

Editor's letter

The first four of the six articles in this issue offer innovative approaches to M&A.

In his interview with Ron Adner, **“Strategic guidance for a new world of ‘ecosystem disruption,’”** Brian Leavy spotlights this eminent researcher’s unique perspective on corporate growth through diversification and M&A strategy. For example, according to Professor Adner, “Beyond merger and acquisition for market access and scale, we should be strategizing M&A for architectural advantage (how differentiation is created)—and assessing ecosystem alignment.” Adner is The Nathaniel and Martha E. Leverone Memorial Professor of Business Administration and Professor of Strategy and Entrepreneurship at the Tuck School of Business at Dartmouth College. His new book is *Winning the Right Game: How to Disrupt, Defend and Deliver in a Changing World*.

A counterintuitive approach to acquisitions is proposed by Roger L. Martin in his article **“Rethinking the M&A model: give value to get value.”** He advises, “Think of M&A as a meeting of minds, in which the acquirer helps the target to fully realize its value-creating potential.” Martin, Professor Emeritus at the Rotman School of Management at University of Toronto, has been repeatedly ranked at the top of annual lists of the most influential global business thinkers. His newest book is *A New Way to Think: Your Guide to Superior Management Effectiveness* (Harvard Business Review Press, 2022).

In his article **“Employing lesser-known corporate development strategies while avoiding problematic blind spots,”** Joseph Calandro, Jr. warns that “All too often M&A deal making falls into the trap of head-to-head competition that drives valuations to ‘sky-high’ levels . . . Four lesser-known corporate development strategies offer lucrative alternatives to engaging in a bidding war.” Calandro is a Fellow of the Gabelli Center of Global Security Analysis at Fordham University and author of *Creating Strategic Value* (Columbia Business School Publishing, 2020).

In their article **“Rethinking the M&A process: Learning private equity’s secret to outperforming corporate strategic acquirers,”** John Gilligan and Timothy Galpin reveal the secret to private equity firms’ success record. “Although M&A transactions often destroy shareholder value for corporate strategic buyers, PE firms, whose business model is predicated upon repeating M&A, have a better record of creating value for their investors.” Both researchers are on the faculty of the Saïd Business School, University of Oxford. Gilligan is Director of the Finance Lab and co-author of *Private Equity Demystified: An explanatory guide* (Fourth Edition, Oxford University Press) and Galpin is Senior Lecturer of Strategy and Innovation and author of *Winning at the Acquisition Game: Tools* (Oxford University Press).

In his provocative article, **“Crafting a performance-focused strategy of ‘Deep Purpose,’”** Stephen Denning, the author of *The Leader’s Guide to Radical Management*, warns that corporate purpose initiatives will be ineffective unless they are designed to guide every aspect of operations. “Purpose serves as an organizing principle that shapes decision-making and binds stakeholders to one another In the first two decades of the 21st century, the most successful firms – including Amazon, Apple and Microsoft – addressed the problem of purpose by embracing a different primary goal: customer primacy.”

IBM Institute for Business Value researchers Cindy Anderson, Christian Bieck and Anthony Marshall report on their recent extensive executive surveys in their article, **“Are post-COVID return-to-growth plans gaining priority over transformation?”** A significant finding is that

“organizations are not only participating in platforms and ecosystems, but more than half of CEOs now report that their operations have moved to these much more open and collaborative environments.”

Good reading!

Robert M. Randall

Editor

Strategy & Leadership