



## TRENDS IN MERGERS AND ACQUISITIONS IN INDIA: AN ANALYSIS

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### **Abstract**

*The contemporary business houses are facing the challenges of liveness and capability to counter swiftly to the changes in the business environment, un-economical operations, heavy establishment, etc. At the same time, copious companies hunt for generating supplementary income, enter into new markets and investing in other businesses. Within this agenda, a lot of companies come for mergers and acquisitions. The procedure for mergers and acquisitions is relatively multifaceted, and also even thornier due to various differences between the companies that tend to be cohesive. Further, mergers and acquisitions are strategic decisions engaged for maximisation of a company's intensification by enhancing its production and marketing operations. They are being used in an ample assortment of fields, such as information technology, telecommunications and business process outsourcing as well as in traditional businesses in order to put on strength, enlarge the customer base, cut-throat competition or enter into new market or product segments.*

*Against this background, an attempt is made in this paper to discuss the growth, importance of mergers and acquisitions, types, their implications and present scenario. Also the discussion on the reasons behind the failures of mergers and acquisitions has also been made. At the end few strategies and mitigation techniques are suggested for resolving several issues in mergers and acquisitions.*

### **Introduction**

Today at the global level the mergers and acquisitions is one of the most phenomenal and essential constituent of corporate strategy. There are several companies around the world which have merged with each other with an intention to expand their businesses and boost their revenues. There are quite a lot of pioneering ways to make a company grow among which mergers and acquisitions are an ideal one. The mergers and acquisitions and corporate restructuring are a big segment of the corporate finance in the world. The synergy effect of one plus one makes three is the special alchemy of a merger and acquisition. The key rule behind buying a company is to generate shareholder value over and above that of the sum of the two companies. One size does not fit all, therefore many companies find the best way to go ahead and like to expand ownership precincts through the mergers and acquisitions. To expand the operations and cut the costs, business entrepreneur and banking sectors worldwide are using mergers and acquisitions concept as a strategy to achieve larger size, more market share, faster growth and synergy affect in order to become more competitive through achieving economies of scale. Thus, the mergers and acquisitions create the synergy affect as well as economies of scale in their operations.

The mergers and acquisitions are the strategic decision engaged for maximisation of a company's intensification by enhancing its production and marketing activities. They are being used in ample assortment of fields, such as information technology, telecommunications, business outsourcing as well as in traditional businesses in order to put-up strength, to enlarge the customer base, to survive in the cut-throat competition or enter into a new markets or product segment.

Further, the mergers and acquisitions is a facet of corporate strategy deals with buying, selling, dividing and combining of diverse companies and entities that can assist and cultivate swiftly in its sector or location or a new meadow/site, without creating ancillary, other entity or using a joint venture. The peculiarity between a "merger" and "acquisition" has turn out to be ever more twisted in various respects even though it has not entirely vanished in all situations.

Despite the fact that there is a enunciated stripe disparity between the two, the collision type is absolutely different in both the cases. The merger is considered to be a mode when two or more companies approach collectively to expand their business operations. In such a case the deal gets firm upon gracious stipulations and both the companies carve up equivalent profits in the newly formed entity. When one company takes over the other and rules all its business activities, it is known as acquisition. In this progression of reformation, one company overpowers the other one and the verdict is mainly taken during downturns in economy or deteriorating the profit margins.

### **Implications of Mergers and Acquisitions**

Mergers and acquisitions normally thrive in generating cost efficiency through the economies of scale. Further, it may also achieve tax gains and even lead to a revenue improvement through market share gain. The very first affect of the merger and acquisition is synergy affect that offers an excess power, which enables superior performance and cost efficiency. When two or more companies become as one and are supported by each other, the resultant business is in no doubt to gain incredible profit in terms of financial gains and operational performance.

The cost efficiency is a different facet of merger and acquisition. Any kind of merger, as a point of fact improves the purchasing power as there is more intervention with immensity orders. Apart from that, staff diminution also helps a great deal in cutting establishment cost and escalating profit precincts of the company. Apart from this, boost in volume of production results in abridged cost of production per unit that sooner or later leads to raised economies of scale.

