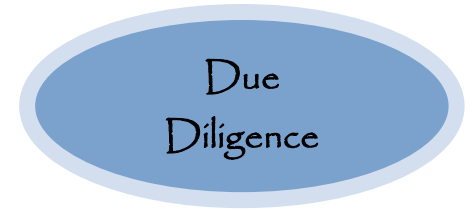




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IS YOUR DILIGENCE PAST DUE?

[Wikipedia](#) defines due diligence as “a term used for a number of concepts involving either the performance of an investigation of a business...prior to signing...a contract...or the performance of an act with a certain standard of care. It can be a legal obligation, but the term will more commonly apply to voluntary investigations.” Make a quick search of [New York Times articles](#) and you’ll see how important due diligence is to making solid business decisions. It is easy to wait too long before conducting due diligence rigorous enough to inform your decisions. Careful due diligence calls for expert resources, access to crucial data, and sufficient effort. And that effort often boils down to ample time...so your diligence doesn’t end up being past due.

DUE DILIGENCE MODEL

Six steps take you through a comprehensive model for rigorous due diligence. Here are the six steps and their definitions:

1. Plan the Work
Establishing your objectives, planning the work, estimating the effort, and securing the budgets.
2. Acquire the Experts
Determining expertise requirements, securing expert services, and setting benchmarks.
3. Visit the Sites
Preparing interview questionnaires, securing an on-line data room, and managing logistics.
4. Gather the Data
Preparing detailed data checklists, reporting progress, and managing issues.
5. Analyze the Findings
Crunching the numbers and comparing findings against benchmarks.
6. Make the Decision
Evaluating strengths, weaknesses, costs, and benefits.



PLAN THE WORK

Before fleshing out the detailed work plan, establish your due diligence strategy, objectives, and approach. The work plan will then call for the needed tasks, resources, target dates, and deliverables. With the plan in place, estimate the overall effort required in terms of hours and dollars. (You'll need accurate estimates to secure the budget.) The last part of this step is outlining status reporting logistics.

ACQUIRE THE EXPERTS

A number of experts are crucial to rigorous due diligence: Project Management, Culture, Finance, Accounting, Legal, Human Resources, and Technology (plus, perhaps Real Estate, Supply Chain, and others). Based on your objectives and work plan, procure these experts' services. The experts will then need to help you develop the benchmarks against which you will be comparing your findings.

VISIT THE SITES

Prior to setting foot onsite, be sure that you have fully developed the interview questionnaires to be used during the visits. This step includes securing an online data room for document storage. They typically run between \$500 and \$1000 per month and are totally secure. Effectively managing visit logistics will ensure successful site visits.

GATHER THE DATA

A detailed data gathering checklist is your most useful tool for this due diligence step. The checklist should be organized by functional area and include primary and secondary contact information for each data element. Most important is establishing and tracking to data

delivery dates. A daily status call will ensure you stay on top of managing all the inevitable data gathering issues.

ANALYZE THE FINDINGS

This step is where the benchmarks you established in the "Acquire the Experts" step come into play. Here is where you evaluate the quality of your data and crunch the numbers. Analysis should also result in documenting unresolved issues, quantifying areas of risk exposure, and keeping a record of all assumptions.

MAKE THE DECISION

A thorough SWOT (strengths, weaknesses, opportunities, and threats) analysis as well as a thorough cost/benefit analysis will help you make your decision. Any other decision making models with which you and your organization are well-practiced should also be applied here.

KEY SUCCESS FACTORS

Making informed business decisions based on rigorous due diligence can keep you well ahead of the game. Careful due diligence demands a few factors key to your success:

- Ongoing, visible commitment to the process by senior leadership
- A dedicated team of due diligence experts
- Sufficient hours and dollars budgets
- Access to key personnel and data
- A bias for action

Don't wait too long before conducting due diligence rigorous enough to inform your business decisions.

Let's talk about organizational change coaching. [Click the phone.](#)

