

FINA 5513A
MERGERS & ACQUISITIONS
FALL 2023 F2
COURSE OUTLINE

Instructor: Dr. Isaac Otchere **Office NI 6035; Ph: (613) 520-2600 Ext. 2731**
Email: isaac.otchere@carleton.ca:

Course schedule & location **Thursday: 2:35pm–5:25pm NI 5010**

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

Modality: In-Person

GRADUATE CALENDAR DESCRIPTION

Theory and practice of mergers and acquisitions. Skills needed to be effective in mergers and acquisitions. Best practices in deal origination, design, implementation and post-merger integration.

PERQUISITE:

The prerequisite for this course is: FINA 5512: Valuation

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 objective of the course is to help potential M&A professionals and managers identify the best ways to analyze, design and implement mergers and acquisitions. The course is divided into three 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, deal structuring and financing and M&A strategies. Your individual knowledge about the material learned in the course will also be tested in the final exam.

To stimulate critical thinking and to test your understanding of the material covered in the course, the second part will involve analysis of cases that integrate the concepts discussed in the course. Lastly, you will apply the knowledge learned in this course to an actual merger and provide a written analysis that can show that you have understood and applied the learning from this course.

COURSE OBJECTIVES:

To provide students with knowledge of

- The takeover/mergers environment
- How value is created (or destroyed) through corporate mergers and acquisitions including from the “financing” component;
- How various components of the deal structuring process interact to determine the acquisition success;
- Commonly used takeover tactics and defenses
- How the concepts learned in this and other courses (FINA 5512) can be applied in an integrated manner in understanding a merger/acquisition

LEARNING OUTCOMES

On successful completion of this course you would be able to:

- discuss the motives for mergers and acquisitions;
- conduct due diligence review of potential acquisition targets;
- analyse the strategic issues involved in mergers and acquisitions;
- describe takeover strategies that are employed by bidders and targets;
- analyze the implications of board of directors recommendation in takeover;
- evaluate the merits of hostile takeovers and the role of M&A arbitrageurs;
- identify M&A best practices used by practitioners.

WHO SHOULD TAKE THIS COURSE?

Those who are seeking to become (or currently are) CEOs, M&A professionals, investment bankers, entrepreneurs, financial analysts, chief financial officers, 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 M&A.

REQUIRED TEXT

The prescribed textbook for this course 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 (or the 8th, 9th or 10th edition). The earlier editions are not materially different.

ADDITIONAL RESOURCES

The Globe and Mail Report on Business; the National 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; Business Week; The Economist; etc.

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>.

Some material will also be available on the course web site.

GRADING (Due Dates are subject to change:)

ACTIVITY	DUE DATES	WEIGHTING
Quiz 1	Nov 16 th	10%
Group Case 1: Mini-case	Nov 23 rd	5%
Quiz 2	Nov 30 th	10%
Group Case 2: Main case	Nov 30 th	10%
Acquisition Proposal	Dec 7 th	20%
Final Exam	Dec 14 th	45%
	TOTAL	100%

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

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 quiz. Students with unsatisfactory in-term performance who miss the final exam will be awarded FND for the course.

INDIVIDUAL ASSESSMENTS

(a) QUIZZES (20%)

To encourage students to keep up with the course material and to measure students' understanding of the material, I will administer two in-class quizzes. The quiz will be 20-25 minutes in duration and it will consist of multiple choice and/or true/false questions.

At the end of the lecture preceding the week of the quiz, you will be informed of the topics that will be tested in the quiz.

(b) FINAL EXAM (45%)

The final examination will test your understanding of the concepts covered in both the lectures 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 of the final exam will be announced through the University's normal procedures. It is important 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 person must apply to the Registrar's Office for a deferred examination.

GROUP WORK:

As noted below this course involves group case analysis. During the first class groups of 4 to 5 students should be formed. Students should choose their own groups. After the first class, each group should email the professor the names and student numbers of the group members.

(a) CASE ANALYSES (15%)

One mini-case (worth 5%) and one long case (worth 10%) will be assigned to your group for analysis. Each group will be responsible for preparing a detailed analysis 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. Details of the assignment will be provided in due course. See class schedule for case submission deadlines

(b) ACQUISITION PROPOSAL (20%)

Each group will act as the CEO/Management 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 different firms** and must obtain instructor approval. Detailed guidelines will be provided soon. A soft copy of your assignment is on the last day of class.

