



Separation in practice

Winning the curve-out relay:
Executing a flawless exchange



Separation in practice

Make the exchange deliberate. Set the guiding principles, keep value in view and run a structured path to a clean Day 1 handover.

Carve-outs are complex, high-stakes undertakings that expose hidden dependency, cost and risk in your operating model. Done badly, they consume management bandwidth and destabilize the business. Done well, they sharpen strategic focus, unlock capital and create two stronger businesses.

Addressing carve-out complexity needs to start when defining the strategy and flows all the way through the deal cycle until full separation is achieved.

We set out on the following pages how thorough separation analysis, planning and execution will de-risk the carve-out while ensuring a relentless focus on value is maintained.

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Aligning your separation guiding principles

Write the relay rules upfront. Planning for the separation needs to begin with an agreed set of guiding principles to ensure stakeholder alignment and fast decision-making.

In carve-out transactions, establishing and communicating guiding principles from the outset is paramount. These principles lay the foundation for successful separation and transformation and provide an actionable framework to sellers addressing:

1. Execution timing and speed
2. Decision-making dynamics
3. Organizational design and processes

Resist the temptation to default to generic platitudes like 'good communication is key'. Instead, set principles with depth and specificity delineating actionable choices that align to the carve-out approach and set the direction for the separation and value creation roadmap.

Clarity and alignment of separation guiding principles sets the mandate for coordinated and purposeful workstream activities.

Example separation guiding principles

Topics for guideline		
Carve-out strategy and perimeter	Buyer type	Financial vs. strategic buyer?
	Intellectual property	Extent of IP transfer from seller?
	Transition period	Maximum offer on TSA length?
Carve-out approach and readiness	Interdependence	Degree of entanglement with RemainCo?
	Day 1 TOM	Implementation of full separation/standalone CarveCo by closing?
Functional considerations	People transfer	Shall employees working >50% for CarveCo, but employed by RemainCo transfer?
	Processes	Level of migration of Seller processes to CarveCo and optimization required?
	IT	To what degree should IT services be transferred?

Indicative positioning & likely carve-out approach

Buyer has full setup for integration		Fully standalone requirement
"Right to use" only		All IP required by CarveCo in scope
3 months		24 months
High level of dependency with RemainCo		Independent, self-reliant
Virtual TOM only (not implemented)		Full implementation (limited TSA only)
Employees stay with RemainCo		In scope for transfer to CarveCo
Replication of seller processes, selective improvement		Lean setup incl. improvement of business processes
Transfer IT services as-is		Build up dedicated new IT services

Key		Business-in-a-box		Synthetic
		Partial standalone		Integrated with RemainCo

Maintaining a value focus through planning and execution

Our approach integrates value creation deeply into the carve-out methodology, leveraging the same baseline and source data and embedding the value initiatives into the separation plan and implementation management. This keeps the clock in sight.

