



CARLETON UNIVERSITY

BUSI 4510A: MERGERS & ACQUISITIONS

COURSE OUTLINE Fall 2016

Instructor: Professor Isaac Otchere
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Course Schedule & location

Thursday: 11:35 am–2:25 pm: Loeb Building B146

Office Hours:

Thursday: 4.00pm–5:30 pm or by appointment

UNDERGRADUATE CALENDAR DESCRIPTION

The theory and practice of mergers and acquisitions; the best ways to analyse, design and implement mergers and acquisitions transactions. A highly practical & planning-based approach to managing the acquisition process will be employed.

PREREQUISITE:

BUSI 3500 and **BUSI 3502** with a grade C- or higher in each, and **STAT 2607** with a grade of C- or higher.

The course also presumes that students have knowledge of basic accounting, economics, and financial management concepts and tools. The School of Business enforces all prerequisites.

COURSE DESCRIPTION

This course focuses on the theory and practice of mergers and acquisitions (M&A). It seeks to equip managers or future managers with what they need to know and the skills they need to have to be effective and successful in the M&A or investment banking world. The course is divided into two discrete aspects. The first involves developing an in-depth understanding of how and when to apply the appropriate tools and skills to successfully complete mergers and acquisitions transactions. In this regard, we will discuss, among others, the M&A process, M&A valuation and modelling, deal structuring and financing and M&A strategies. The second aspect involves the application of what has been learned to solving real world mergers and acquisitions problems.

COURSE OBJECTIVES:

To provide students with knowledge of

- how value is created (or destroyed) through corporate mergers and acquisitions;
- commonly used takeover tactics and defences and the process for selecting appropriate takeover tactics depending upon the types of anti-takeover defences in place at a target company;
- how and when to apply valuation techniques, and the practical limitations of the various valuation techniques, the importance of understanding assumptions underlying business valuations;
- financial modelling tools to evaluate mergers and acquisitions transactions;
- a highly practical “planning based approach” to managing the acquisition process;
- the challenges associated with each phase of the M&A process from developing acquisition plans through post-closing integration;
- how various components of the deal structuring process interact to determine the acquisition price;
- how the numerous tools and skills that have been learned in this and other courses are used in an integrated manner in completing an acquisition;

REQUIRED TEXT

The prescribed textbook for this course is: *Mergers, Acquisitions, and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions*, (MARA) 8th edition, by Donald M. DePamphilis, Academic Press, 2015 or 7th edition (2012)

ADDITIONAL RESOURCES

The Globe and Mail Report on Business; The Financial Post. The *Wall Street Journal* and the London *Financial Times* also provide comprehensive daily coverage of financial and economic news. Also, try the websites of the following institutions: [CNN Finance](#) ; [The Financial Times](#); [The Economist](#).

ASSESSMENTS

The requirements for the course consist of:

Assessment 1	1 mini and 1 main case analyses	Due Date: TBA	15%
Assessment 2	1 Take home assignment (individual)	Due Date: Oct 13	5%
Assessment 3	Acquisition proposal	Due Date: Dec 1	15%
Assessment 4	Quizzes (3)	Due Date TBA	15%
Assessment 5	Mid-term test	Due Date: Oct 20	20%
Assessment 6	Final examination	Due Date: TBA	30%

NOTE: Successful completion of the course requires a pass (50%) of the final examinations.

The date and location of the final exam will be announced through the University’s normal procedures for such matters. Make sure that you are available for the final exam.

Allowance will not be made for conflicting travel plans.

WHO SHOULD TAKE THIS COURSE?

Those who are seeking to become (or currently are) M&A professionals, investment bankers, entrepreneurs, financial analysts, chief financial officers, operating managers, portfolio managers, investors, business development managers, strategic planning managers, bank lending officers, auditors, venture capitalists, business appraisers, human resource managers, risk managers, or those who simply have an interest in mergers and acquisitions.

Case analyses (Group work):

One mini-case and one long case will be assigned to you and your group for analysis. It is important that you form your group on the first day of class. Each group will have 4-5 members. You are responsible for choosing your teammates. One of the group members should email your group list to the instructor soon after the first class. Each group will be responsible for analyzing and preparing a detailed write-up of the assigned case to the class. The write-up will be word-processed and professionally written with a maximum length of 2,500 words (excluding appendices). The first page of your report will consist of an executive summary of the group's analysis and recommendations. The subsequent pages will document the analysis and reasoning. Numerical analyses that are referred to in the write-up should be provided as appendices.

