

Foreword

Problems of buyouts on the one side and M&A on the other side have been often treated by the literature from theoretical and empirical view. But there is comparatively little knowledge concerning a new practice where investors combine buyouts with M&A via a so-called buy-and-build strategy. In Germany such strategies have been pursued from about 1998, since then the growth of private equity has pushed the interest in these strategies.

The author's professional experience and the access to special data resources have made possible investigating the phenomenon of buy-and-build strategies not only theoretically but also empirically. Until the end of 2003 the author has found 21 cases of buy-and-build strategies with a German platform company. The cases differ with respect to financing and capital structure, type of the buyer, and the buyer's motives. Moreover, there are different parties concerned like investors, funds of funds, private equity enterprises, and target companies. Thus, one can imagine the plurality of possible species.

The author has combined his expert knowledge with great effort, opening a new and sensible area for research in business administration. By applying case study research, the development of propositions, and the evaluation of a questionnaire the author was able to get interesting empirical results.

The identified key characteristics, the sources of value creation, and the derived success factors are of special importance for those who are dealing with buy-and-build strategies. I hope and wish that Nils Hoffmann's investigation will be useful for practitioners and stimulate empirical research on corporate strategy, as well.

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