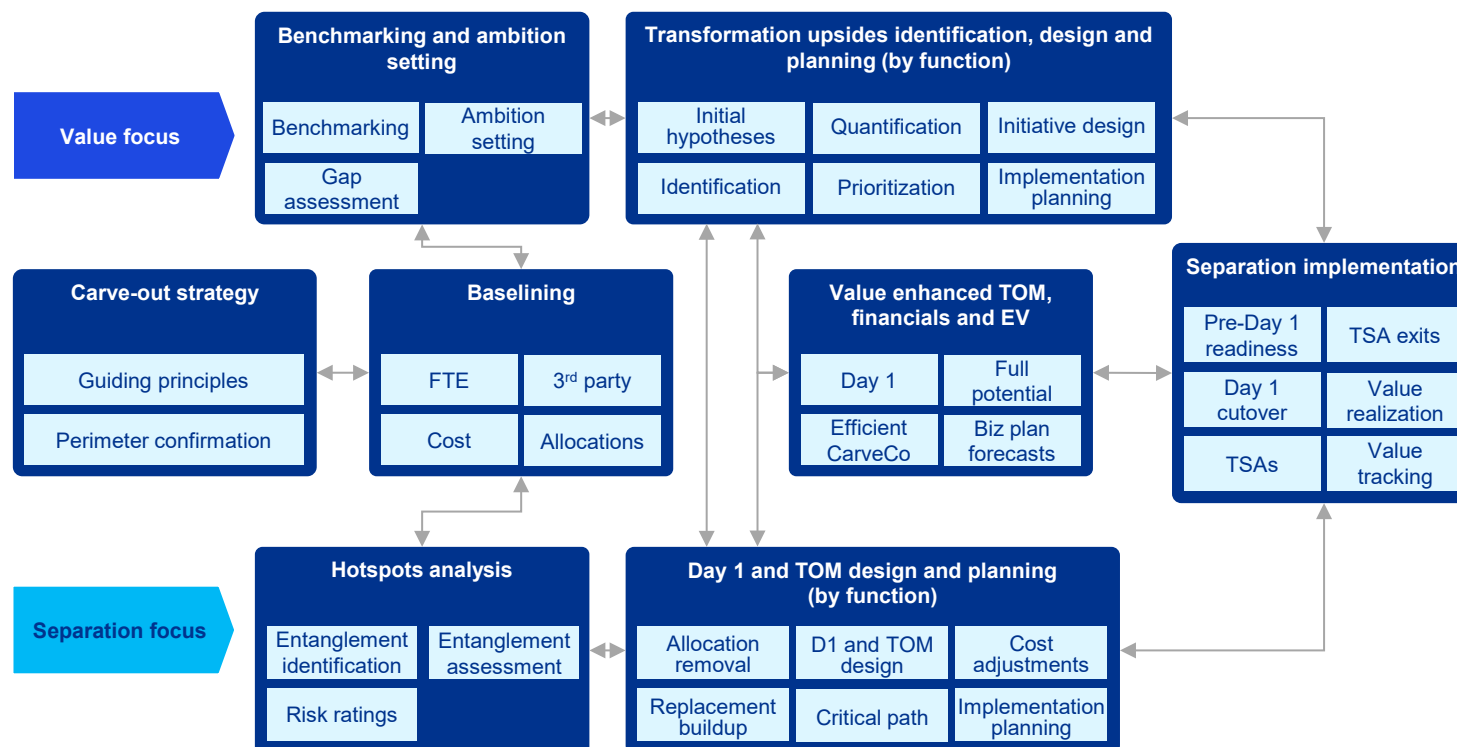
In achieving the full potential of CarveCo we propose embedding value creation into the end-to-end carve-out methodology.

To ensure effective project planning and execution an integrated team of carve-out and value creation experts is required, led by a central project lead and project management office.

Value creation workstreams are often organized by opportunity type such as organizational, commercial and operational upsides, while separation workstreams are often organized by function to define the standalone operating model. Close collaboration between these workstreams is required to align function concepts and value opportunities, ultimately delivering a value focused separation.

In structuring the opportunities for enhancing value, sometimes we will focus on value creation purely through carving out the activities without the broader corporate requirements, and other times we will focus on improving the underlying processes from design. Other opportunities might relate to unlocking potential currently trapped within corporate policies (i.e. changing corporate procurement policies to ensure improved negotiation).

Carve-out workflow



Functional separation priorities

In the pre-outreach phase, the risks and complexity for each function vary significantly depending on the separation approach taken. As the transaction progresses the functional separation risks, complexity and effort evolve, with harder sprints required for synthetic and integrated approaches later on.

