Strategy out of a private investor’s perspective

- A mapping of Bure Equity’s strategy and its congruency with reality -
# Abstract

**Title:** Strategy out of a private investor's perspective  
A mapping of Bure Equity’s strategy and its congruency with reality

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**Purpose:** The purpose of this Bachelor thesis is to investigate if an independent private investor can form a reliable opinion about an investment company’s strategy exclusively by public accessible sources. This is to be conducted by a case study of the investment company Bure Equity. Bure’s strategy according to its public communication is compared to its actual performed activities.

**Material:** Bure’s official webpage, press releases, annual and quarterly reports from 2005 – 2008, as well as newspaper articles and stock analyses.

**Method:** A qualitative content analysis.

**Main results:** Bure Equity follows its overall strategy relatively well. However ambivalence exists, as they often chose to adapt their strategy to the situation. With the results of this thesis Bure’s strategy is more understandable, defendable and above all consistent. An independent private investor can in fact gain a trustful picture of Bure’s strategy by only having a look at their public documents and the media’s publications. This however demands for detailed engagement in the topic. One way to facilitate the evaluation of a strategy for private investors in the future would be by a higher transparency of the firm’s documents.

**Key words:** Bure Equity, investment, ownership, private investor, strategy, transparency.
1. Introduction

April 2009, some of the main topics that fill the daily newspapers are unemployment, income decrease, and the steady BNP decline. What began as a crisis in the financial sector passed into a world economy crisis, that some scientists categorize as more extensive than the Great Depression in 1929 (Schwerste Krise seit den 20er Jahren, 2008). People are looking for someone to blame and have lost trust in many financial organizations. One institution that was discredited is the investment area (Batisweiler et al., 2008). Many declared bankruptcy, because of too high risk taking and yield promises, which were impossibly lasting and out of any realistic reach. One way to realize these promises is by acquiring firms just to cherry-pick lucrative elements and hive off less profitable divisions. Sometimes, when these activities are carried out too quickly and media publicizes them, people, especially in times like these, get skeptical and question the respective companies’ strategies and operations. This has been the case with Bure Equity, a Swedish investment company that made headlines, because of a sudden change of course within its business area. They unexpectedly hived of their core business, education, only a few months after having announced to become a pure educational-driven company (Henrik Öhlin, 2008). Instead they acquired two firms in completely new business areas. As a result their portfolio has been changed radically during the last year. This is especially remarkable in the light of their overall strategy, which states to be long-term oriented (Bure’s Annual Report, 2008). The question arises which strategy Bure actually follows.

1.1 Purpose of Study & Questions of Research

As implied in the previous paragraph Bure’s behavior seems inconsistent with what they announced to do. This provides interesting material to research and discuss their strategy in order to see if Bure follows an enduring strategy or not. This leads us to the purpose of the study and the main questions of research.

The purpose of this Bachelor thesis is to investigate if an independent private investor\(^1\) can form a reliable opinion about an investment company’s strategy.

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\(^1\) We define private investor as an individual, financially strong person, in comparison to companies or institutions.
exclusively by public accessible sources. This is to be conducted by a case study of the investment company Bure Equity. Bure’s strategy according to its public communication is compared to its actual performed activities. Bure’s statements are thus opposed to their real actions.

The thesis will consist of a qualitative case study, which is led by the main questions of research:
1. What does Bure’s strategy look like?
2. Is it concurrent with their actions?

1.2 Delimitations

This study’s extent of material focuses on the years 2005 to 2008. 2008 was chosen because it was the year when Bure announced the hiving-off of AcadeMedia. 2005 was a critical year, because many strategic changes were implemented. Four years can be seen as a short period of time, especially when investigating strategies. However, in this case the focus is on an investment company and their cycles are shorter. Long-term in investment terms means duration of five and more years, medium-term between three and five years and short-term up to one year (Banking Glossary, 2009). This indicates that the field of investment is a more fast-moving business and makes the time perspective defendable. Furthermore, the material’s contribution to strategy has become more during the years. In the past the reports contained less information on strategy, which in the recent years has increased. Therefore, a clear time line between 2005 and 2008 was chosen, which seemed manageable within the limits of the thesis. Another delimitation is the research field of strategy. Three strategy areas were illumined, that is general, investment and shareholder. General strategy highlights the general demand on a strategy; investment illustrates the different investment strategies that exist and ownership refers to the commitment of a shareholder in its owned companies. Certainly, there are further areas that could have been investigated, such as what influence the CEO has in the choice and design of strategy. However, this is rather complicated to investigate with a focus on secondary data. Interviews or observation had in this case been necessary.

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2 We define public accessible sources as all information given on the company’s webpage, their complete financial reports accessible to the public as well as media articles.
2. About Bure Equity

The following chapter shall give an overview on Bure’s history and the development within the last years, which eventually led to the hive-off of their education portfolio and the acquisition of two new portfolio companies. Bure Equity was founded in 1992 as a company with holdings in venture capital companies (Bure’s historia, 2009). Venture capital means an off-market private equity of particularly risky firms that are mobilized by an investment company (Riskkapitalbolag, 2009). Young, unlisted and often technology-oriented companies characterize this venture capital holding. In Bure’s case the firm, at that time called Bure Förvaltnings AB (transl. “Bure Management Co.”), held shares in four different venture capital companies: VIDE Invest, Ven Cap, Malmöhus Invest and HIDEF Kapital (Bure’s history, 2009). Only one year later, in 1993, Bure went from being a management company, this is a company that manages unit trusts (= a trust to manage a portfolio of stock-exchange securities, in which small investors can buy units (Pallister and Isaacs, 1996)) to becoming an investment company, named Investment AB Bure (Bure’s history, 2009). In the following years Bure expanded into the health care and IT/InfoMedia sector and went public in 1995. Three years later Bure made its first steps into the area of training and education. They did some major acquisitions in health care but already one year later their portfolio within health care had shrunk from 17 companies to two. Further acquisitions were carried out in the IT and educational sector. In the following two years Bure continued to change its portfolio quite rapidly and to name some examples companies like Simonsen AB, Gunnebo AB and Nobel Biocare were sold (Bure’s history, 2009). As a consequence of being short-term-oriented and too quickly buying and selling too many firms, Bure almost lost its status as an investment firm in the end of 2000. “Investment firms are to hold shares but not trade with them”, said Börje Noring, auditor at the tax authority in Gothenburg (Larsson, 2000). After a two-year lawsuit the Swedish Supreme Administrative Court finally states that Bure is an investment firm according to the tax law’s opinion (Bures skatteärenden slutligt avgjorda, 2002). This incident has led to an alteration of Bure’s strategic orientation, which implied to become a pure private equity company, now named Bure Equity AB (Bure’s history, 2009).
In the end of 2002 and the following year Bure went through a tough crisis but could eventually stand its ground and already the following year the firm had a positive development (Bures kris fördjupas, 2002 and Bure’s history, 2009). In 2005, the company had strengthened its financial position significantly. There was an early redemption of Bure's costly subordinated debenture, which was replaced with a market-based loan (Bure’s history, 2009). Gradually, they enlarged their holdings in the educational segment, amongst others by increasing its share in Vittra and Mercuri, founding new institutions of education and steadily selling their complete health care and IT section. Instead of following the principle of diversification like in the past decade, Bure now concentrates on fewer firms and a narrowed branch activity (Bure’s Annual Report, 2005). In 2007, Bure acquired a large holding of AcadeMedia and one year later it merged with Bure’s group of independent schools named AnewLearning. Together they became the largest private school operator in Sweden (Samgåendet mellan Bures utbildningsbolag Anew Learning och AcadeMedia är genomfört, 2008). The group took over the name AcadeMedia. In 2008, Bure’s focus has almost completely moved towards education, which accounted for two-thirds of its portfolio and their aim was to become a pure educational group (Bure’s Annual Report, 2008). In January, Bure defined a new overall goal that seeks to move away from being an investment corporation and to become an operating educational corporate group (Bure’s historia, 2009). Only a few months later, in October 2008 this strategy was abandoned, when Bure distributed its entire holdings in education to its shareholders. Bure clarified that, “By the dividends Bure’s ambition to become an operating-oriented educational group has been completed” (Bure’s historia, 2009). Left were four companies active in consulting and communications (Bure’s holdings, 2009). Bure’s recent acquisition of the investment bank Carnegie and insurance adviser Max Mathiessen in February 2009 confirmed their quitting of the educational business (Lindström, 2009 and Altor and Bure acquire Max Matthiessen from the National Debt Office, 2009).

