



Cass Business School
CITY UNIVERSITY LONDON

WCIB Lombard Prize Submission

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Full-time MBA, 2018-2019

Cass Business School

Executive Summary:

A listed, multinational asset manager with several hundred-billion pounds under management sought to diversify its offering by inorganically adding new investment capabilities across three strategic dimensions.

The project opportunity arose from a presentation at Cass by an ex-Executive MBA – now part of the firm’s Corporate Development team in London. The author identified a project proposal which was accepted and elaborated on by the firm. Having signed an NDA, some details of the sponsoring asset manager and the final thesis are confidential.

The six-month project involved three principal objectives, each completed across the three geographically diverse strategic dimensions:

- Objective 1: A concise, but comprehensive sector strategic outlook.
- Objective 2: An analysis of the acquisition and investment activity of 30 key competitors.
- Objective 3: A list and profiles of up to five potential acquisition targets per dimension, with appropriate screening, due diligence and assessment, that could be actionably pursued.

Additionally, the author attempted to exceed expectations by pursuing supplementary outcomes: firstly, furthering the scope of Objective 3 to include valuations; secondly, including targets that also possessed other capabilities sought by the sponsoring firm.

Key limitations included the private nature of the targets, lack of some necessary database access and that the author was prohibited from contacting target firms, given the possibility of impacting future acquisitions.

The author first outlined the M&A, asset management and the industry consolidation trend, before delineating the firm’s more specific acquisition requirements. An extended review of academic literature applicable to the firm’s acquisition philosophy and the relevant stages of M&A was then undertaken.

The project’s varied nature necessitated a mixed methods design involving the collection and analysis of both quantitative and qualitative data, yielding the most revealing, nuanced and defensible results due its reliance on pragmatism and inclusiveness of surrounding factors, as well as criteria set by the project sponsor. Responding to an acknowledgement that M&A research

has legitimately been criticised for poor use of methodological frameworks, a synthesis of the methodological considerations for modern M&A research was constructed.

The main body of the research was conducted through secondary databases and market data vendors, supplemented by semi-structured interviews within the sponsor, peer-reviewed journals, online articles and industry reports. To identify acquisition targets, flexibility of data-gathering approach was required due to the private nature of the targets, meaning they could not all be assessed along identical criteria. Balancing this asymmetrical information availability required creative and subjective data evaluation to determine target appeal, whilst triangulating primary research, secondary research and ethnographic considerations. Methodology was also shaped through iterative process enhancement during data collection, in consultation with Professor Scott Moeller (also subject to the NDA).

Objective 1: The strategic outlooks were structured around factors of greatest significance to asset managers, with the contents gleaned using thematic analysis from a vast array of relevant industry, news and consultancy reports. The resulting reports were key in facilitating optimal target selection, principally focusing on market size, industry trends, geography, asset class analysis, and sector risks and regulation.

Objective 2: Competitor analysis of 30 European and US traditional and alternative asset managers focused on their acquisitions, in-house investments, target valuations, key management changes and the post-acquisition performance in each sector.

Objective 3: With the surrounding sectors and competitive landscape fully contextualised, the author identified suitable targets, with a shortlist of 13 presented for potential acquisition. The targets were selected based on assessment of the market, strategic suitability, financial/fund performance, management, and having an ownership structure amenable to acquisition.

To value target firms, relative valuation was utilised, with multiples selected on a case-by-case basis depending on the capabilities, size and location of the targets. The profiles were carefully constructed to provide the firm with a concise yet comprehensive overview, with each then ranked by attractiveness.

Given the popularity of acquisitions in these areas, target selection was a dynamic process, with numerous initial selections ruled out due to either the firm already having engaged with them or rival firms investing in them or acquiring them, even during the project. Therefore, the target selection of 13 firms required analysis of 100+ candidates. The firm has since acquired in one of the three areas.

Recommendations for project improvements consisted of use of further databases and analytical features, venture capital style scorecard assessment and exploration of the subsequent stages of the M&A process.

In total, the report required 125 pages, over 30,000 words, 56 figures and 259 references.

Project feedback also resulted in the author receiving two job recommendations from the project sponsor, both at major, publicly listed financial institutions.



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