	Commercial and RTM	Supply chain and operations	Finance	Technology and data	People and culture	Legal and compliance
Business-in-a-box	- Form dedicated commercial teams to implement standalone business plan - Separate products, customers and contracts - Establish own brand or IP licensing agreement	Establish standalone operational capability pre-sale — automated and optimized where feasible	- Have fully independent financial operations and reporting in place (internal and external ready) - Agree long-term service/commercial agreements with RemainCo where applicable	- Execute full separation of data, tech stack, people, processes and contracts - Streamline, automate and optimize where possible, e.g. software contract renegotiation, use of cloud-based systems	- Full staff transition and rightsizing, standalone governance and culture established for CarveCo - Retention is critical: early communication, KPI-aligned compensation and incentives deployed	- Compliant legal entity established, including regulatory/licensing approvals roadmap and preparations - Plan for tax structure, transfer of IP, contracts, warranties etc.
Partial standalone	Establish separate business plan and commercial teams with some seller dependencies	Implement partial operational separation with some shared people, services, tech, contracts and assets (likely for back office/support functions)	- Establish separate BU reporting with interco recharges/allocations - Likely shared finance operations and processes	- Partial setup with reliance on seller infrastructure, services, group contracts - Likely some data entanglement and/or resides on seller infra	- Mix of dedicated and shared resources, people allocation required - Communication, retention and compensation initiatives critical	- Partial legal separation (e.g. may be separate LE) - Define assets, liabilities, contracts etc. to allocate to CarveCo - Outline potential TSAs
Synthetic standalone	Minimal pre-outreach separation, identify key value levers and quantify synthetic standalone BP and performance	Minimal pre-outreach separation, quantify full- cost profitability models and management information	- Build synthetic standalone financials within seller MI and reporting systems - Shared finance operations and processes	- Minimal separation, some effort to create synthetic financials in systems/data - Identify tech and data perimeter, plan for TSAs and data migration post D1	- Role assignment required for standalone cost model, not implemented - Anticipate and manage employee uncertainty and plan retention strategies	- Define perimeter and assess asset and contract transferability and risks in preparation for diligence. No implementation - Outline potential TSAs
Integrated with RemainCo	- No pre-outreach separation - Strategize the potential CarveCo value proposition	- Define operational perimeter - Propose TSAs to support CarveCo at Day 1	- No pre-sale financial separation; may require standalone financials adjustments. Highest complexity - Define financial perimeter	- No IT separation pre-outreach - Identify tech and data perimeter, plan for segregating data for TSA preparation and migration post D1	- People perimeter defined - Plan for key person risks for those aware of the carve-out. Ensure clear communication and plan for retention/incentives	- Define perimeter and assess asset and contract transferability and risks in preparation for diligence. No implementation - Outline potential TSAs

Note: Illustrative example for Consumer & Industrials sector.

Carve-out risk and complexity pre-outreach:

Low High

The importance of data

Data is a strategic asset and should be used to drive enhanced value. This should be progressed prior to the sale process to mitigate risk and highlight the value potential to buyers

Carve-outs often require a protracted period pre-close. Establishing overarching data expertise in the early stages of a transaction will help guide separation planning and enhance value:

- Organizations are closing data centers and moving to the cloud. They don't care where data resides; they need access for their data developers, data scientists and data consumers.
- Acquirers are critical of spend. Cost take-out is top of mind given uncertain economy.
- Buyers are looking for ways to reduce cost (sunset technologies, consolidate apps), create new revenue streams.
- Buyers have many technologies to support variety of business operations. The question they are asking now is "How can I use these technologies to drive value?"
- As a result, emerging topics including Data Mesh, Data Fabric and Gen AI are becoming critical as clients look for ways to derive long-term value.
- Technologies are powered by data. Data quality, data privacy, data observability, metadata and many additional topics that all pertain to how an organization consumes, maintains and even sells data are critical to provide confidence in the value upside for buyers.

Illustrative data guiding principles

Implications for Carve-Out

 Identify Value	• Establishing clear scope to define how, when and what data will be provided as part of the deal. • The scope of data to be carved out differs vastly between Asset and Share Deals.
 Discovery	• Understanding the data in perimeter to evaluate key risks and opportunities to increase value through exploiting AI and Advanced Analytics (e.g. driving improvement in OSA, Forecast Accuracy and OTIF in Supply Chain Planning).
 Governance & Planning	• Establishing accountability for solving complex data separation challenges without eroding value. • Technology does not own the data and decisions need to be coordinated with business leadership.
 Execute Migration	• Use of technology and deal expertise to accelerate integration and identify value creation opportunities.

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• It is vital to establish a framework for data separation which identifies the value potential of data and provides certainty to integration planning for a buyer. • Define clear up-front guiding principles on data perimeter that can be translated by business data owners to define separation rules.
• Conduct targeted discovery to identify and map data to business requirements. • Assess data quality and lineage to accelerate migration and AI readiness.
• Drive scoping decisions using accelerators to reduce cost, risk and complexity. • Align separation decisions with compliance, security and data governance.
• There are a wide range of accelerator solutions to solve data separation challenges, including forensic extraction/scanning, analytics, data remediation and migration tools that remove significant manual effort.

