

## Planned Outcomes Divestiture Planning and Execution



Successful surgery relies on a combination of detailed examinations, effective medical practices, and surgeon experience and intuition. The same is true when a company decides to sell all or part of the business — a transaction can go horribly wrong without accurate and extensive due diligence information. Worse yet, significant value can be lost if deal execution falters post-closing.

Companies often undertake divestitures in multiples, serially or in parallel, to generate capital for future growth opportunities or simply to restructure by shedding non-core business units. These transactions require specific capabilities, from strategy through execution, that may not be readily available in-house. Yet without the required skills, knowledge, and resources, the divesting entity may take on far more risk, sacrifice deal value, and leave substantial stranded costs long after the deal is done.



### **Companies look and function differently post-divestiture**

Once a divestiture is complete, the company is smaller, engages in fewer transactions, and may need to rebalance certain functional areas to align with differences in demand.

# Divestitures require specific capabilities, from strategy through execution, that may not be available in-house at most companies.

## How we can help

Deloitte's Divestiture Planning and Execution practice brings an outside-in perspective to the divestiture process based on thousands of transactions across industries. Understanding that each transaction time frame differs, Deloitte's divestiture practice can help companies balance speed with elegance to manage transaction risk, minimize transition service agreements (TSAs), maximize deal value, and address potential stranded costs.

We work closely with our other M&A practices, such as M&A Strategy, Commercial and Operational Diligence, and Functional Integration and Carve Outs, to provide insights at each stage of the M&A life cycle. We also leverage the audit, financial advisory, risk management, and tax services of Deloitte's network of practitioners to bring the targeted resources to our divestiture planning and execution engagement.

Our Divestiture Planning and Execution services include:

- Separation planning and execution
- Carve-out financial statement development
- TSA strategy and implementation
- Day One and separation readiness
- Stranded cost identification and minimization

## Potential bottom-line benefits

- Increasing shareholder value through rapid, effective transaction execution
- Reducing risk by enhancing business continuity and developing executable TSAs
- Identifying quick wins that give a transaction early credibility
- Enhancing discipline through content-rich, knowledge-based program management
- Reducing disruption by focusing on people and change management
- Retaining customers and employees through rigorous execution of customized playbooks
- Reducing stranded costs by confirming SG&A details don't fall between the cracks

### Learn more

Divestiture planning and execution is one of many distinct areas within M&A. To learn more about how Deloitte can help, visit [www.deloitte.com/us/DivestitureStrategy](http://www.deloitte.com/us/DivestitureStrategy) or follow us on Twitter at [@DeloitteStratOp](https://twitter.com/DeloitteStratOp).

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## Ways you can get more value now

**Define the "after" picture.** During a divestiture, a defined, end-state blueprint can prevent organizational paralysis and speed progress.

**Show results quickly.** Delivering on promises demonstrates that the situation is under control while instilling confidence and maintaining business momentum and continuity.

**Be precise.** The benefits from a divestiture are the reason for the transaction — too important to get lost in the shuffle. Be specific in setting targets, assigning responsibilities and tracking results.

### **Execute on Day One. Repeat.**

A thoughtful plan with interdependencies identified, combined with clear communication across the organization, reduces tension and mistakes. Leading practices recognize that the same focus post-close through a series of 90-day execution waves drives success.

**Remember people.** Transactions can be unsettling, particularly to the people without direct control. Tackle the issue head-on with open, honest two-way communication so the entire organization is informed and invested.

## The big idea

**Thinking about a divestiture from a buyer's perspective can help speed the transaction, manage risks, minimize TSAs, and steer clear of stranded costs.**

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