

**FINCB8325: MERGERS & ACQUISITIONS (“M&A”)**  
**Spring Term 2024 | W 2.20PM-5.35PM | Geffen 620 | MBA Full-Term**

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**COURSE/TEACHING ASSISTANTS**

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Communications from professor and teaching assistant(s) about the course will take place through Canvas.  
Students should make sure they regularly check for announcements and messaging notifications.

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**COURSE DESCRIPTION**

This elective examines mergers, acquisitions and other corporate restructuring activities (collectively “M&A”). The course focuses on all the key topics professionals will need to be familiar with in order to be effective in a global environment where M&A activity is an integral part of the business landscape. The elective takes a global perspective of M&A highlighting, along the way, relevant differences across geographic markets or industries.

The course will comprise lectures supplemented by experience-based discussions drawing heavily from real world M&A transactions. It will also include guest contributions by senior professionals who led (or advised) on such M&A transactions. In the final part of the course, students will be asked to join together in teams to identify and present a brand new M&A idea - and associated execution and financing considerations - for a real life corporate.

The objective of the course is to familiarise students with all key aspects of M&A, for them to be able to understand the role of M&A in a Firm’s lifecycle, how to apply corporate valuation methodologies in an M&A context and to become familiar with the key frameworks and processes used in all the different stages of M&A (including important pre-deal making and post-deal closing M&A dynamics). As such while principally focusing on the financial, organisational, procedural, legal and regulatory aspects of M&A, the course will be, as a result, a multidisciplinary course that takes a general management and strategic approach to M&A.

**STUDENT LEARNING OUTCOMES**

At course conclusion, students should expect to reach a level of M&A competency commensurate to an entry-level associate position in investment banking advisory, private equity, or within the M&A / corporate development team of a sophisticated corporate. Students will be equipped to make their own, analytically supported, assessments and recommendations regarding potential M&A transactions. The course is most suitable for students who are considering careers in investment banking, private equity, corporate development or strategic management consulting. Students who are interested in strategic planning, buy-side or sell-side research, corporate banking, asset management or proprietary trading will also greatly benefit from this course.

## REQUIRED COURSE MATERIALS

Course materials (including lecture notes and slides), suggested readings, required assignments, deadlines, and other useful information will be available and posted on the Canvas course web page. Please be sure to check the course page regularly for any updates and deadlines. It is students' responsibility to be mindful of deadlines and any important developments pertaining to the course.

Students should read the daily financial press, as we may from time to time refer in class to current market developments and/or ongoing M&A transactions.

Morgan Stanley's *"Thoughts on the Market"* podcasts (available on the Morgan Stanley LinkedIn page) are a valuable source of regular market updates and commentary — link below:

[https://www.linkedin.com/posts/morgan-stanley\\_andrew-sheets-the-us-dollar-and-cross-asset-activity-7056975707473637376-LLiE?utm\\_source=share&utm\\_medium=member\\_ios](https://www.linkedin.com/posts/morgan-stanley_andrew-sheets-the-us-dollar-and-cross-asset-activity-7056975707473637376-LLiE?utm_source=share&utm_medium=member_ios)

Goldman Sachs' *"BriefinGS"* newsletter (freely accessible on LinkedIn) is also a good source of regular updates on the market environment — link below:

[https://www.linkedin.com/posts/goldman-sachs\\_briefings-newsletter-activity-7055187306277707777-WBqv?utm\\_source=share&utm\\_medium=member\\_ios](https://www.linkedin.com/posts/goldman-sachs_briefings-newsletter-activity-7055187306277707777-WBqv?utm_source=share&utm_medium=member_ios)

The following textbooks will be referenced during the course, although we will not refer to all of the material in the book and only selected chapters / sections will be referenced. They are available at online bookstores or in the library (which has a limited number of short-loan copies):

