



BY FAILING TO PREPARE YOU ARE PREPARING TO FAIL.

This is a helpful point of reference for understanding why due diligence is so important in the purchase and sale of a business. The buyer needs to make sure he or she knows exactly what he or she is purchasing. Due diligence offers the purchaser an opportunity to get to know the seller's company and avoid being caught off guard by an undisclosed or undiscovered issue after the company is acquired. If the buyer fails to thoroughly complete the due diligence process, it is very likely that person will be disappointed in his or her investment.

During due diligence, the purchaser is concerned with many issues, including:

- **Legal Issues:** any legal issues surrounding the business, including governing instruments, securities matters, regulatory matters, and pending or potential litigation or legal expenses;
- **Financial Issues:** the financial condition of the company, including financial statements, accountants' reports, bank holdings, debt, and tax matters;
- **Operational Issues:** how the company is currently operated, including employee and labor-related matters, customer and supplier-related matters, and products or services the company offers;
- **Intellectual Property Issues:** often the most expensive asset a company holds is its intellectual property, including software, copyrights, trademarks/service marks, patents, trade secrets, and any IP agreements;
- **Contracts and Information:** who the company is contracting with and what obligations are owed, including licensing agreements, R & D agreements, documents related to joint ventures/acquisitions, a schedule of major competitors by product, non-compete agreements, material contracts and any other services/construction contracts;
- **Miscellaneous:** this includes real property, environmental matters, insurance, news releases and marketing materials, reports filed with government agencies, indemnification agreements, and any other significant information.

The Relationship between Due Diligence and Contract Lifecycle Management

Companies are increasingly implementing comprehensive contract lifecycle management programs into their businesses.

As many businesses grow, and more contracts are added to the portfolio, relying on spreadsheets or a manual process can lead to risk and missed opportunities. Contracts are vital business assets and must be treated accordingly.

Companies engaged in contracting report various methods of managing their contract portfolio. How companies manage their contracts depends, in large part, on the size of the contract portfolio and the capital available to allocate to contract management. The majority of small and mid-size companies today have one centralized team that oversees all the contracts that the company enters into. Larger enterprises tend to divide contract management responsibilities based on the department involved or affected by the particular contract(s).

The primary problem associated with a poor contract management process is overall inefficiency, which inevitably leads to additional expenditures. This inefficiency is likely the culmination of a series of smaller problems associated with a poor management approach. Unclear goals and expectations, poor communication, redundancy, and convoluted compliance matters are all contributing factors.

Part of the Checklist that should be checked are below:

- Identify your current Procurement & contract management process, what is working and where inefficiencies are.
- Check requirements of the organization
- Do a risk assessment to assessing suppliers
- Determine the key contracting needs and risks mitigation.
- Consult with the contract management team to get their input and identify areas in need of improvement in one's day-to-day tasks in the contract lifecycle.
- Establish contracting end-goals.
- Identify the features required to meet your company's specific contract management needs and goals.
- Determine the number of users needed and any data capacity requirements.
- Measure the company's contract performance and progress using custom reports.

Check-List - Procurement				Check-List - Management	
Document List	Check list	Document List	Check list	Document List	Check list
Tender		Tender		Contract	
Business		General conditions and specifications		Check all the boxes "Tender" on the left side plus:	
Legal		Definitions		Accounting	
Strategy for tender		Scope		Tax matters (including sub contractors)	
PTE (Pre tender estimate)		Statement of work, deliverables		Interferences	
RFI/ RFQ		Milestones		Other contracts impact	
Tender process		Warranties		Unforeseeable physical conditions	
Letter of tender		Drawings		Access route	
Commercial proposal		Calendar		Productivity	
Technical proposal		Schedules, critical path,		Monthly reports and registers	
Letter of acceptance		Base line		Evidence of payments (included subcontractors)	
Contract agreement		Daywork schedule		Extension of time for completion	
Subcontractor approvals		Time for completion		Delays	
Contractor representative		Technical standards and regulations		Risks management	
Employer representative		Further documents		Minutes of Meeting	
Base date		Method of measurement		Variations and adjustments	
Taking over certificates		Bill of quantities		Change orders	
Performance certificates		Supply of the documents		New base line	
Final payment certificates		Delayed		As built schedule	
Contract price (pricing)		Compliance		Resource loading	
Cost		Facilities		Cost control	
Change scope procedure		Test on completion		TIA	
Final statement		Test after completion		Man power histogram/equipment	
Foreign currency & local currency		Defects		Deliverables	
Provisional sum		Hold points		Additional to contract (TAC)	
Retention money		Operations and maintenance manuals		Demobilization	
Accept contract amount				Close out	
Payment terms				Management deviation	
Goods				Performance tests	
Materials				Data book	
Permanent works				Audit	
Temporary works				Emails , daily work report	
Suspension of work				Non conformity quality	
Contractor's obligations				Cash flow	
Employer's equipment				Pep	
Force majeure				Mesurement	
Law and language				Final Acceptance certificate	
Performance reporting				Provisory Acceptance certificate	
Unforeseeable				Fiscal Receipts	
Variation					
Interpretation					
Communications					
Permits, licenses or approvals					
Quality assurance					
Inspection and acceptance criteria					
Safety procedures					
Claims, disputes and arbitration					
Delayed payments					
Priority of documents					
Omissions					
Schedule of payments					
Roles and responsibilities					
Risk and responsibilities					
Insurance and performance bond					
Confidentials details					
Site visit and clarifications					
Incentives					
Penalties					
Partnerships or joint venture					