

MERGERS & ACQUISITIONS

Fall 2023

Donna M. Hitscherich

Kravis 1154

dmh9@gsb.columbia.edu

212-854-0763

Office Hours: Mondays 12:30-2:00 and by appointment

Teaching Assistant Information on Canvas

Attendance at the first class session is mandatory for all enrolled students and those on a waitlist or who wish to add the class during drop/add.

Course Description and Objectives

This course introduces the student to change of control corporate transactions (“M&A”). The course will apply basic finance principles and analytical techniques to **actual** problems likely to be encountered by senior management of major corporations or those who are the advisors to such management in the context of an M&A transaction. The course is designed to be an **applications-oriented course and will draw heavily upon real world case studies**. The course builds on the prior courses in corporate finance. The course will not introduce *significantly new* finance principles or analytical techniques other than those to which the student previously has been exposed to in the prerequisite introductory courses in finance at Columbia.

The purpose of the course is to provide the student with a framework to determine whether an M&A alternative “makes sense” for a firm and if pursued, whether the M&A alternative is likely to enhance shareholder value. The course will approach the M&A decision from the vantage point of each of the firm, the board of directors, advisors to the firm, and the shareholders. **This class assumes a basic knowledge of financial modeling.**

Student Profile and Learning Outcomes

Whether or not the student “practices” M&A, the course will afford the student with an insider’s look into what is an undeniable major force on today’s corporate landscape. Accordingly, students who are interested in investment banking, private equity, corporate development, consulting, equity research, corporate lending, asset management, strategic planning, leveraged finance, or proprietary trading may wish to consider this course.

The student should expect at the conclusion of the course to have gained a level of competency in M&A commensurate with an entry-level investment banking associate in M&A. The student will thereby gain an appreciation for each of the:

1. Role of M&A in the strategic alternatives available to the firm
2. Importance of expectation management of all stakeholders in a transaction
3. Significance of “benefit of the bargain” protection for the parties
4. Contribution of process management to a successful M&A transaction

MERGERS & ACQUISITIONS

Fall 2023

Major topics covered will include:

Major Topic	Focus Areas
Introduction to M&A	Definition of M&A Major forces driving domestic/international M&A Major players on the M&A landscape Rules governing the M&A playing field
Strategic and Practical Considerations	Process timeline for an M&A transaction M&A idea generation Role of synergies in M&A Tactical considerations in approach to a public target
Valuation Basics	Purpose and role of valuation analysis Traditional and supplemental valuation methodologies Intrinsic vs realizable value
Due Diligence	Confidentiality agreements Role of advisors in due diligence Impact of due diligence findings on valuation and deal documentation
Financing Decisions	Major financing alternatives Initial public offerings
Transaction Structures	Tender offer: Two-step transaction Merger: One-step transaction
Anatomy of a Merger Agreement	Basic components of the merger agreement Key differences in public vs private company deals
Restructuring Options	LBO Spin-off Spin-out
Takeover Defense	General legal principles Defense mechanisms (by-laws, certificate of incorporation, shareholder rights plan)

Required Prerequisites and 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. The prerequisites for this course include Corporate Finance (6302) and Capital Markets and Investments (8306). Students have found the M&A class to be a useful complement to the elective course Advanced Corporate Finance (8307). The M&A class will connect to and depend upon, your understanding of many aspects of the Columbia Business School core. Examples of some connections to the core curriculum are set forth below. Students will be expected to have mastered these concepts and

MERGERS & ACQUISITIONS

Fall 2023

apply them throughout the course as appropriate.

Core Course	Connection / Application to M&A
Corporate Finance	Firm Valuation Models
Business Analytics	Fundamental Concepts of Decision Making Sensitivity Analysis
Financial Accounting	Business Combinations
Global Economic Environment	Drivers of Business Cycles
Strategy Formulation	Competitive Frameworks

Classroom Norms and Expectations

Generally: Students are expected to adhere to CBS Core Culture in this class by being Present, Prepared, and Participating.

Inclusion, Accommodation and Support for Students: At Columbia Business School we believe diversity strengthens any community or business model and brings it greater success. The School is committed to providing all students with 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. Students with documented disabilities may receive reasonable accommodations. Students are encouraged to contact [Columbia University's Office of Disability Services](#) for information and to register for services. Columbia Business School adheres to all community, state, and federal regulations as relating to Title IX and student safety. Additional information about the University's policies is provided in the following link: <https://sexualrespect.columbia.edu/about-title-ix>.