With a merger, it is easy to sustain the competitive edge because there are many issues and strategies that can be well understood and acquired by combining the resources and talents or skills of two or more companies. The amalgamation of two companies certainly enhances the skills and strengthens the business network by recapturing the market reach. These offer new sales opportunities and also discover the possibility of new line of business.

With all these affects, the merger and acquisition deal increases the market supremacy of the company, which in turn survives the severity of the tough market competition. This enables the merged firm to attain the advantage of advanced technological encroachment against obsolescence and price wars.

### **Types of Mergers and Acquisitions**

There are several ways of classification of mergers and acquisitions. From the perspective business structure, some of the most universal and noteworthy types of mergers and acquisitions are,

- i. Horizontal Merger is a sort of merger which, exists between two companies who are in the same industrial sector. The two companies combine their operations and gain strength in terms of improved performance, enhanced capital and increased profits. This kind of merger significantly reduces the number of competitors in the segment and gives an advanced edge over competition.
- ii. Vertical Merger is a sort in which two or more companies in the similar industry but in different fields merge together in business. In this type, the companies in merger come to a decision to combine all the operations and productions under one shelter. It is like encircling all the requirements and products of a single industry segment.
- iii. Co-generic Merger is a sort in which two or more companies in alliance are some way or the other related to the production activities, markets or required technologies, which includes the extension of product line or acquisition of components that are required in the daily operations. It offers more opportunities to business houses as it opens a big gateway to branch out and around a common set of resources and strategic requirements.
- iv. Conglomerate Merger is a sort of undertaking in which two or more companies belonging to diverse industrial sectors unite their operations. All the merged companies are no way associated to their kind of

business and product line but their operations lie over that of each other. This is just a confederacy of businesses from different verticals under one flagship enterprise or firm.

### **Trends in Mergers and Acquisitions in India**

Now, in this section the trends in mergers and acquisitions are explained for the purpose of to know the state of the art of the mergers and acquisitions in India. The following are the top 10 companies merged/acquired in India during the year 2011-12.

#### **Essar Exits Vodafone**

In March 2011, the Vodafone Group proclaimed that it would buy 33 per cent stake in its Indian joint venture for about \$ 5 billion after the Essar Group sold its holding and exited the Vodafone. The healthcare giant Piramal Group too bought about 5.5 per cent in the Indian arm of Vodafone for about \$ 640 million. This brings Vodafone's current stake to about 75 percent, with an objective of to avoid the business competition between them.

#### **Mahindra & Mahindra acquires Sangyong**

In March 2011, Mahindra acquired 70.0 per cent stake in ailing South Korean auto maker Sangyong Motor Company Limited (SYMC) at a total cost of \$ 463 million. This acquisition was seen in the Korean company's flagship SUV models, the Rexton II and the Korando C foray into the Indian market.

#### **iGate acquires majority stake in Patni Computers**

In May 2011, IT firm iGATE completed its acquisition of its midsized competitor, Patni Computers for an approximate value of \$ 1.2 billion. The main endeavour of iGate for this acquisition was to increase its revenue, vertical capability and customer base. Now, the iGATE holds a fairly accurate stake of 82.5 per cent in Patni Computers, and it is now named as iGate Patni.

#### **Aditya Birla Group to acquire Columbian Chemicals**

In June 2011, the Aditya Birla group announced its completion of acquiring US based Columbian Chemicals, a 100 year old carbon black maker company for an estimated cost of \$ 875 million. This was made the Aditya Birla group, which is one of the largest carbon black maker companies in the world, with this doubling its production capacity instantly.

#### **Adani Enterprises takes over Abbot Point Coal**

In June 2011, Adani acquired the Australian Abbot Point Port for an amount of \$ 1.9 billion. With this deal, the revenues from port operations are expected to almost triple from AU \$ 110 million to 305 million in the year 2011. According to Adani, this was amongst the largest port deals ever made in the world.

