



Carleton
University

Sprett
School of Business

BUSI 4510A
MERGERS AND ACQUISITIONS
COURSE OUTLINE
FALL 2023

Instructor: Professor Isaac Otchere Email: isaac.otchere@carleton.ca:

Course Schedule & Location Mon: 11:35am–2:25pm: Tory Building 238

Office Hours: **Tuesday: 3:30–5:00 pm**

MODALITY: In person

Course Description-Undergraduate Calendar

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(s): BUSI 3500 and BUSI 3502 (with a grade of C- or higher in each), and STAT 2602 or STAT 2607 (with a grade of C- or higher in each).

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;

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, portfolio managers, investors, business development managers, strategic planning managers, bank lending officers, venture capitalists, business appraisers, human resource managers, risk managers, or those who simply have an interest in mergers and acquisitions.

Required Text

The prescribed textbook is: *Mergers, Acquisitions, and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions*, 11th edition, by Donald M. DePamphilis, Academic Press, 2021, ISBN: 9780128197820 (or any earlier edition).

Supplementary textbook: Damodaran on valuation, Second Edition, Wiley 2006 or recent edition.

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

Times of India: <https://timesofindia.indiatimes.com/business/india-business/>

The Economic Times: <https://economictimes.indiatimes.com>

Business Standard: <https://www.business-standard.com>

➤ <http://www.wsj.com/public/page/news-financial-markets-deals.html>

➤ <https://www.economist.com/>

M & A Specific Sources

- <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*:)

Grade component	Assessment	Due dates	Weight
Individual			
Assessment 1	1 of 2 Quizzes	Oct 2 & Nov 13	10%
Assessment 2	Individual assignment	Oct 8-10 (submit on Brightspace)	5%
Assessment 3	Mid-Term Exam	Oct 16	20%
Assessment 4	Final Exam	Exam Schedule	35%
Group			
Assessment 5	Cases: 1 mini case 1 main case	Sept 25 Nov 13	5% 10%
Assessment 6	Acquisition Proposal	Dec 4	15%
		TOTAL	100%

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

Individual Assessment:

(A) Quiz (10%)

To encourage students to keep up with the course material and to measure students understanding of the material, there will be two (2) in-class quizzes. Each quiz will be 20-30 minutes in duration and will consist of 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 in the quizzes. Only 1 quiz will count toward your grade. You are strongly encouraged to write both quizzes, and if you do, the better of the two quizzes will be used to determine your grade.

(B) Takehome (Individual) Assignment (5%)

This individual assignment will be on valuation of companies for the purpose of takeover. See class schedule for case submission deadlines. You should retain a hard copy of your assignments.

(C) Mid-Term Exam (20%)

The mid-term test will be held in our regular classroom during our regular scheduled class. See the class schedule for test date. The mid-term will examine the material covered in the first five weeks. Students who miss the mid term test for a good cause (e.g. medical reasons) will have the opportunity to sit for a *make-up test* or have the *weight of the mid term test added to that of the final exam*.

(D) Final Exam (35%)

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 is unable to write the final exam, the person must apply to the Registrar's Office for a deferred examination.

Group Work:

This course involves extensive group work. During the first class you should you're your groups of 4 to 5 students. Students choose their own groups. Each group should email the professor the names & student numbers of group members following the first class.

(A) Case Analyses (15%)

One mini-case and one long case will be assigned to your group for analysis. Each group will be responsible for analyzing and preparing a detailed write-up of the assigned case. The assignment will be professionally written with a maximum length of 3,000 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. See class schedule for case submission deadlines.

(B) Acquisition Proposal (15%)

Each group will act as the CEO/Mangement Team 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. The goal of this exercise is to provide you an opportunity to apply the concepts that will be discussed in class to a real life situation.

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. Each group will be responsible for submitting a **hard copy** of the assignment. Details regarding this project will be discussed during the term.

Late Assignments policy

The assignment deadlines are at least one week after the completion of related course material (sometimes more) and as such, should be sufficient. Yet, sometimes, despite our best efforts, and for good reasons, we can't meet our deadlines. You have two days of grace that you can apply to missed assignment deadlines. For example, a single assignment may be two days late or two assignments may each be one day late with no penalty. No reason required. No questions asked. That said, I need an email by the deadline indicating you will be late, but plan on submitting. Once the two days have been used, no further lateness will be accepted and any late submissions at that stage will receive 0.

To ensure fairness for all students, assignments that are more than two days late WILL NOT be accepted.

Lecture Schedule

Lecture	Date	Topic	Textbook Chp
1	Sept 11	Introduction: The M&A Environment	1
2	Sept 11	Acquisition process: Acquisition plan	4
3	Sept 18	Deal origination and due diligence review	5
4	Sept 25	A primer on M&A cash flow valuation MINI-CASE (CASE #1) IS DUE	7
5	Oct 2	A primer on M&A cash flow valuation cont'd QUIZ #1 Individual valuation assignment – Due: Oct 8-10 (submit on Brightspace)	7
	Oct 9	Thanksgiving holiday	
6	Oct 16	Applying relative valuation models to mergers and acquisitions & real options in M&A MID-TERM	8
	OCT 23-29	Reading Week	
7	Oct 30	Applying financial modelling techniques to M&A	9
8	Nov 6	Analyzing and valuing privately held firms for takeover	10
9	Nov 13	Deal structuring and M&A financing strategy: Form of Payment: QUIZ #2 MAIN CASE (CASE #2)	11
10	Nov 20	Hostile takeovers and gaming strategies of M&A risk arbitrageurs	Supplementary material
11	Nov 27	Takeover tactics and Defensive strategies; Anatomy of Hostile Takeover Video	18
12	Dec 4	Cross border mergers and acquisitions Acquisition Proposal Assignment is due	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 50% on the final exam, you will receive a grade of “F”, regardless of your total mark in the course.

