

## Vendor Due Diligence Checklist

This checklist has been created to help you place your business in the best position for a successful sale by ensuring important information about the opportunity is readily available to potential purchasers.

As every business is different, this list should be taken as a general guide. A good business advisor will tailor their information request to your specific business characteristics.

Information to be provided	Info collated	Notes
<b>Customers and Markets</b>		
Provide a summary of sales by major product line over the past two years to show level of diversity.	<input type="checkbox"/>	
Ensure you have shown \$/% margin earned on each main product line and service over the past two years.	<input type="checkbox"/>	
Provide a documented work pipeline with quotes, orders and work in progress to show forward business.	<input type="checkbox"/>	
Document where sale sales inquiries come from.	<input type="checkbox"/>	
<b>Inventory and Suppliers</b>		
Provide report showing inventory levels for major products versus sales levels over an industry relevant timeframe (sales cycle)?	<input type="checkbox"/>	
Provide schedule of specific payment and supply terms (by written agreement or verbal) for each main supplier to the business and, if they vary, specify why.	<input type="checkbox"/>	
Provide schedule of top 5 suppliers (particularly if those suppliers add significantly to the value proposition of the business. Document the arrangements with those suppliers e.g. provide details of preferred supplier agreements, exclusivity arrangements, contract terms and the specific market each supplier targets.	<input type="checkbox"/>	
Provide up-to-date stock listing.	<input type="checkbox"/>	

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<b>People and Processes</b>		
<p>Provide organisational chart documenting current organisational structure, specific roles and responsibilities of the main roles driving the business (including owners). <input type="checkbox"/></p> <p>Provide up-to-date payroll schedule. List each employee of the group companies (include name, position, location, start date, accrued leave entitlements, salary, superannuation and other benefits paid to the employee). <input type="checkbox"/></p> <p>List last two years' worker's compensation claims. <input type="checkbox"/></p> <p>Provide file containing all current employment documentation (contracts, verbals, promises, other) relating to all existing employees. <input type="checkbox"/></p> <p>Provide a summary document of the key processes and procedures that drive business performance (e.g. the job/project management process from order through to delivery and billing). <input type="checkbox"/></p>		
<b>Contracts, Licences, Registrations and Agreements</b>		
<p>Provide a schedule of all key agreements (documented and verbal) that require an obligation from the business e.g. supplier or key customer agreements, leases on P&amp;E and premises, distribution agreements, licensing agreements. <input type="checkbox"/></p> <p>Provide a legal ownership and entity chart which documents the business legal structure e.g. shows if business is a Pty Ltd structure, a Pty Ltd acting for a trust, a partnership, or mix of entities, etc. <input type="checkbox"/></p> <p>Provide documentation showing the legal and practical status of business name and any trademarks, logos, and other valuable information such as IP, designs, drawings, logins, subscriptions, prepaid advertising etc. <input type="checkbox"/></p> <p>Note any assignment or transfers that would need to occur upon completion e.g. assignment of a lease, transfer of licensing arrangements to allow distribution of a particular brand or product. <input type="checkbox"/></p>		

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<b>Business and Financial Performance</b>		
Provide an analysis of financial accounts, including non-business related adjustments, and taxation returns to arrive at Business Maintainable Earnings (BME). <input type="checkbox"/>		
Ensure management accounts for past two years reconcile with the accountant's financial accounts and they are readily available. <input type="checkbox"/>		
Ensure accounts provided to potential purchasers are up-to-date i.e. most recent financial year accounts plus management accounts within three months of today's date. <input type="checkbox"/>		
List reasons for any material variances in your financial analysis over the past 2–3 years of performance. <input type="checkbox"/>		
Provide aged debtors and creditors statements for past three years ending June 30. <input type="checkbox"/>		
Provide schedule of tax and BAS liability reconciliation, and explanation of any variances. <input type="checkbox"/>		
<b>Other Legal Information</b>		
A group structure diagram (including any wholly or partly owned subsidiaries and any other companies or entities which are integral to the business, with shareholding details where applicable). <input type="checkbox"/>		
Provide a schedule of all governmental, statutory or other permits, authorities or licences held by each group entity required by them to conduct their business. Include where the business is up to in terms of compliance with each permit, licence etc. <input type="checkbox"/>		
Provide legal schedule containing full details of any current, pending or threatened litigation against any group entity. <input type="checkbox"/>		

For more information about the **business advisory services** offered by **JPAbusiness**, contact the team on 02 6360 0360.

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