# Carve-out Planning & Execution



We provide end-to-end leadership in the planning and execution of complex carve-outs, ensuring a smooth separation. We leverage our deep expertise to plan, coordinate, and execute activities.

Our carve-out methodology follows a sequence of vital steps to focus resources and capital on the appropriate areas in a timely manner:

### **Buyer's Carve-out Planning (Diligence)**

- Establish post carveout strategy based on company's vision and value drivers for stakeholders
- Plan the carve-out and transition by identifying parts of the business to be separated and the level and pace of separation
- Design the future state operating model while considering new offerings (product/services) and markets, including strategic technology considerations
- Develop the carve-out financials (including standalone costs, shared services, etc.)

## **Day One Readiness** (Sign and Close)

- Get ready for Day One plan and execute
- Set up the Separation Management Office (SMO)
- Create governance, appoint leaders, assign resources, structure regular communications
- Develop a transition plan, including the Transition
  Services Agreement ("TSA") outlining ongoing operational and associated technology systems provided by the seller post-close and negotiate favorable terms without creating operational risks
- Develop a plan to adjust New Company operating model, as needed

### **Transition & Stand-up Execution** (Post Close)

- Execute Day One activities and initiate transition plan
- Activate SMO to drive transition and eventual separation
- Implement New
  Company's future
  state by employing
  both shorter-term and
  strategic approaches for
  separating from the TSA
  and building the eventual
  optimal enterprise
  architecture

### **Our Difference**

WE LEVERAGE NIMBLE TEAMS
WITH DEEP EXPERTISE TO
DELIVER IMPACT, RAPIDLY.

**FLEXIBLE** — We tailor proven approaches and best practices to the situation at hand.

**EXPERIENCED** — Our consultants have a hybrid of deep expertise in private equity and M&A.

**AGILE** — We balance structure and discipline with an agile mindset which allows us to expedite value capture.

**RESPONSIVE** — We work closely with you, communicate regularly, and are responsive to your requests.

**PROACTIVE** — We identify and address blind spots before they escalate into issues.

We deliver impactful outcomes and deliverables that are essential for the financial, operational, and sustainable success of a carveout.

#### CARVEOUT STRATEGY & PLAN

A thoughtful strategy drives top-down alignment and aligns with the organization's goals. We ensure a thorough approach to considering what is required to stand up a fully independent organization post-close while also rapidly addressing strategic optimization opportunities.

#### COMPREHENSIVE TSA AGREEMENT

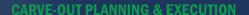
A well-drafted TSA will ensure reduced operational risk, cost containment, and a smooth sunset phase. CBIZ PE Advisory invests the effort to establish the rigor and appropriate amount of flexibility through this document to minimize value loss during the transition.

### SEPARATION MANAGEMENT OFFICE

The CBIZ PE Advisory SMO will enhance the ability to address integration challenges, drive cross-functional communication and resolution of dependency-driven conflicts, and create visibility across all activities.



Paul Herman
Senior Director
267.570.6088
pherman@cbiz.com



# **Expertise In Action**

#### Sample Carve-out Planning & Execution Clients



**Private Equity Fund:** Nova Capital Management



**Private Equity Fund:** Sycamore Partners



**Private Equity Fund:** First Reserve



**Private Equity Fund:** Platte River Equity



Lion Equity Partners







**Private Equity Fund:** Continental Grain Company

### **Case Study**

#### **SUCCESSFUL DAY 1 READINESS**

**INDUSTRY:** Industrial Manufacturing

**SERVICE:** Carve-out Planning & Execution

REVENUE: \$75M

**ISSUE:** A private equity fund negotiated a carve-out of a natural gas equipment manufacturer and required rapid assistance in leading the separation effort for the newly divested entity. With six weeks until close, the client requested a rapid establishment of a separation PMO and senior leader, to lead the effort for the future entity and ensure Day 1 readiness.

**SOLUTION:** Our team conducted a rapid assessment of the separation conditions, placing a senior leader to lead the separation PMO and coordinate the supporting workstreams. Key activities included:

- Established a formal PMO, and worked with key stakeholders to determine and track the critical path to transaction close and beyond
- Reviewed TSA terms, technology requirements, and shared service requirements to understand Day 1 infrastructure and operational needs, and separation risks
- Created a project plan to reach Day 1 stability and post Day 1 TSA separation

**OUTCOME:** The PMO's ability to drive understanding of areas of risk and coordinate stakeholders allowed for a Day 1 event with minimal disruption to business operations. Additionally, CBIZ PE Advisory produced a strategic plan to wind down TSA reliance, and design the long-term infrastructure.