“Grow or Grieve: Understanding Corporate Development Capabilities”

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Abstract

Corporate development is widely seen as the heart of strategic management. Despite the importance of corporate development activities, such as alliances and acquisitions, to corporate growth, the majority of these initiatives fails. What is perhaps most striking is that, despite extensive experience, few organizations are able to be repeatedly successful. Knowing when to choose what type of corporate development activity is one thing. However, knowing how to consistently learn and apply lessons from one deal to the next characterizes the lucky few. As alliances and acquisitions continue to be prominent means to grow, understanding corporate development capabilities is of vital importance to many organizations.

The aim of this inaugural address is to shed light on corporate development capabilities and outline emergent opportunities for research on strategy and corporate development in particular. Drawing on the increasing prominence of Behavioral Strategy, recent insights that shed light on the microfoundations of corporate development capabilities are discussed. Also, key areas for future research are highlighted. The inaugural address concludes that the use of novel methodological approaches is crucial to answer emerging questions and provide relevant insights to challenges in the corporate development literature.

Introduction

Mijnheer de Rector Magnificus,
Geachte College van Dekanen.
Distinguished Colleagues,
Ladies and gentlemen, friends and family,

These past months, Lara, our daughter, kept asking: *“Mama, when will papa wear his ‘soepjurk’?”* Pepijn recently formulated my elevator pitch when he asked: *“Papa, why do you work in a flat you can’t live in and are you a doctor that can’t cure anyone?”*. Well, finally, Laar and Pep, the moment has come to wear my ‘soepjurk’ and I’ll explain ‘why I can’t cure anyone’.

Today, I will talk about how firms learn to grow. In particular, three key questions will be addressed. First of all, why are corporate development capabilities important? Second, when is what type of corporate development activity appropriate? And, last, how do firms develop corporate development capabilities? Let me start by explaining why corporate development capabilities are important.

In today’s dynamic business environment, many organizations look for opportunities to sustain or expand their business. Following years of cost cutting and restructuring, most executives realize that success and growth do not follow from sell-offs and downsizing. Shortening product life-cycles, entry of new players, and maturing technologies force organizations to proactively search for growth opportunities. Left unattended, competitors are likely to step in and take over. Though hardly a goal in and of itself, growth contributes to the organization’s survival and its potential to make a sustainable contribution to stakeholders. However, many executives found out that sensing growth opportunities and realizing growth are two different things. Realizing growth requires the ability to successfully execute corporate development activities.

Yet, corporate development activities are fraud with risk. Whether organizations collaborate with others through alliances or whether buy them through acquisitions, research has shown the majority fails. Oftentimes, organizations do not have the corporate development capabilities needed to succeed. For instance, due to heavy competition in the smartphone market, Nokia recently sold its mobile phone division. Despite the now famous ‘burning platform’ memo and many rounds of restructuring, the once mighty organization had to sell the division to what once was its archrival Microsoft. The alliance that Nokia set up years earlier to secure its position in the mobile software industry, called Symbian, largely failed and left Nokia in a vulnerable position. Microsoft took over what was left. Nowadays, however, it is Apple and Samsung that dominate this market. Nokia's inability to succeed in its corporate development activities left it to "grieve", whereas it enabled Apple and Samsung to "grow".

Nevertheless, organizations continue to ally and acquire. Certainly the financial crisis has had a severe impact. The recent decline of the Netherlands in the latest World Economic Forum ranking of the most competitive economies is a case in point. Dropping three places, from the fifth to the eighth spot, our economy feels the impact of reduced performance by Dutch organizations. This performance depends for an important part on the alliances organizations engage in to realize growth opportunities (World Economic Forum, 2013). In contrast to Dutch organizations, German and Swiss organizations reap the benefits of innovation that stem from collaborations between companies, universities, and other institutions.

