

**CARLETON UNIVERSITY**

**BUSI 4510A: MERGERS & ACQUISITIONS**

**COURSE OUTLINE Fall 2015**

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**Instructor: Professor Isaac Otchere**  
**Email: [isaac.otchere@carleton.ca](mailto:isaac.otchere@carleton.ca):**

**Office DT 1712; (613) 520-2600 Ext. 2731**

**Course Schedule & location**

**Tuesday: 8:35 am– 11:25 am: Southam Hall 409**

**Office Hours:**

**Monday: 3.30pm–5:00 pm or by appointment**

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**Undergraduate calendar description**

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

Prerequisite(s): [BUSI 3500](#) and [BUSI 3502](#) with a grade of C- or higher in each course.

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) 7<sup>th</sup> edition*, by Donald M. DePamphilis, Academic Press, 2014 *or 6<sup>th</sup> 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	case analyses: 1 mini case and 1 main case	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 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)
Sept 8	Introduction: The role of investment bankers in M&A: Motives for takeover;	MARA chapter 1
Sept 15	Acquisition process: Acquisition plan	MARA chapter 4
Sept 22	Deal Origination and due diligence review	MARA chapter 5
Sept 29	A primer on M&A cash flow valuation	MARA chapter 7
Oct 6	Applying relative valuation models & Real options in M&A	MARA chapter 8
Oct 13	Applying financial modelling techniques to M&A	MARA chapter 9
Oct 20	<b>Mid Term Exam</b>	
Oct 27	<b>Fall Break</b>	
Nov 3	Analyzing and valuing privately held firms for takeover	
Nov 10	Deal structuring and M&A financing strategy: Form of Payment	MARA chapter 11
Nov 17	Hostile takeovers, Gaming strategies of M&A risk arbitrageurs. <b>Video: Anatomy of a Hostile Takeover</b>	Supplementary material
Nov 24	Cross border mergers and acquisitions	MARA chapter 17
Dec 1	Takeover tactics and Defence strategies	MARA chapter 3

\*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, Plagiarism, 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**

#### **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*). After requesting accommodation from PMC, meet with me to ensure accommodation arrangements are made. Please consult the

PMC website for the deadline to request accommodations for the formally-scheduled exam (if applicable).

- The deadlines for contacting the Paul Menton Centre regarding accommodation for final exams for the December 2015 exam period is November 6, 2015 and for the April 2016 exam period is March 6, 2016.

*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 or instructors who have questions or want to confirm accommodation eligibility of a religious event or practice may refer to the Equity Services website for a list of holy days and Carleton's Academic Accommodation policies, or may contact 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 expulsion; suspension from all studies at Carleton; suspension from full-time studies; a refusal of permission to continue or to register in a specific degree program; academic probation; and a grade of Failure in the course, 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://www2.carleton.ca/sasc/advisingcentre/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/>

**Assistance for Students:**

Student Academic Success Centre (SASC): [www.carleton.ca/sasc](http://www.carleton.ca/sasc)

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Writing Tutorial Services: <http://www1.carleton.ca/sasc/writing-tutorial-service/>  
Peer Assisted Study Sessions (PASS): [www.carleton.ca/sasc/peer-assisted-study-sessions](http://www.carleton.ca/sasc/peer-assisted-study-sessions)

**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.
  - Please note that you will be able to link your CONNECT (MyCarleton) account to other non-CONNECT accounts and receive emails from us. However, 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 CONNECT address. Therefore, it would be easier to respond to your inquiries if you would send all email from your connect account. If you do not have or have yet to activate this account, you may wish to do so by visiting <https://portal.carleton.ca/>
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