

Self Due Diligence

We often hear about a company doing due diligence on an acquisition target. Yet, doing “due diligence” on ourselves might be a good practice. When we reevaluate our own businesses, we can ask the hard questions of “is this the business I want to be in?” and “is this business operating according to the values I believe in?” This kind of “audit” is far more valuable than any financial audit.

Many times, we allow the CPA to do an annual audit, but don’t look deeply at the results. While the CEO has to sign affidavits, that doesn’t mean that we really have gone deep into the audit. When we do our own due diligence, we dive into the operations, the people, and evaluate everything including the impact we have had on the outside community. We also ask about the risks and potential problem points. We dig in to find where the problems might arise and work to mitigate the effects.

There are several aspects of due diligence that are particularly important when done on our own company. One is the client base examination. Another is the human resources. A third is the environmental. The fourth is the strategic analysis.

Clients are the reason to be in business. Taking a hard look at the clients is very important. Not only do we need to identify who the large clients are, but we also have to ask who are the best clients to have. A large client who is barely profitable is not necessarily the client to keep. Sometimes, the smaller clients are

more important because they push us into new directions and show where the future market will be. One company focused so hard on the largest company that they ignored the smaller clients.

The human resources are vital to keeping a company going. Currently, there has been a lot of talk about the “great resignation”. Part of that is the boomer generation retiring and the fewer people in the next generation.

That means that we would have a talent shortage no matter what the economy did.

In many cases, people have knowledge in their heads about how to preserve quality. Such knowledge is why a longer-term employee is more valuable than someone new coming in with just school training.

Hiring a new “rock star” rarely brings all the benefits we hoped for.

The environmental analysis is getting more press these days. We have a generation of young people demanding change. They are asking us to look at the cost of our actions on the whole planet. While, this demand is causing some social tension, it can be a good step into evaluating how and why we do certain operations including why we throw away anything. Waste is often throwing away potential profits.

The strategic analysis is one that needs to be done on a regular basis. Because the people are the soul of the strategy, the analysis has to be done by the team – what is the team willing to sign up to do? So, asking again if we are in the business that we really want to be in is an important exercise.

Due diligence on self can bring benefits

Strategic Analysis for A Future

Bring Clarity.

There are CEO’s who say anything. Some post confusing “tweets”, statements that offend others, and insane recommendations. The famous quote of “let them eat cake” is an example of a leader totally out of touch. A leader who lives by the tweet isn’t bringing clarity. Far too often, people jump in with unthought out statements and only confuse matters further. In order to bring clarity, often we need to remain in the question until the very moment that the clarity helps the most. It is far better to wait to speak in order to bring clarity to the situation.

Clarity is not about giving orders. It is about listening to the discussions and first helping the team identify what is reality, then pointing out a good path and helping the team move in that direction. Clarity empowers everyone changing them into team working for a common purpose.

When we bring clarity, we also help define what success looks like. Many a confused situation arises because people do not know how to identify and measure being successful. When we bring clarity, we identify success and how to achieve it. While “out of the box” thinking is often touted, clarity is often about defining the box so that other people can be creative within that box. We define what the resources are, how they can be used, what the desired results are, and allow other people to be wildly creative within that box.

Some people call for fast decisions based on the speed of today. However, fast reaction is only needed by a few and often only at the “squad” level. Fast decisions often result in reactions, not well thought out actions. Many a fast decision misses out on vital information and winds up adding to the confusion.

Let us take the time to clearly see the situation and bring clarity.

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Risky World

Many a social media site wants to limit what people post. One site removed “ass” from postings changing words like “passion” into “pion”, and “assume” into “ume”. That shows a lack of testing of a new feature.

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