



PRIVATE EQUITY PERFORMANCE IMPROVEMENT

Driving Value Through Complexity: Managing Multiple Carve-Outs in Private Equity

Divestitures, including carve-outs, account for about 30% of all M&A transactions.¹ In an increasingly competitive M&A environment, with significant capital chasing limited deals and fewer exits, private equity (PE) firms are considering multiple and concurrent carve-outs as a fast way to unlock value from their assets. While breaking up a business into several parallel disposals can certainly maximise returns, it also brings with it significantly more complexity.²

Managing multiple carve-outs at once is not simply about executing similar divestitures in isolation. The transactions often interact and overlap, compounding the operational and organisational challenges.

In this article, part of our [series](#) “Unlocking Success in M&A,” we share Alvarez & Marsal (A&M)’s recent experience working with PE funds over the past two years, where we have first supported sponsors in acquiring and carving out a target from a corporate seller and subsequently helped them execute an ambitious and accelerated divestment programme to multiple future buyers.

We focus on five key areas of challenge for operating partners when running concurrent carve-outs and share our learnings on how best to navigate them:

- 01** A **unified governance framework** with a **central Separation Management Office** and Steering Committee (SteerCo) is critical to managing the complexity of concurrent carve-outs;
- 02** A master roadmap with staggered milestones and integrated workstreams allows **resource planning and prioritisation** to prevent bottlenecks and support smooth execution;
- 03** Rigorous upfront **perimeter definition** and tailored separation plans aligned with buyer profiles are essential to avoid ambiguity and safeguard value;
- 04** Strategic **sequencing, contingency planning and robust confidentiality protocols** are vital to balancing speed, efficiency and risk in concurrent carve-outs;
- 05** Proactive **employee engagement and change management** including targeted incentives and a clear vision for the retained business are essential for maintaining morale during significant organisational changes.

¹ [Divestitures & Carve-Outs: Top 4 Real-World Truths | M&A Leadership Council](#)

² [The Case for Developing Better Divestiture Practices in a Hot M&A Market - IMAA – Institute for Mergers, Acquisitions, and Alliances](#)



01 Governance and Organisational Structure

Conducting multiple carve-outs simultaneously increases the importance of a tight and unified governance framework to manage the complexity.

Without a top-level governance structure tying all carve-out projects together, teams can become siloed, leading to inefficiencies and confusion. Roles and responsibilities may become ambiguous – management, advisors and PE stakeholders can overlap or even leave gaps in critical accountability.

