HOW YOU BENEFIT FROM PERIODIC DUE DILIGENCE REVIEWS

Conducting your own due diligence review to determine areas of strengths and weaknesses in your company should be at least an annual process in your company. Reviewing your standardized processes, policies, procedures, and forms on an annual basis can allow you to identify and fix problem areas now. Addressing these areas annually will increase the value of your company and therefore improve your ability to raise capital and attract more customers. These are the most obvious benefits of an internal due diligence review.

However, there are other benefits. When you establish proper systems to fix the problem areas, you learn what skills your management team must have, and you can more easily determine the organization structure that is best for your company. You might determine that your business has changed over the last year and some internal changes are necessary to keep your business going in the right direction. These changes might be as simple as a process issue or harder changes like personnel issues.

By reviewing your management team to ensure they are qualified and embody the qualities of your company, making sure the organization is structured to deliver quality products and services on a consistent basis, and ensuring that your systems are designed to minimize errors, you are in the best position to raise capital for your company if needed. Although your financial condition is an important consideration, people with money to invest place a higher priority on the quality of your management team and your ability to deliver.

Interestingly, companies that buy from you have the same set of priorities as investors. This is particularly true of larger corporations, which do not accept business from just any vendor. In fact, many large companies require you to go through a thorough approval process before they will accept you as a vendor. Many companies will also decide to do business with your company based on the relationship they develop with your employees, as well as the systems you have in place.

These companies usually want to see the same information that an investor does, which includes the management's qualifications and experience, an explanation of you how you deliver your product or service, and details about your financial condition. They may even want to go as far as to have a conversation with those in management positions. Documented processes, standardized forms, consistent record keeping, and standardized reporting of the data entered are all critical information that they will want to review.

Setting a schedule for an annual review of your company can be extremely beneficial. If you have the right systems, policies and procedures, management, and organization structure in place, you greatly improve your chances of being approved as a vendor or attracting investors. This creates strategic advantages other companies might not have. With that, you gain the best unintended benefit of all, more sales.

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