

THE OHIO STATE UNIVERSITY  
Fisher College of Business  
Department of Finance

**COURSE SYLLABUS**

**Business Finance 7212  
MERGERS & ACQUISITIONS**

**Spring Semester (Term I) 2022**

**SECTION 010: M W, 2:45 – 4:15 PM, GERLACH HALL 305**

**Instructor Information**

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**Course Description**

This course is part of a sequence of graduate electives in the area of Corporate Finance. The course covers advanced topics in Mergers & Acquisitions. The main topics of the course are: the analysis of friendly M&A transactions, hostile takeovers, and leveraged buyouts.

The course is intended for students pursuing a professional career in corporate finance, investment banking, or corporate consulting and thus follows an applied approach. To provide a better understanding of how finance professionals manage these issues, the course relies extensively on the case discussion approach as the main method of learning. Students are expected to prepare and actively participate in class case discussions.

**Pedagogy**

The narrow objective of this course is to help students develop self-learning skills, writing skills, as well as encourage teamwork. The greater objective is to prepare students for making decisions within a business environment, a very valuable skill for a successful career in the business world. To achieve these objectives, the course will use the “case study” method of teaching and learning. Case studies present real-world, complex problems faced by financial managers that require analysis and use of judgment to reach important business decisions.

The use of case studies is a very effective learning method because it emphasizes student self-learning rather than a passive absorption of knowledge. Students learn to develop critical thinking skills and use their judgment to make decisions. Case studies do not always lead to the “right” or the “one” course of action for the decision maker. Rather, decisions are justified based upon sound financial assumptions and a thorough analysis of the situation at hand. Therefore, the analysis and discussion of cases is very valuable because it teaches students how to use principles of finance to define and solve problems, work as a member of a team, and make recommendations for the best course of action.

### **Course Prerequisites**

I assume that you have working knowledge of the material covered in BUSFIN 6220 or MBA 6223. This is a prerequisite for this course.

### **Class Format**

Case courses have a very different class format from other courses that you have taken thus far in your studies. In other courses, students are engaged in a passive form of learning and are expected to learn and practice skills through homework and exams. Courses that utilize the “case study” method assume an active form of learning on the part of students. The following four principles are ESSENTIAL components of a student’s success in a case course:

- **Participation:** Learning in a case course takes place primarily through active class participation. Students are strongly encouraged and are responsible for sharing their understanding and views on each case with the rest of the class. As you can tell from the grade composition, class participation is very important and comprises a significant portion of your course grade.
- **Preparation:** To effectively participate in class discussion of cases, students MUST come to class well prepared. Students should study each assigned case in advance, identify the main participants and the problem(s) faced, and prepare to ask and answer questions. It is very important that you work to analyze the case before it is discussed in class. You must be prepared to offer your judgment and recommendation for the situation presented in each case. You should feel free to visit me during office hours or set up an appointment, if you need help with preparing for a case. In addition, you should read any assigned background readings. Again, I emphasize that students must prepare well before arriving to class.
- **Presence:** The only way to learn and succeed in this course is to be present and participate in each and every class. Reading a text or copying notes from your fellow students CANNOT substitute for the insight and knowledge that you will acquire through participation in class discussions.
- **Promptness:** Students must make sure that they arrive before the beginning of each class. Students who arrive to class late disrupt the discussion and impose a burden on their fellow students’ learning experience. If, for some reason, you happen to arrive to class late, please enter quietly and do not disturb your fellow students.

It is clear from the above that students must make a **commitment** to prepare for each class and actively participate in class discussions. This point cannot be emphasized enough! You should be prepared to answer questions or offer your opinion on the case under discussion. I also strongly encourage you to take a stand and offer your recommendation for action by management based upon your analysis. Remember, case studies describe real-world business situations. There is typically more than one course of action that can be taken. It is not important to discover which particular action will eventually be taken as it is to learn to provide a recommendation based on financial principles and solid analysis.

I **strongly** encourage you to read the handout “Note to the Student: How to Study and Discuss Cases” by Robert F. Bruner.

### **Textbooks and Course Materials**

You are expected to purchase copies of all cases used in this course. The course packet that includes all cases can be purchased online from HBS Publishing. A link will be provided in a separate message to the class through Carmen.

I have also assigned two recommended textbooks. These will be used mostly as reference sources. I strongly recommend that you purchase these textbooks if you are very interested in the topics covered in this course. More details will be provided in the first class.

