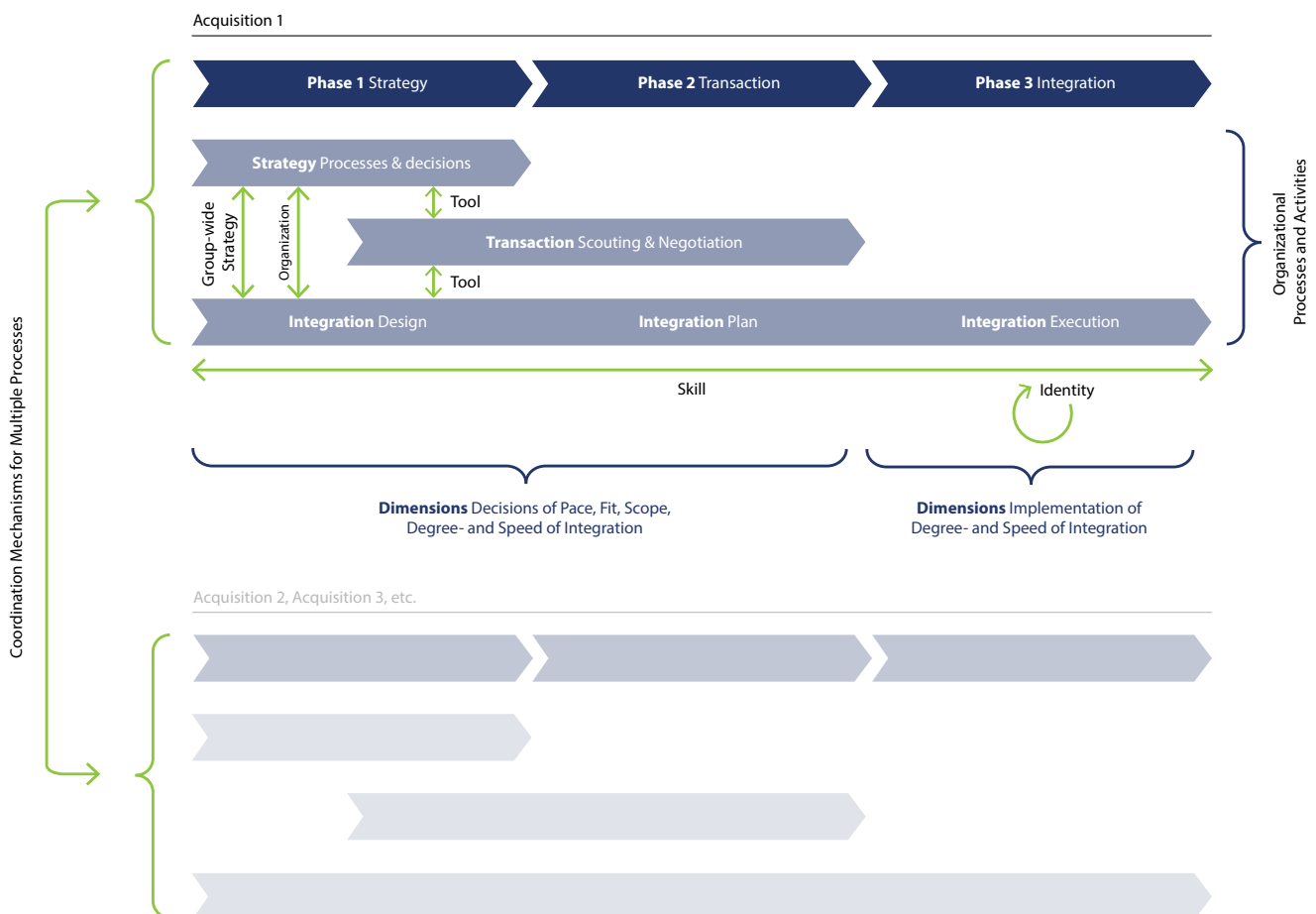


Figure 8. Framework to illustrate intertemporal connections through coordination mechanisms

The five different coordination mechanisms, illustrated in Figure 9, are organizational processes and activities that facilitate a balance to be created between or within dimensions and phases when a high volume of acquisitions are made. They are categorized dependent on kind of processes they exemplify and are named by associations to their key characteristics as described below. Examples of activities within each mechanism are presented but could and should be adjusted to the organization's preconditions and needs due to the complexity of M&A.



