



VESALIUS COLLEGE
Spring Term 2017

Course Syllabus - BUS 312G

MERGERS, ACQUISITIONS AND RELATED TRANSACTIONS

Contact Details for Professor

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Office hours

Mondays, 1.30 p.m. – 2.30 p.m.

Thursdays, 10.30 a.m. – 11.30 a.m.

Course Description

This course covers the main types of mergers and acquisitions (including leveraged buyouts; management buyouts; friendly and hostile mergers and acquisitions), and of related transactions (including divestments; demergers; privatizations; alliances and joint-ventures).

These transactions are studied from all the main points of view. The topics covered include: motives; strategy; search for potential acquisitions or acquirers; accounting issues; tax issues; the role of advisers; bid tactics; legal and regulatory issues; valuation; financing; organizational and human aspects; integration; successes and failures.

Course Prerequisites

BUS 101E

Learning Objectives

See the attached table.

Course Materials

(1) Required textbook

"Creating Value from Mergers and Acquisitions" (Sudi Sudarsanam) (Financial Times Prentice Hall, second edition, 2010, ISBN 978-0-273-71539-9).

Important remarks

This excellent textbook, which covers in depth mergers, acquisitions and related transactions in Europe, the U.S.A. and other regions of the world, includes numerous theoretical models, frameworks, tools and concepts about mergers, acquisitions and related transactions, such as:

- Chapter 1: the five-stage model.
- Chapter 2: behavioral models of merger waves.
- Chapter 3: game theory and competitive moves.
- Chapter 4: defining success of mergers and acquisitions.
- Chapter 5: resource-based view of acquisitions and value creation.
- Chapter 6: vertical mergers and value creation.
- Chapter 7: finance theory of conglomerate diversification.
- Chapter 8: factors influencing cross-border mergers.
- Chapter 9: model of a joint-venture.
- Chapter 10: rationale for corporate divestiture.
- Chapter 11: value creation performance of LBOs.
- Chapter 12: acquisition decision-making process.
- Chapter 13: strategic choices and acquisitions.
- Chapter 14: valuation models.
- Chapter 15: accounting for business combinations.
- Chapter 16: factors determining financing method choices.
- Chapter 17: economic rationale for antitrust regulations.
- Chapter 18: rationale for takeover regulations.
- Chapter 19: role of advisers in acquisitions.
- Chapter 20: developing a negotiation strategy.
- Chapter 21: impact of defensive strategies.
- Chapter 22: a post-acquisition integration model.
- Chapter 23: organizational learning perspectives.
- Chapter 24: importance of the five-stage model.

(2) Required "reader"

The "reader", which is composed of two volumes, includes the cases, the notes and the additional material. These documents are in the order in which they will be discussed in class. It is available at "Crazy Copy Center" on the VUB campus.

(3) Suggested material

"Deal Book": this is a very interesting daily newsletter published by "The New York Times". You may subscribe (free of charge) by going to.

<http://www.nytimes.com/newsletters/dealbook>

Important remarks

(1) It is essential that, before each session, you study thoroughly all the documents specified in this syllabus for that session, and that you bring these documents with you.

(2) Attendance and active class participation are equally essential.

Grading Scale of Vesalius College

Vesalius College grading policy, in line with the Flemish Educational norms, is now as stated follows:

Grade	Scale of 20	Scale of 100
A	17.0-20.0	85-100
A-	16.1-16.9	81-84
B+	15.3-16.0	77-80
B	14.5-15.2	73-76
B-	13.7-14.4	69-72
C+	13.1-13.6	66-68
C	12.3-13.0	62-65
C-	11.5-12.2	58-61
D+	10.7-11.4	54-57
D	10.0-10.6	50-53
F	Below 10	0-49

Letter grade	Scale of 20	Scale of 100	Rationale of grading
A	17.0-20.0	85-100	An excellent work, which demonstrates advanced knowledge of empirical background and theoretical/conceptual frameworks. The work is underpinned by an outstanding capacity for learning, mastering of relevant literature and ability to gather and independently assess relevant sources beyond required levels of reading. The proposed analysis draws on solid, critical and original analytical skills and ability to relate theoretical knowledge to empirical cases. The work is well communicated and demonstrates a pertinent and original ability to communicate complex dynamics. The bibliographic and referencing systems are correct.
A-	16.1-16.9	81-84	A refined piece of work, which demonstrates advanced knowledge of both empirical background and theoretical and conceptual frameworks. The work is underpinned by a good learning attitude; ability to master relevant theoretical literature and coherent attempt to apply this literature to empirical phenomena. Strong critical ability and successful attempt to pursue an original analysis. Adequate reading levels and ability to communicate key findings in an effective way. However, weaknesses can be identified in terms of language, referencing, depth of sources, profundity of analysis and/or organisational structure.
B+	15.3-16.0	77-80	A good piece of work, sustained by adequate analytical skills. It demonstrates good level of understanding of the relevant theoretical literature and critical ability to apply these frameworks to the topic at hand. Written and oral expression is overall correct, the referencing and bibliographic systems are overall correct. The work could be further improved (minor flaws in the structure of the argument; minor theoretical lacuna), but it remains nonetheless a good piece of work.

