Splitting Up Without the Pain

How BCG Supports Carve-Outs

CORPORATE DEVELOPMENT PRODUCT SERIES

The Boston Consulting Group (BCG) is a global management consulting firm and the world's leading advisor on business strategy. We partner with clients from the private, public, and not-for-profit sectors in all regions to identify their highest-value opportunities, address their most critical challenges, and transform their enterprises. Our customized approach combines deep insight into the dynamics of companies and markets with close collaboration at all levels of the client organization. This ensures that our clients achieve sustainable competitive advantage, build more capable organizations, and secure lasting results. Founded in 1963, BCG is a private company with more than 90 offices in 50 countries. For more information, please visit bcg.com.

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What is a carve-out— **and why do it?**

These days, many more companies **are rethinking their corporate structures, striving for simplicity to become more agile, respond to shifts in their industries, and cut operating costs. As a result, many more management teams are exploring carve-outs.**

A carve-out is the separation of one part of a business from the rest of that business. It is not necessarily synonymous with "divestiture"—the general term for selling off part of a business—but in many cases, carve-outs are conducted in preparation for the imminent exit of parts of a business. The exit can be realized by a sale, spin-off, or an IPO.

Carve-outs can be very complex or quite straightforward, depending largely on how tightly integrated the original company was. For example, when German utility giant E.ON spun off its conventional power generation, energy trading, and exploration and production business into what became Uniper, a comprehensive carve-out was needed because the new company and its former parent shared tightly integrated value chains and processes. By contrast, ThyssenKrupp's sale of Inoxum required a relatively modest carve-out since the divested units had been running quite independently for years within ThyssenKrupp.

There is plenty to do to get an operational carve-out right—from the precise management of thousands of issues to communication with internal and external stakeholders.

This brochure describes in detail the three crucial stages required to prepare for and execute carve-outs flawlessly, with an emphasis on business value throughout. It provides examples of carve-outs done right, presents "at a glance" lessons learned, introduces BCG's team of carve-out experts, and shares some of BCG's thinking on carve-outs in the broader context of corporate development.

Anatomy of **a Carve-Out** *Done Right*

adidas

In the US, Rockport shoes are something of a legend. Started in the early 1970s in Massachusetts—a state with a proud history of shoemaking—the Rockport brand soon stood for high-quality shoes that resembled traditional styles but were as light and comfortable as athletic shoes, which were then becoming popular. Indeed, Rockport shoes helped to promote walking as a healthy alternative to running.

In 2006, Rockport joined the Adidas Group as part of the Reebok acquisition. But by 2014, Adidas was suffering from falling sales and profit targets, and the company decided to put Rockport up for sale as part of a bigger turnaround effort. Announcing the sale in January 2015, Adidas CEO Herbert Hainer said: "[The disposal of Rockport] will allow us to reduce complexity and pursue our target consumer more aggressively with the Adidas, Reebok, and TaylorMade brands."

The storied Rockport brand had sparked interest from New Balance, another global footwear business whose Drydock brand represented the casual wear part of its portfolio. Supported by private equity firm Berkshire Partners (not affiliated with Warren Buffett's Berkshire Hathaway investment firm), New Balance bought Rockport for $280 million and formed The Rockport Group, a standalone company that is home to several comfort shoe brands, including Rockport, Cobb Hill, Aravon, and Dunham.

To guarantee a fast, smooth sale process, Adidas quickly assigned a cross-functional team to run the highly complex process of carving out Rockport as a viable standalone business. The team soon identified some interdependencies between businesses and legal entities and began breaking them up bit by bit.

But the clock was ticking. To avoid financial penalties for violating deal terms, Adidas had to guarantee an on-time carve-out, with separate legal entities established and the standalone businesses functioning in their key markets. So the company brought in The Boston Consulting Group with the specific mandate of helping establish and run a carve-out project management office.

The mandate was clear: BCG would support the operational carve-out, deliver project management support, and handle interactions with the buyers—New Balance and Berkshire Partners—so that the separation of Rockport could begin in six months, starting with the key markets.

Together, BCG and Adidas set up a function-based team structure to implement the carve-out, with clear issue lists and separate work plans for each function. To ensure an on-time close, the team instituted a rigorous tracking routine, and set up effective reporting mechanisms and escalation procedures. BCG coordinated the multiple efforts and provided Adidas with constant updates.

BCG's activist PMO approach helped contain carve-out costs and identified significant savings

BCG also led the structured interactions with the buyers, giving regular status updates and managing expectations regarding the carve-out. The focus was on negotiating transitional service agreements (TSAs) and identifying services Adidas would continue to provide after the closing of the transaction. BCG also moderated discussions about brand and IP rights and coordinated the legal teams.

Despite significant hurdles due to the deal's complex and time-sensitive set-up, Adidas succeeded in closing on time. BCG's activist program management office (PMO) approach helped contain carve-out costs and identified significant savings by constructively challenging Adidas' traditional operational decisions.