#### **Reliance – BP Deal**

The much talked about Reliance – BP deal came through in July 2011 after a 5 month long around. The Reliance Industries signed for a value of \$ 7.2 billion deal with UK energy giant BP, with 30 per cent stake in 21 oil and gas blocks operated in India. Though, the Indian government endorsement on two oil blocks still kept pending, which makes it one of the biggest FDI deals to come through in India Inc. in the year 2011-12.

#### **Essar Energy's Stanlow Refinery Deal with Royal Dutch Shell**

The Ruias' Flagship Company for its oil business, Essar Energy finished its \$ 350 million acquisition of the UK based Stanlow Refinery of Shell in August 2011. In addition to a direct admittance to the UK market, Essar is planning to make optimal utilization of this deal with its '100 day plan' to improve operations at the UK unit.

#### **GVK Power acquires Hancock Coal**

In one of the biggest overseas acquisitions initiated by India in September 2011, Hyderabad-based GVK Power bought out Australia's Hancock Coal for about \$ 1.26 billion. The acquisition includes a majority of the

coal resources, railway line and port infrastructure of the Hancock Coal, along with the option for long term coal supply contracts.

### Fortis Healthcare Merger

In September 2011, India's second largest hospital chain, Fortis Healthcare (India) Ltd, announced that it was merged with Fortis Healthcare International Pvt. Ltd., the promoters in private held company. This was made Fortis Asia's top healthcare supplier with the estimated total revenue pegged at Rs. 4,800 crores. The Fortis India bought the entire stake of the Singapore based Fortis International. This company is currently owned by the Delhi-based Singh brothers (Malvinder Singh and Shivinder Singh).

### Vedanta – Cairn Acquisition

In December 2011, finally saw the completion of the much talked about Vedanta – Cairn deal that was in the pipeline for more than 16 months. Touted to be the biggest deal for Indian energy sector, Vedanta acquired the Cairn India for a value of \$ 8.6 billion. Although the Home Ministry cleared the deal, it has highlighted areas of concern with 64 legal proceedings against Vedanta.

The total value of merger and acquisition deals in the country so far for 2011-12 has crossed \$16 billion mark, largely on account of a major intra-group deal in Anil Agarwal-led Vedanta group.

### Mergers and Acquisitions in India

The mergers and acquisitions are not only limited to the corporate houses but also they were extended to other sectors. The following are some of the top five mergers and acquisitions, which took place during the year 2011-12.

**Table-1, Details of Top 5 Merged and Acquired Companies in India during the year 2011-12.**

Deal Date	Acquirer	Target name	Deal value (\$millions)	Acquirer field of business	Target business
25-Feb-12	Sesa Goa	Sterlite Industries	3,911	Materials	Materials
19-Mar-12	GOI	SBI	1,575	Public sector	Financials
20-Mar-12	Tech Mahindra	Mahindra Satyam	1,018	Hi-Tech	Hi-Tech
4-Feb-12	Piramal Healthcare	Vodafone	619	Healthcare	Telecom.
9-Feb-12	Lodha Group	Developers	514	Real Estate	Real Estate

*Source: Indian Economic Survey 2012-13.*

Table-1 shows the details of the top 5 merged companies during the year 2011-12. It can be seen from the data in table-1 that the leading deal in the first quarter for 2012 has been Sesa Goa acquisition of Sterlite Industries valued at \$ 3.9 billion. Further, in February 2012 the partner company Vedanta Resources announced the restructuring plans. According to the restructuring plan, Sesa Sterlite became the holding company of Vedanta's all group firms, except Konkola Copper Mines. As per the arrangements of the scheme, Sterlite shareholders got three shares of Sesa Goa for every five shares held according to the swap ratio.

Beyond above mentioned inbound and domestic deals; Indian companies are also involved in outbound deals. The largest deal in this category was Aditya Birla Management's acquisition of Northern Iron Ltd for \$ 499.6 million. In the first quarter of 2012, most of the Cross border-Inbound, acquirer from Japan registered the maximum value of deals at \$ 353 million. The outbound deals (Indian companies acquiring in Japan) were not present. A lot of cross border deal making also occurred through Mauritius route. This made Mauritius as the 2nd highest inbound deal maker nation for India. It was followed by European nation-France and Asian nation Singapore.