Quizzes:

To encourage you to keep up with the course material and to measure your understanding of the material, I will administer 3 in-class quizzes. Each quiz will be 20 minutes in duration and the questions will be multiple choice questions. At the end of the lecture preceding the week of a quiz, you will be informed of the topics that will be tested. Note that there will be no make-up quiz.

Mid-term Exam

The mid-term test will be held in the week shown in the class schedule. The venue and time for the test will be determined in due course. For this test, you will be required to know the materials that will be covered in the first five weeks. In fairness to all students, no make-up mid-term exam will be administered. In the case of a valid excuse for missing the mid-term test, supported by evidence (for example medical certificate), the mid-term exam weight may be added to that of the final exam.

Final Exam:

The final examination will test your understanding of the concepts covered in both the lecture and case components of the course. It will be held during the final examination period. The exam format will be explained during the last week of class. Given the nature of this examination, the only valid excuse for missing the exam is one of a medical nature and must be documented by a medical certificate. If the exam is missed for medical reasons, students will have to apply for a deferred examination.

The date and location of the final exam will be announced through the University's normal procedures for such matters. Be sure that you are available for the final exam. **Allowance will not be made for conflicting travel plans.**

Acquisition proposal (Group work): You (and your group members) will act as the CEO of an acquisition minded company to investigate the financial aspects of a Canadian (target) company listed on the Toronto Stock Exchange for the purpose of takeover. Your group will be required to prepare an acquisition proposal. You should choose your companies ((bidder and target) and email the names of the companies to the instructor soon as possible. The goal of this exercise is to provide you an opportunity to apply the concepts that will be discussed in class to a real company. Details of this assignment and a sample acquisition proposal are provided in separate handouts on CuLearn for your perusal.

LECTURE OUTLINE

Lecture	Topics*	(MARA)
09/8	Introduction: The M&A Environment	MARA chapter 1
09/15	Acquisition process: Acquisition plan	MARA chapter 4
09/22	Deal origination and due diligence review	MARA chapter 5
09/29	Deal origination and due diligence review cont'd	MARA chapter 5
10/06	A primer on M&A cash flow valuation	MARA chapter 7
10/13	Applying relative valuation models to mergers and acquisitions & real options in M&A	MARA chapter 8
10/20	Applying financial modelling techniques to M&A Mid Term Exam	MARA chapter 9
10/27	Fall Break	
11/03	Analyzing and valuing privately held firms for takeover	MARA chapter 10
11/10	Deal structuring and M&A financing strategy: Form of Payment	MARA chapter 11
11/17	Hostile takeovers and gaming strategies of M&A risk arbitrageurs (video)	Supplementary material
11/24	Cross border mergers and acquisitions	MARA chapter 17
12/01	Takeover tactics and Defensive strategies	MARA chapter 3, Supplementary reading
12/08	Wrap up	

*While every attempt will be made to keep to the schedule, circumstances may necessitate modifications during the semester.

NOTE: The final exam will be comprehensive, covering material from the entire course. If you are awarded less than 40% on the final exam, you will receive an “F”, regardless of your total mark in the course.

NOTE: Students who do not demonstrate a minimum level of performance during the term will not be allowed to defer the final exam. The requirement for satisfactory in-term performance is an overall mark of 50% or better on the assignments and quizzes. Students with unsatisfactory in-term performance who miss the final exam will be awarded FND for the course.

IMPORTANT ADDITIONAL INFORMATION

Course Sharing Websites

Student or professor materials created for this course (including presentations and posted notes, labs, case studies, assignments and exams) remain the intellectual property of the author(s). They are intended for personal use and may not be reproduced or redistributed without prior written consent of the author(s).

Required calculator in BUSI course examinations

If you are purchasing a calculator, we recommend any one of the following options: Texas Instruments BA II Plus (including Pro Model), Hewlett Packard HP 12C (including Platinum model), Staples Financial Calculator, Sharp EL-738C & Hewlett Packard HP 10bII

Group work

The Sprott School of Business encourages group assignments in the school for several reasons. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, follower-ship and other group skills. Group assignments are also good for learning integrative skills for putting together a complex task. Your professor may assign one or more group tasks/assignments/projects in this course. Before embarking on a specific problem as a group, it is your responsibility to ensure that the problem is meant to be a group assignment and not an individual one.