BCG HAS SHARPENED MANY CARVE-OUT INITIATIVES IMAGINE WHAT WE COULD DO FOR YOU

BCG's long experience with major business transformations, which includes every aspect of divestments, means we can help management teams work through their exit strategy decisions. Once those decisions have been made, we are well-placed to help structure and run the operational carve-out and divestiture process.

When it comes to carve-outs, BCG takes a very deliberate, disciplined approach—one that leads to many successful outcomes.

First: We have intimate knowledge of divestitures in every shape, size, and format. In the last five years alone we have supported more than 250 divestitures across a wide variety of industries, many of them including complex carve-outs.

Second: We are keenly attuned to creating value for both the carving and carved-out entity. We create value by combining process excellence with business know-how; with BCG's depth in so many industries worldwide, we have an extensive network of functional experts ready to support your carve-out.

Third: We know exactly where we provide the most value. Given the complexities of the carve-out process, we work together with clients' accountants, legal support, labor lawyers, transaction advisors, and others, coordinating interfaces while focusing on our individual responsibilities and where BCG can create the most value. What we do is complementary to, not competitive with, what the investment banks and accountants do.

What's involved **in a carve-out?**

BCG uses three discrete phases that make it much easier to manage the complexities of any carve-out

It's not the most glamorous of corporate transactions, but an operational carve-out is a vital element of a successful separation. And there is almost always a lot riding on that success. If just one small element of the carve-out process is delayed, it can cause an IPO, sale, or spinoff to be postponed or—worst case—called off.

A carve-out is not easy. It can involve thousands of micro-milestones and metrics. It might involve transferring thousands of employees (See "Transferring Employees During a Carve-Out"). It regularly requires detailed discussions with every one of the organization's stakeholder groups.

There is usually a hefty price tag for the separation—for new IT systems and to redesign multiple processes, for a start. Also, it can lead to dis-synergies and stranded costs. It also involves a major change effort; often hundreds of people across an organization are enlisted to dissolve business processes that may have been in place for decades. And everything needs to happen while the business runs as usual.

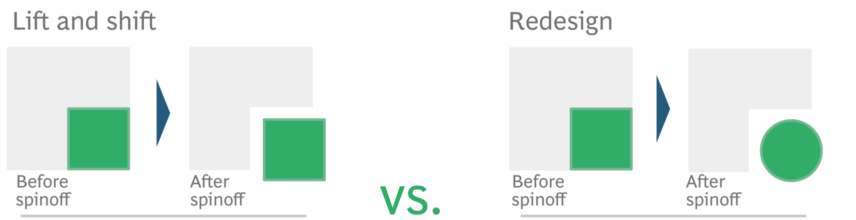
One of the earliest decisions that must be made is whether to follow a "lift and shift" approach to the carve-out or to use the process to do a "redesign." (See Exhibit 1.) The decision depends largely on the time and resources available for the carve-out, the exit strategy, and the synergies that could be realized if the NewCo were redesigned before it is divested.

BCG generally recommends the "lift and shift" approach: it is far faster than a redesign—eight to nine months of preparation as opposed to 15 to 24 months—because processes and structures are transferred as-is from RemainCo to NewCo without concerns about the potential for optimization. Importantly, it reduces disruption to day-to-day operations at RemainCo. Its downside: it involves higher costs in the NewCo's first three years—and big one-time costs for RemainCo—because operational optimization and adaptation have been sacrificed for speed.

After the decision about the approach has been made, it's time to think about the steps involved in an operational carve-out.

BCG's approach involves three discrete phases that make it much easier to manage the complexities of any carve-out and give top management teams clear visibility of the entire process. (See Exhibit 2.) The