Figure 9. Coordination mechanisms



Group-wide Strategy: The underlying mechanism that influences the content of all other mechanisms is to introduce a group-wide integration strategy. A long-term perspective must be incorporated where all integration processes are seen as a whole, even though individual strategies are worked out as well. However, individual acquisition strategies must be coherent and fit into the overall strategy.



Organization: Introducing structures that involve people cross the organization and allocate responsibilities in a way that increases collaboration and sharing of information between all phases of M&A.



Tool: Routinize processes and systems to facilitate a more structured approach in due diligence for the strategy, transaction phase as well as integration.



Skill: Developing capabilities within the organization for both handling new acquisitions and integration in acquisition programs by for example introducing talent management pools.



Identity: A mechanism that acts within a dimension to handle cultural challenges that have developed as a consequence of accumulated acquisitions. Core values are in this case harmonized through a cultural project.

What makes the framework even more special for the theory of serial acquirers is the coordination between the multiple integration processes. Additional coordination mechanisms are essential to treat the program as an overall strategy rather than isolated events, which also Barkema and Schijven (2008) state is of high importance to develop. Maybe this could be one way to better build acquisition program capabilities and reach the desired Q4 quadrant as described by Faulkner et al. (2012) (see Figure 1 in the literature review), where both individual and multiple acquisitions is handled with excellence.

Examples of coordination mechanisms between integration processes could be Oxygen's Group Operations functions, shared services, value systems etc. that reach both cross-functional and cross-organization. These mechanisms clarify the interdependencies that exist between the projects that Chatterjee (2009) describes often include the need to share scarce human-, equipment-, and other resources in acquisition programs. The conceptualization in Figure 9 could be understood as five elements that fill an organization pictured as a house, illustrating the interdependencies and strength that they add to each other. They could also be seen as elements that together form an arrow that is pointing upwards, symbolizing progress.

What could have been improved even more by Oxygen, though, is to add coordinating mechanisms that handle communication and external relations. Both Ellis et al. (2008) and Ranft and Lord (2002) stress the importance of communication in all integration processes, but interviewees have only rarely mentioned initiatives to increase communication. Oxygen does not seem to take action even though several problems are mentioned as a result of insufficient communication. Developing better communication systems could act as an underlying coordination mechanism that facilitates all others and in that way be very valuable.

Furthermore, the findings that are conceptualized are all on an internal organizational level. Looking at the framework in a broader perspective could provide more insights of additional coordinating mechanisms that could be helpful for serial acquirers. External stakeholder's expectations often play an important role in pressuring serial acquirers to prioritize a high pace of acquisitions rather than spending enough attention to integration needs. Developing coordination mechanisms that link the organization to the external environment, like investors and shareholders that expect double-digit growth, could enable the external environment to get deeper understanding of the organizational complexities that are connected to acquisition programs and in that way change their demands and expectations. Being able to show external stakeholders that a balance is needed between acquisitions and integration activities not to cause indigestion problems could provide better opportunities for an even-event rhythm for new acquisitions to be held (Shi & Prescott, 2012). Coordination mechanisms to the external environment could also increase the ability to detect environmental changes that influence acquisition strategies, making it possible to act proactively.

5.1.2 Relating the framework to previous research of the dimensions

The framework that is suggested as a way to balance between serial acquirers' high acquisition intensity and integration problems also sheds new light on other theoretical models presented in the literature review. An essential component of the framework is the interaction between new acquisitions and integration activities, which assume that some integration take place and become a prioritised dimension in the acquisition program to handle indigestion problems. The discovery of large indigestion problems during Oxygen's development as a serial acquirer due to a very low degree of integration indicates that, what Haspeslagh and Jemison (1991) call, a "holding" strategy could be problematic in an acquisition program. An acquirer could possibly be able to choose a "holding" strategy in individual acquisitions, but when a serial acquirer reaches a specific size some degree of control mechanisms will be inescapable, to be able to get an overview of what happens in the different units and to exploit benefits of synergies that often is the motive for the acquisitions in the first place. The accumulation of multiple integration processes creates a desire to change strategy from a "holding" or "preservation" approach to a "symbiotic" or "absorption" strategy. Coordination between different acquisitions will demand and lead to a higher degree of integration.

The overview perspective that is provided through the framework also relates to previous studies about acquisition pace. Haywen (2002) and Kusewitt (1985) argue that a too intense acquisition pace decreases the quality or value of new acquisitions if time and focus for integrating already acquired firms is too limited. It is easy to notice that these findings are confirmed in Oxygen's early acquisition journey since a significant part of the indigestion problems occurred due to a precious and almost uncontrollable acquisition pace. Coordinating mechanisms will enable a better understanding of what is happening throughout the organization.