**Chart -1 Showing the Cross Border Outbound Deal and their Value**

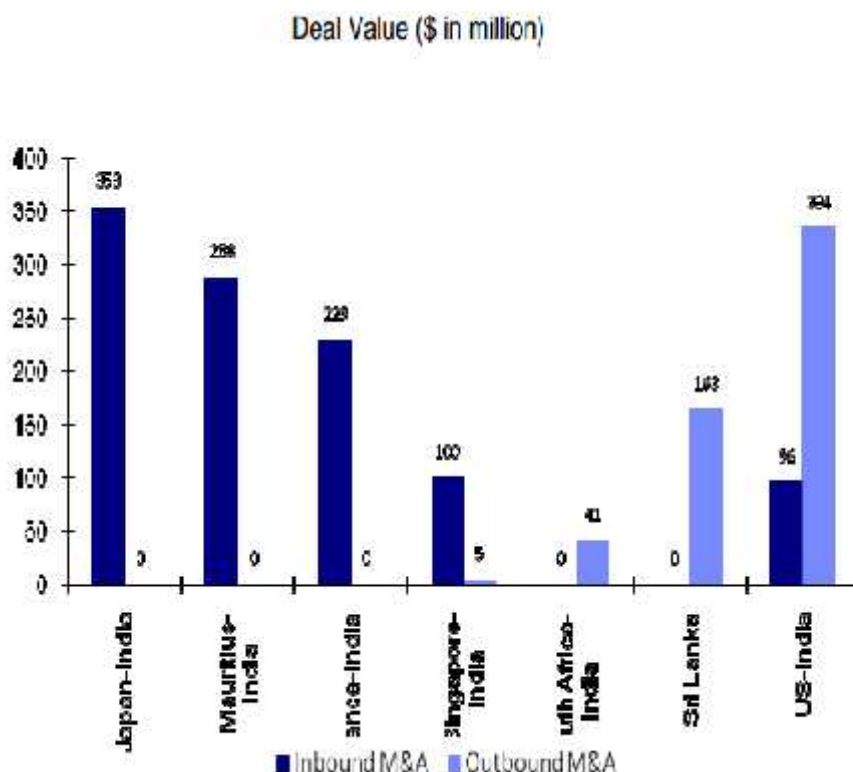


Chart-1 shows the cross border outbound deal and their value during the year 2011-12. It can be viewed from the chart-1 that there is a remarkable cross border outbound deal happened mostly with United States. More specifically, the Indian companies acquired in US value are totalled at \$334 million. It was more than US companies merger and acquisitions deal making in India, which was at \$ 163 million. After the US, Indian companies mostly acquired in Sri Lanka, as here the deal value was totalled at \$ 163 million.

Some more expected deals of Mergers and Acquires in India are:

1. India's multiplex chain PVR will acquire cinema for 394.98 crore.
2. ONGC Videsh Ltd is to acquire Kazakh oil field stake for USD 5 billion
3. Global networking equipment giant Cisco has agreed to acquire US based cloud computing company Meraki for USD 1.2 billion in order to expand their product portfolio and enter into the cloud business.
4. Global liquor Drinks giant Diageo Plc has finally agreed to acquire up to 53.4% stake in India's liquor giant Vijay Mallya owned United Spirits Ltd (USL) for nearly USD 2 billion after months of speculations.
5. India's Sun Pharma announced that it will acquire US-based dermatology company DUSA Pharmaceuticals for USD 230 million.
6. India's Sun Pharma announced that it will acquire US-based dermatology company DUSA Pharmaceuticals for USD 230 million.
7. India's online travel services firm MakeMyTrip has acquired the Hotel Travel Group (HT Group) for USD 25 million in order to expand its business.
8. Stock Holding Corporation of India (SHCIL), India's leading depository participant and largest custodian of securities, will be merged with government-owned IDBI Bank.
9. US based global mass media giant Disney is going to acquire another US based film production company Lucas film for nearly USD 4.05 billion.