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>Bure established</td>
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<tr>
<td>1993</td>
<td>Became investment company</td>
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<tr>
<td>1995</td>
<td>Bure listed</td>
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<tr>
<td>2000</td>
<td>Close to loose investment status</td>
</tr>
<tr>
<td>2001</td>
<td>Became private equity firm</td>
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<tr>
<td>2003</td>
<td>Bure in crisis</td>
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<tr>
<td>2007</td>
<td>Bure acquired AcadeMedia</td>
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<tr>
<td>January 2008</td>
<td>Bure announced to become pure education group</td>
</tr>
<tr>
<td>October 2008</td>
<td>Bure hived off all education</td>
</tr>
<tr>
<td>March 2009</td>
<td>Bure bought 2 new firms</td>
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</tbody>
</table>
3. Theoretical Framework

The theoretical framework consists of three different strategy approaches. Strategy in general gives an overview on which qualities characterize a strategy. Investment strategy maps the most important investment types and seizes private equity as an alternative investment area, based on Bure’s concentration on this investment category. Finally, ownership strategy describes the holding of stocks out of an owner point-of-view and how companies should involve themselves in their holdings, also named corporate governance. These theories where chosen, because Bure on the one hand claims to follow an investment strategy and on the other hand an ownership strategy. The aim is to see if Bure’s strategy is consistent with the chosen theories. They are further a means to map Bure’s strategy. In every section the key words respectively terms are identified and highlighted. They are collected in the end of every subchapter and in the end of the theoretical framework they are illustrated in a table.

3.1 Strategy in General

According to the Swedish National Encyclopedia, the term strategy is defined as the teaching of the use of military and other instruments of power to achieve political, military and other objectives such as keeping peace, maintaining neutrality and changing or keeping the distribution of power (Strategi, 2009). This rather old-fashioned and war-centered view on strategy has nevertheless two central thoughts that appear relevant even in today’s organizational and management strategies. First of all, objective respectively goal or target is a term that often comes with the organizational definition of strategy. As expressed by the business professors Robert N. Anthony and Vijay Govindarajan (2006, p. 53), “Strategies are plans to achieve organization goals”. Wright agrees and defines strategy as “top management’s plans to attain outcomes consistent with the organization’s missions and goals” (Wright, 1992). These organizational goals include above all increasing profitability and maximizing shareholder value.\(^3\) Secondly, an instrument of power or according to the language of today, resources or core activities is another key term in the definition of strategy. When combining both terms a possible definition of nowadays strategy

\(^3\) Shareholder value = Enduringly and in the long run maximizing the value of a company for the shareholder, source: http://www.wirtschaftslexikon24.net/d/shareholder-value/shareholder-value.htm
within companies could be, “Strategies define how organizations should use their resources to meet their objectives” (Merchant and Van der Stede, 2007, p. 6).

Johnson and Scholes (2006) add another key word, namely long-term. A strategy still has the traditional smack of following an elaborate, medium- or long-term plan, either written-down or in the heads of management and employees (Johnson and Scholes, 2006). Their definition is the most comprehensive, as it contains most of the mentioned definitions in one: “Strategy is the direction and scope of an organization over the long-term; which achieves advantage for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfill stakeholder expectations” (Johnson and Scholes, 2006). In particular, their definition contains six key terms:

1. Direction – where is the company heading in the long-term?
2. Scope – which activities are involved?
3. Advantage – how can the company outperform its competitors?
4. Resources (for example skills, assets, finance and relationships) – which resources are needed to compete?
5. Environment – which environmental factors influence the company’s ability to compete?
6. Stakeholders - what are the values and expectations of the groups that have power in and around the business?

These and the complementing key words from the other described definitions, form the identified key words for this section:

**Key words**: goal/target/objective, plan(s), resources/core activities, direction, scope, advantage, environment, stakeholders

### 3.2 Investment strategy

The core of an investment firm is, of course, to hold and manage other companies' stocks (Adam, 2000). Therefore it is obvious that a part of Bure’s strategy is composed by an investment strategy (Bure’s mission, targets & strategy, 2009). In order to investigate if the theoretical approach of different investment strategies can
be identified in Bure’s investment strategy, it is necessary to examine different investment strategies. This is to be done in the following chapter.

There are three main investment strategies: growth-, value and buy-and-hold-strategy (Bergknut et al., 1993). In the following, these investing approaches will be described in brief.

*Growth investment*, as the name itself implies, means the investment in companies that are known for their high-growing earnings and that are expected to grow faster than average rate (Haugen, 2001, p. 567). Theoretically, it can be expressed in the equation high growth = high stock prices = high profits. It is common to invest in *new, future firms* that have not had their great breakthrough yet. The strategy therefore is very risky, as the assurance that the firm will perform well is quite vague, but when succeeding the returns can be as high as the risk (Bergknut et al., 1993).

Value stands for recoverability, *certainty* and substance. The *value strategy* focuses on overlooked and undervalued stocks with lasting profit and turnover stability (Bodie et al., 2005). Unlike growth stocks, this strategy is not aiming at shortsighted venture earnings, but long-term, stable appreciation, which in the long run will be recognized by the market and will eventually increase the stock price to its true value (Haugen, 2001).

*Buy-and-hold strategy* is a very traditional and comprehensible investment strategy. It is reliable, long-term investment method that searches for large and established firms that steadily pay high dividends. The aim of the strategy is an asset increase due to long-term price rises and dividend payouts of the securities bought (Brockington, 1993). Further, the method is cost saving and the linked risk *is much lower* than other. It constitutes a *defensive placement* and is an extreme antipole to short-term-operating traders (Haugen, 2001).

To summarize, these investment strategies show one striving distinction; that is the *degree of risk*. The last strategy portrayed is quite certainly the most *risk-averse*, whereas a growth investing is much more *risk-inclined*. The various methods also require different *commitment* of the trader. Some are more long-sighted and ask for
only a few buy and sell activities, while others call for a higher dedication with more and faster changes in the stock portfolio (Brockington, 1993). In investment context, long-term means assets with durations above five years, medium-term with terms between three and five years and short-term up to one year (Banking Glossary, 2009).

The outlined investment strategies are the very basic ones, but many newer and alternative theories build upon them. The explanation of these is a necessity to go one step further and illustrate more complex ones. This is to be done in the next chapter, which in general deals with how to undertake unconventional investments, and in particular about what private equity investing implies.

The collected key words that were italicized in the text are the following:

- commitment, dedication, degree of risk, buy/sell activities
- a) growth, high-growing, risk-inclined, start-up firms
- b) value, certainty, lasting profit, turnover stability, long-term, venture earnings
- c) buy-and-hold, traditional, large/established firms, high dividends, risk-averse, defensive placement

3.2.1 Alternative Investment Strategy – Private Equity

In recent years, traditional investing was elaborated and new ways to place money were explored, because investors began to look for “absolute-return strategies targeting a positive return in all market environments and maintaining low correlations with traditional asset classes” (Jaffer, 1998). A lot of non-traditional investing strategies like for example private equity\(^4\) perfectly fit institutional investors, because they start to understand the value of long-term investments (approximately 10 years) and therefore search for them, if targeted returns are gained. Moreover, these alternative strategies have the advantage to rebound faster than conservative assets, because they can more easily enter and abandon different asset categories (ibid.). In addition, there are three further reasons why these new-emerging strategies have gained more and more ground (Jaffer, 1998, p. 13 - 27):

\(^4\) Private equity = A reference to the frequently illiquid market for closely held, usually small companies. Transactions are often effected under an exemption from the laws and regulations covering the transfer of publicly traded securities. Source: Jaffer, Sohail, Alternative Investment Strategies, p. 382
1. Diversification – low correlations with traditional asset classes
   -> Result: improved portfolio stability
2. Tailor Ability – strategy can be customized according to the investor’s needs
   -> Result: specific risk/return trade-offs
3. Market Access – more efficient way to gain access to special markets and asset classes

As written above, private equity is one possible strategy in this “new wave thinking”. It is a form of equity capital that is not to be traded at regulated markets (stock market) and is too risky for conventional banking. As mentioned before it is mostly institutions, in this case private equity firms that are engaged in this kind of holding form. There are two main types of private equity investing. Firstly, venture capital, a form that is highly risky and can generate high returns. It demands for long-term exposure and vendors are mostly start-up firms. The investing firm occupies a special role, which includes the need to choose opportunities to follow, sequentially investing in them and eventually evaluating the operability of the chosen business. Further important duties and responsibilities are to help advancing, overseeing and if necessary changing the management and act as advisor. This is not an easy assignment, but requires skill, patience and judgment (Jaffer, 1998). Inexperienced players that very often have performed badly in this business have proven the challenge of this investment form.

