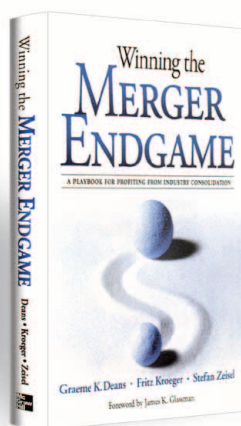




Executive Book Summaries®

FILE: STRATEGIC MANAGEMENT



By Graeme K. Deans,
Fritz Kroeger and Stefan Zeisel

A Playbook for Profiting from Industry Consolidation

WINNING THE MERGER ENDGAME

THE SUMMARY IN BRIEF

There is a new way of looking at business. After studying mergers in many industries through the 1990s, the authors of Winning the Merger Endgame have discovered that all industries move through four stages of what they call the “Endgames Curve” toward inevitable consolidation.

The path up the curve starts with the Opening Stage where industries begin and companies proliferate. In the Scale Stage companies acquire other companies as they realize that organic growth will not push them to success. As industries move into the Focus Stage, mega-mergers become the norm. The industry consolidates and smaller companies disappear or are acquired. In the final Balance and Alliance Stage companies must find a way to reinvent themselves or die.

How can companies succeed at each stage and move on to the next? And what are the short- and long-term implications of the Endgames curve for top management and investors? These are the questions answered in this summary.

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What You'll Learn In This Summary

- ✓ **The rules that govern the Endgames Curve** and how they affect your business.
- ✓ **The qualities and hallmarks of each stage of the Curve and the skills and strategies to move through them successfully.**
- ✓ **Implications of the Endgames Curve for the CEO and Board of Directors.**
- ✓ **How investors can use the Endgames Curve** to make sound decisions and maximize returns.
- ✓ **The effect of the Endgames Curve on the future of the market** and how you can use it to predict the coming corporate landscape in your industry.

WINNING THE MERGER ENDGAME

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— THE COMPLETE SUMMARY

The Consolidation Landscape

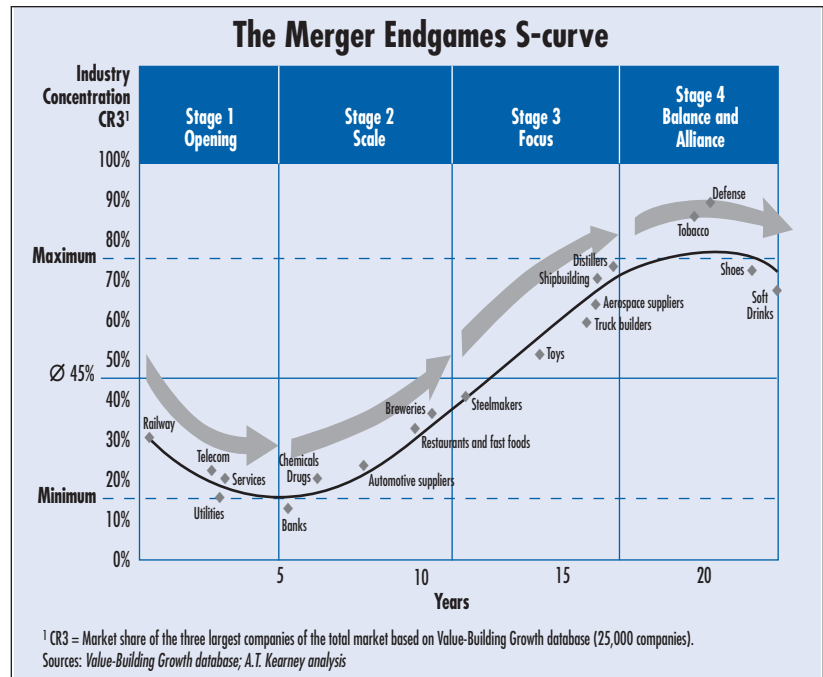
Mergers and acquisitions activity has increased significantly over the last few decades, but it is a messy landscape strewn with successful conglomerates alongside contentious cultures and unrealized synergies. There are lessons to be learned, and this is a practical guide for managers and investors seeking success in the marketplace. The authors of *Winning the Merger Endgame* are executives from A.T. Kearney, who have tracked a natural history of mergers and acquisitions.

