

[MODEL ANSWER] CFO Interview Guide

Jennifer Osei (CFO, ConsumerTechCo)
June 14, 2022

TOPIC A - Overall divestiture goals & constraints

Q1 - Simply put, as you consider the wearables business unit, what exactly are you divesting? (Include people, products, technology/systems, infrastructure, capabilities, intellectual property/patents, etc.)

TYPE ANSWER

Q2 - What are the key drivers behind this divestiture?

TYPE ANSWER

Q3 - Has the company gone through a divestiture in the past, or will this be a new experience? If so, what was the experience like? If not, what concerns do you have about the capability within the organization to execute this divestiture?

TYPE ANSWER

Q4 - Where are you in the process? Are you entertaining the idea of a divestiture, or have you already decided this will go ahead? Do you have a buyer or potential targets identified? Do you have a transition management office in place?

TYPE ANSWER

Q5 - Are there any constraints we should know about? For example, are you willing to sell this business unit to a direct competitor?

TYPE ANSWER

Q6 - If you had a magic wand and could perfectly control three things about the divestiture, what would they be? Or differently put, what represents a successful divestiture for you?

TYPE ANSWER

TOPIC B - Financial performance

Q7 - Since you don't break out wearables figures on your financial statements, could you give us some insight into its financial performance, including performance relative to previous years and other business units?

TYPE ANSWER

Q8 - How have you allocated corporate overhead and fixed costs to the wearables business unit? Have you determined if and how this would change for the remaining business units post-divestiture?

TYPE ANSWER

Q9 - Post-divestiture, have you explored cost improvements in the remaining business? E.g., with less demand on the finance team, could the transactional finance roles be outsourced/offshored?

TYPE ANSWER

TOPIC C - Entanglements: People & Processes

Q10 - To help us understand entanglement with the rest of the company, what services does the business receive from outside the wearables business unit? E.g., does the wearables business unit have its own finance, HR, marketing, and sales teams? Are product and engineering resources exclusive to wearables?

TYPE ANSWER

Q11 - Specific to people and processes, what transitional services (if any) do you anticipate will be required, and for how long? E.g., if the wearables business unit has no dedicated finance function and relies on the center, do you anticipate functions such as Accounts Payable/Payable, etc., being run through the parent for some time?

TYPE ANSWER

Q12 - Is a clear operating model in place for the residual business post-divestiture? Are the organization's right capabilities retained to ensure successful business outcomes?

TYPE ANSWER

Q13 - Do you have the involvement of HR and Comms teams to minimize the impact of uncertainty on affected employees? Is there a plan to ensure the process is confidential and enables people to get on with their work?

TYPE ANSWER

TOPIC D - Entanglements: Technology & Infrastructure

Q14 - Does the wearables business unit operate within its own instance of key systems and technology? Is there a separation between the wearables business unit and the rest of the company in SAP, Oracle, Workday, Cloud providers, etc.?

TYPE ANSWER

Q15 - Do you anticipate the divestiture to impact any partnership/contractor/vendor agreements in place? E.g., will you lose volume-based discounts with cloud services providers?

TYPE ANSWER

Q16 - Is the wearables data (customer, product, diagnostic, etc.) stored with data from other business units, and if so, is there a plan to separate it as part of the transaction?

TYPE ANSWER

Q17 - Specific to technology and infrastructure, what transitional services (if any) do you anticipate will be required, and for how long?

TYPE ANSWER

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TOPIC A - Overall divestiture goals & constraints

It helps to start with a broad scope to get the conversation going and for the interviewer to be able to pick up some clues early on. In addition, starting wide allows the interviewer to understand the most important information quickly, which may impact the whole direction of the interview.

Q1 - Simply put, as you consider the wearables business unit, what exactly are you divesting? (Include people, products, technology/systems, infrastructure, capabilities, intellectual property/patents, etc.)

TYPE ANSWER

Q2 - What are the key drivers behind this divestiture?

TYPE ANSWER

Q3 - Has the company gone through a divestiture in the past, or will this be a new experience? If so, what was the experience like? If not, what concerns do you have about the capability within the organization to execute this divestiture?

TYPE ANSWER

Q4 - Where are you in the process? Are you entertaining the idea of a divestiture, or have you already decided this will go ahead? Do you have a buyer or potential targets identified? Do you have a transition management office in place? *Having multiple sub-questions in a single numbered question can help the user of the guide understand what the question is trying to say. The user of the guide will likely not be using it word for word, so documenting questions like this can give them more of an understanding of the question.*

TYPE ANSWER

Q5 - Are there any constraints we should know about? For example, are you willing to sell this business unit to a direct competitor?

TYPE ANSWER

Q6 - If you had a magic wand and could perfectly control three things about the divestiture, what would they be? Or differently put, what represents a successful divestiture for you?

TYPE ANSWER

TOPIC B - Financial performance

Sometimes this may be clear from the financial statements. Don't ask questions if the answer is already accessible elsewhere. Opinion questions are acceptable, but don't ask for data easily found on publicly available financial statements.

Q7 - Since you don't break out wearables figures on your financial statements, could you give us some insight into its financial performance, including performance relative to previous years and other business units?

TYPE ANSWER

Q8 - How have you allocated corporate overhead and fixed costs to the wearables business unit? Have you determined if and how this would change for the remaining business units post-divestiture?

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Q9 - Post-divestiture, have you explored cost improvements in the remaining business? E.g., with less demand on the finance team, could the transactional finance roles be outsourced/offshored?

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TOPIC C - Entanglements: People & Processes

Divestitures require navigating entanglements. This means that what you are trying to divest is going to be giving and receiving resources and services to and from the part of the company that remains. Therefore, it is crucial to understand how the parent and child are connected. Entanglements come in many kinds, so trying to break them up into groups provides structure to the conversation (in this case, people and processes first, technology and infrastructure second).

Q10 - To help us understand entanglement with the rest of the company, what services does the business receive from outside the wearables business unit? E.g., does the wearables business unit have its own finance, HR, marketing, and sales teams? Are product and engineering resources exclusive to wearables? *Including an example can be a powerful way to ensure that you get the answer you need.*

TYPE ANSWER

Q11 - Specific to people and processes, what transitional services (if any) do you anticipate will be required, and for how long? E.g., if the wearables business unit has no dedicated finance function and relies on the center, do you anticipate functions such as Accounts Payable/Payable, etc., being run through the parent for some time? *Transitional services are important elements of a divestiture that allow the parent and child companies to continue operating smoothly while executing the change. For example, this might mean some of the parent's finance resources continue to work with the divested company for a set period while the child company sources and trains its own finance team.*

TYPE ANSWER

Q12 - Is a clear operating model in place for the residual business post-divestiture? Are the organization's right capabilities retained to ensure successful business outcomes?

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Q13 - Do you have the involvement of HR and Comms teams to minimize the impact of uncertainty on affected employees? Is there a plan to ensure the process is confidential and enables people to get on with their work?

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