
MERGERS AND ACQUISITIONS BASICS

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All You Need To Know

Donald DePamphilis



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WHY WE NEED TO UNDERSTAND THE ROLE OF MERGERS AND ACQUISITIONS IN TODAY'S WORLD

Mergers, acquisitions, business alliances, and corporate restructuring activities are increasingly commonplace in both developed and emerging economies. Given the frequency with which such activities occur, it is critical for business people and officials at all levels of government to have a basic understanding of why and how they take place and how they can affect economic growth. A lack of understanding of the role mergers and acquisitions (M&As) play in a modern economy can mean the failure to use such transactions as an effective means of implementing a business strategy. Moreover, ignorance can lead to overregulation of what are important means of disciplining incompetent managers and transferring ownership of operating assets to those who can utilize them most efficiently.

This book seeks to bring clarity to what is a complex, sometimes frustrating, and ultimately exciting subject. It presents an integrated way to think about the myriad activities involved in mergers and acquisitions. Although various types of business alliances and aspects of corporate restructuring are addressed in brief, the primary focus is on M&As.

The Book's Unique Features

This book is unique among books of this type in several specific ways. First, it is aimed primarily at practitioners who need a quick overview of the subject without getting bogged down in minutiae. Rather than provide intensive coverage of every aspect of mergers and acquisitions, as might be found in a comprehensive textbook, or “dumb down” the subject matter to provide only superficial—and perhaps inaccurate or misleading explanations—the text occupies a middle ground. No significant knowledge of finance, economics, or accounting is required, although a passing acquaintance with these disciplines is helpful. While reader-friendly, the text also draws on academic studies to substantiate key observations and conclusions that are empirically based. Details of these studies are often found in chapter footnotes.

Each chapter concludes with a section called “A Case in Point” that illustrates the chapter material with a real-world example. These sections include thought-provoking questions that encourage you, the reader, to apply the concepts explored in the chapter.

Who Should Read This Book

This book is aimed at buyers and sellers of businesses, financial analysts, chief executive officers, chief financial officers, operating managers, investment bankers, and portfolio managers. Others who may have an interest include bank lending officers, venture capitalists, government regulators, human resource managers, entrepreneurs, and board members. In addition, the book may be used as a companion or supplemental text for undergraduate and graduate students in courses on mergers and acquisitions, corporate restructuring, business strategy, management, governance, and entrepreneurship. Supplemented with newspaper and magazine articles, the book could serve as the primary text in an introductory course on mergers and acquisitions.

For a more rigorous and detailed discussion on mergers and acquisitions and other forms of corporate restructuring, the reader may wish to see the author's textbook on the subject, *Mergers, Acquisitions, and Other Restructuring Activities*. The 5th edition (2009) is published by Academic Press. The reader also may be interested in the author's *Mergers and Acquisitions Basics: Negotiation and Deal Structuring*, also published by Academic Press in 2010.

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