

CORPORATE DIVESTITURES

A MERGERS AND ACQUISITIONS BEST PRACTICES GUIDE

WILLIAM J. GOLE
PAUL J. HILGER



WILEY

JOHN WILEY & SONS, INC.

CONTENTS

PREFACE		XI
ACKNOWLEDGMENTS		XV
CHAPTER 1	INTRODUCTION	1
	1.1 Overview	2
	1.2 Characteristics of Corporate Divestitures	3
	1.3 Transaction Model	10
	1.4 Staffing Model	15
	1.5 Enabling Principles	23
	1.6 How This <i>Guide</i> Can Help Key Points	27 30
	Appendix 1A Divestiture Activity by Standard Industrial Classification: 2002 to 2006	32
	Appendix 1B Aggressive Divesters: 2005 and 2006	33
CHAPTER 2	STRATEGIC ASSESSMENT	34
	2.1 Overview	35
	2.2 Strategic Assessment Process Steps	36
	2.3 Analyze Portfolio and Consider Alternatives	37
	2.4 Opt for Divestiture	41
	2.5 Position the Organization for the Divestiture	46

	2.6	Next Steps	52
		Key Points	52
CHAPTER 3		DIVESTITURE PLANNING	54
	3.1	Overview	55
	3.2	Planning Phase Process Steps	60
	3.3	Approval	62
	3.4	Organization Plan	70
	3.5	Retention Plan	74
	3.6	Assembling the Divestiture Team	78
	3.7	Development of the Divestiture Plan	86
	3.8	Development of a Communication Plan	89
		Key Points	95
	Appendix 3A	Illustrative Divestiture Timeline	96
	Appendix 3B	Retention Planning Document	99
	Appendix 3C	Weekly Action Item Control	102
	Appendix 3D	Communication Plan Outline	104
	Appendix 3E	Issues and Resolution Control	106
CHAPTER 4		PREPARING FOR THE TRANSACTION	108
	4.1	Introduction	109
	4.2	Preparation Phase Process Steps	110
	4.3	Engagement of External Resources	111
	4.4	Validation of the Transaction Structure	120
	4.5	Development of Selling Materials	122
	4.6	Identification of Potential Buyers	131
	4.7	Preparation of a Data Room	134

	4.8	Overview of the Phased Disclosure Process	136
		Key Points	139
		Appendix 4A Illustrative Data Room Information Listing	140
CHAPTER 5		DISENTANGLEMENT	143
	5.1	Disentanglement: Preparing the Business to Be Separated	144
	5.2	Disentanglement Process Steps	146
	5.3	Gathering Information	149
	5.4	Determining the Required End State	158
	5.5	Developing the Disentanglement Plan	166
	5.6	Quantifying the Disentanglement Costs	170
	5.7	Executing the Disentanglement Plan	177
		Key Points	180
CHAPTER 6		MANAGING THE SELLING PROCESS	182
	6.1	Selling Process: Show Time	183
	6.2	Selling Process Steps	185
	6.3	Announcing the Intention to Sell	188
	6.4	Marketing the Business	200
	6.5	Due Diligence	210
	6.6	Bidding and Negotiations	217
		Key Points	220
CHAPTER 7		STRUCTURING THE TRANSACTION	222
	7.1	Structuring the Divestiture Transaction	223
	7.2	Structuring Process Steps	225
	7.3	Bringing in the Required Expertise	227

7.4	Analyzing Alternative Transaction Structures	231
7.5	Drafting the Agreements	242
7.6	Negotiating the Agreements	257
7.7	Complying with Regulations	266
	Key Points	270
CHAPTER 8	CLOSING	272
8.1	Closing, Transitioning, and Learning	272
8.2	Closing Process Steps	273
8.3	Closing the Transaction	274
8.4	Managing the Postclosing Transition	277
8.5	Conducting a Postdeal Process Assessment	280
8.6	Final Thoughts	282
	Key Points	290
	INDEX	293