

The Due Diligence Process

The Bad and the Ugly

An ounce of prevention is worth a pound of cure.
Benjamin Franklin

Time and again we hear horror stories from business owners. They usually entail spending exorbitant amounts of time and money working toward a goal only to have their plans destroyed. More often than not that decision involved trusting someone with inexperience or nefarious intent who wreaked havoc on the business. This doesn't have to happen.

In a perfect world everybody we talk to is exactly who they say they are and they've done exactly what they say they've done. In a perfect world relationships don't sour and agreements create a win-win for everyone involved. But unfortunately we don't live in a perfect world. From our experience in the counterintelligence realm of government, we learned very quickly that nothing is ever what it seems. Some people purposefully use smoke and mirrors to make a buck and some people ignorantly make promises they can't keep.

Because of this business owners must incorporate precautionary measures within every aspect of their business. The best precautionary measure any business owner can use is one we call the Due Diligence Process. The Due Diligence Process is based on decades of government intelligence experience and academic research...and it works. It is modeled after information gathering methods taught at some of the elite government intelligence training centers and includes research done at top-tier universities regarding how people operate.

The Due Diligence Process is a process of discovery that occurs at every stage of business development. It is as essential to business success as a good strategic plan. Without it business owners expose themselves, their businesses, and everyone else involved to undue risk. The following information identifies the three steps of the Due Diligence Process and explains each one in-depth. If you follow this process and apply all three steps to every business decision, you greatly increase your probability of success. Practice the process and you'll begin to see a shift in the power you wield in situations and the confidence you carry into your business.

Three Steps of the Due Diligence Process

The Due Diligence Process consists of three steps. Each step is simple to comprehend but varies in its difficulty to implement. One of the determining factors regarding the difficulty of each step is the importance of the business decision being made. The more time and/or money the decision requires the more intricate the steps.

Step One

The first step in the process is critical thinking. This step sets the stage for the entire process. In the critical thinking step, the business owner identifies the gaps in information.



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Step Two

The second step is intentional communication. When implemented correctly this step follows logically behind the first step and, at a minimum, should address the identified gaps.

Step Three

The third step is verification. The success of this step relies completely on the effort given to the first two steps. These three steps combine to create a powerful process of information exposure, gathering, and development. Most

importantly, it puts business owners in the position of Intelligence experts for their businesses.

When is the Due Diligence Process Necessary?

By far the most frequent response we get from business owners when we tell them about the Due Diligence Process is, “Oh, I’m not ready for that yet. My business is just getting started.” But when we start asking them questions, they admit their business has relationships with vendors, service providers, clients, etc. Or they collaborated with another entrepreneur on a project. Or they’re in the initial stages of fundraising.

Through a series of questioning techniques we discover they never applied the Due Diligence Process to any of these decisions and, in the process, exposed their business to substantial risk.

The short answer to the question is...always. The Due Diligence Process is always necessary. Or, if that’s too vague, a more specific answer is that the Due Diligence Process is necessary before you expend significant time or money on a business decision.

The best method for implementing the Due Diligence Process into your business is to weave it through your strategic plan. While the process looks different depending on what stage your business is in, the steps are the same. Whether you’re just getting started and need a website service provider or you’re exiting your business through a buy-out, implement the Due Diligence Process prior to putting your business assets at risk.

For more information about the Due Diligence Process, subscribe to the In The CLEAR podcast at:

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The CLEAR Business Directory™ offers free Due Diligence Process consultations to CEO Space members. Contact us today at Inquiry@ReclaGroup.com.