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Tyco International

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Introduction

Tyco International deserves its place in the annals of American business history not only for the scale of its operations, but also for the complexity of its journey. What began as a small research and investment company in 1960 would go on to become a multinational force, expanding across continents and industrial sectors. Tyco's story encapsulates both the promise and peril of American corporate ambition: it is a tale of innovation, expansion, crisis, and ultimately, transformation.

The path Tyco charted was at times dazzling and at times cautionary. In its early decades, the company embraced aggressive acquisition as a growth strategy, integrating dozens—then hundreds—of disparate businesses into its ever-evolving structure. Canny leadership under figures like Arthur J. Rosenberg and later L. Dennis Kozlowski propelled Tyco into new markets and technologies, riding the waves of economic boom and, at times, economic bust. Each acquisition brought new capabilities, new challenges, and new risks, setting the stage for Tyco's meteoric rise in the Fortune 500 rankings.

However, Tyco's relentless drive for expansion left it vulnerable. At the dawn of the 21st century, revelations of fraud, financial mismanagement, and corporate excess enveloped the company in scandal. Executives faced prosecution, its reputation crumbled, and shareholders suffered massive losses. The events of 2002 became a defining moment not only for Tyco, but also for wider debates about ethics and governance in American business. In the aftermath, new leadership was tasked with restoring trust, righting the ship, and ensuring the company's survival.

Tyco's subsequent years were marked by relentless transformation. The company divided itself into distinct entities, spun off key divisions, and refocused on its core competencies in fire protection and security. Strategic acquisitions and divestitures allowed Tyco to remain relevant and valuable in an increasingly competitive, globalized marketplace. The realignment of corporate structure, governance, and business focus demonstrated resilience—a capacity to adapt and evolve even in the face of profound adversity.

Ultimately, the story of Tyco International is also a story of reinvention. The company's 2016 merger with Johnson Controls signaled the end of Tyco as an independent name, but not the end of its influence or legacy. As part of Johnson Controls International, Tyco continues to shape the fields of building security, fire protection, and industrial automation.

This book offers a comprehensive history of Tyco International, examines the

dynamics that propelled its growth and led to its troubles, and analyzes its post-scandal rebirth and eventual merger. In tracing Tyco's story, we find a mirror to the complexities, risks, and enduring spirit of corporate America itself—an instructive case for business leaders, historians, and anyone interested in the forces that shape the modern world.

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CHAPTER ONE: The Founding of Tyco: Arthur J. Rosenberg's Vision

Every corporate titan has a genesis, a moment of inception often tied to the vision of a single individual. For Tyco International, that individual was Arthur J. Rosenberg. A man with a Harvard Ph.D. in science, Rosenberg launched Tyco, Inc. in 1960. His initial venture wasn't aimed at building a sprawling conglomerate from day one; rather, it began as an investment and holding company with a focus squarely on advanced scientific research. This was a time when technological innovation was rapidly gaining momentum, and Rosenberg, with his academic background, was poised to explore the cutting edge.

The nascent Tyco was structured with two primary segments: Tyco Semiconductors and The Materials Research Laboratory. This dual approach signaled Rosenberg's intent to bridge theoretical scientific inquiry with practical, marketable applications. In its first two years, Tyco's work leaned heavily into the realm of governmental research and private sector military experiments, a common avenue for high-tech startups in that era. Imagine a small team of bright minds in a lab, working on projects that might one day contribute to national defense or groundbreaking new technologies.

The early 1960s were a fertile ground for scientific exploration, and Rosenberg was keen to cultivate that environment within Tyco. In 1962, the company underwent a formal incorporation in Massachusetts, a move that coincided with a refined strategic focus. Tyco began to pivot more explicitly towards high-tech materials science and products designed for energy conservation. This shift suggested an awareness of emerging commercial opportunities beyond government contracts, recognizing the potential for scientific advancements to address broader industrial and consumer needs.

One of Tyco's early technological triumphs was the development of a silicon carbide laser. This wasn't just any laser; it was a groundbreaking invention, notable for being the first blue-light laser and, remarkably, the first to fire a continuous beam at room temperature. Such an innovation, particularly in the nascent field of laser technology, underscored Tyco's commitment to pioneering research and its capacity to deliver tangible scientific breakthroughs. It was a clear demonstration of Rosenberg's vision translating into concrete results.

Beyond the laser, Tyco's Materials Research Laboratory pursued other promising avenues. The company made strides in areas like fluid controls, microcircuitry, and fuel cell catalysts. These diverse research interests showcased a broad scientific

curiosity and a willingness to explore multiple high-potential fields. It was an era of rapid technological change, and Tyco aimed to be at the forefront, contributing to the advancements that would shape future industries.

In 1964, a significant milestone arrived: Tyco went public. This transition from a private entity to a publicly traded company marked a new chapter, opening up avenues for greater capital infusion and a broader investor base. It was a sign of confidence in Tyco's early progress and its potential for future growth. The company's sales, which had been under \$1 million in 1963, were beginning to show promising signs of expansion.

With public funding now accessible, Tyco embarked on what would become a defining characteristic of its growth strategy: aggressive acquisitions. Rosenberg understood that to accelerate development and broaden distribution networks, inorganic growth was key. The year 1965 proved pivotal, as the company changed its name to Tyco Laboratories, Inc., and initiated a series of purchases that fundamentally reshaped its corporate identity.

The initial acquisitions were strategic, aimed at filling gaps and expanding capabilities. Mule Battery Products was brought into the fold in 1965, marking the first of what would be many such integrations. This was followed in 1966 by Industrionics Control, Inc. These early moves demonstrated a clear pattern: rather than organic, slow-burn development in every area, Tyco opted for a faster, more direct route to market presence and technological expertise through M&A.

The acquisition spree continued into 1967 with the purchase of North American Printed Circuit Corporation. By 1968, Tyco had already integrated sixteen companies since going public. This rapid consolidation of diverse businesses was a testament to Rosenberg's ambitious growth schedule and his belief in the power of synergistic acquisitions. Tyco was quickly transforming from a pure research lab into a diversified manufacturing and technology corporation.

By 1969, the results of this aggressive expansion were evident: Tyco's sales had surged dramatically, growing from less than \$1 million in 1963 to over \$41 million. This meteoric rise in revenue underscored the effectiveness of Tyco's acquisition-driven strategy in its formative years. The company was becoming a force to be reckoned with, steadily building its presence across various industrial sectors.

However, this dazzling growth was not without its complexities. By the close of the 1960s, a major reorganization became necessary to properly integrate and manage the burgeoning portfolio of acquired units. Wall Street, which had initially embraced high-tech companies, began to show signs of disillusionment, leading to a decline in Tyco's stock price from its mid-decade peak. The company divested several unprofitable units in 1969, reassessing its corporate direction amidst a changing

market sentiment.

The shift in market perception, coupled with the internal complexities of rapid expansion, led to a change in leadership. In 1970, founder Arthur J. Rosenberg was quietly transitioned out by the board of directors. His entrepreneurial vision had laid the groundwork, but the company now faced new challenges that required a different kind of stewardship. Joshua M. Berman, a partner at the law firm Goodwin, Proctor, and Hoar and a Tyco director, stepped in as interim CEO. The founding chapter of Tyco, under Arthur J. Rosenberg, thus concluded, leaving behind a legacy of audacious growth and a company poised for further, albeit tumultuous, evolution.

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