Tech and data: Carrying the baton from deal to delivery

The transaction structure will be nuanced. Embedding this early into the technology and data approach will be the critical success factor for enhancing value while moving into seamless execution without dropping the baton

Asset sale		Share sale	
Challenge	Considerations	Challenge	Considerations
Perimeter control 	Asset sales allow precise control over which site technologies transfer, but sellers must replace or use reverse TSAs for any tech RemainCo (the seller) still needs.	Disruption 	IT disruption depends on reliance on group vs. local systems. TSAs (Transitional Service Agreements) typically involve data extraction, not system cloning.
Execution complexity 	Shared systems typically require only data extraction (not cloning), reducing the seller's burden, but disentangling Day 1 access can be a heavy burden and should be initiated early to identify unknown complexity.	Contracts 	Entity-assigned IT contracts often transfer automatically, reducing seller TSA reliance. The buyer inherits entity-owned IT and related liabilities.
Data ringfencing 	Day 1 readiness requires complex ringfencing of systems, identities, and data to enable TSAs while protecting RemainCo and its restricted IP.	Complexity and timeline 	If the entity's IT supports non-perimeter assets, separation complexity rises, requiring carve-outs, replication or extended TSAs.
Data minimization and retention 	Sellers can limit data transfer to operational essentials, reducing risk. However, retaining historical data for compliance creates compliance, archiving, access and knowledge-retention needs.	People 	IT staff supporting group services may not transfer and hence might require to be build up, forcing the buyer to find Day 1 replacements, which risks continuity and knowledge transfer.
(Users) User data 	Restricting the transfer of user data (e.g. email, personal drives) and some HR records protects IP and aids compliance, but this is disruptive and sensitive for transferring staff.	Logical boundaries 	Clear entity boundaries simplify extracting structured application data (e.g. by company code), improving separation scoping and execution.
Complexity and timeline 	Disentangling commingled data (within entities and between users) is inherently complex and frequently extends timelines.	Users and compliance 	Aligned employing entities allow transfer of user-owned data (e.g. performance records), streamlining onboarding and compliance.
		Historical legacy 	The seller must provide all entity-relevant compliance data, often requiring retrieval from archives and redaction of sensitive, non-perimeter information.

The importance of people and culture

People and culture are one of the top three reasons why deals fail to deliver value. Upfront consideration how you will identify, allocation and engage staff is key to prevent value leakage and operational disruption during the course of a carve-out and sale

Carve-outs often require a protracted period pre-close. This is a risk for the engagement and retention of talent, as management needs to deliver an agreed business plan while undertaking complex carve-out activities:

- Engaging staff during this period is critical to prevent value leakage of key talent.
- High-quality management is key to give buyers the confidence in the carve-out business plan. Management need appropriate incentive structures to i) go with the carved-out business, and ii) deliver deal value, not just transaction completion.
- Employees need to be informed, equipped for new ways of working, engaged to stay and connected to new colleagues in the standalone business to prevent business disruption
- Standalone structures need to right-size, right-shape at the right cost for a carved-out business, not just a copy-paste of existing operations. This also helps seller balance standalone cost base optimization with one-off and stranded cost implications for RemainCo.
- Employees must continue to be paid, new talent recruited and standard HR operations maintained regardless of carve-out considerations.
- People transition needs to be legally compliant with country-specific employment law and works council/unions engagement.

Illustrative TSA guiding principles

Implications for carve-Out

 Retention and incentives	• Identification and retention of key talent • Incentivization of management teams for seller transition • New culture to support smaller, leaner business
 Culture and engagement	• Cultivate a purposeful organizational identity • Build a highly motivated and committed workforce • Foster a resilient and adaptable culture • Strengthen trust and transparency
 Organization design	• Design a fit-for-purpose infrastructure and operating model • Identify and mitigate stranded costs • Right-size leadership and operational teams • Staff allocation for best objective contribution
 HR operations	• Build right-sized organizational structure • Maintain critical HR Services (e.g. payroll) • Manage perimeter and legal entity transitions • Ensure compliance with employment law

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- Identify key talent early and secure with **retention plans**
- Motivate management with success **bonuses** and performance **rewards** and offer career growth **support**
- Align transition through **joint KPIs** discussed with the buyer, as corporations might have incentivization mechanisms driven by broader metrics vs. the focus that financial buyers may have
- Develop **change management strategy**
- Prioritize transparent and consistent **communication** eventually incorporating buyer's perspectives
- Clearly define the new organizational **purpose & values**
- Address concerns regarding job security and future role (**psychological safety**)
- Conduct a thorough **stranded cost analysis**
- Implement **benchmarking** and efficiency **reviews**
- Challenge existing paradigms and **avoid replication** (i.e. efficient standalone rather than replicating as-is model)
- **Plan workforce**, assess skills gaps for future readiness
- **Streamline HR processes** for flexibility and compliance
- **Ensure payroll continuity** with secure data migration
- Protect seamless **employee experience** (e.g. HR portals)
- Map **HR interdependencies** to avoid disruptions

The importance of people: Retention strategies

Misalignment triangle — The core problem

In most carve-outs, management face conflicted incentives:



This creates a misalignment triangle, where the seller's optimal outcome (higher valuation, faster execution, fewer warranties) can diverge from the CarveCo team's personal comfort zone.

