Engineering Management
Field Project

Taka Company Strategic Change & Implementation Measures on Bata Company

By

John N. Mutiso

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_____
Herbert Tuttle
Committee Chairperson

_____
Ray Dick
Committee Member

_____
Sam Kafrouni
Committee Member

Date accepted:_____

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EXECUTIVE SUMMARY

Mergers and acquisitions (M&A) have been an important element of corporate strategy to building and growing businesses. M&A offer firms an opportunity to leverage existing capabilities and increase market share.

The study of M&A varies as the performance of targeted companies continues to draw attention given the high collapse rate of most M&A. This study looks at the measures undertaken by management in managing expectations and charting a way forward for the acquired company and sustaining the growth and development.

It is critical that an organization employ a well-defined integration and implementation strategy for any acquired businesses. The study of Taka's company strategic integration and implementation of Bata's company was researched utilizing documentation review, interviews and surveys. The performance of Taka's acquisition of Bata Company was analyzed by studying its financial performance but most importantly the effectiveness of harnessing the human factor.

M&A do not only involve acquiring capital asset but also the most commonly overlooked human factor. For any M&A, strategy to succeed management's ability to harness the synergies of both companies is vital. For the synergies to be exploited management has to integrate and implement policies that assimilate the cultures of both companies, which rest with the personnel.

A sound strategy alone that overlooks the human factor is not enough, as employee resistance and rebellion will subvert any prospects of success. This study looks at the adjustments of the employees of the acquired Bata Company. It looks at how the strategic changes implemented affect them in discharging their duties.

Critical to succeeding an M&A strategy is effective communication. When done effectively, it cast aside any aspersions of mistrust and doubt in management. The better communicated the employees are the less time they spent speculating on future direction of the company.

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1.0 INTRODUCTION

Across the world businesses and organizations, have one unifying objective; maximizing profit. This is the one of the main reason why companies and or individuals venture into business. This also holds true for nonprofit organizations, which unlike profit based companies, try to maximize their profits only to plough them back into the organization to pursue its goals. Therefore, any company's strategic goal is vital in achieving its objective of making a profit to the satisfaction of its stakeholders.

A company's strategy consists of the competitive moves and business approaches that managers are employing to grow the business, attract and please customers, compete successfully, conduct operations, and achieve the targeted levels of organization performance (Thompson, Strickland, and Gamble). Companies can employ different tactics in formulating their strategic goals, which help differentiate them from competitors in the same field.

For any strategy to be effective, it has to contain the three key aspects of functionality, delivery and creating a competitive edge. Functionality refers to how well the crafted strategy works within the confines of a business, while delivery relates to the performance of the plan in profit making and strengthening of the company. Finally, a good strategy will achieve and sustain a competitive advantage for the company. This is the edge a company creates over its rivals to ensure profitability and viability.

When a company creates a competitive edge over its rivals, in the same industry, it is only a matter of time before the industry competitors catch up and close the gap created. This in turn forces management to constantly re-evaluate their strategic goals and

strive to build and maintain their competitive advantage. It is paramount for any business/organization to know what sets it apart from alternatives in the same industry. To achieve this there are several tools and tactics business entities can employ. The responsibility of achieving a competitive strategy rests in management's game plan and its efforts to satisfy customers.

The following are five generic competitive strategies from which management may choose to adopt (Thompson, Strickland and Gamble):

Low cost provider strategy - this strategy aims to beat overall costs of competitors and yet still appeal to a broad spectrum of customers, as in the case of McDonalds. To implement the low cost strategy management should keep in mind that it is just that: Low cost of inputs and services and perpetually trying to lower them in providing goods and services. Avenues utilized to achieve this are having cost more effective chain of activities than rivals and revamp and or bypass cost producing activities altogether such as middle men. One disadvantage of this strategy is low profit margins on services and goods.

Broad differentiation strategy – this strategy seeks to differentiate products and services from competitors and yet appeal to a wide market base. To achieve a successful implementation of this strategy the company has to incorporate customer desired attributes that will clearly set them apart. When a company achieves this then it can command a premium price, increase unit sales and gain buyer loyalty. When competitors are able to duplicate the appealing attributes of goods and services, this usually subverts the strategy.

