



Strategic M&A: insights from Buffett's MidAmerican acquisition

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Purpose - This paper seeks to propose a definition of strategic mergers and acquisitions (M&A) that is illustrated by way of case study. It also aims to introduce the strategic concept of "nascent franchise." **Design/methodology/approach** - The proposed definition is based on existing strategic theory, which was extended to the field of M&A. The supporting case analysis is based on the Berkshire Hathaway-led acquisition of MidAmerican Energy Holdings Company ("MidAmerican") in 1999, and was prepared from publicly available financial information. **Findings** - Defining strategic M&A in the manner proposed in this paper proved useful in explaining the dynamics of, and post-acquisition performance of, the MidAmerican acquisition. It also helped to frame the analysis leading to the concept of nascent franchise. **Practical and research implications** - The paper's definition of strategic M&A could help reframe deal deliberations for practitioners, and spur research by strategy scholars. Additionally, the concept of "nascent franchise" could be developed in future research conducted by either practitioners or academicians. **Originality/value** - Strategic M&A is defined in a manner consistent with the literature, but extended and illustrated in a unique manner. The valuation presented in this paper, and the concept of nascent franchise derived from the valuation, are based solely on the author's work.

Keywords: Acquisitions and mergers; Competitive differentiation; Competitive strategy; Deals pricing; Margin of safety; Nascent franchise; Strategic mergers and acquisitions deal analysis; Value investor

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