Principles of effective incentivization

For key management, an effective design should:

- Bridge the transition phase: Ensure management focuses on value creation before completion, not just post-close.
- Reward deal and separation execution support (on top of 'day jobs'): Incentivize cooperation in due diligence, even when exposing weaknesses.
- Recognize short-term dislocation: Compensate for career uncertainty, potential roles changes or benefit changes under new ownership.
- Signal commitment to both sides: The buyer sees management aligned; the seller sees protection of value.
- Ensure the incentivization mechanism is well understood by the management team and that they understand the levers to act upon it.

The importance of people: Retention strategies

Practical tools

Category	Tool
 Retention and transition awards	"Stay bonuses" payable only if management actively support TSA build and handover
 Shadow equity/Deal uplift bonus	Bonus linked to sale proceeds above baseline valuation
 Separation KPI bonus	KPI-based scorecard: Clean data, TSA readiness, carve-out P&L accuracy, zero-defect audits
 Dual offer framework	Sellers commit to negotiate parallel management packages with buyer
 Deferred earn-in rights	Seller/buyer grants management an option to "earn in" small equity in buyer-co if deal succeeds

Typically, such payments would have a series of milestones/waterfall timing.

For example:

- Pre-sign: Based on final deal value.
- Sign to close: Meeting sign-to-close target period.
- Close + 6 months: TSA handover, no material restatements.
- Close + 12 months: Meeting of any post-close contingent payment targets after independent validation of carve-co performance.

Other behavioral soft power levers

- 1 Involve management in story-building: Present the carve-out equity story to buyers.
- 2 Create "CarveCo identity" early: Name, logo, mini-leadership offsite. Builds emotional ownership of the new entity.
- 3 Sponsor testimonials: Show that leadership success in carve-outs leads to internal promotion or board roles post-deal.
- 4 Simplify bureaucracy: Remove parent hurdles (approvals, HR constraints) during the process to empower the team. This can be particularly relevant for business-in-a-box carve-out strategies.

Financial reporting: Synthetic standalone carve-outs

Synthetic standalone financials can be both a “carve-out enabler” and a “value creation accelerator”, providing ‘live’, race-paced, decision-grade standalone numbers before the ops split, allowing better insights and improved bidder confidence.

“Synthetic standalone”: Understanding, benefits and trade-offs

What?

- Build decision-grade synthetic carve-out financials in the parent ERP (or a separate one) with a separate CoA, profit/cost centers and driver-based allocations, closed monthly to a governed standard and reconciled to group actuals.
- Requires upfront investment to wire data linkages, codify allocation logic, assign data ownership and governance, and define the output pack (P&L, BS, CF, WC bridge, KPIs).
- Aim for scalability: Design the reporting structure to migrate easily to CarveCo’s future platform.

Why?

- Enables early visibility on CarveCo performance and transparency for buyers and leadership.
- Clarifies cost allocations, entanglements and potential stranded costs.
- Creates a single source of truth to support due diligence, valuation and TSA design.
- Allows real-time tracking of value creation initiatives and carve-out readiness.
- Builds confidence with internal and external stakeholders through credible, repeatable data.

Where?

- **Platform:** Inside the parent ERP (or an alternative), using distinct CoA/profit centers/driver hierarchy designed to migrate to the bidder platform post close.
- **In the deal:** Pre-sign - the synthetic standalone phase is between integrated reporting and post-close independence.
- **Outputs used:** Monthly pack for management, diligence Q&A and TSA scoping, value creation plan, etc.

When?

- Complex carve-outs with multiple adjustments and reallocations.
- Before full ops split to give buyers decision-grade monthly views during outreach/diligence.
- When systems are complex/shared and duplicating ops pre-sign would be wasteful.
- When buyer profile is uncertain (works for PE, IPO/spin, strategics).
- When TSAs are likely and need scoping/time-boxing.