Best cost provider strategy – this strategy seeks to provide customers with more value for money spent by incorporating excellent product attributes at a lower price. This is achieved by acquiring upscale qualities while maintain low price controls on the products. This strategy faces pressure from all other strategies mentioned herein. Any company that adopts this strategy requires a lot of commitment, as not only does it complete with companies with similar strategy but also with those that have adopted other strategies as well.

Focused low cost strategy – this strategy aims at securing a competitive edge by targeting its customers at lower cost and lower price than rivals. An example is Aldi food chain that strives to be lowest cost per basket. In addition, Vizios emergence in flat screen TV sales over the past five years illustrates how this strategy is successfully used.

Focused differentiation strategy - like the former strategy its aims to providing unique preferences and needs to a narrow group of buyers. This strategy depends on existence of a ready market or firm's ability to stand aside from the rest.

To supplement the chosen competitive strategic plan companies can pursue strategic alliances and partnerships. These alliances and partnerships help to bolster the company's competitive capabilities and resource strengths. Strategic alliances are collaborative arrangements where two or more companies join forces to achieve mutually beneficial strategic outcomes (Thompson, Strickland, and Gamble).

The use of alliances, acquisitions and mergers are strategic tools used by management to help build and grow business. In today's markets, there is a fierce competition amongst key players in the same industry with little differentiation. Therefore, the cooperation amongst firms has significantly grown as companies try and

hedge out fierce rivals. Some companies prefer having inter-play relationships with rivals in form of strategic alliances.

Alliances can be a conundrum to understand; when rivals collaborate, one may think that competition between the firms will be suppressed. In the book *The Alliance Revolution* author Benjamin Gomes writes of the observations by Adam Smith,

"People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices." (pg.1)

This view to date is still held and expanded upon to implicitly connote that when rivals get together it is only for dominating the market power. Contrary to the belief of alliances been formed for dominating the market, it has in a way created new types of rivalries and even more fierce competition amongst firms.

Depending on the economy and market changes, it influences management's choice of alliance to pursue. This may lead to a merger or acquisition. Some alliances are inspired by economics of scope, where mass production produce either economies of scale in manufacturing or distribution. Others are borne out of pure financial play. This happens where companies buy out share of performing business with better returns on their shares.

Acquisitions and mergers provide firms with the opportunity to leverage existing capabilities and increase market share. Most mergers and acquisitions are driven to achieve any of the following strategic objectives:

1) Create cost efficient operations from the combining companies
2) To expand a company's geographical coverage

3) To extend companies business into new markets

4) Gain quick access to new technologies

5) Invent a new industry

Companies can elect to collaborate vertically or horizontally. A horizontal partnership occurs between competing companies in the same industry. Horizontal partnerships aim at increasing a firm's market share by exploiting both companies' synergies. Before collaborating companies have to consider their core competencies and how they match up with each other. There is no need for companies to collaborate if they perform the same on their core competencies; this is what sets them apart.

A vertical partnership occurs along the chain of supply. A firm may collaborate with its distributor of its services and goods. If the distributor is well branded and recognized it may be easier for it to negotiate deals with large companies as opposed to the firm undertaking that responsibility.

1.1   Background

This case study examines the effects of changing strategic goals of two companies with long histories and entrenched culture of doing things. Bata Company has been in operation since its conception in 1910. The company designs, manufactures, markets and sells steel building systems. International company Taka acquired it in 2004, which planned to extend its reach into the North American market. Bata was set up as a subsidiary of Taka Company and run independently originally.

In its quest to penetrate the North American market further, Taka acquired Bata's main rival company, Paka, in 2008. Paka was also set up as an independent subsidiary of Taka and competes with Bata. This also positioned Taka as the leading provider of pre-engineered building systems, not only in North America but, worldwide. Management saw an opportunity in sharing the wealth of knowledge between the two companies and harnessing both companies' synergies.

An implementation and integration team was set up to identify strengths and opportunities in which the two companies could maximize their production and delivery of products and services. Although the two companies were owned by the same parent company and offered standardized product but under different brand names, they still were competitors. This formed the basis of two-brand strategy adopted by Taka for its two subsidiaries.

