

Course Introduction and Syllabus for:
MANAGING MERGERS & ACQUISITIONS
(Module 3, February – April 2012)
Course Website: <http://mma12.phbs.info>
(ver. 20120208; Subject to change, see course website)

Instructor: Professor Terrill L. Frantz
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Office Hours: 10:30am-11:30am Mon & Thurs

Class meetings: Monday & Thursday
Meeting Time: 8:30am-10:20am
Classroom: C105

Course Mission and Goals

The mission of this course is to develop your skills in managing an organization. Specifically, the challenging time of organizational M&A (mergers and acquisitions) is used to lever this learning opportunity by embracing the multi-disciplinary aspects of M&A: herein, we venture to absorb the management-oriented drivers of M&A success in theory and in practice. This course seeks to prepare you for a career in business management, consulting, or corporate development. The course material compliments many of the management, finance and economic courses you have taken previously and will require you to utilize what you have already learned in order to appreciate the inherent complexity of M&A management. In the pursuit of this undertaking, this course leads you to:

1. **Master the language and processes of M&A.** Basic knowledge about M&A is the foundation for effectively operating within the field. *This course will explain practices and use the specialized terminology through all activities.*
2. **Recognize M&A issues, laws, conflicts and ethics.** Knowledge of the business climate, the legal and social environment, and current events provide insight into issues and conflicts that you will face when managing an M&A strategy. *In this course will review and discuss numerous real-world situations, past and present that impact the success or failure of M&A events.*
3. **Distinguish M&A as a strategy and as a consequence.** M&A occurs in waves according to business pressures. *In this course, we will look at aggregated M&A activity with respect to the economic environment, business cycles, the markets, and corporate development.*
4. **Analyze and form an opinion about an M&A transaction.** Valuation analysis is a core competency for an M&A manager. *We will investigate success and failure of past transactions and anticipating outcomes of current transaction by discussing real-world cases, past and current.*
5. **Diagnose the multi-faceted intricacies of M&A integration management.** M&A affects all stakeholders and reaches into every facet of an organization—financial, accounting, products, and human, etc.; it is an intricate business stratagem that stresses organizational-strengths and accentuates weaknesses. *In this course you will develop, design and present a comprehensive analysis of a real situation and devise a multi-faceted plan for carrying out the management of the post-merger integration task.*

M&A is a complex subject: business competition is intense, and the penalty for making mistakes is immense. If you dedicate yourself fully to this course, your knowledge and skills will be greater than that of your rivals. Your confidence and business acumen will be greatly increased and you will be indispensable to your future employers or clients. Experts agree that successful M&A is a creative endeavor and that creativity arises in a safe environment that is highly demanding yet pleasurable. The professor endeavors to provide this hard-but-fun classroom environment to the class, but the ultimate success of the course is grounded primarily in each individual student's effort put forth into the course activities, which will provide a long-lasting outcome ... in short, *discomfort is temporary, accomplishment is forever!*

Focus of general content

This course will draw on the course textbooks, additional readings, cases and current news events. Readings will generally focus on large publicly held corporations headquartered in the USA, but I will endeavor to include discussion on global-based organizations based on any continent as best possible given the structural language and information-transparency barriers. Laws and regulations discussed will be mostly from the perspective of the USA, but coverage of local China- and Asia-based matters will also be included when possible. The course is presented as management-oriented, but because the management of M&A is inherently multi-faceted, the content will draw on many of the other courses offered in your degree program; the intent herein is to build upon the learning from all business courses that you have taken previously. If this course does delve into subject matter that you have not yet been exposed to, it is your responsibility to independently

and acutely explore that subject using your own devices to give meaning to the unfamiliar course material.

Student Outcomes

After the successful completion of this course, the student will be:

- Enabled to professionally identify strategic-combination opportunities for their firm
- Enabled to understand the process of evaluating opportunities and structuring a deal
- Able to identify the risks, rewards, and complexities of choosing a combination strategy
- Able to manage the M&A process from start to finish
- Able to develop a comprehensive plan for implementing a M&A strategy for their business

Course Topics

- Introduction to terms and key themes of M&A, including ethics
 - Strategy and the origination of transaction proposals
 - M&A Waves
 - Cross-Border M&A
- Strategy and uses of M&A to grow or structure the firm
 - Acquisition Search and Deal Origination
 - Diligence, Valuation, and Accounting
 - Due Diligence / White Rooms
- Valuing Firms & Options / Crafting the Business Case
 - Valuing Synergies & Impacts, Liquidity & Control
 - Design of Transaction Terms
 - Forms of Payment
- Risk Management
 - Social Issues
 - Governance, Laws & Regulations
- How a negotiation and deal takes place
 - Securities & Antitrust Law
 - Competition, Hostility and Behavioral effects
 - Hostile Takeovers
 - Takeover Attach and Defense
- Developing the implementation Strategy
 - Communication, Integration, and Best Practice
 - Frame-work for Post-merger Integration
 - Cultural Assessment
 - Alignment
 - Best Practices

Teaching Methodology

This is an activity-based course; it is designed to develop skills and insightful perspectives rather than regurgitating facts and rote memorization. It is a difficult course but the work in it is also highly levered; it will require a great deal of time, energy and determination from all course participants, but the reward will be grand and long lasting. The classroom experience will be both professor- and student-led presentation and discussion. One-half of the course's meeting time will be content led by student teams and aided by the professor; the other half of the meeting time will be lecture by the professor. Team-based projects and presentations are an integral part of this course, although the hard and soft skills and processes ultimately will be instilled into each individual. Real-world, real-time, current business events and goings-on will be an important part of this course. Students will be involved by conducting analyses and giving presentations at a level well above the norm for a management course. Attending to the excessive reading assignment(s) and case-readings regularly and on-schedule is vital to the student truly benefiting from this course.

