



Due Diligence in Procurement Workshop

Overview

Due Diligence is a key element of successful corporate acquisition and business expansion strategies. The aim is to provide assurance to the senior management team that the proposed course of action will deliver the intended result and that the major risks have been identified and suitable courses of action prepared where this is appropriate.

Inevitably, due diligence is an inexact science. We cannot predict the future. However, we can prepare the team for the process of investigation and validation that is required.

Outputs

During the workshop we will work with the team to:

- Establish a shared understanding of the core principles of good due diligence;
- Identify the specific areas of concern in undertaking due diligence of procurement operations specifically;
- Prepare a top-level risk assessment of the proposed target;
- Develop an initial map of the data that will be required to underpin the due diligence; and
- Produce the action plan to begin the due diligence work

This is a two-day workshop – not a training event. This means that we will provide some key inputs to the team and work with them to apply these to the real business situation they are confronting.

Key inputs

An overview of due diligence.

- A review and subsequent discussion of the principles that underpin due diligence and what can, and cannot be achieved.
- Expectation management – dealing with the expectations of senior management.
- Prioritisation and the principle of materiality
- Key steps in a due diligence programme

Due diligence threats:

- The legal position
- Examples of poor due-diligence
- Sarbanes – Oxley
- Caveat emptor

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Risk assessment

- Defining risk in a due diligence context
- Risk as a financial concept
- Establishing a risk threshold
- Risk assessment methods
- Identifying the risks in our target

Data Management

- Identifying sources of information
- Information hazards and pitfalls
- Data gathering areas and choices;
 - Systems
 - Process
 - Sampling
 - Documentation
 - Interviews

Administering the process

- Confidentiality and record keeping
- Communications management
- Reporting
- Action planning and timing

Each of these elements will be supported by consultant input and group discussion prior to the application of the tools and techniques to the real circumstances of the team (or a relevant case study) to enable the swift and accurate transfer of the tools and techniques to the business.

Follow Up Clinic (Optional)

Where our workshops are in support of a real-time project we have had great success in moving the team forward through post-workshop clinics where we bring the team together again in a one-day workshop to discuss the progress they are making with the project and the difficulties of applying the tools and techniques from the initial workshop.

This is normally a one-day clinic and each participant would be provided with a written briefing before the clinic as the basis for their contribution to the day and to assist with further embedding the learning.