The implementation and integration team came up with several suggestions, which were quickly adopted, and plans set in place to incorporate them in both companies. One of the recommendations was the adopting of Paka's design software for both companies. The technology Paka had developed was more interactive than Bata's Company was.

Studies show that introduction of new systems in companies that have been entrenched in their own ways is generally not easily achieved and is met with stout resistance. The reorganization required in achieving such a feat is challenging at its best.

Given the economic turmoil facing the US market unifying the synergies of both companies has been tough. Already there have been several plant closures and layoffs in both companies due to the partial merging of the two subsidiaries now operating at pseudo independent level.

The goal of this study will be to analyze the effects of this new policy adopted by management. The report will highlight some of the issues arising due to management's strategic choices and decisions to partially merge the two rival companies; and propose ways of dealing with the issues in restructuring and implementation of management's new vision forward.

2.0   LITERATURE REVIEW

A comprehensive literature search and review indicates plenty of sources for the effects of strategic integration in acquired and merged companies; with limited specifics as far as acquisition of two companies with unified processes but semiautonomous. There is plenty of literature on mergers and acquisitions that can be applied from general level to the specific questions at hand.

The majority of the literature material focused on integration, restructuring, productivity, motivation and customer satisfaction of companies in an alliance partnership. There is a plethora of literature touching on these issues and although not touching directly to the question; one deduces summaries and conclusion that pertain to the decision made.

2.1   Economic Factors

When companies target each other for alliances, mergers or acquisitions it is normally due to expanding their market share and overall profitability. Sometimes companies acquire and or merge within an industry so as to consolidate that sector making the partnership formidable. Other times they form alliances with companies in other industries for strategic advantages.

In the book *Mergers and Acquisitions* author Coyle Brian states that financial opportunities occasionally encourage mergers or acquisitions. Many companies with a strategy for growing their market share and profit will consider partnerships to achieve this goal. The author provides an example of agreed merger between chemical group

Akzo of Netherlands and Noble of Sweden that provided an opportunity for Nobel to refinance its heavy debts at lower interest costs.

Furthermore, the author illustrates how companies may be forced to partner due to its economic woes. The book cites Russian government privatization of its oil industry since 1992 to 1996. The government needed to raise money and to do so it sold its companies to rival private sector companies.

The consolidation in steel industry is driven by several factors. The most important is the interest of steel firms to control prices and reduce cost of production, hence maximizing their profits. Therefore, a company's survival rest in M&A strategy adopted by the company heads given the financial strengths and positioning.

The merger of British Steel and Dutch Steel (Hoogovens) to create Corus Group Plc was done in 1999 making it the largest steelmaker in Europe. Corus took advantage of the synergies created by the union of both companies by providing a wide range of goods and services.

However, due to the weak steal market and over supply on the world market pushing prices down the company posted $0.69 billion loss for 2000. The new company continued to lose money, posting a net loss of $255 million in 2001. This resulted in the company looking for buyers its three aluminum businesses.

In 2007, Tata Steel limited acquired Corus group for $6.8 billion that resulted in Tata Steel emerging as the fifth largest steel producer. This moved bailed out Corus, as the price paid by Tata for the shares of Corus was higher than the market price.

2.2   Geographical Factors

When a company wants to sustain growth and development it seeks ways to permeate new markets. It is very expensive to penetrate new markets especially if they are in other geographical locations than the parent company. Therefore, to save cost firms use M&A to get into foreign market. Companies either will target vertically or horizontally companies in the same industry that are established and have a good network. In the book, *Retail Geography and Intelligent Network Planning* by authors Birkin, Graham and Martin acknowledges that M&A have always been an important global growth strategy.

"Many organizations have used this strategy, not only to increase corporate power by eliminating competition but also to gain access to markets where they have been previously underrepresented. Such activity can produce rapid geographical growth, although there are risks and heavy costs associated with both strategies." (pg.75)

The authors provide examples of mergers or alliances that have been undertaken on a global scale include Ford motors acquisition of Jaguar in 1990 that also resulted in it having a stake in Mazda. Tata's acquisition of Corus was also to spread its geographical footprint in the steel industry market.