A second type of private equity investment is named corporate finance or transactional business. It builds a contrast to venture capital, as the corporate finances a new company to acquire an existing, normally lucrative business and often its management. Vendors can for instance be large corporate firms aiming at diversification, because of either financial problems or a desire to progress. Sometimes, it can also be public or governmental companies (ibid.).

Private equity investing evidently has certain advantages. Primarily, its performance is one. Taken the UK as an example, private equity there has outperformed the listed markets and generated outstanding returns (ibid.). Further, it can provide a good risk
diversification when added to a portfolio already containing listed stocks, as there is a low correlation between private equity and the quoted market (ibid.). Of course, it also has its drawbacks. The high risk involved, as well as the need for an understanding of related liquidity and regulatory issues are certainly the most important ones. However, in sum it can be said that this investment form already has become a major asset class, because listed markets have become too perfect. Private equity meanwhile still is an area with imperfect market mechanisms, which continue to generate good returns. Therefore the success of private equity investing is not too astonishing (ibid.).

Key words: long-term, (risk) diversification

a) venture capital, (high) risk, start-up firms, act as advisor, skill, patience, judgment

b) corporate finance, transactional, existing lucrative business, large corporate firms

3.3 Ownership strategy

The previous chapter implied that an investment firm not only puts money into different businesses, but also often is or should be involved in operational processes within the respective firms. Investment firms do need to take on active responsibility in the invested firm. However, this is easier said than done.

Theoretically, institutions such as investment firms are in control of large shareholdings and therefore have the right to exert power on the owned firms due to the carried voting rights of their shares. This could lead to an increased pressure on the management and also to the possibility to do profound changes within it, by for example outvoting managers (Macey, 2008). However, instead of perceiving this ability and being an active owner, traditionally most investment firms acted as administrators. They were rather passive and refuse to take on a dynamic role in the holding of their shares and felt no need to impact on the firms they held shares in (ibid.). One reason why institutions were careful and not willing to become too involved in the “daily business” was a lacking knowledge of the power ability and the held businesses (Macey, 2009). “Shareholders simply do not have the requisite information, or the inclination, to become sufficiently knowledgeable about what is going on within a public company to be useful to management in this way.” As most
institutions’ portfolios are highly diversified it is impossible “to immerse themselves in the business operations and strategies of the companies in which they invest”. However, as the trend goes to narrowed-down portfolios, particularly in private equity firms, owners are able to involve themselves on a more continuous basis (Macey, 2009). The key for an investment firm is to get involved in corporate governance (Macey, 2008).

Corporate governance emerged in fact from the notion of absent and disinterested owners (Collin, 2001). It is defined as “The system by which companies are directed and controlled” (Cadbury, 1992). There are two different interest groups that can be identified as the prime principals of corporate governance, that is managers and owners (Collin, 2001). As this chapter aims to describe ownership strategy, managers as an interest group are left out and the focus is shifted towards owners. Collin (2001) defines owners as “the group of actors that have the right to terminate the company and to change the top management composition”. According to him, their duty is not to directly control the managers, but to facilitate managerial actions. This means that owners contribute to the managers’ capacity to “shape the production function of the company in a productive fashion” (Collin, 2001). Facilitation could for example present risk capital, which is provided by the owner to the manager (ibid.). Based on this reasoning, Collin (2001) defines corporate governance as “the system where the will of the owners are implemented in a company through controlling and facilitating managerial action”. This system is composed of a group of different mechanisms. “These mechanisms are directed towards influencing the managers behavior through influencing the premises of the managerial action, directly influencing the action, or influencing the action indirectly through reactions on the output of the company” (ibid.). Ownership strategy is the actual composition of these corporate governance mechanisms, which shall enable the company, particularly the managers, to fulfill the aims of the company (ibid.). According to Macey (2009), possible corporate governance mechanisms are immersing oneself in real-time decision-making as well as injecting into quotidian managerial decisions.

In sum, this means that an institution like an investment company follows an ownership strategy if they not only annually or quarterly get involved into the firms
they hold shares in, but can participate more on a daily basis and facilitate managerial activities by the help of different mechanisms.

**Key words**: operational (processes), administrator, passive/active, knowledge, real-time decision-making, corporate governance, facilitate, influence, enable, quotidain managerial decisions, participation, regularity, involvement

The respective key words for every strategy part are collected in the following figure.

<table>
<thead>
<tr>
<th>General/Goal/Target/Objective/Commitment</th>
<th>Investment</th>
<th>a) Growth</th>
<th>b) Value</th>
<th>c) Buy-and-hold</th>
<th>Private equity</th>
<th>a) Venture capital</th>
<th>b) Corporate finance</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan Dedication</td>
<td>Commit-</td>
<td>High-</td>
<td>Certainty</td>
<td>Traditional</td>
<td>Long-term</td>
<td>(High) risk</td>
<td>Transactional</td>
<td>Operational (processes)</td>
</tr>
<tr>
<td>Resources/Core activities Degree of risk</td>
<td>High-grow</td>
<td>ing</td>
<td>Lasting</td>
<td>Long-term</td>
<td>(Risk)</td>
<td>diversif.</td>
<td>Start-up firms</td>
<td>Administrator</td>
</tr>
<tr>
<td>Direction Buy/ sell activities</td>
<td>Profit</td>
<td>Lasting</td>
<td>Large</td>
<td>Large</td>
<td>Advisor</td>
<td>Large</td>
<td>Advisor</td>
<td>Passive/active</td>
</tr>
<tr>
<td>Advantage Value</td>
<td>Venture</td>
<td>High</td>
<td>Patience</td>
<td>Peace</td>
<td>Judgment</td>
<td>Corporate governance</td>
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<tr>
<td>Environment</td>
<td>High</td>
<td>dividends</td>
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<td>Facility</td>
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<tr>
<td>Stakeholders</td>
<td>Buy-and-hold</td>
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<td>Influence</td>
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<td>Quotidian managerial decisions</td>
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Table 1 “Overview strategies and related key words”
4. Method

This chapter deals with the utilized research method, what data and how they were collected, ethical comments and finally in what way this thesis is limited.

4.1 Case Study “Bure Equity”

This Bachelor Thesis is a case study on the investment firm Bure Equity to gain an insight in how Bure’s strategy looks like and if they keep what they claim – being long-term oriented. It is to make a contribution to the external evaluation of a private person that is interested in investing in an investment company, exclusively depending on public material. The use of a case study was chosen, because the topic can be considered as a “current phenomenon in a real-life context” (Ghauri and Grønhaug, 2005, p.115). In context with Bure, the current phenomenon in a real-life context was the firm’s choice to hive-off newly acquired AcadeMedia. This incident delivers the origin and reason for an analysis of Bure’s strategy. “What does Bure’s strategy look like?” and “Is it concurrent with their actions?” are the main research questions. The thesis aims to describe the company’s strategy and to find an explanation to the veritableness of it out of a private investor’s point of view. The descriptive and exploratory nature of the study reinforces the choice of a case study method. Furthermore, “case methods involve data collection through sources such as financial reports, archives, and budget and operating statements” (Ghauri and Grønhaug, 2005, p.115). As the thought was to exclusively work with secondary data in this thesis, a case study matched even this criterion well. Also, “case studies can use both quantitative and qualitative methods”, which contributed to the decision to choose a case study, because this study aims to conduct both of them. The advantage is that these different methods strive to highlight the unique elements and considerations in the chosen, particular case (Bryman and Bell, 2004).

