

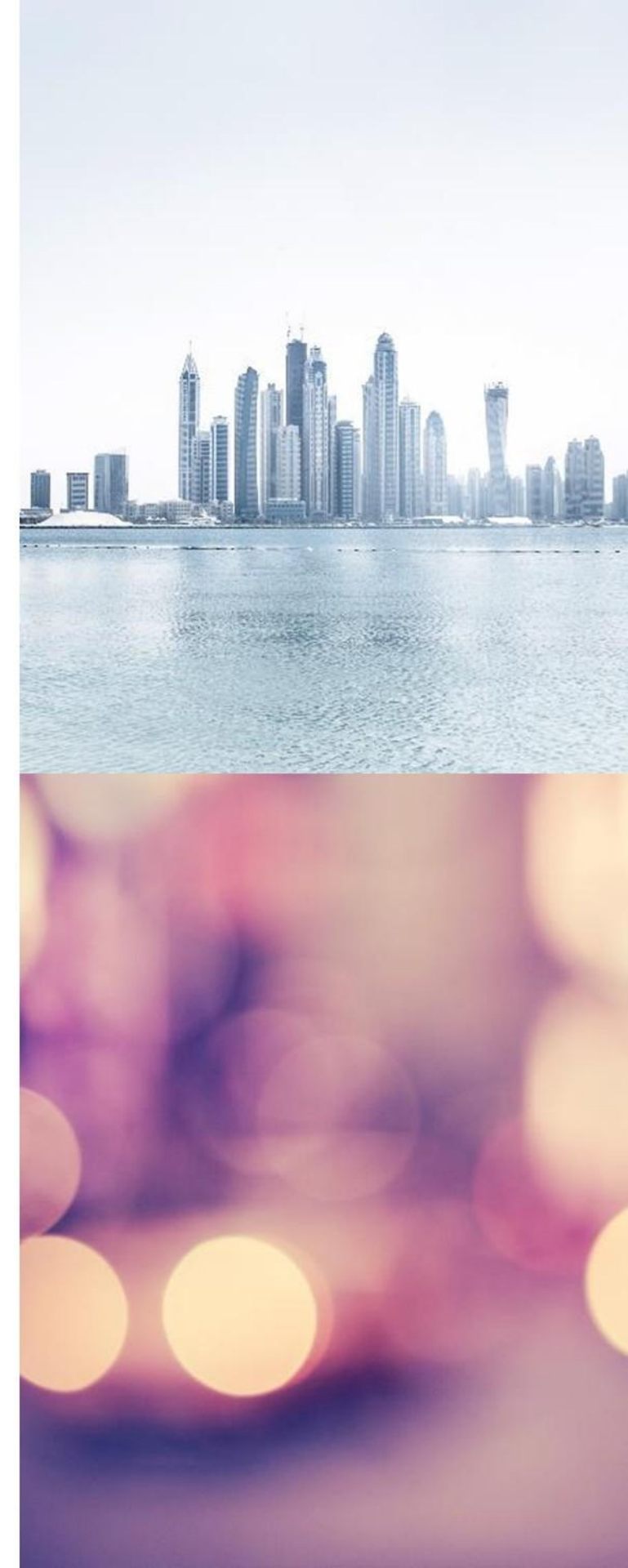


M&A Deal Negotiation Mastery

Turning DD Findings
into Term Sheets

Section

1. Setting the Stage for Strategic Deal Alignment [2 topics]
2. Building Your Negotiation Strategy from Due Diligence [3 topics]
3. Structuring Deal Economics and Risk Sharing [4 topics]
4. Tactical Negotiation Execution [4 topics]
5. Term Sheet Finalization and Internal Approval [2 topics]
6. Learning from Real World Deal Negotiations [1 topics]



What This Course Covers

The Core Problem

- Most negotiators enter post-DD sessions without a mandate or walk-away line.
- They concede on price when they should protect structure.
- This course fixes that.

Course Structure: 6 Sections · 16 Topics · 45 Modules

- Section 1: Strategic Setup for Post-DD Negotiation
 - 4 negotiation levers · IC-ready package · guardrails + fallback positions
- Section 2: Negotiation Strategy from Due Diligence
 - DD findings → price / adjustment / protection / condition demands
 - Valuation bridge: math defending every price change
 - BATNA quantification → walk-away line + non-negotiable conditions
- Section 3: Deal Economics and Risk-Sharing
 - Working capital + net debt adjustment mechanisms
 - Earnout: defined metrics + dispute rules
 - Escrow + indemnification caps + MAE → real termination rights

5. Quantifying BATNA and Setting the Walk-Away Line

Understanding Your Best Alternative

- Every negotiation requires knowing your best alternative before serious discussion begins.
- Negotiation experts call this "**BATNA**", meaning best alternative to a negotiated agreement.
- Your BATNA defines what you will do if this deal collapses.
- Strong alternatives increase leverage to demand better price and protections.
- Without alternatives, you negotiate from weakness because the seller senses dependency.

