

# LEGAL ENTITY MANAGEMENT DIAGNOSTIC

*Assessing the benefits of a simplified legal entity structure.*

Does your organization have legal entities all across the globe as a result of acquisitions, tax planning, or business requirements that seem to add more cost than value to your strategic objectives? Do you want to reduce regulatory requirements and lower the cost of tax filings, statutory filings, and finance and administrative activities? Are you having difficulty getting support from management and internal stakeholders to undertake a legal entity simplification initiative?

## ELIMINATING COMPLEXITY

Many global organizations recognize that the increased complexity of their legal entity structures exposes them to excessive risk and cost. But simplifying the structure is often not as easy and straightforward as it would seem. For example, some of the barriers to the process include:

- Misalignment of legal entity management/reporting and consolidated and product management reporting, creating challenges, compliance risks, and excessive manual rework
- IT systems that fail to systematically capture legal entity data
- Resistance on the part of internal stakeholders
- Inability to garner management support due to perceived limited benefits

To combat these problems, an analysis is needed to quantify the value in terms of potential cost savings and risk evaluation. By assessing the current structure from a tax and legal perspective, management can drive its decision to move forward with legal entity rationalization or internal restructuring.

## MORGANFRANKLIN'S LEM DIAGNOSTIC

Our Legal Entity Management Diagnostic tool was developed using cross-functional questionnaires based on MorganFranklin's experience and knowledge in dealing with the multitude of stakeholders from tax, accounting, compliance, legal, and human resources that need to be considered in changes to your legal entity structure. The questionnaires are designed to accomplish the following:

- Quantify the potential benefits (cost savings/risk reduction) of a more simplified legal entity structure
- Develop an execution plan to recognize these benefits in the most cost-effective and least disruptive manner
- Highlight critical business drivers and needs to ensure there are no significant impacts to ongoing operations

## DELIVERING LEM SOLUTIONS

By incorporating data from multiple functions, MorganFranklin identifies specific areas of risk and quantifies potential opportunities for cost savings while also gaining a better understanding of the impact a simplification initiative will have on the entire organization. The diagnostic also analyzes various processes across the legal entity structure to capture



## LEM Diagnostic Deliverables:

- Develop business case for legal entity rationalization
- Identify relevant processes, procedures, and participants
- Leverage expert guidance on rationalization steps and procedures

interdependencies and ensure that the dependencies highlighted are managed and mitigated. MorganFranklin can deliver these insights within two weeks of receiving the necessary data from the user.

#### **CHOOSE MORGANFRANKLIN**

MorganFranklin has extensive experience helping large multinational organizations recognize substantial cost savings and risk reduction through better alignment of their legal entity structures, management reporting systems, and entity management processes and systems. Our team consists of former Big Four accountants, management and IT consultants, and industry experts who leverage cross-functional expertise to identify the organization-wide impact of a legal entity simplification initiative while also understanding the optimal approach to capturing the benefits. Looking at a legal structure requires a multi-lens approach—something that MorganFranklin understands and delivers by providing the right mix of professionals for the challenge at hand.



Call 703.564.7525 for more information about our capabilities or visit [www.morganfranklin.com](http://www.morganfranklin.com).