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A DISCUSSION OF THEORY AND BEST PRACTICES IN M&A EXECUTION

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ABSTRACT

For decades, studies have shown that mergers and acquisitions tend to fail in creating as much value as expected. Theorists have conducted empirical studies to determine the cause of this value destruction, which ranges from failure in acquisition strategy development and target firm identification, to post-merger integration. Quantitative studies rely on observable variables, but this process involves a multitude of unobservable variables. This paper applies a qualitative survey methodology by gauging the pulse of M&A practitioners regarding these same topics, in an attempt to better understand these unobserved factors.

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Chapter 1

Introduction

Over $3.5 trillion was spent globally by corporations on mergers and acquisitions in 2014 according to the New York Times (2015). The historical failure rate of these transactions, defined as transactions that fail to meet the pre-defined goals set by the acquirer, lies at approximately 70% (Christoffson, McNish, and Sias, 2004).

Viewed another way, it can be said that 70% of corporate acquisitions fail to reach their desired rate of return. Using classic shareholder theory, the fact that companies spend such immense amounts of money over long periods pursuing sub-par capital deployment activities is baffling.

No matter the sector or industry, M&A activity is a universally relied upon action to either improve upon a firm's current business model, or fundamentally change the way a firm does business. The mergers of Disney and Pixar Studios, Exxon and Mobil, and Shell and Royal Dutch Petroleum consolidated industries, and created giants who's dominance in their respective spaces can be felt in most households across the United States. Perhaps the most famous merger of Anheuser-Busch and InBev provides the greatest example of merger success, in which both revenue and cost synergy targets were beaten within one year post-merger according to Forbes (2009), thus creating excess shareholder value of approximately 38% in the four years post-merger. This transaction paved the way for long-term viability and success for the newly combined entity; truly a model for the benefits of a successful M&A program.

On the negative side, there is little in the way of literature that has successfully determined factors that consistently contribute to M&A outperformance. The mega-mergers of famous firms like AOL and Time Warner, Daimler and Chrysler, News Corp and Myspace, Alcatel and Lucent, and Nokia and Siemens provide illustrious examples of what could go wrong in a merger, including the abject destruction of value and utter demolition of long term viability for both firms.

This range of results begs several questions. Firstly, why would rational professionals, many of whom are paid handsomely for their expertise in successfully originating and executing M&A transactions, partake in such an activity? From a corporate finance perspective, a merger creates excess value through synergies, or benefits gained solely due to the combination of multiple entities. These synergies may vary depending on the strategy of the acquirer, the types of businesses involved, and the method of integration. Apart from this purist view, researchers believe that sub-par M&A activity is commonly conducted as a result of agency issues. When management and ownership are separate, agency theory exists to show how managers act in their own self-interest instead of working to create value for principals and shareholders. Amongst these agency issues are management hubris, or overconfidence in manager ability to create value, a fear of missing out effect that causes managers to overpay in competitive bidding processes, and market volatility exploitation, in which managers use their own over-valued stock to purchase others in an attempt to soften the blow of an eventual mean reversion in the firm's stock price.

Aside from pure or impure motivations underlying transactions, one may question whether managers have the right tools and perspectives to conduct value-creating transactions. Experience and guidelines to follow during the merger process are universally available, and thus cannot explain this parity in performance. I hope to show that deep differences exist in the ways that managers understand their positions in their markets, create their acquisition strategies, choose, categorize, value, and integrate targets, thus demonstrating and providing a basis for understand regarding the lack of consensus in academic and practical realms.

Chapter 2

Motivation for M&A Transaction

Build vs. Buy

The motivation behind any acquisition comes from two main sources, internal need and external opportunity. The heart of any “pure”, internally motivated merger or acquisition comes down to a build versus buy decision. Organic growth is any company’s primary method of reaching new markets, further penetrating their current markets, developing products, and overall meeting their customers’ needs and wants. At a certain point in the corporate life-cycle, the marginal return on internal projects slows though, and it is then that companies begin to think about external opportunities. These external opportunities in the form of potential mergers or acquisitions make up a company’s inorganic growth component. For enterprise level firms in most industries, the speed and nimbleness of smaller companies in creating solutions and adapting to market changes are quite attractive. This is one driver for the aforementioned massive M&A market year after year. There are actually several defined categories of reasons for companies to partake in any particular acquisition.

