that we would give to new country managers to integrate. We don't have a book on JV but, you know, normally I see this book about integration is also used for joint ventures. I used it when I did the joint venture in China. We did use a lot of the information that was in the M&A book for issues that arose in the JV. It's the same—it's about integration: what you do and how you treat your partner.

Conclusion

Acquisitions and joint ventures do differ in terms of control, ambiguity, and intra-firm collaboration. But they share many similarities. Communication, cooperation, clear objectives, and commitment are all paramount to success. What also becomes clear when talking to survey participants and analyzing the existing research is the importance of leadership in these times. As one survey participant put it, "If the people are right, then the business will be okay. If the people are wrong, then we'll never fix the business."

The collaborative approach is being used increasingly in top-line growth acquisitions, building upon a concept of partnering where targets are left semi-autonomously and competencies shared across the organization. It is the idea of being a huge company but acting like a small one, where everybody knows everyone else's areas of expertise and creating an environment in which cross-fertilization of ideas is absolutely encouraged.

Case 7.1 Cadbury Schweppes and Adams

Cadbury Schweppes' growth during the first decade of this century is a classic example of a globalizer refocusing and using a transformational acquisition in Adams to reposition itself. In 2002, Cadbury Schweppes was already a market leader in the European and former British Empire confectionary and soft drinks market with approximately $7.5 billion in annual sales.

Adams had been a division of pharmaceutical giant Warner-Lambert that merged with Pfizer in 2000. Operating primarily in the Americas—40 percent of its sales were in Latin America—Adams was home to dozens of household chewing gum and confectionary brands such as Trident, Dentyne, Certs, and Clorets. But by being part of a pharmaceutical firm as a chewing gum division, albeit a market-leading one, led them to increasingly suffer from the "orphan syndrome." As part of the reorganization following the Warner-Lambert–Pfizer merger, it was decided to dispose of its noncore divisions and concentrate solely on pharmaceutical-related businesses. Thus Adams was put up for sale and Cadbury Schweppes was able to acquire them for $4.2 billion.

The acquisition catapulted Cadbury Schweppes from being a significant regional player ("regional dominant") to the world's joint leader in combined confectionary and chewing gum, with a market share of 26 percent. It also gave Cadbury Schweppes an instant footprint in the highly lucrative and growing Latin and South American markets while drastically strengthening its North

American position. There was very little geographic overlap. In addition it brought together the strengths of both businesses: Adams' innovative R&D and Cadbury Schweppes' aggressive marketing. Duplicative synergies were realized accounting for approximately 4.5 percent of the purchase price.

The real benefit came from the dramatically increased geographic footprint. Sir Roger Carr, Chairman of Cadbury, at the time commented,

> We saw Adams as a company with significant brands and in a lot of markets that Cadbury was not. When you go to the Spanish- and Portuguese-speaking countries, the brands are strong and we simply hadn't got that kind of position with Cadbury. We inherited something that was undermanaged, a fringe business where the basic performance could be improved simply by involvement and direction. You could add to that the integration benefits of common distribution and the fact that Cadbury were very good brand managers. Cadbury management brought those skills to further improve what was already a strong brand set from the Adams Group. So it was a very good fit—geographically, product-, and culture-wise–strong synergies and excellent growth opportunities.

This example highlights several points. Firstly, globalfocussing and the rapid consolidation of related industries such as pharmaceuticals meant attractive nonrelated core businesses, including Adams, became available. This facilitated the rapid and aggressive expansion of Cadbury Schweppes who in turn were pursuing their own globalfocussing and used this transformational acquisition to do so. Ultimately Cadbury Schweppes spun off their own drinks and snack food businesses in 2007 in order to focus entirely on the global confectionary market thereby illustrating globalfocussing and the Millennia Merger Wave trend yet again.

Secondly, it highlights the serendipitous nature of transformational acquisitions. These opportunities do not come along all the time: in fact, as Sir Roger Carr added about the Adams acquisition, "It was a one-off opportunity and had that not occurred then the Cadbury story would've been very different." In acquiring Adams, Cadbury Schweppes had to fight off other contenders such as Wrigley who were just as keen as them to acquire their transformational target. Thus, transformational acquisitions serve the purpose of not only radically reshaping one organization but they also keep another organization from being able to transform themselves.