Besides alliances, acquisitions form another key corporate development activity. In 2012 alone, over 41,000 organizations were bought or sold worldwide with a total value of $2.56 trillion (Financial Times, 2012). This amounts to over three times the Gross Domestic Product of the Netherlands (OECD, 2012). Unfortunately, 50 to 80% fails, causing the joint revenues of the largest fifteen organizations to be destroyed yearly (CNN Money, 2007; Marks and Marvis, 2010).

Despite high failure rates, organizations continue to form alliances and acquisitions. This is also evident in the popular press. Every day, the newspaper headlines feature new announcements of corporate development initiatives. Recently General Motors entered into a global alliance with Peugeot to develop a range of new vehicles. Hewlett-Packard has set up a technology alliance with Oracle. Regretfully, research confirms what practice highlights every day: the odds of failure are bigger than the chances of success (cf. Heimeriks, 2008). Recently, besides a legal dispute with Oracle, HP paid dearly to sell-off Autonomy, an organization it acquired one year earlier. Similarly, a few years ago, the disastrous GM-Fiat joint venture failed. What is perhaps most striking is that, across a range of industries, well-known organizations—like GM and HP—fail to succeed in these multi-billion initiatives.

Hence, although many deals fail, at the same time, organizations keep investing in alliances and acquisitions. Then, what can organizations do to, unlike Nokia, remain in business and grow? As alliances and acquisitions bring important advantages, there is a clear need to understand what organizations can do to succeed. It is important to note that some organizations are able to be repeatedly successful (Heimeriks, Gates, and Zollo, 2008). For instance, Cisco, the U.S. based technology organization, is known for buying and successfully integrating some seventy enterpreneurial ventures in the 1990s (Paulson, 2001). Similarly, following the retirement of their leading corporate development expert Randy Croyle, Dow Chemical announced: "*He [Randy Croyle] has built a world class capability that has resulted in billions of dollars of value to the organization*" (Dow press release, 2009).

What is perhaps even more interesting: organizations control some 90% of their growth potential (Olson, Van Bever, and Verry, 2008). So, here is a paradox: while organizations control much of their growth potential, most of them fail in the corporate development activities they undertake. Understanding 'corporate development capabilities' will help shed light on this seemingly contradictory notion. Therefore, the central question in my inaugural address is: *"How do organizations learn to grow?"* To answer this question, next I will (1) explain *when* organizations engage in what type of why corporate development activity and (2) reveal *how* organizations develop different corporate development capabilities. Finally, pointing to the emerging domain of Behavioral Strategy, I will lay out directions for future research.

2

Stragegy and corporate development: a brief review

'Corporate development capabilities' are at the heart of strategy and corporate growth (Bingham, Eisenhardt, and Furr, 2007). A corporate development capability is best defined as an organization's capacity to perform an activity, e.g., an alliance or acquisition, in a reliable and satisfactorily manner (Helfat and Winter, 2011). Such a dynamic capability not only helps to successfully enter new markets, but also allows the organization to shift its corporate portfolio into growth segments (Helfat et al. 2007). In other words, to say an organization has a corporate development capability means it has the ability to manage growth initiatives in a reasonably satisfactorily manner.

To understand the alternative forms to grow, let us first dive into what type of corporate development activities organizations broadly choose from. There are three types of corporate development activities: 'augment' (i.e., organic growth or growing through internal development), 'ally' (i.e., growing through alliances), and 'acquire' ('i.e., growing through acquisitions).

First, some organizations prefer to 'augment' or grow through internal development. For instance, in the beverage industry, Diageo, is well-known to those of you who enjoy their drink! The world's biggest distiller is the producer of labels such as Johnnie Walker, Smirnoff, and Guinness and now focuses predominantly on internal growth. It recently announced it would grow by building international brands and stimulate innovation (Financial Times, 2013a).

Second, other organizations choose to 'ally'. In the pharmaceutical sector, Novartis and Eli Lilly are known for relying on alliances with biotech organizations to secure future growth opportunities. Whether aimed at entering new markets or accessing new technologies, their alliances with biotechs revitalize their drug development pipelines.