- D. M. H. DEPAMPHILIS, *"Mergers, Acquisitions and Other Restructuring Activities"*, 10th ed., Elsevier, Academic Press ("DePamphilis")
- Timothy J. GALPIN and Mark HERNDON, *"The Complete Guide to Mergers & Acquisitions — Process tools to support M&A integration at every level"*, 3rd Edition, Jossey-Bass — a Wiley Brand

For those who are interested in supplemental textbooks, the following two are also available in the library:

- Patrick A. GAUGHAN, *"Mergers, Acquisitions and Corporate Restructuring"*, 7th Edition, John Wiley & Sons
- Sudi SUDARSANAM, *"Creating Value from Mergers and Acquisitions — The Challenges"*, 2nd Edition, Pearson Education Limited

## CONNECTION TO THE CORE

This course builds upon the introductory courses in corporate finance and connects with many aspects of the Columbia Business School core curriculum. Pre-requisites for this course include "Corporate Finance" (6300) and "Capital Markets and Investments" (8306). Students have found the M&A course to be a useful complement to the elective course "Advanced Corporate Finance" (8307). The M&A course will link to, and rely upon, your understanding of many aspects of the Columbia Business School core such as, *inter alia*:

- Corporate Finance, for Firm valuation models and net present value (NPV) calculations
- Financial Accounting, for selected Firm key performance and profitability indicators and business combinations
- Decision Models, for fundamental concepts of decision making and sensitivity analysis
- Leadership Development, for negotiations
- Global Economic Environment, for drivers of business cycles

## **CLASSROOM NORMS AND EXPECTATIONS**

Classes will be weekly on **Wednesdays from 2.20PM to 5.35PM**. Each 3 hours session will last twice approximately 90 minutes with a 15 minutes intermission between each 90 minutes segment.

The course includes lectures, real deal discussions and guest speakers.

Lectures provide relevant institutional facts, empirical evidence, and analytical methods and frameworks that are widely utilized in the real-world by M&A practitioners. Real deal discussions will illustrate actual M&A transactions and the real-world problems and issues that they confronted. These discussions will provide opportunities to review and debate how the theoretical analytical frameworks discussed in class are applied in real-world M&A transactions. Because a very material amount of learning occurs through class, it is important that you attend every class. While there are no “right” answers, there are good and bad arguments, and a goal of the course is to provide students with the opportunity to learn how to best contribute to discussions about complex financial issues. Moreover, many students have very relevant experience that will greatly benefit other students when brought to bear into the classroom.

The end-of-term project will require group work. Students should organize themselves into groups of four or five. Guidance will be provided in the first class of the course as to how and by when those groups should be formed. Since group work is a cooperative undertaking, students should ensure that they form groups that are able to work effectively. It is beneficial to have diverse backgrounds within a group. If a group is selected to give a presentation, all members of the team are expected to be present.

Please be sure to check the course page regularly for any updates and deadlines.

Students are expected to adhere to Columbia Business School core culture in this class by being present, prepared, and participating. Participation in the classroom discussion is a central part of the course.

Starting with Class #1 on **Wednesday, 24 JANUARY 2024**, attendance will be recorded within 5 minutes of the start of each session. There may also be in-class polls given at random times which will enable the monitoring of presences during class.

Students’ participation score will be determined based, *inter alia*, on three factors:

- First, students are expected to actively participate in class. Class participation is scored individually and we consider the quality of your comments as well as the quantity.
- Second, each student will anonymously evaluate their team members for their end-of-term project submission. Team members’ evaluation of a student’s efforts will contribute towards that student’s participation score.
- Third, we will circulate a survey at the end of term on the overall course. The content of each student’s survey feedback will remain anonymous but failure to complete the survey will negatively impact a student’s participation score.

Inadequate class participation combined with several unjustified and unapproved absences can lead to a failing grade.

## **COURSE ROADMAP**

This course takes the viewpoint of Board members or C-Suite level decision makers and/or their most senior professional advisors in relation to Board-level strategic M&A transactions. The course will, over the course of 36 hours, cover the major M&A topics and a final project. We provide hereafter an overview of the main topics covered, and later in this syllabus a tentative course schedule.