Undervaluation

External acquisition motivations come from changing market variables. Harford presented an explanation of historical “M&A waves”, or periods of time in which M&A activity spiked, and then slowed all at once (2005). He attributed this increase in activity to industry shocks in which the reallocation of assets became rational in order to maintain market equilibrium. These merger waves may be caused by economic, regulatory, or technological shocks, and depend on the availability of capital liquidity.

Michael Gort proposed the theory of economic disturbance in 1969, in which technology or other market forces cause a transition from previously well-established intrinsic values of firms, to a state of valuation flux. With change comes new expectations of future cash flows, and thus new present values. Gort purported that it is in this period of flux that firms partake in M&A activity to profit from asymmetric information. While equity markets are more liquid and sophisticated now as compared to the 1960's, his theory still holds in the minds of executives when, according to Rovit and Lemire, a large portion of acquirers attempt to time acquisitions by buying during recessions, and expecting the fundamentals of a company to materially deviate from their true intrinsic values (2003).

Similarly, Rhodes-Kropf, et al. postulate that if markets can be considered inefficient and information asymmetry exists in favor of managers, then periods of increased acquisition activity, or "merger waves" may be explained by overvaluation, due to the incentive for a company to use its overvalued stock to fund transactions (2005).

Synergies

The final and prevailing reason for M&A transactions is in search of the combinatory benefits of synergies. The presence of synergies is a major theoretical tool in clearing the premium hurdle necessary to claim control of a target. Interestingly, researchers have found little real-world basis for justifying the presence of synergies as a driving factor in an acquisition. In fact, Bayazitova, Kahl, and Valkanov determined that the cumulative abnormal returns for public target acquisitions are negative no matter the acquisition size, and that large-scale, private takeovers contribute negatively to returns as well (2012).

Nevertheless, the benefits of synergies can be organized into main categories: operational, financial, and managerial.

Operational synergies may be further broken down into revenue enhancing and cost reducing benefits. On the revenue side, purchasing another firm may give the acquirer access to new markets through the target's sales or distribution networks, or pricing power to further penetrate or profit from current markets. On the cost side, the combined entity may benefit from lower production costs at scale, or the elimination of redundant workforces such as advertising and human resources.

Houston, James and Ryngaert (2001) found that the market applied a larger discount factor on expected revenue synergies than cost synergies. This makes sense because cost-cutting activities are in the control of the acquirer. Managers can cut workforce or other expenses at will. Revenue synergies on the other hand require a second level of assumption; that customers will take to strategies like cross-selling and bundling, hence the heavier discount.

The next type of synergy sought by acquirers is financial synergy, particularly lowering the firm's cost of debt, the tax advantage of a shift in optimal capital structure, and the exploitation of financial constraints. When a firm acquires another, the diversification of revenue streams along with the potential for a stronger balance sheet allows the combined entity to access newer and cheaper pools of capital. This decreases the firm's cost of debt capital, and increases its overall debt capacity. In tandem, this shifts the firm's optimal capital structure further towards the debt side, which also allows the firm to enjoy the tax benefits of debt financing. Financial constraints exist when companies have profitable projects available, but no funds to carry them out. If an acquirer identifies such constraints in a target, they may pursue an acquisition to capitalize the opportunity, thus creating instant equity in positive net present value projects.

Managerial synergies are the most difficult to quantify and can easily be used to justify poor deal decisions. They are defined as opportunities for an acquiring firm's high-performing management to run a target firm more optimally than its current management. Researchers believe that managerial synergies are more often thinly veiled attempts at justifying transactions which satisfy the desires of managers, rather than based in providing value to shareholders.

Apart from the theoretically pure intentions discussed above, studies pertaining to less shareholder-focused reasons for M&A activity have been extensive. The following is a discussion of agency issues related to motivations for M&A transactions.