Third, still others grow largely through acquisitions. In the chemicals industry, for instance, some organizations like AkzoNobel and DSM have historically grown through acquisitions. The last three years, DSM not only sold part of its pharmaceutical arm (Financial Times, 2013b), it also spend €3bn on acquisitions: it bought Fortitech, a US food group, last year and acquired a Canadian nutrition producer called Ocean Nutrition Canada.

To be able to grow, organizations must first decide *when* to choose what type of corporate development activity. There are clear guidelines to aid in that choice. Various studies have compared the alternatives, so when it is optimal to choose augment, ally or acquire (e.g., Parmigiani, 2007; Poppo and Zenger, 1998; Dyer, Kale and Singh, 2004; for an overview see Geyskens *et al.*, 2006).

There are pros and cons to each of the three types of corporate development activities. 'Augment' is appropriate when organizations want to control and reap the sole benefits of their investment. The flip side of this is that 'augment' requires large investments and demands lengthy development as well as longer pay-off periods. Let us return to the smartphone industry. Blackberry certainly pioneered in this industry and was long able to exploit organization-specific advantages. However, it succumbed to rivals that were able to move quicker and was simply out-innovated. It was recently sold to a Canadian investment consortium.

'Ally' is appropriate when an organization seeks to quickly enter new markets and share the risks involved. Allying is most attractive when organizations are dissimilar and can benefit from modular or sequential synergies. As mentioned earlier, in 1998, Nokia formed a joint venture called Symbian with various alliance partners. Though Symbian certainly did fit the requirements listed here, Nokia's dominance in the joint venture gradually caused its alliance partners to exit. Ten years after founding Symbian, Nokia decided to buy out the other Symbian partners due to its inability to dominate the mobile smartphone sector (Financial Times, 2008).

'Acquire' is attractive when an organization seeks reciprocal synergies to access location-related advantages or pre-empt competition. Following the successful introduction of Android, Google's open source mobile software label, it captured significant market share in the smartphone industry. Initially, other smartphone manufacturers used Android on the phones they sold. Two years later, Google has bought the inventor of the very first cell phone, Motorola. The acquisition enables Google to control and earn profits from the hardware (e.g., handsets), the software (e.g., Android platform), and traffic that goes over mobile devices (e.g., the ads).

Google's acquisition story is clearly one of success. Whatever the type of activity, however, 'deals from hell' continue to make headlines. Whether it is the failed Daimler-Chrysler merger, Symbian's failure or Microsoft's failed product called 'Zune', a product it developed following Apple's mega-success with iTunes: all three types of growth activities are risky and show high failure rates.

There is one important first insight that organizations can consider to increase the odds of success. For every deal they undertake, organizations should pose the following question: *"When do we use what type of corporate development activity?"* Though organizations are generally aware of the alternatives, few consistently decide consciously when what type of corporate development activity best serves their purposes. Many organizations choose one type and then stick with it (Argyres and Liebeskind, 1999; Villalonga and McGahan, 2005). For instance, some organizations prefer to grow using alliances, other choose acquisitions. Sometimes they try one type of activity, fail, and then choose another. After a bad experience with one of their strategic alliance partners, AkzoNobel has preferred acquisitions. Other organizations, like Eli Lilly are known for preferring alliances, whereas others, such as Yahoo, do both.

And even if organizations consider alternative corporate development activities, it is not automatic they choose after careful consideration of the criteria. For instance, it took General Motors a decade to decide what type was best for its automotive parts manufacturing. Initially a spin-off, GM actually bought and sold Delphi twice over ten years: sometimes Delphi was a formal subsidiary and sometimes a mere supplier (Financial Times, 2005, 2009, 2010). As these activities tend to be very costly, knowing when what type of corporate development activity is appropriate is an advantage in and of itself (e.g., Dyer, 2000).