Contribution to Learning Goals of the Program (BCom, BIB):

Program Learning Goal	Competencies Not Covered	Competencies Introduced (only)	Competencies Taught But Not Assessed	Competencies Taught and Assessed
CHECK (X) ONE PER ROW				
BC1 Knowledge <i>Graduates will be skilled in applying foundational business knowledge to appropriate business contexts.</i>				X
BC2 Collaboration <i>Graduates will be collaborative and effective contributors in team environments that respect the experience, expertise and interest of all members.</i>				X
BC3 Critical Thinking <i>Graduates will be discerning critical thinkers, able to discuss different viewpoints, challenge biases and assumptions, and draw conclusions based on analysis and evaluation.</i>				X
BC4 Communication <i>Graduates will be effective and persuasive in their communications.</i>				X
BI5 Global Awareness (BIB ONLY) <i>Graduates will be globally-minded.</i>		X		

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).

Recommended Calculator for 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. They provide you with opportunities to develop and enhance interpersonal, communication, leadership, followership and other group skills. Group assignments are also an effective way to learn integrative skills for putting together a complex task. Your professor may assign one or more group tasks, assignments, or 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.

Peer Evaluation for Group Work

To deter social loafing and ensure fairness in grading, you will be asked to assess the contribution of your fellow group members. This information will be used when assigning the grade for the final project. The procedure is as follows: Each student should take 100 points and allocate those points to the various members of the group (including him or herself) to reflect the contributions made by each member. For instance, if there are four members in a group and everyone contributed equally, each individual would receive 25 points. Conversely, if an individual contributed relatively little, the remaining group members might allocate few points to that member. To ensure that these peer evaluation scores are reasonable and free from personal bias, you will be asked to provide a detailed written explanation for your point allocation.

Grading

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	F = Below 50
A = 85-89	B = 73-76	C = 63-66	D = 53-56	
A - = 80-84	B - = 70-72	C - = 60-62	D - = 50-52	

Grades entered by Registrar:

WDN = Withdrawn from the course
DEF = Deferred

Academic Regulations

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 Accommodation

You may need special arrangements to meet your academic obligations during the term. For an accommodation request, the processes are as follows:

Pregnancy Accommodation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Religious obligation

Please contact your instructor with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. For more details, visit the Equity Services website: carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf

Academic Accommodations for Students with Disabilities

If you have a documented disability requiring academic accommodations in this course, please contact the Paul Menton Centre for Students with Disabilities (PMC) at 613-520-6608 or pmc@carleton.ca for a formal evaluation or contact your PMC coordinator to send your instructor your Letter of Accommodation at the beginning of the term. You must also contact the PMC 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 your instructor as soon as possible to ensure accommodation arrangements are made. carleton.ca/pmc

Survivors of Sexual Violence

As a community, Carleton University is committed to maintaining a positive learning, working and living environment where sexual violence will not be tolerated, and its survivors are supported through academic accommodations as per Carleton's Sexual Violence Policy. For more information about the services available at the university and to obtain information about sexual violence and/or support, visit: carleton.ca/sexual-violence-support

Accommodation for Student Activities

Carleton University recognizes the substantial benefits, both to the individual student and for the university, that result from a student participating in activities beyond the classroom experience. Reasonable accommodation must be provided to students who compete or perform at the national or international level. Please contact your instructor

with any requests for academic accommodation during the first two weeks of class, or as soon as possible after the need for accommodation is known to exist. <https://carleton.ca/senate/wp-content/uploads/Accommodation-for-Student-Activities-1.pdf>

For more information on academic accommodation, please contact the departmental administrator or visit: students.carleton.ca/course-outline

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.

Process: If an alleged violation occurs, all relevant documentation will be forwarded to the Dean. If the allegation proves true, the 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. **For a first offence, at a minimum, the penalty assigned will normally be a zero on the submitted work and at least a minimum full grade reduction of the final course grade. For a second offence, at a minimum, the penalty assigned will normally lead to a suspension from studies.**

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: <https://carleton.ca/registrar/academic-integrity/>.

Sprott Student Services

The Sprott Undergraduate Student Services Office offers program advising and overall student success support. Our team is available to discuss your academic goals and your program progression plans. We can also work with you to develop strategies for success, including study skills for Business. If you experience any difficulty this term or if you would like to access support, please contact our team at bcom@sprott.carleton.ca or at bib@sprott.carleton.ca.

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.

Important Information:

- Students must always retain a 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 <https://carleton.ca/its/get-started/new-students-2/>
-