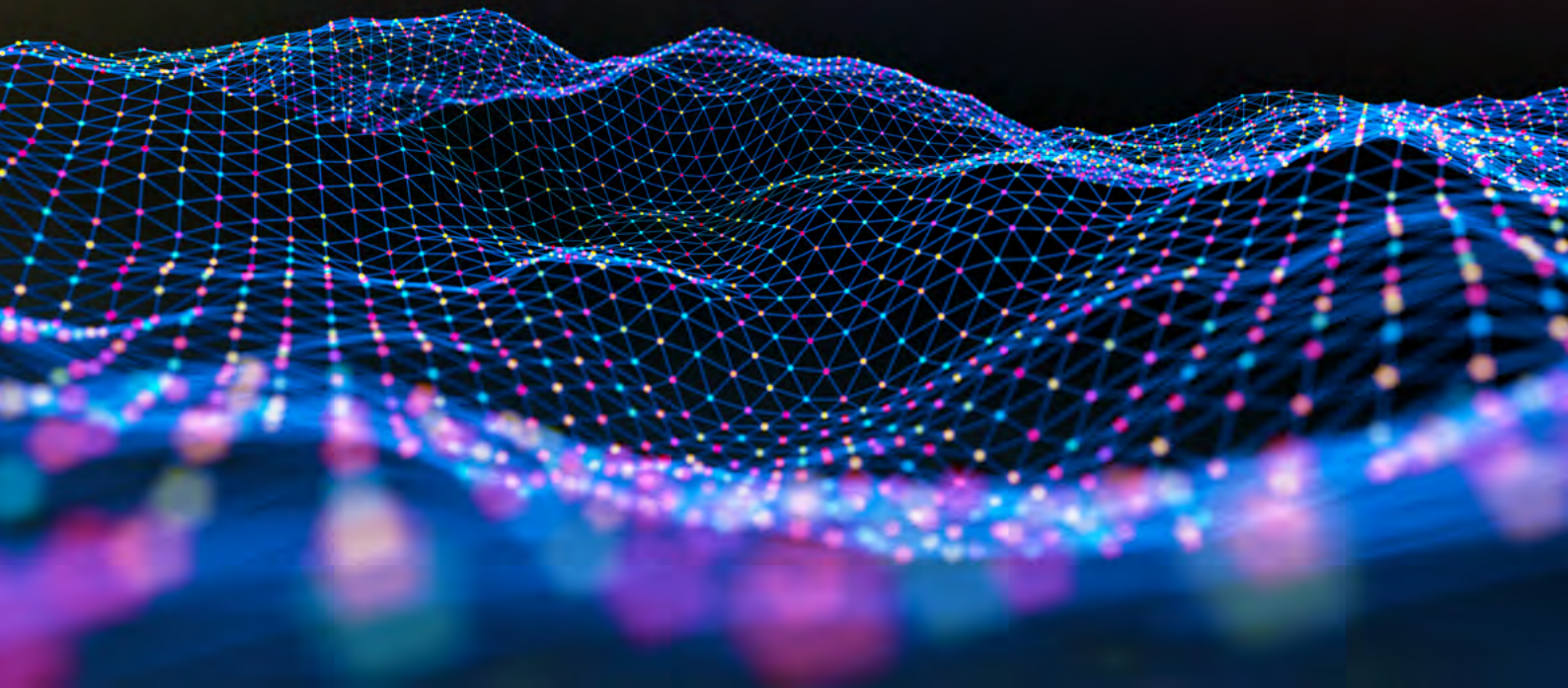
Decision-making becomes complicated when each carve-out has different buyer profiles (e.g. a strategic vs. a PE acquirer), timelines and requirements. If communication and transparency are insufficient, misalignment will grow between stakeholders, causing conflicting priorities and muddled execution plans. All these factors are important in a single carve-out, but multiple carve-outs compound complexity and therefore demand greater planning and oversight.

Key Learnings

On our engagements, we recommend establishing a single, central Separation Management Office and SteerCo to provide unified oversight of all concurrent transactions. The SteerCo should define distinct roles and decision rights for company management, deal teams and functional leaders across each carve-out.

On a recent multi-billion euro software carve-out, we set up a matrix governance structure with both transaction-specific leads (for each carve-out) and functional leads (spanning areas such as IT, finance or HR) working in coordination.

The healthy tension between these groups ensured the needs of the divested businesses and the retained organisation were optimised, rather than one dominating the other. Ensuring transparency at the top level is crucial: regular updates and joint planning sessions among all transaction leads help align assumptions, timelines and priorities. Where possible, operational Day 1 dates should be staggered to allow management to focus on each asset individually, ensuring smoother execution.



02 Resource Planning and Prioritisation

Running several carve-outs in parallel strains resources at all levels.

Often the same teams and individuals (e.g. finance, legal, IT, HR staff) are tasked across multiple deal workstreams, creating resource bottlenecks. Whilst some efficiencies can be expected as teams go through the carve-out process multiple times, employees can also become less engaged and succumb to fatigue as they juggle day-to-day duties with carve-out tasks.

Another difficulty is deciding how to allocate limited capacity. For instance, should teams push for faster Day 1 readiness on one deal, or devote time to fully separate systems and contracts for another? Without careful coordination and prioritisation, workstreams can overlap and conflict, heightening the risk of burnout and delays in execution.

Key Learnings

We advocate for developing a master carve-out roadmap that sequences all transactions and major milestones in a way that balances workloads. This should include a “plan for the plan” i.e. agreeing an approach for developing the overall master roadmap. Thought should be given to staggering certain critical activities to avoid overloading the same team, e.g. scheduling one carve-out’s TSA negotiations to conclude before the next begins. Successful sellers often start detailed separation planning well in advance – sometimes a year or more ahead – to map out resource needs and avoid last-minute crunches.

It’s also important to integrate related workstreams across the deals, such as centralising the workforce planning for all carve-outs under one HR lead, or having a single procurement team handle vendor contract exits for all divested units, so that knowledge is shared and efforts are not repeated in silos. Regular cross-workstream meetings and communication, such as weekly meetings with all workstream leads, promotes collaboration and helps team members flag conflicts early. Additionally, we often use incentives and retention strategies to keep people motivated through intense periods. This might include retention bonuses for key employees working on the carve-outs, recognition for milestones achieved or temporary staff augmentation to relieve pressure.



