Mergers & Acquisitions
Course Number: B7325

Semester: Spring 2020
Class Session Times: Saturdays (Time varies – see schedule)
Class Location: TBD

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Office hours: By appointment

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Course Description

Every year trillions of dollars of M&A transactions are executed, including $3.7 trillion in 2019 alone. Tens of thousands of companies and millions of people are impacted by corporate strategy that involves some form of business combination or divestiture. However, according to a recent Harvard Business Review report, between 70% and 90% of these transactions fail. KPMG estimates that 83% of merger deals did not boost shareholder returns, and McKinsey estimates that 70% of mergers do not realize estimated synergies. Yet, the M&A drumbeat goes on. This course will introduce students to the motivations, decision processes, transaction execution, and eventual consequences of these transactions.

The goal of this class is to equip you, the executive, with the tools to better understand and inform the decisive M&A choices in your careers.

Required Course Materials

Students will have the following materials for this course:

1. Casebook – will include cases to be prepared for class discussion and for at-home assignments
2. Articles – to be posted online

In addition, we will be discussing current M&A events each week. As such, keeping a close eye on recent significant M&A transactions is highly encouraged.
Topics Covered in this Course

• Who, What, Why, When and How M&A?
  Who is involved in an M&A transaction? What kinds of M&A are there, and what is involved in an M&A transaction? Why would a company consider doing M&A vs. investing in their own organic growth? When should a company pursue M&A? How do companies successfully execute M&A deals?

• Due Diligence
  Who conducts due diligence? When does it begin, and when does it end? How is due diligence conducted, and what information can/should you ask for/expect to receive? How will you use your findings in due diligence in the final documentation of the deal?

• Valuations and Modeling
  What is a company worth? How much should you pay for a company as a financial buyer? Or as a strategic buyer? How are you going to finance the transaction? What matters most in the financing of deals – the amount or the cost of the security? Should you model synergies in an M&A transaction? Should you assign value of synergies to the seller or buyer? How will an acquisition impact the valuation of your company post-transaction?

• Legal and Structure Considerations
  What is a Letter of Intent? What is a Purchase and Sale Agreement? What is the difference between a private M&A deal and a public M&A deal? A stock deal and a cash deal? A friendly deal and a hostile deal? What are the most important terms negotiated in a merger/purchase/sale agreement? How do you best negotiate with bankers/lawyers/owners of businesses?

• Post-Merger Integration
  How much integration planning is done before a merger/acquisition is complete? What does an integration timeline look like? What are the major areas of focus of an integration and who leads what teams? How is a merger communicated to employees? To Wall Street? To competition? Considering most M&A deals fail or fall short of expectations, what are best practices to ensure successful transitions?

• Special Topics
  What are the consequences for failed mergers? (hint: not good!) Are there special tax treatments for certain M&A deals? Are there special considerations for cross-border deals? When is too much market share a bad thing? Why do companies divest assets after completing M&A deals?
About the Instructor

Jeff Mizrahi (AB, Brown University; MBA, Columbia Business School)

Mr. Mizrahi has nearly 20 years of experience in M&A, the bulk of which has been spent at private equity firms investing in family- and founder-owned businesses in the industrial sector.

Mr. Mizrahi co-founded MFG Partners in 2016. Prior to founding MFG Partners, Mr. Mizrahi worked at Lindsay Goldberg, where he worked on more than a dozen M&A transactions. Prior to Lindsay Goldberg, Mr. Mizrahi worked at Credit Suisse First Boston where he worked on several large-cap M&A transactions, including the buyout of MGM Studios, the merger of Sony Music and BMG Music, and the sale PanAmSat to a private equity conglomerate.

Mr. Mizrahi currently sits on the board of directors of Alliance Environmental Group, Elgen Manufacturing, LCR Contractors and Mail Communications Group. He holds an AB with concentrations in East Asian Studies and Economics from Brown University. He holds an MBA with Honors from Columbia Business School.

Course Methodology

A typical class will include:

- Discussion of recent notable M&A deals
- Review of that week’s class readings
- In-class exercises that will reinforce lessons learned from readings and articles
- In-depth case discussion
- Lecture, with occasional guest speaker and Q&A

All students are expected to participate; the professor reserves the right to call on any student at any time. Given that class participation is a large component of the final grade, students should be prepared to review in cases and readings in depth, which may include preparing financial models, graphs, exhibits and/or other written materials.

Method of Evaluation

M&A is a team sport. Your performance in the class will be weighted toward team projects and assignments. Please note that you will be reviewed and given feedback not only by the professor and TA but also by your peers, and those reviews will also count toward your final grade.

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<th>Component</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Class Participation</td>
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<td>Peer Review Evaluation</td>
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<td>Group Case Write-ups</td>
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<td>Final Group Project</td>
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You will be asked to form teams during the first class. Team size will depend on the size of the class.
Articles to be included in Coursepack

- “The New M&A Playbook” (HBS)
- “The Company Sale Process” (HBS)
- “Corporate Valuation and Market Multiples” (HBS)
- “Evaluating M&A Deals: Equity Consideration” (HBS)
- “Methods of Valuation for Mergers and Acquisitions” (HBS)
- “Acquisitive Reorganizations: Triangular Mergers” (HBS)
- “Evaluating M&A Deals: How Poison Pills Work” (HBS)
- “Tax Factors in Business Combinations” (HBS)
- “The Role of Private Equity Firms in Mergers and Acquisitions Transactions” (HBS)

Case Selection

- “Hold or Fold” (HBS)
- “Dynacast” (CBS)
- “Roche’s Acquisition of Genentech” (HBS)
- “Dow’s Bid for Rohm and Haas” (HBS)
- “Merck/Schering Plough Merger” (HBS)
- “Thoma Bravo – Citect Take Private” (HBS)
- “H Partners and Six Flags” (HBS)
- “Pierre Foods” (HBS)
- “Elgen” (MFG Partners)