Exhibit 1: Choosing the Right Approach



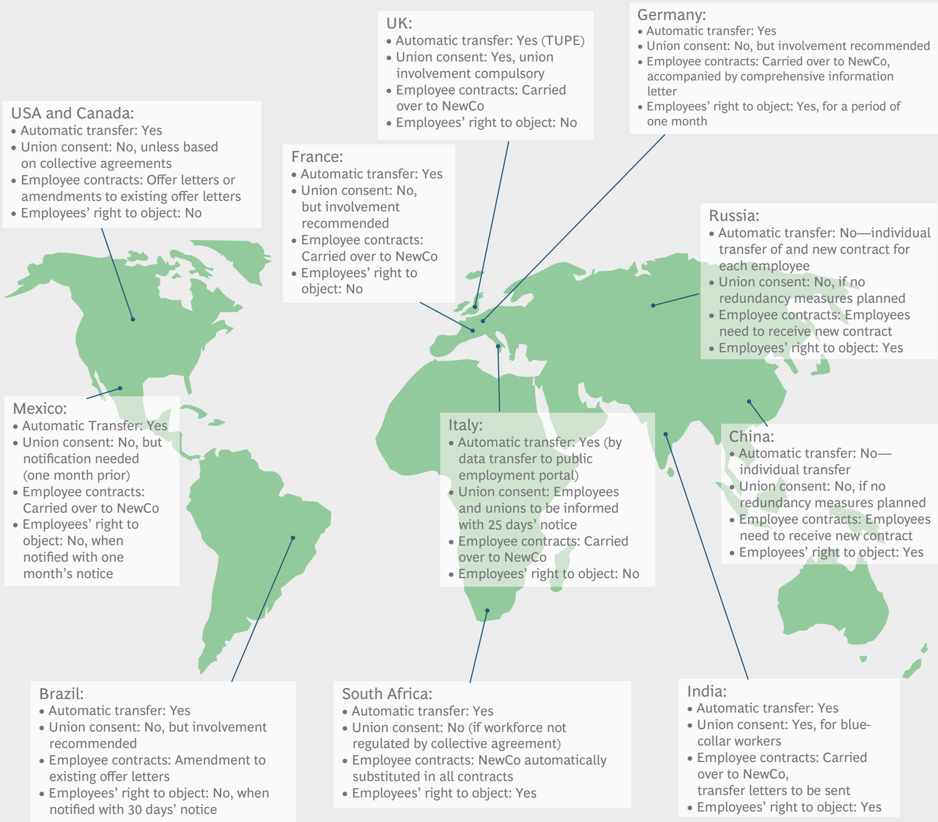
Lift and shift	Redesign
• Focus on speed to minimize the time to spinoff • Smooth transition; reorganization occurs after the spinoff • Higher costs in first years after spinoff for NewCo	• Leveraging the carve-out as an opportunity to reorganize the company • Lengthier preparation, with major issues tackled before spinoff • Potentially lower costs from the start for NewCo

RemainCo NewCo

Source: BCG

TRANSFERRING EMPLOYEES
DURING A CARVE-OUT

At no point must those driving a carve-out lose sight of the fact that employees have a stake in the outcomes, too. Workers want to know—and deserve to know—whether they will still have jobs, what the nature of those jobs will be, and who will now be their employer.



Generally, there are two forms of employee transfer. Employees may be transferred automatically, as in the UK, for example, under Transfer of Undertakings (Protection of Employment), or TUPE, regulations, or by terminating their existing employment with RemainCo and entering into new contracts with NewCo (as in China and Australia). The crucial point about transferring employee contracts is that the working conditions should not be worsened because of the transfer; if they are, then the legislation gives employees the right to object, and the transfer may result in a series of lawsuits.

The employee transfer process will depend on local labor laws, of course, but it will also be driven by the circumstances and structure of the carve-out. Furthermore, it may take several months to reach agreement with unions and worker councils on issues such as employees' benefits packages. And there are different national laws regarding the degree to which employees have the right to object to any restructuring of their jobs. As such, it is essential to start planning the employee transfer process early.

As a starting point, we have drawn from publicly available sources to compile brief overviews of the respective labor law regulations and processes that apply in the following nations*:

*BCG cannot and does not guarantee the accuracy of this legal information and will not be held liable for how the information is used.

Exhibit 2: Three Steps to a Successful Operational Day One

Program design | Diagnosis and planning | Tracking and reporting

DAY ONE

Program design:
- Definition of carve-out structure
- Staffing of key roles
- Establishing a strong project management office

Diagnosis and planning:
- Creation of comprehensive list of pertinent issues
- Development of detailed measures to solve issues

Tracking and reporting:
- Set up a clearly defined reporting cycle
- Select a strong tracking tool

Source: BCG

carve-out starts with diligent program design, followed by a comprehensive diagnosis and planning phase. Finally, in the run-up to Operational Day One, comes the extensive tracking and reporting phase.

Throughout these three phases, BCG always keeps Operational Day One in sight. That key date is never the same as the Transaction Day One date because of: (1) legal reasons (for example, clarity on legal asset transfer agreements); (2) transactional reasons (such as the operational basis for standalone financials); and (3) tax reasons (for instance, legal structures to be established that will optimize taxes). (See box: "Different Day Ones.")

In the pages that follow, we'll look at the three phases of BCG's approach in detail.

DIFFERENT DAY ONES:

- **Transaction Day One:** The day the transaction is executed—that is, the day of listing or the day of signing.
- **Operational Day One:** The first day NewCo is largely separated from RemainCo, with a separate legal and organizational structure, and can be valued as a standalone business entity.

Phase 1: Program Design

The creation of the carve-out project structure and team requires care—and political savvy. Defining the optimum makeup of the carve-out organization will determine not only whether the project will be on time, but also whether the entire endeavor will be successful. In BCG's experience, there are at least three major components to a successful carve-out: an efficient carve-out structure, adequate staffing, and a strong PMO.

The carve-out structure enables the project team to identify and cover all the actual and potential issues. It allows the carve-out to take place efficiently and with minimal distraction from the day-to-day priorities of running the business. Properly designed, the structure will have a clearly defined and transparent escalation route, and it will include direct access to a named board member who can ensure more difficult issues are resolved quickly.

