SCOPING WORKSHOP KEY POINTS

Scenario:

The case study concerned an off-market takeover by one listed HR company of another listed HR company. The target had a majority shareholder / founder / CEO who wished to sell and retire, and a respected investor holding 19.9% of the shares whose intentions were unknown. A Private Equity firm shaped as a potential rival bidder.

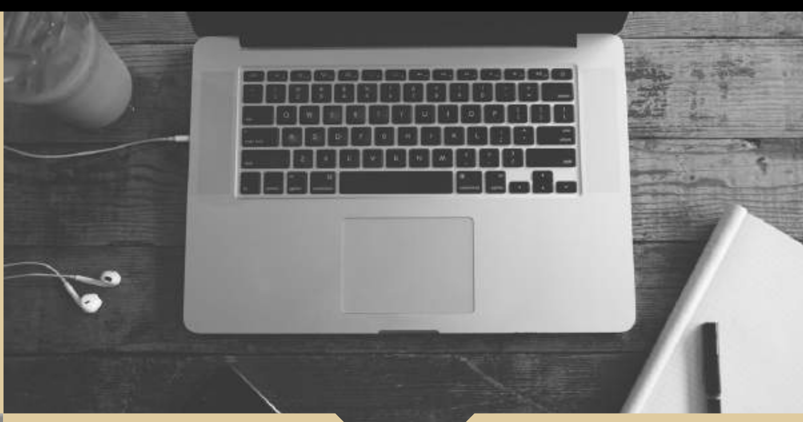
Strategy:

Client strategy unknown, other than move quickly and avoid a bidding war.
What we really needed to know:

- The client's objectives and preferred approach
- The client's range of acceptable outcomes
- Any go / no go issues

STAGES:

100% AGREED THAT A STAGED APPROACH FOR SCOPING WAS REQUIRED AND DUE DILIGENCE WAS NECESSARY



ADVICE:

67% IDENTIFIED ADVICE WORK REQUIRED FOR REGULATORY APPROVALS, HR ETC

PATHWAYS:

34% DISCUSSED ALTERNATIVE TAKEOVER METHODS, EITHER PREEMPTIVELY SCOPED OR OUT OF SCOPE

LPM:

17% LAW FIRM

17% EXTERNAL SUPPLIER

WHO WOULD PROVIDE THE LEGAL PROJECT MANAGEMENT SERVICE FOR THIS MATTER

PRICING:

100% AGREED THAT PRICING SHOULD BE FIXED FEE PER STAGE, WITH 50% SUGGESTING SUCCESS FEES (% OR FIXED)

LPO:

50% FOR DUE DILIGENCE

17% FOR POST-COMPLETION WORK

CONSIDERED USE OF LEGAL PROCESS OUT-SOURCING

Key takeaways:

- Good scoping (and pricing) requires clarification about client's objectives, risk appetite and key requirements
- Everyone favours staging and fixed prices (helped in the case study by identifiable steps from commencement to completion) – the end of hourly rates?
- Emerging opportunity for LPM as a service, including management of legal and non-legal suppliers, and success-based fees aligned to client value
- Under-leveraging of LPO, particularly for due diligence at speed