

Chapter 15

Better Together?

A Case Study of the Organizational Integration at SOMOS–Saraiva in Brazil

Juliano Pereira
SOMOS Educação, Brazil

João Paulo Bittencourt
Instituto Singularidades, Brazil & University of São Paulo, Brazil

Silvia Pereira de Castro Casa Nova
University of São Paulo, Brazil

Alexandre Ardichvili
University of Minnesota, USA

ABSTRACT

This case study focuses on a large-scale change faced by SOMOS, the largest K-12 educational platform in Brazil. In 2015, the company acquired Saraiva, a traditional family-owned publishing house with a strong portfolio of services in the K-12 sector as well as a significant share of the higher education market sector. The authors have chosen an episodic narrative to describe two relevant events within organizational change. Six episodes of change were presented, each focusing on specific and related points. They document and map the process of integration of the two organizations, describing the main challenges, critical milestones, and outcomes from each episode. They reflect on whether the evidence-based approach, used to develop the organizational change interventions, was successful in bringing people together during this critical transition.

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INTRODUCTION

This case study focuses on the acquisition of the publisher Saraiva by the largest K-12 education company in Brazil, SOMOS Educação (formerly known as Abril Educação). The acquiring company initiated two significant initiatives as part of the change process: Integration (‘Integração’ in Portuguese), an effort to integrate people and businesses after the acquisition; and Integrate (‘Integrar’ in Portuguese), the integration of the Information Technology (IT) system. This case is based on 10 in-depth interviews that were conducted by late 2017 with 6 out of 15 executives directly involved in acquisition. They were selected given the different functional roles they played and the experience they had at the time. The case was also built on documentary analysis of communication reports, managers’ feedback surveys, and IT systems architecture from the integration period.

To understand and describe this evidence-based organizational change process, we have chosen an episodic approach, comprised of six episodes, that reflects the critical points of the change process, its key players and challenges. The story is told from the point of view of the manager, Juliano Pereira, who both led the Clean Team – a ‘neutral’ team composed of professionals appointed by the two institutions, SOMOS and Saraiva – at the time of Saraiva’s acquisition (‘Integração’) by SOMOS, and was the project manager of the IT systems integration (‘Integrar’) that occurred shortly thereafter. This episodic approach helps us to provide Human Resource Development (HRD) practitioners and researchers with a vicarious experience of an evidence-based change process, illuminating not only the strategies, processes and procedures that worked, but also points for improvement and lessons learned. We start by describing the processes from the points of view of individual participants and then move towards a description of the organizational vision of the evidence-based change process.

PROLOGUE

D-Day: Go or No Go

The Saraiva acquisition can be divided into three major periods of time: i) the transaction of acquisition, ii) the team integration (or disembarking), and ii) the integration of the processes and IT systems (‘Integrar’ project). Compared to typical merger and acquisition (M&A) transactions, there were two peculiarities in this particular case. First, the submission of the terms of the deal to the Brazilian antitrust agency (CADE, Conselho Administrativo de Defesa Econômica in Portuguese) before the deal’s closure, given the size of both companies and their combined market share; and, second, Saraiva’s integration into the SOMOS IT platform was conceived after the integration of personnel, as neither of the two companies were prepared for a full integration by the closing date. By then, SOMOS was still running on the IT platform they inherited from Abril, its previous controlling shareholder, while Saraiva was also separating its systems and processes from its retail sister company.

The acquisition was announced in June 2015, and the entire transaction process, until final closing, lasted until May 2017. Our case will focus on the second and third stages, more precisely between August 2015 to December 2016, when certain decisions that were most relevant to this case were made, including the “Go” or “No Go” of ‘Integrar’, a project whose purpose was twofold: to capture synergies and to integrate firms from the SOMOS portfolio, thus creating a common platform for the future growth. Figure 1 presents a diagram with the timeline for our case, from the acquisition in June 2015 to the end of the second phase of ‘Integrar’ in May 2017.

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