Evolution of financial transparency in a “synthetic standalone” carve-out

Integrated reporting (Pre-carve)

Limited visibility, consolidated group view

Synthetic standalone (Pre-sign)

Independent CarveCo P&L, transparency and live KPIs

Independent reporting (Post-close)

Full separation, standalone control

Safeguarding the transition: Transitional Service Agreements

A TSA is a legal agreement with supporting schedules defining the required services between RemainCo and CarveCo to close any service gaps arising from the carve-out and safeguard the CarveCo business through a smooth and issue free Day 1. TSAs are tape, not glue; use them sparingly and design the exit at the start.

A TSA is a legal document that describes services a seller will provide to CarveCo at a cost for a period of time after the deal closes. In some instances, reverse TSAs may also be applicable.

TSAs should be used as a last resort for services that cannot be discontinued, outsourced, replicated or transitioned to the buyer or a third party prior to deal close.

TSAs are a “patch” used to ensure business continuity while the CarveCo develops its own servicing capabilities, integrates with the buyer or finds new third-party providers.

TSAs comprise of two primary sections:

Legal agreements

- General legal provisions
- Standards of service
- Indemnification
- Invoicing and payment terms
- Confidentiality provisions

Service schedules

- Service name and description
- Provider and recipient
- Service period
- Pricing of services
- Service level agreements (“SLA”)
- Service managers

Illustrative TSA guiding principles

Guiding principles

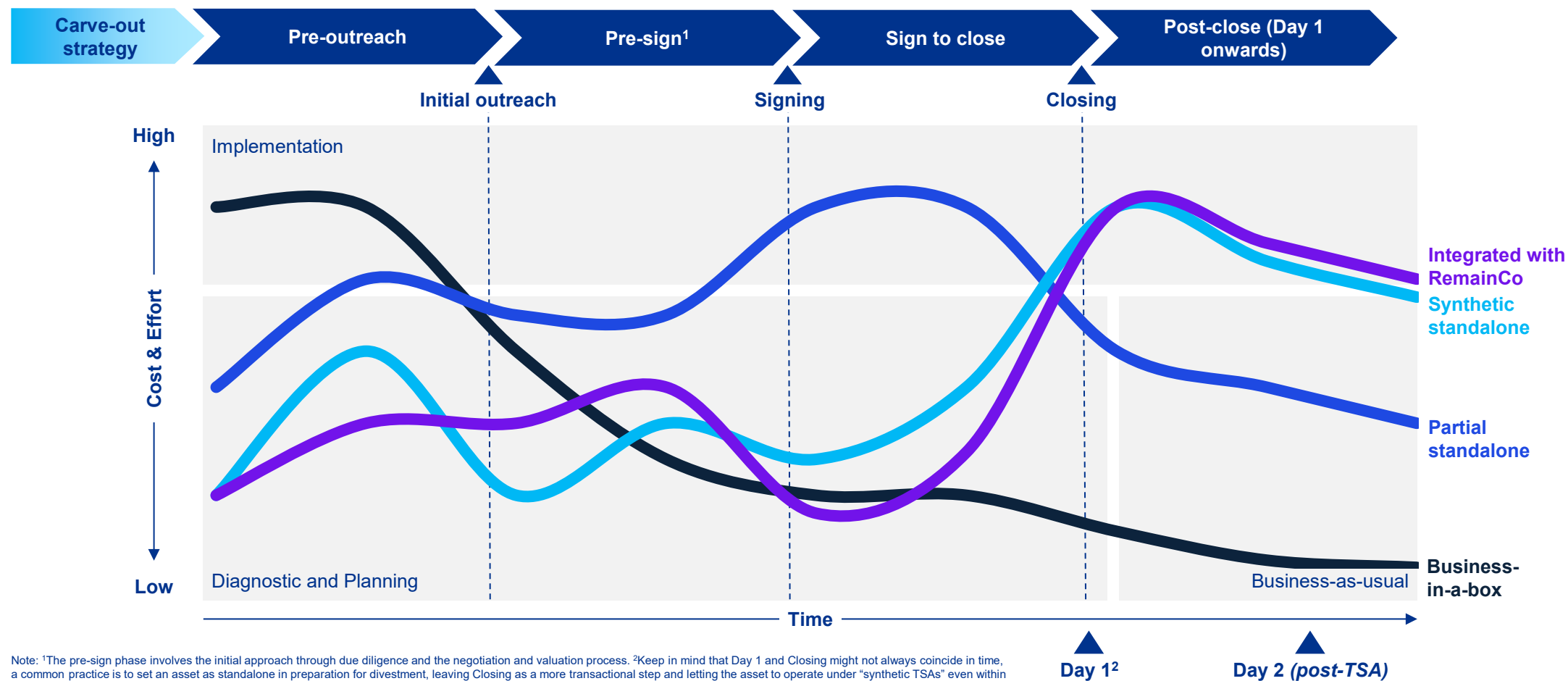
Minimize	• TSAs should be the last resort, only implemented when CarveCo cannot meet business needs standalone from Day 1. • Aim to minimize the number, complexity and duration of TSAs but not at the risk of post-close business requirements.
Recipient driven	• Service recipients should drive the identification and validation of TSA requirements. • TSAs should be written with input and feedback from the service providers. • Cross-functional dependencies need to be identified and addressed in the scoping phase.
Thoroughly managed	• Identify and prepare initial view on TSAs as early as possible. • Start with the end in mind: know how to exit a TSA before drafting the schedule. • If necessary, assume the broadest possible needs of CarveCo; leave no stone unturned. • Assess the administrative burden of monitoring TSA requirements.

