

6 tips for conducting vendor due diligence

	Information to share	Examples
1	Customers and markets	<ul style="list-style-type: none"> • Summary of sales by client (at least the top 10-20) over past 2 years • Summary of sales by major product line over past 2 years • Include margin earned on each product line • Work pipeline with quotes, orders and WIP
2	Inventory and suppliers	<ul style="list-style-type: none"> • Report of inventory levels for major products versus sales levels • Schedule of top 5 suppliers and specific payment and supply terms • Up-to-date stock listing
3	People and processes	<ul style="list-style-type: none"> • Organisational chart documenting roles and responsibilities • Payroll schedule • Last two years' workers comp claims • Summary of key processes and procedures
4	Contracts, licences, registrations and agreements	<ul style="list-style-type: none"> • Schedule of all key agreements e.g. supplier or key customer agreements, leases, licensing agreements etc • Legal ownership and entity chart • Documents showing legal status of business name, trademarks, IP etc
5	Business and financial performance	<ul style="list-style-type: none"> • Up-to-date financial and management accounts for past 2-3 years • Reasons for any variances in accounts • List of aged debtors and creditors • Schedule of tax and BAS liability reconciliation
6	Other legal information	<ul style="list-style-type: none"> • Group structure diagram • Schedule of all permits, licences or authorities held by each entity within the group structure • Legal schedule detailing any current, pending or threatened litigation against any group entity