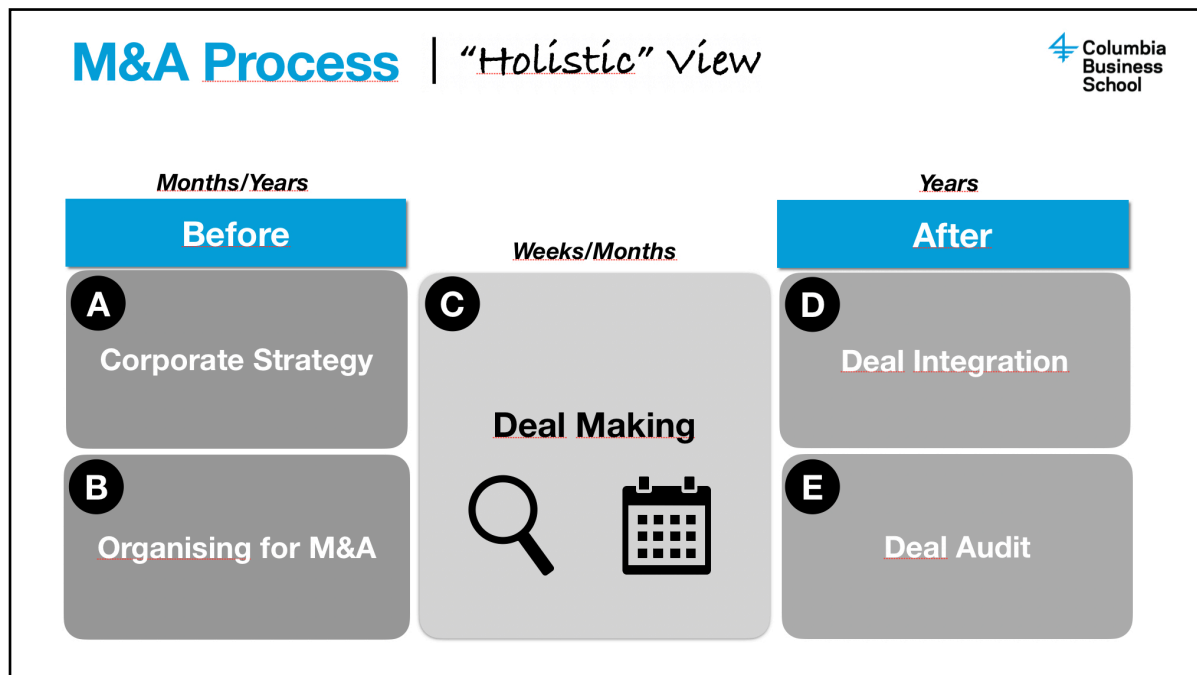
The course covers four main modules (Modules 1 to 4) plus a final end-of-term project (Module 5).

## Module 1 — Setting the M&A context

Module 1 discusses the context in which M&A occurs, including factors often beyond the control of the participants in the M&A process. This part of the course will address the basic vocabulary and drivers of M&A.

- I. Why M&A matters — and whether it benefits shareholders, bond holders, and/or society, with discussions of the more recent empirical studies
- II. Review of M&A activity of the last 30+ years — observed cycles, most active M&A industries and regions, in-market vs. cross-border M&A dynamics, cross-regional/cross-continental M&A patterns
- III. Review of main M&A drivers and underlying strategies
- IV. Definitions and overview of key characteristics of various types of M&A transactions (e.g. public vs. private M&A, buy-side vs. sell-side vs. mergers/demergers etc., friendly vs. unsolicited/hostile M&A)
- V. Discussion of key actors in M&A transactions, their respective roles and typical drivers/biases, with a particular focus on the regulatory environment for M&A
- VI. Defining the entire M&A process: pre-deal making, deal-making and post-deal closing activities (as illustrated in Figure 1)