Of course, a case study clearly also has its drawbacks. Generalization is harder than when researching multiple occurrence of a species. Generalization is more supportable when ten case studies are conducted, instead of one. In this study, generalization of the results might only be possible in a limited way. Investment firms shift much in their holdings, operations and strategies and what applies for Bure does not eventually apply for Investor AB or Kinnevik. But, if a single case study is
described carefully and the general knowledge is concluded inductively, some
generalization might be possible to draw. Important to mention is however the fact,
that “the question is mostly not if we can produce general knowledge, but how lasting
(valid) this knowledge is” (Andersen, 1998, p. 133). The authors of this thesis are therewith conscious about the necessary wariness and possible limitation when
generalizing potential results of this study.

4.2 Data Sources

All information of this thesis is based on secondary data. The data consists on the one
hand of Bure Equity’s official webpage (www.bure.se), mainly the parts “About
Bure” and “Investor Relations”. Further internal sources are the company’s annual
and quarterly reports from 1998 to 2008 as well as all press releases from 2005 to 2008. The authors of this study are clear about the fact, that all internal information
from the company is biased and “it is quite common for companies to utilize wishful
thinking in their annual reports rather than facts” (Ghauri and Grønhaug, 2005, p.
100). This “positive information” is therefore balanced with external sources that are more critical and represent different angles; this is, newspaper articles.
These cover either great general Swedish newspapers, for instance Dagens Nyheter or Göteborgs-Posten, or more specialized business newspapers like for instance Affärsvärd.

As the topic of this thesis is very specific and information limited, these data sources seemed to be the most appropriate ones to gather information. Scientific databases were browsed without further result. The information gathering will be explained in
detail in the next subchapter.

Secondary data has some clear advantages. It saves time and money, because nowadays a lot of these data can easily be retrieved online or electronically through the library. The author is not dependent on human sources that might not have the
time to be available for an interview, or live too far away to take part in an observation round. Naturally, it is then the authors’ responsibility to assure that data are accurate, because “inaccuracies cannot be blamed on the secondary source” (Ghauri and Grønhaug, 2005, p. 98). In order to fulfill this criterion, the original
source of all data was checked. This can be seen in the reference list. If existent, the original author of the text was named.

### 4.3 Data Collection

**a) Main study**

Bure’s official webpage [www.bure.se](http://www.bure.se) acted as one internal source to gather material for the qualitative analysis, which is based on a content analysis. Various press releases, annual and quarter reports were retrieved from there. The different reports and articles were then filtered by the same or synonymic key words from the theoretical framework. The findings were arranged in a table and classified in three general areas, conform to the strategy categories from the theory. All newspaper articles were found by two databases, Mediearkivet and PressText. Access was provided through Uppsala University’s online library. The search terms were “Bure”, “Bure Equity”, “AcadeMedia” and “Carl Bro”, and the search covered all Swedish newspapers. In addition, more specific articles on Bure’s buy and sell activities were searched for to align the actual incidents during 2005 and 2008.

### 4.4 Further Ethical Aspects

Besides the ethical awareness mentioned in the previous paragraphs, there are some further considerations to be taken. As the main part of this thesis consists of a qualitative study, the authors are at a greater mercy of subjectivity. In researches of a qualitative form the ethical dilemma has an outstanding role, because the scientist has a freer role in his investigating work and therewith increases the risk to end up in an ethical dilemma (Bulmer, 2001). Therefore, the aim of the authors is to reflect reality objectively by portrayed statements and theories. The authors do of course need to make interpretations; otherwise a qualitative analysis would be impossible. The importance is to show consciousness about these interpretations, to be transparent with them and let the reader know about thoughts and research procedures. This gives the study an intersubjective traceability, which means that complex data and facts are similarly identifiable and comprehensible for multiple observers (Ghauri and Grønhaug, 2005, p. 40). This helps to increase objectivity. If several measurements, with the same stable measure, achieve the same results, reliability is given.

Systematically deformed measurements are common when for instance the attendants of a survey do not give their real opinions, but socially requested ones. As this study
does not contain any primary data, and based on the above-mentioned transparency and objectivity, this criterion should be obtainable.

During the whole course of work, ethics was an underlying element. Ethical adjustments were not only conducted at one certain point, but during the complete assignment. An evident advantage is that Bure was not involved as a primary source and the authors thereby not dependent on the company. For this reason, disclosures could me made, without limitations and the risk of non- or modified-publication of the thesis.

4.5 Limitations

The study is limited to investigating two main strategies, investment and ownership, primarily because they occur throughout Bure’s reports. Of course, further theoretical approaches to strategy would have been possible, such as business unit strategy or operational strategy. These strategies are however more suitable in larger operating businesses such as production- or fast moving consumer goods. Business unit strategy demands for companies with more diverse markets and a larger product portfolio, and operational strategy asks for a more complex operational business, with various resources, processes and people. Bure as an investment firm with only six employees and no direct operational business does not fulfill these requirements. Therefore a conscious choice about the two strategic directions investment and ownership was made. Furthermore, the researched material comprises the years 2005 to 2008. Some could argue that this is a very short period to investigate a company’s strategy, especially as they aim to be long-term plans, which are often more than five years. However, as described in chapter 1.3, investment firms have a much shorter time perspective and 2005 and 2008 were two important years in Bure’s strategic development. The thesis builds exclusively on secondary data, and one could argue that the results could have been reinforced by primary data such as interviews, which also would have made reading more vivid. However, as the purpose of study clearly states, the aim is to make an analysis out of a private person’s perspective that only has access to public information, with other words secondary data. This defends the choice of solely secondary data. The drawbacks of this method were clearly pointed out in the previous chapters.
5. Empirical Material

This chapter shows the collected empirical material. The majority is presented in a running text to make reading more fluent. Furthermore, it is classified per year, which means that first the identified statements from Bure are described, oriented at the theoretical key words, and then the actions taken by the company. This is to be done year per year to facilitate reading and understanding and keeping the thread. The most important key words from Bure’s strategic statements are italicized and in the end of the chapter put into a table.

5.1 Strategic Statements vs. Taken Actions

Strategic Statements in 2005

"New strategy with focus on long-term ownership” (Bure’s annual report, 2005). "Bure’s new strategy means an increased focus on long-term ownership without branch specialization, i.e. a buy-and-hold strategy. As an explicit principal owner and with the origin in operational effectiveness and the portfolio’s capital structure, there is created value for Bure’s shareholders.” (Bure’s interim report January – June 2005). This citation is out of Bure’s interim report January – June 2005. In detail, the cornerstones of this strategy are (Bure’s annual report, 2005):

1. To be a long-term owner, which means that Bure’s work with the portfolio companies shall not be exit-driven.
2. To enhance and concentrate the existing portfolio
3. To mainly invest in unlisted companies
4. To invest in companies with a good earning
5. To focus on the portfolio company’s capital structure with emphasis on the company’s debt situation
6. The parent group in principle to be debtless
7. A diversified investment portfolio
8. Principal owner with controlling influence
9. Development of the portfolio firms through a continuous identification of key business processes as a means of improving operating efficiency
Concerning their ownership strategy, Bure further states that it is characterized by *clarity* and *commitment*. They mean to “clearly communicate our goals and expectations for the company to the board, that we are committed to supporting the companies and that we are clear in our performance measurement.” (Bure’s annual report, 2005).

Bure thus claims to become a long-term owner primarily investing in unlisted companies. In figure 3 from Bure’s annual report 2005, the company highlights this position. They compare their positioning on the one hand to traditional investment companies, which position themselves as investment companies investing in listed companies and following a long-term ownership. On the other hand Bure lists private equity companies, which follow an exit strategy and invest in unlisted companies. Figure 3 shows Bure’s new positioning with the parameters unlisted/listed companies and exit/long-term strategy.

