

Full Course Title: Business Development Asia, LLC (BDA): China's Outbound M&A goals in the Manufacturing Sector

Course Title for Registration System: BDA: China's Outbound M&A

Course Number: SIPAU9000.006

Faculty Advisor: Merit Janow

Columbia Email Address: mj60@columbia.edu

Meeting Date/Times: Thursdays 9:00A – 10:50A

Location: IAB 409

Office Hours: By appointment

Credits: 3

Course Overview:

Brief description of client:

Business Development Asia, LLC (BDA) is specialist in Asian M&A. The company dates back to 1996, has offices in Shanghai, Hong Kong, Tokyo, Seoul, Mumbai, Bahrain, London and New York. The company provides both sell-side and buy-side advice to large corporates, private equity houses and entrepreneurs. The company is today the largest pure play firm specializing in Asian M&A.

Summary of project:

Over the last decade China has primarily used M&A as a means to acquire resources which it lacks domestically. There are now material signs that another development is taking place, with Chinese companies increasingly active in M&A in the manufacturing sector. The goal of this project is to understand the drivers behind this trend and to take a view on how it is likely to develop over time:

1. Why and how are certain sectors or countries preferred? How are these trends likely to develop?
2. Who is setting the agenda with regard to outward investment inside China? How is policy developed and implemented?
3. What are the barriers to Chinese companies successfully concluding transactions and how effective are the companies in overcoming them?
4. To what extent is this outward investment trend led by the state or by the private sector?
5. How are these trends likely to develop over the next five to ten years?

Review existing data on the scale of Chinese M&A internationally in the manufacturing sector globally, by country. We do not envision any primary research here, but are interested to compare US and other foreign data on this topic with the equivalent data published by the Chinese government.

Discern aggregate trends in Chinese outbound M&A by country and sector. Understand the drivers as to when Chinese companies use M&A vs. greenfield investment.

Explore the thesis of whether China's M&A focus is now expanding from resource driven transactions into manufacturing and perhaps also services, and if so, to what extent the government is driving this development as opposed to market forces.

Review the policies and incentives that the Chinese government has developed to encourage outbound M&A and investment and their impacts on both state owned enterprises as well as privately owned companies. Conversely, review the existing regulatory barriers and other competitive disadvantages Chinese companies have with regard to outbound investment.

Much of this can be conducted from secondary sources. However, there will be the opportunity to make primary interviews with relevant parties. These could include policy formulators, companies that have already made acquisitions internationally, as well as those actively considering outbound investment.

Deliverables to client:

The final product will be a written report, but we also expect the team to present their findings in the form of a powerpoint presentation. The team will present their findings online to the various BDA offices (Shanghai, HK, Tokyo, Seoul, London and New York) and this will be followed by a Q&A session.

Draft Report Outline – Feb 17th

Mid-Term Briefing – Week of March 20th

Draft Report – Week of April 14th

Final Report – Before April 30th

Special skills/knowledge needed by team members:

Direct experience of mainland China will be a significant advantage. A significant proportion of the team should be Chinese speakers. Team members need to have a strong interest in the topic, plenty of initiative, strong analytical skills. We particularly favor team members who are interested and willing to talk to parties direct, both inside and outside China to gain first hand opinions and information.

Initial meeting(s) with your student team in late November or early December, if applicable:

Dates for meetings with client, if already scheduled:

Charles Maynard or another appointed BDA representative will meet with capstone team at the start of the workshops. Possibly once in December and again in January. Another meeting will take place at the mid-term and the final presentation.

Students will have a call or VTC every two weeks with a representative of BDA.

Student selection: [All eligible students may apply for up to five workshops through a special online application process from October 15th until October 31st. Assignment of students will be coordinated by the Office of Academic Affairs, and relevant faculty will be consulted about team membership for their workshop(s).]

Grading (students receive an individual grade):

Grades for the workshop will be based on the following criteria:

- Quality of individual written work (10%)
- Quality of participation in class, Peer review (20%)
- Feedback from the client (20%)
- Overall professionalism, including timeliness, ability to work with team, etc. (20%)
- Quality of team's final report and briefing (30%)

Readings:

- Dan Rosen's / Asia Society's "An American Open Door" report
- Carl Walter & Fraser Howie - "Red Capitalism"
- Richard McGregor - "The Party: The Secret World of China's Communist Rulers"
- China Council for the Promotion of International Trade – "Survey on Current Conditions and Intention of Outbound Investment by Chinese Enterprises, 2008-2010 (April 2011)

***Academic Integrity Statement*:**

The School of International & Public Affairs does not tolerate cheating and/or plagiarism in any form. Those students who violate the Code of Academic & Professional Conduct will be subject to the Dean's Disciplinary Procedures. Cut and paste the following link into your browser to view the Code of Academic & Professional Conduct online.

http://sipa.columbia.edu/resources_services/student_affairs/academic_policies/deans_discipline_policy.html

Please familiarize yourself with the proper methods of citation and attribution. The School provides some useful resources online; we strongly encourage you to familiarize yourself with these various styles before conducting your research:

http://sipa.columbia.edu/resources_services/student_affairs/academic_policies/code_of_conduct.html

Violations of the Code of Academic & Professional Conduct should be reported to the Associate Dean for Student Affairs.