

# Executive Briefing

## **How Acquisitions Can Revitalize Companies**

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Corporate executives typically have strategic explanations for their acquisitions: that buying the company in question makes sense geographically or that the products are synergistic. However, if you inquire two years later how the company has benefited, managers tend to focus on the “softer” factors with comments like, “They made us rethink our decision-making process,” or “They introduced us to a new approach to product development”, or simply “They shook up our culture.” To understand this apparent contradiction, the author analyzes the acquisitions and performance of a number of large, successful companies. Several of the companies included in the research suffered from rigidity. How-

ever, the author found that companies were able to use acquisitions to restore a sense of vitality to their businesses and unleash a subsequent surge in performance. The acquired companies often stimulated the acquiring companies to develop new perspectives and different ways of doing things at critical times. Acquisitions kept their organizations fresh and vital. Even if the enterprises did not pursue acquisitions for this reason, the process of buying businesses and deciding how to integrate them into their corporate structures enabled acquirers to renew themselves before their products and operating methods became outdated.