

An aerial photograph of a two-lane asphalt road that curves through a dense, lush green forest. The road is dark grey with white lane markings. A small dark car is visible on the road, navigating the curve. The surrounding forest is thick with trees, creating a textured green canopy. The lighting suggests a bright day, with some shadows cast on the road and forest floor.

The Hidden Cost of Carve-Out Complexity

A Leadership Guide to Deal Confidence

Dear reader,

Carve-outs are among the most demanding transactions a company can undertake and among the most underestimated. Too often they are treated as an ordinary sale with some additional operational work. They are not. A carve-out is a strategic shift, a transaction and a business transformation happening at once, under the same deadline and scrutiny.

At Sol Advisory we have built our practice around this reality. We are a specialist corporate finance boutique focused on corporate carve-outs, alongside technology M&A. With a team that has completed more than 100 transactions and carries over 50 years of top-tier experience. We have sat on the advisory-side of these transactions often enough to know where value quietly leaks away and, more importantly, what it takes to keep it.

This report sets out what we have learned and is centred around our central conviction: in a carve-out, deal certainty is not a given. It must be engineered and the work that determines success happens long before a buyer is ever in the room.

I hope you find it useful, and we would welcome the conversation.

Warm regards,



Gosse de Jong

Founder & Managing Partner
Sol Advisory



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Executive summary

Carve-outs are among the most valuable moves a company can make, and among the most likely to disappoint. Across more than 4,500 European transactions, carve-outs change hands at an 11% discount and are roughly 1.5x more likely to be aborted than other deals. The cause is rarely strategy. It is execution, and the fact that transactions and separations are usually dealt with separately.

What you will find in this report:

- The value opportunity and the execution gap: where the 11% discount comes from, and why it is addressable.
- The six most common carve-out pitfalls: the assumptions that quietly erode value and deal certainty.
- The 3D Divestment Model™: Define Strategically, Design Holistically, Deliver Rigorously; how each phase resolves those pitfalls.
- Seven leadership shifts: what to change in corporate portfolio management, preparation and execution, with a 15-question readiness scorecard to test against.

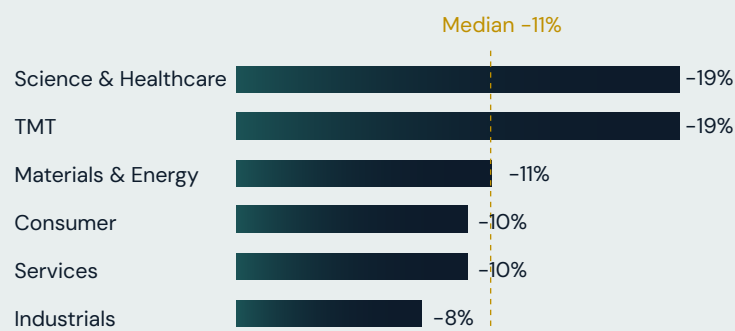


01. The value opportunity and the execution gap

Carve-outs can sharpen focus, release capital and reward disciplined sellers and yet they still trade at roughly an 11% discount and are about 1.5x more likely to be aborted than other deals. This chapter shows why that gap exists, and why deal certainty in a carve-out has to be engineered rather than assumed.

Exhibit 1 | Carve-outs sell at a discount across sectors

Median valuation discount of carve-out M&A transactions vs. comparable non-carve-out M&A transactions.



-11%

Median EV / EBITDA discount across all carve-outs

1.5x

Carve-out M&A transactions more likely to be aborted vs non-carve-out M&A

Source: Sol Advisory analysis based on aggregated market data, European transactions 2019-2025.

Carve-outs represent a unique opportunity to create substantial value. When strategic intent, transaction execution and operational separation follow an integrated approach, they can sharpen corporate focus, unlock capital and position both the divested business and the remaining organisation for stronger performance. The market evidence is compelling: companies completing two to four divestitures over a four-year period delivered approximately 9% higher cumulative total shareholder returns than the market over a multi-year horizon¹.

Executed well, divestments are not last resort clean-up exercise; they represent substantial value-creation potential.

A meaningful share of that value is lost before a divestment takes place. Our research across more than 4,500 completed European transactions between 2019 and 2025 indicates that carve-outs transact at an 11% discount versus non-carve-out transactions². Carve-out discounts appear across every major sector. This is the price the market ascribes to separation complexity, limited visibility on a business unit's standalone economics and execution uncertainty. In essence, this presents unrealised value to be unlocked. However, this discount can be minimised by increasing the buyer's confidence.

Sellers who define the perimeter early, develop credible carve-out financials and design and deliver a rigorous separation turn a "complex asset" into a well-defined, standalone business that buyers can appropriately price, minimising the typical carve-out discount by increasing buyer confidence.

The current market reality is that carve-outs present materially higher execution risk. Our analysis demonstrates that carve-out transactions are approximately 1.5x more likely to be aborted than non-carve-out transactions³.

In a carve-out, deal certainty is not a given. It must be engineered.

Many carve-outs fail to capture their full valuation potential.