03 Defining the Perimeter and Buyer Dynamics

Defining the perimeter of each carve-out – exactly what is being sold and what remains – is more complicated when carve-outs happen concurrently.

There can be ambiguity around which people, assets, contracts and legal entities belong to which deal, especially if the businesses were highly integrated. Overlaps or gaps in carve-out perimeters create confusion internally and can spook buyers if they aren't sure what they are getting. Moreover, different buyers often have varying expectations and needs: one buyer might expect the carve-out business to be a turnkey standalone on Day 1, while another may anticipate substantial integration on their side. These differing requirements put pressure on the seller to meet inconsistent targets.

Managing negotiations and due diligence with multiple buyers simultaneously can be challenging, as each party may have unique information needs, timelines and styles. Lastly, the presence of shared contracts and services across the units being sold adds complexity. If two carved-out divisions currently share a supplier contract or IT system, how should this be handled? Transitional Service Agreements (TSAs) might be required to allow each buyer interim access to certain services, but arranging TSAs across multiple simultaneous transactions, and possibly between the divested entities themselves, can feel like a maze of interdependencies.

Key Learnings

In our experience, the best approach is rigorous upfront design of each carve-out's scope. Before going to market, map out in detail which employees, contracts, intellectual property and systems are tied to each business being sold, and how they will be separated. This prevents ambiguity later. Early planning should also identify shared elements and decide how to deal with them – for example, determining if a software license used by both divisions should be split, duplicated or left with one business (and provided to the other via a TSA). It's wise to minimise touchpoints between the carve-outs wherever possible to reduce downstream conflicts. In practice, that could mean reorganising or reassigning certain shared contracts so that each carved-out unit can operate independently post-close, avoiding “back-to-back” TSAs between two sold businesses.

Complex divestitures with multiple simultaneous carve-outs are inherently challenging, largely because high integration means many resources are difficult to disentangle.³ Being a “smart seller” entails presenting buyers with a clearly defined perimeter and a credible separation plan. Early buyer profiling can help bring clarity around the perimeter definition, by identifying the likely buyer universe and their integration preferences. For instance, if you know one carve-out is likely to go to a strategic buyer and another to a PE buyer, tailor your separation and TSA plans accordingly. Early engagement on these points can align expectations and reduce friction later. In summary, clear scope definition and anticipation of buyer needs are essential – it not only smoothens the sale process but also safeguards value by avoiding protracted negotiations over who gets what.

³ Corporate carve outs and spin offs — Financier Worldwide



04 Execution Efficiency and Managing Risk

Executing multiple carve-outs concurrently requires balancing speed, efficiency and careful risk management.

On one hand, each transaction must close by a deadline and achieve Day 1 operational readiness – and faster execution often means earlier benefit realisation and lower carrying costs. On the other hand, key dependencies across all deals, such as regulatory approvals, critical contract consents or system cutovers, can impact timelines. A delay in one carve-out could hold up resources or steps needed for the others. Managing these interdependent timelines is daunting. There is also heightened execution risk – with so many moving pieces, the chances of error or oversight increase.

Confidentiality is another critical concern. Information must be tightly controlled when different buyers and teams are involved. If one deal is at due diligence stage while another is only known by a small inner circle, leaks or inadvertent information sharing can occur. Keeping confidential data segregated for each process (often under different code names and with strict “need-to-know” access) is essential, but juggling these protocols can slow decision-making if not handled carefully. In short, concurrently running deals amplifies the risk of something falling through the cracks or derailing the timeline.

Key Learnings

Execution efficiency starts with the strategic sequencing of activities and strong project management. We recommend mapping out the critical path for each carve-out and looking for opportunities to reduce conflict in the tasks; for example, sequencing the timing of major IT cutovers or finance carve-out steps so they don’t all peak at the same moment. Staggering certain closings or milestone dates may be necessary if the same team (or external advisor) is responsible for deliverables across deals. By sequencing and pacing the work, you reduce the chance of overload that could compromise Day 1 readiness on any single transaction. It’s also prudent to build contingencies into the plan.

We also focus on identifying the “known unknowns” – areas likely to be unpredictable, such as length of time to negotiate certain third-party consents or to receive regulatory clearance – and develop fall-back plans. For instance, in critical supplier contracts, we expect to agree upfront with counterparties that if a consent or split is not achieved by close, an interim

arrangement (i.e. an inform-only change provision rather than requiring renegotiation) will allow operations to continue. This flexibility can prevent one delayed negotiation from stalling the entire deal.