Honor Code and Academic Integrity: The [Columbia Business School Honor Code](#) calls on all members of the School community to adhere to and uphold the notions of truth, integrity, and respect both during their time in School, and throughout their careers as productive, moral, and caring participants in their companies and communities around the world. All students are subject to the Honor Code for all academic work. Failure to comply with the Honor Code may result in [Dean's Discipline](#). Here you can review [examples of Academic Misconduct](#) which may result in discipline. All materials distributed for this course *whether in hard copy or through Canvas*, are to be used ***only by students registered for this course and for work in this course only***. Electronic distribution of the materials by the student or other publication thereof (in electronic form or otherwise) may constitute a legal infringement of certain copyrights held by the professor and/or other contributors to the materials. Students should also note that in preparing assignments it will be considered a violation of the Honor Code to utilize (a) solutions prepared by former students in this class under any circumstance or (b) other sources without appropriate attribution to the source consulted.

MERGERS & ACQUISITIONS

Fall 2023

Course Attendance Policy: This course will follow the [MBA Core Attendance Policy](#).

Unexcused absences will affect your course grade as follows:

- Students that miss more than 33% of their classes (unexcused absences) will at most receive a P for the course grade
- Students that miss more than 50% of their classes (unexcused absences) will receive an F for the course grade

Generative AI Policy: Students in this course may only use Generative AI tools, such as ChatGPT, for idea generation and must include a citation describing any usage. Using these tools to generate actual responses to assignments violates [CBS's Honor Code](#). I will report any suspected instances of plagiarism to the appropriate School authorities. Please contact me if you have any questions regarding this policy.

Class Time: Class topics will be imparted through lectures, assigned reading materials, required written case studies, and presentations by various industry professionals.

Students will be expected to complete each of the assigned readings prior to class and consequently, be in a position to participate meaningfully in class discussions.

Assignments and Final Examination

This course will require completion (all as more fully described on the Course Schedule and Assignment Due Dates posted on the course website) of each of: (1) **individually** prepared assignments of Type B1 (“Individual Assignments”) (10%); (2) class participation of Type C and Type B1 (“Class Participation”) (40%); (3) **group** prepared written case studies of Type A (collectively, the “Case Studies”) (15%); and (4) take-home final examination (“Final Exam”) (35%) composed of two parts: (a) objective short-answer questions which are completed as a Canvas quiz (the “Objective Questions”) and (b) case analysis which will require the student to evaluate two M&A proposals received by a publicly traded company and advise the board of directors with respect to the receipt of such proposals (the “Case Analysis”). **The parts of the Final Exam are weighted as follows: Objective Questions (40%) and Case Analysis (60%). A grade of 65% or higher on the Objective Questions is needed to receive a grade of HP+ or higher for the course.**

Students will be assigned groups by the professor for the Case Studies.

The grading rubric for each assignment is on the course website with the assignment. Due dates for the class work will be posted to the course website in the Class Schedule. **All assignments are due on the date indicated. Late assignments will not be accepted for full credit.**

Student grades will be based on the following formula: (1) Individual Assignments (10%); (2) Class Participation (40%); (3) Case Studies (15%); and (4) Final Exam (35%).

MERGERS & ACQUISITIONS

Fall 2023

Readings:

Reading assignments must be completed prior to class. Before the next class, class time will be devoted to previewing the next assignment and the key concepts thereof. Reading assignments are designed to support the case materials, which will form the basis of the class discussions.

Class Participation:

Class discussions constitute an integral part of the course and prior preparation of the assignments is essential. Class participation accounts for 40% of the grade in this course and will be evaluated through each of: (1) upload of three personal learning outcomes; (2) listening to Introduction to M&A Basics Video; (3) completion of pre-class survey; (4) HBR article and accompanying podcast: The Art of Asking Great Questions; (5) quality discussion in class and completion of Supplemental Materials from Subject Matter Experts; and (6) written preparation of mini-cases as may be assigned by the professor.

Class participation items (1)-(4) collectively count for 5% of the total grade with items (5) and (6) counting for 35%. Supplemental Materials from Subject Matter Experts are short individual assignments in preparation for an industry practitioner's classroom discussion and will be added to the schedule as appropriate. Mini-cases are short assignments that may be assigned by the professor to provide a practical deal based application of a topic discussed in class. Students should check Canvas regularly for such additions. Students are also encouraged to upload a copy of a recent resume or career summary to the Canvas site in the area provided for such uploads.

Review Materials:

Students are encouraged to contact the professor with any questions or problems that may arise during the course. Students may set up an appointment a mutually convenient time. Contact information is as follows:

Donna M. Hitscherich
Room 1154 Kravis
Tel: 212-854-0763
E-mail: dmh9@gsb.columbia.edu

Course Schedule and Assignment Due Dates:

The Course Schedule and Assignment Due Dates are posted to the course website. Please note that while the material covered in each class session is subject to change (due to the scheduling of subject matter experts), the assignment due dates are not.