- The strategic rationale and transaction perimeter remain insufficiently defined.
- Separation design starts too late.
- Delivery is left to teams without sufficient capacity or specialist carve-out experience.

Buyers price in the resulting uncertainty, and deal confidence weakens. They discover these issues during due diligence, leading to valuation haircuts, reduced transaction momentum, increased renegotiation risk, more onerous terms and, in some cases, deal failure. The absence of a holistic approach to separation strategy and transaction execution is a leading cause of carve-out failure.

Carve-outs require their own execution discipline: an integrated approach that connects M&A, strategy, transaction execution and operational separation by design. Every carve-out demands hundreds of decisions that trade transaction value against separation feasibility. Handled in one cockpit, with both objectives in view, those trade-offs compound value instead of destroying it.

Introducing: the Sol Advisory 3D Divestment Model™

The 3D Divestment Model™ sets the standard for how leaders should approach carve-outs.

The model is built on a core insight: most delivery problems are really strategy or design problems, discovered or addressed too late.

Rather than treating carve-outs as transaction execution exercises, the model helps leaders answer three critical questions:

- **Define Strategically:** Should we separate, and why?
- **Design Holistically:** How should we separate?
- **Deliver Rigorously:** How can we execute with confidence?

Together, the three phases answer the strategic, operational and execution questions that determine carve-out success.

The model increases execution certainty by initially prioritising strategic clarity over speed, integrating M&A and separation planning from the outset, and focusing leadership attention where it creates the greatest value. The 3D Divestment Model is built on our team's experience across 100+ completed transactions, more than 50 years of global transaction experience, and 15+ complex carve-outs.

For CEOs, CFOs and Corporate Development leaders, it provides a practical roadmap to preserve value, protect business performance and build deal confidence.

The Sol Advisory 3D Divestment Model™

Define Strategically, Design Holistically, Deliver Rigorously.





02. The six most common carve-out pitfalls to avoid

Acquisition experience risks breeding a false confidence: teams assume the M&A playbook transfers to a carve-out and it does not. This chapter confronts the six misconceptions that repeatedly derail otherwise capable deal teams and potent transactions, and shows where value quietly leaks away.

Companies often approach carve-outs with confidence borrowed from M&A experience, only to learn the hard way that the playbook does not translate.

A carve-out is not simply a sale process with additional work. It is a simultaneous strategy, transaction and business-transformation exercise. It requires a different approach, and different skillsets in the room.

Three realities make carve-outs different:

- Failure can severely damage value, credibility and stakeholder trust (the exposure and number of workstreams far exceed a standard M&A process).
- Execution places heavy demands on management attention precisely when business performance must be protected.
- The specialist separation experience required is rarely available in-house at sufficient scale.

"In our experience, most carve-out 'delivery' problems were really decisions no one made early enough. The complexity was always there, it just stayed invisible until a buyer put a price on it."

– Gosse de Jong, Founder, Sol Advisory

Yet, many organisations still approach divestments reactively, underestimate separation complexity and treat operational separation as a downstream execution matter. By the time that complexity becomes visible, sellers have less time, less leverage and fewer options. Moreover, TSA's and Day-2 preparations may imply sustained operational complexity far beyond M&A closing.

Six recurring misconceptions explain why otherwise capable organisations allow value and deal certainty to erode.

Misconception 1: "Divestments are for fixing problems"

Many companies wait until underperformance, activist or regulatory pressure, or strategic problems forces action. Research shows that **78% of companies hold onto assets too long⁴**, and **80% of divestments are preceded by CEO turnover⁵**. By contrast, serial divestors who complete 2-4 transactions over four years outperform the market by **9%+ in total shareholder return⁶**.

The lesson is clear: companies that treat divestment as a proactive strategic tool create significantly more value than those who wait until the asset becomes a problem.

Misconception 2: "We can assess separation complexity after we launch a divestment process"

Most corporate leaders underestimate how complex separation really is, assuming any issues can be resolved once buyers are engaged. In practice, the true scale of operational, legal, IT and commercial entanglement only surfaces under transaction pressure and when the seller has the least time and leverage to fix it. **Based on our synthesis of more than 40 discussions with Corporate Development and M&A leaders, approximately 90% indicated they had underestimated carve-out complexity during at least one divestment process⁷, and two out of three carve-out divestments close with significant time delay⁸**. When operational, legal, IT, and commercial dependencies emerge only after buyers engage, a seller is forced to solve foundational issues under transaction pressure. Transition Services Agreement (TSA) assumptions remain immature, buyer confidence weakens, and a divestment process becomes vulnerable to repricing, delay or even transaction failure.

Misconception 3: "Separation and M&A execution can run in parallel"

Companies typically structure carve-outs with separate advisors and teams: M&A advisors manage buyer engagement while separation teams focus on TSAs and Day-1 (closing) readiness. This may seem efficient, but this fragmented approach risks leading to misaligned execution, assumptions and priorities. The absence of a holistic approach to separation strategy and transaction execution is a leading cause of carve-out failure⁹. When the two agendas diverge, inconsistencies surface in due diligence, when the seller has the least room to correct them. In practice, M&A advisors seek the most attractive perimeter while the separation team seeks the most executable one. Both are needed; but unless those decisions are continuously integrated, value creation and execution certainty start competing instead of reinforcing one another.

