

ACG Cup® Northwest

an M&A Case Study Competition
for MBA & Finance (Masters and
Undergraduate) students

2019-2020 Handbook

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Procedural Guidance for ACG
Cup® Northwest



<http://www.acgcupnorthwest.org/>





ACG CUP® NORTHWEST CONTENTS

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ACG Cup Northwest Mission

To promote corporate strategic growth and expertise in our region through real-world experiential learning that forges lasting relationships among our finance communities and regional graduate and undergraduate business programs.

Overview

ACG Cup Northwest is a unique case study competition designed to give students from the Northwest's leading undergraduate Finance programs and MBA programs invaluable insights into mergers and acquisitions, investment banking, corporate financial advisory and private equity. It is sponsored nationally by ACG Global and is a collaboration between ACG Portland and ACG Seattle. Through this program, we are introducing the next generation of business leaders to ACG Portland and ACG Seattle as well as the local M&A, corporate growth, and corporate development communities. The teams will be drawn from Northwest regional universities and the ACG Cup Northwest Committee reserves the right to add or eliminate schools from the competition.

ACG Cup Northwest provides students with the opportunity to:

Develop relationships ...

- ◆ Interact with leading finance executives, professionals, and organizations
- ◆ Network with potential employers, colleagues, referral sources, clients, vendors, and mentors

Enhance knowledge, skills, and abilities ...

- ◆ Gain insight into the inner workings of corporate finance and deal-making in a real-world setting
- ◆ Test critical and strategic thinking as well as problem solving skills
- ◆ Enhance business and financial acumen
- ◆ Polish public speaking, information organization and delivery, and team-building capabilities

And, last but not least, an opportunity to win cash awards!

- ◆ The total prize pool for the Finals is \$14,000, which will be awarded only to the four competing FINAL ROUND teams as determined by ACG Cup Northwest in its sole discretion. Prize money will be awarded based on each team's ranking and shared equally among all team members.
- ◆ The prize money is awarded directly to the students, but it is not considered a scholarship. Income taxes on any cash awards are the responsibility of the student. Recipients are encouraged to consult with a qualified tax professional regarding any potential tax liabilities.
- ◆ It is anticipated that the prize structure will be as follows:

▪ First Place:	\$6,000
▪ Second Place:	\$3,500



- Third Place and Fourth Place, each: \$2,250

Schedule and Key Dates

Teams need to register to receive access to case	by January 15, 2020
Teams can receive access to case on Merrill DataSite after	January 1, 2020
Judge selection for ON-CAMPUS ROUND by each school	January 15, 2020
Teams perform case analysis and prepare presentations	January 2020
ON-CAMPUS ROUND competition (or practice if only one team)	by February 1, 2020
Final date to select/register team going to SEMI-FINAL round	February 1, 2020
Release of amended base case by Houlihan Lokey	January 2020
SEMI-FINAL ROUND competition in Portland, morning of	March 6, 2020
FINAL ROUND competition in Portland, afternoon of	March 6, 2020

Competition Format - What's the Deal?

It is important to note that this competition is intended to simulate the real-world scenarios that actual dealmakers encounter on a daily basis. Of course, as with any collegiate case study competition, there are limitations. Not every aspect of the competition can precisely mirror the conditions found in a typical corporate financial advisory engagement. However, ACG strives to make this competition as realistic and valuable as possible.

The ACG Cup case study competition is centered on a fictitious business scenario:

- ◆ Each participating team of students will be acting as if they are an investment banking firm.
- ◆ The case study documents will generally consist of: (i) a memo from the CEO that outlined the situation at hand, (ii) a series of financial statements, and (iii) some supplemental information.
- ◆ Each participating team will be required to:
 - Assess the situation at hand
 - Analyze the financial data and conduct multiple valuations
 - Develop a strategy which considers a wide range of options and potential solutions
 - Determine recommendations
 - Formulate a presentation

The competition will consist of three rounds:

- ◆ **ON-CAMPUS ROUND (Preliminary, intra-school round)** is conducted on each participating campus.
 - Each participating university will determine how it will select teams, how many teams will compete, will be responsible for managing details and logistics, and will communicate accordingly with its teams. This will be supported by the respective ACG university liaisons.



