



# Seller's Advantage: Creating Value Before the Deal

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How divestiture premiums are won long before negotiation begins.





# The Seller's Moment

Divestitures have quietly become one of the most effective ways for organisations to create value, not just for buyers, but for sellers themselves. For years, they were treated as the unglamorous counterpart to acquisitions: something you did when a business underperformed, when capital was tight, or when the board demanded simplification. They were framed as defensive moves, executed reluctantly and explained apologetically.

That mindset no longer fits the world in which we operate. Markets are more volatile, capital is more expensive, and leadership teams are under pressure to sharpen their focus while still maintaining agility. The divestiture landscape has also changed. Digital disentanglement now drives a significant portion of separation cost and risk. Private equity buyers dominate carve-outs and expect a higher level of readiness. Regulatory scrutiny has increased in several sectors. These shifts make disciplined preparation even more important than it was five years ago.

In this environment, divestitures are not a sign of weakness. They are a strategic tool: a way to accelerate priorities, release trapped value and reshape portfolios.

But the real shift is this: **sellers now have more advantage than they realise**. The organisations that outperform are those that prepare early, shape the narrative and help buyers see the future potential of the business long before the formal process begins. Premiums are not won in negotiation. They are won upstream, through clarity, design and disciplined preparation.

**Just like acquisitions, divestments are opportunities for value creation.**

Yet despite this shift, many organisations still approach divestitures with the same habits that have held them back for years. They consider selling as failure. They rush the process. They rely on Transitional Service Agreements to postpone difficult decisions. They allow buyers to define the narrative. **And they underestimate how much value is lost when the business being sold is poorly prepared or poorly explained.**

The irony is that — by their very nature — buyers generally see more potential in the asset than the seller does. What has changed is the level of discipline required to present a business in that state.

Many divestitures underperform not because the asset is weak, but because the seller treats the process as a compliance exercise rather than a value-creation opportunity. The industry norm is still 'minimally groom the business, prepare the data room and hope for the best'. Oaklin rejects that approach. Value is created through intentional design, not administrative process.

The selling organisations that outperform are those that treat their divestitures as strategic, value-creation events — just like their M&A. They prepare early. They articulate buyer value clearly, often tailored to specific buyer targets. They control the story. And they create competitive tension that drives premiums rather than discounts.

**This paper sets out Oaklin's perspective on how to do exactly that.**



## Beauty is in their eyes, but in your hands

Oaklin's approach is built on three simple learnings:

- Every divestment contains 'buried treasure', value that is often unknown to the seller.
- Buyers will not want to pay for this extra value — but they will if they need to. This is an opportunity for the seller.
- This opportunity is not created at the negotiating table, but long before, through the way the business is prepared, understood and presented.

Everything hinges on one thing: **Buyers rarely pay for what a business is worth today. They pay for what it can make it worth tomorrow.**

This means that the seller's job is not simply to describe the business. It is to help buyers see the potential. To do that, sellers must understand what buyers value most.

**Buyers pay for clarity.** They want to know how the business works, how it makes money. They pay for strategic fit. They want to see how the business complements their portfolio, strengthens their capabilities or accelerates their growth. They pay for distinctive strengths: capabilities that are hard to replicate on their own.

More importantly, **buyers pay for opportunity.** The more they see, the more they will pay. They want credible value that can be unlocked with investment, integration, focus or scale. And reduced risk: A business that is easy to integrate, or to run as a standalone, commands a higher price.

**Above all, buyers pay for confidence.** M&A is inherently risky, so they look for signals that the numbers are reliable, the leadership team understands the business and the future story is real. When sellers fail to provide this, buyers default to caution. When sellers articulate it with conviction, buyers compete.

## Oaklin's Divestment Value Creation Framework

Traditional carve-out approaches focus on disentanglement first and value later. Oaklin reverses that logic. We start with value: what buyers will pay a high price for, and what they need to see to give them confidence to do so. Only then do we design the separation. This shift in sequence is what consistently drives higher premiums.