Misconception 4: "If we can integrate a business, we can carve-out one"

Acquisition and integration experience can create false confidence.

Separation is not post-merger integration (PMI) in reverse¹⁰.

A seller must untangle shared infrastructure while simultaneously designing two viable future states: an independent DivestCo and a right-sized RemainCo. That requires new standalone capabilities, deliberate

asset and liability allocation, retention planning and sustained change communication. Two out of three carve-outs surface unexpected follow-up costs that integration-style playbooks never anticipated¹¹.

Misconception 5: “The organisation can absorb carve-out execution alongside business-as-usual”

Carve-outs compete directly with business-as-usual for the same senior attention and functional capacity. Our synthesis of 40+ discussions with Corporate Development leaders indicates that more than 65% identify bandwidth constraints as the primary obstacle¹². When attention shifts to separation demands, business performance can weaken at exactly the moment buyers are testing asset and performance resilience. This creates a self-reinforcing cycle: performance softens, buyer confidence falls, and valuation comes under pressure.

Misconception 6: “Transaction closing means the carve-out is complete”

Transaction closing (Day-1) is a milestone, not the end-state.

More than 50% of large carve-outs require post-Day-1 support via TSAs¹³, with durations ranging from 6 months up to 10 years¹⁴. Stranded costs regularly amount to 3% to 7% of revenue of the carve-out company and require significant restructuring effort to eliminate¹⁵. Unless TSA exit, systems separation and

RemainCo right-sizing are governed with the same discipline as the sale process, sellers can remain operationally entangled with the divested business for years.

The Divestment Value-Erosion Curve

These misconceptions share one root cause: the strategic value of a divestment, and its complexity, are recognised too late. The value erosion curve below illustrates the consequence: value peaks in the optimal divestment window, then declines due to underinvestment, talent attrition and performance deterioration as the divestment decision is deferred. Eventually, the seller moves from being in control of divestment timing and terms to a forced sale at a discount. Proactive and timely preparation preserves value and reduces transaction uncertainty.

What effective sellers do differently.

Effective sellers make three choices early:

1. **Define Strategically:** define the strategic rationale, transaction perimeter and divestment roadmap early.
2. **Design Holistically:** design the carve-out business, separation strategy and M&A transaction execution as a single, integrated value-creation blueprint.
3. **Deliver Rigorously:** establish the right leadership and mobilise sufficient capacity to deliver through signing, Day-1 and full separation.

Exhibit 2 | The Divestment Value-Erosion Curve



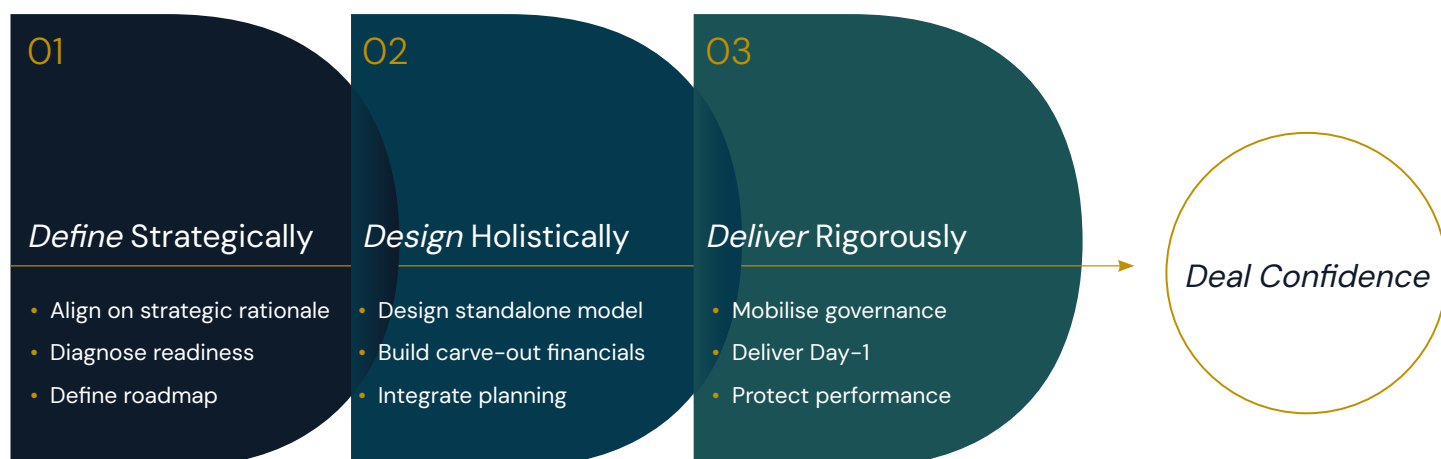


03. The 3D Divestment model™: ensuring carve-out success

Most delivery problems are really strategy or design problems, discovered or addressed too late. This chapter introduces the 3D Divestment Model™, Define Strategically, Design Holistically, Deliver Rigorously, a sequenced approach that prioritises clarity over speed to reduce execution uncertainty.