The coordination mechanisms that are being implemented within Oxygen to improve the integration efficiency could in relation to Haywen (2002) and Kusewitt (1985) maybe be an alternative way to be able to increase the capacity of acquisition intensity or to make the inverted U-curve flatter. The two researchers have a limited discussion of how serial acquirers can "improve" their capabilities to manage a higher acquisition pace and moreover describes the "pattern" of how much a firm is capable to handle. In relation to these theories the coordination mechanisms could complement existing processes when an acquisition pace is chosen – they could increase the ability to manage a higher intensity without deteriorating the integration quality or create indigestion problems, as described by Kusewitt (1985). The coordination mechanisms could also facilitates an even-event rhythm, since acquisitions probably to a larger extent will be undertaken when the integration allows it rather than as a bandwagon effect (Shi & Prescott, 2012). However, Oxygen has remained a high acquisition pace, implying that a more flexible approach on acquisition pace is not realized yet.

When discussing the suitable speed of integration several researchers stress the importance of initiating integration activities in close connection to the execution of the deal. Ranft and Lord (2002) write about the benefits of the already existing “Window of opportunity” and Barkema and Schijven (2008) about the difficulties of a second restructuring phase. Several indicators are visible in the Oxygen case that confirm that they are facing a completely other magnitude of changes needed as a consequence of postponing integration activities several years after the acquisitions were made. Development of coordination mechanisms between different acquisition targets and deciding to integrate earlier in the serial acquirer’s acquisition journey could probably prevent the need for a second restructuring phase in such a big scale that is exemplified by Oxygen’s case. Restructuring might not even be necessary if sustainable organizational processes aimed at finding a balance are established already from the initial phase of the acquisition program. Instead of being reactive, dealing with indigestion problems when they appear, coordination mechanisms could be used to avoid ending up in that situation. Speed and interdependent integration activities become a way to reduce the overlap between parallel integration processes.

An underlying assumption that the Oxygen case implies is that serial acquirers should work proactively with integration. This is what makes the framework and coordination mechanisms powerful – they provide a tool to gain an overall perspective that enable a more conscious integration approach where intertemporal connections can be made. Birkinshaw et al. (2000) stress the importance of both human and task integration as interdependent aspects to approach when integrating and that they should be managed in iteratively. The Oxygen case study confirms the significance of remembering the human integration since the most serious indigestion problems with the most expensive consequences could be derived to flaws in human coordination, such as attitudes, values and culture. When talking about integration with the interviewed companies associations mainly concern task integration, such as following through with structural changes that should lead to cost-synergies. To handle the balance and avoid indigestion problems, this research point at the need to incorporate human elements in the integration. Without people knowing each other or sharing the same goal a coordination mechanisms framework will probably face problems to be implemented. The fullest potential would not be utilized in the serial acquirer’s acquisition programs.

5.2 Managerial implications

The findings in this research paper indicates that there are several interesting learning points for serial acquirers to make to avoid creating value-destroying indigestion problems in their organisations. There seem to be a need to avoid neglecting integration and instead use a group-wide integration strategy for acquisition programs, since multiple acquisitions affect each other when reaching a bigger scale of acquisition activity. In the long term, balance will need to be managed and by being proactive and starting the

integration work earlier in the process without a time lag could possibly decrease the magnitude of the reconstruction work needed. It is recommended to adapt the specific activities of the coordination mechanisms in the framework early when designing an acquisition program so that initiatives fit with the organization's preconditions and goals. The coordination mechanism Identity is in Oxygen case represented by a core value project, whereas another company might be better suited to follow through with joint leisure activities throughout different group constellations.

Of highest priority is to remember the human perspective and not only treating integration as a task oriented activity by merging different functions. It is necessary to develop the different capabilities that are needed to handle all dimensions of the program, which might require new recruitments or functions in the organisation. Most importantly though, is to be clear with what strategy that should be followed and why, to get everyone working in the same direction, sharing the same values and goals.

5.3 Limitations and future research

This research paper involved three companies from the same industry. Organizations in similar or other industries might have other experiences as serial acquirers, without problems to balance pace and integration activities. They could also have developed other strategies to handle their indigestions problems.