Globally the steel industry is highly fragmented and there is over production that drives the steel prices down. It has been observed that the five top steel companies only have a market share of about 20 percent whilst the remainder is fed by smaller highly

fragmented steel firms. There has been a rampant industry M&A to decrease the cost of production and be able to supply steel at competitive prices to the world market.

2.3 Technological Factors

When a company considers any form of alliance it has to assess its core competencies. Overall, its goals are to identify cost savings and efficiencies based on how it does things. Thus, when looking at another company it has to assess the other company's core competencies and usually the differences lie in the technological capabilities of each company.

The analysis and comparison of each company's technology has to be conducted with open minds to harness the best synergies and get rid of any built in redundancies. In the book, *Mergers and Acquisitions Security: Corporate Restructuring and Security Management* authors Edward and Gerald state:

"Technology- focused competitive intelligence collection is useful for companies seeking to acquire new technologies or companies on the leading edge of developing new technologies or companies possessing desired technological capabilities. This focus is important in industries where technology developments and breakthroughs provide those companies with a competitive edge and where the organization's strategic focus is on technology." (pg. 110)

The goal for a company would be to exploit every technological synergy arising from the union or collaboration of the companies in the alliance. Some companies may

have patents on technology and the only way the competitors can use these patents is through acquiring the company. This type of M&A is readily seen in the technology sector.

In May of 2011, Microsoft agreed to buy Skype for $8.5 billion. Once the merger is, complete Microsoft intends to add Skype support to its Xbox and Kinetic gaming devices and windows phone mobile operating system.

"*Microsoft's interest in the money-losing, but popular service highlights a need to gain new customers for its Windows and Office software. Skype has 145 million users on average each month and has gained favor among small businesses.*" (reuters.com)

Microsoft saw that it was easier to buy Skype and integrate its technology to its platforms than to develop a competing video sharing utility.

2.4   Human Factors

When companies go through mergers and acquisitions, a key element to be considered is the labor force being brought in from both sides. There normally is duplication of positions and roles. Depending on the ultimate goal of the alliance, this can have pros and cons. The most adversely affected are the employees as they are tasked with implementing any new policies and or roles.

The adaptation of the employees to the new vision and mission of the formed alliance is critical for any success. Initially most employees may feel there are no clear lines of authority and clear understanding of their roles. This may result in employees and

managers being caught up in a web of conflicting objectives and loyalties. This type of personal strangulation leads to declining energy and productivity. Also the concern for job security when companies merge, preoccupies the employees and results in competitiveness with others.

In the book *Managing Emotions in Mergers and Acquisitions* the authors Verena and Cary, try to address the aspect of human role in success of any M&A. They noted that in the recent past the issues affecting the employees has been receiving more attention as their importance is recognized. The book cites the following excerpt:

"It appears to be common knowledge that mergers and acquisitions often fail to reach the intended financial goals because of underestimated human factors. It is suggested that 'employee problems' are responsible for between one-third and one-half of all merger failures (Dannemiller Tyson, 200: Davy et al., 1989)" (pg. 17)

The authors also provide statistics that the employee turnover rate is around 60 percent; with 50 to 75 percent of key managers voluntarily leaving acquired companies within the first two or three years post acquisition. This is why in most M&A literature the human factor is mostly considered as 'the forgotten factor'.

The book further discusses the importance of understanding cultural compatibility and cultural integration of the companies involved. This is critical as people will certain emotions towards their own companies and that they would to a new company's organizational ways.

3.0 PROCEDURE AND METHODOLOGY

This Section introduces the data collection and methodological approach for this study including document review, interviews with current and former employees and questionnaire.

3.1   Document Review

Documentation review was performed to define the relevant issues and historical basis of the new vision for the company. These documents involved both internal and external correspondence by Bata Company. There was a wealth of information generated throughout the years laying out the company's strategic vision and mission moving forward.

The documents reviewed were obtained from Bata's news achieves prior to acquisition of Taka and Paka companies. The financial health of all the companies was also reviewed which are in the public domain and news archives.