Implications

• Implement TSAs to safeguard business continuity where replication, outsourcing or transition of service requirements is not possible by Day 1. • Deliver only what is necessary (limit duration, scope and service level).
• Service recipients and providers should draft the TSA schedules, not attorneys. • The recipient often prepares the schedules then reviews/reaches agreement with the service provider. • Map all interdependencies between services; they are the primary culprit for service breakdowns and late exits.
• Understand the end state model in order to accurately estimate the cost and complexity of the TSA services. • Anticipate critical path items. • Unnecessary services can be dropped from a TSA more easily than an omitted one can be added. • Tax implications should be considered in the TSA negotiations.

Separation timing and effort varies for each carve-out approach

Different plays, different fatigue curves. Each carve-out approach presents varying levels of cost and effort to the seller in different phases of the deal planning and execution.



Your questions answered

We've set out below some of the common questions we get asked, together with our thoughts on these and linked to related guidance in this paper.

How do you build value into the target operating model so inefficiencies don't carry across?

Bring a value lens from the start as you map the "as-is". For example, for every shared process ask: keep, kill, outsource or automate? Bake the answer into the Day 1 and end-state TOM and the equity model.

What is the fastest, cheapest way to separate shared technology without breaching data or licenses?

Clone and go is an efficient way to separate shared technology to ensure business continuity, but data vulnerability must be evaluated in a competitive environment.

How do we keep key talent engaged while announcing major cost efficiencies?

Ring-fence critical staff with stay bonuses; communicate the growth narrative (not just cost); stagger announcements so Day 1 roles are clear on both sides. Incentivize management to be a seller, not a buyer.

How should you organize the separation project to ensure speed and quality?

Define workstreams and sub-workstreams prior to execution, with a clear decision process. Determine areas where a TSA will not be offered (e.g. Legal, Cybersecurity, Commercial) and consider areas where change of ownership can trigger regulatory impacts across global regulators (FDA, USDA, EPA (USA), CFIA, Health Canada, NHC (China), EFSA (EU), ANVISA (Brazil), etc.). Other key decisions area include post-close branding considerations, IT security thresholds, and commercial/distribution agreement considerations.

Do Day 1 and closing have to happen at the same time?

No, it is not an uncommon situation to execute the full carve-out until leaving the asset on standalone and even operating under TSAs pre-closing, leaving the closing event to mostly capture only the ownership transition.

What practical steps should a company take to ensure a smooth separation during a carve-out?

To ensure a successful separation during a carve-out in the consumer and retail sector:

- **Planning and program management:** Develop a detailed separation plan that outlines key milestones, resources, timelines and responsibilities.

- **Legal and regulatory compliance:** Ensure adherence to legal and regulatory requirements, including notifying stakeholders and obtaining necessary approvals or waivers.
- **Customer communication:** Develop a comprehensive communication plan to inform customers about any changes to the brand and services.
- **Brand strategy:** Determine how the brand will be positioned post-separation, including marketing strategies, brand identity, gift cards and customer engagement plans.
- **Operational continuity:** Ensure that the carved-out entity has the appropriate operational structure in place, including supply chain management, HR, IT systems and financial reporting along with clear transition of to legal payables. Evaluate the supply chain to understand the need for a distribution agreement or engagement of a third party.
- **Transition Services Agreement (if needed):** Develop a Transition Services Agreement (TSA) that outlines how the parent company and carved-out entity will manage shared services, systems or personnel during the transition period, including timelines for separation.