B	14.5-15.2	73-76	An adequate work, which overall meets the requirement of the assignment. It demonstrates a fairly good level of knowledge of both empirical background information and provides some analytical framework. The work meets the requirements of the assignment in terms of mastery of the literature and learning outcomes. Language, reference and bibliographic systems are generally correct although perhaps with some weaknesses. The work could be significantly improved (e.g. flaws in the organisational structure; limited number of sources; clarity and accuracy of language; theoretical/conceptual lacuna; sub-optimal focus/coherence of argument).
B-	13.7-14.4	69-72	The work meets the basic requirements specifically demanded for the assignment. It shows the attempt to relate with relevant theoretical literature and to apply theoretical frameworks to the analysis of real-life cases. The work, however, does not adequately engage with the critical assessment of either relevant theoretical frameworks or the topic at hand. The work is marked by some combination of flaws in the organisational structure of the paper; theoretical/conceptual lacuna; sub-optimal focus or coherence of the argument; clarity and accuracy of language and/or inappropriate selection of sources.
C+	13.1-13.6	66-68	The work meets the requirements of the assignment in a sufficient way, but does so in an imprecise and incomplete manner. It shows basic knowledge of both theoretical frameworks and the topic at hand. The proposed analysis is marked by some flaws (e.g. poor structure, theoretical or conceptual coherence; limited analysis; basic engagement with the literature).
C	12.3-13.0	62-65	The work engages with the assignment and meets the requirements in a somehow satisfactory, but it is marked by several pitfalls. The work lacks focus, it is poorly structured; it is not sufficiently embedded in the literature; it uncritically tackles the topic at hand. The argument is hard to follow and the referencing and bibliographic systems are overall incorrect.
C-	11.5-12.2	58-61	The work does not meet the requirements of the assignment. It engages with the question, but does so in a basic and inadequate way. The work is undermined by several pitfalls. It shows a basic understanding of the module requirements and is jeopardised by major flaws including (but not confined to) a lack of coherence, loose expression, poor coverage of the literature; poor referencing; scant ability to critically assess the topic at hand.
D+	10.7-11.4	54-57	The work does not meet the requirements of the assignment. It attempts to address the question, but it remains unfocused and loosely structured. There is an evident lack of reading and scant ability to relate to relevant literature and to engage critically with the topic at hand. Language is poor; the referencing and bibliographic system is incorrect or incomplete.
D	10.0-10.6	50-53	The work is marked by serious flaws and below an acceptable level. The rationale of the assignment is not understood nor addressed. The work demonstrates insufficient understanding of the topic at hand and learning outcomes below the required level. The answer is unfocused; expression is unclear; there are severe flaws in the coherence of the argument; engagement with the literature is minimal, referencing is often poor.
F	0-9.9	0-49	The work does not meet any of the requirements and learning objectives of the course and the Major. The argument is loose, language is poor, no knowledge of relevant theoretical and empirical dynamics. Incorrect or incomplete reference systems and/or likely instances of plagiarism.

Course Assessment and Grading Criteria

The students will be evaluated on the basis of their performance as follows

- | | |
|--|------|
| (1) The five written assignments (6 % each) | 30 % |
| (2) The mid-term examination | 30 % |
| (3) The preparation and the presentation of the final assessment | 40 % |

The final grade will be the weighted average of the grades for its three components:

Additional Course Policies

Any non-respect of the deadlines for the submission of the written assignments and of the papers for the final assessment will be penalized.

Academic Honesty Statement

Academic dishonesty is **NOT** tolerated in this course.

Academic honesty is not only an ethical issue but also the foundation of scholarship. Cheating and plagiarism are therefore serious breaches of academic integrity.

Following the College policy, cheating and plagiarism cases will be communicated in writing to the Associate Dean for Students and submitted to the Student Conduct Committee for disciplinary action.

If you refer to someone else's work, appropriate references and citations must be provided. Grammar, spelling and punctuation count, so use the tools necessary to correct before handing in assignments.

Course Schedule (Thursdays, 1.30 p.m. – 4.30 p.m.)

<u>Session</u>	<u>Day</u>
1	January 19
2	January 26
3	February 2
4	February 9
5	February 16
6	February 23
7	March 2 (mid-term examination)
8	March 9
9	March 16
10	March 23
11	March 30
(No session on April 6 and April 13: spring recess)	
12	April 20
13	April 27
14	May 4 (<u>presentation of papers for the "final assessment"</u>)
15	May 11 (<u>presentation of papers for the "final assessment"</u>)

"QUESTIONS TO PREPARE" FOR THE CASES

These are the main topics that we will discuss during the classes. Consequently, you should concentrate your preparation of the sessions on these questions.

THE WRITTEN ASSIGNMENTS

Important remarks

(1) Each student must prepare his/her assignment **individually**. I will not take into account any "joint assignment" or "group assignment".

(2) The students whose family names begin with a letter from A to D ("group one") are required to prepare the written assignments indicated by (**written assignment for A to D**), the students whose family names begin with a letter from E to K ("group two") are required to prepare the written assignments indicated by (**written assignment for E to K**), and the students whose family names begin with a letter from L to Z ("group three") are required to prepare the written assignments indicated by (**written assignment for L to Z**), and to hand them out at the beginning of the corresponding session.

(3) The written assignments to prepare are as follows:

<u>Sessions</u>	<u>Cases</u>	<u>Questions to answer in writing</u>		
		<u>A to D</u>	<u>E to K</u>	<u>L to Z</u>
1	(no written assignment due)			
2	Facebook/WhatsApp	1		
3	Messier/Vivendi		1	
3	Anheuser-Busch/InBev			2
4	Microsoft/Skype	1		
5	Renault/Nissan		3	
6	Sun + EC/Oracle/Sun			2
7	(no written assignment due: mid-term examination)			
8	GE + Honeywell	2		
8	EU/Microsoft		2	
9	Dell			2
10	Lenovo	2		
11	Arrow Electronics		3	
12	DaimlerChrysler			2
12	Fiat/Chrysler	2		
13	Disney/Pixar		4	
13	Snapple			4
14 + 15	(no written assignment due: presentation of the papers for the "final assessment")			

(4) Each student should answer **only** the question indicated above (**one question per case**). Please **do not** answer the other questions in writing. **I will not take into account any paper of a student answering another question than the one specified for this student** (except of course if this is necessary to catch up - see point (7) below).