![Swedish investment companies and funds](image)

Figure 2 - Title: Bure’s positioning in 2005, Source: Bure’s Annual Report 2005

**Actions taken in 2005**

The press stresses Bure’s streamlining, which the company follows consequently by for example dispositions. Swedish Dagens Nyheter (DN) writes, “Bure fortsätter renodlingen, den finansiella ställningen förbättras”\(^5\) and titles, “Bure vände förlust till vinst”\(^6\) (Lucas, 050226). Veckans Affärer (VA) joins and claims Bure to be a quite healthy company again. Further, VA writes that the new management has acted powerful and Bure quickly has improved its financial situation, “bland annat genom försäljningar”.\(^7\) VA also underlines the fact that Bure today is more easily analyzed than before. “Innehav i riskkapitalfonder och flera innehav i små

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\(^5\) Translation: “Bure continues the streamlining, the financial position improves."

\(^6\) Translation: “Bure turned loss into profit”

\(^7\) Translation: "amongst others by sales"
bolag har sålts av. En majoritet av innehaven ägs idag till mer än 50 procent och räknas som dotterbolag. Undantagen är börsnoterade återförsäljaren Scribona (Bure äger 23 procent) och IT-konsulten Systeam (46 procent).” (Herin, 2005)

In another article, DN writes about Bure’s decision to become a long-term owner, instead of continuing on their old strategy. “Nytänkande Bure vill bli långsiktiga ägare. Bure har haft som strategi att köpa tillväxtbolag, vidareutveckla dem och sälja. Försäljningen - exit - har varit det som drivit verksamheten.” (Lucas, 050825)

During 2005, Bure undertook the following changes in its portfolio:

<table>
<thead>
<tr>
<th>In/More</th>
<th>Carl Bro (more)</th>
<th>Vittra (more)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Out/Less</td>
<td>Scribona (out)</td>
<td>Mölnlycke (out)</td>
</tr>
</tbody>
</table>

Figure 3: Bure’s portfolio changes in 2005

In = new portfolio firm
Out = complete sell of portfolio firm
More = increased ownership
Less = decreased ownership

These changes were mapped with the aid of Bure’s press releases during 2005 and by a comparison of Bure’s annual reports from 2004 and 2005.

**Strategic Statements in 2006**

One year later, Bure had sold a big company of its portfolio, i.e. Carl Bro. Bure has also slightly modified its strategy: “There will be a stronger emphasis on new investments within the framework of the established strategy.” (Bure’s Interim Report January – June 2006) The new investments will occur “via the existing portfolio companies and partly through new direct investments” (ibid.). The aim is to balance the risk in the existing portfolio (Bure vänder blad – fokus på långsiktig

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8 Translation: “Holdings in venture funds and various holdings in small corporations have been sold. A majority of the holdings are today owned by more than 50 percent and are counted as affiliates; except for the listed retailer Scribona (Bure owns 23 percent) and IT-consultant Systeam (46 percent).”

9 Translation: “New-thinking Bure wants to become a long-term owner. Bure’s strategy was to buy growth firms, enhance them and then sell. The selling – exit – was driving their operations.”
investeringsverksamhet\textsuperscript{10}, 2006). One new investment area at that time was education and the firm announced, “Bure takes a very optimistic view of the educational market and its future growth potential” (Bure’s Interim Report January – September 2006). They still stress the fact of being a long-term owner, “Bure is seeking companies/assets consistent with a \textit{more long-term} approach to ownership” (ibid.).

Furthermore they mention like in 2005, that they position themselves between traditional investment firms with “ focus on investment and long-term ownership in listed companies” and private equity investors following an “an exit strategy in which a portfolio company is developed for 3–7 years and then sold” (Bure’s Annual Report, 2006). Instead, Bure pursues a \textit{long-term ownership} in \textit{unlisted companies}. “In its role as assertive principal owner, Bure creates \textit{shareholder value} by focusing on the business performance, operating efficiency and capital structure of the companies.” (ibid.)

Bure’s investment strategy is the same like the year before, where the cornerstones are: balanced portfolio, new acquisitions, \textit{opportunistic}\textsuperscript{11} approach, stable sectors, high barriers to entry, recurring revenue, low person-dependency and primary focus on \textit{Sweden}, but \textit{Nordic} perspective also of interest. (ibid.)

In sum, the overall strategy resembles the one in 2005, except the emphasis on new investments, due to released capital from the sale of Carl Bro.

\textbf{Actions taken in 2006}
Bure did a “\textit{rejält vinstlyft}”\textsuperscript{12}, according to DN’s issue the 25\textsuperscript{th} of February 2006 (Lucas, 060225). In July, the same newspaper reported about Bure’s capital gain when they sold Carl Bro. “\textit{Bure Equity säljer innehavet i sitt största portföljbolag Carl Bro}.”\textsuperscript{13} The selling was a profitable deal and increased Bure’s “cashbox” (Bure gör reavinst vid holländsk affär, 2006). They now focus on new acquisitions (Wolmesjö, 060824). This is confirmed by DN, which reports that the corporation (note: Bure) plans to invest in new firms (Almroth, 2006).

\textsuperscript{10} Translation: Bure changes course – focus on a long-term investment operation
\textsuperscript{11} Opportunistic = taking immediate advantage, often unethically, of any circumstance of possible benefit, source: http://www.thefreedictionary.com/opportunistic
\textsuperscript{12} Translation: strong profit increase
\textsuperscript{13} Translation: Bure sells holdings in its biggest portfolio firm Carl Bro
In/More  

<table>
<thead>
<tr>
<th>2006</th>
<th>Cygate (more 061004)</th>
<th>Energo (in)</th>
<th>IT Gym. (in)</th>
<th>Framtidsgym. (in)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out/Less</td>
<td>Systeem (out)</td>
<td>Kreatel (out)</td>
<td>Carl Bro (out)</td>
<td>Cygate (out 061116)</td>
</tr>
<tr>
<td></td>
<td>Celemi (less)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 4: Bure’s portfolio changes in 2006

In = new portfolio firm  
Out = complete sell of portfolio firm  
More = increased ownership  
Less = decreased ownership

These changes were mapped with the aid of Bure’s press releases during 2006 and by a comparison of Bure’s annual reports from 2005 and 2006.

**Strategic Statements in 2007**

In 2007, Bure continues its strategy of being opportunistic, but looking at companies within stable sectors and predictable cash flows (Bure’s Interim Report January – March 2007). It is though enhanced by the term “significant knowledge advantage”, which Bure adds in its search of new investment possibilities (ibid.). “Bure is currently analyzing a number of possible future scenarios within the framework of its strategy, where one priority is to focus on business areas where the company has documented experience.” (Bure’s Interim Report January – September 2007).

Furthermore, Bure puts a strong focus on streamlining its portfolio. Apart from that the general strategy is mostly the same like in 2006. The main foundation is to “create value in the portfolio companies by acting as an assertive principal owner” (Bure’s Annual Report 2007). Regarding the investment strategy, there were conducted some adjustments. Balanced portfolio, high barriers to entry, recurring revenue and low person-dependency were erased and specialized portfolio, low exposure to the general business cycle, structural capital in terms of identifiable values in processes/concepts and increased international ambitions were added (ibid.).
Bure strives to become the majority holder/owner of all its portfolio firms. Bure stresses its commitment to them by illustrating the interplay between them:

![Figure 5: Interplay between Bure and the portfolio companies - Source: Bure’s Annual Report 2007](image)

Bure’s portfolio companies are governed in a similar way with the aim that everybody gets knowledge about how the work of the board is committed. Goals and expectations shall be clear. To support this, Bure's has developed a standardized tool, illustrated in figure 5, which can be adapted to each portfolio company. According to Bure’s Annual Report 2007 this model functions in the following way. 1) The board decides qualitative and quantitative goals as well as prioritizes them for the portfolio company. To ensure that the goals can be measured, the board also makes sure that an effective management control system (MCS) is in place. 2) Based on goals and priorities the portfolio company will set up key performance indicators (KPI’s) for a facilitated follow-up and reporting. 3) In order to benefit from belonging to Bure group, the company arranges yearly workshops were individuals in different levels network and share good practices.