10. Norway based telecom giant Telenor has signed a new deal with Lakshwadeep Investments and Finance as its new Indian partner for its telecom venture Telewings Communications after ending its previous joint venture Uninor with Indian real estate company Unitech.

Further, in the subsequent globalization, many small organizations hurriedly got into mergers to stand aligned with highly-competitive, large scale cosmopolitan corporations. They took mergers as a defensive strategy to hoard their business from being rotten in the recently bent dynamic environment. Unfortunately, in many cases, it did not work due to lack of proper scheduling and execution of the designed merger. Moreover, the high costs of business consolidation could not be enclosed by the mutual revenue of the merged organization leading to its letdown.

One more basis for an abortive merger is the lack of resourceful management to fuse different organizational cultures. The most exigent task is to convey people and make them work as a team. Besides, establishing a new organizational structure that fits all the employees is also complicated. Hence, many fearing retrenchment resign leading to an absolute break-down at the operational level.

### **More than 85% of Mergers and Acquisitions Failed. Why?**

While there are many undeniable reasons to endeavour a merger or acquisition, it must be through with an apparent and deliberate understanding of the risks and challenges the organization is definite to face. Most businesses contemplating the mergers and acquisitions business does not comprehend that over 85% of mergers and acquisitions deals fail, and that the total return to shareholders on 115 global mergers and acquisitions transactions was negative to the extent of 58% according to the study by A.T. Kearney. As a means of defining a victorious approach to mergers and acquisitions, let us commence with probing what usually goes incorrect.

There are many factors that lead to mergers and acquisitions that are deemed failures. Some of those include:

1. The mergers and acquisitions key outcomes those are not reckonable or quantifiable.
2. The mergers and acquisitions planning effort were not well defined or executed.
3. Neglecting core business.
4. Failure to transmit the core competencies of the acquired company.
5. Under estimating people impacts, such as:
  - Employee abrasion and loss of key management
  - Not transitioning core competencies of acquired company properly
  - Culture mismatches, not managed properly
  - Focusing on terms and conditions and not the logistics
  - Poor due diligence
  - Underestimating the cost of the merger

Another aspect in mergers and acquisitions transactions that leads to crash (or at least under achievement of intended results) is the process of assimilating the acquired company's core competencies into the new one's portfolio of talents. Even very small companies, when acquired, should yield expertise in products and/or services that can be harvested for fortification of the new overall organization. Prior to proceeding with strategy to acquire another company, the anticipated outcomes of the acquisition must be clear. There are a number of dimensions the key outcome scrutiny should examine.

1. What is the definition of success?
2. Is it a merger or an acquisition?
3. If it is a merger, who will be overriding the company?
4. How will the acquired company add to the acquiring company's overall value proposition?
5. What will be gained as a result of the acquisition?
6. What is the amount of overlap in product and geography?
7. How much of duplication in staff will occur?
8. Will there be common customers?

9. What if the acquired company is in a different line of business?
10. Will there be sufficient understanding of the new organization to really manage their business?
11. Will the acquired company be integrated into the organization or left to operate independently?

### **Mitigation Techniques to avoid the failures of Mergers and Acquisitions**

1. The planning process should recognize palpable answers to these and other questions in order to describe the required prospect state of the post mergers and acquisitions business. Taking a top-down/bottom-up approach during the analysis all along the exploitation of a clear RACI model will help handle the risk of lost key information.
2. The planning process for mergers and acquisitions is an utter crucial to make certain triumphant outcomes. A structured planning process will aid appropriately spot and alleviate as much business risk as promising in advance of treading too intensely into mergers and acquisitions waters. The process will concentrate on human capital issues such as union negotiations, pay-scales and benefit plans, residual management structures, cultural match-ups and organizational structures.
3. The mergers and acquisitions planning effort will also tackle technological integration, financial consolidation and reporting, sales, marketing and legal ramifications. None of these areas are inconsequential to analyze, as a result a holistic and structured mergers and acquisitions planning approach ought to be followed.
4. Maintaining force and focus on the core business during this period, while knotty, is vital. Cautious planning and implementation of the mergers and acquisitions will make that process scuttle smoother, producing less distraction to core business. The buying company executives must preserve a sense of internal exigency to keep the due assiduousness process advancing towards complete.
5. Attrition can be mitigated with a change management program that communicates the target of the mergers and acquisitions and the planned approach for integration of the two companies if layoffs or terminations are in the game plan for the post acquisition entity, a communication plan must be shaped that spells out noticeable directives and timelines for managers to follow. An integration governance office can be established to administer change management, communications and risk management.

