

Mergers, Acquisitions & Growth Strategy — Workbook

This workbook turns the course into action on a real or hypothetical acquisition target of your choosing. Each section mirrors a course module, moving from growth strategy through deal structure, valuation and diligence, and integration. Work through the exercises, fill the worksheets and templates, and you will leave with a defensible point of view on whether and how to do a specific deal.

Why Companies Acquire: Strategy and Growth Levers

Pin down the strategic gap you are trying to close and pressure-test whether acquisition is genuinely the right lever.

Exercise: Write Your One-Line Growth Thesis

State the strategy first, then the deal, never the reverse. Complete the sentence and stress-test it until it survives without naming a specific company.

- Our growth gap is a missing _____ (capability, market, customer base, or talent) that limits us because _____.
- We believe acquiring is better than building or partnering to close it because _____.
- We will pay X for company Y because owning it lets us do Z, which is worth more to us than to the seller because _____.
- If we removed the word acquisition, does the strategy still stand on its own? Rewrite it until it does.

Worksheet: Build vs. Buy vs. Partner Scorecard

Score each lever for your specific gap on a 1 to 5 scale across the four axes, then total. The highest score is your starting hypothesis, not a final answer.

Growth gap in one sentence

Build option: time score (1-5)

Build option: cost score (1-5)

Build option: risk score (1-5, higher is safer)

Build option: control score (1-5)

Buy option: time, cost, risk, control scores

Partner option: time, cost, risk, control scores

Total score per lever and the leading lever

Checklist: Synergy Reality Check

- Each synergy is written as an annual dollar figure, not a percentage
- Every synergy line has a named owner and a deadline
- Revenue synergies are discounted by at least 50 percent and pushed out a year
- The one-time cost to achieve each synergy is netted out
- Cost synergies alone, not revenue synergies, justify the premium

Deal Types and Structures

Classify the deal you are contemplating and choose a structure that allocates risk and tax the way you want.

Exercise: Classify and Shape Your Deal

Determine the strategic shape of your target deal and reason through the structure that fits your risk tolerance.

- Is this deal horizontal, vertical, or conglomerate, and what does that imply for synergies and antitrust risk?

- Would you prefer an asset deal or a stock deal, and why, given the target's liability history?

- What consideration would you offer: all cash, all stock, or a mix, and would an earn-out bridge a price gap?

- Name one liability (lawsuit, pension, environmental, tax) you would refuse to assume, and the structure that lets you avoid it.

Worksheet: Deal Structure Comparison

Fill the table for your target to make the asset-versus-stock trade-off explicit before you talk to a lawyer.
Target name and industry

Strategic shape (horizontal / vertical / conglomerate)

Assets the buyer most wants

Liabilities the buyer most wants to avoid

Preferred structure and the single biggest reason

Proposed consideration mix (cash / stock / earn-out split)

Likely seller objection to your preferred structure

Checklist: Deal Process Document Tracker

- NDA signed before any sensitive information is exchanged
- Letter of Intent sets a price range and binding exclusivity period
- Definitive agreement specifies representations, warranties, and indemnities
- Escrow or holdback amount and duration are defined (e.g., 10-15 percent for 12-24 months)

Conditions to closing, including any regulatory approvals, are listed

Valuation and Due Diligence

Put a defensible price range on the target and verify the business is what the seller claims.

Exercise: Triangulate a Valuation Range

Value your target two ways and reconcile them, then separate standalone value from synergy value.

- Normalize the target's EBITDA: which owner perks and one-time items would you remove, and what is the adjusted figure?

- Apply a comparable multiple (e.g., 3-6x for a small business) to get enterprise value, then adjust for cash and debt.

- Sketch a simple five-year DCF assumption set: growth rate, free cash flow, and discount rate (WACC). What range results?

- State the standalone value, the net synergy value, and the maximum price you would pay before value is destroyed.

Worksheet: Walk-Away Price Builder

Translate your valuation work into a single hard ceiling you commit to before negotiating.

Standalone enterprise value (range)

Gross synergy value (annual, capitalized)

Cost to achieve synergies (one-time)

Revenue synergy haircut applied (percent)

Net synergy value after haircut and cost

Share of synergy you will offer the seller (percent)

Offer price and hard walk-away ceiling

Checklist: Due Diligence Red-Flag Sweep

- Quality-of-earnings review confirms reported EBITDA is real and recurring
- Customer concentration mapped; no single customer is a hidden existential risk
- Material contracts checked for change-of-control clauses triggered by the sale
- Intellectual property, licenses, and permits are cleanly owned by the target
- Key-person and retention risks identified for the people you are really buying
- Each material finding is converted into a price cut, a protective term, or a walk-away

Integration and Choosing the Right Growth Path

Plan the first 100 days so the deal delivers, and confirm acquisition really beats the alternatives.

Exercise: Draft Your 100-Day Integration Outline

Decide how deeply to integrate and sequence the work so you protect value before optimizing it.

- Will you absorb, preserve, or blend, and why, given what makes this target valuable?

- What three things must be true on day one (payroll, customer reassurance, reporting lines)?

- Which key people will you retain, and what retention mechanism (e.g., 12-24 month bonus) will you use?

- Name the top two synergies, their owners, dollar targets, and deadlines, and how you will track them monthly.

Worksheet: Failure-Mode Pre-Mortem

Assume the deal failed two years out. Diagnose the most likely cause now and design a guardrail against it. Most likely failure cause (overpay / synergy miss / culture / weak integration / strategic mismatch)

Early warning signal you would watch for

Specific guardrail or decision rule to prevent it

Owner of that guardrail

Decision: proceed, restructure, or walk away

Exercise: Re-Run the Lever Test

Before committing, deliberately argue the case for not acquiring to make sure the deal is genuinely the best path.

- Could organic build close this gap acceptably if you had 12 to 24 more months?

- Could a joint venture or partnership get most of the value at a fraction of the cost and risk?

- Could a license deliver the specific capability in weeks for a royalty instead of an acquisition?

- Given time, cost, risk, and control, is acquisition still the best lever? Defend the answer in two sentences.

Checklist: Go / No-Go Decision Gate

- Growth thesis stands without naming the specific company
- Offer price sits below the written walk-away ceiling
- No diligence red flag remains unpriced or unprotected
- A named owner and a 100-day plan exist before signing
- Acquisition still beats build, partner, and license on the four axes

Your Action Plan

1. Write the one-line growth thesis and confirm it survives without naming a target company
2. Score build versus buy versus partner on time, cost, risk, and control to confirm acquisition is the right lever
3. Identify and classify a specific target as horizontal, vertical, or conglomerate, and pick a deal structure
4. Normalize the target's EBITDA and value it with both a comparable multiple and a simple DCF
5. Separate standalone value from net synergy value and write down a hard walk-away price
6. Run the due diligence red-flag sweep, especially a quality-of-earnings review and customer concentration
7. Convert every material finding into a price change, a protective term, or a decision to walk
8. Decide integration depth and draft a 100-day plan with named synergy owners and retention for key people
9. Run a failure-mode pre-mortem and design a guardrail against the most likely cause of failure
10. Pass the go / no-go gate, or choose organic, joint venture, partnership, or license instead