(5) Each written assignment must be given to me before or at the beginning of the session during which the corresponding case is discussed. If you are unable to participate in a session for which a written assignment is due, you should send it to me by e-mail **before** that session. **I will not accept any written assignment after the corresponding case has been discussed in class.**

(6) **In addition, before the corresponding session, or latest shortly after this session, you should also send EACH written assignment to my e-mail address <belleman@bu.edu>.**

(7) If you are unable to give me or send me a written assignment before the corresponding case is discussed in class, **you should catch up by answering the question specified for the following case for the other "group" than the one you are a part of.**

(8) You should write each assignment as if your boss (or, if you are a consultant, your client) had asked you to answer the corresponding question. This means obviously that:

(a) You should answer the question **as specifically, completely, clearly and convincingly as possible; please note that, to meet this requirement, your paper must include AT LEAST 500 words.**

(b) You should write **clearly your** opinion, **your** analysis, **your** conclusions and **your** recommendations whenever this is called for in the question.

(c) **You should not repeat, rephrase or summarize the case** (bosses and clients do not want to pay for a repetition or a rephrasing or a summary of a document that they have read themselves).

(d) You should not write long paragraphs. Such paragraphs are typically not clear.

(9) **I encourage you to make references to the textbook.**

(10) If a question is composed of several sub-questions, you do not have to answer separately each of them. You may answer the question globally, **provided** of course that you address all the points raised in the sub-questions.

(11) **Please do not make any research on the entities or the transactions covered by the cases. For example, please do not do research to determine what happened after the time the case was written, or to find analysis or conclusions or recommendations on these subjects.**

This type of research is not the purpose of any written assignment, for many reasons, including (a) the fact that each case includes enough information to write the paper required, and (b) this is not a competition for the best/the most extensive/etc. research. Please note that I will not take into account any information or analysis or opinion or conclusion or recommendation based on such a research, if you incorporate it in a written assignment.

(12) **Obviously, plagiarism is strictly prohibited.**

The rubrics for each of the written assignments are as follows:

Rubrics	Poor (0 to 0.9 point)	Good (1.0 to 1.4 point)	Excellent (1.5 to 2.0 points)
How complete and specific the answer is	Many aspects of the question are not addressed, and/or many answers are not sufficiently specific	The majority of the aspects of the question are addressed, and most of the answers are sufficiently specific	All the aspects of the question are addressed, and there is a specific answer for each of these aspects.
How clear and well written the answer is	Many parts are not sufficiently clear, and/or the language is often not used correctly	A few of the contents are not clear, and/or the language is sometimes not used correctly	The contents are clear. and the language (spelling, grammar, expression) is used correctly.
How convincing the answer is	The answer is often not sufficiently convincing	The answer is sometimes not sufficiently convincing	The answer is sufficiently supported by the analysis and the discussion of the contents of the case
Total: / 6.0			

THE MID-TERM EXAMINATION

This “open book” examination will be based on two short cases covering potential acquisitions. You will be asked to assume that you work for a “private equity” fund, and that you have been asked by your boss to answer several questions based mainly of the attractiveness or unattractiveness of each of these two potential acquisitions, and on the **main** additional information you feel is required to study them further.

The cases, the questions and the rubrics will be handed out at the beginning of the examination.

THE FINAL ASSESSMENT

(A) Introduction

A key requirement of this course is the preparation and the presentation of a paper on a merger or an acquisition or a demerger that has been completed. Each paper should cover all the key aspects (overall strategy, products/services, manufacturing, marketing, accounting, finance, organization/human resources, etc.).

For this assignment, you may work individually, or as a group of maximum three.

The schedule is as follows:

- Sessions 1, 2 and 3: discussion of the requirements for the papers, and of the transactions to be covered.
- Session 4: deadline for the finalization of the composition of the groups, and for the choice of the transaction.
- Session 8: deadline for the submission of a one-page progress report on each paper, specifying what has been done so far, and what remains to be done.
- Session 12: deadline for the submission of the drafts of the papers.
- Session 13: deadline for the submission of the papers that will be presented during session 14.
- Session 14: deadline for the submission of the papers that will be presented during session 15; presentation and discussion of some of the papers.
- Session 15: presentation and discussion of the other papers.

(B) Transactions

Please find below a list of transactions that I suggest for your papers (for which you should form groups of maximum three). As far as I can determine, the necessary documents for these transactions are available in English.

List of suggested transactions (alphabetical order)

Ahold + Delhaize (merger)
 Anheuser-Busch InBev + SAB Miller (acquisition)
 BHP Billiton (demerger)
 Dow Chemical (demerger)
 HP Inc. + Hewlett-Packard Enterprise Company (demerger)
 Kraft + Heinz (merger)

Lafarge + Holcim (merger)
 Microsoft + LinkedIn (acquisition)
 Nokia + Alcatel-Lucent (acquisition)
 Perrigo Company PLC + Omega Pharma N.V. (acquisition)
 Reckitt Benckiser (demerger)
 Royal Dutch Shell + British Gas (acquisition)

You may of course suggest other transactions, provided the following requirements are met:

- They do not involve any of the companies covered by the course material.
- They involve at least two companies listed/quoted on a stock exchange.
- They are not old (such transactions are less interesting).
- They are not very recent (for very recent transactions, it is difficult or impossible to draw conclusions on what happened since the time of the "closing").
- The key documents are available in English.

(C) Table of contents

Please find below the table of contents that I recommend for your papers.

Please talk to me if you need any additional information on this subject, or if you would like to use a different table of contents.