The best structures are built on what we refer to as modules, subsets of work streams that have their own clearly defined objectives and named owners. The structure might rely on functional logic (for example, a module that covers all accounting-related topics) or regional/segment logic (for example, a module that is responsible for all carve-out topics in its country or region). Functional logic often is preferable, since it uses "expert views"—the perspectives of those employees doing the actual work each day—that improve the chances that all the pertinent issues are detected and addressed. That said, functional owners may lack important local insights and they may not have sufficient access to local organizations. BCG recommends a hybrid model for larger carve-outs, where functional modules take the lead and regional/segment modules complement the approach in key regions/segments.

Once the structure is set, it needs to be staffed with the right group of people, each of whom must have the appropriate authority if the separation is to go according to plan. The priority appointments are the carve-out project lead and key module leads, such as those representing IT and HR. We recommend a fully dedicated carve-out lead and dedicated capacity for the module leader crucial to the carve-out. In larger, more complex carve-outs, full-time project team positions are necessary.

Candidates for the role of the carve-out project lead need to bring not only sufficient program management experience but also expertise in many of the issues likely to be encountered. They must also be deeply embedded in the organization, with direct access to all key modules, and have full recognition and endorsement from the top management team. Of course, such candidates will be hard to find, and they will be sorely missed in the positions they leave behind. But the opportunity cost of placing them in the carve-out will be money well spent.

The same factors hold true for the functional module leads. They should be recognized experts with deep reach in the organization. Ideal candidates will have many years of experience; they should know their respective functional teams at company headquarters as well as in the regions.

Later in the carve-out process, when NewCo has been formed, the inclusion of the new entity in the overall program design can be handled by setting up a standalone work stream (it's actually a carve-in work stream) or by having "double-headed" coverage—two module leaders, one from the NewCo and the other from RemainCo, jointly responsible for the progress of the carve-out. This second approach is well proven; it is almost always preferable to a separate work stream.

The final piece of the program design is the formation of the PMO. Given the complexity and size of many carve-outs, we clearly recommend an activist PMO, which, in addition to traditional PMO tasks, interacts with the individual modules, challenges their results, manages interdependencies, orchestrates external advisors, and acts quickly as a task force wherever immediate help is needed. Ideally, each of the main modules has a dedicated and trusted counterpart in the PMO for regular and ad hoc exchanges of relevant information.

BCG ADDS VALUE IN THESE WAYS:

- Helps select the right program design by mapping the company structure against best practices from other carve-outs
- Develops role charters and helps establish clear governance structures for the program
- Supports building and running a strong, activist PMO

Phase 2: Diagnosis and Planning

Diagnosis and planning is the most crucial phase of the carve-out process, and usually the most demanding in terms of time and resources.

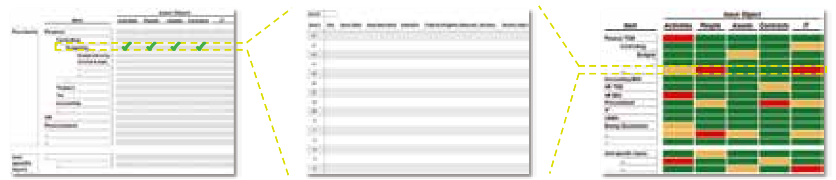
In this phase, the key deliverable is a comprehensive, complete checklist of the pertinent carve-out issues. The list often comprises thousands of issues, clustered by function and structured across geographies. Crucially, this is not an "80-20" approach; the idea is to strive to identify and address all the issues that can and will arise during a carve-out. A good way to start is to look at the existing structure and balance of the intercompany accounts to identify the relations between NewCo and RemainCo.

In BCG's experience, it takes a systematic approach to pinpoint everything that can affect every specific business entity, region, and business function. We recommend that each module—the finance function, say—generates a checklist for each subfunction (for example, controlling) and related activities (the budgeting process, for instance) that needs to be investigated. BCG can bring those function-specific checklists to the table, speeding up the diagnosis and planning phase and making sure that all carve-out issues are identified. To gauge whether an activity is affected by the carve-out and if so, how, the checklist is populated with ideas from the employees "on the ground" since they are the ones who can best identify where the carve-out gaps will appear and how big they will be.

To ensure that the discussions and results are consistent, BCG recommends a common set of categories across functions: activities (what processes are affected by the carve-out); HR (how many full-time employees need to be moved); assets (what facilities, infrastructure, and systems are affected); contracts (which existing agreements will have to be amended, renewed, etc.); and IT (which IT systems, software, applications, and interfaces will need to be moved).

The results are then broken down into individual tasks, moved to a detailed issue list, prioritized and visualized using heat maps and rigor tested by the PMO. (See Exhibit 3.) Rigor testing scrutinizes comprehensiveness, clarity, and clear allocation of responsibilities, with the goal of ensuring that the issues can be tracked and ultimately addressed. To support prioritization of the issues, the list must state the implications in case an issue is not addressed before Operational Day One.