**Actions taken in 2007**

2007 is the year when Bure began to show interest in the educational business. In April 2007, DN writes, “En annan trend är att renodlade investmentföretag satsar på gymnasiaskolor, bland annat i Stockholm. Bure Equity köpte i slutet av mars in sig i Academedia”\(^{14}\) (Uusijärvi and Delling, 2007). Only one month later, Tidningarnas Telegrambyrå (TT) reports that Bure’s private schools grow (Bures friskolor växer, 2007). In October, Göteborgs-Posten titles “Bure wants to buy Academedia” (Bure

\(^{14}\) Translation: Another trend is that pure investment firms commit themselves in upper secondary schools, amongst others in Stockholm. In the end of March, Bure Equity bought itself into Academedia
vill köpa Academia, 2007). However, the shareholders in Academia refused Bure’s bid (Storägare i AcadeMedia nobbar bud, 2007).

<table>
<thead>
<tr>
<th>In/More</th>
<th>AcadeMedia (in)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td></td>
</tr>
<tr>
<td>Out/Less</td>
<td>Gronmij (out)</td>
</tr>
</tbody>
</table>

Figure 6: Bure’s portfolio changes in 2007

- In = new portfolio firm
- Out = complete sell of portfolio firm
- More = increased ownership
- Less = decreased ownership

These changes were mapped with the aid of Bure’s press releases during 2007 and by a comparison of Bure’s annual reports from 2006 and 2007.

**Strategic Statements in 2008**

In the first interim report of 2008, Bure announced its ambition to, “over the coming 12-month period, concentrate Bure’s holdings in the educational sector and become the Nordic region’s largest operating company in the educational market.” (Bure’s Interim Report January – March 2008). Also in its year-end report, Bure stressed its interest in the educational sector. “Bure will continue according to previously stated strategy to invest within the knowledge intensive service sector.” (Bure’s Year-end Report 2008). Key words from previous reports were repeated, “The primary emphasis of Bure’s investment operations is to be long-term principal owner with a controlling influence in unlisted companies with strong and stable earnings.” (Bure’s Annual Report 2008).

The general strategy contained both new and familiar content (Bure’s Annual Report 2008):

- To be a *long-term owner*, i.e. Bure’s involvement in the portfolio companies is *not exit-driven*
- To continue developing the existing portfolio
- To invest primarily in *private equity*
- To invest in companies with strong and *stable earnings*
- To be a principal shareholder with a *controlling influence*
- To focus on *operating efficiency*, growth-enhancing measures and the capital structure of the portfolio companies

The investment strategy is consistent with the one in 2007.

Bure’s ownership strategy is highlighted in the annual report 2008 and their owner responsibility takes above all place by “board representation in the portfolio companies, where the focus is on operating efficiency, growth-enhancing measures, risk levels and the capital structure. Bure formulates an explicit owner agenda for each company and continuously monitors development against goals and key performance indicators (KPIs).” (ibid.) This is the same process as in 2007, which was explained in detail at figure 5.

**Actions taken in 2008**

In January 2008 TT reports about Bure’s plans to become a pure educational group (Bure blir skolbolag - byter vd, 2008). This plan is, according to Göteborgs-Posten, soon fullfilled. “Konsultbolagen inom bland annat media och it sätts på säljlistan när Bure fullföljer omvandlingen till rörelsedrivande utbildningsbolag. Övriga portföljbolag avyttras successivt. Han (Bure’s VD) utesluter inte att bolagen kan knoppas av i ett nytt investmentbolag som delas ut till aktieägarna.” (Genborg, 2008)

The interesting history about Academedia draws the attention of the media and analysts. At Aktiespararna, the Swedish Association of equity investors, there was published a broad article about Bure’s latest actions. “Bure is on a good way to change course, from investment firm with a spread portfolio and a huge capital to a pure education company with little capital requirements. Capital transference to the shareholders saunters.” (Rolander, 2008)

15 Translation: The consulting firms within media and IT are put on the sale list when Bure fulfills the transformation to a business driven education corporation. Remaining portfolio firms are sold gradually. He (Bure’s CEO) does not rule out that the firms could be separated into a new investment firm, which will be distributed to the shareholders.
The article’s author then goes more into deep and writes about the radical changes that went about during the last three years. In 2005, “the investments were spread in several sectors and corporations, and many of the portfolio firms had a weak profitability and were in need of financial support of Bure – which itself was in debt, after several expensive investment failures before the IT- and telecom crash. Today, Bure is in the final stage of a streamlining, with education as a guiding-star. Which direction Bure is to have in the long-term, or which strategic considerations in addition to the streamlining to education that the company now does, is pretty unclear.” (ibid.)

In another article the same analyst highlights this again: “Which plans exist for Bure in the long run is unclear. With the paid dividends of Academedia and liquid assets, the remaining stock-market price and capital base become relatively small amounts and it is doubtful if it is reasonable to keep a place in the stock market.” (Rolander, 080829)

In April, Bure presents a quarterly profit of 126 million SEK. Even in August, profits still are increasing, as TT titles, “Ökad vinst för Bure”\(^{16}\) (Ökad vinst för Bure, 2008). However, two months later Bure shows a negative result after the third quarter (Bure på minus tredje kvartalet\(^{17}\), 2008).

As a reaction to the hiving-off Bure undertook a few months later, Veckans Affärer published an article on this topic in late November. “Efter utdelningen av innehaven i Academedia och Anew Learning har Bure knappt 2 miljarder kronor kontanter. Tidigare planer på att Bure skulle bli ett rörelsedrivande företag med en renodlad utbildningsverksamhet ersattes av den avknoppning som just skett. Den fortsatta strategin för Bure är föremål för diskussion.”\(^{18}\) (Bederoff, 2008)

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\(^{16}\) Translation: Increased profit for bure

\(^{17}\) Translation: Bure shows negative result after the third quarter

\(^{18}\) Translation: After the distribution of holdings in Academedia and Anew Learning, Bure has about 2 billion SEK in cash. Earlier plans to become an operations-driven firm with a pure educational business were replaced by the hiving-off that recently occurred. The continuing strategy of Bure is a an object of discussion.
The article then throws light on Bure’s activities in the beginning of the year. “In the beginning of 2008, when Bure’s plan to become an education firm still was alive, the idea was to sell all the holdings that did not belong to the core business. Several deals were completed, all with good profit. Meanwhile, Mercuri landed in between, as the company earlier was considered to fit into the new education group, but now anyhow is left over at Bure. In the light of the considerations that were med visible in previous deals, it is hard to believe that the remaining holdings should not be of any value at all. However, right now the sale of further holdings is not on the cards.” (ibid.)

<table>
<thead>
<tr>
<th>In/More 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out/Less</td>
</tr>
<tr>
<td>Citat (out)</td>
</tr>
<tr>
<td>Textilia (out)</td>
</tr>
<tr>
<td>Academia/Anew Learning (out)</td>
</tr>
<tr>
<td>Appelberg (out)</td>
</tr>
</tbody>
</table>

Figure 7: Bure’s portfolio changes in 2008

In = new portfolio firm
Out = complete sell of portfolio firm
More = increased ownership
Less = decreased ownership

These changes were mapped with the aid of Bure’s press releases during 2008 and by a comparison of Bure’s annual reports from 2007 and 2008.