(1) Brief chronology

This chronology must show the main dates of the transaction, including:

- The date of the initial announcement.
- The dates of the main events after that announcement (particularly of the changes, if any, in the transaction).
- The date of the "closing".
- The dates of the main events since the "closing".

This chronology must of course be consistent with the information in the other parts of your paper.

(2) Brief history of the companies until the time of the announcement of the transaction

(maximum half a page per company involved in the transaction)

(3) Brief description of the companies at the time of the announcement of the transaction

(Activities, financial statements for the last three years before the announcement of the transaction, who were their shareholders, etc.)

To avoid spending much time retyping existing documents, you may copy and paste parts of documents published by the companies.

(Maximum one page of text per company involved in the transaction) (excluding the exhibits)

(4) Description of the transaction as it was originally announced

Here also, to avoid spending much time retyping existing documents, you may copy and paste parts of documents published by the companies.

(5) Reasons given by the companies for the transaction + explanation of how the transaction would be implemented + your analysis and your opinion on these reasons and this explanation

Here also, you may (i) summarize these reasons in the text (and give your analysis and your opinion), and (ii) copy and paste the reasons for the exhibits.

(6) How the stock market reacted at the time of the initial announcement, and between the date of the announcement and the date of the "closing"

If you notice some unusual movements in the share prices a few days before the announcement, please go back to just before these movements. Please take into account the chronology.

This part must obviously be quantitative, very specific and very clear; you must not only analyze and describe the changes in the stock prices in absolute terms, but also in relative terms, i.e. compared with a stock market index (country index, and/or European index, and/or industry index).

N.B.: the date of the "closing" is the day of the change of ownership, and therefore the day the transaction became irreversible.

(7) How the business press and the analysts commented the announcement

(8) Changes in the transaction (if any) between its announcement and its "closing"

(9) What happened since the time of the "closing"
 (particularly how the transaction was in fact implemented, what opportunities and what problems/threats/challenges were found during the implementation, how the stock price of the company/companies evolved (compared to the relevant stock index/indices), etc.) . **This part must include a thorough analysis and discussion of the stock price of the “surviving entity” (in the case of a merger), or of the buyer (in the case of an acquisition), or of the two corporations (in the case of a demerger).**

This analysis/discussion must be based on and illustrated by charts showing the evolution of the stock prices: (a) in the relevant currency (please do not use “logarithmic charts – they distort the changes), (b) in percentage, compared with an index of the stock market on which the corporation is quoted, and (c) in percentage, compared with an index for the relevant industry/sector (if available).

(10) Conclusions

(11) Exhibits

(D) Important remarks

(a) **Each paper must include AT LEAST 4,000 words.**

(b) Precision and accuracy are essential for your papers. For example:

- For each stock price, the exact date should be specified.
- For each change in stock price, the two corresponding dates should be specified.
- For each price/earnings ratio, (i) the date of the price, and (ii) the period corresponding to the earnings should be specified.
- For each amount of sales/revenues, earnings, etc., the corresponding period should be specified.

(b) Although this is not an English course, your papers should be excellent from the point of view of the English language. For example, they should not contain any word that does not exist in English, or any spelling mistake. In addition, sentences should be properly constructed, and key words (such as subjects and verbs) should not be missing. The grade for each paper will take into account its level from these points of view.

The rubrics for this assessment are as follows:

Rubrics	Poor (0 – 2.9)	Good (3.0 – 5.9)	Excellent (6.0 – 8.0)
The background to the transaction (history and description of the corporations, description of the transaction)	The background is very incomplete and/or not clear	The background is rather incomplete and/or not sufficiently clear	The background is comprehensive and very clear
The reasons given by the corporations, and the comments thereon	These reasons are not explained clearly, and not properly analyzed and discussed	These reasons are explained fairly clearly, and are fairly well analyzed and discussed	These reasons are explained clearly, and are properly analyzed and discussed
The analysis of the stock prices	The analysis is superficial, and not explained clearly and convincingly	The analysis is relatively complete, clear and convincing	The analysis is complete, clear and convincing
What happened since the time of the closing	The subsequent events are not analyzed sufficiently in depth and in detail	The analysis of the subsequent events is to some extent incomplete; and not sufficiently clear	The subsequent events are analyzed sufficiently in depth and in detail
Conclusions	The conclusions are very incomplete and/or not clear and/or not convincing	The conclusions are not sufficiently comprehensive, clear and convincing	The conclusions are comprehensive, clear and convincing
TOTAL: xx/40			

THE PROGRAM OF THE SESSIONS

SESSION 1 (JANUARY 19)

Topics

- (a) Introduction to the course.
- (b) “Learning with cases”.
- (c) The “final assessment”.
- (d) “Introduction” (chapter 1 of the textbook).
- (e) “Historical overview of mergers and acquisitions activity” (chapter 2 of the textbook)
- (f) “Alternative perspective on mergers” (chapter 3 of the textbook).
- (g) “Are acquisitions successful ?” (chapter 4 of the textbook)
- (h) Mergers and acquisitions in the high technology sector.

Readings

Chapters 1, 2, 3 and 4 of the textbook.

“Note on “learning with cases””.

Cases

(A) “\$18B 4 TXT APP WHATSAPP...OMG!” (the acquisition of WhatsApp by Facebook) (Harvard Business School 9-715-441).

Questions to prepare:

- (1) **(Written assignment for A to D due at the beginning of session 2)** To what extent do you agree or disagree with the decision of Facebook to purchase WhatsApp and to pay \$19 billion for it ?
- (2) To what extent do you agree or disagree with the decision of Facebook to keep WhatsApp operating independently, letting the founders control the direction of the company and allowing WhatsApp to stay true to its mission ?

