



KNOW YOUR TARGET HAVE A PLAN

HomeAway, a vacation rental service has grown to a \$2.6 billion global company through 18 disciplined acquisitions, as well as organic growth.

In finding targets for buys, the Austin, Texas-based company only seeks one of the Top 2 players in a region or country.

And before making a deal, HomeAway execs make a point to develop a relationship with the leadership of the company it is targeting. In doing so, HomeAway learns what's important to its future partner, how the company will fit with its strategies and what it will take to make a deal work. Founder Carl Shepherd also said in a panel at the South by Southwest festival that it's important to have the best advisers and to encourage the seller to hire the best M&A attorneys and investment bankers it can afford.

And perhaps most importantly, HomeAway makes certain it has a plan for integrating and growing the newly acquired unit even before the deal is complete.

Compiled by Chad Watt



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CHARGING UP FOR GROWTH

Interstate Batteries more than doubled its revenue in the past nine years by moving beyond the car battery and its traditional distribution channels.

While Interstate is best known for its replacement automobile batteries, it has changed the way it sells those batteries by opening up its own franchise retail division in 2004. It now has more than 200 stores nationally.

In the past decade, Interstate also has expanded to sell all manner of “portable power solutions” from its stores and elsewhere. The privately owned company now has revenue of more than \$1.5 billion.

1.5 BILLION



TUMBLING FOR GROWTH

Yahoo! Inc., a fast-growing search engine in the early days of the Internet, has turned to a new generation of young, growing companies to reinvigorate its own growth. In buying Tumblr for \$1.1 billion, Yahoo! is vowing not to “screw up” the deal and leaving Tumblr alone.

Yahoo! plans to allow the social media site to continue to run as it has been. That decision played a key factor in Tumblr selling to Yahoo!. News reports indicate that many prior offers were rejected by Tumblr and its 26-year-old founder David Karp because of what a more mature owner might try to do with the site.

As Karp wrote on his blog the day Yahoo! announced the deal:

“Our headquarters isn’t moving. Our team isn’t changing. Our roadmap isn’t changing. And our mission – to empower creators to make their best work and get it in front of the audience they deserve – certainly isn’t changing.”

As some critics have pointed out, Yahoo! is taking risks with the deal, paying more than \$1 billion for a company that hasn’t produced profits, but it needed something to spark its growth. Yahoo!’s revenue has been flat, in the \$5 billion range for two years after drifting downward during the Great Recession.

ADVOCATES OF THE DEAL SEE THE TWO COMPANIES AS COMPLEMENTARY:

Yahoo! gets access to a younger audience focused on different niches from its current audience. Tumblr, which has a small sales force, gets access to Yahoo!’s sales force of more than 2,500.



CANNED SOUP GOING GLOBAL

Campbell's Soup CEO Denise Morrison has made selling the company's canned soup and juice products outside the United States a priority since taking the helm in 2011, but making that happen the right way is a process that takes a patient strategy.

Rather than build out in new markets on a green-field basis, Campbell's has looked to buy local food businesses as a way to enter markets in Latin America and Asia.

Because a number of those businesses are family-owned enterprises that aren't ready to sell immediately, Campbell's has focused on developing relationships and striking partnerships to introduce its tomato soup, sauces and vegetable drinks to new consumers.

In February, Campbell's announced two deals in Mexico: one with Mexico's Grupo Jumex to distribute its V8 line of products throughout the country and a second with Conservas La Costena to manufacture and distribute its soups, broths and sauces there.

In both deals, Campbell's will be responsible for marketing, research and product development, while it leaves the in-country production and logistics concerns with established local partners.