3
Origins of corporate development capabilities

So, you are probably wondering by now, what makes giants like GM and HP fail, where others, such as Cisco, thrive in their corporate development activities? And, more provokingly, why do so few organizations, despite their decade-long experience, succeed in what are frequently their biggest strategic projects? Part of the answer to this question relates to what we just discussed: organizations do not choose the right type of corporate development activity.

Another part relates to deal-specific factors. Different types of alliances, for instance, command different levels of trust, commitment, as well as strategic and organizational fit (Duysters, Kok, and Vaandrager, 1999). Or, one of the alliance partners may be motivated to reap private benefits instead of common benefits (Khanna, Gulati, and Nohria, 1998). In 2011, one of Eli Lilly's partners sued the organization when it was co-developing a competing medicine that threatened the one they were jointly co-marketing. Acquisitions, for their part, are for instance negatively impacted if financed by stock instead of cash and tend to perform best when initiated early on in acquisition waves (Haleblian, Devers, McNamara, Carpenter, and Davison, 2009).

However, to really understand 'how' organizations can consistently perform, we need to understand how they learn to manage corporate development activities. In other words, understanding corporate development capabilities requires studying the 'origins' of such capabilities. Hence, to comprehend why organizations like Cisco and Dow Chemical are successful in their corporate development activities, we need to delve into the depths of their internal apparatus.

Let us shortly discuss what academic insights have appeared over the last decade or so. A first element key to developing corporate development capabilities is 'experience'. Organizations that have engaged in more alliances or acquisitions are more likely to succeed. There is mixed evidence however: some studies find that organizations with more experience display higher alliance and acquisition performance, others find no experience effects or that initially experience harms, whereas with greater experience organizations eventually benefit.

A host of other experience-related findings have been published. The most important, perhaps, is that similarity of experience matters: doing deals in similar industries and of similar size helps to avoid failure (Haleblian and Finkelstein, 1999). Overall, however, there is mixed evidence for experience effects in corporate development which suggests that other factors influence the organization's ability to grow through alliances and acquisitions (Barkema and Schijven 2008).

This led to another important finding: codification of experience helps. In other words, organizations that develop guidelines and note down what they learned from experience outperform those that do not. Executives in these organizations have evaluated their past decisions and actions and developed routines for the underlying acquisition or alliance process (Zollo and Singh, 2004; Kale and Singh, 2007). Organizations like Dow Chemical use Mergers and Acquisitions Handbooks. These handbooks contain guidelines and rules on when to do what. For instance, if you go to Dow's intranet and click on Phase 1.1A 'Transaction Proposal', you get access to a document called 'White Paper Template'. This document outlines all key elements needed to demonstrate the project's value proposition and is required to get business support. This is only one of the 100+ tools that reside inside Dow's M&A Handbook.

Being experienced in alliances and acquisitions is not enough. Research shows that experienced organizations actually underperform relative to organizations that occasionally acquire others (Heimeriks, Gates, and Zollo, 2008). When comparing large organizations worldwide, including Boeing, Caterpillar, DSM, GE, Heineken, and Shell, two co-authors and I found that 'deliberate acquirers' who codify their experiences perform best. Similar findings have been reported in the alliance literature (Heimeriks and Duysters, 2007). Although this work makes an important step, it comprises but a first attempt at opening the black-box to better understand what corporate development capabilities are.

To be able to sketch a more complete picture, two colleagues and I recently looked at the effect of codification across different alliances phases on alliance success (Heimeriks, Bingham, and Laamanen, 2014). As I mentioned before, prior work argued that codification of experience is helpful. So far, however, it is unclear whether it is beneficial in different phases of the alliance process. We looked at three key alliance phases: partner selection, partner management, and partner termination. We found that organizations benefit from temporally phasing codification. Whereas codifying experience for the first and last phases of the alliance process is beneficial, codifying the partner management phase can be harmful. Except for the most experienced organizations, codifying the first and last phase is most beneficial for organizations involved in alliances. *Why is this so?* Because the partner management phase is characterized by higher complexity and lower controllability than the partner selection and termination phases. It is in the partner management phase that many failure factors, e.g., communication hurdles, commitment and trust, exhibit their influence. These recent findings suggest that the need to develop guidelines or alliance handbooks hinges on the phase of the alliance process.

