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del Sacro Cuore

Mergers and Acquisitions

PROF. ILARIA GALAVOTTI

Course aims and intended learning outcomes

The aim of the course is to provide students with a comprehensive understanding of the strategic, organizational, financial, and legal aspects involved in mergers and acquisitions (M&A).

Specifically, the course will position M&A within the broader context of corporate growth investments and will discuss relevant perspectives on value creation, value appropriation, and value destruction.

The course will also take a financial lens on M&A by discussing the traditional models for company valuation as well as the specificities of some financial transactions, such as leveraged buyouts and the acquisition of financially distressed firms.

The course also aims at disentangling all major elements of the acquisition process, including corporate strategy, valuation, due diligence, negotiation, and integration. A detailed examination of the specificities involved in cross-border acquisitions will also be provided, in terms of how double-layered acculturation and liability of foreignness affect the overall execution of the acquisition process. Finally, the course aims at developing an understanding of the growing phenomenon of serial acquirers, i.e. companies that execute acquisition programs.

At the end of the course, students will:

- Be able to position M&A within the broader field of corporate-level investment decisions;
- Have a complete understanding of the interrelationships among the strategic, organizational, and financial aspects involved in M&A;
- Be able to evaluate the potential for synergistic gains from acquisitions as well as the sources of risk in terms of value destruction;
- Gain competency in performing company valuation for financial due diligence purposes;
- Gain knowledge of the challenges associated with executing the acquisition process, especially in terms of linking the acquisition decision-making and integration processes;
- Be able to assess the peculiar risks and challenges associated with cross-border acquisitions compared to acquisitions within domestic boundaries;
- Gain knowledge of the drivers and the performance outcomes for serial acquirers.

Course content

The course will cover the following major topics:

- M&A within corporate strategy: distinctive characteristics of M&A compared to other corporate investment decisions; typologies of M&A according to the strategic objective.
- Value creation and value destruction in M&A: Sources of synergies; Theoretical perspectives on value creation: the capital markets school, the strategic fit school, the organizational behavior school, the process perspective; theoretical perspectives on value destruction: managerial self-interest, overconfidence.



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- The acquisition process: phases; negotiation tactics; due diligence; best practices in post-M&A integration.
- Connecting strategic drivers with financial drivers in M&A: valuation models; acquisition of distressed firms; takeover strategies, defensive tactics, competitive bidding; leveraged buyouts.
- Legal aspects of M&A and antitrust implications.

Reading list

Attending students:

The course package and teaching materials will be provided by the professor and include a number of selected readings, book chapters, and business cases.

Non-attending students:

DePamphilis, Donald. (2009). Mergers, acquisitions, and other restructuring activities: An integrated approach to process, tools, cases, and solutions. Academic Press.

Teaching method

The course is based on a combination of traditional theory lessons, guest lectures on selected topics, and analysis and discussion of business cases. Active participation during case discussion is strongly recommended. The combination of diverse teaching methods is aimed at developing a full understanding of the nature, processes, and implications of M&A along with a problem-solving orientation in the management of these corporate investments.

Assessment method and criteria

Attending students:

The assessment is based on two components: a final written exam (60% of the final grade) - including both open-ended and closed questions - and a group work (40%).

Non-attending students:

The assessment is based on a final written exam that will include both open-ended and closed questions and that counts 100% of the course grade.

Notes and prerequisites

Information on office hours available on the instructor's personal page at <http://docenti.unicatt.it/>.