



Business Acquisition: 10 Steps of Due Diligence



Conducting due diligence on a business purchase is crucial to ensure you have a clear understanding of the company's financial health, operations, legal standing, and potential risks. Below is a 10-step guide to performing a thorough due diligence:



01

Define Your Objectives:

Clearly outline your goals and objectives for acquiring the business.

02

Gather Information:

Request all necessary documents from the seller, including financial statements, tax returns, customer contracts, employee agreements, leases, permits, and licenses.

03

Financial Due Diligence:

Analyse trends, anomalies, and inconsistencies. Verify revenue and expenses, assess profitability, Assess cash flow, receivables, and payables with an experienced M&A accountant.

04

Legal Due Diligence:

Review contracts, agreements, intellectual property rights, litigation history, regulatory compliance, and any pending legal issues with an experienced M&A solicitor.

05

Operational Due Diligence:

Evaluate the business model, supply chain, processes, distribution channels, technology infrastructure, and organisational structure.

06

Market and Industry Analysis:

Analyse market trends, competitive landscape, growth potential, and regulatory environment.

07

Assess Risks and Opportunities:

Consider factors such as market volatility, economic conditions, technological advancements, changes in consumer behaviour, and regulatory changes.

08

Valuation:

Determine the fair market value of the business based on its financial performance, market position, growth prospects, and risk profile.

09

Negotiate Terms:

Address any concerns or issues that arise during the due diligence process and ensure that the purchase agreement reflects the agreed-upon terms and conditions.

10

Finalise the Acquisition:

Ensure that all regulatory requirements and closing conditions are met before completing the transaction.



Partner with JLM and our experienced M&A professionals to simplify your business purchase, minimise risks and ensure you make informed decisions.

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