The Sol Advisory 3D Divestment Model™

Define Strategically, Design Holistically, Deliver Rigorously.



Across 100+ transactions, including 15+ complex carve-outs, we have observed a recurring pattern: companies that underinvest in strategic definition and separation design face disproportionate challenges during execution.

Problems left unresolved early become disproportionately expensive later.

The price is paid through execution risk, eroding value and deal confidence.

The 3D Divestment Model™ inverts this approach. It is built on a simple principle: **prioritise clarity over speed early-on to reduce execution uncertainty and increase deal confidence**. The framework progresses through three connected phases: Define Strategically, Design Holistically, Deliver Rigorously – with time and resources allocated where it matters most.

Phase 1: Define Strategically

Definition is the foundation of reducing execution uncertainty and increasing deal confidence. Without that clarity, companies engage the market with misaligned leadership, a poorly defined perimeter, and unresolved questions that buyers will answer on the seller's behalf. What separates this from a standard strategic review is that the M&A lens is present from day one: perimeter, buyer landscape and valuation logic are shaped together rather than sequentially.

But definition is not just about preparing for a single divestment. Companies that Define Strategically build a repeatable discipline of corporate portfolio review.

Regular portfolio review allows leadership teams to identify assets that no longer fit the core strategy and act while performance, talent and strategic optionality remain intact.

This shifts divestment from a reactive solution (removing problems) to a proactive value-creation tool (improving focus and reconfiguring the corporate portfolio).

Define Strategically is built on three pillars:

1. Align on the strategic rationale and transaction perimeter

Leadership must align on why the asset should be divested, why now, and what strategic and financial logic supports the divestment decision. This includes defining the divestment perimeter clearly: which business units, products, geographies, employees, contracts, IP, and systems are part of the transaction. Perimeter clarity determines what carve-out financials will encompass in the Design phase, what the standalone organisation looks like, and what the business profile will be post-separation.

For companies building a proactive divestment discipline, this means conducting regular structured portfolio reviews to identify which assets no longer fit the core strategy, which might underperform relative to their potential under different ownership, and which could unlock capital for reinvestment in higher-growth areas. This discipline enables companies to divest before value erodes, rather than waiting until shareholder pressure, regulation, or underperformance forces action.

2. Diagnose divestment readiness and separation complexity

Before entering the market with clarity and confidence, you need visibility into where the gaps are. A structured readiness assessment maps operational, legal, IT, data, people, and third-party dependencies between the asset and parent. It identifies key buyer concerns, separation risks, stranded costs, and dis-synergies. It provides an initial view on Day-1 requirements: can the business operate independently from closing, or will TSAs and transition support be required?

The assessment also evaluates transaction and valuation considerations: who are the potential buyers, what transaction route makes sense (e.g. trade sale, IPO, spin-off), what drives valuation for this specific asset and what risks could erode value during the transaction? This integrated view ensures that readiness is assessed not just operationally, but also from a transaction and buyer perspective.

3. Define roadmap

Clarity requires a roadmap. This includes defining the execution plan: leadership, ownership model, sequencing, decision-making and internal capacity to move from readiness to execution. The roadmap translates strategic intent into a practical execution timeline that coordinates preparation, buyer engagement, and separation delivery.

Phase 2: *Design Holistically*

Design converts strategic intent into an executable blueprint. The objective is not merely to catalogue dependencies, but to resolve them before they become buyer concerns through a credible standalone operating model, separation architecture, carve-out financials and integrated transaction plan.

Holistic design means moving from assessment to resolution. Phase 1 identified the gaps: which dependencies exist, what risks are present, where readiness is weak. Phase 2 closes the gaps by designing the separation architecture, building carve-out financials, and integrating the transaction roadmap with the separation path.

1. Design the standalone operating model and separation architecture

We start with designing how the business will operate post Day-1. This includes defining what stays with the parent, what transfers to the divested business, and what needs to be replicated or provided via TSAs. It requires designing the TSA scope, duration, and pricing. It means planning replacement services for functions that will not transfer. And it requires building a Day-1 operating model that ensures business continuity from closing.

50% of large carve-outs require post-Day-1 support via TSAs, including core functions like IT, finance, and HR¹⁶. Designing these arrangements early, before buyers are engaged, ensures that separation complexity does not surface as a deal-breaking surprise in due diligence.

2. Build carve-out financials and standalone business case

Buyers need credible carve-out financials that reflect the true standalone economics of the business. This requires creating historical financials for the carved-out perimeter, assessing standalone costs, and developing a business case that accounts for the separation. Research shows that sellers, on average, reduce SG&A expenses by only 20% while their revenue base from the sale shrinks by 25%¹⁷. Quantifying these costs early allows the seller to address them proactively, rather than having buyers discount valuation for unresolved risks.

Building the standalone business case also means identifying value drivers that will resonate with buyers and addressing buyer concerns before they surface in due diligence. Sellers that do so are rewarded with higher valuations and cleaner separations.