Most sellers underestimate how much control they have. Oaklin's approach is built on giving that control back. To help them do this, we use a framework that brings structure and clarity to the divestiture process. It replaces the traditional 'carve-out first, story later' mindset with a more integrated and strategic approach based on three stages and nine steps:





# Value Preparation: The foundation of a high-performing divestiture

The Value Preparation stage ensures the business is structurally, operationally and strategically prepared long before buyers arrive. Most divestitures underperform not because the asset is weak, but because sellers enter the market with unclear priorities, incomplete operating models or an over-reliance on TSAs. Value Preparation reverses that pattern by creating alignment on ambition, clarifying how the business actually works and designing a separation that reduces risk rather than deferring it. When sellers get this right, buyers see a business that is credible, coherent and easy to own; and they price it accordingly. The three steps within this stage build this foundation with discipline and intent:

## Preparation: Guiding Principles

Guiding principles are the anchor for any divestiture. They define the ambition, the level of leadership commitment, and the standards for decision-making. They clarify what the organisation values most: the balance between speed and value, the type of buyer being targeted, the stories the seller wants to tell, and the operational challenges that must be anticipated. When these principles are clear, teams move with purpose and alignment. When they are absent, the process becomes reactive and fragmented, with stakeholders filling the gaps in their own way.

Far from being ‘soft’, guiding principles give people context and direction. They help everyone understand why the divestiture is happening, how it will be run, and what role they play in making it successful. Without them, control of the agenda slips and the divestiture becomes vulnerable to drift and misinterpretation.

## Preparation: Operating Model

The operating model is the blueprint for how the business works and how it will function as a standalone entity. It goes far beyond organisational charts. It describes the processes that create value, the systems and data that support them, the suppliers that enable them, and the governance that keeps everything aligned. Without this clarity, divestitures are plagued by surprises, delays and buyer uncertainty.

A well-defined operating model shows how the business will operate on Separation Day 1 and how it will transition away from any TSAs. It identifies entanglements early and provides the structure needed to plan the carve-out with confidence. Done properly, it becomes one of the most powerful tools in the entire process, reducing risk and strengthening buyer confidence.

When eBay prepared to separate PayPal in 2015, early operating-model analysis revealed deep entanglements across customer accounts, fraud systems, data infrastructure and risk management. These interdependencies were far more extensive than leadership had assumed. By addressing these issues upfront and designing a clean standalone operating model, both companies were able to present themselves as independent, growth-ready entities.



Analysts later noted that the clarity of the separation was a key factor in PayPal's strong post-listing valuation, which exceeded expectations on Day 1.

### Preparation: Separation Planning and Execution

Separation begins with the financial, tax and legal carve-out. High-quality financials, clear cost allocations and a well-structured legal approach directly influence valuation and deal mechanics. They give buyers confidence in the numbers and reduce the risk of challenge during diligence.

The operational carve-out is where complexity peaks. Many organisations try to defer this work and rely on TSAs, but this usually narrows the buyer pool and depresses the sale price. Creating a near-standalone entity before going to market makes the business easier to value and diligence, and far more attractive. Some elements will always depend on the buyer's intentions, but these should be deliberate choices, not a default. When conducted well, separation planning becomes a source of confidence rather than a source of risk.



## Value Discovery: Uncovering the potential that buyers will pay for

Once the business is structurally ready, the seller must shift from preparation to insight: understanding how the business creates value today and how it could create more under different ownership. Many divestitures fall short because sellers assume buyers will see the potential on their own; in reality, buyers are comparing multiple opportunities and need clarity, not complexity.

The Value Discovery stage brings that clarity by identifying strengths, opportunities and risks early, and by translating them into buyer-specific logic. When sellers do this well, they shape the buyer's investment thesis before the buyer has even written it. The steps within this stage uncover and define this hidden value with precision:

### Discovery: Vendor Due Diligence

Vendor due diligence is the first step in understanding the true value of the business being sold. Buyers will run their own diligence, but when the seller does this work upfront, it shapes the entire conversation. It highlights areas of possible value creation and risks early, gives the organisation time to address issues before going to market, and prevents surprises that can slow the deal. It also signals professionalism and preparedness, which increases buyer confidence in leadership and widens the pool of interested parties.



Strong vendor due diligence shortens the time buyers spend navigating unfamiliar data rooms and reduces the temptation to negotiate the price down. It ensures the seller enters the process with clarity, control and a well-grounded view of what the business is worth — to them.

