



Carleton
UNIVERSITY

SPROTT
SCHOOL OF BUSINESS

FINA 5513A: MERGERS & ACQUISITIONS

FALL 2019 F2 COURSE OUTLINE

Instructor: Dr. Isaac Otchere **Office DT 1712; (613) 520-2600 Ext. 2731**
Email: isaac.otchere@carleton.ca:

Course schedule & location **Thurs: 2:35pm–5:25pm: DT 328**

Office Hours: **Tuesday: 3.30pm–5:00pm or by appointment**

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:

FINA 5512 Valuation

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;
- understand and analyse the strategic issues involved in mergers and acquisitions;
- understand and 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, 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 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. The 7th edition is not materially different.

The course assumes that students are comfortable with all the material covered in Chapters 7, 8, 9 and 10 from the Valuation (FINA 5512) course.

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 be also available on the course web site.

GRADING (Due Dates are subject to change:)

	NATURE	DUE DATES	WEIGHTING
INDIVIDUAL			
Assessment 1	1 Quiz	Nov 28 th	15%
Assessment 2	Final Exam	Dec 19 th	40%
GROUP			
Assessment 3	2 Cases: Mini-case Main case	Nov 21 st Dec 6 th	10% 15%
Assessment 4	Analysis of Completed M&A Project	Dec 13 th	20%
		TOTAL	100%

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

INDIVIDUAL

(a) QUIZ (10%)

To encourage students to keep up with the course material and to measure students' understanding of the material, I will administer one in-class quiz. The quiz will be 20 minutes in duration and it will be multiple choice &/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. Students who miss the quiz for a good cause (e.g. medical reasons) will have the opportunity to sit for a *make-up quiz* or have the **quiz weight added to that of the final exam.**

(b) FINAL EXAM:

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 and location 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 (25%)

One mini-case (worth 10%) and one long case (worth 15%) 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) COMPLETED M&A ANALYSIS PROJECT (25% 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 or the USA.

The goal of this exercise is to provide you an opportunity to apply the concepts that will be discussed in class to an actual M&A transaction.

You are required to choose (**no later than the third week of classes**) an actual merger/acquisition from the list below and provide a written analysis that shows that you have understood and applied the material from this course.

Unless there is a compelling reason to choose another event, you should select one of the following.

- AB inBev and SAB Miller
- Charter and Time Warner Cable
- Dow Chemicals and DuPont
- Danaher - Pall

- Dell – EMC
- Suncor – Canadian Oil Sands
- Kraft- Heinz
- Burger King - Tim Horton
- EBay - Paypal
- Kraft -Cadbury

Each group should select its M&A transaction 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 (the approval will be on first come first serve basis). If you wish to value any large recent acquisition of a U.S./Canadian publicly listed company of another publicly listed company, I will be willing to consider it. Both companies must be publicly listed.

A hard copy of your detailed analysis is due on the last day of class.

COURSE SCHEDULE (tentative & subject to change):

WK	DATE	TOPICS	TEXT CHAPTERS
1	Nov 7	Introduction: The M&A Environment	1
2	Nov 14	Acquisition process: Acquisition plan Deal origination and due diligence review	4 & 5
3	Nov 21	Deal structuring and M&A financing strategy: Form of Payment (Mini-case (Case #1) is due)	11
4	Nov 28	Hostile Takeovers: Gaming strategies of a hostile bidder & Merger Arbitrageurs QUIZ	Supplementary material
5	Dec 6	Takeover tactics and Defensive strategies Presentation of actual M&A transaction (first set of groups) (Main Case (Case #2) is due)	3
6	Dec 13	Review: Anatomy of Takeover video Presentation of actual M&A transaction (second set of groups) (Completed M&A Analysis project is due)	Supplementary material
	Dec 19	FINAL EXAM	

Cellular Phones:

The use of cellular phones IS NOT PERMITTED in this class. It is disruptive to the instructor and class members. If you carry a phone to class, please make sure it is turned off. If an emergency situation requires you to keep your cell phone turned on you may wish to keep the silent mode on, please discuss this with the instructor prior to the class starting.

Drop Course Policy

Students can drop a course up until the END of the second week of classes. Students who drop the course in the third week or later will receive a WDN but will automatically have the grade changed to ABS. A grade of ABS is considered a failing grade. The course will have to be taken again. Students with medical reasons and supporting documentation may petition the School to have the ABS grade changed back to WDN.

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

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 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

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 is 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. 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/>.

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/>

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 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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