Exhibit 3: Using a Checklist to Move From Issues to Action



A comprehensive checklist...	...builds the basis for an issues list...	...illustrated in heat maps
• Serves as a guideline for discussions • Ensures all relevant items are addressed	• Describes all issues in detail with the implications of each • Provides the basis for mitigation measures	• Serves as a communication tool • Reflects critical items and the relevant issue objects
〉 No detailed content	〉 Includes detailed content	〉 Scoring to be performed

Source: BCG

The issues must then be translated into tangible and actionable mitigation measures. Again, some simple rules will make it easier to handle thousands of issues: (1) each issue needs to be covered by at least one mitigation measure (each mitigation measure can entail several issues); (2) a clear owner must be assigned to each issue; and (3) a detailed milestone plan should be developed for each measure.

When defining the mitigation measure, the question is always the same: how can we bridge the gap created by the imminent carve-out? While some issues will be relatively easy to fix (such as change of address and company name), many will require a decision based on one of three discrete options:

- Building up the necessary processes, people, assets, and IT set-up at NewCo
- Sourcing externally from third-party providers
- Or sourcing from RemainCo using a transitional service agreement (TSA) or a longer-term service-level agreement (SLA).

When selecting the right option, it's essential to keep the timeline and costs in mind. BCG recommends opting for additional TSAs when timelines are particularly tight, even if it means that the issue is not wholly resolved in that time frame. Furthermore, it can often be more cost-effective for both the NewCo and the RemainCo to receive services via a TSA. For instance, procurement, especially of nonstrategic material, is an area where it may cost less to keep group bundle contracts in place and source jointly instead of breaking the contracts apart.

The final step of the second phase is development of a detailed milestone plan laying out all the measures. Once all the measures have been captured, it's possible to spot the dependencies among them and to make plans to remedy or at least mitigate those interdependencies. Once aligned, the plan then becomes the blueprint for implementation of the carve-out.

In phase 2, the key deliverable is a complete checklist of the pertinent carve-out issues

The diagnosis and planning phase should also be used to define the guiding principles for the carve-out execution, to develop standards, and to set up and manage a meeting routine. What works well, in our experience, are weekly update meetings on module level, biweekly operational steering committee meetings that involve the function heads, and monthly executive steering committee meetings. These sets of meetings should follow well-defined guidelines and provide regular updates on the status of each function as well as on the decisions that need to be made.

BCG ADDS VALUE IN THESE WAYS:

- Helps compile the comprehensive issue list
- Sharpens and maintains the focus: there can be thousands of issues, but not all are critical
- Ensures that each critical issue has appropriate measures, a clear timeline, and a dedicated owner
- Uncovers and considers all interdependencies when compiling the overall work plan

Phase 3: Tracking and Reporting

To ensure proper execution of all measures along the defined milestone plan up to Operational Day One, it's necessary to track and report all activities. Although teams across the organization are responsible for the implementation of the measures relevant to them, the PMO is the switchboard that should oversee the central tracking and reporting.

In BCG's experience, two factors are crucial for the success of this phase (and therefore for the timely implementation of the carve-out): a clearly defined reporting cycle and a proper tracking tool. (See the sidebar "OSRAM's rapid on-time carve-out relied on activist program management.")

Defining the reporting cycle means clearly stating who and what reports where: What are the reporting lines and responsibilities of the modules, the PMO, and the steering committee? Although the details may vary case by case, we have found that best practice in reporting cycles involves detailed, standard reports from the individual modules that are the subjects of regular, frequent discussions between each module and the PMO. Critical topics or conflicting interdependencies among issues then are either addressed immediately or—based on the defined rules and responsibilities—escalated to the steering committee.

The tracking tool itself needs to be the backbone of the reporting cycle. When selecting the right tool, these criteria should be considered: it should be the "single source of truth," providing real-time access to all data across modules; it must have powerful reporting capabilities, enabling features such as automated reports and effective filters; and it must be easy for all users to learn quickly.

Conventional spreadsheets typically fail to meet those requirements because they require manual consolidation of input sheets, do not allow for real-time monitoring, and offer no automated reporting. In most cases—especially in carve-outs that involve several thousand measures—we strongly recommend using

BCG adds value in these ways:

- Helps establish and run efficient reporting cycles
- Provides proven tools to track and steer the process
- Helps identify and resolve critical issues and interdependencies

Osram's rapid on-time carve-out relied on activist program management

OSRAM

In 2010, Siemens decided to spin off its wholly owned subsidiary Osram, one of the world's oldest and largest lighting companies. The spinoff was executed in a July 2013 IPO, with Siemens retaining about 20% of its equity. In April 2015, the management team of Osram opted to make another big strategic move, separating its traditional B2C lighting business from its B2B-focused business, which is centered on LED lighting technology, special lighting and solutions.

The newly formed company, later to be called LEDvance, was expected to have about 10,000 employees, a presence in more than 120 countries, and yearly revenue of roughly $2.5 billion. In June 2015, Osram's CEO announced that the goal was to complete the ambitious operational carve-out within one year and the physical separation of the asset soon after.