### Discovery: Buyer Value Identification

Once the financial picture is clear, the seller must help buyers understand how the business actually creates value. This starts by translating the current operating model into a set of clear, accessible lists that show precisely what is being sold and how it works. A detailed **business inventory**, a map of the value chain and a view of performance and culture all help buyers see the business as a coherent, functioning entity rather than a collection of assets.

It then allows you to identify potential buyer synergies: opportunities for scale, commercial extension, back-office cost reductions, and new capabilities to bring to the market. Just as with any potential acquisition target, these can be modelled to create an outline ‘buyer business case’ to demonstrate what the business might be worth to them.

### Discovery: Capability Mapping

Capability mapping identifies what the business is genuinely good at: the distinctive strengths that set it apart. These capabilities are rarely captured in financial statements, yet they are often the reason buyers pay a premium. They combine people, processes, technology and know-how into something that is difficult to replicate and valuable to the right owner.



By breaking these capabilities down and linking them to the operating model, sellers can show how the business competes today and how it could enhance a buyer’s own value tomorrow. This is where strategic fit becomes visible over and above the financial return. When done well, capability mapping becomes one of the most persuasive elements of the entire divestiture narrative.

When IBM sold its PC division to Lenovo in 2005, analysts initially questioned the strategic logic and valuation. But capability analysis revealed that Lenovo’s real differentiator was its highly efficient, scale-driven manufacturing model, while IBM’s strength lay in brand, design and global enterprise channels. The combination created a capability fit that neither company could achieve alone. Lenovo leveraged IBM’s ThinkPad brand and design capabilities to accelerate global expansion, while IBM exited a low-margin business to focus on services and software. The deal is now widely cited as a case where capability complementarity — not financials alone — justified the high transaction price.



# Value Articulation: Turning Insight into Persuasion

This is the point at which the seller turns understanding into narrative, and narrative into competitive tension. **Buyers don't just respond to numbers; they respond to stories that make the future feel credible, achievable and attractive.** The Value Articulation stage ensures every document, every conversation and every management interaction reinforces that story with consistency and confidence. It also provides the structure needed to manage buyer momentum, control the flow of information and maintain competitive pressure throughout the process. The steps within this stage bring the value story to life and convert preparation into premium:

## Articulation: Value Case Creation

Value cases translate potential into something tangible. Many businesses earmarked for divestiture have suffered from under-investment or strategic neglect, which means their recent performance often understates their true potential. Value cases help correct that imbalance. They set out the specific opportunities a buyer could unlock with focus, capital or integration, and they provide the evidence that links historical performance to future growth.

These cases are tailored to the buyer's perspective, showing where combination or investment would generate returns and why the business is worth more in their hands. They also give management a structured

way to surface the opportunities they have long recognised but not been able to pursue. Buyers welcome this clarity. It strengthens their own investment thesis and supports the story they must tell internally when seeking approval for a premium bid.

## Articulation: Value Stories and Messages

Value stories bring the divestiture to life. Facts and figures matter, but they rarely persuade on their own. Buyers respond to narratives that explain what the business is, why it matters and how it can grow. A strong story weaves together the financials, the operating model, the capabilities and the investment opportunities into a coherent, human message that builds confidence and lowers perceived risk.

Management presentations and discussions are where these stories have the greatest impact. They give leaders the chance to connect the logic of the deal with the reality of the business, using examples and anecdotes that make the opportunity feel real. The key is balance. Too much storytelling feels superficial; too little feels mechanical. When crafted and rehearsed well, the story becomes a powerful tool that shapes buyer perception and strengthens competitive tension.

## Articulation: Buyer Engagement Plan

A strong buyer engagement plan is what turns preparation and insight into competitive tension. It sets out how the seller will communicate with the market from the very first approach through to final deal approval, shaping how buyers perceive the opportunity and how much they are ultimately willing to pay.



The most effective plans begin long before the Information Memorandum is released. They define how the seller will position the asset, how they will approach different categories of (or even individual) buyers, and how they will manage the flow of information to build interest without giving away control. This early framing matters. It influences which buyers engage, how seriously they take the process and how they benchmark the opportunity against others they are considering.