Management Hubris

Richard Roll first explained in 1986 that firms tend to overpay without regard to valuation due to hubris, or the belief that one's own skill will be enough to bridge the gap between intrinsic value and dollars paid (1986). Malmandier, Ulrick, and Tate continued this research on management hubris and over-confidence on behalf of managers and executives with decision-making power (2008). They used positive statements in press releases and managerial holdings of deeply in-the-money option contracts as proxies for managerial overconfidence. They then concluded that managers who scored highly on this overconfidence index tended to go to the acquisition table more often, and to overpay compared to peers.

Fear of Missing Out

Gomes, Angwin, Weber, and Tarba believe that corporations fall into a "lust for activity" trap, which extends this fear of missing out theory (2013). Gomes et al. wrote that managers undergo transactions under the assumption that industries are always changing, and so a lack of activity is akin to slowly falling behind of competitors, without any direct competitive activity to speak of. This is similar to Kummer and Steger when they wrote about the previously discussed "M&A waves" (2008). These waves are justified by managers and their "fear of missing out" on opportunities that their competitors are capturing.

Chapter 3

Strategy and Targeting

The following is a discussion of current literature regarding M&A strategy development and target firm selection.

Self-Assessment

The first step in creating an acquisition strategy is to thoroughly understand one's own firm, and the proposed value of a transaction. Rappaport views corporate self-evaluation as a chance for the potential acquirer to understand what its current value is, and how that value would change under a variety of scenarios (1979). It is important to first understand the four main components of the business model: the customer value proposition, profit formula, resources, and processes (Christensen et al., 2006). These scenarios should simulate changes in as many pertinent variables that affect the firm's four main components as possible. Some examples may include changes in competitive landscape, input costs, or customer demand.

This process allows the firm to understand which parts of their business model are strong, which parts are or will become superfluous, and which parts could use reinforcing or changing altogether. This is similar to the "Growth-Share" 2x2 matrix process popularized by the Boston Consulting Group in the 1970's. This matrix is use to decide on which projects to allocate capital towards depending on their current and future market penetration prospects. The point of the self-assessment exercise in the context of M&A is to determine which aspects of the business will hold up under market change scenarios, as discussed above, and which will require investment to maintain the strength of the firm, or help it to progress into a position of increased market dominance. This step also assists the company in determining its basis of competition, as defined by Harding and Rovit as its particular competitive advantage (2004).

Investing Thesis

Bases of competition come in five forms: superior cost position, brand power, consumer loyalty, real-asset advantage, and government protection (Harding and Rovit, 2004). Superior cost position exists when a firm's persistence in a market relies on its ability to provide goods and services at the optimal cost in regards to price elasticity. In other words, the firm can provide just enough of what the customer needs, at the best price available. Brand power exists when there is perceived goodwill in the eyes of consumers. This advantage is common in the consumer products industry, in which the quality of a particular product or service is assumed to be at a particular level simply because of its association with a brand, regardless of the product's individual merits. Consumer loyalty is similar to brand power, in that companies may gain unique pricing power by being seen as a superior goods provider. Real-asset advantage exists when companies have access to rare or unique assets. This advantage is common in sectors such as mining and manufacturing, in which access to certain materials or technologies allows the firm to operate at superior cost and revenue structures, and provide unique goods to their customers compared to competitors. Finally, the basis of competition government protection exists when companies have lopsided rights to competitive markets and customer segments due to their ability to understand and manipulate government red type in a way that their competitors cannot.

With an understanding of each potential competitive basis, managers should clearly analyze each of their business units and determine which basis of competition the firm as a whole operates under. To do so, look back at the four units of the firm's business model. Understanding how each piece differs from competitors allows managers to think further into how this differentiation is possible.

The following is an illustrative example of a hypothetical construction company, and how is may use an understanding of its competitive basis to build a proper acquisition strategy. Perhaps Firm A operates in the construction space, generating most of its revenue from redevelopment projects in up-and-coming secondary markets. The firm has similar value propositions, resources, and processes as its competitors, but is able to maintain scale and thus an abnormally high profitability due to its mastery of negotiating and obtaining government contracts in this highly regulated field.