3. Integrate transaction and separation planning

Holistic design means M&A and separation planning are not separate workstreams running in parallel. They are integrated from the start. The M&A process (positioning, financial modelling, buyer engagement, due diligence, negotiations) must be aligned with separation planning (TSA design, Day-1 readiness, business continuity). This integration ensures that the seller's design plan matches the buyer's integration needs in support of valuation potential, that separation issues are resolved before due diligence, and that the transaction roadmap reflects both sale and separation timelines.

When M&A and separation operate in silos, inconsistencies emerge in diligence. By then, the seller has the least room and leverage to resolve them.

Integrated preparation turns separation from a source of uncertainty into evidence and confidence.

Where several buyers with materially different integration needs remain in the process, the design is developed in scenarios: a base separation architecture with defined variants by buyer type, so perimeter and TSA implications can be answered quickly without reopening the entire design.

Phase 3: *Deliver Rigorously*

Companies that have clarified strategy and prepared holistically enter this phase with a clear roadmap,

resolved dependencies, and integrated planning. But execution still requires discipline. With sound governance, dedicated capacity, rapid decision-making and one integrated approach across the transaction and separation. The difference in delivery is that a single team owns both the transaction and the separation, so trade-offs are resolved in one forum instead of being escalated between advisors.

The challenge is dual: advance the transaction and separation while protecting business performance. It requires dedicated capacity, clear ownership and true execution excellence. More than 65% of Corporate Development leaders flag bandwidth constraints as a primary obstacle to successful carve-out execution¹⁸. Companies that underestimate the execution burden stretch management teams. This exposes the business to compromised performance, credibility risk and erosion of deal certainty.

1. Establish governance and mobilise dedicated capacity

Establish the carve-out governance structure: senior leadership, dedicated teams and clear decision rights required to drive the transaction and separation forward in parallel. Key internal experts must be partly released from competing responsibilities and augmented with experienced external project capacity; in practice it is both, not either.

Research shows that resource requirements for large-scale carve-outs can reach 200+ FTEs in the month before closing¹⁹.

Without dedicated capacity, management bandwidth is consumed, business performance declines, and buyer confidence weakens. Securing capacity early protects both the transaction and the business.

2. Execute the transaction and Day-1 plan as one integrated programme

Run buyer engagement, due diligence, negotiations and separation delivery under one integrated project leadership team, acting as the carve-out's decision cockpit. Every decision should be evaluated against one objective: maximising transaction value while maintaining execution certainty. Transaction milestones must remain continuously aligned with operational dependencies, TSA decisions, regulatory and contractual requirements, and Day-1 readiness. Rather than allowing transaction and separation teams to optimise their own workstreams independently, the integrated team continuously balances commercial, financial and operational trade-offs across the entire programme.

The deal team and separation leads must operate from a common fact base, with clear ownership of buyer questions, separation assumptions and

outstanding decisions. This enables the seller to maintain transaction momentum while ensuring that the business can continue operating from closing.

Rigorous delivery means reaching signing and closing without allowing unresolved separation issues to weaken negotiating leverage, business continuity or deal certainty.

3. Protect performance and drive through to full separation

Business performance remains critical throughout the transaction. A decline in performance can weaken buyer confidence, reduce transaction momentum and create greater negotiating leverage for the buyer. At the same time, carve-outs place substantial pressure on management and functional teams, drawing attention away from day-to-day operations.

Protecting performance therefore requires deliberate management focus, clear stakeholder communication and sufficient operational support. Leadership must ensure that employees, customers and business partners experience continuity while the transaction and the separation advance.

People are the most underestimated part of this: those delivering the separation are usually the ones who will run the standalone business, and prolonged uncertainty pushes critical talent elsewhere in the parent, leaving the buyer a thinner business than the one they priced. Retention for critical roles, and honest communication with employees and key accounts, belong in the plan alongside TSA design.

Delivery does not stop at closing or Day-1. TSAs must be actively driven to exit, systems and data must be fully separated, stranded costs removed, and RemainCo must be right-sized for its reduced operating base. The separation is only complete when the divested business can operate independently and the parent company is no longer dependent on transitional arrangements.

As operational attention shifts towards the transaction, business performance may weaken, reducing buyer confidence and putting valuation and deal certainty under pressure. The risk continues after closing. Without clear accountability for TSA exit, final separation and RemainCo right-sizing, transitional arrangements extend, stranded costs remain and operational entanglements persist longer than planned.

The result is a transaction that may close legally but remains incomplete operationally, continuing to consume management attention, resources and costs after Day-1.

How the 3D Divestment Model™ resolves the six misconceptions.

The 3D Divestment Model addresses the six misconceptions through its three sequential phases. Each phase plays a distinct role in building execution certainty.