The recommended textbooks are:

- *Applied Mergers and Acquisitions*, by Robert Bruner, John Wiley, 2004, Paperback.
- *Mergers, Acquisitions, and Corporate Restructurings*, by Partick A. Gaughan, 7<sup>th</sup> edition, John Wiley, 2018.

Lecture notes, case preparatory questions, additional discussion readings, and other course materials will be posted on the course web page. The course web page is available through Carmen, the university's course management system (<http://carmen.osu.edu>). Materials will be posted on Carmen no later than two days prior to the scheduled class.

Two course packets will be available from Study.net and Harvard Business Publishing. You are expected to purchase a copy of each case. Note that cases are copyrighted material and thus no form of copying is allowed without the explicit permission of the publisher. This is a violation of academic integrity standards. Students who fail to comply with this expectation will be reported to the Committee on Academic Misconduct.

I strongly recommend that you check the course web page regularly. Under “Classlist” you can see the students in the course.

Other useful texts are:

- *Investment Banking: Valuation, Leveraged Buyouts, and Mergers and Acquisitions*, by Joshua Rosenbaum and Joshua Pearl, 3<sup>rd</sup> (university) edition, John Wiley, 2020.
- *Valuation: The Art & Science of Corporate Investment Decisions*, by Sheridan Titman and John D. Martin, 3<sup>rd</sup> edition, Pearson, 2016 (a thorough and easy-to-read text on valuation).
- *Valuation: Measuring and Managing the Value of Companies*, by Tim Koller, Marc Goerhart, and David Wessels, 7<sup>th</sup> edition, John Wiley, 2020.
- *Excel Modeling in Corporate Finance*, by Craig W. Holden, 3<sup>rd</sup> edition, Pearson Prentice Hall, 2008.

### **Grading Procedures and Policies**

- **Course Grade:** The course grade will be determined through your class participation and contributions, two case briefs, and a final team take-home case examination. Grades will be assigned on a curve with a plus (+) or minus (-). The average grade for this course will be a 3.6 or lower. The grade composition is as follows:

Class Participation	40%
Individual Case Brief	15%
Team Case Briefs	15%
Final Team Case Exam	30%

**Case Briefs:** You will be asked to submit team case briefs for TWO CASES as stated in the course schedule below. The first is an individual assignment and the second a team assignment. Each brief will comprise 15% of your final grade. **Your case briefs must be submitted electronically through Carmen and will be checked through Turnitin for plagiarism (please see section on Academic Integrity below for more information on Turnitin).**

Case briefs should **NOT EXCEED TWO PAGES OF TEXT WITH NO LIMIT ON ATTACHED EXHIBITS**. Case briefs should be organized as follows: a) statement of main issue(s) in the case; b) financial analysis of main issues; c) recommendations to upper management. You **MUST** use 12-point font, double-spaced paragraphs, and default Microsoft Word margins.

**Final Team Case Examination:** The final team case examination will comprise 30% of your total grade. Teams will have 4-5 members. This will be a take-home examination and the assigned case will be available online on the last day of classes. A completed case analysis shall be no more than **FOUR** double-spaced typewritten pages. Exhibits are not included in this limit. The final exam will be administered during February 23-27. The structure of the final case exam will be similar to that of the case briefs. Detailed instructions will be provided as we approach the dates of the final exam.

Upon completing the case exam, teams will submit their report to me by e-mail. In the e-mail, you must also include the following statement: *"On my honor as a student of the Fisher College of Business I have neither given nor received*

*unauthorized aid on this exam*". Please type the names of all team members below the pledge, which affirms the credibility of your pledge. **Your names should NOT appear elsewhere on the report.**

I would like you to form teams and inform me of each team's members **as soon as possible, but no later than January 24**. In the final case examination, each team member will receive the grade assigned to the submitted team report. In addition, each of you will be asked to rank your fellow team members in terms of their effort and contribution to the case final examination as well as the team case brief and/or the case presentation. Team evaluations will be taken into consideration in assigning final individual grades for any team assignments. Students **MUST** submit a team evaluation in order to receive a grade in the course.