By analyzing the differences between its own business model and that of its competitors, Firm A has recognized that government protection is its basis of competition. So long as the firm is able to maintain a hold on these government contracts, the firm should pursue acquisitions in which the primary target is not a complete business model, but rather its resources. Perhaps Firm A operates in Jersey City, New Jersey, a greater-Manhattan-area city. As prices rise in Manhattan, businesses and their well-paid employees begin to seep into the Jersey City area, thus gentrifying a once economically troubled area. The administration of Jersey City recognizes this opportunity, and Firm A is contracted to redevelop in areas closest to the rail line that connects the two cities. This demographic and infrastructure shift, along with the high barriers to entry make for a highly profitable enterprise for Firm A. As the rail continues to build out into nearby Union City, a new firm, Firm B, arises and is contracted by the local government to perform similar projects in the newly hot city.

Firm A may be interested in acquiring Firm B for several reasons. Firm A is able to maintain its basis of competition, as Firm B competes in a separate area. As such, it is on the lookout for resources, and acquiring Firm B would be the perfect opportunity to achieve several distinct synergies. First, Firm A could capitalize Firm B to supercharge its growth, thus producing outsized returns. Second, this expansion of growth would further build upon Firm A's profitability, as rents would be expected to rise considering the expansion of surrounding neighbors. Finally, scaling the business would allow the elimination of redundancies like property management and administrative segments like human resources.

In this way, Firm A was able to conduct a self-analysis to determine its unique competitive advantage and the relative safety of its business model, thus indicating the preference of a scale-up style acquisition. With this in mind, the firm was able to write a clear investment thesis pertaining to a competitor, in which it outlines its opportunity to achieve excess value by acquiring a business that has an effect on its market, and who's resources can help to solidify its position of government protection.

To complicate the analysis, imagine analysts see a change in the horizon. The local government is now opening construction contracts up to the public for bidding. A relatively new, local specialty construction firm, Firm C, come out of the woodwork with an integrated supply chain for raw materials. This vertical integration helps Firm C bid for construction projects at much lower costs than its competitors. Considering an acquisition of Firm C would be suitable, because Firm A's basis of competition is now threatened, and the market is moving towards cost competition as the primary competitive advantage for market share. In this way, Firm A's business model would be transformed, and its position as a market leader would be maintained despite the change in market.

