



College of
Business+
Economics

ECON*3360

The Strategy of Mergers & Acquisitions F15

0.50 Credit weight

General Course Information

Instructor: Nancy Bower
Email nbower@uoguelph.ca
Office Location MacKinnon 708
Office Hours Tuesday 1:30 - 3:00, Thursday 10:30 - 12:00
Department/School Department of Economics and Finance

Class Schedule: Monday and Friday 2:30 – 3:50, MCKN 235

Pre-requisites: ECON*2310, ECON*2410, ECON*2560

Course Description

This course offers an economic analysis of mergers and acquisitions. The course offers the means to assess M&A and to consider the various roles M&A can play in strategy depending on the nature of the company and the industry dynamics. We will focus on various aspects of mergers and acquisitions in markets and on the various stakeholders. Topics will include value creation in mergers, choice of payment method, valuation of contingent payments, bidding strategies, hostile takeovers, and defensive tactics. We also cover key elements of the legal and regulatory framework for takeovers, such as filing requirements, fiduciary duties of the target board of directors, and antitrust regulation.

Course Assessment

			Notes	Due Date/ location
Assessment 1:	10%	Assignment	Individual problem set, due at start of class	Fri, Oct 16
Assessment 2:	25%	Midterm	In class midterm	Fri, Oct 23
Assessment 3:	10%	Case Competition assignment	Written presentation of case	Fri, Nov 13
Assessment 4:	10%	Case Competition event	PowerPoint presentation of case	Sat, Nov 21
Assessment 5:	5%	Case Preparation	Two in class cases	Fri, Oct 2 and Fri, Nov. 6
Assessment 6:	5%	Weekly Quizzes	In class every Friday	Fridays
Assessment 7:	35%	Final Exam	Comprehensive	Mon, Dec 7, 7:00-9:00pm Location TBA
Total	100%			

Teaching and Learning Practices

Lectures Lectures will discuss the assigned readings and cases. It will be important for you to do the readings before class and attend lectures. In addition, there will be guest speakers in the class from time to time. All exams will cover material covered in the lectures. It is imperative you have a complete set of notes. They will not be available on Courouselink. I would like you to attend class.

Course Resources

Required Texts:

This course will not use a specific textbook. A course packet containing the cases and some of the readings will be available from Ivey Publishing. You will be receiving an email with information on how to purchase the course packet. Additional course materials will consist of journal articles or chapters from texts and will be available online and/or on library reserve.

Course Policies

Grading Policies

Final Exam Conflicts: Any student who has a time conflict with the final exam may not register for this course. Note the final exam day and time in the Course Assessment section above. Please check immediately to make sure you do not have a conflict.

Assignment: There will be a written assignment (problem set) due at the start of class on Friday, October 16. If you do not turn in an assignment you will receive a **zero**. The weight will **not** be placed on the final, except in cases of illness

or another compassionate reason, so it is imperative that you complete it on time. I will only allow assignments to be turned in after the due date in **exceptional** circumstances (a prolonged illness or sudden death in the family for instance - having work in other courses is **not** an exceptional circumstance – I expect that to be the case). Given the class size a TA may not be assigned to this course and the grading of the assignments may focus only on some of the problems (determined by myself). A detailed answer key will be posted. The assignment will be algorithmically generated using your student ID number – all students will get a different version of the assignment as a result. I encourage you to work together on the assignments. I normally would caution you to not copy work from your study partners but in this case every student will have a different set of problems so that will not be possible. However, the topics and solution techniques will be the same so study groups should be formed.

Case Competition: Students are required to perform a detailed case analysis. The assignment should be made in groups of three. The group assignment has two required parts: a written and an oral component. The written report will analyze the case in detail and will include appropriate spreadsheets. Each group will present its report on Saturday, November 21, between 8:30am and 1pm and will be given approximately 15 minutes for the power point presentation. The top 4 groups will be chosen to present in the competition finals before judges from Richardson GMP on Saturday, November 21 between 2pm and 5pm. The final presentations will be approximately 15 minutes and will be followed by a 15 minute Q&A session. There will be a reception in the Faculty Club following the competition (5-6:30) where the winners will be announced and prizes will be awarded.

Case Preparation: Students will be assigned questions and/or spreadsheets to prepare for cases to be discussed in class. These should be done in groups and submitted at the start of class.

Quizzes: Each Friday during the semester (September 18 – November 27, except October 23) a brief quiz will be given covering the material for the week. Each quiz will be worth ½ a mark (with the exception of the October 9 quiz, which will be worth 1 mark). The best 10 quizzes will count for up to 5 marks.

Midterm: The midterm will be given in class on Friday, October 23. Make-up exams will only be given if the student has a documentable illness or compassionate reason for missing the exam. The midterm will consist of short-answer questions covering the material from the first part of the course.

See the following university policies:

<http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-grds.shtml>

Please note that these policies are binding unless academic consideration is given to an individual student.

Course Policy on Group Work:

This course has a group project. Groups should consist of 3 students. Students should form their own groups and register them in the group tab on Courselink by Wednesday, September 23. Any student not in a group by that date will be assigned to a group. Once groups are formed they can only be changed with my permission and the permission of the affected group members.