Figure 1



**Module 2 — Preparing for M&A**

- VII. Linking M&A activities into the Firm's corporate strategy<sup>1</sup> and business strategy<sup>2</sup>
- VIII. Organising the Firm for M&A — a determining factor for the success of post-acquisition integration and overall M&A deals
- IX. Developing business & acquisition plans

**Module 3 — Dissecting M&A deal making**

- X. Corporate valuation tools — a practical approach to how Firms are valued in an M&A context, including a review of what is the purpose of the valuation exercise. including a review of:
  - a) Stand-alone vs. M&A/control valuation
  - b) Public market benchmarks (e.g. observed stock prices for publicly listed Firms, listed comparable companies implied trading multiples)
  - c) M&A precedent transactions benchmarks (e.g. comparable precedent M&A transactions implied multiples, observed M&A premia)
  - d) Discounted cash flow ("DCF") valuation
  - e) LBO valuation (i.e. the price a buyout firm might credibly be able to pay subject various constraints and objectives)
- XI. Deal financing considerations — discussion of investment grade vs leveraged finance market; digression on, and detailed review of the private equity market and leveraged buyout ("LBO") mechanics. How does a deal get financed? what factors will impact deal financing?
- XII. Due diligence — how do you conduct effective due diligence? what is the target likely to be looking for in terms of confidentiality and standstill agreements? how can various third party advisors (e.g. investment bankers, accountants, lawyers or management consultants) help in the due diligence process? how do the results of due diligence impact valuation, deal documentation and inform the post-closing integration plans?
- XIII. Sale and buy-side processes — key actors and roles, typical process steps/workstreams and timeline (differentiating between private and public M&A), from a seller's point of view: buyers universe assessment and typologies of buyers (e.g. strategic corporate buyers, private equity, other private capital pools, sovereign wealth funds), from a buyer's point of view — competitive universe assessment (e.g. interloper risk and their ability to pay), key M&A contracts (e.g. Sale & Purchase Agreements) & relevant aspects (e.g.. Reps and Warranties, MAC clauses), as well as other miscellaneous tools (e.g. R&W insurance), consideration paid (e.g. cash and/or stock as well as contingent payments, such as earnouts or contingent value rights)
- XIV. Transaction structures — what form can an M&A deal take and how those different structures differ (e.g. legal merger vs. exchange offers vs. schemes), consideration paid and associated mechanisms (e.g. collars), negotiated day-1 corporate governance and other flag issues (including empirical evidence of Board/management biases), execution considerations (e.g. timelines, regulatory approvals, interloper risk), selected valuation aspects (e.g. relative valuation benchmarks vs. absolute valuation benchmarks)
- XV. Hostile/unsolicited M&A (and associated defence strategies), as well as shareholder activism (including key drivers/target profiling, recent trends and key actors)

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<sup>1</sup> Corporate strategy is concerned with ways of optimising the portfolio of businesses that a Firm currently owns, and with how this portfolio can be changed to serve the interests of the Firm's stakeholders.

<sup>2</sup> Business strategy is concerned with ways of achieving, maintaining or enhancing competitive advantage in product markets.

- XVI. Corporate (re-)structuring alternatives — what are other alternatives available to Firms to unlock value e.g. spin-offs, split-offs, carve-outs, Morris trusts, etc.

#### **Module 4 — Post-closing M&A integration and M&A audit**

- XVII. Deal integration — review of key deal integration workstreams and discussion of common M&A integration problems and frameworks
- XVIII. M&A audit — review of M&A measurement metrics and systems, M&A as a corporate skillset and how Firms learn from past acquisitions

#### **Module 5 — End-of-term team project**

In this final Part 5, students will join together in small teams to identify, describe and present a fresh M&A idea for a real world Firm.

Each group must propose a potential transaction, taking the role of an M&A advisor or Management Team pitching the deal to a Board of Directors.