They studied 1,345 mergers of publicly traded companies that occurred from 1990 to 2000. To ensure a global context, all the mergers had transaction values greater than \$500 million. They combined the information they gathered with information from A.T.

Kearney's own Value-Building Growth database — companies that can maintain a specific balance between growth and profit to achieve long-term added shareholder value. They discovered certain business patterns emerged over time. By plotting major industries based on degree and speed of concentration, they built an S-curve along which every industry moves over an average of 25 years each. The authors found that mergers determine profitability, market share, and stock prices. Far from being a sideshow in business, they are the main event, "the Endgame."

Five Maxims of Endgames

- **All industries consolidate and follow a similar course.** Merger competence is the core competence of winners.
- **Merger actions and consolidation trends are predictable.** Industry consolidations will correlate nearly 80% with the rise in global stock markets.
- **The Endgames curve is a tool to strengthen consolidation strategies and facilitate merger integration.** All companies must keep the curve in mind from the beginning because all industries continue riding to the top no matter what.



● **Every major strategic and operational move should be evaluated with regard to its Endgames impact.** The value of a merger lies in the increased competitiveness of the combined entity, the resulting increase in shareholder value, and the move up the curve.

● **Endgames position offers a guide for portfolio optimization.** Companies should optimize their portfolio of subsidiaries and business units across different Endgames stages. ■

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Rules and Logic of the Endgame

More important than the clear and logical order to the process of industry consolidation is that it can be a predictive tool. These fundamental truths set the foundation for an in-depth look at the individual stages.

Five Fundamental Endgame Truths

- 1. Consolidation is inevitable, unavoidable, and inescapable.** In the past it took 40 to 60 years for an industry to consolidate. Now it takes 25 years, and in the future the time will shorten, but all industries will still go through these stages.
- 2. All industries are global.** All companies are treated equally and in a global context the only optimal size is bigger. Acquire or be acquired.
- 3. Revenue is stable, but profitability changes in accordance with the stage.** New industries have high profits, but as they begin to consolidate profitability decreases as the competitive climate leads to cost cutting. Once industries are established and settled they can set their own prices for healthy profits.
- 4. Long-term success depends on riding up the Endgames curve.** There are no niche positions to hide in or avoid the curve. Slower companies will be acquired or disappear.
- 5. The future belongs to the maestros of external growth.** Organic growth alone does not have enough force to propel a company up the curve, so mastering acquisitions quickly is key. ■

The Opening Stage

The Opening Stage is the frontier of industry consolidation. At the beginning of the stage, there are very few companies and even fewer with substantial revenue. Entry barriers are low, so no single company owns a measurable percentage of market share.

Competition becomes fierce in this stage as too many companies chase the same finite market share. Competition can only continue in one of two ways. The more efficient operators can drive less efficient rivals out of the market or acquire their competitors. The incentives for merging include the synergies achieved when the whole is greater than the sum of the parts; the increase in revenues, profits, and market share from the combination; and the lower combined cost of doing business.

The Industries of Stage 1

Examples of Stage 1 industries include new industries, such as biotechnology and online retailers; spin-off sub-industries, such as bottled water, which spun off

TMP Worldwide — Winning in Stage 1

TMP Worldwide started as a Yellow Pages advertising agency in 1967. In the early 1990s the company found that it owned an Internet-based resume posting board that was part of a recent acquisition. TMP relaunched it as Monster.com. In the middle of the Internet boom they realized they would need rapid acquisition, and they acquired and integrated 70 companies globally. The foresight to make the Internet an important part of its future business model, allowing TMP to avoid being an “also ran” in an industry that consolidated from 10 major players to three top-tier players — TMP, CareerBuilder, and Yahoo! — in two years. Now those three companies control 66% of online recruitment.

of the Stage 4 soft-drink industry; and previously state-owned or state-regulated monopolies, such as energy, water and gas companies.