Calculating Your Alternative Value

- Your alternative has a clear financial value comparable to the current deal.
- Acquiring a similar company for \$200 billion defines your baseline BATNA value.
- You must include time delays and transaction costs when valuing alternatives.
- An extra 18 months plus \$50 million fees reduces effective BATNA value.
- These costs justify accepting slightly worse terms to avoid delay.

The Opposite Side: Your Worst Alternative

- You must also understand your "**WATNA**", the worst alternative outcome.
- This reflects what happens if both current and backup deals fail.
- Worst cases include returning capital and failing to deploy committed funds.
- Knowing BATNA and WATNA defines acceptable negotiation boundaries.



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Tactical Execution, Term Sheet, and Real-World Cases

Section 4: Tactical Execution

- Anchoring: psychological baseline via opening offer
- Concessions: quid pro quo + package deal structure
- Break deadlocks without conceding must-have protections

Section 5: Term Sheet and IC Approval

- Term sheet: lock commercial terms before SPA drafting
- IC memo: negotiated outcome comparison + risk-mitigant matrix
- Fallback positions + walk-away triggers → prevent deal drift

Section 6: Microsoft/LinkedIn Case Dissection

- All-cash fixed price · no-shop clause · termination fee · fast regulatory approval

5-Stage Learning Cycle

- ① Framework → ② Quiz → ③ Case Analysis → ④ Template → ⑤ AI Simulation
- Real cases: LVMH/Tiffany · Fresenius/Akorn MAE · Musk/Twitter · VSE earnout · Dell BATNA
- Each case: apply the framework to a real deal outcome

Case Study: Musk's Price Anchoring for Twitter

How a "Best and Final" Offer Dictated Negotiation Terms

Elon Musk's initial offer of **\$54.20** per share for Twitter serves as a classic example of anchoring in M&A. By presenting a "best and final" price early, Musk established a psychological baseline that limited the board's ability to negotiate for a higher valuation. Despite market fluctuations, this anchor forced the board to evaluate the deal against that specific number, demonstrating how initial figures disproportionately influence the trajectory and finality of complex negotiations.

👉 Find out how the \$54.20 anchor pressured the board.

[Source: Reuters - Twitter can afford to refuse Musk's \\$41 bln bid](#)

The AI Simulation and What You Walk Away With

👉 AI Simulation: Project Velocity

- Role: Head of Corp Dev, Apex Motors (\$5B manufacturer)
- Target: Neural Drive · open-source IP risk · founder defending independence
- Opponent: Chairman Arthur · tests deal logic under executive pressure
- Format: 10 scenarios · instant AI scoring after every response
- You are tested on judgment, not recall:
- Deploy specific numbers + structured arguments under pressure
- Scoring: Theory (40) · Context (30) · Feasibility (30)

🏁 What You Walk Away With

- Build a negotiation package from DD findings
- Defend price adjustments with a transparent valuation bridge
- Structure earnout, escrow, and MAE to protect value at closing
- Draft term sheet + IC memo with downside discipline
- These skills separate professionals who protect value from those who surrender to deal heat.

[M&A Step 4-1] M&A Deal Negotiation Mastery<

○ 15. Structuring the Investment Committee Memo

➡ Quiz for 15. Structuring the Investment Committee Memo

➡🔗 Practical Template: 15. Download the Deal Committee Memo

SECTION 6: Learning from Real World Deal Negotiations

○ 16. Microsoft LinkedIn How to Win Price Certainty And Closing Control

➡🔍 Real-World Analysis: 16. Microsoft's Tactical Victory for LinkedIn

💡 Building AI-Powered Negotiation Skills

○ 🧠 Turning Tech Vision Risks Into Value

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Estimated Valuation: \$400 million

Annual Revenue: \$80 million

Reported EBITDA: \$25 million

Risk Factors: Inventory obsolescence, customer concentration, patent litigation, key personnel retention

Organizational Culture: Startup mentality, fast decision-making, strong founder control

Progress: Question 1 of 10

Task 1 : Structuring Your Internal Negotiation Package

Tip:

Apply Topic 2's 'Four Question Framework' (What is the problem? What does it cost? What will we demand? What if they refuse?) and the 'Guardrails vs Trading Chips' concept to articulate how your Board-approved negotiation package is structured.

James Park (Founder & CEO, TechVision)

Ms. Mitchell, before we proceed with formal negotiations, I need clarification. I heard that in your company's last M&A deal, internal disagreements caused conditions to change repeatedly during negotiations, ultimately killing the transaction. If that happens again, we're just wasting our time. Do the terms you're presenting now actually have final approval from your decision-makers? Please explain your internal approval structure clearly.

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