Phase	Misconceptions	How the 3D Divestment Model™ resolves it
1: Define Strategically	"Divestments are for fixing problems"	An annual portfolio review discipline identifies the non-core asset early, before performance declines. The company divests proactively, on its own timeline, and captures full value because buyers see a strategic decision, not a forced sale.
1: Define Strategically	"We can assess separation complexity after we launch a divestment process"	A structured Divestment Readiness Scan maps separation complexity before buyers are engaged. A more accessible Divestment Readiness Scorecard offers a quick way to start. Due diligence confirms what the seller already knows and the deal proceeds smoothly.
2: Design Holistically	"Separation and M&A execution can run in parallel"	At Sol Advisory, M&A and separation planning are integrated from the outset, built with buyer integration needs in mind. Separation issues are resolved before due diligence, buyers gain confidence, and the deal closes on time.
2: Design Holistically	"If we can integrate a business, we can carve-out one"	With the required expertise, the seller prepares holistically, designing the separation architecture, building carve-out financials, and planning for full separation including post-Day-1 work. The result: a clean separation, on time, at the right valuation.
3: Deliver Rigorously	"The organisation can absorb carve-out execution alongside business-as-usual"	Dedicated capacity, either internal teams alleviated from other responsibilities or external execution support, protects business performance throughout the transaction. Buyers see a stable, well-run asset and deal certainty increases.
3: Deliver Rigorously	"Transaction closing means the carve-out is complete"	TSAs are designed with clear exit plans in Phase 2, then executed in Phase 3. Governance includes post-Day-1 workstreams: TSA management, stranded-cost elimination, and parent company right-sizing. The work is planned for and managed through to full separation.

The Sol Advisory Divestment Readiness Scan

To support leadership towards a successful carve-out, we offer the Divestment Readiness Scan (DRS) as a standalone engagement, delivering the first two pillars of Define Strategically. A **six-to-eight-week, advisor-led engagement** combining management interviews, targeted information requests and independent analysis.

The DRS assesses strategic and market readiness, transaction perimeter, standalone economics, separation complexity, Day-1 requirements, execution risks and internal capacity. It concludes with a confidential senior-leadership report and prioritised roadmap setting out whether, when and how the business should proceed towards a divestment.

For more information: [Divestment Readiness Scan – Sol Advisory](#)



04. Seven leadership shifts to maximise value creation and drive deal confidence

Knowing what to do is not the same as knowing how to do it. This chapter translates the 3D approach into seven concrete shifts in how leaders manage the corporate portfolio, prepare for separation and deliver through to full separation.

Understanding the model is one thing; putting it into practice is another. The 3D Divestment Model™ provides the framework. But to succeed, corporate leaders must change how they approach portfolio management, preparation and execution. These shifts are not complex, but deliberate, moving away from reactive, fragmented execution towards proactive, integrated decision-making and disciplined delivery. The following seven shifts provide a roadmap for corporate leaders responsible for carve-outs where execution certainty is critical.

Shift 01: From reactive divestment to proactive portfolio review

Most corporate leaders divest reactively and wait until problems force action. This approach destroys value.

Nearly 80% of companies hold onto assets too long²⁰.

In practice: As CEO, build an annual portfolio review discipline, ahead of your annual strategy cycle. Evaluate which assets remain core and which should be divested proactively. Ask: which assets are we the best owner for? Which assets would create more value in another company's portfolio? This discipline enables companies to divest before value erodes, rather than waiting until shareholder pressure or underperformance forces action.

Shift 02: From late discovery to early readiness

Many leaders assume they can assess separation complexity alongside the due diligence process. This assumption introduces risk.

In practice: Map dependencies and quantify and mitigate risks before engaging buyers. Conduct a structured readiness assessment that identifies operational, legal, IT, people, and third-party dependencies between the asset and parent. Design the separation architecture, including TSA scope and Day-1 operating model. Clarify and resolve complexity before buyers enter due diligence. Pre-deal visibility is the foundation of deal certainty.

Put it to the test

The Sol Advisory Divestment Readiness Scorecard

Proprietary Sol Advisory diagnostic (DRSC) · 15 questions

Shift 02 only becomes real when it gets concrete. Before engaging buyers, a seller should be able to answer each question below in detail. Every question you cannot yet answer is a dependency that will surface in due diligence, where it costs far more in time, value and deal certainty to resolve.

Strategy & Ownership

1. How aligned is leadership on a potential divestment and its timing?
2. How clear is it who the best owners are for the business?
3. How well understood are the key value drivers and discount risks?
4. How clearly has the preferred divestment path been defined?

Perimeter & Financials

5. How clearly is the carve-out perimeter defined?
6. How ready are carve-out financials for due diligence?

Separation & Entanglement

7. How well understood is the entanglement between the carve-out business and the parent?
8. How well understood are the third-party dependencies that could affect separation?
9. How clear is the technology and data separation path?
10. How well understood are the people, management-transfer and retention requirements?

Day-1 & Transition

11. How ready is the business to operate independently from Day-1?
12. How well understood are likely TSA or replacement-service needs?
13. How well understood are separation costs and ongoing cost impacts?

Buyer readiness & execution

14. How prepared is the business to address buyer diligence concerns?
15. How strong is execution leadership and internal bandwidth to support the divestment?

Take the 5-min Divestment Readiness Scorecard online, and receive a customized report with a divestment readiness score: [Divestment Readiness Scorecard – Sol Advisory](#)

Shift 03: From parallel workstreams to one integrated program

A fragmented approach creates uncoordinated execution and deal-breaking surprises in due diligence.