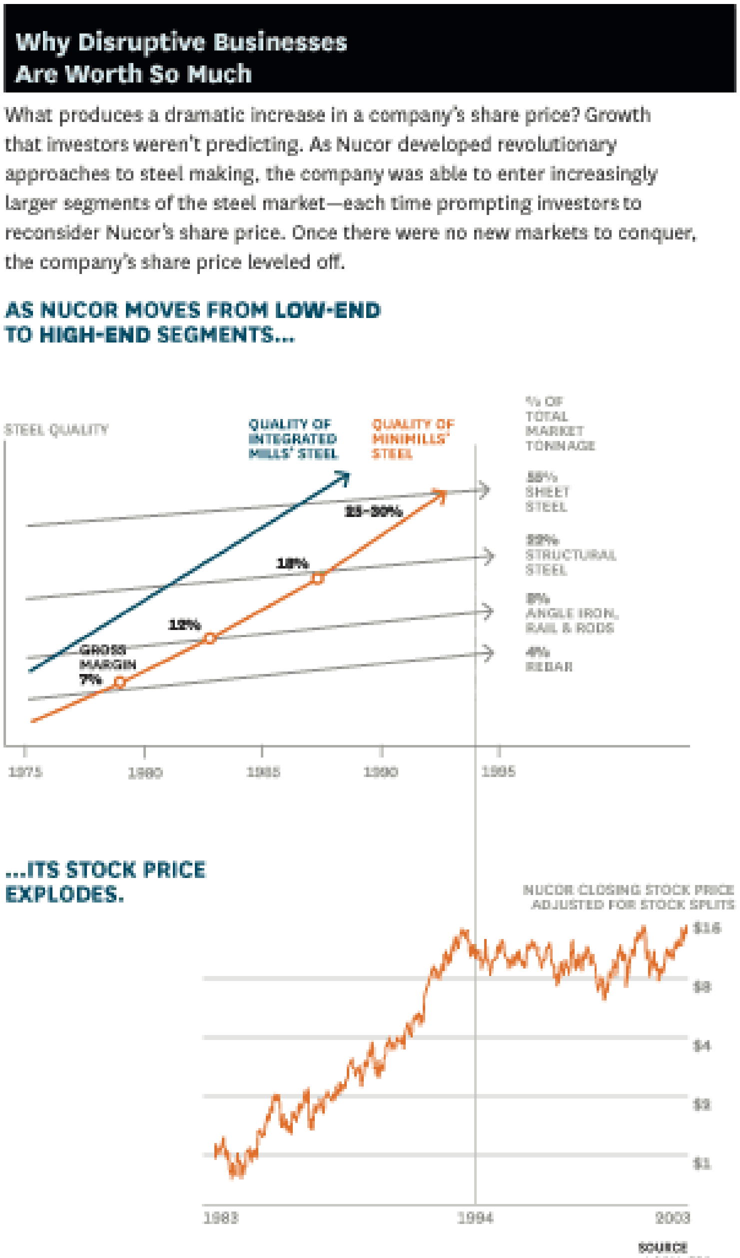
Sub-Par Practices

While clear strategies to develop an acquisition strategy have been discussed, recent literature has also explored potential factors that cause managers so deviate from best practices. Christensen, Alton, Rising, and Waldeck believe that most mergers fail because of a lack of information on behalf of decision makers (2006). As stated previously, there is limited conclusive research regarding M&A success factors because of the inability to predict synergies pre-transaction, and because of the inherent difficulty to generate quantitative conclusions in what is an abjectly qualitative field and process. These two facts support this theory that acquisitions destroy value more often than not due to a lack of reliable resources, along with instances of self-interested transactions.

Researchers, particularly consultants in fields that service M&A professionals, have attempted to fill this gap by discussing qualitative aspects of the transaction process in published literature. Christensen et al. theorized that managers are unable to distinguish whether a target firm will improve operations or alter the firm’s growth trajectory completely, thus rendering their choices of valuation and integration severely misguided (2006). Rapaport believes that managers are ill equipped to determine the economic attractiveness of target companies, and thus overpay for underwhelming benefits later on (1979).

Harding and Rovit postulate that managers fail to understand the purpose of M&A transactions; to support the firm’s current competitive advantage, or help it to shift to a new competitive advantage as structural tides in their particular industry shift (2004).

They also believe that deals that reinforce current business models are far superior to those that attempt to transform the business model, considering managers often have weak investment theses and thus overpay. Christensen et al. defy this point, believing that with the right tools, managers should be targeting these types of takeovers more readily (2006). They give examples of disruptive firms and the abnormal returns that can be generated by manipulating structural valuation deficiencies. While financial analysts determine value based on predictions of a company’s future rooted in its current status, disruptive companies by definition drastically deviate from their current status quos. Analysts are unable to predict the new markets these firms could enter and penetrate, bases of competition that can be unlocked or reinforced, or revenue and costs dynamics that can come about as a result of this disruptive company's business model. Thus, firms may purchase these disruptive companies at lower valuations with the reasonable expectation that excess value will be created once the disruption takes place. Figure 1 is a visual representation of a disruptive steel firm that created a new real-asset advantage. As the company scales from one customer segment to the next, analysts are forced to reevaluate just how far the disruption will go, leading to abnormal returns in stock price.



1. Figure 1. Disruptive Business Value Increases, March 2011

Chapter 4

Findings

Interview Findings

After a review of literature, I organized interviews with several M&A professionals in order to understand the practical perspectives relating to the topics discussed above. The following are my findings. When applicable, direct quotes are denoted via superscript and can be found in the appendix below.