- The base case will be made available to teams on after January 1, 2020 through the Merrill DataSite (see the Team Registration section on page 5). Participating teams will analyze the case and compete with other teams from their university for the **ON-CAMPUS ROUND** (or practice if only one team is competing).
- The venue should have a presentation room equipped with a screen and the computer projection technology for teams to run PowerPoint. Most teams will bring their own laptop, but we recommend that universities advise teams whether or not a laptop will be available.
- Teams will be given a total time limit of 25 minutes to make their pitch to the panel of judges and answer questions from the judges. The judges will be acting as if they are the owners, senior managers, and/or Board of Directors of the fictitious company. Teams should allow for approximately 5 minutes of Q&A by judges. Teams should be prepared for interjections from the judges during the presentation. Each presentation will be stopped after 25 minutes. The judges will score all teams and determine which investment banking firm (i.e. team of MBA/Finance students) should be “hired”. The decision of the judges will be final and there is no appeal process as the primary objective is to provide an educational experience.
- **ON-CAMPUS ROUND** competition must be completed by February 1, 2020.
- It is left to the discretion of each participating university whether or not to assign mentors from the faculty, alumni or from other sources. **ON-CAMPUS ROUND** judges are selected by each respective university and ACG may provide one or more judges to each campus competition. ACG Cup Northwest will assign a liaison to each university. A list of the ACG Cup Northwest liaisons are presented at: <https://www.acgcupnw.org/resources/>.
- The number of competing teams on each campus is determined by that university, however, only one team per campus will move on to the **SEMI-FINAL ROUND**. All competing teams in the **SEMI-FINAL ROUND** must be registered with ACG Cup Northwest by February 1, 2020. In addition, all teams competing in the **SEMI-FINAL ROUND** must secure written approval to participate from their respective deans at the same time that they register.
- ◆ **SEMI-FINAL ROUND** will be conducted the morning of March 6, 2020.
 - ACG will release an amended version of the case following the **ON-CAMPUS ROUND** which will be analyzed by each of the teams competing in the **SEMI-FINAL ROUND**. This amended base case will be released on February 1, 2020. The amended version of case will be similar to the original case, but a new set of questions and issues will be introduced.
 - The **SEMI-FINAL ROUND** will be held at the University Club of Portland, located at **1225 SW 6th Avenue, Portland, Oregon, 97204**, USA TEL: +1-503-223-6237. The **SEMI-FINAL ROUND** will begin at 9am on March 6, 2020.
 - The **SEMI-FINAL ROUND** competition will be held in two separate rooms with concurrent presentations. There will be a competition room for those schools from Washington and there will be a competition for those schools from Oregon. There will be separate judges for each of the competitions. There will also be a new set of judges for the **FINAL ROUND**.



- Four teams (two each from Washington and Oregon) will be selected from the **SEMI-FINAL ROUND** by the judges and will compete in the **FINAL ROUND**. These four teams will compete against each other for the Grand Prize, a monetary award, and the ACG Cup Northwest trophy.

- ◆ **FINAL ROUND** will be conducted at the University Club of Portland in the afternoon of March 6, 2020.
 - The four **SEMI-FINAL ROUND** teams selected for the **FINAL ROUND** will compete against one another.
 - All judges will be determined and assigned by ACG Cup Northwest.
 - All rules pertaining to teams, presentation time limits, and participants from prior rounds apply to the **FINAL ROUND**.



Participant Eligibility

- ◆ The ACG Cup Northwest competition is open to MBA, MS and undergraduate Finance students. Students may be full-time, part-time, off-site, or in an executive MBA program. Deal making takes more than just one person, so this is a team-based competition. Each team should be comprised of not less than two and not more than five students. We highly recommend teams of 3 to 4 students.
- ◆ Participating students must be registered by the start of the **ON-CAMPUS ROUND** for their respective university.
- ◆ Each team must consist of members from the same university (e.g., University of Washington students and University of Oregon students may not be on the same team).
- ◆ Students are restricted to participate on one team only.
- ◆ Each team's composition must remain consistent throughout all rounds of the ACG Cup Northwest competition. In the event that a team member is no longer able to compete, an emergency substitution may be granted. However, such a request must be submitted in writing to the respective liaison for that team's university (see Resource Guide, <http://www.acgcupnw.org/resources/>). The decision to grant an emergency substitution shall be at the sole discretion of the ACG Cup Northwest Committee. There will not be an opportunity to appeal the decision.
- ◆ Teams must participate in the **FINAL ROUND** to be eligible for prize money.
- ◆ Repeat participation is permitted (e.g., a student that participated in 2018-2019 or earlier in another ACG competition). However, students who were members of the Grand Prize winning team of any past ACG Cup competition may not participate in the ACG Cup Northwest competitions.