This finding also speaks to the microfoundational processes of efficiency and flexibility underlying alliance capabilities. The 'origins' of corporate development capabilities, in this case alliance capabilities, requires efficiency in the partner selection and partner termination phases, whereas flexibility is required in the partner management phase. As no two deals are the same, in particular in the management phase flexibility is important. Alliance partners often indicate "it is not before you really start working together that you find out what the real challenges are". Therefore, the relative unpredictability and low controllability of the partner management phase make it unattractive for organizations to codify guidelines for this phase.

In another recent study, two other co-authors and I studied 85 serial acquirers to uncover what they really do to optimize acquisition integration performance (Heimeriks, Schijven, and Gates, 2012). Our findings suggest that successful serial acquirers use a dual process approach to managing acquisition integration: they replicate their experience using routine codification but also vary the implementation of codified routines depending on the specific risks of the deal at hand. In other words, they know when *not* to rely on experience. These findings suggest it is crucial for serial acquirers to realize when specific risks require codified routines to be modified. This study makes a fundamental contribution to dynamic capability theory by unpacking the internal mechanisms of both 'replication' and 'adjustment'.

So what do successful serial acquirers do different from unsuccessful ones? First, they acknowledge that corporate development activities involve rare and complex tasks. This has implications for the degree to which experience can serve as a guide for learning. Realizing that 'no two deals are the same', executives at successful organizations do not automatically apply insights from one deal to the next. And, second, successful organizations acknowledge that those who develop the handbooks are not the ones that implement the guidelines in the handbooks.

For instance, when GE or Cisco decide to acquire another organization, they consult their manuals and guidelines. However, simultaneously they do three things. First, after identifying the unique risks of the deal—e.g., imposition of acquirer's inferior payroll system—executives involved create a response to this risk using scenario planning. Second, during the process, integration experts have extensive personal contact with executives involved in the acquisition. This helps narrow the knowledge gap between those that developed the codified handbooks and those that implement the guidelines. Third, successful acquirers realize that less variation of codified guidelines is required in small acquisitions and deals with higher levels of integration.

Another interesting insight was recently revealed by a number of colleagues. They found that organizations that rely on a mix of augment/ally/acquire have a significantly greater chance to survive the next five years (Capron and Mitchell, 2010). Inspired by these findings, three co-authors and I performed a single case study (Bingham, Heimeriks, Schijven, and Gates, 2013). We took a deep dive into the internal apparatus of a well-known serial acquirer i.e., Dow Chemical. We wanted to understand the evolution of Dow's corporate development capability. As the world's second largest firm in its industry, Dow is known as a producer of chemicals that supplies to a range of industries, e.g., construction, electronics, healthcare, and oil and gas to name a few. Over the past decade, Dow has relied on alliances, acquisitions, and divestitures to realize corporate growth. We studied how Dow tried to grow analyzing data covering a period of 20 years. Our findings reveal how Dow moved from low-margin bulk chemicals to high-margin specialty chemicals businesses.

Let's first look at what we call Dow's evolutionary fitness, i.e., Dow ability's "to make a living by creating, extending, or modifying its resource base" (Helfat and Peteraf, 2009: 97-98). We compared 'return on assets' (ROA), 'return on sales' (ROS), and 'sales growth' for Dow, four key competitors of Dow, and the industry median. These are three accounting measures to assess organization performance. The data represents the period 1990-2010. Dow outperformed the industry in terms of ROA and ROS. Dow did not outperform most of its competitors in terms of ROA and ROS. However, Dow's sales growth, over the period 2000-2010, is higher than its competitors' and the industry median. Overall, this provides evidence of Dow's the evolutionary fitness in particular for the period 2000-2010. Additionally, this provides some prove of the effectiveness of Dow's dynamic capabilities, which were mainly developed after 2000.