Oxygen is a large organisation and the interviewees mainly represented one Business Area/Division that has been a pioneer within the organisation to implement more co-ordination mechanisms. Interviewing people on the group level have although given a broader picture of the organization. Furthermore, Oxygen is in the initial phase of introducing coordination mechanisms. What results they will generate in a longer perspective have not been possible to see in this research paper. However, similar initiatives have been introduced in the pre-study company Earth, who states that they have had successful results.

This research paper has hopefully contributed to the understanding of serial acquirers and how they handle their acquisition programs, but also created interest to continue to explore this research area. Future research is suggested to look into if companies in other industries have handled the balance through other strategies. It could also be of interest to extend the comparison by focusing on other dimensions in the acquisition program, for example how the optimal scope and type of firm affect the interaction between the dimensions. Moreover, findings in the study indicates that several companies that have a low degree of integration, or "holding" strategy, face a tipping point when too many acquisitions creates unmanageable indigestion problems. When, or after how many, acquisitions this occur could be interesting to investigate in a quantitative research.

In the framework it was suggested to maybe extend the coordination mechanisms also including communication and connections to external environment. To further develop the framework it would be interesting to investigate if these kinds of coordination mechanisms could be found in other organizations. Several of the activities that represented each coordination mechanisms were also just in their initial phase of being implemented when this research was completed. A new study about the outcome of the projects in a couple of years would further develop the understanding of how indigestion problems successfully could be handled.

6.0 Concluding remarks

M&A activities are complex in nature, without any simple solutions on what is right or wrong. Despite this, the literature review in this paper shows that academic literature in this area is incomplete. Methods are developed on how to conduct M&A in singular events, but research on the impact of conducting serial acquisitions is insufficient. This research paper complements this area of research by adding a framework that is developed based on a serial acquirer's experiences of balancing different dimensions and phases of M&A and acquisition programs. The framework shows and implies that:

- Acquisition programs tend to demand some level of integration
- Different phases and dimensions need to be handled together
- Coordination mechanisms is a way to handle indigestion problems
- Organizational-specific frameworks should be used due to the complexity of M&A integration

This research paper illustrates the many problems that can develop because of indigestion of previous acquisitions and the increased attention to overall integration activities that has been needed in Oxygen's case to turn around the negative development. It provides understanding of how difficult it is for a serial acquirer to keep an overview of what is happening in the organization and succeed to exploit benefits if a holding or preservation approach is kept as the group is growing in size. Some level of integration is needed to be able to communicate and coordinate activities. Keeping this in mind in an early stage allows serial acquirers to proactively build systems that are needed when the organization has grown. The finding adds to prior research by shedding light on the long-term horizon, which is not usually brought up when decisions of degree of integration is made – specifically not when being a serial acquirer.

The framework provides a better understanding for the complexity of conducting multiple integration processes in the same time. It exemplifies how one serial acquirer has chosen to approach indigestion problems by introducing coordination mechanisms. They enable the organization to prevent and continuously monitor and detect issues that arise. It allows the organization to work proactively with adjustments. The lessons learned can be used by other serial acquirers, even though specific coordinating mechanisms need to be developed specifically for their conditions. The framework enriches previous research by picturing a comprehensive view that includes how different phases and dimensions are handled together, which previous research has tended to analyze separately from each other.

This research paper has shown that the aftertaste from intense M&A activity can turn out to be bittersweet - size is quickly accomplished to start with, but can be bitterly outweighed by consequences from indigestion problems. It is argued in this paper that intertemporal connections through coordination mechanisms is a way to approach and reduce indigestion problems.

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8.0 Appendix

Appendix 1 List of interviewees

No.	Position	Company Alias	Duration (min)	Date	Sample
1	Consultant	Advisory firm	60	2015-03-13	Pre-study
2	Researcher	University	30	2015-04-17	Pre-study
3	Business Area	Water	60	2015-03-24	Pre-study
4	Group, Previous CEO	Oxygen	40	2015-04-17	Main Study
5	Group	Oxygen	90	2015-02-12	Pre-study & Main Study
6	Group	Oxygen	60	2015-03-13	Main Study
7	Group	Oxygen	30	2015-03-27	Main Study
8	Business Area	Oxygen	30	2015-04-17	Main Study
9	Business Area	Oxygen	30	2015-05-07	Main Study
10	Division	Oxygen	30	2015-04-15	Main Study
11	Division	Oxygen	60	2015-03-24	Main Study
12	Division	Oxygen	30	2015-04-09	Main Study
13	Division	Oxygen	30	2015-03-25	Main Study
14	Researcher	Oxygen	60	2015-03-18	Main Study
15	Consultant	Oxygen	60	2015-04-08	Main Study
16	Consultant	Oxygen	90	2015-02-05	Main Study
17	Consultant	Oxygen	60	2015-03-31	Main Study
18	Analyst	Oxygen	60	2015-03-25	Main Study
19	Group	Earth	90	2015-04-14	Pre-study
20	Business Area	Earth	60	2015-03-10	Pre-study

No. 14 -18 are external parties that do assignments for or about Oxygen.