(B) “HP’s Acquisition of Autonomy” (Thunderbird School of Global Management – TB0361).

Questions to prepare:

(1) What do you conclude from your analysis of Autonomy’s financial situation before its acquisition by HP ?

(2) In your opinion, taking into account HP’s strategy and situation in 2011, how logical or illogical was HP’s decision to acquire Autonomy ?

(3) According to you, to what extent was the price paid by HP to acquire Autonomy justified at that time ?

(4) Looking back:

- Should HP have purchased Autonomy ?
- If so, at what price ?

SESSION 2 (JANUARY 26)

Topics, readings and cases

Same as for session 1.

Written assignment due for A to D: question (1) on the Facebook/WhatsApp case (see session 1).

SESSION 3 (FEBRUARY 2)

Topics

(a) “Sources and limits of value creation in horizontal and related mergers” (chapter 5 of the textbook).

(b) “Sources and limits of value creation in vertical mergers” (chapter 6 of the textbook).

(c) “Sources and limits of value creation in conglomerate acquisitions” (chapter 7 of the textbook).

(d) “Cross-border acquisitions” (chapter 8 of the textbook).

(e) Mergers and acquisitions in the entertainment industry.

(f) Mergers and acquisitions in the beer industry.

(g) The “final assessment”.

Readings

Chapters 5, 6, 7 and 8 of the textbook.

Cases

(A) “Messier bets Vivendi on his grand vision and pushes it towards bankruptcy” (pages 208 to 211 of the textbook).

(B) “Messier’s Reign at Vivendi Universal” (Harvard Business School 9-405-063).

Questions to prepare:

- (1) **(Written assignment for E to K)** The questions in the last paragraph of page 1 of the case.
- (2) The questions in the last paragraph of page 14 of the case.
- (3) The questions in the first and second paragraphs of page 15 of the case.

(C) “InBev’s Acquisition of Anheuser-Busch: A Mega Cross-Border Deal” (IBS Research Center 309-042-1).

Questions to prepare:

- (1) In your opinion, how logical or how illogical is the acquisition of Anheuser-Busch (AB) by InBev ? Please consider the following aspects:
 - The main countries and the continents in which these two companies were active before this acquisition took place.
 - The evolution of the consumption of beer in these countries/continents.
 - The product lines of these two companies.
 - Their respective “cultures”.
 - Any other aspect that you deem important.

(2) **Written assignment for L to Z** Please assume that you were a shareholder of Anheuser-Busch at the time the first bid was announced, and that you had to decide how to vote in a shareholders' meeting on this subject. Would you have voted for or against this bid ? Why ? Same question as regards the second bid.

(3) Please assume that you were a shareholder of InBev at the time of InBev's first bid. Would you have sold your shares at the market price at that time ? Why or why not ? Same question as regards the time of the second bid.

(4) What is your opinion on one of the reasons given for this transaction, i.e. the possibility of selling key brands of beer in some countries/on some continents where these brands are presently not sold ?

SESSION 4 (FEBRUARY 9)

This is the deadline for the finalization of the composition of the groups, and for the choice of the transaction for the "final assessment".

Topic

Mergers and acquisitions in the high tech industry.

Cases

(A) "Skype" (Harvard Business School 9-806-165).

Questions to prepare:

(1) What is your opinion on the "three benefits" for eBay's acquisition of Skype (see page 8) ? To what extent do you agree or disagree with these "three benefits"? To what extent do they justify the price paid by eBay ?

(2) To what extent do you approve or disapprove the sale of Skype by eBay ?

(B) "Microsoft's Acquisition of Skype" (IMD 574).

Questions to prepare:

(1) **Written assignment for A to D** In your opinion, what is the strategic fit of Skype in Microsoft's product portfolio ? What does Skype bring to Microsoft, as regards:

- Brand and technology ?
- Synergies ?
- Financial implications (taking into account the fact that Skype is a company incorporated in Luxembourg) ?

(2) What changes would you make to Skype's strategy to justify the price paid by Microsoft ?

SESSION 5 (FEBRUARY 16)

Topics

(a) "Strategic alliances as an alternative to mergers and acquisitions" (chapter 9 of the textbook).

(b) "Corporate divestitures" (chapter 10 of the textbook).

(c) Demergers/spin-offs/split-offs.

(d) Mergers, acquisitions and related transactions in the car industry.

Readings

Chapters 9 and 10 of the textbook.

Cases

(A) "Renault-Nissan Alliance: Will Further Integration Create More Synergies ?" (Ivey W15481).

Questions to prepare:

(1) Under the revival plan in 1999, Nissan had dismantled the "keiretsu" and had moved toward Western-style supplier relationships to reduce the cost of purchasing parts. However, in 2004, Renault-Nissan Alliance (RNA) announced a new purchasing policy that reintegrated some elements of the traditional "keiretsu". In your opinion, is the Japanese way of business relationships in the new "keiretsu" superior/successful ? If so, why ?

(2) Given that RNA was slow to respond to challenges related to electric cars, presence in China and product adaptation to emerging markets like India, to what extent could the alliance realize additional synergies ? Could inviting new partners and further integration answer these problems and create more synergies ?

(3) **(Written assignment for E to K)** RNA was a successful example of a strategic partnership between two companies with very different identities and cultures. How did RNA build the collaborative advantage ? How did it create competitive advantages by collaborating with suppliers and other business partners ? Did it create the environment that allowed the partners to successfully share knowledge and jointly develop new products ?

(4) RNA had stressed mutual respect for each partner's identity since the alliance formation. How would you evaluate the effects of further integration on each partner's corporate identity ?