The review of these documents lends its self to a quick and economical way for research as it utilizes the effort put forth by the companies in their evaluations and determinations of way forward. Table 3-1 lists some of the documents reviewed.

Table 3-1: List of Documents Reviewed

Document Name	Document Type
2004 Bata Company News Archive: Bata delivers record annual results	Press Release
2004 Bata Company News Archive: Bata announces intensions to acquire world's leading manufacturer of pre-engineered steel buildings	Press Release
2004 Bata Company News Archives: Bata acquires Taka following approval by shareholders	Press Release
2004 Form 10K for Taka Company	10K Forms
2004 annual financial report for Bata Company	Published
2008 Bata Company News Archives: Bata completes $730M acquisition of Taka	Press Release
2007 annual financial report for Taka company	10K Form
Horizon: Taka looks to the future	Magazine

3.2 Interviews

Interviews were performed throughout the project to help define the scenario prior to each subsequent acquisition by Bata Company. These interviews were carried out on different personnel with different roles. Mostly targeted for the interviews were employees who had been with the companies prior to any merger. This was consciously performed to get an understanding of how business was pre and post-acquisition of the companies.

Although no set list of questions was developed for the one-on-one interviews, there was a set of themes that were focused on during the interviews:

➢ Morale of the employees

➢ Communication from management

➢ Transition experienced

➢ Policy shifts affecting them

➢ Concerns moving forward

➢ Cultural change and adaptability

➢ Overall productivity

3.3   Questionnaire

A questionnaire was developed and used to collect data from Bata Company employees. The questionnaire was informed by the research from correspondence, interviews and literature. The drafted questions revolved around the acquisition and merger needs, implementation and integration effectiveness, communication of the strategy, employee satisfaction and expectations, cultural and overall morale.

The questionnaire also gauged the overall productivity of the employees surveyed. This was emailed to subsequent employees that agreed to participate in this exercise; their responses were collected and analyzed. Both veterans and newly employed personnel were surveyed. Also surveyed were former employees that had since moved on to other opportunities.

4.0   RESULTS

This Section discusses the findings of the data collected and analyzed. It discloses the findings of data collected correlated to the literature review to explain why and how management's strategy was crafted.

4.1   Document Review

The documents that were reviewed helped define the backgrounds for all the three companies and helped paint a picture of what was transpiring during all the acquisitions. The data analyzed was also used to predict what might transpire in the future. The findings of the document review are as follows:

Taka Company

Taka company financial health was in good order pre acquisition and merger with either Bata or Paka companies. In its 2003 semi-annual report, it had record a net profit after tax (NPAT) of $227 million. Review of previous annual reports had the same strong showing with similar figure of NPAT.

The company also had a long-term growth strategy to increase its proportion of value added products especially in the building and construction industry. The growth strategy was made possible with the continued strong showing of the company. The acquisition of Bata could be financed with minimal impact to the company earnings, as the company was valued at about $204 million.

The company strategy also included spreading to new markets in which it had made acquisitions in Asia market and with the focus on Bata into North America. Taka had projected a 15 percent revenue growth for the next fiscal year. The growth into North America was also encouraged by the drop of 30 percent steel tariffs in late December of 2003.

Bata Company

Bata company financial health was in disarray despite being the leading pre-engineered steel buildings provider in North America. Bata was in debt and it could not service the debt it had accumulated. Thus, the proposal by Taka Company to acquire it was readily accepted by the shareholders of Bata Company at $22.50 per share.

The scope of this study did not investigate what events led this world-class organization to this financial state. Nonetheless, the merger came just in time as examining the company's financial records indicated the company might have been forced to file for bankruptcy or find new financiers of its debt.

Paka Company

Paka Company was sold by its Venezuelan parent company late in December 2007. The sale was completed in 2008 for $726 million on a cash-free and debt free basis, subject to working capital and other adjustments. Taka was sold as it did not fit the strategic goals of the of its holder's objective.

4.2   Interviews

The employee interviews were conducted on eleven veteran employees who had been working with Bata Company before the acquisition of the company by Taka in 2004. The employees selected ranged in their responsibilities and defined roles in the company.