We also analyzed Dow's technical fitness. Technical fitness reflects "how effectively a capability performs its intended function" (Helfat and Peter, 2009: 97-98). In this case, Dow's acquisition, alliance, and divestiture capabilities are analyzed. Using stock-market data, we found that Dow's performance increased for the acquisitions, alliances, and divestitures that it engaged in. These findings are consistent with what executives told us: "Dow's ability to perform acquisitions, joint ventures [alliances], or divestitures absolutely improved". Together, these data suggest that Dow's technical fitness likely is higher than its evolutionary fitness. It seems that Dow's corporate development capabilities enabled it to succeed, even in less attractive markets.

We also wanted to understand how Dow developed its corporate development capabilities. We collected qualitative interview data to examine Dow's internal roles, structure, and communication processes. These elements help explain how Dow succeeded in outperforming other organizations. Dow's technical fitness, i.e., performing effectively through acquisitions, alliances, and divestitures, can be explained through three key steps: (1) moving downstream, (2) moving cross-stream, and (3) moving upstream.

In the first step, to move downstream, Dow formed a corporate development office. They named this office the 'Program Management Office' or PMO. This step covered a period of 3 years from 1999-2002. The PMO oversaw the then largest acquisition in the chemical industry. During and after this acquisition, PMO executives codified lessons learned for next deals.

The second step is called 'moving cross-stream'. Dow's leaders used the codified acquisition guidelines to begin codifying documents for alliances and divestitures.

‘Moving cross-steam’ means that Dow moves from focusing on one type to focusing on other types of corporate development activities. In this process, Dow learns concurrently, i.e., it uses codified documents of one activity to benefit the execution of other types of corporate development activities.

At that point, the roles of different teams were already in place. So, the PMO, business unit leaders, and teams that executed acquisitions remained intact. Now, in order to ensure their expertise was used effectively, the roles were filled in by the same team members. The structure in place for acquisitions was extended to alliances and divestitures. In other words, Dow applied the same codified documents to joint ventures in 2003. In the period 2004-2005, the same roles and implementation tools were used to manage divestitures. In applying the acquisition structure to alliances and divestitures, Dow executives began to see similarities *and* notice differences. Last, the communication processes, initiated for acquisitions, were re-emphasized for alliances and divestitures. Stimulating communication across different functions, e.g., finance, human resources, legal, etc., was crucial to alliances and divestitures as it was to acquisitions.

The third and last step was ‘moving upstream’. Here, Dow executives went backwards in the integration process to develop codified guidelines for the phases that precede the implementation phase, i.e., the due diligence and transaction phases. In other words, the last step consisted of developing codified tools for the other two phases that mattered to all three types of corporate development activities: acquisitions, alliances, and divestitures.

What is unique about these three steps is that they uncover what is at the heart of Dow’s corporate development capability: the ability to learn *across* different types of corporate development activities. We call this ability: concurrent learning or learning across different types. Concurrent learning is important as it helps us understand the evolution of corporate development capabilities.

4
Corporate development: from here to where?

As we have now seen, research is making progress to help us understand what corporate development capabilities are. Recent work has started to shed light on the 'origins' or microfoundations of corporate development capabilities, thereby unravelling *how* organizations develop such capabilities. Part of an emerging field of research called 'Behavioral Strategy' (Felin and Foss, 2005; Powell, Lovallo and Fox, 2011), microfoundations research aims to study the effect of lower-level variables on organizational outcomes.

