

# 8

# TIPS FOR CONDUCTING DUE DILIGENCE

1

## Understand that DD will be different for every buyer

Each buyer has their own individual circumstances, so each buyer will have a different risk appetite in relation to a business on offer.



2

## DD needs to relate directly to your requirements

Your due diligence needs to be framed around what you – specifically – require from a business.



3

## Be 80% sure you want the business before conducting DD

Due diligence processes can be expensive and time consuming – don't do it if you're still 50-50 about whether you want the business.



4

## Use the DD process to prepare for running the business

The more information you gather – both 'hard' financial data and 'soft' information from staff, customers etc – the easier it should be to transition into the business.



5

## Be wary of parties who get cold feet during DD

Vendors unwilling to share information or showing signs of withdrawing from the process can be a good indication you shouldn't proceed.



6

## Don't be afraid to ask hard questions

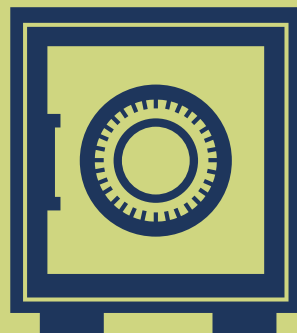
If you don't feel comfortable asking for sensitive information, engage an advisor to do it for you. You need that information.



7

## Use the 'black box' to obtain sensitive information

Ensure your contract allows for commercially sensitive, or 'black box', information to be shared prior to completion, once certain conditions are met.



8

## Keep detailed records of your DD

Make detailed notes as you analyse the opportunity. Use these notes to support your position if aspects of the contract need to be renegotiated as a result of your due diligence.