Late Assignment 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 a mark of 0.

COURSE SCHEDULE (tentative & subject to change):

WK	DATE	TOPICS	TEXT CHAPTERS
1	Nov 2	Introduction: The M&A Environment	1
2	Nov 9	Acquisition process: Acquisition plan	4
3	Nov 16	Deal origination and due diligence review	5
4	Nov 23	Deal structuring and M&A financing strategy: Form of Payment: (Mini-case (Case #1) is due) QUIZ	11
5	Nov 30	Hostile Takeovers: Gaming strategies of a hostile bidder & Merger Arbitrageurs (Main Case (Case #2) is due)	3 Supplementary material
6	Dec 7	Takeover tactics and Defensive strategies Review: Anatomy of Takeover video (Acquisition Proposal is due)	3
	Dec 14	FINAL EXAM	

NOTE: The final exam will be comprehensive, covering material from the entire course. If you obtain less than 50% on the final exam, you will receive an “F” grade regardless of your total marks in the course. 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 quiz. Students with unsatisfactory in-term performance who miss the final exam will be awarded FND for the course.

Letter Grades:

In accordance with the Carleton University Graduate Calendar, 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

Preparation and Participation:

Attendance is mandatory for lecture/discussions, student presentations, and other course components that are designed for delivery in real-time. Review the videos (if available) and review the course material in preparation for the lectures.

Contribution to Program Learning Goals ([MBA](#)):

MBA Learning Goal	Not Covered	Introduced	Taught but Not Assessed	Taught <u>and</u> Assessed
MB1 Leadership and Collaboration <i>Graduates will be equipped for leadership and collaboration.</i>				✓
MB2 Communication <i>Graduates will be effective communicators</i>			✓	
MB3 Critical Thinking and Problem Solving <i>Graduates will be skilled in critical thinking and problem solving.</i>				✓
MB4 Functional Knowledge <i>Graduates will have functional knowledge of all areas of business.</i>				✓
MB5 Global Business <i>Graduates will have an appreciation of the global environment of business.</i>		✓		
MB6 Ethical Reasoning <i>Graduates will be skilled in ethical reasoning and decision-making.</i>			✓	

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. You don't have to provide the peer evaluation if each group member contributed equally to the project.

Letter Grades:

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
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Grades entered by Registrar:

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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**

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: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **Religious Obligations**

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: <https://carleton.ca/equity/wp-content/uploads/Student-Guide-to-Academic-Accommodation.pdf>

- **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. <https://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: <https://carleton.ca/sexual-violence-support/>

- **Student Activities**

Carleton University recognizes the substantial benefits, to both the individual student and the university, that result from participating in activities beyond the classroom experience. Reasonable accommodation will 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: <https://students.carleton.ca/course-outline/>

Academic Integrity:

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—are a serious academic offence, 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: <https://carleton.ca/registrar/academic-integrity/>

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: <https://carleton.ca/csas/>

Other 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 email account. If you do not have or have yet to activate this account, you can do so by visiting <https://carleton.ca/its/get-started/new-students-2/>

What is expected of you:

- Attend all lectures. The topics that will be covered in this course are cumulative; therefore, missing even one lecture could adversely affect your understanding of subsequent material. We will take attendance at each lecture.
- Read the relevant chapters of the textbook before attending lectures.
- Attempt all the practice questions that will be posted on Brightspace.
- Submit all assignments on the due dates. The case analysis must be typed and a hard copy submitted in class. Late assignments will **NOT** be graded.
- Read the business section of at least one major newspaper to keep up with the latest developments in the Finance community, e.g., The Globe and Mail, Report on Business and/or The National Post (Daily), The *Wall Street Journal* and the London *Financial Times*.
- Active class participation. Read the assigned case to familiarize yourself with the issues contained in the material and be prepared to participate in the discussion of the material.
- Write all quizzes and exams. Note that there will be no make-up tests, assignments or exam.

Best wishes,
Dr. Otchere