Regarding risk management, we establish robust confidentiality protocols from the outset of each carve-out, including the use of clean rooms for sensitive data and clear guidelines on what can and cannot be shared across teams. At the same time, we help ensure that the core leadership overseeing the whole programme has enough information on each deal to make informed decisions. In practice, this means the top executives or the Separation Management Office might be the integration point for all knowledge, even as execution teams remain walled off deal-by-deal. Regular risk reviews should be held to assess the status of all ongoing carve-outs and pre-emptively address any slippage or issues. Maintaining a laser focus on speed and stability is vital. By actively managing dependencies and confidentiality, PE firms can execute multiple sales efficiently without sacrificing control or value.



05 Employee Engagement and Change Management

One of the most underestimated challenges of concurrent carve-outs is the human factor.

Employees at the company face sustained high workloads over an extended period, which can quickly lead to burnout and morale problems. It's not uncommon for key staff to be working on carve-out preparations for months, even as their colleagues depart to the newly sold entities. Fatigue and stress grow, potentially leading to mistakes or loss of institutional knowledge if people quit. Additionally, there is often a cloud of uncertainty hanging over the organisation during a multiple carve-out programme.

Employees may wonder: *"What will happen to those of us in the retained business once these divestitures are done?"* or ask *"Is there a future here?"* If leadership fails to communicate a clear vision for the remaining company, retained employees can feel like survivors of a shipwreck – relieved but anxious, and possibly less engaged. Poor communication or lack of transparency about the changes exacerbates rumours and insecurity. The culture and morale of both the separating and remaining teams are at risk when so much change is happening at once.

Key Learnings

In these scenarios, we focus on developing a robust change management and employee engagement plan. First and foremost, leaders must show empathy for their teams going through significant upheaval and uncertainty, often without much choice. They need to acknowledge the extra effort employees are giving, and provide additional help where possible, such as temporary team members or the redistribution of duties to prevent chronic overwork. Leaders should look for opportunities to celebrate interim successes of the carve-outs to boost morale, and encourage teams to take breaks once major milestones are hit so they can recharge before the next wave. In addition, to tackle burnout and workload issues, consider targeted incentives and support such as retention bonuses.

Finally, communication is paramount. Employees must understand the go-forward company's strategy and why the carve-outs ultimately benefit the core organisation.

