

Example Due Diligence Questionnaire

OPERATIONS

- Where is the entity incorporated, where does it do business, what is its business structure?
- How long has the entity been in business?
- Does it have the required permits, licenses, etc. to conduct its business?
- Who are its leaders, executives, major owners?
- How are leaders, executives, employees compensated?
- Does leadership have a reputation for being responsible, ethical and experienced?
- Are leaders, owners related to or in a business arrangement with any government official?
- Does the entity have a compliance program and infrastructure, including policies, training; is it effective?
- Does the entity have a system to report concerns, ask questions, or raise issues?
- How many employees does the entity have? Where are they located?
- Does the entity have human resource policies that foster fair treatment?
- What is the entity's financial condition?
- Does the entity have adequate financial, accounting, IT, HR, legal and operational systems and support?
- Does the entity have appropriate insurance coverage?
- What is the entity's debt structure? lines of credits, mortgages, leases, etc.
- Where does the entity bank and invest?

REPUTATION

- Obtain references from the entity's professional advisors. For example:
 - Bankers
 - Accountants
 - Clients
 - Lawyers
- Has the entity ever been debarred or suspended by any government or quasi-government agency?
- Is there negative news on the entity, its owners, or its executive management?
- Does the entity have a satisfactory record of integrity and ethics?
- Is the entity current on its tax obligations?
- Is the entity involved in any litigation, administrative actions, audits, or investigations?
- Has the entity been involved in any litigation, administrative actions, or investigations in the past five years?
- If the entity is publicly traded, are its public filings timely and accurate?
- Are there any auditor letters to management on internal controls?

EXPERTISE, SKILLS, AND CAPABILITIES

Does the entity and its employees have the necessary education, training, skills, experience and capabilities to provide the goods/services?

Does the executive management team have the necessary education, experience, and capabilities to manage the organization?

Considering the entity's existing work, does it have the ability and time to comply with the proposed delivery schedule?

What is the entity's history of past performance?

What do its manufacturing and office sites look like? Are they clean, safe?

Do employees live at the entity's sites? What are the living conditions?

BUSINESS DEVELOPMENT, MARKETING, PRICING

What are the entity's products and services?

Who are its major competitors?

Is the entity's pricing, costs, commissions, agreements, discounts, financing, payment system standard in the industry and/or competitive?

Do agreements include a clear, defined statement of work?

What does the entity's website, press releases, marketing materials say?

How does the company go to market? Identify customers?

BUSINESS RELATIONSHIPS

Does the entity have: subsidiaries, joint ventures, partnerships, if so, with whom?

Who are the entity's material suppliers? Does the entity sole source or rely on only a few suppliers?

Who are the entity's material customers? Does it only have a few customers?

Does the entity rely on sales agents, sales consultants, distributors? If so, who are they and how do they select them?



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