The identified key words in italic in Bure’s strategic statements are presented in table 3. The first column represents the different types of strategies that are to be invested in the thesis (taken from the key words from the theoretical part) with identified key words. The first row shows the years from 2005 to 2008. The key words to be found in one year are marked with an x. If there were not found this is marked with a /.
<table>
<thead>
<tr>
<th>Strategy</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>X = yes</td>
<td>/ = no</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shareholder value</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Opportunistic approach</td>
<td>/</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Knowledge advantage</td>
<td>/</td>
<td>/</td>
<td>X</td>
<td>/</td>
</tr>
<tr>
<td>Sweden-focus</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Nordic-focus</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>International ambitions</td>
<td>/</td>
<td>/</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td><strong>Investment/Private Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buy-and-hold</td>
<td>X</td>
<td>/</td>
<td>/</td>
<td>/</td>
</tr>
<tr>
<td>Unlisted companies/private equity</td>
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<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Listed companies</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>/</td>
</tr>
<tr>
<td>Non-exit-driven</td>
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<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Well-earning companies</td>
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<td>X</td>
</tr>
<tr>
<td>Diversified portfolio</td>
<td>X</td>
<td>/</td>
<td>/</td>
<td>/</td>
</tr>
<tr>
<td>Specialized portfolio</td>
<td>/</td>
<td>/</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Balanced portfolio</td>
<td>/</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>New direct investment</td>
<td>/</td>
<td>X</td>
<td>/</td>
<td>/</td>
</tr>
<tr>
<td>Investing in existing</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>New acquisitions</td>
<td>/</td>
<td>X</td>
<td>X</td>
<td>/</td>
</tr>
<tr>
<td>Streamlining</td>
<td>/</td>
<td>/</td>
<td>X</td>
<td>/</td>
</tr>
<tr>
<td>Concentration</td>
<td>X</td>
<td>/</td>
<td>X</td>
<td>/</td>
</tr>
<tr>
<td>Knowledge sector</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>X</td>
</tr>
<tr>
<td>Educational sector</td>
<td>/</td>
<td>/</td>
<td>X</td>
<td>/</td>
</tr>
<tr>
<td><strong>Owner</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Long-term</td>
<td>X</td>
<td>X</td>
<td>X</td>
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</tr>
<tr>
<td>Short-term</td>
<td>/</td>
<td>/</td>
<td>/</td>
<td>/</td>
</tr>
<tr>
<td>Principal owner</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Clarity</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
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<td>Commitment</td>
<td>X</td>
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<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Majority holder</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Controlling influence</td>
<td>X</td>
<td>X</td>
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<td>X</td>
</tr>
<tr>
<td>Operating efficiency</td>
<td>X</td>
<td>X</td>
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<td>X</td>
</tr>
<tr>
<td>Owner agenda</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Table 3: Overview of strategic key words identified in Bure’s external material

The table is divided into three main strategies oriented at the classification of table 1 in the theory. Investment and private equity are put into the same category, because they are related and belong both to the investment chapter in the theory. The general
strategy shows that “shareholder value” is a term that appears every year.

“Opportunistic approach” emerges in 2006 and is prevailing until 2008. “Knowledge advantage” is predominant only in 2007. The company states to have a Sweden and Nordic focus during all the years, 2005 – 2008. Their international ambition came up later, i.e. in 2007 and existed even in 2008. Bure’s investment strategy states that a buy-and-hold strategy was only prevailing in 2005. Whereas they consequently claimed to pursue to invest in unlisted respectively private equity companies. They never claimed to be interested to invest in listed companies. Furthermore, Bure states that their investment strategy is non-exit driven during these four reviewed years. Bure’s investment focus would be on well-earning companies. Only in 2005, Bure mentions a diversified portfolio as a target. In 2007 and 2008 they express the contrary and suggest a specialized portfolio. Balanced portfolio was another term they used during 2006 until 2008. New direct investments were recent only in 2006. During all four years Bure claims to invest in existing portfolio companies. The term “new acquisitions” was mentioned in 2006 and 2007. Streamlining its portfolio was mentioned in 2007. Concentrating the portfolio turned up in 2005 and 2007. Investing in the knowledge sector came up only recently, i.e. in 2008. The year before, Bure was interested in the educational sector. The distribution of the “x” in the ownership strategy is more evenly. During all years Bure states to be a long-term, principal/majority owner with clarity, commitment as a motto. They want to exert controlling influence on their portfolio firms and use owner agendas. An aim is to obtain operating efficiency.
6. Analysis
In this part of the study, it will be analyzed if there can be identified a conformance between the theoretical framework and the collected empiricism. The structure will follow the theory’s outline, which means that strategy in general will be discussed first. Afterwards, the investment strategy will map Bure’s use or none-use of these and finally it will be analyzed if the theory’s shareholder perspective is congruent with Bure’s or if they differ.

6.1 Evaluation of Bure’s General Strategy
During 2005 until 2008, Bure showed consistency in five of six parts of its general strategy. Almost all elements that were introduced were kept as part of the strategy. Only in one field, this is “knowledge advantage”, Bure showed inconsistency. As 5 of 6 of the key words were constant, even if they were introduced at different points in time, the company adhered to them. This proves consistency in Bure’s general strategy. However, as the theory defines long-term as more than five years and medium-term as 3-5 years, and strategy is either long- or medium-term, only four of five key words are concordant with that definition.

If one takes a closer look at the attribute shareholder value, this generally is seen as a target that seeks to maximize the value of a company for the shareholder in the long run and enduringly. This fact adds to Bure’s long-term perspective. It also shows that the company has a clear general target, which they aim to follow during these four years.

Another key term that describes Bure’s general strategy is opportunistic approach. It characterizes the adjustment to the advantageous respective situation. This is not in line with the definition of a strategy, which should follow a consistent plan, as pointed out in table 1, whereas opportunism is rather the contrary. It is governed by the characteristic to easily switch to another concept when necessary.

An important attribute of a strategy is advantage, namely how a company can outperform its competitors. This is not explicitly mentioned in Bure’s external documents about its strategy in general. Instead it is a part of their investment
strategy, where they consciously position themselves differently than other investment firms. Even the attribute resources is treated more detailed in the other strategic parts, like for example their significant knowledge advantage in different investment areas.

6.2 Evaluation of Bure’s Investment Strategy

Taking a first glance at table 7, were different key words of Bure’s investment strategy were collected, one can experience that the symbols x and / are relatively mixed and not organized as well as in the general strategy. This disorder gives a feeling of irregularity. This “first feeling” is going to be controlled more profoundly by analyzing if the various key words point in the same direction.

Buy-and-hold was only prevailing in 2005. Afterwards Bure did not mention it again in its reports. This is striking, as buy-and-hold is the most long-term investment strategy, and if Bure aims to act in the long run, the company should be interested in it. However, when taking a closer look at the other key words presented, there appear some that indicate a buy-and-hold concept. Bure seeks for well-earning companies, and this corresponds with a part of the theory, namely large and established firms that steadily pay high dividends (Brockington, 1993). If a company is able to reliably pay high dividends, it is assumed that they make good profits, which is equal to “well earning”. Also the key word “non exit-driven”, which occurs every year, confirms a buy-and-hold strategy, because a key word in this strategy is exactly to hold the stocks one has bought and not to exit them, i.e. sell them. Consequently, even if Bure not explicitly expresses buy-and-hold as a strategy the years after 2005, they still seem to follow it, but uttered in more paraphrasing words. This is reinforced by further key terms. “Investing in existing companies” shows commitment and indicates that Bure adheres to these companies. “Specialized portfolio” means that Bure wants to concentrate its activities within one field and this fact foreshadows a long-term engagement. Eventually, Bure wants to streamline its portfolio, meaning that only a few companies are left in it. This implies an intensified focus on them. However, this also means that in order to streamline the portfolio, Bure needs to sell holdings in the first place, which would speak against a consistent buy-and-hold strategy. There are further indicators that argue against a prevailing buy-and-hold strategy.
Bure aimed on a number of previous occasions for new direct investments/acquisitions. This could interrupt the continuity that became apparent in the previous paragraph. It conflicts with the streamlining Bure was to conduct in 2007. It would be in line with their long-term perspective if shares were acquired within the same industry, and thus Bure would continue to specialize its portfolio. Still, it is a bit unclear in which field Bure wants to specialize the portfolio. In 2007, Bure announced to become active within the educational sector. Only one year later, they had modified this information, and now want to devote themselves to the “knowledge sector”. This is not only a widening of the term education, but also involves a broader and not specialized portfolio.

