

Divestiture PMO Under Deal Deadline

DayBlink Consulting supported an organization during a carve out by organizing data and managing communications with auditors and potential buyers



Introduction

An international manufacturing group was being divested by a multinational conglomerate. The group faced considerable pressure to complete the deal on time since the prior sale was halted by the pandemic. The Finance team had limited staffing to support the divestiture and required deep knowledge of the business to gather necessary data and support for the auditors and potential buyers. The company engaged DayBlink Consulting to provide audit PMO and provide advisory support throughout the due diligence process.

Leveraging our divestiture support experience, we developed a strategy to manage the numerous workstreams necessary to complete the project. We engaged with the key stakeholders to understand their concerns and identify potential impediments to success.

Our support of the Finance team allowed the sellers to focus on obtaining the best price for the subsidiary. The resulting project was completed on-time, leading to satisfied stakeholders within all participating companies.

Problem

The organization faced considerable pressure to complete the divestiture on time but lacked the necessary specific expertise to ensure success

Our client was facing the prospect of another intrusive due diligence to complete its divestiture. The Finance team was short staffed due to pandemic-related staff turnover and internal movement within the company. This led to missing expertise surrounding organizing and analyzing large amounts of transaction data necessary for the divestiture.

The divestiture required considerable amount of financial data, including financial statements, transaction-level details, reporting metrics, plus the necessary follow up questions that arose during due diligence. All of this work needed to be completed within a four month timeframe to allow buyers sufficient time to make bids and ask questions.

Company leadership was keen to complete the transaction as soon as possible and required constant updates on data gathering and movement towards completion. Our consultants needed to provide regular status updates to multiple stakeholders to ensure everyone was aware of issues and progress.

Lastly, the group auditors were based in Switzerland while the client itself was based in Texas, requiring extensive navigation of timezones and cultural differences. DayBlink Consulting was expected to manage communications with the auditors and due diligence teams to ensure timely communication..



Limited Timeframe

Leadership wanted the divestiture done as soon as possible to minimize potential disruptions



Multiple Stakeholders

The divestiture created numerous stakeholders between the buyer, seller and third-party advisers



Resource Constraints

The Finance team faced staffing shortages that prevented the team from performing much of the data collection and analysis



Data Disorganization

The divested company faced data limitations due to using an ERP from more than 15 years ago that struggled to stay afloat



Competing Interests

The buyers and sellers faced competing priorities regarding final sale price and needed to feel a fair deal was reached



International Approval

The transaction faced approval from the U.S., E.U. and Asian regulators

Solution

DayBlink Consultants supported the Finance team throughout the divestiture

To address the competing stakeholders, DayBlink Consulting developed a strong working relationship with leaders of the Finance team and the primary auditors. This relationship allowed the team to properly gather the necessary support for all phases of the financial statement audit and lay the foundation for future due diligence support. As part of the two year audit, the auditors required support from all aspects of the business, including financial institutions across three continents, manufacturing plants in four countries, and sales teams across the United States. Each piece of evidence required DayBlink to perform a preliminary review to ensure the accuracy and minimize follow up questions. The consultants worked closely with operations personnel to identify the necessary points of contact and automated data collection and analysis when possible.

As the audit progressed, DayBlink hosted weekly meetings with the auditor, parent company leadership and the divestiture Finance team. Given our domain knowledge and expertise, we led these meetings to ensure all parties were

informed of the overall progress. During these meetings we presented detailed executive summaries showcasing the project progress.

Once the auditors opined on the financial statements, the remaining bidders sent detailed questions about the financial performance of specific groups within the company. DayBlink continued to support the Finance team by extracting data from SAP to form the foundation of the response. We also were the primary point of contact for all due diligence firms, collecting their questions and organizing responses from various part of the organization.

Once the parent determined the winning bid, we became a primary contact point for all Finance related questions, ensuring a smooth transition to new ownership.





Outcome

We helped our client successfully gather the necessary data to close the deal

DayBlink Consulting's engagement allowed the client to gather and organize more than a thousand data documents in less than four months. This data led to the production of the financial statements and supporting schedules needed to complete the transaction.

Upon review of the financial details, the buyers posed detailed questions and analysis. DayBlink supported the client by answering those questions and providing additional data to support conclusions.

Our support was acknowledged by leadership across Big Four Partners, parent company board members, and the new buyer's leadership team. This support and trust paved the way for DayBlink to continue working with the client on similar audit data support over multiple years.

1,000+

Documents provided to auditors

\$500M+

Deal completed

Making the Case for Divestiture Support

When a company decides to divest an operating group it results in many new stakeholders that need support. Hiring a trusted advisor to support the core Finance team ensures that the organization reaches the relevant milestones on time to capture deal value. We accelerate the deal closing timeline and success likelihood.

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