(B) "The Debate Over Unbundling General Motors: The Delphi Divestiture and Other Possible Transactions" (Harvard Business School 9-800-196).

Questions to prepare: The questions on page 3 of the case.

SESSION 6 (FEBRUARY 23)

Topics

(a) "Antitrust regulations" (chapter 17 of the textbook), "Regulating takeover bids" (chapter 18 of the textbook), and the implications for mergers and acquisitions of the differences in regulations between the European Union and the U.S.A.

(b) Mergers and acquisitions in the high technology industry.

Readings

Chapters 17 and 18 of the textbook.

Cases

During this session and session 8, we will discuss the following two cases, which are devoted to the acquisition of Sun Microsystems by Oracle Corporation:

(A) "Sun Microsystems" (University of Virginia, Darden Business Publishing UV5626).

(B) "The EC Rains on Oracle/Sun" (Harvard Business School 9-310-086).

Questions to prepare on the basis of the above two cases

(1) Please study the reasons given in the case (A) for the acquisition of Sun Microsystems by Oracle Corporation. Which reasons do you agree with ? Why ? Which ones do you disagree with ? Why ?

(2) **(Written assignment for L to Z)** Please study (i) the anti-trust regulations in the European Union and in the U.S.A. described in the case (B), and (ii) the "Statement of Objections" issued by the European Commission on November 9, 2009 (see pages 7 and 8 of the case (B)). In your opinion, to what extent is this statement justified ?

SESSION 7 (MARCH 2)

Mid-term examination (see page 8 of this syllabus).

SESSION 8 (MARCH 9)**Topics and readings**

Same as session 6.

Cases

(A) "Antitrust Regulations in a Global Setting: The EU Investigation of the General Electric/Honeywell Merger" (Harvard Business School 9-204-081).

Questions to prepare:

(1) In your opinion, what are the **main** reasons for which the U.S. Department of Justice and the European Commission reached different conclusions as regards the proposed acquisition of Honeywell by General Electric ?

(2) **(Written assignment for A to D)** According to you, what possible remedies, if any, could Mario Monti (European Commission) require from General Electric and/or Honeywell in order to address his concerns ?

(3) How should Jack Welch (General Electric) argue or negotiate the case ?

(B) "EU Verdict Against Microsoft" (Harvard Business School 9-706-503).

Questions to prepare:

(1) In your opinion, what are the merits of the antitrust actions of the European Commission against Microsoft ?

(2) **(Written assignment for E to K)** According to you:

- What is the validity of Microsoft's answers to the criticisms of the European Commission ?

- To what extent did Microsoft comply properly with the requests of the European Union?

SESSION 9 (MARCH 16)**Topics**

(a) "Leveraged buy-outs" (chapter 11 of the textbook).

(b) "Target valuation" (chapter 14 of the textbook) **(Note: during this session, we will discuss this topic, which is an essential one in mergers, acquisitions and related transactions. We will also discuss it during session 10).**

Readings

Chapter 11 of the textbook.

“Skim” chapter 14 of the textbook.

“Note on the valuation of corporations”, and the valuation of Mobistar S.A./N.V.
Question on these two readings: what are the main advantages and the main disadvantages of each of the main reasons used to value corporations ?

“Note on “leveraged buy-outs” (LBOs)”. Question on this reading: what are the main advantages and the main disadvantages/risks of leveraged buy-outs ?

Case

“Taking Dell Private” (Harvard Business School 9-714-421).

Questions to prepare:

(1) What is your opinion on Michael Dell’s reasons for wanting to take private the company he has founded ?

(2) **(Written assignment for L to Z)** According to you, how justified are (a) Carl Icahn’s claim that Michael Dell is trying to “steal the company”, and (b) his demand that a “leveraged recapitalization” be made instead ?

SESSION 10 (MARCH 23)**Topics**

(a) “Acquisition decision process: organizational, psychological and governance perspective” (chapter 12 of the textbook).

(b) “Target selection for acquisition” (chapter 13 of the textbook).

(c) “Target valuation” (chapter 14 of the textbook).

(d) Mergers and acquisitions on the high-technology industry.

Readings

Chapters 12 and 13 of the textbook.

“Note on the valuation of corporations”, and the valuation of Mobistar S.A./N.V.
Question on these two readings: what are the main advantages and the main disadvantages of each of the main reasons used to value corporations ?

Cases

(A) "Lenovo: Building a Global Brand" (Harvard Business School 9-507-014).

Questions to prepare:

(1) Please study the reasons given in the case for IBM's decision (a) to sell its PC division, and (b) to sell it to Lenovo. Do you agree with these reasons ? Why or why not ?

(2) **(Written assignment for A to D)** Please study the reasons given in the case for Lenovo's decision to buy this division. Do you agree with these reasons ? Why or why not ?

(3) On page 7 of the case, it is stated that

"The only major overlap, though a welcome one, was in company cultures. The two companies had similar values with a focus on meritocracy," Advani said, "since Lenovo had in part modeled itself after HP and IBM. Customer focus, innovation and trustworthiness were shared values".

To what extent do you agree or disagree with this statement ? Please take into account the respective histories and ownerships of IBM and of Lenovo.

(4) In your opinion, and on the basis of the information in the case, how successful or unsuccessful has Lenovo been in dealing with the following challenges:

(a) The management of the brands involved (Lenovo, IBM, ThinkPad, ThinkCentre).

(b) Fear, uncertainty and doubt among the customers of IBM's former division.

(5) To what extent do you think that Lenovo will achieve its goal of becoming one of the few really global companies in the world PC market ?

(A) “The Body Shop: ethical image at stake ? A case study on L’Oréal’s takeover of The Body Shop” (IBS Research Center 706-046-1).