Prerequisites

Recommended prerequisites include courses such as: (a) Financial Accounting, (b) Introduction to Management, (c) Organizational Behavior, and (d) Corporate Finance.

Course Texts

Applied Mergers and Acquisitions (2004).

Robert F. Bruner

ISBN-13: 978-0471395058 Wiley Publishing

@ amazon.cn ¥592.00 ~ ¥131.00 (used)

The Art of M&A Integration (2006; 2nd Ed.).

Alexandra Reed Lajoux

ISBN: 0-07-144810-1 Infinite Ideas Publishing

@ *amazon.cn* ¥ 403.00

The Global M&A Tango (2010).

Fons Trompenaars & Maarten Nijhoff Asser

ISBN-13: 978-1-906821-05-0 Infinite Ideas Publishing

@ *amazon.cn* ¥ 592.00 ~ ¥ 131.00 (used)

** It is doubtful that a student will be successful in this course without having full access to these texts **

** It is the student's responsibility to gain access to the texts, not the professor's

Grading/Evaluation

To introduce a vital dimension of real-world realism to this course grading process, each student's grade will be derived from two constituent parts: (a) a weighted-average score computed according to quantitatively scored deliverables (as per the list below), and (b) a highly-subjective *bonus* score in the range of -10 to +10 full percentage, final grade points according to the classroom performance of the student. ** A student's poor in-class performance on can actually reduce their computed grade by as much as 10 percentage points, alternatively it can increase it a full 10%.

Group Project:	30%
Individual Project:	30%
Quizzes (4 x 5% each):	20%
Final Exam	20%
**** In-class activities grade	{ -10% to +10% } ** an adjustment
(Self-intro, Class participation, Student-led activities; two Beige-book analyses)	

Missed quizzes/tests/presentations cannot be made-up and must be taken/given only at the time they are scheduled. Class attendance and in-class participation are exceptionally expected in this course.

Class Meeting Schedule (subject to change)

The agenda for each* 110-minute class meeting will proceed in the following manner:

20 min. Current Events Discussion (student-led)

15 min. Case Study Presentation (student-led)

15 min. Reading Discussion (student-led)

10 min. Break

50 min. Lecture

* Schedule differs somewhat for the first four class meetings.

Course Website

The course website is the primary communications vehicle for outside-of-class communications and course documentation. The student is expected to routinely check the site for information and class-related announcements—perhaps daily.

Class Meeting Schedule (subject to change):

The agenda for each* 110-minute class meeting will proceed in the following manner:

- 20 min. Current Events Discussion (student-led)
- 15 min. Deal Analysis Presentation (student-led)
- 15 min. Case Study Discussion (student-led)
- 10 min. Break
- 50 min. Lecture

* Schedule differs somewhat for the first four class meetings.

Class Meeting <small>(m-Mon h-Thurs)</small>	Class Meeting Date	Unit / Orientation	Topic(s)	Readings <small>(prior to class meeting)</small>	NOTES
1 m	13-Feb	Intro	Course Intro; Ethics; Does M&A Pay?	B: 1, 2, 3	
2 h	16-Feb	Deal Processes	Strategy and Origination of Transaction Proposals	B:4, 5, 6, 7	
3 m	20-Feb	"	Corp Development & Best Practices	B: 37, 38	
4 h	23-Feb	"	Momentum Acquisitions; Social Issues	B: 17, 24	
5 m	27-Feb	"	Negotiations; Governance; Laws; Antitrust Laws	B: 25, 26, 27, 28	Quiz #1
6 h	1-Mar	"	Documentation; Takeover Attack & Defenses	B: 29, 33, 34	
7 m	5-Mar	"	Due Diligence; Accounting	B: 8, 16	
8 h	8-Mar	"	Communicating the Deal; PMI Framework	B: 35, 36	
9 m	12-Mar	Integration	Basics; Pathway to M&A; Planning & Communication	L: 1, 2, 3	Quiz #2
10 h	15-Mar	"	Integrating Resources	L: 4, 5, 6	
11 m	19-Mar	"	"	L: 4, 5, 6	
12 h	22-Mar	"	Integrating Processes	L: 7, 8, 9	Quiz #3
13 m	26-Mar	"	"	L: 7, 8, 9	
14 h	29-Mar	"	Corp Responsibilities & Shareholder Commitments	L: 10, 11, 12	
15 m	2-Apr	"	"	L: 10, 11, 12	
16 h	5-Apr	"	Integration: Human Touch; # phase Framework	TA: I, II, A	Quiz #4
17 m	9-Apr	"		TA: B	
18 h	12-Apr	"		TA: C	
Sat	14-Apr				FINAL EXAM

About the instructor

Assistant Professor Terrill Frantz is a full-time management faculty member of HSBC Business School at Peking University Shenzhen. He has 20 years of corporate experience, working for global investment banks (Morgan Stanley and JP Morgan) in New York, London, and Hong Kong and consulting at numerous organizations in other industries as well. His academic field is Organization Behavior with a research focus on Post-Merger Integration—he has published numerous academic articles and book chapters on the subject. Dr. Frantz has a life-long orientation in software technology, business management, supported by both work experience (Asia-Pacific Operations Officer for Technology at Morgan Stanley, Assistant to the CIO at Morgan Stanley NY, etc) and advanced degrees (EMBA from Stern, New York University, Computer Science from Carnegie Mellon University, etc).