Appendix 2 Pre study

Organizational aspects	Water	Oxygen	Earth
<i>Strategy</i>	<p>Acquisition pace:</p> <ul style="list-style-type: none"> Yearly Growth Target 12 % (5 % acquired) One acquisition at the time, no understanding for the overall consequences Empire building management Low focus on how the acquired company should fit into the operational work – low understanding for different corporate logics <p>Integration:</p> <ul style="list-style-type: none"> Low degree of integration: “They do too well financially, they don’t care” (Interviewee) 	<p>Acquisition pace:</p> <ul style="list-style-type: none"> Target double within 3 years, acquired growth substantial Growth to secure a leading position within the industry - Started as individual events, the latest years a better understanding for acquisition programs has emerged <p>Integration:</p> <ul style="list-style-type: none"> Low degree of integration Integration is managed by the Divisions 	<p>Acquisition pace:</p> <ul style="list-style-type: none"> Yearly Growth Target 10 % (5 % acquired) Acquisition as the corporate DNA Started as individual events, but a gradual change to an acquisition program 10 years ago <p>Integration:</p> <ul style="list-style-type: none"> Low degree of integration, but developed to more integration today Define integration as “business as usual” Has speeded up the process for acquired companies to change brand name faster
<i>Structure</i>	<ul style="list-style-type: none"> Extremely decentralized, cases of cannibalization Few common functions Integration projects are dropped in the lap of someone lower in the hierarchy 	<ul style="list-style-type: none"> Decentralized organization Historically some coordination of sales units Recent changes to coordinate back end functions New acquisitions and integration activities managed by different levels in the hierarchy 	<ul style="list-style-type: none"> Decentralized structure Coordination of back end functions like finance, HR, etc. New acquisitions and integration activities are handled by the same employees
<i>Processes/Systems</i>	<ul style="list-style-type: none"> No structured processes of M&A 	<ul style="list-style-type: none"> Structured processes for new acquisitions, but not for integration activities 	<ul style="list-style-type: none"> Structured processes for both new acquisitions and integration
<i>People & Reward Systems</i>	<ul style="list-style-type: none"> Not enough time to spend on developing existing business, all time dedicated on M&A Employees are always under pressure 	<ul style="list-style-type: none"> Very engaged in M&A Utilized few peoples experience 	<ul style="list-style-type: none"> Prioritization of internal communication Keen of keeping employees from target company
<i>Culture</i>	<ul style="list-style-type: none"> Very few initiatives to create a shared identity. A hierarchal organization with dominant political and power structures Passive owners 	<ul style="list-style-type: none"> Few initiatives to work with values or shared identity within the group Want to feel accountability for their own Business Area 	<ul style="list-style-type: none"> All do not identify with the Group, more to the division Most of the management team thinks M&A is “exiting”

Organizational aspects	Water	Oxygen	Earth
<i>Indigestion problems</i>	<ul style="list-style-type: none"> • Problems to sell and produce products worldwide • Internal competition - cannibalization • Warning letter from authorities due to incomplete processes 	<ul style="list-style-type: none"> • Warning letter from authorities due to incomplete processes • Unaccepted values appearing • Complexity in structure • Conflicts due to different policies within the group • Fragmented culture 	<ul style="list-style-type: none"> • Remains the small acquired companies spirit of entrepreneurship also in the bigger organizational context
<i>Changes over time</i>	<ul style="list-style-type: none"> • Very few changes. Has continued with high growth, despite signs of approaching a serious crisis 	<ul style="list-style-type: none"> • From decentralized to more centralization • Integration of back end functions • More attention to core values 	<ul style="list-style-type: none"> • Improved and standardized processes of M&A • Looking more at cultural aspects • Higher speed of integration
<i>Current status</i>	<ul style="list-style-type: none"> • No significant changes visible today 	<ul style="list-style-type: none"> • Initiated a strategy change with more focus on integration two years ago to reach a better balance between acquisition pace and integration 	<ul style="list-style-type: none"> • The major philosophical changes appeared 5-7 years ago