In practice: At Sol Advisory we integrate M&A and separation planning from the start. Ensure that M&A advisors, separation advisors and internal teams work as a coordinated unit. Build the seller's design plan with buyer integration needs in mind. This is where most carve-outs leak value: M&A and separation are run by separate teams and advisors, each with their own roadmap, incentives and definition of success. As a result, decisions are layered without central ownership of the trade-off between deal value and executability. Sol Advisory combines M&A advisory expertise with a hands-on carve-out and separation execution capability in a fully aligned single cockpit; one team, one fact base, one set of trade-offs.

Shift 04: From reverse-integration thinking to forward-looking, purpose-built separation design

Acquisition experience creates false confidence: leaders assume that if they can integrate a business, they can separate one. But separation is not the mirror image of integration. Much of the work is forward-looking; standing up standalone finance, HR and IT for the divested business, managing shared resources, assigning assets and liabilities, and right-sizing the parent.

In practice: Treat separation as its own discipline, not an acquisition playbook run in reverse. Design the forward-looking standalone operating model early, plan deliberately for retention and change management as people move to DivestCo, and bring on dedicated separation expertise rather than relying on integration know-how.

Shift 05: From borrowed bandwidth to dedicated capacity

Most companies assume the operating company can absorb carve-out execution while maintaining business performance. This assumption fails consistently.

In practice: Secure dedicated capacity. Either internal teams alleviated from other responsibilities or external execution support with carve-out experience. Carve-outs require specialised expertise and significant manpower. Without dedicated capacity, management bandwidth is consumed, business performance declines, and buyer confidence weakens. Protecting business performance throughout the transaction is critical to deal certainty and valuation.

Shift 06: From Day-1 completion to full separation delivery

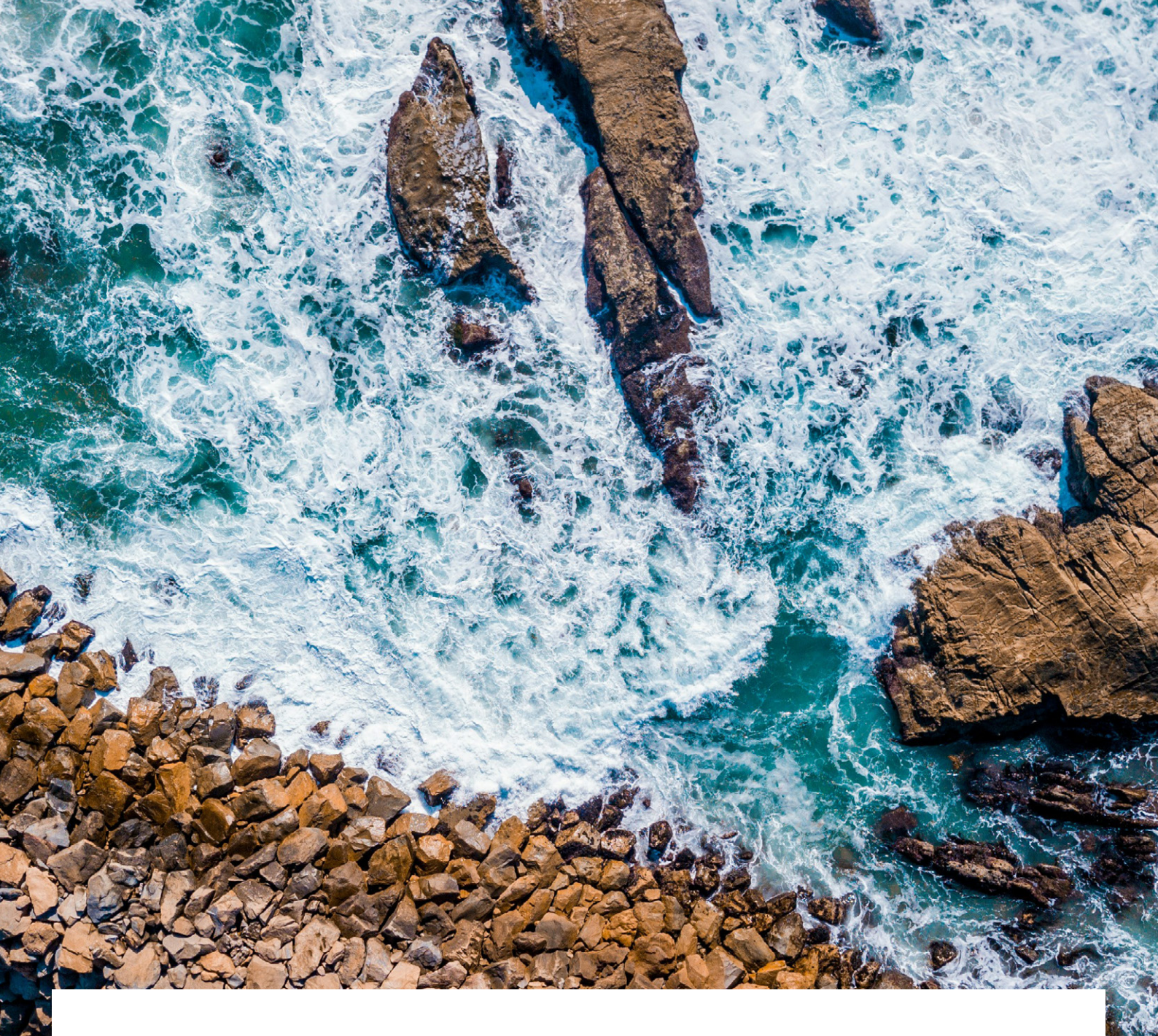
Many companies perceive closing and Day-1 as the end of the carve-out. In reality, significant execution work often remains. TSAs must be actively exited, systems and data must be fully separated, stranded costs must be eliminated and RemainCo must be right-sized for its reduced operating base.