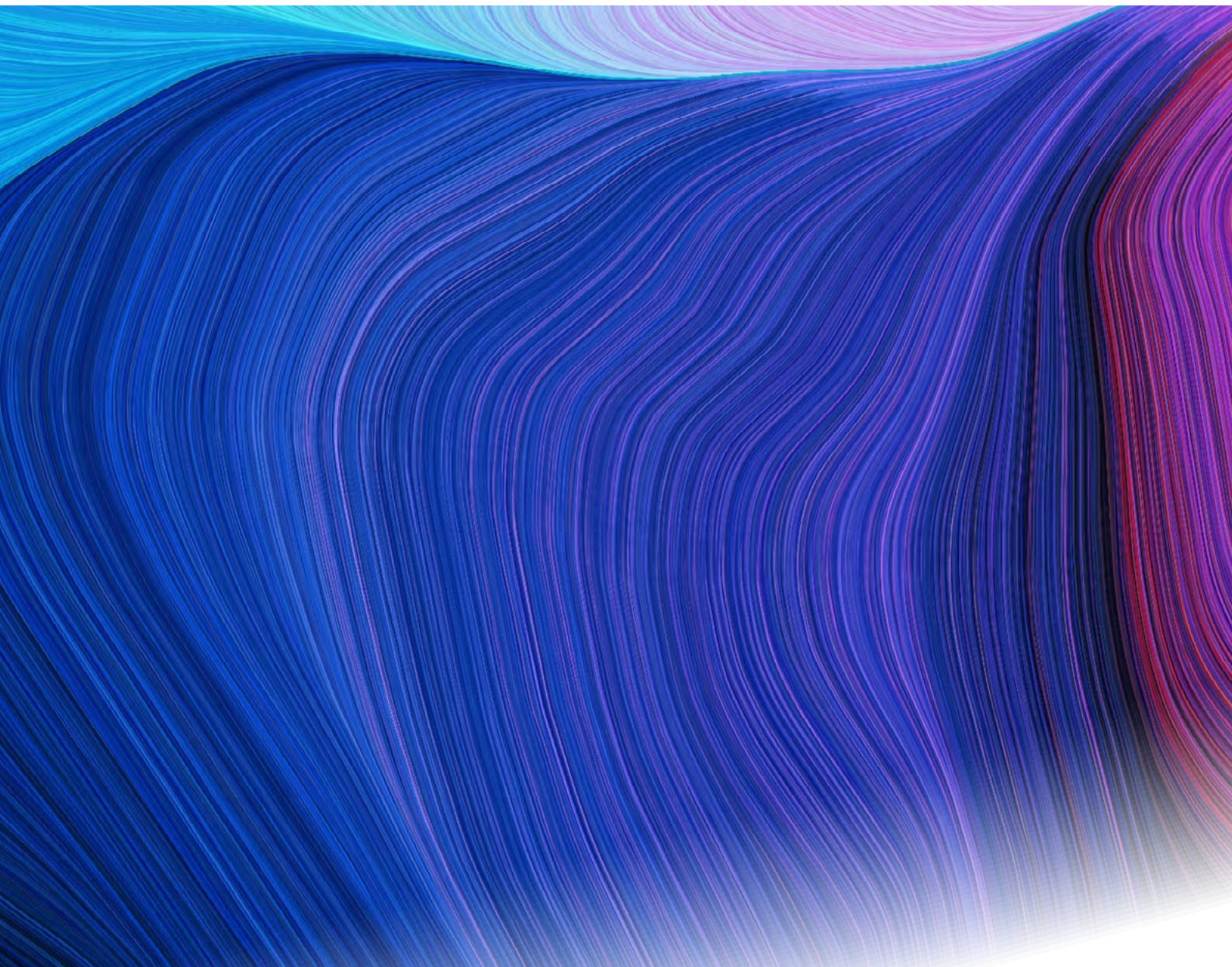
As one best practice, executives need to set a positive tone, framing the divestitures as an opportunity for growth that will create exciting prospects for the team. Regular updates through a proactive communications programme can build understanding, alignment and trust. We recognise the importance of engaging employees via town hall meetings, Q&A sessions and feedback channels throughout the process – no news is not good news in a time of change. By getting ahead of rumours and being honest about what is known and unknown, management can quell anxiety. Importantly, successful teams should leverage learnings from earlier carve-outs; for example, if the first carve-out revealed that employees felt uninformed about the deal's benefits or job security, addressing that upfront in subsequent transactions is hugely important. Each carve-out can serve as a lesson in change management, gradually reducing resistance and fatigue in the organisation.

Conclusion

Executing multiple, concurrent carve-outs in a company is a formidable undertaking, but with the right approach it can also be a transformative value creation strategy. Success lies in leaders bringing order and clarity on what is inherently a chaotic process.

By setting up strong governance, carefully planning and prioritising resources, defining deal perimeters with precision and foresight into buyer needs, rigorously managing execution risks and keeping employees informed, firms can navigate the complexity. These measures transform what might otherwise feel like a frantic “fire sales” process into well-orchestrated transactions that unlock value for investors and leave the remaining business on a solid footing.

Our experience suggests that, even in the high-pressure environment of concurrent carve-outs, it's possible to deliver each deal effectively while maintaining organisational stability. The lessons learned from such endeavours ultimately strengthen a firm's divestiture playbook, building a repeatable competency that serves as a competitive advantage in today's challenging PE environment.





How A&M can help

A&M's Private Equity Performance Improvement practice brings extensive experience in planning and executing the critical aspects of merger integration and carve-outs. Our [Carve-Out and Merger Integration \(MI\) team](#) partners with PE clients across the full M&A lifecycle, combining traditional carve-out and merger integration support with performance improvement strategies to maximise financial value during the transaction process.

We help PE funds acquire and carve out targets from corporate sellers and, subsequently, execute ambitious, accelerated divestment programme to multiple future buyers. With deep expertise in governance, change management, risk management and resource planning, our team specialises in designing and implementing robust frameworks that bring clarity and control to even the most intricate divestiture programmes. Our proven approach combines rigorous perimeter definition and separation planning alongside strategic sequencing, proactive risk management and employee engagement strategies to maintain organisational stability and unlock maximum value from multiple divestitures.



For more detailed insights, please get in touch with **Dominic Orchard**, **Dr. Tim Veen** and **David Stass**.

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