Strategic Lessons

Even as Stage 1 companies form in a new industry, their managers should be thinking ahead to the coming stages. They should:

- **Build entry barriers and defend territory at all costs.** Protect first-mover advantage.
- **Focus on growing revenue and market share instead of profit.**
- **Monitor the external political environment** to profit quickly from legal changes and capture mind share by being the first to adapt to the changing environment.
- **If you cannot dominate the entire industry, focus on the industry segment where your company has the ability to dominate.**
- **Master, and then accelerate, the acquisition process** to capture volume and increase chances for market leadership.
- **Form an open, integrated culture** to become the backbone for future growth
- **In a deregulating industry, look outside your borders for best practices** and clues to be prepared for anything. ■

If you cannot dominate the entire industry, focus on the industry segment where your company has the ability to dominate.

The Scale Stage

Having laid claim to as much territory as they can, it is time for companies to build scale. They must devise new strategies to grow, capture market share, and protect their turf so they can continue their climb up the Endgames curve. The industry leaders change frequently as the race for position and market share heats up. Increases in scale improve production, spread fixed costs, and earn profits — though the profits remain slim due to competitive pricing.

Companies must grow, but being careful not to take on more than they can handle, lest they become strained for working capital. Another danger is that excessive borrowing costs can become onerous if the acquisitions are not as valuable as hoped. Remember, size and scale do not automatically confer industry-leading market capitalization. You must make smart decisions.

The Industries of Stage 2

Examples of industries in Stage 2 include software, automotive parts, healthcare products, and brewing. Mergers have begun, but there is still no clear leader.

For example, the customer relationship management (CRM) market is part of the software industry, a high-growth industry where the successful companies have typically consolidated early gains by gobbling up the fingerlings to acquiring market share.

In 2001 CRM sales stood at \$11.8 billion, and in 2002 they were projected to be \$14.2 billion. Siebel, Peregrine, Oracle have 44% of the market share, while PeopleSoft, SAP, Trilogy, and Epiphany have another 12%. Seven companies hold 56% of the market share in the industry, and the rest is divided among struggling smaller players that make the market ripe for takeovers. The clear leader is currently Siebel with 28% market share, but battles will erupt in such a fast-growing area. Oracle and Peregrine have products serving other markets, and it is still possible that a new competitor, such as IBM, could diversify into the attractive market, scoop up several small players, and shift the entire landscape.

Healthy Growth

More than anything Stage 2 is about healthy growth, and the basics for that growth are immutable:

Mergers. Mergers do not always live up to expectations. To do so they need two kinds of benefits. There must be substantial rationalization and consolidation of economies. There must also be a well-conceived ability to capitalize on scale, size, and scope of the new, larger company. Consider carefully the competitive advantage that will be the base of the consolidated company's long-term profitability.

Globalization. A critical means of growing is to go

IT Platform as Linchpin

One of the most critical elements of the Scale Stage for an acquiring company is having an IT platform/system capable of serving the combined companies. A company cannot be successful with separate, incompatible systems. Depending on the business, the IT platform must include an enterprise resource planning (ERP) base system to handle all core transactions; and the acquired company must convert immediately. This will put accounting and financial controls in place, reveal process incompatibilities to be fixed, and define who is in control.

Underestimating the importance of physical integration with the parallel integration of information and systems can be fatal. Putting together two companies is hard enough. Doing it in the dark or speaking different systems languages is disastrous.

global, particularly to the global triad of the Americas, Europe, and Asia Pacific. However, the complexities of conducting business abroad can be overwhelming, given cultural and economic differences. Acquiring foreign companies with resident knowledge is important.

Brand Consolidation. Frequently, companies in the Opening Stage become “roll-ups” as a series of acquisitions in a fragmented industry. In the Scale Stage branding is an important strategic tool to bind the various groups and position them for growth.

Market Extension. Companies with strategic vision anticipate when their industry will reach the saturation point and branch out or develop a new business model.

