Course Overview

The key objectives of this course are to understand: (1) the successful use of mergers, acquisitions and divestitures in creating and executing growth and value enhancement strategies for both public and private companies; and (2) specific management, decision making and execution components of transactions.

These objectives will be met in several ways including:

- In-class discussions of current transactions as well as of deal topics such as strategic and tactical rationales; creating deal flow; valuation; deal structuring; due diligence; deal integration; regulatory requirements; hostile takeovers and takeover defenses; and corporate governance issues.

- Readings and technical notes covering key topics, issues and best practices selected to stimulate students’ thinking about M&A and to enhance their future decision-making.

- Case discussions and videos illustrating “real world” M&A situations.

This course covers a broad range of topics and issues. It is important that class members stay up-to-date with the syllabus so that they can participate meaningfully in class discussions.

Course Materials

Along with the assigned readings and cases, the instructor will present key topics and will download to Blackboard presentation slides prior to class. The technical notes are assigned to provide additional depth to topics covered in class. No textbook is assigned for this class. However, students seeking a comprehensive M&A reference book may consider either: Mergers, Acquisitions, and Other Restructuring Activities by Donald M. DePamphilis, Academic Press; or Mergers, Acquisitions, and Corporate Restructurings by Patrick A. Gaughan, Wiley. These are often available for sale as used books.

Prerequisite

Course participants should be familiar with discounted cash flow techniques as they will be used in the discussions on valuation and in the two Conrail cases.
Assignments

A written assignment will be due at the start of Session Three. This will be based on the two Conrail cases and will be graded.

Final Exam

The final exam will be given in the second part of Session Six and is likely to consist of several short-answer questions and/or one or more short cases.

Attendance, Participation and Grading

As this is only a six-session course, attendance at each of the class sessions is critical. If an absence cannot be avoided, advance notice will be appreciated.

Similarly, as mentioned above, participation is strongly encouraged to enhance the total learning experience for the class (and the instructor).

The course grade will consist of the grade on the final examination (60%) and the grade on the written assignment (40%). The final grade may be raised to reflect consistent contributions to class discussions.

Each class meeting day represents 1/3rd of the course so it is critical that all materials assigned for the two Sessions on that day are read and that the cases are fully prepared. This includes the May 16th classes.

Communications

I look forward to getting to know class members personally and will generally be available at my Stern during the breaks on each of the three class meeting dates (no appointment required) and at other times by appointment.

I will communicate with students regularly on Blackboard and provide materials distributed in class. I may also post articles and reports to supplement our class discussions and readings.

Have Fun!

This should be a stimulating and enjoyable course. M&A is an exciting, sometimes complicated and occasionally difficult area of business. However, unlike some other areas of business, M&A offers a fast-paced, ever-changing series of new experiences and challenges.
Course Outline

Session ONE: 6/5 AM  Creating (And Destroying) Shareholder Value

- The current M&A environment
- Discussion: critical factors for M&A success and failure
- Acquisitions: Process And Practice (A) – Overview and Strategy


Case: QUAKER OATS AND SNAPPLE, Tuck School of Business at Dartmouth, 2002.

Session TWO: 6/5 PM  Acquisitions: Process And Practice (B)

- Deal Flow
- Deal Team
- Synergies
- Initial Valuation


Session THREE: 6/12 AM  Acquisitions: Process and Practice (C)

- Initial Offer
- Structure


Case:  The Acquisition of Consolidated Rail Corporation (A), HBS.

Session FOUR: 6/12 PM  Acquisitions Process and Practice (D) / Hostile Public Deals

- Due Diligence
- Final Valuation
- Closing
- Integration

- Takeover Vulnerabilities And Defenses
- Corporate Governance And Regulation


Case:  The Acquisition of Consolidated Rail Corporation (B), HBS.
Session FIVE: 6/19AM  Divestitures

- Divestiture Rationales And Alternatives

Reading: “Deals Without Delusions” by Dan Lovallo, Patrick Vigurie, Robery Uhlane, and John Horn, HBR, December 2007


Session SIX: 6/19 PM  Private Equity – The New Goliath In M&A / Final Examination

- Overview of private equity and its approach to acquisitions

Note: “The Role of Private Equity Firms in Merger and Acquisition Transactions” by William E. Fruhan, Jr., HBS, October 2006.

***FINAL EXAM***