As the process moves into competitive bidding, the engagement plan becomes the mechanism for maintaining momentum and managing risk. It sets the rhythm of communication, ensures buyers receive timely and consistent updates, and anticipates the questions or concerns that could slow progress. It also provides a structured way to handle resistance or roadblocks, whether they come from internal stakeholders, external advisors or the buyers themselves. The goal is to keep the process moving at a pace that suits the *seller*, not the bidders, and to ensure that every interaction increases the attractiveness of the asset and the professionalism of the process.

Ultimately, a well-designed engagement plan is about maximising the premium. It creates a sense of competition, reduces uncertainty and ensures buyers feel they must put forward their strongest offer to remain credible. When executed with discipline, it becomes one of the most powerful levers in the entire divestiture, shaping not only the outcome but the quality of the buyer relationship long after the deal is done. When Siemens prepared to sell its hearing-aids division in 2013–14, it ran a tightly structured, multi-round engagement

process designed to maintain competitive tension among strategic buyers and private equity firms. Siemens sequenced information releases, tailored management access to each bidder's strategic rationale, and used disciplined communication rhythms to keep all parties moving at the same pace. Analysts later noted that the clarity and professionalism of Siemens' engagement approach helped sustain competition deep into the process, ultimately contributing to EQT's winning bid of €2.15bn; a valuation well above early market expectations.

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## Conclusion

### Maximising Divestiture Value

Despite the best intentions, most organisations fall into the same traps:

- Treating the divestiture as an afterthought. Leadership teams focus on running the business and leave the sale process to advisors. The result is a reactive, buyer-led transaction that lacks strategic intent.
- Outsourcing the narrative. If the seller does not shape the story, the buyer will. Their version will always be more conservative, focusing on risk rather than opportunity. And it will anchor the valuation at the lower end of the range.
- Relying too heavily on TSAs. TSAs are often used to postpone difficult decisions. They create the illusion of simplicity, but they rarely deliver it. They often reduce the number of interested buyers and minimise the sale price.

Divestitures reward organisations that treat them as strategic events, not administrative processes. The premium is created long before the buyer arrives, through clarity of design, disciplined preparation, advanced planning and a narrative that makes the future feel real.

Sellers who master these elements don't just sell their businesses — they create value from them.



## Unconventional Wisdom: Practices For Maximising Value in Divestitures

1. **Treat divestitures like M&A.** Divestitures are strategic events, not administrative processes. Sellers who prepare early, articulate value clearly and manage buyers with intent consistently outperform.
2. **Start early.** Premiums are won long before the IM is drafted. Early preparation gives you control of the narrative, the timetable and the buyer experience. Late preparation hands that control to the market.
3. **Set clear guiding principles and stick to them.** Define the ambition, the pace and the non negotiables. Without this, teams drift, decisions slow and the divestiture becomes reactive rather than strategic.
4. **Build a real operating model, not an organisational chart.** Buyers pay for clarity. Show how the business actually works – processes, systems, data, governance – and how it will operate on Day 1. This reduces perceived risk and widens the buyer pool.
5. **Minimise TSAs – they depress value.** TSAs are often used to avoid difficult decisions. They narrow the field of interested buyers and reduce the premium. A near standalone business is easier to diligence, integrate and price.
6. **Do your own diligence first.** Vendor due diligence is not duplication; it is advantage creation. Anticipate buyer questions, surface issues early and fix what you can before the market sees it.
7. **Map capabilities, not just assets.** Distinctive capabilities – the things that are hard to replicate – are what buyers pay for. Make them visible, explain why they matter and link them to future growth.
8. **Build buyer specific value cases.** Different buyers see different value. Tailor the story to each category of buyer and show how the business performs better in their hands than in yours.
9. **Tell a story that makes the future feel real.** Facts inform; stories persuade. Craft a narrative that connects the operating model, the capabilities and the growth opportunities into a coherent, human message.
10. **Manage the process.** Momentum is everything. A structured engagement plan – sequenced information, consistent communication, controlled access – keeps buyers moving at your pace, not theirs.
11. **Own the narrative, before someone else does.** If you don't shape the story, buyers will. Their version will be more conservative, more risk focused and anchored at the lower end of the valuation range.



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