Questions to prepare:

(1) In your opinion, and taking into account Anita Roddick’s ideas/values/etc., how logical or how illogical was her decision to introduce The Body Shop on the London Stock Exchange ?

(2) Would you have bought shares of The Body Shop at the time of that introduction ? Why or why not ?

(3) What is your opinion on the statements from Anita Roddick and from L’Oréal quoted on page 13 of the case ?

(4) According to you, how much “synergy” (see exhibit II on page 14 of the case) can be expected **realistically**, considering the differences between The Body Shop and L’Oréal ?

SESSION 11 (APRIL 11)

Topics

(a) “Accounting for mergers and acquisitions” (chapter 15 of the textbook).

(b) “Paying for the acquisition” (chapter 16 of the textbook).

(c) Mergers and acquisitions in the entertainment industry.

Readings

Chapters 15 and 16 of the textbook.

“Note on the “consolidation goodwill””. Question on this reading: what are the main differences between the “consolidation goodwill”, and the other types of “goodwill”.

“Stock or Cash ? The Trade-Offs for Buyers and Sellers in Mergers and Acquisitions” (Harvard Business Review). Question on this reading: what are the main advantages and the main disadvantages of paying an acquisition with cash rather than with stock ?

Cases

(A) "Arrow Electronics: The Schweber Acquisition" (Harvard Business School 9-798-020).

Questions to prepare:

(1) In your opinion, what are the **main** advantages and the **main** disadvantages for Arrow:

- of the purchase of Schweber ?
- of the "other options" described in page 9 of the case ?

Please take into account the goals of Arrow described in the second paragraph of page 1 of the case, as well as any other factor that you deem relevant.

(2) **(Written assignment for E to K)** In your opinion, which company has the strongest bargaining position ? Arrow Electronics ? Lex Service PLC ? Please justify your answer.

(3) According to you, and taking into account the reading "Stock or cash ? The trade-offs for buyers and sellers in mergers and acquisitions", what are the **main** advantages and the **main** disadvantages for Arrow of each of the two forms of payment considered for the acquisition of Schweber, i.e. (a) cash, and (b) stock ?

(4) If you had been Steve Kaufman, and assuming that you had decided to bid for Schweber, what **starting** purchase price would you have offered to Lex ? What would have been your **maximum** offer ? **Note**: Obviously, your answer to this question **must** be quantitative, and must include a specific, complete, clear and convincing explanation, including the necessary calculations. Remember that your goals must be (a) to convince your Board of Directors to authorize you to offer a certain price, or a certain range of prices, and (b) to convince Lex to accept your offer.

(A) "AOL Time Warner: a Merger Gone Wrong ?" (ICMR Center for Management Research 303-059-1 - published in 2003) (28 pages).

Questions to prepare: the four "questions for discussion" on page 11 of the case.

NO SESSION ON APRIL 6 AND APRIL 13 (SPRING RECESS)

SESSION 12 (APRIL 20)**Topics**

- (a) “Advisers in takeovers” (chapter 19 of the textbook).
- (b) “Bid strategies and tactics” (chapter 20 of the textbook).
- (c) “Defenses against takeovers” (chapter 21 of the textbook).
- (d) Mergers and acquisitions in the automobile industry.

Readings

Chapters 19, 20 and 21 of the textbook.

Cases

(A) "DaimlerChrysler Post-Merger Integration (A)" (Harvard Business School 9-703-417).

Questions to prepare:

- (1) In your opinion, taking into account the strengths and weaknesses of the two companies, and the economic structure and the trends in the world automobile industry at the turn of the century, to what extent did the merger between Daimler Benz and Chrysler Corporation make sense at the time it was announced ?
- (2) **(Written assignment for L to Z)** It is stated on the third line of page one of the case that this transaction is a “merger of equals”. According to you, is this true ? What criteria do you feel appropriate to answer this question ? How important is it to know if a transaction is really a “merger of equal” ?
- (3) What do you think of the post-merger integration plan, approach, and implementation?
- (4) In your opinion, to what extent is this merger a success ? Or a failure ? Please specify the criteria that you feel are appropriate to answer this question.

(B) “Chrysler’s Sale to Fiat” (Harvard Business School 9-210-022).

Questions to prepare:

- (1) In your opinion, to what extent does Fiat’s involvement in Chrysler make sense for Fiat ?
- (2) **(Written assignment for A to D)** According to you, to what extent does Fiat’s involvement in Chrysler make sense for Chrysler ?

(C) “Volvo and Geely” (Thunderbird School of Global Management TB0319).

Questions to prepare:

(1) According to you, how come Ford was to a large extent unsuccessful with its acquisition of Volvo Cars ? Do you agree with Ford’s decision to sell Volvo Cars?

(2) What is your opinion on Geely’s strategy for Volvo Cars ? What are the chances of success, considering:

- The complicated new ownership of Volvo Cars (see exhibit 9 page 12).
- The fact that the image and the reputation of Volvo Cars are to a large extent due to its Swedish history.
- The fact that there is a considerable excess production capacity in the world automobile industry.
- The other key considerations that you feel relevant.

SESSION 13 (APRIL 27)

This is the deadline for the submission of the papers for the “final assessment” that will be presented during session 14.

Topics

(a) “Organizational and human aspects of post-acquisition integration” (chapter 22 of the textbook)..

(b) “Post-acquisition audit and organizational learning” (chapter 23 of the textbook).

(c) “Meeting the challenges of mergers and acquisitions” (chapter 24 of the textbook)..

(d) Successes and failures in mergers and acquisitions.

Readings

Chapters 22, 23 and 24 of the textbook

Cases

(A) “The Walt Disney Company and Pixar Inc.: To Acquire or Not to Acquire ?” (Harvard Business School 9-709-462).