Strategic Lessons

To succeed in Stage 2 without being destroyed or acquired, consider the following strategies:

- **Reinforce core strengths**, such as culture and employees, as new acquisitions are brought into the fold.
- **Build momentum** by growing with maximum speed to consolidate the industry through acquisitions, not organic growth.
- **Become a consolidation leader** by building a merger integration model that clearly documents a proven methodology.

By the end of the Scale Stage, the major players have formed their empires and acquisition choices are limited. Much of the final Endgame blueprint has been drawn. Companies that have fallen behind or have not been acquired may have to choose niches as temporary hiding places until they can become attractive acquisition targets. ■

For Additional Information about integration strategy, go to:
<http://my.summary.com>

The Focus Stage

In the Focus Stage the strategic emphasis changes from speed to finesse. This stage is characterized by mega-deals and large-scale consolidation plays with the goal of emerging as one of the small number of global industry powerhouses. Now future Endgames winners acquire competitors with an eye toward economic return rather than market share. After integrating mega-mergers made in late Stage 2 and early Stage 3, companies turn their attention to maximizing shareholder value and satisfying equity markets. Unfortunately this means they often spend less time focusing on customers. The rules of the game have been established and the most important competitive levers that come into play are economies of scale, size and global reach, and cost position.

The Industries of Stage 3

Typical industries that are currently in this stage include steel producers, glass manufacturers, magazine publishers, and distillers.

Stumbling Blocks

There are some specific parts of the business to be aware of to avoid stumbling when navigating through the Focus Stage:

Harness People Power. The strain on all employees is enormous in the Focus Stage. They have been through many mergers, so they are tired. But the CEO must still focus them on important strategic, customer, supplier and internal goals.

Maintain Unwavering Focus. Focus on building the advantages of size, scale, scope, brands, organization, and information. Focusing resources on selected competitors allows the Stage 3 company to win without the pain of a full frontal assault. Recognize start-up competitors early and decide whether to crush, acquire or emulate them.

Beware Disruptive Technologies. Disruptive technologies can change the dynamics and economics of a Focus Stage industry quickly and result in an overhaul of the competitive landscape.

Constantly Redevelop Competitive Strategy. When companies are so big that mergers and acquisitions are no longer the most viable strategic option, use “blocking and tackling” as a primary growth strategy. Maximize the effectiveness of people and capital investments rather than directly encroaching on competitor’s markets.

Strategies for Stage 3

- **Retool your competitive strategy** to define true strengths and either agree to ceasefire or avoid full frontal assaults with other major players.
- **Focus on financial affairs** by ridding your portfolio of low-growth or marginally profitable segments

Dramatic Turns in Retailing

The Focus Stage is characterized by harsh competition and dramatic maneuvers. The retailing industry is a prime example. The mega-retailers of the past such as Sears, Montgomery Ward, and J.C. Penney have been squeezed from all sides by a new breed of discount retailers and superstores that are choosing to do things differently. Meanwhile retailers such as Wal-Mart, Walgreen’s, and Price Club came up with new ideas like eschewing expensive mall properties, cutting the frills to sell at deeply discounted prices, and specializing in one kind of merchandise. They took the old stalwarts by surprise. Ward filed for Chapter 11 in 2001, Sears is on its second “turn-around CEO” and hoping for a boost from buying Lands’ End, and Penney is facing a full frontal attack from Kohl’s. Size and scale do not insulate a company from the pressures of the Endgames curve.

Now that the industry is moving out of Stage 3, the two big winners, Wal-Mart and Target, are “choosing sides” by garnering the best suppliers, deals, merchandisers, and talent. Kmart, which is in Chapter 11, and the few regional niche competitors risk being too unattractive to play the game.

and keeping resources lean and fit, in part by employing fewer and better people.

