



'How do we successfully carve out and divest a business unit?'

KPMG helps CSM Bakery Solutions
Client story



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CSM Bakery Products and CSM Ingredients were part of the same company (CSM Bakery Solutions) for many years. In recent years, however, it became increasingly clear that they were completely different entities, with different supply chains, different business models and different target groups and sales markets. As a combined entity, they were not able to realize their full potential. Owner Rhône Group (the ultimate owner of CSM Bakery Solutions) therefore decided to carve out CSM Ingredients and sell it. KPMG was asked to assist in preparing the sale, in the actual sale, and in separating the two business operations. Initial exploratory talks on the separation took place in 2019. After a two-year process, CSM Ingredients was finally sold to private equity party Investindustrial in 2021. The separation then had to take place within seven months. And it succeeded. Maarten Bok, former CFO of CSM Bakery Solutions says: „It is incredible to see how, after a seven-month process, we separated one company that was so intertwined into two companies. Two companies that can operate completely independently and autonomously from each other.“

A great success, then, but what did it take to achieve this success? How do you separate two parts of a company that are so intertwined? And how do you actually sell a company that does not yet exist?



Louis Allers
Partner Transaction Services
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Matthew Acheson
CFO Baker & Baker



Harold de Bruijn
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Maarten Bok
Former CFO
CSM Bakery Solutions

The request to KPMG

Separating the company promised to be a complex operation. The two business operations formed a fully integrated European company with a North American division as well. „So, whether it was IT, finance, HR, or manufacturing, everything was intertwined,” says Matthew Acheson, CFO of today’s Baker & Baker, formerly CSM Bakery Solutions. Maarten Bok adds: „Integrated offices and factories, back office, but also in terms of legal considerations – how do you untangle all of that in a good way? Where you have to make sure that it doesn’t harm either entity during the execution of the process, that IT keeps on functioning, that the work can continue and – also very important – that the employees end up in the right place and are satisfied.”

The concrete request to KPMG was thus very clear: help us sell CSM Ingredients and separate a fully integrated business into two standalone companies, in a way that both companies can run successfully from Day 1 of their existence.

Why KPMG?

CSM Bakery Solutions and KPMG have worked together for more than 20 years. During those years, KPMG assisted in various strategic projects and in several mergers and acquisitions. Maarten Bok explains: „KPMG knows us very well; not only do they have a lot of knowledge about our company and about the subject matter, they also know us as people. This is not unimportant when you go into such a process.” In addition, the fact that KPMG has the proven capacity and is fully equipped to make a project of such magnitude a success also played an important role. According to Matthew Acheson: „KPMG has all the specialisms on board that are needed, whether it’s the due diligence, IT infrastructure, HR, legal and tax, but also the actual splitting, getting the transaction done, and making sure both companies can run optimally afterwards. It’s about the whole package.”





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Matthew Acheson, CFO Baker & Baker

The plan of approach

The process starts with the formation of a project team that naturally includes people from the various businesses and people from KPMG. Next, a clear and thorough roadmap is drafted in which every step to be performed is made clear. Louis Allers, partner at KPMG Transaction Services explains: „In such a project, you work together with so many different people. It is important, then, that the route and the steps to be taken are clear. This doesn't mean you have to be rigid. It's about sticking to the plan, but also being flexible with it. Things change along the way, the environment changes; you have to be able to respond to that while keeping an eye on the dot on the horizon.“

And in this case, if you want to sell a part of your business that is not yet a separate business unit, you go through some additional phases. Harold de Bruijn, partner at KPMG Deal Execution outlines the process: „The first phase is during the preparation. What exactly do you want to sell? What exactly are you going to offer and how are you going to make it work?

The second phase is after signing the deal, preparing for its execution. How are you going to prepare for the actual transfer of people, assets, all existing processes and systems? And then after delivery, it's about optimising the – in this case – two businesses. How do you make sure they are working properly immediately?“

This is also where KPMG helped during these three phases.

The right insights

A first insight is that when you separate a company financially, you are not just looking at the legal implications. Louis Allers explains: „Of course we look at that in the long run, but you are creating a new company as it would be after separation. That's a very different way of thinking. Then you don't want to follow a legal template too strictly – to avoid it restricting you too much in achieving the optimum for the now unmerged company.“ Harold de Bruijn adds: „Keep it as simple as possible. That's really rule number one. Separate first and then optimise. Don't try to do everything at once.“

Another important insight: during the separation process, make sure that both entities can keep running at full speed.

Make sure separation plans and actions are defined in as much detail as possible. Matthew Acheson recalls: „It's really thanks to KPMG that every step was dissected, that we had a very clear roadmap, where we knew exactly what needed to be delivered when.“

And finally, there is the understanding that a buying

party has to go and buy something that doesn't yet exist. Maarten Bok says: „You know your own company very well, of course. And what you don't realise is that the future owner has so many questions, even about things you never thought about yourself because they are self-evident to you. And besides that: they are buying something that is not there yet. This is also where KPMG helped enormously, to make everything insightful and transparent, down to the smallest details.“

Concrete actions

There were at least three major challenges: in IT, in production, and in people.

In IT, several systems were completely intertwined, so these had to be taken apart. According to De Bruijn: „What we did was to clone the systems, clean them up, and then keep one separate set per company. That seems simple as I'm telling it now, but you understand for so many countries, so many offices and factories, so much high-quality and vulnerable IT – that was quite a challenge.“

In the production area, processes and systems had to be redesigned for both separate entities – and again, without interfering with daily work processes. De Bruijn recalls: „That separation can go far; at one plant we literally put up a wall.“

The staffing challenge was also enormous. Who do you place where? You are not only dealing with legal things like payroll, but also with human sentiments. De Bruijn agrees: „You have to make sure that the right people are in the right place, also for themselves. And that no knowledge is lost on either side, or that positions are suddenly unfilled. It can be a huge puzzle.“

Real solutions

The day after Easter 2021, two companies, fully equipped, were ready to run. Matthew Acheson is pleased with the outcome: „Despite challenging macroeconomic conditions, the split proved to be a success for both companies from day one.“

People were in the right place, production was running on both sides, systems were running as they should. Maarten Bok adds: „It has been an incredible success. That's because of the total team that worked on this, at us, at KPMG. And, in my view, it is also because of KPMG's strategy and enormously tight project

management. Every step, every milestone, every decision in all committees, including and especially with the new owner, giving it a lot of confidence. It was all managed day by day.“

The collaboration

Enthusiasm about the collaboration is high, among all participants. Louis Allers says: „There was so much hard work by so many people, there was huge trust and mutual respect.“ Matthew Acheson agrees: „The nice thing about working with KPMG is the hands-on approach,“ he adds. Finally, Maarten Bok concludes, „It's always the people who make the success. All of us – at us, at KPMG – had a great team.“



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