**Participation grades:** The quality of your participation will be graded after each class discussion on a scale of zero to three points. Participation grades will be based on the following criteria:

- 0 points: No participation or observations
- 1 point: Contributes relevant information or facts, asks critical questions concerning the discussion in class, reading assignments and responses to comments of classmates
- 2 points: Provides an interpretation of relevant information and/or facts that is based on analysis and, in turn, advances the discussion to other related topics
- 3 points: Provides contributions that leads the discussion to a significantly higher level of thought; or presents an analysis and interpretation of the relevant information that results in a solution to the case

**We will be marking class contributions in each class starting on January 19. Class participation and contributions will be marked by both a randomly selected student during the class discussion and me immediately after each class. Individual feedback on class participation will be provided right after our January 31 class. Feedback will be provided in the form of "above average", "average", or "below average". Students who need help improving their class participation and contributions are strongly encouraged to reach out to me.**

You are encouraged to work independently in preparing each case. However, it will be very helpful to form a study group in order to discuss your analysis and interpretation of each case, which will help you prepare more effectively for class discussions.

**Each student is permitted to have NO MORE THAN ONE excused absence throughout the term. Please notify me of your absence before the specific date by e-mail.**

**Please note the following rules for class participation:**

- Select a seat and use the same spot in each and every class.
- Always use your name plate (do not forget to bring it with you to class).
- **Office Hours:** I will have office hours through Zoom by appointment only. These hours are especially for the benefit of students in this course. I also encourage you to schedule an appointment to meet with me with any comments or suggestions you may have about the course. I prefer NOT to discuss course-related questions through the phone. The best way to address your questions is to discuss them with me during my office hours.

**Academic Integrity**

From the Fisher College statement on your obligation to maintain academic integrity:

*“As a member of the Fisher College of Business community, I am personally committed to the highest standards of ethical behavior. Honesty and integrity are the foundation from which I will measure my actions. I will hold myself accountable to adhere to these standards. As a leader in the community and business environment, I will pledge to live by these principles and celebrate those who share these beliefs.”*

Students are responsible for knowing and abiding by these standards.

**Academic Misconduct**

Cheating is grounds for failing this course and additional sanctions. In accordance with faculty rule 3335-5-487, all instances of alleged academic misconduct will be reported to the university Committee on Academic Misconduct. If the committee concludes that a violation has occurred, it recommends appropriate sanctions to the Office of Academic Affairs. As stated in the university's Code of Student Conduct (<http://studentaffairs.osu.edu/resources/>), students have an obligation to report academic misconduct. Such misconduct can be reported to the appropriate faculty member or program dean; confidentiality is protected.

Permitted collaboration for this course is as follows:

- **Team case brief and final case exam – Collaboration with teammates only. Sources outside the information included in the case, such as case solutions or briefs available for purchase or free on the web or case briefs submitted by other students at OSU or elsewhere in the past or during this semester are STRICTLY PROHIBITED. Students caught violating this guideline will be reported to the Committee on Academic Misconduct.**
- **Individual case brief – No collaboration.**

## **Turnitin**

Students at The Ohio State University are accountable for the integrity of the work they submit. Therefore, you should be familiar with the guidelines provided by the **Committee on Academic Misconduct (COAM)** and **Section A of OSU's Code of Student Conduct** in order to meet the academic expectations concerning appropriate documentation of sources. In addition, OSU has made Turnitin, a learning tool and plagiarism prevention system, available to instructors. For this class, you will submit your papers to Turnitin from Carmen. When grading your work, I will interpret the originality report, following **Section A of OSU's Code of Student Conduct** as appropriate. For more information about Turnitin, please see **the vendor's guide for students**. See also the information for students in the Turnitin Feedback Studio ([https://guides.turnitin.com/01\\_Manuals\\_and\\_Guides/Student\\_Guides/Feedback\\_Studio](https://guides.turnitin.com/01_Manuals_and_Guides/Student_Guides/Feedback_Studio)). Note that submitted final papers become part of the OSU database.

**Section A of OSU's Code of Student Conduct** defines plagiarism as '...the representation of another's work or ideas as one's own; it includes the unacknowledged word-for-word use and/or paraphrasing of another person's work, and/or the inappropriate unacknowledged use of another person's ideas.'

## **Disability Accommodation**

To ensure that disability-related concerns are properly addressed from the beginning, students with disabilities who require reasonable accommodations to participate in this class are asked to contact the Office of Disability Services (150 Pomerene Hall, 292-3307). Please also inform me of any arrangements you are making with ODS.

## **Student COVID-related Accommodation Process**

The university is committed to supporting students and program participants with COVID-19 based risk factors. Student Life Disability Services, in conjunction with the Office of Institutional Equity, will work with students who are vulnerable to complications from COVID-19 to ensure that they have the necessary resources to participate in university life as safely as possible. Ohio State students from any campus may submit a **COVID-related accommodation request**. Students registered with Student Life Disability Services can work directly with their **assigned Access Specialist** to modify their accommodations or make additional COVID-based accommodation requests.