- **Sharpen the marketing message** by unifying the brand identity that may be diffused in the eyes of customers after so many mergers. ■

The Balance and Alliance Stage

The heavy-hitters are at the top of the Endgames Curve in the Balance and Alliance Stage. These are the few companies that are the winners, the unquestioned leaders in their field. Depending on how they protect their positions, they can be successful in this stage for a long time. Big mergers are no longer an option, so companies spend time maximizing cash flow, protecting market position, and reacting and adapting to changes in the industry, including market penetration and governmental scrutiny.

One of the biggest challenges for Stage 4 companies is how to spend the cash they generate. They can return profits to shareholders, break into pieces and redefine their market scope, or diversify into new or industries and new Endgames paths. The one option a Stage 4 company does not want to take is to maintain a business-as-usual mindset. This will lead to disaster in the

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The Balance and Alliance Stage

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face of breakthrough technologies from competitors and completely new industries.

Industries of Stage 4

Some industries in this stage at the moment are tobacco, aerospace and defense, shoe manufacturing and soft drinks. These leaders have shattered corporate boundaries, set new records and created global empires.

Strategies for Stage 4

Industries do not move through Stage 4 as they do with other stages. For this reason they must learn to remain and flourish. All Stage 4 companies “hit the wall” in one way or another and handling these five critical challenges is what separates the successful companies:

Manage growth. Find new ways to grow the core business internally, but also redefine your market externally. Expand your market scope by looking at “next door” markets. Zoom out until current market share is under 25% and opportunities for growth will materialize.

Address potential regulation. Be alert to governments, consumers, or competitors perceiving industry leaders as oligarchic or monopolistic and address these potential areas of concern or action.

Spin off businesses. Identify pockets of opportunity or niches to add value to the business. Create new industries or compete against new players in earlier Endgames stages.

Fight complacency. The biggest threat to Stage 4 companies is complacency, causing them to be blindsided by competitors or to wither away. The right reward and compensation systems, promotion and succession planning process, recruiting systems, and people development will encourage innovation and risk-taking, even in a Stage 4 behemoth.

Set a good example. Stage 4 companies are always in the spotlight, so they must hold themselves to higher standards. Trust in these companies is long and slow to build, but easy to lose. ■

CEO Strategies

CEOs and boards of directors must realize and accept the inevitability of the Endgames consolidation. Once they understand that every company in every industry will go through the four stages or disappear, they need to develop a vision to move through the stages. Different skills are necessary to lead a company through different parts of the Endgames curve.

Stages 1 through 2

CEOs in Stages 1 and 2 must drive aggressive growth

Nike Settles into Stage 4

Financial success has been fleeting for many in the athletic shoe industry. With most products produced in low-wage labor markets in Asia, winning market share requires strong marketing, styling, endorsements, and brand management. The faddish popularity of LA Gear, the global empire of Fila, and the styling of Reebok have not led to long-term success.

Nike is at the head of the pack, but it will need to shift its strategy to stay successful long-term. While the company is strong in endorsements, it is weak in acquisitions.

Its best bet is to acquire companies in the Opening Stage that are poised for superior growth. Nike has made too few good acquisitions — Cole-Haan in business-casual shoes and Canstar in skates — and given up too many good opportunities, such as North Face for outdoor gear and Converse for mid-priced shoes. Strategic acquisitions like these could balance potential declining sales and market share.

and lead their industry in consolidation. Brute force, bold leadership, and vision are key success factors.

Develop an Endgames vision. In many industries like steel and chemicals the necessity of consolidation is apparent. In others, CEOs must have a rare talent to gain first-mover advantage by spotting an Endgames play before any other competitor.

Create a merger integration engine. Once a company’s Board of Directors embraces an acquisition strategy and the first wave of deals is complete, the company’s key differentiating success factor will be its ability to successfully integrate the high volume of acquisitions.

Prepare for Endgames Stages 3 and 4. Companies must undergo a major strategic transition when their industries move from Stage 2 to 3. The transition can wreak havoc with a company’s business strategy and management processes.

Signs signaling the end of Stage 2 and the need for a new strategy:

- Mergers become the focal point of corporate strategy.
- Managers are overburdened with integration and neglect the core business.
- Company becomes “too big to manage.”
- CEO achieves a certain degree of fame or notoriety and a significant bonus.
- CEO evolves into a “one-trick wonder.”
- CEO makes one deal too many, or too big...or both.

