

Over 30 Years Experience

HUTCHISON GROUP

Management Consultants

Planning for Successful Divestitures

As part of our divestiture planning process, we work with the seller to prepare a report for prospective buyers identifying opportunities for securing significant future labor cost savings and productivity improvements; helping to establish a higher company valuation and purchase price.

- **Heighten Buyer Interest** - A key variable in a buyer's decision to purchase a new business is their assessment of the current and projected labor costs, along with their ability to effectively manage the workforce. Operations with a solid plan to improve productivity will generate significantly more interest than those with rigid work rules, inefficient practices, or restrictive labor agreements.
- **Increase Purchase Price** - While each business and transaction is unique, a well-managed divestiture can often reduce operational costs by 10% - 20%. Our team of experienced professionals works with local management to carefully document areas of potential future savings for the buyer, providing the seller with valuable leverage to secure a higher price for the business.
- **Develop Action Plans** - To capitalize on the opportunities for lowering costs and improving productivity, we help the buyer develop an action plan to implement key changes prior to or shortly after closing. Also, if there is a union present, we can facilitate discussions with union leadership regarding a new labor agreement.

Our Clients - Helping Some of the Worlds Best Companies

For over 30 years, we have had the privilege of working with some of the world's best companies, helping them achieve their M&A and restructuring goals. For a complete list of our clients and services please visit our web page at www.hutchgrp.com





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Successful Divestitures

Divestitures Provide a Unique Opportunity to Implement Change Help Ensure Future Success and Enhance Employee Job Security

Like most people, employees often view change as a negative, and resist departures from current practices. Therefore, it is important to explain how future changes will help position the business for success, why they are needed, and how they will improve job security.

Here are a few of the opportunities that should be explored when contemplating a change of ownership; (1) simplify work rules and labor agreements to create a more flexible and productive work environment, (2) expand employee's scope of work, (3) outsource non-value added jobs, (4) meet with groups of employees to seek out their ideas for improvement, (5) evaluate the need for employee training programs, (6) eliminate or restructure outdated benefit plans, and (7) consider establishing two-tier wage and benefit structures that protects long service employees while ensuring competitive labor rates for new hires.

Identify and Secure Valuable Government Economic Incentives

It is also helpful for the seller to understand what types of government economic incentives the buyer might be eligible for at the state and local level, and calculate the financial impact to provide the seller with additional leverage during the sales negotiation. It is critical that incentives be negotiated in advance of the sale in order to maximize value.

Hutchison Group Can Help Prepare Comprehensive Analysis and Action Plans

To help ensure that the company successfully leverages potential labor cost savings and other improvements with prospective buyers, our *labor relations consultants* can conduct a comprehensive analysis, and prepare a formal report that can be shared with potential buyers. In addition, the report will include specific recommendations and process methodologies as to how the cited improvements can best be secured and implemented.

Reassure the Board of Directors and Shareholders

As an added benefit, our services help to reassure the Board of Directors and Shareholders that management has been diligent to secure the best possible price for the sale of their business, helping to positively impact both company valuation and share price.



The Hutchison Group is a highly regarded management consulting firm focused on all aspects of labor relations. We specialize in planning and negotiating competitive labor agreements, assessing vulnerability to future union organizing, and a broad range of other HR services designed to help reduce costs and improve productivity.

We're on the Web!

www.hutchgrp.com

For More Information Contact:

Cameron J. Hutchison
President & Founder
Email: cameron@hutchgrp.com
Tel: (203) 233-6200