
AcF 302 – Corporate Finance

Workshop Questions – Week 20

Discussion of CG and M&A

1) Acquisitions motivated by expertise and intellectual capital

If you are planning an acquisition that is motivated by trying to acquire expertise, you are basically seeking to gain intellectual capital and specialized employees.

What concerns would you have in structuring the deal and the post-merger integration that would be different from the concerns you would have when buying physical capital?

2) Discuss which type of companies would benefit the most of having antitakeover defences beyond CEO entrenchment?

3) Tec Pharma is a new Tech-Health company currently specialized in using AI to create personalized over-the-counter medicine. This company is about to become public. Big 4 Accounting LP is in charge of the accounting and auditing and New Britain Bank is the investment bank dealing with the IPO and also the main investor of the firm. Part of the success of the IPO depends on giving a strong signal of good governance to potential shareholders. You need to advise the composition of the future board of directors. You are given the following list of directors and their main bio.

- a) Using the information provided, classify each director by type and provide a brief explanation of main advantages and disadvantages (conflicts of interest) if any.
- b) Form your ideal Board for this company selecting 5 members from the previous list. Explain your criteria to select each director, who should be the Chairman and why you think these directors would form a good Board.
 - Mark Smith. Founder of the firm. PhD in Chemistry with extensive experience in lab innovation. Had the initial idea of a chemical component that could be adapted and created the main product of the firm in 1993. Company actually started in a home-lab in his garage.
 - Linda Solo. Engineer. CEO of Environment UK (an NGO promoting environmental efficiency in the production of chemical products).
 - Tim Jones. First partner of the firm. PhD Chemistry. Recruited by Mark Smith to contribute to the development of the product in the early nineties.

- Richard Lando. CEO of the company. MBA Lancaster University (1999). Entered the firm in June 2001 and has been working over two decades in the firm developing the commercial and production growth. His previous appointments include COO of a food manufacturing company and VP of AgroLanc (a medium sized agrochemical private company). Currently serves as a director at LongTransport CO.
- Vikram Napal. CEO of LongTransport Co. with over 15 years of experience in Logistics and retail transport.
- VP of Big4 Accounting LP.
- VP Young Investments at New Britain Bank. Over 30 years of experience accelerating young firms.
- Former CEO of SuperSupermarkets. 67 years old. Over 40 years of experience in retail, has served as a Director at over 7 boards in his lifetime. Has mentored several successful younger CEOs including Richard Lando.
- Matti Aalto. AI serial entrepreneur with various technological start-ups in Latvia and Finland. Currently sits at 2 boards around the world.
- Robert Dash. MBA Lancaster University ('99). Founder and CEO of the largest FinTech in the UK.
- Xi Li Lando. MBA Stanford. VP Amazing.com (biggest online retailer in the world) with ample experience in retail and product placement.
- Stephanie Macron. MBA NYU – Stern. VP Marketing at Avon since 2008. 10 years of experience in the beauty – pharma sector with several successful campaigns for cutting edge rejuvenating products at top tier companies such as Revlon and Lancome.

4) Use Coca-Cola Co.'s 2021 Proxy statement to discuss main characteristics of the executive compensation package and how it is decided.