Even if the mergers and acquisitions deal is communicated as a merger, most dealings in fact work themselves out to be a choice of spirited capabilities from both companies. Despite of whether there is a proposed full incorporation of the two companies, cross-selling opportunities, vertical integration or brand integration might be missed if a core competency analysis has not been concluded and utilized. A seller organization's core competencies rest in the people who will put their knowledge, abilities and expertise to work. If leaders of the buyer organization are unsuccessful to understand how existing core competencies being acquired/merged will relate to the new organization's future goals-strategic and operational plans may be critically blemished. Only with a deep understanding of the competencies essential to achieve strategic goals can the organization execute successfully.

To comprehend the match-up of culture(s), cultural mapping can be done, using the common corporate culture heuristics, which have broken down into one of the following four models:

**(i) Cooperative**

The organization or team focuses on the customer and delivery to the customer, ensuing in customization and couture to customer needs.

**(ii) Merit Focused**

The organization or team focuses on how it can systematize and generate inescapability, steadfastness, low cost and structure.

**(iii) Actualized**

The organization or team focuses on gratifying the human prospective, serving build better lives for its customers and offering self-actualization.

**(iv) Creative**

The organization or team focuses on creating superiority of product or service, uniqueness, one of a kind value-add services and products.

Allied with these four discrete culture signatures are analogous organizational hierarchies. The differences in culture and hierarchy narrate back to the “how” the organization works and “how” work gets proficient. Aligning strategy, tactics and governance to address these dimensions will significantly impinge on the outcome of the mergers and acquisitions efforts.

The mergers and acquisitions transaction must be undertaken for strategic reasons such as to perk up or develop cut-throat capabilities (e.g., lower costs through economies of scale or better technology, enhanced differentiation through better product design), to expand products, customers served or geographic existence. More explicitly, mergers and acquisitions must be viewed as means to attain strategic outcomes rather than ends in themselves. In fact, they should be well thought-out as just two such means, much like internal development, joint ventures, and strategic alliances. When mergers and acquisitions are obsessed exclusively by opportunism (i.e., “a good deal”) or the earning to “do a deal,” rather than sound strategic reasons, they are less likely to succeed.

There is no magical principle to make acquisitions successful. Like any other business process, they are not intrinsically good or bad, just as marketing and R&D isn't. Each deal must have its own strategic logic. In our experience, acquirers in the most successful deals have specific, well-articulated value creation ideas going on. For less successful deals, the strategic rationales - such as pursuing international scale, filling portfolio gaps or building a third leg of the portfolio - tend to be vague.

### **Five Archetypes**

An acquisition's strategic underlying principle should be a precise enunciation of one of these archetypes, not a fuzzy concept, like growth or strategic positioning, which may be imperative but must be translated into rather more tangible. Further, even if acquisition is based on one of the archetypes below, it won't create value if the firm over pay.

#### **(i) Advance the Target Company's Performance**

Improving the performance of the target company is one of the most common value-creating acquisition strategies. But merely, one can buy a company and drastically trim down costs to develop margins and cash flows. In some cases, the acquirer may also take steps to hasten revenue growth.

#### **(ii) Consolidate to Remove Excess Capacity from Industry**

As industries mature, they classically develop surplus capacity. For example, in chemicals companies are continually looking for ways to get more production out of their plants, while new competitors prolong to enter the industry. For example, Saudi Basic Industries Corporation (SABIC), which began production in the mid-1980s, grew from 6.3 million metric tons of value-added commodities - such as chemicals, polymers and fertilizers - in 1985 to 56 million tons in 2008. Now, one of the world's largest petrochemicals concerns, SABIC expects continued growth, estimating its annual production to reach 135 million tons by 2020.

