

# Winning the MERGER ENDGAME

---

A PLAYBOOK FOR PROFITING FROM INDUSTRY CONSOLIDATION

---



Graeme K. Deans • Fritz Kroeger • Stefan Zeisel

Foreword by James K. Glassman

# |Contents

**Foreword** ix

**Preface** xiii

## **Part One. Introduction**

**1. The Consolidation Landscape** 1

A review of the biggest decade for mergers and acquisitions reveals the underlying characteristics of the good and bad deals—and the lessons they offer.

**2. Finding Order in Chaos: Rules and Logic of the Endgame** 12

There is a pattern to industry consolidation—an S curve—that all major industries follow. This chapter sets the foundation of the curve and its four stages.

## **Part Two. The Four Stages of the Endgame**

**3. The Opening Stage** 22

All industries begin in Stage 1: there is little to no market concentration and companies race to stake their territorial claims.

**4. The Scale Stage** 42

Size begins to matter in Stage 2. Growth, through both internal and external strategies, becomes paramount as

companies establish market dominance.

## **5. The Focus Stage** **64**

In Stage 3, the major players have emerged and formed their empires, but with acquisition options increasingly limited, growth strategies must take a new twist.

## **6. The Balance and Alliance Stage** **80**

Only a few players will ultimately dominate their industries in Stage 4 as concentration rates reach as high as 90%.

Industry titans reign, but the threat of being toppled is constant.

# **Part Three. New Imperatives and Future Outcomes**

## **7. CEO Strategies for Endgames** **96**

Mastering the Endgames curve requires insight and know-how from the CEO and the Board. Moving from one stage to another is particularly treacherous, and the senior management team must anticipate the dangers.

## **8. The Stock Market Connection** **117**

Stock prices give companies acquisition currency; acquisitions, in turn, drive stock prices. The connection to industry consolidation is clear—as is the need to take advantage of it.

## **9. The Endgames Vision of 2010** **132**

New industry giants, a skyrocketing stock market, the first US\$1 trillion merger: these could be just some of the sights along the road to 2010. Plan your route accordingly.

## **Appendix: Endgames Methodology and M&A Transactions 1988 to 2001** **155**

The Endgames methodology is explained in detail and a database of more than 1,800 of the largest mergers and acquisitions from 1988 to 2001 is included.

## **Index** **231**