Microfoundations certainly are not new. The Nobel-Awarded work of the Carnegie School was arguably the first to point to the need to analyze how micro-level phenomena, e.g., standard operating procedures, influence organization survival (e.g., Cyert and March, 1963). Recently, this type of work has been 'reinvigorated' (Gavetti, 2005). Various academics call for analyzing the origins of dynamic capabilities in particular (Salvato and Rerup, 2010). As a dominant new stream, Behavioral Strategy—including "the microfoundations project"—aims to provide a deeper understanding of the role *individuals*, *processes*, and *structure* play in explaining outcomes at the organization level (Felin, Foss, Heimeriks, and Madsen, 2012).

Inspired by this emerging stream of research, I would like to outline a number of potential areas for future research on corporate development. There are at least three broad areas that future research could explore.

First, at the individual level, some studies have appeared. Most previous studies focus on organization-level measures, e.g., counting the number of acquisitions the organization engaged in to measure acquisition experience. Only rather recently did some studies appear that focus on individuals and corporate development. For instance, two colleagues have looked at narcissist Chief Executive Officers (CEOs) and acquisition behavior (Chatterjee and Hambrick, 2007). This study showed that the prominence of CEO pictures in annual reports is one of five predictors that forecast the frequency and size of acquisitions. In other words, the more narcissist a CEO, the more the organization will engage in acquisitions, and they will be larger in size. Others have shown that outside director acquisition experience positively influences acquisition outcomes (McDonald, Westphal, and Graebner, 2008). This evidence provides initial prove of the strong influence individuals exert over corporate development activities and outcomes.

However, many important questions remain. Most organizations infrequently engage in alliances or acquisitions. While individual experience matters and can be stored, it remains unclear to what degree unrelated individual experience matters. Also, what mechanisms do organizations use to ensure that this experience is used appropriate in subsequent deals? For instance, does training of individuals help? Does executive selection matter to corporate development outcomes? Also, studying contingencies, such as the frequency of sharing individual experiences among Board members, is an important area for future research. Similarly, as team-level experience also impacts acquisition performance (Nadolska and Barkema, 2013), what is the relative impact of individual-, team-, and organization-level experience on corporate development outcomes? And, when aggregated, does interaction between experience at different levels of analysis reinforce or weaken alliance and acquisition performance?

A related largely open area for research relates to the role of habit and *ex ante* unconscious in- and exclusion of growth options by decision makers. Usually, key investment decisions are presented to and decided upon by the Board of Directors. However, prior to such Board meetings, a selection among alternative corporate development opportunities is made. During this selection, many potentially viable alternatives may be in- or excluded on basis of emotion, (inappropriate) assumptions, and habitual behavior. Understanding the role of individual experience and power on the abandonment of corporate development opportunities is an important area for future research.

Second, at the process level, experience and codification feature prominently in the literature. Yet, while recent work shows when codification is beneficial and when not, there are many open questions. For instance, do quality, use, and availability of handbooks and guidelines influence corporate development outcomes? Given that individual executives make use of these guidelines, to what degree and under what conditions do individuals (i.e., human agency) compensate for the lack of or incomplete codified handbooks?

Relatedly, recent work highlights that, though experience effects differ (Mulotte, 2013), companies learn across different types of corporate development activities (Zollo and Reuer, 2010). Also, as I have shown, emerging work points to mechanisms organizations use to learn across different types of corporate development activities. However, large-scale evidence for many of these effects is missing. For instance, to what degree do divestiture activities matter to acquisition performance?

Another exciting area for future research relates to biases in corporate development. Prior work shows that overconfidence influences corporate development outcomes (Heimeriks, 2009; Zollo, 2009). Studying the temporal processes behind decision-making on corporate development activities may yield fine-grained insights into mechanisms that may counter narcissist and overconfidence biases.

Third, in terms of structure, prior work has suggested dedicated departments matter to alliance performance (Kale, Dyer, and Singh, 2002). However, there is inconclusive evidence of the effect (non-)dedicated corporate development departments have on performance (e.g., Heimeriks et al., 2012). Moreover, it is unclear whether having multiple departments hampers or fosters appropriate use of prior corporate development experience. Relatedly, as silos are a reality in most organizations, when is it beneficial to establish corporate development departments at the business-unit level instead of at the corporate level?