MERGERS & ACQUISITIONS GRADING COMPONENTS

Assignment	Type	Total Grade Percentage*
Class Participation**: (1) Three Personal Learning Outcomes; (2) Introduction to M&A Basics Video; (3) Pre-class Survey; (4) HBR article and accompanying podcast: The Art of Asking Great Questions; (5) Quality discussion in class and individual Subject Matter Expert assignments***; and (6) Mini-case Studies as assigned****	<i>Type C</i> Individual EXCEPT Individual Subject Matter Expert assignments which are Type B1 Individual w/discussion of concepts and submission and Mini-Case Studies which are Type A Group/Group	40%
Individual Assignments: (1) Vocabulary Puzzle and (2) Deal Math	<i>Type B1</i> Individual w/discussion of concepts and submission	10%
Written Group Case Study: (1) PETCO; (2) HP and (3) Under Armour	<i>Type A</i> Group/Group	15%
Final Exam Part 1:**** Individually prepared comprehensive take-home final objective short answer questions ("Objective Questions") Final Exam Part 2: Individually prepared take-home case analysis ("Case Analysis")	<i>Type C</i> <i>Individual</i>	35%

*All assignments are equally weighted in Total Grade Percentage unless otherwise expressly noted.

**Class Participation items (1)-(4) collectively account for 5% of your total grade with items (5) and (6) counting for 35%.

***Subject Matter Expert assignments are short individual assignments in preparation for an industry practitioner's classroom discussion and will be added to the schedule as appropriate. Students should check Canvas regularly for such additions.

**** Mini-case studies may be assigned by the professor to illustrate a specific deal concept. These assignments are short one to two page *group submissions*.

*******The Final Exam is weighted Objective Questions (40%) and Case Analysis (60%). The student must achieve a grade of 65% or higher on the Objective Questions to receive a grade of HP+ or higher for the course.**



Sample Bidding Syllabus

Session	Date	Lecture Notes	Activity/Deliverable	Subject Matter Expert
1	9/8/23	Course Overview and Deliverables	<i>Introduction to M&A Basics Video</i> <i>Canvas Pre-Class Survey</i> <i>The Art of Asking Great Questions HBR May 2022 and</i> <i>HBR Ideacast: Ask Better Questions</i> <i>Canvas Resume/Bio Upload</i>	
2	9/11/23	Introduction to M&A	<i>Three Personal Learning Outcomes</i> Subject Matter Expert: M&A Market and I-banking Activity-Past Present and Likely Future	Gregory Dalvito '96 PJT Partners
3	9/18/23	NO CLASS Make-up Date TBD	NO CLASS Make-up Date TBD	NO CLASS Make-up Date TBD
4	9/25/23	Introduction to M&A Strategic and Practical Considerations	<i>M&A Vocabulary Puzzle</i> Subject Matter Expert: ESG and the M&A Market	Pete Witte EY
5	10/2/23	Strategic and Practical Considerations	<i>Basic Deal Math</i>	
6	10/9/23	Valuation Basics and Beyond	PETCO QUESTIONS Subject Matter Expert: Selling the Deal to the Street	Eric Kuo '13 Rubenstein
7	10/23/23	Due Diligence and Financing Considerations	Subject Matter Expert: The Golden Ticket	Tao Tan '11 Perception Capital Partners
8	10/30/23	Tax Factors and Transaction Structures	Subject Matter Expert: The Deal Process HP QUESTIONS	Moelis & Company: Mark Karasik '12 Andrew Langer '17
9	11/13/23	Anatomy of a Merger Agreement	Subject Matter Expert: Talent and M&A	Claude Shaw '04 Egon Zehnder
10	11/20/23	Sell-side Alternatives	UNDERARMOUR QUESTIONS	
11	11/27/23	Takeover Defense	David Shiffman Unpacks the Under Armour IPO	David A Shiffman '94 Solomon Partners
12	12/4/23	COURSE REVIEW AND EXAM DISTRIBUTION	PETCO, HP, UA Skills	

Notes:

Italics indicate INDIVIDUAL assignments.

Boldface indicate Case Assignments. Case Assignments are due at 5PM on the Sunday before class.

Subject Matter Expert Assignments count toward class participation. Students are encouraged to work in groups on the Subject Matter Expert Assignments but must submit their own individual work. **Blue typeface indicates a CBS alum. Subject Matter Expert Assignments are due 5PM on Sunday before class.**