The group interviewed included managers, technicians, engineers, clarifiers and software specialist. There was a commonality amongst most of their views on certain topics. The following views were mostly shared by the employees.

- Most felt that the morale pre acquisition was high

- Most felt the communication had worsened and felt less trusting of what was been communicated

- All agreed that the acquisition was much needed

- All felt that the transition process could have been handle better

- Some liked the newly implemented policies

- Most struggled adapting to the Taka's culture of doing things

- Productivity varied depending on the individual but the general consensus was it could be better

- Most liked the two brand strategy but did not approve of its implementation

- There was a general sense of frustration with how things where changing moving forward

- Most of were alarmed with all the constant personnel changes of top

    officials

4.3   Questionnaires

Twenty questionnaires were issued to current employees and all were received

back in a timely manner. The following is a summary of the responses with a quick

synopsis of each segment of the results the full report is attached with the appendix:

i.   Question 1: *Do you know what the company strategy moving forward is?*

	Yes	No
Results	17	3

Observation: 85 percent of those surveyed knew what the company's strategy moving

    forward is. A search of the company's strategy on both its intranet and

    internet sites revealed the strategy is not readily available and one had to

    search for both vision and mission statements of the company. Internal

    communications in the company's archives relaying the new strategy moving

    forward could only be found if one knew where to search.

ii.   Question 2: *If Yes, on a scale of 1 to 5 how would you rate the effectiveness of the Vision and mission Statements in communicating this?*

	Not	Slightly	Neutral	Mostly	Very
Results	4	5	5	6	0

Observation: 30 percent of those surveyed thought that the vision and mission statements

    mostly communicate the strategy of the company. As earlier mentioned the

visibility of the company's mission and vision statements is not readily

available.

iii.   Question 3: *Is there effective communication of the path forward from management?*

	Yes	No
Results	14	6

Observation: 70 percent of those surveyed agreed there is effective communication from

top management on the way forward. There are the company publications

that carry the message from the company heads including emails that are sent

to announce many of the changes.

iv.   Question 4: *Rate the integration and implementation of the new strategy?*

	Not	Slightly	Neutral	Mostly	Very
Results	5	6	4	5	0

Observation: The results had a strong skew on the negative with 30 percent of those

polled believing the implementation and integration of the new strategy was

slightly effective. Reading from the comments most of those polled felt the

integration of this new strategy should have been given more time and phased

in a slower pace than currently done.

v. Question 5: *On a scale of 1 – 5, rate your overall satisfaction with all the new changes?*

	Not	Slightly	Neutral	Mostly	Very
Results	7	4	4	5	0

Observation: 35 percent of those surveyed were not satisfied by all the new changes that were been implemented moving forward. Only 20 percent felt that the changes were slightly effective. Most of the polled personnel had exceptions with the new-shared software that was introduced to Bata from Paka Company.

vi. Question 6: *Do you think the technological changes implemented better position you in your productivity?*

	Yes	No
Results	6	14

Observation: As a follow up to question five 70 percent of those surveyed felt less productive with the introduction of the new technology. Albeit there is a learning curve for most still felt that, the rigidity of the new software was a hindrance to their production.

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vii. Question 7: *If Yes, on a scale of 1 to 5 how would you rate the effectiveness these new tools?*

	Not	Slightly	Neutral	Mostly	Very
Results	1	5	2	4	0

Observation: Despite responding "No" on question six, some still went ahead and rated

the effectiveness of the software changes. Quarter of those that rated the

effectiveness of the software changes thought it was only slightly good.

Those that thought it was effective were mostly from the IT group bit those in

production did not feel it was any better than what they had been using

before.

viii. Question 8: *If No, what suggestions do you have*?

Observation: There was a commonality in the suggestions put forth and the main themes

that emerged were as follows:

- Flexibility with the software

- Methodical implementation

- More testing of new software

- Less integration

- More control relinquished to operators

- More standalone programs

ix.   Question 9: *Additional comments of new strategy moving forward*

Observation: There was a commonality in the suggestions put forth and closely followed what was put down for question eight. Other themes that were touched upon were as follows:

- Customer focus

- Consultation of personnel from management

- More training of new software

- Fix the bugs in the new software

- Strategy is good idea but better implementation is required

5.0   CONCLUSION & SUGGESTION FOR ADDITIONAL WORK

Many companies find the best way to grow and expand to new territories is through mergers and acquisitions. The results of this study strongly show that an integration and implementation strategy is critical in the success of any M&A. Although it is still early in its implementation and integration of Taka's charted way forward the study showed there is a resistance in the change of culture by Bata personnel.