Last, there are methodological implications when studying these microfoundations of corporate development activities. As these research endeavors aim high, our research community needs to reach far. As strategy scholars start to study lower-level phenomena, the use of the traditionally prominent secondary data will have to be replaced with alternative methods. Any methodology suffers from inherent drawbacks. However, this hardly is an excuse to leave unanswered these important questions. The use of multi-method and abductive approaches to realize research that matters is a good first step (Van de Ven, 2007). Another viable route to examine variables inside the organization is to collect primary, longitudinal data through interviews and ethnographic approaches. Similarly, the use of experimental designs comprises an important and promising approach to answer key questions on corporate development (e.g., Winter, 2013).

In the end, improving theory is key to make relevant predictions on corporate development (e.g., Zollo and Winter, 2002). Emerging and future work in this domain can make important contributions to key theories including dynamic capability (Helfat et al., 2007) and transfer theory (Singley and Anderson, 1989).

I urge my colleagues, along with myself, to join forces to collectively address the important open questions that our field confronts us with. I look forward to interacting and working with many you on these exciting topics!

5 Conclusion

To conclude, in my inaugural address, I discussed that today alliances and acquisitions are more important than ever. Successfully executing alliances and acquisitions separates organizations that 'grow' from those that 'grieve'. In other words, corporate development capabilities critically shape the ability of organizations to succeed in the increasingly competitive world of today. Also, they influence the organization's survival and ability to offer sustainable propositions to its stakeholders. I shared what organizations do to ensure they learn how to grow. Organizations that succeed not only know when what type of corporate development activity is appropriate. They also know when codification is helpful and when not. And, they consciously define the roles, structure, and communication processes to develop their corporate development capabilities over time.

I believe that corporate development research has arrived at an exciting moment in time. As Behavioral Strategy gains prominence, strategy scholars are pushed to seek answers to challenging questions using novel methodological approaches. The emerging findings and research ideas presented highlight relevant contributions made and to be made. I hope these ideas will contribute to a fruitful research agenda that benefits managerial practice. I look forward to being part of that, along with many of you!

6
Words of thanks

At the end of my inaugural address, I would like to thank those who are dear to me as well as those who contributed to my appointment at TiasNimbas Business School at Tilburg University.

Distinguished Board of TiasNimbas Business School, Tilburg University, Deans of Tilburg University, and Members of the appointments and advisory committee, I am truly grateful for the confidence and opportunity you have given me with this appointment. I gratefully accept the position and will do my very best to contribute to our School.

Distinguished Colleagues, I feel privileged to be able to work with very dedicated colleagues. Also, a special word of thank to people from the business community for their open way of collaborating. Many of you are a great inspiration to me and it has been an enormous pleasure to work with and learn from you. My motivation hinges in large part on the nice encounters, great conversations, and wonderful insights that you have shared with me over the years. I am grateful for those special moments in particular!

Lieve familie en vrienden,
Net als jullie, had ik nooit verwacht een carrière in de wetenschap na te streven. Geert Duysters, mijn scriptie begeleider en promotor, heeft me echter op andere gedachten gebracht. Ik ben blij met deze keuze. Ook ben ik dankbaar voor de mooie herinneringen en voor de steun in lastige perioden. Familie en vrienden zijn voor mij een belangrijk deel van mijn leven. Ik hoop nog vele mooie momenten met jullie in het verschiet te hebben!

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Lieve Pien, Lara en Pep,
Een goede basis in het leven is onontbeerlijk. Elke dag ben ik blij om bij jullie te zijn. Bedankt voor jullie warmte! Ik ben trots op jullie alle drie en dankbaar dat ik jullie man en papa ben. Jullie knuffels zijn niet te missen!

Ik heb gezegd.

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