University Liaisons

Each competing university will work with an ACG Liaison who is the primary point of contact between that university and the ACG Cup Northwest committee. Ideally, the liaison is a finance professional with close ties to the university. Liaison selections have been made. The University Liaison:

- ◆ Understands and is able to explain and support the ACG Cup Northwest Mission
- ◆ Is familiar and knowledgeable about the ACG Cup Northwest website, process, timetable and available resources; has sound working knowledge of the M&A process
- ◆ Connects with their respective university coordinator prior to the start of Fall term
- ◆ Responds to questions from faculty, staff and students regarding policies and procedures pertaining to the competition in a timely manner
- ◆ Coordinates with faculty on the selection of judges for the **ON-CAMPUS ROUND** at each university. Liaisons may be judges in the **ON-CAMPUS ROUND** but not in the **SEMI-FINAL ROUND** or the **FINAL ROUND**.
- ◆ Assures that team members adhere to all ACG Cup Northwest rules and guidelines



- ◆ Collaborates with faculty to prepare the teams for competition
- ◆ Tries to attend all three rounds of the competition, even if the final round does not include a team from their university
- ◆ Provides feedback to the ACG Cup Northwest committee for process improvement.

Team Formation

- ◆ Each participating university is responsible for recruiting students, forming teams, and promoting the competition on campus. Should the university elect to offer mentors or advisors to the teams, the university is responsible for recruiting and assigning these mentors or advisors. However, it is not permitted for mentors or advisors to write analyses, perform valuations, prepare, or in any way contribute, to the presentations by the teams.
- ◆ If individual students would like to participate (i.e., one or more students who have not independently formed a team), each participating university may pair individual students with other individual students and/or merge teams at their discretion. However, these efforts must comply with the “Participant Eligibility” parameters outlined above.
- ◆ Any number of teams may participate in the **ON-CAMPUS ROUND** on each campus. This will be determined by the campus coordinator and the ACG Cup Northwest Liaison. Only one team from each school, however, may advance to the **SEMI-FINAL ROUND**. Teams must remain intact from Round to Round and any changes of team personnel must be reported to the ACG Cup Northwest liaison and approved by the ACG Cup Northwest committee.

Team Registration

- ◆ Registration opens in November 2019. Teams must register online by visiting the ACG Cup Northwest website: <http://www.acgcupnw.org/register/>
- ◆ It is the responsibility of each individual team member to register online. Full teams must be registered in advance of **ON-CAMPUS ROUND**.
- ◆ The team registration deadline is January 2020. Team composition must be finalized in advance of their respective university's **ON-CAMPUS ROUND** date. Team composition changes before the **ON-CAMPUS ROUND** (additions/deletions) should be sent to the designated University Liaison (see Resource Guide, <http://www.acgcupnw.org/resources/>). Team members must not change between rounds except in case of an emergency and only with the approval of the University Liaison, the respective Dean and ACG Cup Northwest Committee.

Case Study Process

- ◆ Each year, a new case study is prepared by the highly regarded international investment banking firm of Houlihan Lokey with contributions from other ACG finance professionals.
- ◆ In terms of academic disciplines, the case study will be primarily finance related. However, there will also be strategy, management/human resource/cultural, and





marketing elements.

- ◆ After registering, participating teams will be granted access to a custom **Merrill DataSite**. This secure online deal room repository will hold the case study materials. Approximately two weeks prior to the **ON-CAMPUS ROUND** presentation date for each respective university, the participating teams will be able to access the DataSite, download the case study materials, and begin working.
- ◆ The case is designed to be completed within a 7-day time period.
- ◆ If a participating team has questions regarding the case study content, the questions should be submitted via email to the University Liaison (see Resource Guide, <http://www.acgcupnw.org/resources/>).
- ◆ Students are encouraged to make assumptions if they are uncertain of information presented in the case. If an assumption is made, it must be stated and referenced during the team's presentation.
- ◆ Research outside of the case itself is not necessary. Financial and situational analyses are integral components of the case study competition. **Training The Street**, the leading financial learning services company, has joined forces with ACG Cup to deliver exclusive webinars to registered students. Topics include Leveraged Buyouts, Merger Consequences Analysis, and Discounted Cash Flows. These webinars are designed to provide ACG Cup participants with valuable insight as they formulate their investment banking pitches. Webinars will be archived and invitations will be sent to all registered team members for access through the Merrill DataSite.
- ◆ Please note that the case study presents prolific financial data and facts related to the math of alternative solutions. It is important, in this case and in the real world, for students to also consider the human factor side of the deal, e.g., cultural implications, as well as strategic issues.