To achieve this, the company set up two internal project teams, one to perform the worldwide operational separation of the previously highly integrated traditional lighting business and the other to handle the divestiture of LEDvance.

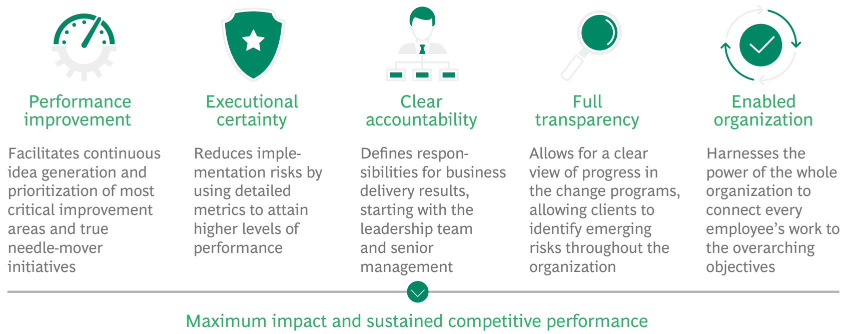
The team in charge of the operational separation of LEDvance included more than 100 people over the project's duration. Even so, given the size and complexity of the project and its tight timeframe, outside expertise was sought to ensure success—from law firms and tax advisors to accountants and IT consultants.

Central to the success of the carve-out was an activist project management role that relied on a function-based team structure, with clear issue lists and separate work plans for each function. More than 20 separate work streams came under the PMO's purview, each following a rigorous tracking routine to ensure an on-time close for the deal, and each having its own effective reporting mechanisms and escalation procedure. BCG supported HR and the IT work stream as well as the central PMO during the cut-over (the change from the old computer systems to the new ones) to ensure that the operational separation was completed on time.

Despite the complexities and the time pressure, Osram signed an agreement with a consortium headed by Chinese LED specialist MLS. The deal was inked just a few weeks beyond the 12-month objective set by Osram's CEO; it closed early in March 2017. The key factors behind such a successful operational carve-out were effective activist project management as well as efficient orchestration of all internal and external parties over the duration of the project.

a web-based tracking tool. BCG's web-based KEY by BCG tool offers administrative advantages such as access rights and allows the PMO and project lead to track all activities while easily creating reports that provide immediate views of the milestones most at risk, pinpoint and resolve interdependencies, and so on. (See Exhibit 4.)

Exhibit 4: KEY by BCG Is Our Solution to Drive Change and Improve Performance



Source: BCG

IT separation: **The elephant in the carve-out room**

The separation of IT systems and assets is frequently the most demanding, longest, and ultimately most-expensive element of any carve-out.

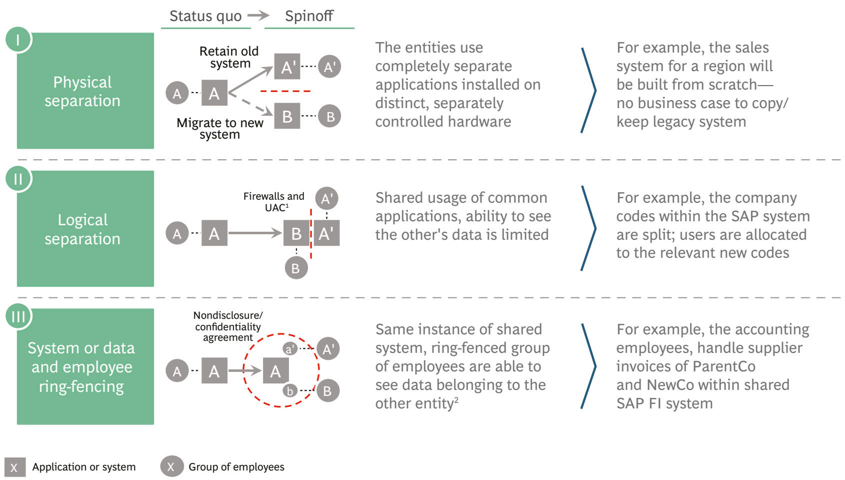
IT separation runs through the same three phases as all other carve-out elements, but its final implementation can take much longer—even stretching far beyond the NewCo's Transaction Day One.

The most important part of the program design phase is determining the effect the spinoff will have on IT. The complexity of most IT landscapes, and the effort required to understand and assess them, can often make it impossible to do a complete separation within the core carve-out timeframe. But legal and operational reasons may call for immediate separation.

To address those two factors, the project team needs to decide as soon as possible what must absolutely be executed immediately and which activities can be pushed further out. Once that decision has been made, there are different options for separating IT systems and applications (see Exhibit 5).

