



# **BUSI 4510A**

## **MERGERS & ACQUISITIONS**

### **FALL 2017**

**Instructor:** Michael Reynolds  
**Office:** DT1009A  
**Office Hours:** Tuesdays 3:30pm to 5:30pm  
                    Fridays 12:00pm to 2:00pm  
                    ➤ Or by appointment  
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**TA:**  
**Office Hours:**  
**Email:**

**Course meets:** Tuesdays 6:05 to 8:55pm  
**Room:** Loeb B146

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## **UNDERGRADUATE CALENDAR DESCRIPTION**

(from the 2017/2018 University calendar)

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

### **PERQUISITE:**

**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.

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## **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 the required knowledge, skills and techniques required 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 defenses and the process for selecting appropriate takeover tactics depending upon the types of anti-takeover defenses 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.

## **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.

## REQUIRED TEXT

The 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

## ADDITIONAL RESOURCES

There are numerous websites that provide comprehensive daily coverage of financial & economic news as well as websites that cover recent or potential M&A activity. In addition to Bloomberg, Reuters and other news/data services, the following are some suggested web sites:

### *FINANCIAL & ECONOMIC NEWS GENERAL*

- <http://www.bnn.ca/>
- <https://www.theglobeandmail.com/report-on-business/>
- <http://www.cbc.ca/news/business>
- <https://www.ft.com/canada?mhq5j=e1>
- <http://money.cnn.com/>
- <http://www.wsj.com/public/page/news-financial-markets-deals.html>
- <https://www.economist.com/>

### *M & A SPECIFIC*

- <http://business.financialpost.com/tag/mergers-and-acquisitions>
- <https://seekingalpha.com/market-news/m-a>
- <http://www.marketwatch.com/topics/subjects/mergers-and-acquisit>.

## GRADING (Due Dates are *subject to change:*)

	NATURE	DUE DATES	WEIGHTING
<b>INDIVIDUAL</b>			
Assessment 1	3 Quizzes	Q#1 Sept 26 <sup>th</sup> Q#2 Nov 7 <sup>th</sup> Q#3 Nov 28 <sup>th</sup>	10%
Assessment 2	Mid-Term Exam	Oct 17 <sup>th</sup>	20%
Assessment 3	Final Exam	Examination Schule	30%
<b>GROUP</b>			
Assessment 4	Completed M&A Analysis Project	Sept 19 <sup>th</sup>	5%
Assessment 5	2 Cases	Case#1 Oct 10 <sup>th</sup> Case#2 Nov 14 <sup>th</sup>	15%
Assessment 6	Acquisition Proposal	Dec 1 <sup>st</sup> FRIDAY	20%
		<b>TOTAL</b>	<b>100%</b>

**GROUP WORK:**

As noted below this course involves extensive group work. During the first class groups of 4 to 5 students will be established. Students can choose their own groups. Each group should email the professor the names & student numbers of each group member following the first class.

**COMPLETED M&A ANALYSIS PROJECT (5% GROUP):**

Each group will analysis an actual M&A transaction where the bidding company & the target company stock's trade on a public exchange in either Canada of the USA.

The transaction should have completed in the past five years.

Each group should select its M&A transaction as soon as possible and e-mail the bidder & target company to the professor as soon as possible. **Each group must select a different M&A transaction** and must obtain instructor approval.

Each group will be responsible for:

- (i) submitting a **hard copy** detailed write up of their analysis;
- (ii) **presenting** their analysis findings to the class.

Details regarding this project will be discussed in the first class.

See class schedule for deadline.

**CASE ANALYSIS (15% GROUP):**

Two (2) cases will be assigned during the term.

Each group will be responsible for:

- (iii) submitting a **hard copy** detailed write up of the assigned cases;
- (iv) **presenting** their case submission to the class.

Case structure and requirements will be discussed in class.

See class schedule for case submission deadlines.

**ACQUISITION PROPOSAL (20% GROUP):**

Each group will act as the CEO of an acquisition minded company to investigate the financial aspects of a target company listed on a public exchange in either Canada or the USA 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. **Each group must select a different potential M&A transaction** and must obtain instructor approval.

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.

Each group will be responsible for:

- (i) submitting a **hard copy** detailed write up of the assigned cases;
- (ii) **presenting** their case submission to the class

Details regarding this project will be discussed in the during the term..

See class schedule for deadline.

### **QUIZZES (10%):**

To encourage students to keep up with the course material and to measure students understanding of the material, there will be three (3) in-class quizzes. Each quiz will be 20 minutes in duration and the questions will be multiple choice &/or true/false 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 quizzes**. Students that miss a quiz (s) will have the respective **quiz weight added to that of the final exam**.

See class schedule for quiz dates.

### **MID-TERM EXAM (20%)**

The mid-term test will be held in our regular classroom during our regular scheduled class. See class schedule for date of exam. The mid-term will examine the material covered in the first five weeks.

Note that there will be **no make-up mid-term**. Students that miss the mid-term will have the mid-term **weight added to that of the final exam**.

Details regarding this project will be discussed in the first class.

See class schedule for mid-term date.

### **FINAL EXAM (30%)**

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.

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

If for any reason a student does not write the final exam, the student must apply to the Registrar's Office to obtain permission to write a deferred examination.

**COURSE SCHEDULE (tentative & subject to change):**

<b>WK</b>	<b>DATE</b>	<b>TOPICS</b>	<b>TEXT CHAPTERS</b>
1	Sept 12	Introduction: The M&A Environment	1
2	Sept 19	Acquisition process: Acquisition plan <b>M &amp; A REVIEW PROJECT</b>	4
3	Sept 26	Deal origination and due diligence review <b>QUIZ #1</b>	5
4	Oct 3	Deal origination and due diligence review cont'd	5
5	Oct 10	A primer on M&A cash flow valuation <b>CASE #1</b>	7
6	Oct 17	Applying relative valuation models to mergers and acquisitions & real options in M&A <b>MID-TERM</b>	8
		<i>FALL BREAK OCT 23 -27</i>	
7	Oct 31	Applying financial modelling techniques to M&A	<b>9</b>
8	Nov 7	Analyzing and valuing privately held firms for takeover <b>QUIZ # 2</b>	10
9	Nov 14	Deal structuring and M&A financing strategy: Form of Payment <b>CASE #2</b>	11
10	Nov 21	Cross border mergers and acquisitions	18
11	Nov 28	Takeover tactics and Defensive strategies <b>QUIZ # 3</b>	3
12	Dec 5	Wrap up <b>ACQUISITION PROPOSAL PROJECT DUE FRIDAY DEC 1, 2017</b>	

## ADDITIONAL INFORMATION

### Course Sharing Websites

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			

Grades entered by Registrar:

WDN = Withdrawn from the course

DEF = Deferred

### 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](mailto: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](http://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 on 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 are 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/learning-support/>

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**Centre for Student Academic Support**

The Centre for Student Academic Support (CSAS) is a centralized collection of learning support services designed to help students achieve their goals and improve their learning both inside and outside the classroom. CSAS offers academic assistance with course content, academic writing and skills development. Visit CSAS on the 4th floor of MacOdrum Library or online at: [carleton.ca/csas](http://carleton.ca/csas).

**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, in order to respond to your inquiries, please send all email from your Carleton CMail 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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