

CCL Industries

How to exploit existing skills.

Canadian operations CCL Industries is a Canadian-based multinational corporation engaged in the custom manufacturing of consumer goods in North America and Europe, printing of labels, and manufacturing of aluminum aerosol containers and tubes in North America.

U.K. activities Challenged by the Canada-U.S. Free Trade Agreement and the forthcoming European Single Market, CCL started to push back its frontiers first by acquiring a U.S.-based company, and then by acquiring two English companies: Osmond Aerosols in November 1989 (receivership situation) and Minipak (for its pharmaceutical expertise) in February 1990. Acquisition was preferred to any other entry route because:

- the company had no expertise in greenfield. It is, however, experienced at buying companies in trouble and turning them around;
- it is difficult to build a customer base in custom manufacturing because of extreme loyalty to suppliers; and
- the perceived obstacles associated with starting from scratch in a foreign country were too great.

Lessons to be drawn U.K. operations are still in their teething phase, but some conclusions can already be drawn.

Senior management positions were staffed by a combination of Canadian people familiar with the United Kingdom, and U.K. nationals from the acquired companies. The objective was to transfer the Canadian corporate culture while preventing any major disruptions in the companies bought.

- It was easier to reorganize the U.K. operations than might be expected because of CCL's network of suppliers and customers with worldwide operations.
- Many of the problems involved in acquiring a company in receivership have been eased by the good reputation of the acquirer.

Under the guidance of experienced in-house legal staff, CCL used local lawyers. This strategy proved invaluable because of the complexity of the deals and local lawyers' extensive knowledge of the U.K. legal framework.