Outside Consultants

It is not uncommon for M&A advisors to seek advice from specialists, consultants, attorneys, accountants, and/or lenders. Therefore:

- ◆ Participating teams are permitted to seek advice from professors and/or other qualified faculty members.
- ◆ Participating teams are permitted to seek advice from professionals and executives from the local business community.

Note: This networking opportunity is a primary benefit of the ACG Cup Northwest competition. This interaction may present the participating students with an opportunity to forge a relationship with a potential employer, colleague, referral source, client, vendor, and/or mentor.

- ◆ ACG Cup Northwest expects the participating teams to produce their own work. Faculty advisors and mentors should only be providing recommendations, advice, guidance, etc. Only the eligible participating students are permitted to have a speaking role in the presentations.

Note: Each team must exercise ethical discretion when receiving and following advice!

Presentations



- ◆ The teams are not required to have every member of their team participate in the verbal delivery of their presentation.

Note: In the real world, not every member of the firm gets to be involved in making the sales pitch. This role is often reserved for those who are strong analytically, can think quickly on their feet, AND are polished presenters. Despite this, the opportunity for students to test and improve their public speaking skills is one of the benefits of this competition. Each team must exercise their discretion when determining who will be presenting. We recommend that each team member participate in the presentation and be prepared to help answer any questions from the judges.

- ◆ The format of the presentation (i.e., PowerPoint, handouts, verbal presentation, all of the above, etc.) is completely up to each participating team's discretion. The format and media composition should be organized and delivered in whatever forms the team believes will be the most effective in persuading the judges. For **ON-CAMPUS ROUNDS** universities are advised to have the technology for teams to run PowerPoint presentations, but each university will communicate accordingly with their teams. For the **SEMI-FINAL ROUND** and the **FINAL ROUND**, a laptop and screen will be available at the presentation site and **teams are required to bring their presentations on a flash drive.**

Note: Due to the compressed presentation timeframe, we recommend that the information be delivered in a succinct and well-organized manner. The combination of comprehensive paper handouts, a PowerPoint presentation, and a verbal presentation are the norm.

- ◆ Although digital recording is recommended, the recording of both the **ON-CAMPUS ROUND** and **SEMI-FINAL ROUND** presentations are at the discretion of each respective university. ACG Cup Northwest will not be funding these recordings; however, ACG Cup Northwest is tentatively planning to record the entire **FINAL ROUND** at its expense.
- ◆ On the presentation dates, professional attire is required (e.g., business suits, ties, etc.). Again, the participating teams will be acting as if they are making a sales pitch to a Board of Directors.
- ◆ Teams that have already made their presentations are not allowed to attend the presentations of other teams in the **ON-CAMPUS ROUND** and **SEMI-FINAL ROUND**. This applies also to the respective university coordinators and liaisons as well as any advisors that have worked with the team. Any of the four teams or their advisors in the **FINAL ROUND** that have completed their presentations may sit in on the remaining presentations.

Judges

Judges will be selected on the following criteria:

- (1) They must have no familial nor business connection with any team or team member
- (2) They must have an impeccable and well-established reputation for fairness and impartiality
- (3) They must base their assessments solely on the merits of each presentation and not on any outside knowledge they may have about the case or its business environment.

The selection of Judges will be somewhat dependent on which round of competition the judges will be participating in. Ideally, Judges will have experience in the M&A process from the business community or from academia. They should be able to assess and compare the presentations based on an objective evaluation of:

- (1) Quality of the financial analysis and valuations (Are the results within acceptable ranges?)
- (2) Soundness of strategy (Are the recommendations logical and compelling?)
- (3) Consideration of human resource and cultural factors (Did the team address the qualitative



aspects of the business case?)