Case 7.2 Lonrho and Rollex

Lonrho have been operating in the African continent for over 100 years. They are one of only two companies (the other being Coca-Cola) that conduct business in every country on the continent. They used acquisition to form the skeleton of its agricultural business and have subsequently enlisted a variety of other means to build upon that initial acquisition. The business acquired, Rollex, is a vertically integrated agricultural processing and logistics business that specializes in transporting fruits and vegetables grown throughout the

shipment to South Africa, the United States, and Europe. David Armstrong, Finance Director of Lonrho, said, "Agriculture was a key target sector and only a vertically integrated approach really makes sense. That means being involved from when you plant the seed right through to delivering it to the customer on the plate." Rollex provided the logistics and processing capability. Armstrong added, "Rollex has always been identified as the spine of the agriculture business because of its logistics and processing capability. It wasn't the biggest one involved in agriculture but it was the only one of sufficient skill involved in the vertically integrated fashion." They also had a good geographical spread with its headquarters in South Africa, and operations in Zimbabwe, Zambia, Mozambique, Botswana, and South Africa.

Lonrho initially acquired 51 percent with an earnout arrangement but moved toward full ownership more quickly in order to bolt on additional businesses and create scale quickly and in doing so have developed the largest processing center in the Southern Hemisphere. The agriculture portion of Lonrho's business is being either grown organically through land acquisitions, through joint ventures, or smaller acquisitions. They purchased the largest farm in Zimbabwe and have established strategic alliances to supply up to 80 percent of material for processing. In addition to Rollex, Lonrho purchased another freight-forwarding business and are moving Rollex onto that systems platform; they also have purchased more processing capacity.

This case highlights the use of acquisition for speed in establishing one's strategic intent. It also demonstrates how companies use a variety of means to achieve their overall objectives—acquisitions, alliances, organic growth, all work in tandem in order to best achieve the organization's strategic ambitions. While the initial division's structure was acquired, it was expanded through a variety of means.

Case 7.3 Lafarge in India

Lafarge, the world's largest cement maker, have grown significantly through a combination of organic growth, joint venture, and acquisition. They coordinate their expansion efforts through their small, centralized acquisition team. One of their successes is their expansion into India via two separate acquisitions. The first was via an acquisition of Tata Industries' former cement operations in 1999. A second operation was then purchased from the Raymond Group in 2001 and the two were combined. As part of the integration, both operations were upgraded and revamped with significant investment. An ambitious organic growth strategy was achieved with great success with production capacity doubling. To build on this success, Lafarge built a further facility to increase capacity an additional 30 percent.

According to those within Lafarge, the key to this acquisition success is twofold. One is the "orphan syndrome" in which both plants came from environments where they were not core industries. As neither was a priority, they possibly did not receive adequate investment or management time. The acquisition

but also greater attention paid to local management. In the Indian operations, Lafarge found in its Indian workforce a "huge talent pool with a lot of knowledge and enthusiasm." Lafarge began by taking some of the key Indian managers and moving them within the Lafarge network to other locations throughout the world. This not only worked in increasing cross-country collaboration and knowledge sharing, but also signaled to the remaining workforce that they were valued and "had found a home with Lafarge." As a result, employee turnover is 15 percent less than the industry norm even though Lafarge pays the average in terms of wages.

The second factor was the combination of "being global but acting local." Lafarge brought to their Indian operations better management practices, technology, and investment, but kept the feel very local, not even changing the corporate name. They found that the local Indian cement market was unique, in that it was heavily skewed toward retail rather than industrial sales. As a result, Lafarge tailored their marketing to that effort with great effect even to the point that they recruited from fast-moving consumer goods companies such as Hindustan Lever, a practice unique to India Lafarge. According to a senior Lafarge executive, employees felt they "were working for their country but under the umbrella of a big multinational's systems and processes." Thus they are able to capitalize on the best of both worlds.