From theory to practice

A practical look at six real-world hurdles in Consumer & Industrials separations and how they were overcome

Untangling SAP and EDI to keep invoices flowing on Day 1

- **Challenge:** The divesting unit's order-to-cash process ran on a fully integrated SAP landscape, with EDI and e-invoicing tied directly into warehouse management systems. There were no dedicated resources to run EDI or e-invoicing once the unit was separated.
- **Impact:** Retail shipments risked missing critical ASN/EDI windows. Business continuity for billing was at stake.
- **What worked:** A standalone technology and data plan plus transitional services were established. This kept the critical EDI/e-invoicing and WMS interfaces alive while the CarveCo built its own long-term capability.

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One brand, many countries: Carving out a retail footprint

- **Challenge:** The Consumer & Industrials business spanned multiple countries and sites. A country-by-country analysis revealed highly variable legal, people and operational realities.
- **Impact:** A "one-size-fits-all" perimeter would have broken local compliance and threatened business continuity.
- **What worked:** The perimeter was defined on a per-country basis. The operational footprint was mapped, and Transitional Service Agreements (TSAs) were used where local support (technology, logistics, back office) had to continue post-close.

"What exactly leaves?": Perimeter and one-off adjustments

- **Challenge:** The separation required precise brand and SKU perimeter decisions. It also required clear financial treatment of one-off separation costs (e.g. carve-out costs, depreciation impacts).
- **Impact:** Ambiguity around what moved (and what stayed) distorted the standalone economics and the value case.
- **What worked:** The perimeter was locked early. All one-off and central management adjustments were quantified to derive a defensible standalone view.

Lifting out people and culture across stores, field and HQ

- **Challenge:** People and culture considerations spanned store/field operations and HQ functions, all with deeply entangled processes.
- **Impact:** There were significant risks to customer service and in-store execution during the transition.
- **What worked:** A headcount baselining was linked directly to the Target Operating Model (TOM). Service agreements were used for interim support where new functions could not be stood up by Day 1.

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Co-packers and 3PLs: Contracts won't transfer themselves

- **Challenge:** The CarveCo relied on a dense web of third-party contracts (e.g. co-manufacturing, 3PLs, agencies) that required triage.
- **Impact:** Without planned transfers or novations, the supply chain and promotional activities would stall immediately.
- **What worked:** A dedicated third-party contract analysis and procurement dis-synergies workstream was created. Interim services were put in place for critical contracts that could not be executed in time.

TSAs as a bridge to standalone economics

- **Challenge:** The blueprint required TSAs across multiple functions and treatment of one-time separation costs.
- **Impact:** Without TSA pricing and exit plans, "temporary" services could become long-term cost leakage.
- **What worked:** Build TSA one pagers per function (scope, owner, duration, pricing) and connect them to the standalone cost base to track and exit systematically.

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Authors



Javier Rodriguez
Global Head of Strategy
KPMG International



Joshua Martin
Global Head of
Transaction Services
KPMG International



Barnaby Robson
Partner, Head of Value Creation, China
Head of Deal Strategy, Hong Kong
KPMG in China

Contributors

Steve Sapletal

Global Head of
Integration and Separation
KPMG in the US

Frank N. Petraglia

Global and US Head of Deal
Advisory & Strategy, Consumer,
Retail & Hospitality
KPMG in the US

Andy Leslie

Partner, Technology CoE
Deals and Strategy
KPMG in the UK

Chau Woeste

Partner, Deal Advisory
People in M&A
KPMG in the UK

Ines Omri

Partner, Head of Deal Strategy
KPMG in France

Marc Summers

Partner, Sell-Side Lead
KPMG in the UK

Jesco Willms

Partner, Head of Integration and
Separation, Performance and Strategy
KPMG in Germany

Gareth Jones

Partner
TSG COE
KPMG in the UK

Ankur Jain

Managing Director
KPMG in the US

Benjamin J. Tiemann

Director, Strategy
KPMG in the US

John Rumbelow

Director, Strategy
KPMG in the US

Sophie Chapman

Director
KPMG in China

Audrey Menard

Partner
KPMG in China



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