Motivation for M&A Transaction

In general, the build versus buy motivation for M&A held true, but in a more reactionary way than opportunistic.

The interviewees commonly believed that their businesses should use M&A to respond to changing customer needs, as opposed to as a tool for financial engineering[123]. Seeking to adapt their business models and realize operational synergies was the status quo, as opposed to chasing financial or managerial synergies.

The reasoning for this reactionary stance generally involved the risks inherent in any M&A transaction. Target firms may present attractive opportunities to create value, but the potential for risk increased as the reasoning behind it grew less certain. For example, several interviewees stated that they had immense confidence in their current management teams' abilities to improve operations at a range of target firms, but the execution risks that were virtually certain to manifest were simply too great to reach for possible synergies[34]. The prevailing strategy was thus to stick to purchases only when the firm's own customers were projected to need something that the firm did not currently offer.

A small portion of interviewees did identify financial constraints or managerial synergies as aspects of the decision making process, but in slightly different frames of reference than researchers did. In regards to financial constraints, the prevailing notion was that target companies with business models, products, solutions, or resources that the company desired were the primary objective, while the absence of enough cash to fund their own projects could help to motivate the target to sell under more buyer-friendly terms, or at better prices[5]. Managerial synergies were actually brought up in reverse. The potential benefits of bringing in executives with experience in managing nimble teams in high-velocity industries was highly valued. In some cases, the existence of a particular team or individual with said expertise became part of the business case, as a way for the acquiring firm to learn how to lead in changing industries and customer bases[6][7].

While not believing the executives held mal intentions when carrying out acquisitions, most interviewees believed that decision makers held overly simplified theses that led to one-dimensional objectives, such as expanding accessible markets or boosting market capitalization[8]. Clearly, managers were attempting to understand and improve the firm's basis of competition, but lacked a complete investing thesis or were clouded by short-term markers that do not correlate to long-term success.

Additionally, the idea of management overconfidence leading to poor results as a trend. Due to the mostly present-need motivation for acquisitions, managers reached for targets that did not carry ideal products or solutions to fill the need, had imminently clashing cultures, or could not address the parent company's target markets[9][10]. This fear of being left behind compounded the issue of value destruction when managers believed that purchasing small-to-medium sized firms would not allow the company to grow quickly enough in that new market so as to catch up to the current market leader[11]. As such, the aforementioned research that showed value destruction in larger mergers was disregarded in favor of not being left behind in a market of interest.

Strategy and Targeting

On the subject of a basis of competition, the group unanimously listed understanding how the acquiring firm could create a value uplift after purchasing a target as a major priority. In one example, a manager mentioned their customer base and distribution channels as their primary value creation method. By acquiring products that were architecturally superior to competitors but did not dominate in terms of market share, the firm was able to push them out to a massive network, thus creating value in excess of premiums paid[12].

In selecting targets, most interviewees stated that the fit of the targets' solutions to the acquirers' customers was of the utmost importance. Rather than sliding done the value scale and searching for undervalued assets, acquiring firms were looking to fill whitespaces in their portfolios and to keep up with industry trends[13]. Thus, solutions that fit the level of sophistication that the acquiring firms' customers needed was rated highly in importance, along with mass appeal adjusted to their customer base size, and limited need for re-tooling or additional engineering[14]. Granted, none of the interviewees represented companies with R&D as their primary value-add drivers, and so solutions that need limited changes simply fits the model of not fighting one's own competitive basis.

Apart from solutions, the group tended towards larger acquisitions for two main reasons. The first was that smaller companies require a particular entrepreneurial atmosphere and drive to innovate and succeed. The primary goal of a start-up phase company is generally to be acquired by a larger firm, and if the acquirer expects similar levels of motivation and growth to continue, then they will be prone to over paying[15]. A related issue is the issue of human capital flight, in which key persons from the target leave the firm post-acquisition to avoid larger corporate cultures, to continue being on the forefront of their fields, or simply to remain the captain of the ship that they most certainly would not be at the newly combined firm[16]. Continuing on this point, larger companies were more likely to match the acquiring firm in terms of culture. Employees at enterprise level firms are more used to increased levels of governance and administration, slower and more process oriented communication models, and even day-to-day realities like dress codes.