The planning phase then breaks down the selected form of separation into individual IT changes that must be aligned with the business operations. After identifying and resolving any critical interdependencies with other IT projects and non-IT work streams (such as HR), the project team must set out a detailed implementation plan that includes clear activities, timelines, and responsibilities. Also needed: a robust delivery approach to IT spinoff (for example, identifying governance bodies) and to securing implementation capabilities, such as the availability of key business and IT resources as well as IT suppliers.

Exhibit 5: Evaluating Your Options for Separating IT Systems and Staff



Source: BCG
Note: A = parent before spinoff, B = NewCo, A' = RemainCo.
¹User-controlled access
²Nondisclosure/confidentiality agreement needed

The implementation phase ensures that relevant applications are adjusted and IT infrastructure is separated as laid out in the implementation plan. Thousands of IT-related changes—from tangible activities such as moving workplace equipment to the re-configuration of SAP enterprise resource planning systems and the migration of applications and data to new servers—must be executed with precision and thoroughness to ensure that NewCo and RemainCo operate smoothly from Operational Day One.

BCG supports clients across all three phases of IT separation. Our deep expertise in large-scale IT transformations and our industry-specific IT know-how are the cornerstones of how we help with this crucial carve-out element; the IT architecture and implementation management experience of our subsidiary Platinion makes our involvement invaluable.

LESSONS LEARNED FROM SUCCESSFUL CARVE-OUT PROCESSES

DO

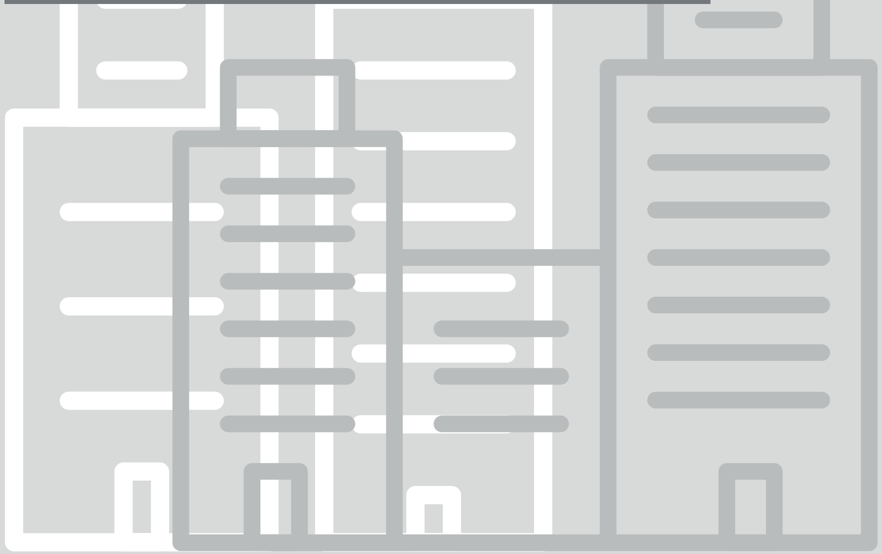
- **Be pragmatic: develop additional transitional service agreements (TSA) instead of breaking the timeline.**
- **Leverage your organization: this is where the expertise sits and things need to get done.**
- **Stay focused: thousands of issues, but not all are critical. Work on the critical path.**
- **Staff sufficiently: successful carve-outs are won with many hands and feet.**

DON'T

- **Distract or delay anyone involved with the carve-out—for instance, with unnecessary or unclear templates.**
- **Underestimate complexity: 1 module, 100 issues, 1,000 steps to mitigate.**
- **Lose track of timeline: no room to maneuver or postpone the deadline.**
- **Overlook conflicts: for each asset or FTE you move, there is a story behind it.**

BCG'S CORPORATE DEVELOPMENT PRACTICE ENCOMPASSES:

- More than 130 partners and 700 trained professionals across all seniorities, all with significant experience in corporate development and corporate finance.
- Teams that always combine a specialist's in-depth knowledge with our proven industry expertise, bringing strategic know-how to all industries and geographies.
- A "solution first" mindset that means we help to constructively manage the deal-making process while not missing the strategic view or the devil that's in the details.



Meet **Our Team**

BCG's experts represent a rich and diverse group whose experience comes from solving the key issues faced by companies around the world. For every focus area, we also have local experts who provide pivotal insights into the dynamics of individual markets.

Dr. Jens Kengelbach
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Dr. André Kronimus
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Transaction CENTER

BCG's Transaction Center is the hub of the firm's global M&A expertise and provides businesses with end-to-end transaction support, including strategic decision-making in mergers and acquisitions, preparing and executing divestitures, and supporting IPOs and spinoffs. The Transaction Center combines BCG's deep sector expertise with our comprehensive knowledge of, and experience in, all aspects of M&A across all sectors and industries. These services complement the process-focused offerings of investment banks. With more than 300 professionals worldwide, we concentrate on the commercial drivers of the business plan and equity story. We help both corporate and private equity clients execute deals efficiently and more importantly, maximize value.