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CEO Strategies

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Stages 3 through 4

Unlike the dealmaker skills and bold leadership traits required in Stages 1 and 2, the prototypical Stage 3 and 4 CEOs are shrewd chess players and portfolio managers. They must be able to navigate discreet issues such as Johnson & Johnson's strategy of focused acquisitions over time and PepsiCo's decision to pay a significant premium to acquire Gatorade for access into the sports drink market. There are few winners and many losers through Stages 3 and 4.

Implications for Endgame Survival

To lead a successful Endgames strategy, a CEO should look at three key implications of the tools and strategies available to him or her to manage in the Endgames environment.

1. Take a global view and adjust strategy to reflect the company's position on the Endgames curve. Endgames consolidation is a global phenomenon and ignoring that fact leaves you vulnerable to being surpassed or acquired.

2. Capitalize on cross-industry opportunities. All industries consolidate, so look beyond your own industry to see what you can learn.

3. Leverage the Board of Directors as a source for acquisition contacts, assessing the CEO's management of an Endgames Stage, and appropriately rewarding a CEO in each Endgames Stage.

The Board and the CEO must take ownership for the successful execution of an Endgames strategy through detailed, hands-on deliberation and decision-making. ■

For Additional Information on how CEOs can achieve successful mergers, go to: <http://my.summary.com>

The Stock Market Connection

There is a connection between the Endgames curve and the performance of equities markets worldwide. First, companies can use it to build their strategies and find opportunities to outgrow their competitors.

Second, they can use it to predict what will happen in their industry as far as 20 years into the future. Though current merger activity is slow, as the economy recovers and consolidation resumes, there is a significant potential for stock prices to climb due to merger premiums and superior returns offered by successful implementation of the Endgames strategy.

Third, the Endgames analysis implicitly predicts and forecasts industrial deregulation in Stage 1, trade liberalization from Stage 1 to 2 or 3, and increased corporate

McColl's Endgames Vision

In the early 1980s Hugh McColl became CEO of NNCB, a small North Carolina bank. Interstate banking was not yet legal in the United States, so the banking industry was clearly in the Opening Stage. McColl wanted to create a regional, multi-state bank, so he exploited a regulatory loophole and acquired a Florida bank. After lobbying regulators to change the laws in the southern U.S., he was able to acquire banks in South Carolina and Georgia as well, achieving a sizable lead over his competition.

In 1992, NNCB merged with C&S/Sovran to become NationsBank, the fourth-largest bank in the country. After completing more than 40 acquisitions, McColl grew the bank's assets to \$120 billion. With a new federal interstate banking law, McColl was able to complete the biggest deal ever — the \$60 billion merger with BankAmerica to create Bank of America. Due to a powerfully-developed Endgames vision, McColl turned a single state bank with less than \$20 billion in assets into the largest depository bank in the United States, with \$570 billion in assets, \$10 billion in earnings, and operations in 22 states.

governance. Companies will have new opportunities to increase profits and lead industries; the size and number of mergers will increase; and macroeconomic and regulatory factors will be more conducive to growth, leading to a rising stock market. If this trend stays intact long term, the entire global market capitalization in 2010 could be between \$60 trillion and \$80 trillion. Investors can profit at every stage. Identifying best practices of companies in each stage can lead to superior investments.

The key to using the Endgames analysis as an investment tool is the ability to identify companies that apply Endgames principles particularly well, and thus have the highest probability of becoming the ultimate winners. In each industry, regardless of position on the Endgames curve there are leaders and laggards. Identify the top performers on the basis of revenue growth and value creation growth. Companies that exhibit both of these are a starting point for good Endgames-based investments. Then consider the company with respect to the specific dynamics of each stage:

- **Opening Stage** — Choose companies with solid financial backing and a sound business model.
- **Scale and Focus Stages** — Look for potential mergers of near equals as the pace of consolidation increases. Also seek companies that stick to their core competencies.
- **Balance and Alliance Stage** — Look for compa-

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Index and Merger Correlation

From 1989 to 2001 there was a 93 percent correlation between the Dow Jones Index and acquisition activity in North America. To a certain degree rising stock prices form a currency for making M&A transactions possible. During the same period the Euro Stoxx index and merger activity were 80 percent correlated.