Chapter 5

Conclusion

Mergers and acquisitions are taken on around the world for a host of reasons. Whether for the benefit of the firm and its stakeholders or as a means of satisfying personal incentives, firms will always look towards takeovers are means of boosting growth that investors thirst for. Academics, strategists, and practitioners do not always agree on how to get the process right, but having a understanding of each perspective allows firms to thoughtfully evaluate their current situations, and begin to refine their approaches towards acquisition strategy development and post-merger integration into methods suitable to their unique situations.

Regarding acquisition strategy, having a clear understanding of the firm's current basis of competition is key. Determining probable changes to the value chain based on the evolving wants and needs of the customer will help determine areas of investment that are closely related enough to that basis of competition to achieve synergies through a combination of entities, while being distinct enough to keep the firm one step ahead of the stalking lion of disruption.

Regarding acquisition integration, the guiding principle should be that success hinges on retaining the full value of the assets that one sets out to obtain. Having a clear idea of what the firm is buying and why will dictate whether the target firm will be fully integrated or operated separately, integrated slowly, moderately, or quickly, and which pieces of the business model will be targeted highest for integration initiatives. Building highly functioning integration teams by assigning high performers to them is important as well, but in truth, one of the highest priorities to get right for integration success is strategizing correctly and purchasing firms that match up with the firm's goals in the first place.

APPENDIX

Interview Quotes

1. “We are looking for tech that we don't currently have in the portfolio, and don't want to spend the time, money, and resources to build. So usually driven by the build vs. buy decision.”
2. “So we identify what we need, decide we want it, determine if we can build it and if the market will have passed us by or customers want it now, we decide to buy.”
3. “Historically…we [believed that we] should be able to build, and buying is an admission of failure….[but] if you look now they are seen as parallel and complimentary strategies.”
4. “Nothing was wrong with the target or the ideas that drive the acquisition, but coming to executing the road map, it became derailed through some combination of execution failure and structural reasons.”
5. “Our sweet spot in terms of targets have spent all their time and dollars building the tech, and then being on the cusp of taking it to market, and either not wanting to spend money to do that, or running out, but still having a great product.”
6. “…want to use it to model [our firm’s] operations, almost like reverse integration. Overtime start embedding some of their expertise and people back into our core business to transform that broader business.”
7. “It was transformative for that particular product, but also for how they do business, their leadership, all those things. That was all part of the business case, those thoughts about his expertise and how he could help our business in other ways were there.”
8. “Our key driver is expanding addressable market…it’s all about size, getting bigger, and a view that that will translate to higher share price.”
9. “We were trying to do something, we saw a target that maybe wasn't exactly what we wanted, but we convinced ourselves we could make it so, and we never could. The product, company, or market wasn't there, so we looked at a target as being able to become something it never could.”

10. “We bought because we were failing organically, we looked as a target as a Hail Mary, and convinced ourselves that we could do whatever was required to execute it. We simply failed to deliver those targets.”
11. ”We've done deals of [the smaller] order, I think that downside is twofold. One, when you have market leaders that can continue to growth at 20% per year, it's hard to play catch up. Yes you may grow at a faster rate on a percentage basis, but if they are starting with a massive market share advantage, you've grown way less on an absolutely basis, and you'll continue to lose this market. And if you view these [transactions] as land grabs into new markets, it's pretty hard to ever wrestle away that dominance. So there's a challenge of losing the market to catch up, and coming back, there's an advantage to buying scale. The further down you go to find value, the more risk you put on this thing that it won’t get the focus it needs.”
12. “We have tended to view our core skill as being an ability to distribute to our existing, massive enterprise footprint. So I would personally be far more nervous buying a deal to say, move into a new space where we can't leverage our distribution and customer footprint that we've got, if we can buy a good, enterprise product, and just plug it into the channel/customer base, there's a relatively low risk on that.”
13. “They bring the tech in that space that we don't have, and we bring the channel, and together it makes beautiful music.”
14. “Is this product ready for prime time to plug into our channel and immediately scale? If in due diligence the answer is no, then we move one. If we have to take this in house and retool or build on it, then we're going to just build our own instead of making a zombie, or we keep looking.”
15. “If we buy the early stage, these companies will never achieve their potential. They almost need to be hungry, standalone companies to keep that explosive growth. Once you bring them into a big parent firm, you basically kill it.”
16. “I've seen a CEO that works out great for a year, but under the stress or discomfort of being under our corporate umbrella now, he becomes disinterested. They become negative about our