This is one of the most cited factors in case studies of M&A and is credited with the success or lack thereof of any M&A collaboration. The human factor has to be focused on to avoid a drain of skilled position employees. Bata's employees have been asked to accept change but do not feel they are included in charting the way forward precisely regarding the adaptation of synergies.

The communication of the strategy has to be delivered in a manner such that the personnel buy into the leadership's vision. The study of employee responses revile that this has not been sufficiently done. The vision and mission of the company need to be visible and management needs to reinforce their strategy by often stating and explain it to the personnel moving forward.

The results of the case study were consistent with the literature reviewed where it demonstrated the acquisition of Paka was not only to take out a main rival but also it provide Bata with a new technology. There has been frustration by Bata's personnel due to the introduction of the new technology, which has been in place for year. Most felt the implementation of the technology could have been phrased in slowly and employees given more time to learn and understand it.

Technology has to be fully tested and all the issues worked out before it is rolled out for production. This was a clear theme and a major concern for the sampled employee pool. The deliverables promised by the new system should have been put through a pilot study despite it been used by Paka company. Continued development and improvement of the system is required to improve on productivity.

Another distinction that emerged from the case study was the fundamental strategy difference between Bata and Paka Companies had for running their businesses. Bata was quality based and normally ended up being costly in its product offering compared to Paka which was high volume based and often cheaper than Bata in its offering. This is critical as Paka could offset any claims it had in its offering easily without affecting its bottom line as it had a better economy of scale.

The imposition of Paka's technology in Batas business practice threatens Bata's capacity to maintain its customer satisfaction. As their clientele are accustomed to a high quality with minimal claims. With the new technology, Batas claims have increased and this can be attributed to the learning curve of the new system.

In conclusion, there is promise moving forward but for the strategy to be successful, the employees of Bata Company have to be actively encouraged to accept the changes, through better employee communicational and participation. It is still too early to determine if the strategic implementation and integration is successful or not.

5.1   Additional Work

There is more to be investigated and researched with the implementation and integration of the new strategy. The overall strategy of having a unified product with different brand names can be studied further. As noted earlier it is still too early to, conclusively, measure the effectiveness of the implementation and integration of the new strategy. The passage of time will indeed be the yardstick of the new direction.

Taka's overarching goal to increase its market share in North America can be studied to determine how successful it has been. The measures instituted on Paka's Company can be studied and compared to those in Batas Company. Finally, a case study can be conducted to examine the reaching effects to the end customers.

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Strategic Change Questionnaire

1. Do you know what the company strategy moving forward is?

                        Yes   No

 2. If Yes, on a scale of 1 to 5 how would you rate the effectiveness of the Vision and mission Statements in communicating this?

1. Not Effective   2. Slightly Effective   3. Neutral   4. Mostly Effective   5. Very Effective

3. Is there effective communication of the path forward from management?

                        Yes   No

4. Rate the integration and implementation of the new strategy?

1. Not Effective   2. Slightly Effective   3. Neutral   4. Mostly Effective   5. Very Effective

5. On a scale of 1 – 5 rate your overall satisfaction with all the new changes?

1. Not Satisfied   2. Slightly Satisfied   3. Indifferent   4. Mostly satisfied   5. Very Satisfied

 6. Do you think the technological changes implemented better position you in your productivity?

                        Yes   No

 7. If Yes, on a scale of 1 to 5 how would you rate the effectiveness these new tools?

1. Not Effective   2. Slightly Effective   3. Neutral   4. Mostly Effective   5. Very Effective

8. If No, what suggestions do you have?

_____

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9. Additional comments of new strategy moving forward:

_____

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Strategic Change Questionnaire Result Summary