The same situation did not occur in Japan, where merger activity was flat during the Nikkei's dive in the early and mid-1990s. But as the Asian crisis continued in 1998, mergers skyrocketed. This was due to several Endgames-related factors. Some Stage 2 industries such as financial services and real estate had fallen so far that investors felt they were a good deal, and foreign banks swooped in to buy them as part of their global Endgames strategy. The Japanese government also encouraged several financial services institutions to merge as it began to deregulate the industry. And the market opened up and globalized, primarily in Japan's Stage 2 and 3 industries.

The Stock Market Connection

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nies that reinvent themselves and spin off new businesses into earlier Endgames stages.

Of course a solid Endgames Strategy depends on having the right information; there is no substitute for the due diligence companies must go through to get it. When researching an investment, research the regulatory environment, examine the company's merger success rate, anticipate future trends to discover future opportunities and strategic industry shifts, and follow the cycles of merger activity. ■

Endgame Visions of 2010

In mid-2002 the Dow stood at 10,000. Over the next decade the authors foresee it increasing fourfold. The companies in the Dow Index are in leading industry positions and are poised to finish among the winners in Stage 4. With Endgames consolidation trending to higher velocity and greater scale into the future, by 2010 the first \$1 trillion merger will become a reality. The Dow increased about 3 percent per year from 1896 through the Depression. Since the 1950s it has risen by about 8 percent, and over the past 10 years about 12 percent, despite recent setbacks. Therefore a projection of 15 percent to 20 percent growth for the next several years doesn't seem so utopian. The authors' long-term perspective of stock valuation is that it will be driven by Endgames, as the value of merger and acquisitions transactions increases steadily in the future. The authors

have other predictions for the next decade:

- In the mid- to late-1990s the spotlight shone on the Opening Stage with the technology industries. Companies that grew rapidly in the 1980s and 1990s will find consolidation as the best growth method, and **Stages 3 & 4 will be the battlegrounds for the next decade. Merger size will be unprecedented.**

- The exponential rise in stocks will affect the whole economy through speeding technology innovation, market roll-ups, and mergers. Industry insiders say the **Endgames cycle will no longer take 20 to 25 years to run its course, but may cycle at 16 or 17 years in the near future.**

- GE has the largest market capitalization, which recently stood at \$332 billion. By 2005 we will certainly see **at least a dozen global companies with market capitalization of more than \$1 trillion** as volume and scale barriers collapse, and by 2010 there may be hundreds of global industry leaders.

- Companies will face more cultural challenges with all of the mergers, complacency, the need to listen to customers and connect their employees. **Endgames masters will develop a truly global culture to integrate nations, races, and skill sets** to gain maximum productivity from stakeholders.

- **New industries for outsourcing and financial scorekeeping will proliferate and CEO strategy will change** to cope with managing these companies day-to-day and long-term. ■

For Additional Information on an overall Endgames strategy, go to: <http://my.summary.com>

National Economies and Endgames

Political leaders must provide the appropriate environmental and political infrastructure to nurture industries within their economies. They should:

1. Create a growth-oriented regulatory environment.
2. Establish an infrastructure that is positive for the local economy, industries, and companies.
3. Create an educational system that stimulates people to exploit their growth potential and induce younger industries to settle in the region to boost the economy.
4. Understand the importance of scale and size of companies that can compete at the global level.

A quick look at some countries reveal the following:

- ✓ France and Japan are strong in old industries and underrepresented in the Opening Stage.

- ✓ North America is equally balanced across all stages and well equipped for the future.

- ✓ Singapore and India are front-loaded which puts them in a strong position if their companies are strong enough to move up the Endgames curve.