In accordance with the Carleton University Undergraduate Calendar (p 34), the letter grades assigned in this course will have the following percentage equivalents:

A+ = 90-100	B+ = 77-79	C+ = 67-69	D+ = 57-59
A = 85-89	B = 73-76	C = 63-66	D = 53-56
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52
F = Below 50			

WDN = Withdrawn from the course

ABS = Student absent from final exam

DEF = Deferred (See above)

FND = (Failed, no Deferred) = Student could not pass the course even with 100% on final exam

Academic Regulations, Accommodations, Etc.

University rules regarding registration, withdrawal, appealing marks, and most anything else you might need to know can be found on the university's website, here:

<http://calendar.carleton.ca/undergrad/regulations/academicregulationsoftheuniversity/>

Requests for Academic Accommodations

For Students with Disabilities:

The Paul Menton Centre for Students with Disabilities (PMC) provides services to students with Learning Disabilities (LD), psychiatric/mental health disabilities, Attention Deficit Hyperactivity Disorder (ADHD), Autism Spectrum Disorders (ASD), chronic medical conditions, and impairments in mobility, hearing, and vision. If you have a disability requiring academic accommodations in this course, please contact PMC at 613-520-6608 or pmc@carleton.ca for a formal evaluation. If you are already registered with the PMC, contact your PMC coordinator to send me your **Letter of Accommodation** at the beginning of the term, and no later than two weeks before the first in-class scheduled test or exam requiring accommodation (*if applicable*). **Requests made within two weeks will be reviewed on a case-by-case basis.** After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the PMC website (www.carleton.ca/pmc) for the deadline to request accommodations for the formally-scheduled exam (*if applicable*).

For Religious Obligations:

Students requesting academic accommodation on the basis of religious obligation should make a formal, written request to their instructors for alternate dates and/or means of satisfying academic requirements. Such requests should be made during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist, but no later than two weeks before the compulsory event.

Accommodation is to be worked out directly and on an individual basis between the student and the instructor(s) involved. Instructors will make accommodations in a way that avoids academic disadvantage to the student.

Students and instructors can confirm accommodation eligibility of a religious event or practice by referring to the Equity Services website (<http://carleton.ca/equity/accommodation/religious-observances/>) for a list of holy days and Carleton's Academic Accommodation policies. If there are any questions on the part of the student or instructor, they can be directed to an Equity Services Advisor in the Equity Services Department for assistance.

For Pregnancy:

Pregnant students requiring academic accommodations are encouraged to contact an Equity Advisor in Equity Services to complete a letter of accommodation. The student must then make an appointment to discuss her needs with the instructor at least two weeks prior to the first academic event in which it is anticipated the accommodation will be required.

Academic Integrity

Violations of academic integrity are a serious academic offence. Violations of academic integrity – presenting another’s ideas, arguments, words or images as your own, using unauthorized material, misrepresentation, fabricating or misrepresenting research data, unauthorized co-operation or collaboration or completing work for another student – weaken the quality of the degree and will not be tolerated. Penalties may include; a grade of Failure in the submitted work and/or course; academic probation; a refusal of permission to continue or to register in a specific degree program; suspension from full-time studies; suspension from all studies at Carleton; expulsion from Carleton, amongst others. Students are expected to familiarize themselves with and follow the Carleton University Student Academic Integrity Policy which is available, along with resources for compliance at: <http://carleton.ca/studentaffairs/academic-integrity>.

Sprott Student Services

The Sprott student services office, located in 710 Dunton Tower, offers academic advising, study skills advising, and overall academic success support. If you’re having a difficult time with this course or others, or just need some guidance on how to successfully complete your Sprott degree, please drop in any weekday between 8:30am and 4:30pm. Our advisors are happy to discuss grades, course selection, tutoring, concentrations, and will ensure that you get connected with the resources you need to succeed! <http://sprott.carleton.ca/students/undergraduate/support-services/>
Be in the know with what’s happening at Sprott: Follow @SprottStudents and find us on Facebook SprottStudents Sprott.

Important Information:

- Students must always retain a hard copy of all work that is submitted.
 - All final grades are subject to the Dean’s approval.
 - For us to respond to your emails, we need to see your full name, CU ID, and the email must be written from your valid CARLETON address. Therefore, it would be easier to respond to your inquiries if you would send all email from your Carleton account. If you do not have or have yet to activate this account, you may wish to do so by visiting <http://carleton.ca/ccs/students/>
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