- (4) Quality and effectiveness of the presentation. (Did the team effectively use its presentation materials to deliver its recommendation concisely and clearly?)

It will take a dedicated commitment to be a judge but the time required to perform the judge responsibilities should not be extensive for any one individual as there are multiple judges in each round and new judge panels for each round of the competition. No judge will evaluate the same team twice. There will be an extensive judge's guidance packet provided in advance of the **SEMI-FINAL ROUND** and the **FINAL ROUND**.

In the **ON-CAMPUS ROUND**, teams will deliver their presentations to a panel of judges that may include university alumni, faculty or prominent members of the business community along with possibly one judge from ACG Cup Northwest. ACG members, executives and professionals from the Northwest business community experienced in deal making, as well as university faculty members and alumni working in the industry may be in attendance. The Liaison may be a judge in the **ON-CAMPUS ROUND** only.

In the **FINAL ROUND**, the teams will be delivering their presentations to different panels of judges than in the **SEMI-FINAL ROUND**. The judge panel for the **FINAL ROUND** will be determined by the ACG Cup Northwest committee in collaboration with the Liaison and the universities. ACG will provide a minimum of four Judges for the **SEMI-FINAL ROUNDS**. In the **FINAL ROUND**, new judges will be provided by ACG, with at least two from Washington and two from Oregon.

All decisions rendered by the judging panels in all competitions are final. There will not be an opportunity to appeal the decisions.

General Rules and Sportsmanship Expectations

- ◆ All participating students, as well as engaged professors, university faculty members, mentors and supporting outside business professionals, are expected to:
 - Display proper business conduct and courtesy throughout the competition
 - Act with good sportsmanship and respect for others in both victory and defeat
 - Agree to abide by community values of respect for others, honesty, and integrity
 - Be polite and patient with teammates, other contestants, the members of the ACG Cup Northwest Committee, and each judging panel
 - Be accountable for their personal behavior.
- ◆ Although the case study presents a fictitious scenario, the participating students' interaction with the academic and business communities is very real. ACG discourages students from engaging in any activities that may damage their professional reputation in either community and/or endanger their employment status.
- ◆ Teams are restricted from sharing information with any other teams within their university or any teams at other participating universities.
- ◆ Obtaining and/or viewing any of the case study materials prior to the official distribution date for the competitions will result in the immediate disqualification of your entire team.



- ◆ Multiple students will participate in the ACG Cup Northwest competition. Therefore, this naturally raises issues related to ownership of the work product and attribution of efforts. We recommend that participating students be sensitive to the issues raised by such case study competitions.
- ◆ Immediate disqualification may result if it is confirmed that a team has stolen information or plagiarized materials from another team.
- ◆ All participating students must follow all rules and regulations specified by their respective university's own Code of Ethics, Code of Conduct, etc.
- ◆ The decision to disqualify a team or university shall be at the sole discretion of the ACG Cup Northwest Committee. There will not be an opportunity to appeal the decision.
- ◆ For complaints, questions, concerns, and/or to report possible rules violations, contact ACG Cup Northwest's Coordinator of Procedures and Processes (see the ACG Cup Northwest Resource Guide, <http://www.acgcupnw.org/resources/>). Any of the above referenced rules may be revised at any time in the interest of fairness for all participating students. Revisions will be communicated to participants as quickly and fairly as possible.

Costs of Participation in ACG Cup Northwest

There is no charge by ACG Cup Northwest to any participating university or team member to compete. The costs related to the case development and administration of the process are borne by ACG Cup Northwest. The costs associated with the execution of the **ON-CAMPUS ROUND** at each university such as arranging for the competition venue, any refreshments, videography, computer resources, etc. are at the expense of that university. The costs associated with the semi-final and final event at the University Club of Portland on March 6, 2020, will be covered by ACG Cup Northwest through its sponsors and admission fees.

Participating universities are responsible for covering their own costs to travel to the **SEMI-FINAL ROUND** and the **FINAL ROUND**.

For Further Information

The ACG Cup Northwest Resource Guide (<http://www.acgcupnw.org/resources/>) has contact information for:

- ◆ the committee
- ◆ hosting/supporting organization leaders
- ◆ sponsors
- ◆ university MBA program coordinators
- ◆ university liaisons
- ◆ judges