The objective of the end-of-term project will be to allow students to leverage all the tools reviewed in the course and use them in a real life context to develop a transaction narrative which would include aspects such as, but not limited to:

- Deal rationale: strategic and economic benefits
- Valuation views
- Price and method of payment to be offered
- Other key deal terms
- Deal financing
- Execution considerations (e.g. timeline, bid tactics, interloper risk, closing conditions)
- M&A integration framework

Students will gain in the process valuable insights into the M&A idea-pitching process.

Groups should rely on firm and market data that are publicly available for their analysis. However you cannot use pre-built models that you have used professionally and/or materials otherwise prepared by professionals. Exchange of analyses and calculations across groups is not allowed.

All groups will have to submit a written report and a Powerpoint/Keynote presentation by **WEDNESDAY 17 APRIL 2024**. Six groups will present their end-of-term projects during Class #12 on **WEDNESDAY 24 APRIL 2024**. The remaining groups will record and submit their presentation video by no later than the start of that same final class of term. Additional details on the end-of-term project will be discussed in class and posted on Canvas. Exceptional presentation performances will contribute to individual participation scores.

**METHOD OF EVALUATION**

Class Participation	30%
Problem Sets	20%
End of Term Project	50%

**TENTATIVE COURSE SCHEDULE**

Classes will be weekly on **Wednesdays 2.20 PM to 5.35 PM.**

Each session will last 2x approximately 90 minutes with a 15 minutes intermission between each 90 minutes segment.

Note: *guest speakers' schedules (all active senior professionals) can vary at very short notice — as such sessions' order may be changed and/or planned guests' participation may be amended.*

**Class #1**

WEDNESDAY 24 JANUARY 2024, 2.20PM to 5.35PM

- *Introductions*
- *Course structure and organisation*
- *Overview of M&A, why M&A matters, the role of M&A in the broader context of Corporate Strategy*
- *Review of M&A activity of the last 30+ years, M&A cycles and themes*
- *Review of different typologies of M&A transactions (including corporate restructurings)*
- *Discussion of key parties involved in M&A — roles, contributions, incentives & biases*
- *Outlining the overall M&A process: before, during and after deal-making (roadmap for the entire course)*

**Class #2**

WEDNESDAY 31 JANUARY 2024, 2.20PM to 5.35PM

- *Corporate Valuation in an M&A context*
  - *How are Firms valued, and for what purpose?*
  - *Key approaches and methodologies and how they are applied*
  - *M&A vs. stand-alone valuation*

**Class #3**

WEDNESDAY 7 FEBRUARY 2024, 2.20PM to 5.35PM

- *Merger of equals — concept discussion, framework and pitfalls*
  - *Deal synergies — sources and valuation and M&A bid premia*
  - *Methods of payment, exchange ratio*
  - *Distribution of synergies and value creation, accretion/dilution and the corporate finance debate*
  - *Governance and other “soft issues”*

Real Deal Discussion: NOVOZYMES and CHR. HANSEN business combination “A perfect match?” (Announced Dec. 2022)

**Class #4**

WEDNESDAY 14 FEBRUARY 2024, 2.20PM to 5.35PM

- *Buying and selling Firms: critical questions/issues to consider*
- *Auction process — how does it work?*
- *Key steps and key documentation*

Real Deal Discussion: NATURA's sale of AESOP to L'ORÉAL (Announced Apr. 2023)

**Planned Guest(s): TBC**

**Class #5**

WEDNESDAY 21 FEBRUARY 2024, 2.20PM to 5.35PM

- *Conducting effective due diligence*
- *Planning and executing post-M&A integration*
- *M&A audits*

Real World Discussion: [Firm A] successful mergers & acquisitions track record

**Planned Guest(s): TBC**

**Class #6**

WEDNESDAY 28 FEBRUARY 2024, 2.20PM to 5.35PM

- *Key M&A execution considerations*
- *Review of key M&A agreements*
- *Basic components of M&A agreements and link into the due diligence exercise*
- *Defining and negotiating M&A terms*