Note

Please note that Disney has acquired Pixar at the beginning of 2006. **However, when you prepare your answers to the questions below, you should not feel that you have to demonstrate after the fact that this decision was the best one for all the parties concerned.** Please remember that, in business, each possible course of action has both advantages and disadvantages (provided of course that it is “reasonable”). Consequently, it is essential to analyze all the possible courses of action specified in the case and below. In all cases (whether you approve this acquisition or not), you should of course justify your conclusions convincingly.

Questions to prepare

(1) Please consider the four options specified in the last paragraph of page 11 of the case. In your opinion:

- (a) “Should he (i.e. Bob Iger, the CEO of Disney) reengineer Disney Animation to better compete with Pixar?”
- (b) “Should he strike a distribution deal with another animation studio ?”
- (c) If he stuck with Pixar:
 - (i) “Should he negotiate a new distribution deal and at what terms?”
 - (ii) “Should he instead acquire the entire company?”

For your answers to the above questions, please take into account the **main** advantages and the **main** disadvantages/risks of each of these four options for Disney.

(2) If you had been a shareholder of Disney (other than a member of the board of directors or of the management), which of these four options would you have preferred ? Why ?

(3) According to you, what were the **main** advantages and the **main** disadvantages/risks for Steve Jobs of each of the three main options for him, i.e.:

- (a) a new distribution deal between Pixar and Disney ?
- (b) selling Pixar to Disney ?
- (c) work independently from Disney ?

(4) **(Written assignment for E to K)** If you had been an executive of Pixar, what would you have preferred ? Why?

(B) "Snapple" (Harvard Business School 9-599-126).

Questions to prepare: in your opinion, how good or how bad were:

- (1) The decision by Quaker Oats to buy Snapple.
- (2) The decision to pay USD 1.7 billion for Snapple.
- (3) The **design** of Quaker Oats' strategy for Snapple.
- (4) **Written assignment for L to Z** The **implementation** of that strategy.

Please take into account the fact that Quaker Oats owned Gatorade when it bought Snapple, and please consider **separately and successively each** of the following areas:

- (a) the products of Snapple and those of Gatorade (including the packaging);
- (b) the channels of distribution (distributors and retailers) for Snapple and for Gatorade;
- (c) the customers of Snapple and of Gatorade;
- (d) the images of Snapple and of Gatorade;
- (e) the advertising and the promotion for Snapple and for Gatorade..

SESSION 14 (MAY 4)

This is the deadline for the submission of the papers for the “final assessment” that will be presented during session 15.

Presentation of papers for the “final assessment”.

SESSION 15 (MAY 11)

Presentation of papers for the “final assessment”

Jean Bellemans

January 8, 2017

Attachment: the learning objectives.

Major Learning Objectives

Course code and course name: BUS 312G – Mergers, Acquisitions and Related Transactions

Instructor: Jean Bellemans

Summary:

Number of assignments used in this course: seven

Number of Feedback occasions in this course (either written or oral): at least seven

Number and Types of Teaching Methods: five

Does your course require graded student oral presentations?: yes

Level  Learning objectives 	Course Learning objectives addressing the Major Objectives (choose the most important ones that your course actually addresses)	Methods used to Teach Course Objectives	Methods (and numbers/types of assignments) used to test these learning objectives	Type, Timing and Numbers of Feedback given to Student
The bachelor has a broad knowledge of the different functional fields of business management. He is able to apply this knowledge in the analysis of business-oriented problems and is able to propose solution to specific business problems.	The students acquire knowledge and understanding of the various types of mergers, acquisitions and related transactions. They apply this knowledge by studying transactions in a wide range of industries/ sectors, and of countries/ regions/ continents, and the evolution of these transactions over time.	Lectures Cases on merger and acquisition transactions Class discussions on these cases Guest speakers Videos	Six written assignments based on the cases The preparation and the presentation of the “final assessment”, which includes the in-depth analysis of all the stages of a merger or an acquisition	Written and oral comments on each assignment, given one week after its submission. At least seven feedbacks
The bachelor has an understanding of the interrelatedness of the different functional fields of business and understands the impact of this on decision-making.	As merger and acquisition transactions involve all the functional fields of the corporations involved, the students see their interrelatedness	Cases on merger and acquisition transactions Class discussion on these cases	Six written assignments based on the cases The preparation and the presentation of the “final assessment”	Written and oral comments on each assignment, given one week after its submission. At east seven feedbacks

<p>The bachelor is able to identify the international dimension in business-related problems and knows how to handle these problems in an effective way.</p>	<p>As all the topics and all the course material covered in this course are in an international context, the students are exposed to the international dimension of business</p>	<p>Cases on cross-border mergers and acquisitions, and on mergers and acquisitions involving corporations active in a number of countries</p>	<p>Specific questions on the international aspects of these mergers and acquisitions</p>	<p>Written and oral comments on each assignment, given one week after its submission. At least eight feedbacks</p>
<p>The bachelor is able to work in a multi-cultural team.</p>	<p>The students work in multicultural groups for the preparation and the presentation of the “final assessment”</p>	<p>The preparation and the presentation of the “final assessment”</p>	<p>Submission and presentation of the “final assessment”</p>	<p>Oral and written feedback whenever deemed necessary by the instructor, and whenever requested by the students</p>
<p>The bachelor is able to communicate clearly, fluently and accurately; as well in a written report as in an oral presentation.</p>	<p>All the coursework requires from the students written and oral communication skills.</p>	<p>Cases on merger and acquisition transactions Class discussion on these cases</p>	<p>Six written assignments based on the cases The preparation and the presentation of the “final assessment”</p>	<p>Written and oral comments on each assignment, given one week after their submission</p>