This course is designed to equip professional managers with concepts, tools, and techniques necessary to analyze the economic, financial, and strategic impact of specific cases of corporate mergers and acquisitions as well as the general trends or patterns in takeover activities. To study the above topics, the course will use models of takeovers as well as documented evidence. Further, actual takeover cases will be used to underscore the central issues and concepts.

Throughout, the emphasis will be on hands-on analysis and problem solving. Using the concepts and techniques presented in this course, the participants will achieve:

• An in-depth understanding of the operating and financial sources of gain in corporate mergers and acquisitions and how such gains are allocated between bidder and target companies.

• The know-how to evaluate a target firm for acquisition

• The ability to identify and differentiate between the commonly used takeover strategies and to analyze their economic and financial impact

• An in-depth knowledge of different anti-takeover strategies (such as litigation, “greenmail”, “white knights”, “poison-pill securities”, “golden parachutes” and others) and a critical understanding of why and how target companies resist takeover bids

• An analytical framework to understand and evaluate certain phenomena concerning corporate takeovers; for example, why bidder companies offer high premiums over current market prices for target company shares and why target company shareholders in many instances allow their managers to resist high-premium takeover bids. Crucial knowledge of the impact that the choice of method for accounting for the merger (pooling versus purchase) has on the financial statements of the bidder corporation and the ways in which managers can strategically influence the financial statements within the framework of these accounting methods.
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Introduction to M&A - Week 1

- Introduction
- Some Trends
- Motives for Takeover
- Search for Potential Acquisition
- Life Cycle
- How to Sell the Merger Idea
- Differentiating Mergers from Acquisitions
- Financial vs. Strategic Buyer
- Premiums
Pre-Acquisition Part 1 - Week 2

- Valuation
- Antitrust and Tax Implications
Pre-Acquisition Part 2 - Week 3

- Due Diligence
- Reverse Due Diligence
- Negotiating
- Protecting and Building Shareholder Value
- M&A Financing
Absorption acquisitions are those in which the strategic task requires a high degree of interdependence to create the value expected but has a low need for organizational autonomy to achieve that interdependence. Integration in this case implies a full consolidation, over time, of the operations, organization, and culture of both organizations.

In Preservation acquisitions, there is a high need for autonomy and a low need for interdependence among combining firms. In such acquisitions, the primary task of management is to keep the source of the acquired benefits intact. Even though needs for the interdependence are low in preservation acquisitions, this sort of autonomy and the protection it implies are often difficult to provide. In these situations the acquired operations are managed at arm’s length beyond those specific areas in which interdependence to be pursued. The metaphor that best captures the way value is created in these acquisitions is that of nurturing. Examples: acquisition of Burndy, the American connector manufacturer, by Framatone, the French nuclear company. Exxon’s acquisitions in electronics companies.

Symbiotic acquisitions involve high needs for both strategic interdependence (because substantial capability transfer must take place) and organizational autonomy (because the acquired capabilities need to be preserved in an organizational context that is different from the acquirer’s).

In the symbiotic acquisitions the two organizations first coexist and then gradually become increasingly independent. To succeed in the truly amalgamating organizations symbiotically, each firm must take on the original qualities of the other.
Key Issues in Post- Acquisition Management

Post acquisition management calls for different skills than pre-acquisition management.

It is important to include deliverables in post-acquisition in the screening and pricing stages.

Continuity of key personnel across stages ensures that there is flow of information and accountability.

Successful firms tend to codify and implement their post-acquisition practices in later transactions.

- **Preservation** - Separate but supportive cultures: In this scenario, the two organizations operate relatively independently, creating little need for cultural integration except in areas where the companies overlap.

- **Absorption** - Dominant culture prevails: When an acquired company is fully absorbed by the acquirer, the dominant culture prevails through attraction or coercion.

- **Transformation** - Development of new culture: In a true merger, the best of both cultures is synergistically combined to create a new culture. The worst is left behind.
Special Topics - Week 6

- Incentives Management
- Hostile Takeovers
- Defensive Strategy Objectives
- Why Resistance Happens
- How Resistance Happens
- Legal Issues
- Horizontal vs. Vertical Integration
- Differences Between Industries
- Differences Between Countries
- Cross Border Failures
Appendix

- M&A Model
- References
- Glossary of Terms
- Abbreviations
- Useful WEB sites
- Recommended Readings