## **Accommodated Exams - COVID-19 Operational Adjustments**

In order to promote the health and safety of students, Student Life Disability Services will only proctor exams for students with accommodations that necessitate in-person testing for autumn 2020. Modified exam hours for autumn 2020 are 9 AM – 5 PM. Students with the following exam accommodations may schedule to take their exams at SLDS:

- Accessible formats (e.g. braille, large print, screen-free)
- Assistive technology (e.g. JAWS, CCTV)
- Private testing room accommodation
- Test assistant (reader or scribe)

Students requesting exam accommodations not listed above, such as extended time or a small-group testing space, will need to take their exam off-site utilizing Carmen or other virtual assessment method. For more information on operational changes, visit the [SLDS website](#).

### **Mask Policy and University Health and Safety Guidelines**

Please note that according to the recent university policy announcement, masks are now **REQUIRED INDOORS AT ALL TIMES REGARDLESS OF SOMEONE'S VACCINATION STATUS**. I expect you to follow this policy at all times until further notice from the university leadership.

The following links provide useful information about the university's latest policies and guidelines on health and safety:

<https://safeandhealthy.osu.edu>

<https://safeandhealthy.osu.edu/tracing-isolation-quarantine>

### **Suggestions for Effective Team Performance**

The following suggestions (taken from Robert Bruner's cases textbook) are necessary, but not sufficient, conditions for effective team performance. A major factor in a team's success is each member's effort and dedication to the success of the team. It is crucial that you develop a good working relationship with your teammates. Each member should hold every other member accountable for his or her contribution to the team's performance.

- ✓ Members commit to the success of the team.
- ✓ The team plans ahead, leaving time for contingencies.
- ✓ The team meets regularly.
- ✓ Members show up for meetings and are **prepared** to contribute.
- ✓ There may or may not be a formal leader, but role assignments within the team are clear. Team members meet their assigned obligations.



## **COURSE SCHEDULE**

(All chapters are from Bruner's text.)

<b>DATE</b>	<b>DISCUSSION CASE/ARTICLE</b>	<b>TOPIC</b>	<b>BACKGROUND READING</b>
Jan. 10		<i>Course Introduction</i>	Course Syllabus
Jan. 12		<i>Intro to M&amp;A</i>	Lecture Notes
Jan. 19	<b>Methods of Valuation for M&amp;A</b>	<i>Technical Note</i>	Ch. 9
Jan. 24	<b>Sun Microsystems</b>	<i>Valuing a Takeover Opportunity</i>	Preparatory Questions Ch. 9, 11
Jan. 26	<b>Roche's Acquisition of Genentech</b>	<i>Strategic M&amp;A</i>	Preparatory Questions Ch. 15
Jan. 31	<b>Radnet, Inc.</b>	<i>Financing an Acquisition</i>	Preparatory Questions Ch. 20
Feb. 2	<b>Hostile Takeovers: A Primer for the Decision Maker</b>	<i>Technical Note</i>	
Feb. 7	<b>Canadian Pacific Bid for Norfolk Southern (INDIVIDUAL CASE BRIEF)</b>	<i>Analyzing a Complex Merger Bid</i>	Preparatory Questions Ch. 34
Feb. 9	<b>Competing Bids for Anadarko Petroleum</b>	<i>Acquisition Bidding Wars</i>	Preparatory Questions Ch. 34
Feb. 14	<b>Valuation of Late-Stage Companies and Buyouts</b>	<i>Technical Note</i>	Ch. 13
Feb. 16	<i><b>Guest Speaker: Mr. Matthew Leahy, Director of Corporate Development, Greif, Inc.</b></i>		
Feb. 21	<b>DuPont: Sale of Performance Coatings (TEAM CASE BRIEF)</b>	<i>Evaluating an LBO from a Company's Perspective</i>	Preparatory Questions Ch. 13

Feb. 23	<b>Roark Capital: Buyout of Buffalo Wild Wings</b> <i>(Guest Discussion Leader: Mr. Peter York, Managing Director, J.P. Morgan Investment Banking)</i>	<i>Analysis of Leveraged Buyout Transaction from a Sponsor's Perspective</i>	Preparatory Questions Ch. 13
Feb. 23-27	<b>Final Group Case Examination</b>		