Questions & Target	1. Know Strategy?		2. Effectiveness of Vision & Mission					3. Effective Communication		4. Rating the Integration & Implementation					5. Satisfaction with Changes					6. More Productive?		7. Effectiveness of New Tools					8. Comment on Q.6 if NO	9. Additional Comments
	Yes	No	Not	Slightly	Neutral	Mostly	Very	Yes	No	Not	Slightly	Neutral	Mostly	Very	Not	Slightly	Neutral	Mostly	Very	Yes	No	Not	Slightly	Neutral	Mostly	Very		
Participant 1	x					x		x				x						x				x				x		N/A	N/A
Participant 2	x				x			x					x				x					x		x				More standalone programs, less integration	N/A
Participant 3	x					x		x					x				x				x			x				N/A	Focus should be put on making all new software very versatile and easier to do things by hand if need be.
Participant 4	x				x			x			x					x						x						Right now productivity is down but I see it going up in the future	Need to get the bugs worked of the system X
Participant 5	x				x			x			x						x					x						N/A	Since all brands have their own followers , what we call builders in our industry which are construction companies that represent each brand. Product, brand and system differentiation is vital in this industry and I totally disagree with the one system usage
Participant 6	x			x					x		x					x						x						Improve the flexibility of all systems	It has promise but needs lots of Improvement. (New technology)
Participant 7	x				x				x		x						x			x						x		N/A	More visual feedbacks on the results of the integration in the following : Conversion cost, productivity, lead time, claims and Customer satisfaction
Participant 8	x			x				x			x				x						x							Find a new system more effective for design and detailing. One that is more universal in today's industry, such as SD52 or Tekla	I would only hope that the management here at Bata would for see the future of new technology, in lieu of old technology like system X
Participant 9	x		x					x		x					x						x							Allow technicians to release orders themselves. Allow release from Teckla directly into compass. Update Cad to work with windows 7. Go back to using Cad for drawings (get rid of drawing editor)	The strategy of having one system, one set of structural's etc is good. The system that we have chosen is poor.
Participant 10		x	x						x	x					x						x							Recognize where the new technology is effective and do not use this new technology where its not effective	Actually listen to your employees that are "in the trenches" and act to resolve the issues that are at that level
Participant 11		x	x						x	x					x						x	x						Get rid of O.C.D They book orders but have no responsibility on if the parts booked match what was E.C.K'd	Get rid of virtual PC mode on computers and install an updated version of Cad since drawing editor is inadequate of doing anything
Participant 12	x					x		x			x				x						x							Instead of just thinking money, maybe the upper management needs to ask the lower level workers what they think.	Money is not everything.

Participant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	Comment A	Comment B
Participant 13	x					x		x			x				x					x		x					Development and testing should be more complete prior to deployment	I agree w/ overall strategy, yet believe deployment could have been greatly improved
Participant 14	x					x		x		x					x	x								x			N/A	Agree with communication because he knows enough people
Participant 15	x					x		x		x					x	x								x			N/A	N/A
Participant 16	x			x				x		x					x	x								x			N/A	N/A
Participant 17	x			x					x		x					x				x		x					Not fully tested software, Too complicated products for new technology to handle,O.C.D should be done within the group who has vested interest on getting manifested correctly	Customers are not satisfied, Hoping not to loose customers before system x is fixed, System x was implemented too early
Participant 18		x		x				x			x					x				x							More flexibility with the tools we have to use. For exampleTekla would be great for us to use but it still has to go through system x. Thus negating some of its effectiveness	N/A
Participant 19	x			x				x		x						x				x							Stabilize programming approach. Diligent, thorough testing before implementation. Methodical implementation and training	More thorough review of risk management regarding design tools and quality of programming systems to deliver quality products to once loyal customers
Participant 20	x		x						x	x							x			x				x			Pilot testing was required before unveiling the new project	Customer focused should have been the guiding light in discussions to change software packages
Summation:	*17*	*3*	*4*	*5*	*5*	*6*	*0*	*14*	*6*	*5*	*6*	*4*	*5*	*0*	*7*	*4*	*5*	*4*	*0*	*6*	*14*	*1*	*5*	*2*	*4*	*0*		