#### **(iii) Accelerate Market Access for the Target's (Or Buyer's) Products**

Often, moderately small companies with innovative products have obscurity reaching the entire potential market for their products. For example, Small pharmaceutical companies typically lack the large sales forces necessary to cultivate relationships with the many doctors they need to promote their products. The bigger pharmaceutical companies sometimes purchase these smaller companies and use their own large-scale sales forces to speed-up the sales of the smaller companies' products. The IBM, for instance, has pursued this strategy in its software business. From 2002 to 2009, it acquired 70 companies for about \$14 billion. By pushing their products through a global sales force, the IBM estimates that it increased their revenues by almost 50 percent in the first two years after each acquisition and an average of more than 10 percent in the next three years.

#### **(iv) Get skills or Technologies faster or at Lower Cost than They Can be Built**

Cisco Systems has used acquisitions to close-up gaps in its technologies, allowing it to pull together a broad line of networking products and to grow very rapidly from a company with a single product line into the key player in Internet equipment. From 1993 to 2001, Cisco acquired 71 companies, at an average price of approximately \$ 350 million. Cisco's sales increased from \$ 650 million in 1993 to \$ 22 billion in 2001, with nearly 40 percent of its



2001 revenue coming directly from these acquisitions. By 2009, Cisco had more than \$ 36 billion in revenue and a market cap of approximately \$ 150 billion.

**(v) Pick Winners early on and Assist them to develop their Businesses**

The finishing winning strategy involves making acquisitions early in the life cycle of a new industry or product line, long before most others be acquainted with that it will grow extensively. The Johnson & Johnson pursued this strategy in its early acquisitions of medical-device businesses. When the J&J bought device manufacturer Cordis, in 1996, Cordis had \$ 500 million in revenues. By 2007, its revenues had increased to \$ 3.8 billion, reflecting a 20 percent annual growth rate. The J&J purchased orthopaedic-device manufacturer DePuy in 1998, when DePuy had \$ 900 million in revenues. By 2007, they had grown to \$ 4.6 billion, also at an annual growth rate of 20 percent.

**(vi) Roll-up Strategy**

Roll-up strategies fuse highly fragmented markets, where the contemporary competitors are too small to accomplish scale economies. Beginning in the 1960s, Service Corporation International, for instance, grew from a single funeral home in Houston to more than 1,400 funeral homes and cemeteries in 2008. Similarly, Clear Channel Communications rolled up the U.S market for radio stations, sooner or later owning more than 900.

**(vii) Consolidate to improve Competitive Behaviour**

Many executives in extremely competitive industries hope consolidation will lead competitors to focus less on price competition, there by recuperating the ROIC of the industry. However, the proof shows that unless it consolidates to just three or four companies and can keep out new entrants, pricing behaviour doesn't change: smaller businesses or new entrants frequently have an inducement to gain share through lower prices. So in an industry with, say, ten companies, lots of deals must be done before the basis of competition changes.

**(viii) Enter into a Transformational Merger**

A frequently mentioned reason for an acquisition or merger is the craving to transform one or both companies. The transformational mergers are rare, however, because the circumstances have to be just right and the management team needs to implement the strategy well.

**(ix) Buy Cheap**

The ultimate way to generate value from an acquisition is to buy cheap - in other words, at a price beneath a company's intrinsic value. In our experience, however, such opportunities are exceptional and moderately small. Nonetheless, though market values regress to intrinsic values over longer periods, there can be brief moments when the two fall out of configuration. For example, markets sometimes exaggerate to negative news, such as a criminal investigation of an executive or the breakdown of a single product in a portfolio with many strong ones.

**Conclusion**

The growing competition among the companies and industries nationally and internationally, is forcing many to choose mergers and acquisitions to survive. By focusing on the types of acquisition strategies that have created worth for acquirers in the past, managers can formulate it more probable that their acquisitions will create value for their shareholders.

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