

# DIVIDE AND CONQUER?

## Parent Firm

### Pros

- ✓ Financial flexibility and stock-value boost, at least in short term
- ✓ Freedom for managers to focus on firm's most important operations
- ✓ Possible tax benefits to company and investors

### Cons

- ✗ Potentially giving up a fast-growing revenue source
- ✗ Process is intensive work on top of day-to-day tasks
- ✗ Potential talent drain

## Spin-Off

### Pros

- ✓ Parent firm no longer siphoning away resources
- ✓ Focused business often attracts new customers and investors
- ✓ Historically, spun-out firms have rewarded shareholders

### Cons

- ✗ Share price can be more volatile
- ✗ Cannot rely on parent firm for IT, HR, or other critical systems
- ✗ Must build new corporate culture