firm, and tell your people basically to resist the integration, so they demand a more hands off integration approach."

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EDUCATION:

The Pennsylvania State University — **University Park, PA**
The Schreyer Honors College, Smeal College of Business — *Class of 2016*
Bachelor of Science with Honors in Finance

WORK EXPERIENCE:

Bank of America Merrill Lynch — **New York, New York**
Investment Banking Summer Analyst — *May 2015 – Aug 2015*

- Advised mid cap U.S. security and services client on the pro forma effects of pending $325M carve-out divestiture and ability to finance a subsequent $1.5B+ buy-side acquisition target in Europe
    - Modeled and developed presentation materials to illustrate pro forma earnings impact, debt capacity and credit ratings while optimizing RemainCo capital structure and shareholder returns
- Built financial model and performed in-depth spin-off and valuation analyses of a YieldCo for large cap U.S. transportation client for use in client presentation

SAP SE — **Newtown Square, PA**
Mergers and Acquisitions Intern — *May 2014 – Aug 2014*

- Conducted professional due diligence into $500M – $4.5B potential buy-side acquisition targets in the IT industry
- Created presentations outlining suggested acquisitions to supplement the firm's corporate strategy resulting in the high prioritization of multiple targets and inclusion of research in presentation for the Global Executive Board

Independent Consultancy — **West Chester, PA**
Financial Consultant — *May 2013 – May 2014*

- Developed and maintained client relations with a network of financial professionals to provide equity trading model design and implementation services
- Worked closely with clients to determine the optimal model parameters and investment strategies to generate superior returns

ING US — **West Chester, PA**
Risk Management Intern — *May 2012 – Aug 2012*

- Managed quarterly static hedging process as well as daily dynamic hedging system processing $1.6B notional amount worth of new static hedges and over $71M of dynamic hedges as a member of the Market Risk Management Group
- Built an optimization program to automate the rebalancing of asset and liability cash flows of statically hedged option groups though application of advanced asset/liability management theory and practices

Center for the Study of Mergers and Acquisitions — **University Park, PA**
Research Assistant — *Jan 2014 – May 2014*

- Evaluated, summarized, and compiled articles from financial periodicals such as *The Wall Street Journal*, *Harvard Business Review*, and *Bloomberg Businessweek* to assist Professor Samuel C. Thompson Jr. in updating "*Mergers, Acquisitions, and Tender Offers", a periodical providing analysis of key current issues and events relating to mergers and acquisitions*

RELEVANT EXPERIENCE:

Zidisha — **Sterling, VA**
University Outreach Program Director — *Jul 2014 – Present*

- Founded the University Outreach Program for Zidisha, a sustainable philanthropic microfinance organization dedicated to providing entrepreneurs in third world countries with low cost microloans using crowd funded capital
- Coordinated a network of domestic and international volunteers on various program expansion efforts

Penn State Investment Association — **University Park, PA**
IT Sector Analyst — *Aug 2012 – Present*

- Attended biweekly meetings performing research for The Nittany Lion Fund LLC, a $6.5M student run investment fund
- Obtained formal certification through educational development in securities research, equity valuation, public comparables, discounted cash flow (DCF) analysis, and MS Excel modeling

HONORS, ACTIVITIES, SKILLS:

- Honors: Dean's List (7/7), National Merit Finalist, AP Scholar with Distinction, 99.4th Percentile for SAT Test
- Activities: Squash, music production, DJing, soccer, mixed martial arts
- Skills: Conversational in Hindi, Spanish