It is expected that all group members will contribute to the case analysis. Groups should meet together, in person if possible, at least once a week to discuss what members have accomplished and to make sure everyone knows what their contribution to the final project will be. All group members will receive the same mark with one exception. That exception is if the other group members contact me and assert that one or more group members have not substantially contributed to the project. I will want proof to back up this assertion. To that end all group members should maintain a paper trail (and email record) of work done and any correspondence between group members. If an assertion is made that a group member did not substantially contribute to the project I will want to see evidence of it. If there is no evidence to back up the claim all students will receive the same mark. Your best practice should be to email your other group members regularly with what you have accomplished on the project, and to attach any spreadsheet results or written text you might have completed. If a group feels that a member is not completing work or is not communicative (doesn't answer emails for example) please contact me so I can contact them to see what the reason might be.

Course Policy regarding use of electronic devices and recording of lectures

Electronic recording of classes is expressly forbidden without consent of the instructor. When recordings are permitted they are solely for the use of the authorized student and may not be reproduced, or transmitted to others, without the express written consent of the instructor.

University Policies

Academic Consideration

When you find yourself unable to meet an in-course requirement because of illness or compassionate reasons, please advise the course instructor in writing, with your name, id#, and e-mail contact. See the academic calendar for information on regulations and procedures for

Academic Consideration: <http://www.uoguelph.ca/registrar/calendars/undergraduate/current/c08/c08-ac.shtml>

Academic Misconduct

The University of Guelph is committed to upholding the highest standards of academic integrity and it is the responsibility of all members of the University community, faculty, staff, and students to be aware of what constitutes academic misconduct and to do as much as possible to prevent academic offences from occurring.

University of Guelph students have the responsibility of abiding by the University's policy on academic misconduct regardless of their location of study; faculty, staff and students have the responsibility of supporting an environment that discourages misconduct. Students need to remain aware that instructors have access to and the right to use electronic and other means of detection. Please note: Whether or not a student intended to commit academic misconduct is not relevant for a finding of guilt. Hurried or careless submission of assignments does not excuse students from responsibility for verifying the academic integrity of their work before submitting it. Students who are in any doubt as to whether an action on their part could be construed as an academic offence should consult with a faculty member or faculty advisor.

The Academic Misconduct Policy is detailed in the Undergraduate Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2015-2016/>

Accessibility

The University of Guelph is committed to creating a barrier-free environment. Providing services for students is a shared responsibility among students, faculty and administrators. This relationship is based on respect of individual rights, the dignity of the individual and the University community's shared commitment to an open and supportive learning environment. Students requiring service or accommodation, whether due to an identified, ongoing disability or a short-term disability should contact the Centre for Students with Disabilities as soon as possible.

For more information, contact CSD at 519-824-4120 ext. 56208 or email csd@uoguelph.ca or see the website: <http://www.csd.uoguelph.ca/csd/>

Course Evaluation Information

Please refer to: <https://www.uoguelph.ca/economics/course-evaluation>

Drop date

The last date to drop one-semester courses, without academic penalty, is November 6, 2015. For regulations and procedures for Dropping Courses, see the Academic Calendar:

<https://www.uoguelph.ca/registrar/calendars/undergraduate/2015-2016/>

Course Learning Outcomes

Knowledge and Understanding:

- 1) **Understanding of Specific Markets:** Students will **understand** financial markets and the role they play in mergers and acquisitions. This will be assessed through exams.
- 2) **Historical and Global Context:** Students will **understand** trends in M&A activity and **analyze** the context of individual mergers and acquisitions. These will be assessed through exams and the case assignments.
- 3) **Economic Policy and Regulation:** Students will **understand** the legal and regulatory issues in M&A. This will be assessed through exams and the case assignments.
- 4) **Financial Asset Pricing, Corporate Finance and Risk Analysis:** Students will **value** target companies. Students will **understand** Corporate Finance and how risk affects valuations of mergers. These will be assessed through the assignment, the case analyses, and the exams.

Discipline/Professional and Transferable Skills:

- 5) **Written Communication:** Students will prepare a written report **analyzing** a case, which will be graded using the usual essay writing criteria.
- 6) **Oral Communication/Presentation:** Students will **present** their case analyses. Presentations will be evaluated based on content, organization, communication, and presentation.
- 7) **Numerical Problem Solving:** Students will have to perform a variety of financial **calculations** including **valuations** of target firms. This will be assessed through the assignment, the case analyses, and the exams.
- 8) **Analytical Problem Solving:** Students will perform calculations to **evaluate** and **compare** alternative purchasing methods. This will be assessed through the assignment, the case analyses, and the exams.
- 9) **Problem Solving in a Real World Context:** Students will **apply** the content and **analysis** learned in the course to case analyses. This will be assessed in the written report and presentation.
- 10) **Group Work:** Students will work in groups to **analyze** case studies and will be assessed through the written report and oral presentation.
- 11) **Computer Skills:** Students will use **excel** (or some other spreadsheet program) to perform **calculations** in their case **analyses**. This will be assessed in the written report.

Attitudes and Values:

- 12) **Professional and ethical awareness and conduct:** There will be no extensions on assignments in order to develop **time management** skills. Assessed using the assignment and the group project.