In practice: Treat, and clearly communicate, closing and Day-1 as major milestones rather than the endpoint. Establish clear ownership, timelines and accountability for all post-close separation activities. Track TSA exit, final systems and data separation, stranded-cost removal and RemainCo right-sizing until the divested business operates independently and the parent company is no longer operationally entangled.

Shift 07: From misfit thinking to an exciting new future

Inside the parent, a carve-out is easily read as a failed business being cut loose, and teams feel that framing long before anything is announced. It is also usually wrong. A carve-out most often gives the divested business what it could not get as a non-core unit: focus, investment and an owner for whom it is central. Leaders who leave that story untold pay for it in attrition at the worst possible moment.

In practice: Frame and communicate the separation as an opportunity for the divested business, not a rejection of it. Give employees a credible picture of potential future ownership and their place in it, and support the message with retention arrangements for the people the new owner is counting on.



05. Pressure-test your divestment readiness

The success of a carve-out is determined far earlier than its execution, through the quality of the strategic and design decisions that precede it. This chapter is an invitation to pressure-test that readiness before the market does it for you.

A final note from the Sol Advisory team

The first conversation should never be just about launching a sale. It should be about whether the organisation is genuinely ready for it, because that answer decides how much value survives the process. – Gosse de Jong, Founder, Sol Advisory

The success of a carve-out is rarely determined only during execution. It is usually determined much earlier, through the quality of the strategic decisions and separation design that precede it.

Carve-outs are among the most complex and consequential projects a company can undertake. They require companies to balance transaction certainty and value maximisation with the successful separation of people, operations and assets. Yet while these objectives are inherently interconnected, they are too often planned and executed in parallel rather than as one integrated programme. That's why we built Sol Advisory. A specialist corporate finance boutique combining transaction advisory with hands-on carve-out and separation execution.

The Sol Advisory team has supported complex carve-outs and divestments across listed companies, private equity and global organisations. We've seen what works and what doesn't.

The Sol Advisory 3D Divestment Model™ was built from practical transaction and separation experience.

Not as a theoretical framework, but as a repeatable discipline for situations in which execution certainty matters.

If you are responsible for a potential carve-out, begin by pressure-testing the assumptions that would otherwise surface in diligence. [The Divestment Readiness Scorecard \(DRSC\)](#) is a starting point, and our more in-depth [Divestment Readiness Scan \(DRS\)](#) can help assess market readiness, carve-out complexity and clarify the roadmap.

The most useful first conversation is not about launching a sale. It is about determining whether the organisation is genuinely ready to do so.

If you're considering a carve-out, we'd welcome the opportunity to discuss this report with you and, if helpful, to pressure-test your readiness and identify the decisions that will have the greatest impact on value, execution and deal confidence.

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Why build an advisory firm specialised in carve-outs?

In investment banking I have seen carve-outs struggle. Rarely because the strategy was wrong, but usually because execution was underestimated. I saw the same pattern from the inside, across multiple in-house carve-out roles. I have seen significant business unit restructurings simply because the seller moved too late. Sol Advisory exists to close that gap: to reinforce carve-outs with the specialist expertise, senior commitment and judgement they require.

What do boards most underestimate?

Three things. That a carve-out cannot fail. A broken process destroys value, credibility and trust with employees, customers and buyers alike. It absorbs management bandwidth at exactly the moment business performance has to hold. And the specialist separation experience it requires rarely sits in-house. Underestimate any one of the three and value erodes and risk increases dramatically.

Why are carve-outs rising up the boardroom agenda now?

Investors are pushing hard against the conglomerate discount, private equity is holding assets longer and building a genuine value-creation muscle. Furthermore, AI requires companies to rethink where their competitive advantage actually sits. Together, they are forcing companies to revisit their portfolios. The best owners are shifting from reactive divestment to continuous, proactive portfolio review. Divesting before value erodes, not after.

What separates sellers who capture full value from those who don't?

Certainty. When we surveyed M&A leaders about their single priority in a divestment, deal certainty outranked proceeds, speed and ease of execution. Sellers who protect it resolve the separation before buyers get involved, run M&A and separation as one integrated effort, and hold business performance steady throughout. That is what earns buyer confidence – and better terms.

If a leader takes one thing from this report, what should it be?

Don't wait for pressure to force your hand. Divestment is a value-creation tool, not a last resort. Build the muscle, start with a timely readiness assessment, and treat execution certainty as key priority. That is the higher standard carve-outs deserve.

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