Acquisition Integration: A Knowledge Based Perspective

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Six Market
Leading Businesses

Knowledge Management Program Office
More than 40

Core Technologies...

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Close to 50 different technology platforms co-exist to synergistically create over 60,000 different products in areas as diverse as abrasives and biotechnology, medical care and adhesives, solar energy and mining, electricity and drug delivery, light management and acoustics (and much more)
2006 & 2007 Closed International Acquisitions

E. Wood Ltd (UK)
Biotrace PLC (UK)
Rochford Thompson (UK)
SPSL (UK)
SBG Software (Germany)
Unifam Sp. Zoo (Poland)
Interchemall Sp. Zoo (Poland)
Macroworx (India)
Mahindra Engineering (India)
Abzil (Brazil)
Pomp (Brazil)
DMS SA (Chile)
Neoplast Company Ltd (Thailand)

7 of 13 International Acquisitions From Emerging Countries
C-suite (CEO, CIO, CTO) Capability Related Strategic Questions in an Integration

- Where are the combined “3M+Acquisitions” capability strengths and vulnerabilities?
C-suite (CEO, CIO, CTO) Capability Related Strategic Questions in an Integration

- Where should we be *(re)deploying resources* to strengthen our knowledge/capability base?
C-suite (CEO, CIO, CTO) Capability Related Strategic Questions in an Integration

- What business opportunities are we missing out due to gaps in our combined knowledge/capabilities?
Key Organizational Knowledge
Strategic Capability Mapping

Graphically depicts talent/competencies:
• Functionally
• Geographically
• Depth of Bench

Post-Acquisition Integration and/or Awareness

Knowledge Retention Concerns due to Retirement Bubble

Career Development Planning

Strategic Knowledge-Based Succession Planning

Creates a better solution for Strategic Account Management

What is it?

Why is it important?
Generic Acquisition Integration Lifecycle

1. **Process 1:** Formulating the Integration Logic and Performance Goals
2. **Process 2:** Creating the Integration Plan
3. **Process 3:** Executing Operational Integration
4. **Process 4:** Executing Strategic Integration

Source: Burgelman, McKinney, California Management Review, Spring 2006
Top Talent Retention in Integration

Process 1: Formulating the Integration Logic and Performance Goals

Process 2: Creating the Integration Plan

Process 3: Executing Operational Integration

Process 4: Executing Strategic Integration

Retention of Top Talent
- Identification of Top Talent
- Actual Retention

Short-term Performance
Long-term Performance

Adapted from: Burgelman, McKinney, California Management Review, Spring 2006

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HOW STRATEGIC CAPABILITY MAPPING WORKS
SCM-Supported Integration

• Identification of scarce capabilities (gaps), or candidates for talent retention

• Identification of redundant capabilities (and therefore re-allocation opportunities)

• Identification of opportunities for career development across both organizations
Engagement in Integration

Process 1: Formulating the Integration Logic and Performance Goals

Process 2: Creating the Integration Plan

Engagement

Process 3: Executing Operational Integration

Short-term Performance

Process 4: Executing Strategic Integration

Long-term Performance

Adapted from: Burgelman, McKinney, California Management Review, Spring 2006
Selected Reasons for Engagement Difficulties

• (Everyone): Uncertainty about career prospects
  – Will my talents be used
    • In my current organization?
    • In the other organization (now partner)?
  – Will I be fulfilled in the new enterprise?

• (Key Individuals): Uncertainty about future strategic direction of the combined enterprise
  – Trust in leadership capabilities

• (Key Individuals): Will we be able to truly create synergy across the combined enterprise?
FULL FEATURED EXAMPLE:

MULTI-COUNTRY ACQUISITION INTEGRATION
FUNCTIONAL IT EXAMPLES
Conclusion

• SCM-Supported Acquisition Integration creates the following benefits:
  – Delivers detailed understanding of the fit between capability/knowledge supply vis-à-vis business needs – at any coarseness level required
  – Creates the vehicle for an even stronger partnership HR-Business.
  – Low cost, high benefit – standardized approach used in multiple engagements can be further streamlined to seamlessly connect with current HR processes
  – Ultimately, SCM strongly aligns business strategy to actionable operational staffing decisions

• It can be used to generate additional insight into the IT integration process
Questions?

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