When analyzing the actual activities Bure carried out, the first view shows that Bure keeps with the strategy of streamlining its portfolio. Many companies are sold during the period 2005 to 2008 and no new were purchased except within education. In many cases, Bure first increases their stock holdings and then sells its complete holding. For example, the holdings in Carl Bro were first in 2005 increased and then one year later the whole company was sold. The same applies for Cygate, whose shares were increased in October 2006 and only one month later, Bure’s complete holdings in Cygate were sold. Turning back to Bure’s long-term activities and investments, this concept is questioned by the sudden sale of the investment firm’s entire holdings in its educational business. Further, these selling activities certainly question if the company follows a buy-and-hold strategy. The strategy is considered a long-term investment, which out of the given definition means a holding of above five years (Banking Glossary, 2009). Only during 2005 to 2008, Bure sold eleven companies (Scribona, Mölnlycke, Systeam, Kreatel, Carl Bro, Cygate, Grontmij, Citat, Textilia, Academedia/Anew Learning and Appelberg). This, of course, intensifies the assumption of a company following an antithesis to a buy-and-hold strategy. Important to add is though that Bure had owner shares in these companies for a long time. Appendix 2 shows that many of the sold holdings were owned for more than five years. The sudden and extensive sale of these holdings illustrated in the figures 3, 4, 6 and 7 promotes the assumption of an inconsistent buy-and-hold strategy, but with the background knowledge about the ownership length of the various companies this is disproved.
6.2.1 Bure’s Private Equity Strategy

One main part in Bure’s investment strategy is to invest in unlisted companies. This investment form is titled private equity. Bure strongly stresses this *direction*, both in its webpage and in all reports from 2005 until 2008. In fact, Bure positions itself as an investment company that “pursues long-term ownership in unlisted companies” (Bure’s annual report, 2005). This choice of strategy underlines a long-term commitment, because private equity investments are classified as holdings that demand “long-term exposure”, as described in the theory. Exposure in a financial context means commitment to one’s stocks. Private equity supports also Bure’s aim to balance its portfolio, because one advantage of private equity is “improved portfolio stability”. Further, another key term in the theory on private equity is risk diversification. This is exactly what Bure aims to do: “The aim is to balance the risk in the existing portfolio” (Bure vänder blad – fokus på långsiktig investeringsverksamhet, 2006).

In the empirical chapter it was mentioned that Bure emphasizes commitment, “we are committed to supporting the companies” (Bure’s Annual Report, 2005) which is shaped up as a necessity when investing in private equity. According to the theory, private equity requires an active involvement of the owner, to, for example, “advance, oversee or change management and act as advisor”. This gives support for Bure’s motivation to successfully use private equity as an investment strategy, and thus being a long-sighted investment firm.

Striking is that Bure defines exit as a strategy of “owning and developing a portfolio company for 3 – 7 years” and then selling it (Bure’s Annual Report, 2006). As Bure claims to be non-exit-driven and follows long-term ownership, their holding should then at least last for seven years. In fact, Bure owns its portfolio companies on average for 8 years. Before 2001, Bure did a lot of quick buy-and-sell activities. After being accused and temporarily loosing the status as an investment firm, Bure became more careful. That is one reason why Bure has increased the average length of ownership during the last years. Seven years after the arraignment, even though Bure recently has overhastly sold off all of its portfolio companies, they still seem to remember the incident, because most of the currently sold companies were held for
more than 5 years. Therefore, Bure maintains a key attribute of private equity respectively venture capital, which is *patience*.

In sum, Bure followed much of what they had promised about their investment strategy in reports and on their official webpage. Their investment strategy resembles mostly of a buy-and-hold strategy with clear influences of private equity.

**6.3 Evaluation of Bure’s Ownership Strategy**

Table 3 shows that Bure is very stringent in its owner strategy. The scheme is very permanent, without any changes during the years and the main pillars long-term, principal owner, clarity, commitment, majority holder, controlling influence, operating efficiency and owner agenda have been a consistent part of the concept from 2005 until 2008. As illustrated in the previous part, Bure maintains the status of a long-term owner with an average ownership of 8 years. This condition is therewith met.

The ownership theory pointed out that in order to become a committed owner, the firm needs to be aware of some crucial manners (Macey, 2008). Firstly, it is important to act as an active owner and get involved in one’s portfolio firms and their “operational processes” (ibid.). In 2005, Bure aimed for a development of the portfolio firms “through a continuous identification of key business processes as a means of improving operating efficiency” (Bure’s Annual Report 2005). This is a clear finding, that Bure is involved in its portfolio firms beyond annual meetings. Furthermore, another task according to professor Jonathan Macey is to acquire knowledge about the portfolio companies (Macey, 2008). Macey means that this is only possible with a narrowed portfolio holding (ibid.). This is exactly what Bure is heading for, they “concentrate” and “specialize” their portfolio and strive to be “principal owner”. Hence, Bure Equity can put more focus on the respective companies, in order to get knowledge and then successfully interact with them. The following years, Bure continues to stress the work with operations in its owned firms and means to deepen the exchange of information. In 2008, they also mention to take “owner responsibility” (Bure’s Annual Report 2008) which is a key word in a
successful shareholder strategy. Bure highlights their commitment by their board representation in its portfolio firms.

In sum, according to the given theory, Bure has taken some necessary measures to become a proper and committed owner:

a) Focused/specialized portfolio, which gave better knowledge on the different firms (for example the long holding of shares in the educational business gave Bure a knowledge advance)
b) Fewer companies allowed Bure to more easily and on a regularly basis engage in operations of its owned firms
c) Increased focus on a mutual exchange of information (owner agenda, KPI, reports) reinforced Bure’s commitment
d) Bure’s participation and initiation of objects in the portfolio firms is a conscious action to become an exceedingly active owner

The fact of putting this much energy in these firms, contributes to the long-term ownership Bure has followed in the last years. A firm that is so highly committed in its firms thinks twice before it ends the ownership – if not forced to.
7. Concluding Discussion

In this last chapter of the study all results from each strategy area will be discussed. The final paragraph will return to the origin, that is the purpose of study.

A clear general strategy could be identified which meets almost all demands for a strategy. Bure follows its general strategy quite well, because the company keeps its manifested strategic elements over time. This is reinforced by the use of creating shareholder value as a key element, whose aim is to be a long-term and lasting target. Nevertheless, the opportunistic approach Bure exhibits is contradictory to its overall strategy. Instead of following a lasting strategy, it rather seems that the opportunistic view interferes with that and steers Bure towards a situational “strategy” or rather tactic, which is changed as the case may be.

Bure’s investment strategy resembles mostly a buy-and-hold strategy, even if uninitiated parts due to many sell activities get more of the feeling of a concept of day trading. This was disproved by the long-term ownership Bure had followed in the companies they sold during 2005 to 2008. Bure states to primarily invest in private equity. This was proven by theoretical key words that could be identified in Bure’s statements and taken actions.

The study pointed out that Bure puts much energy in its portfolio firms, not only by following a long-term ownership, but also by being engaged in their operational processes. Following a long-term ownership does however not mean that the strategy does so, too. Bure is ambivalent in this case. It is apparent that the term “long-term” is frequently used in Bure’s official documents; still they often seem to adapt their strategy to the circumstances.

The purchase, sudden merge and unexpected hiving off of AcadeMedia arrived so closely, almost simultaneously, that publicity became suspicious. Media only gave fragments of the whole story without more detailed background information. This, of course, gave the impression that the sale was sudden, unexpected and inconsiderate and Bure inconsistent in its strategy. However, with the results of this thesis the
strategy is more understandable, defendable and above all consistent. An independent private investor can in fact gain a trustful picture of Bure’s strategy just by having a look at their public documents and the media’s publications. However, this is not done within a couple of hours but asks for a two month long academic research. One way to avoid this effort is by an increased transparency of investment firms. This, in order to gain a better insight into their operations, which consequently will give them and many other investment firms people’s trust back and make private investors place money in them.
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### Appendix

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Figure 3: Calculation of average length of Bure’s ownership