



THE KEYSTONE GROUP

ATLANTA • CHICAGO • LOS ANGELES

# DRIVING SUCCESSFUL TRANSACTIONS: BUSINESS CARVE-OUTS

# KEY CONSIDERATIONS

Early identification of primary goals and upfront planning drive success



## Level of Dependency

Determine the degree to which the carved-out business unit or assets are dependent on the current parent company

### **RISK**

Failing to identify needed assets and resources can cause day-to-day operations to suffer with limited capabilities



## New Platform Integration

Confirm future of carved out assets or business unit and develop associated plans for integration

### **RISK**

Lack of integration planning and execution can put synergies and business continuity at risk



## New Function Development

Identify activities, roles and responsibilities required to build out new business functions, as company reduces dependence on ParentCo

### **RISK**

Missed timelines can extend Transition Service Agreements ("TSA") and risk cost overruns



## Synergy vs. Business

Focus on business continuity and balance synergy initiatives to capture value

### **RISK**

Strained resources or unfocused plans can lead to failure to maximize the full value of the transaction



## Management & Culture

Ensure new roles and responsibilities are communicated to leadership and transaction value is understood across company

### **RISK**

Operating as a business unit is different than operating as a stand-alone entity

# KEYSTONE'S APPROACH

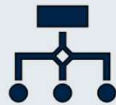
**Whether acquiring a carve-out to integrate into an existing business or stand-up independently, we provide a seamless approach to protect deal value.**

## Carve-Out Profile



Identify desired degree of integration vs. standalone capability across all functions and key transition requirements

## Project Management



Project Management Office ("PMO"), structured reporting cadence and dashboards provide clear progress tracking and identify early red flags

## Functional Checklist



Simple, Excel based tools that provide accelerated transition planning with clear timelines designed to integrate, transition or stand-up new functions

## Transaction Service Agreements ("TSA")



Develop business requirements for continuing needs during transition, incl. price/cost analysis, service level targets, etc.

## Culture



Organize and facilitate sessions with broad spectrum of stakeholders – from Leadership Summit to Strategy workshops

## Communication



Communication addresses needs of all stakeholders, disseminating best practices pre-Close and continuing well beyond Close.

***The Keystone Group supported the rapid carve-out of our portfolio company during the critical transition phase post-acquisition. They expertly worked with the portfolio company to stand up independent functions that are now well positioned for future success. - Private Equity Client***

## CASE STUDY: PARTS MANUFACTURER



**Situation:** A private equity firm was supporting the carve-out of an aftermarket manufacturer for OEMs in the natural gas sector. The transaction gave the PE firm greater strategic focus and investment in the niche segment. The PE funding allowed the new company to expand its product offering, strengthen operations and drive long-term growth.

**Impact:** Keystone supported the overall Project Management Office and provided tactical execution for key initiatives including standing up new functions ahead of schedule, revising operating model to fill organizational gaps, and mitigating transaction process risk related to key industry pitfalls.





# THE KEYSTONE GROUP

A DIFFERENT KIND OF FIRM

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