Grant Thornton

Everything One Needs To Know About Due Diligence To Be Acquisition Ready

Financial, HR and IT Diligence

Diligence Pitfalls

Presentation At Boston ENET, February 20, 2024

What we'll cover

Finance
Due Diligence

Human Capital
Due Diligence

IT & Cyber
Due Diligence

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Financial Due Diligence

Have the right team around you

- Critical Roles: Quality of Earnings provider, Investment Banker, Deal Attorney
- QoE provider and I-Banker should have industry specialization / expertise
- Attorney should have deal-specific qualifications, should understand working capital

Plan far ahead for the deep dive into financial & accounting statements

Before engaging in the sell-side process, ensure:

- You have a knowledgeable accountant
- Good accounting systems
- Accounting & financial records are clean and organized
- You are using accrual accounting and not cash-based accounting

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Human Capital Due Diligence

Critical Employees

Be ready to explain who is critical to retain, how they contribute to BAU, and any succession planning that has occurred

Independent Contractors

Ensure independent contractors are correctly categorized

HR Policies, Complaints & Claims

- Ensure you have written HR policies
- Be prepared to discuss any official complaints or claims that have been filed
- Be aware that buyer may speak to your PEO if your HR is outsourced

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IT & Cyber Due Diligence

Ensure your tech platform is scalable

- Multiple environments
- Well documented code
- Scalable architecture
- Mainstream tech tools

Assess cyber practices

- Sensitive information should be password protected at a minimum
- Back-ups and back-up testing should occur

IP registration is key

IP and Trademarks should be identified and registered

Identify & assess third party contracts

- Ensure agreements with third party contractors are formalized
- Ensure contracts are transferrable

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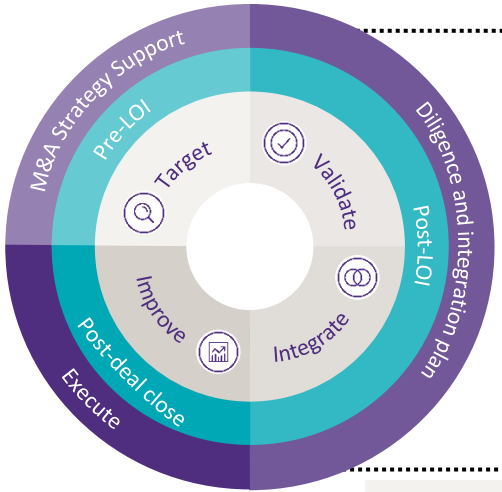
End-to-end solutions for M&A transactions

Grant Thornton provides experienced professionals bringing a full range of advisory services to support the unique needs of your transaction.

Integrated capabilities that support your needs to validate, optimize, and create value throughout the transaction lifecycle. From deal strategy to evaluating the financial and operational issues affecting performance and identifying strategic alternatives, we address concerns, manage risk, and seize opportunities to unlock your potential for value creation.



STRATEGY
- Deal strategy
- Market studies
- Commercial diligence

READINESS
- Structuring advisory
- Restructuring advisory
- Investment value analysis
- IPO readiness

EXECUTION
- Diligence
- Exit advisory
- Transaction opinions
- Valuation & modeling

CLOSING
- Business combinations
- Purchase agreement advisory
- Purchase price disputes

INTEGRATION ADVISORY SERVICES
- Deal strategy and transaction thesis
- Integration assessment and playbook
- Day 1 / Day 100 integration planning
- Synergy and value bridge design
- Operating model and organizational design

EXIT / CARVE-OUT ADVISORY SERVICES
- Exit strategy and sales preparation
- Working capital performance
- Interdependency assessment
- Standalone cost modeling
- Transition service agreement design and pricing

TRANSACTION MANAGEMENT SERVICES
- Deal management
- Integration service agreement
- Transition service agreement management
- Cultural alignment
- Change management and communications

1,500+ deals managed over the year

1,200+ professionals dedicated to M&A and deal advisory

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