**Class #7**

WEDNESDAY 20 MARCH 2024, 2.20PM to 5.35PM

- *Financing M&A deals — how does a transaction get financed?*
- *Review major financing alternatives*
  - *Debt vs. Equity*
  - *Debt across the credit spectrum — from investment grade to high yield, public and private instruments*
  - *Equity alternatives in an M&A context*
- *Deal financing impacts on parameters such as EPS, leverage ratios, credit rating and other metrics — does it matter?*

**Planned Guest(s): TBC**



**Class #8**

WEDNESDAY 27 MARCH 2024, 2.20PM to 5.35PM

- *Strategic rationale for M&A*
- *M&A as a corporate skillset (programmatic acquirers)*
- *The pre-deal phase: Developing business & acquisition plans (link into Firm strategy)*
- *Target identification and screening: preparing for M&A*

Real World Discussion: [Firm B] successful mergers & acquisitions track record

**Planned Guest(s): TBC**

**Class #9**

WEDNESDAY 3 APRIL 2024, 2.20PM to 5.35PM

- *Business separations*

Real Deal(s) Discussion: To Be Confirmed

**Class #10.**

WEDNESDAY 10 APRIL 2024, 2.20PM to 5.35PM

- *Hostile M&A and shareholder activism*

Real Deal(s) Discussion: To Be Confirmed

**Class #11**

WEDNESDAY 17 APRIL 2024, 2.20PM to 5.35PM

- *M&A and Private Equity: a practitioner's perspective*

**Planned Guest(s): TBC**

**Class #12**

WEDNESDAY 24 APRIL 2024, 2.20PM to 5.35PM

- *End of term project presentations*

**ATTENDANCE POLICY**

Students are required to attend each class. Students should reach out to the instructor or TA regarding excused absences (for religious observances; personal, medical, and family emergencies; military service; court appearances such as jury duty). Unexcused absences will affect your course grade.

This course may use PollEverywhere as a tool to increase in-class student engagement. PollEverywhere may also be used to confirm student attendance and participation records. Students who have concerns regarding whether their responses have been recorded should contact the Professor and/or the TA(s).

If a student is not present in the classroom at the time of a poll (due to absences or any other reasons), the poll should not be answered. Responding to a poll when not present in the classroom is a violation of the Honor Code.

**INCLUSION, ACCOMMODATIONS, AND SUPPORT FOR STUDENTS**

At Columbia Business School, we believe that diversity strengthens any community or business model and brings it greater success. Columbia Business School is committed to providing all students with the equal opportunity to thrive in the classroom by providing a learning, living, and working environment free from discrimination, harassment, and bias on the basis of gender, sexual orientation, race, ethnicity, socioeconomic status, or ability.

Columbia Business School will make reasonable accommodations for persons with documented disabilities. Students are encouraged to contact the Columbia University's Office of Disability Services for information about registration. Students seeking accommodation in the classroom may obtain information on the services offered by Columbia University's Office of Disability Services online at [www.health.columbia.edu/docs/services/ods/index.html](http://www.health.columbia.edu/docs/services/ods/index.html) or by contacting (212) 854-2388.

Columbia Business School is committed to maintaining a safe environment for students, staff and faculty. Because of this commitment and because of federal and state regulations, we must advise you that if you tell any of your instructors about sexual harassment or gender-based misconduct involving a member of the campus community, your instructor is required to report this information to a Title IX Coordinator. They will treat this information as private, but will need to follow up with you and possibly look into the matter. Counseling and Psychological Services, the Office of the University Chaplain, and the Ombuds Office for Gender-Based Misconduct are confidential resources available for students, staff and faculty. "Gender-based misconduct" includes sexual assault, stalking, sexual harassment, dating violence, domestic violence, sexual exploitation, and gender-based harassment. For more information, see <http://sexualrespect.columbia.edu/gender-based-misconduct-policy-students>.