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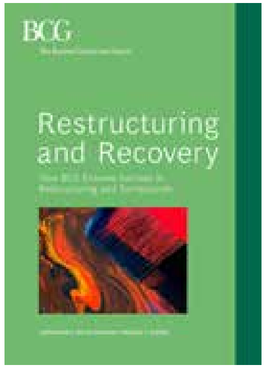
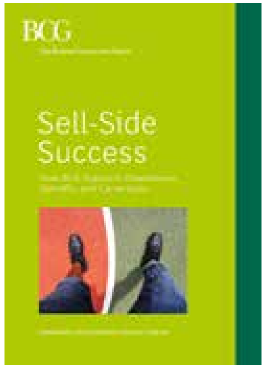
Read *All About It*

Our clients operate in nearly every industry and region around the world, and they come to us for fresh approaches to the issues that matter most to them. Through a rigorous analysis of each client's individual situation, we develop customized solutions that meet the organization's specific needs. The case examples here illustrate how we help clients sharpen their capabilities, create value, and deliver sustainable advantage.

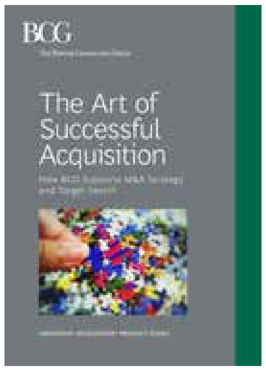
Corporate Development Product Brochure Series



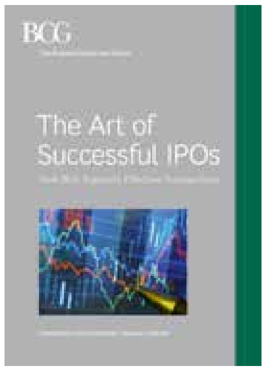
Restructuring and Recovery: How BCG Ensures Success in Restructuring and Turnarounds



Sell-Side Success: How BCG Supports Divestitures, Spin-offs, and Carve-outs

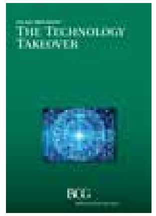


The Art of Successful Acquisition: How BCG Supports M&A Strategy and Target Search



The Art of Successful IPOs: How BCG Supports Effective Transactions

Articles and Reports



The 2017 M&A Report
The Technology Takeover

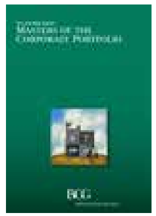
How do companies rapidly access the technologies that can advance their businesses and integrate them successfully with their current operations? For an increasing number, the answer is to buy rather than try to build: acquisitions of high-tech targets have become an instrument of choice for buyers in all sectors.

Sustainably Successful Spinoffs Need a Strategy

How can executives ink demerger deals that generate long-term value? They need to craft and communicate a cohesive long-term strategy. That means weighing three critical considerations: portfolio logic, parenting strategy, and portfolio balance.

Creating Superior Value Through Spinoffs

The number of spinoffs has increased dramatically in recent years—and for good strategic reasons as well as financial ones. But there is a wide spread in the value created by spinoffs. In this article, BCG recommends four critical steps to help ensure top-quartile performance.



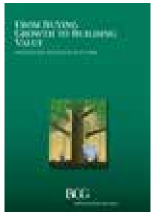
The 2016 M&A Report
Masters of the Corporate Portfolio

Companies can transact their way to value creation, but it takes practice and a commitment to M&A as a strategic lever akin to innovation and geographic or market expansion. In this year's M&A report, BCG explores the success of the "portfolio masters"—companies that consistently reshape their corporate portfolios, using both acquisitions and divestitures as essential components of their strategy.

The 2017 Value Creators Rankings
How Top Performers Outpace the Market—for Decades

A deep dive into value creation reveals an elite group of consistent outperformers—companies that have delivered outstanding value creation over two full decades, as seen in the 2017 Value Creators Rankings from BCG. How they do this provides some valuable lessons for others seeking to deliver strong and sustainable results for their shareholders.

The 2016 Value Creators Report
Creating Value Through Active Portfolio Management
Relatively few companies can become top value creators—and fewer still are able to sustain top performance over time. Doing so requires continually adapting value creation strategy to changing circumstances and new starting positions. BCG's latest Value Creators report points to active portfolio management as one of the most powerful ways to drive continual adaptation.



The 2015 M&A Report
From Buying Growth to Building Value
2014 saw double-digit increases in M&A activity worldwide. Divestitures continued to be a vital source of M&A activity. As economies improved, corporate cash reserves grew, and financing remained cheap, the question became "How do we spend the money?" However, there were big questions over whether companies could generate value by buying their way to growth.

The New CEO's Guide to Transformation: Turning Ambition into Sustainable Results
A change in leadership offers a critical window of opportunity to implement true transformation. Indeed, stakeholders expect changes to occur when a new CEO is hired. The message for incoming leaders is clear: Take action immediately. This report is a playbook for new CEOs. It lays out how and where to start and provides a transformation framework.

For Further Contact
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