

Due Diligence

Overview

High-profile business crises in recent years have brought the necessity for good due diligence into sharp focus. Nevertheless, the process itself remains unclear and amorphous. How much investigation is necessary in each case? What areas should be looked into and how should this be done? How does one recognize real red flags and avoid going down blind alleys? With the understanding that transactions are frequently examined under competitive pressures and with limited time and personnel, this course, in a practical way, discusses fundamental practices for recognizing and eliciting key information, while it presents guidelines and techniques for conducting an efficient and targeted investigative effort. The course is based on actual current examples throughout, including substantial examination of due diligence issues in well-known companies and prominent situations.

Learning Objectives

Upon completion of this seminar, delegates will be able to:

- » develop a solid due diligence plan;
- » conduct an effective investigation, asking key questions and uncovering crucial information;
- » know how to respond to, and follow up on, statements in transaction proposals;
- » recognize red flags and explore these efficiently

Who Should Attend

This is an intermediate level course, well suited for new hires or more experienced personnel who wish to sharpen their skills in due diligence investigation. Appropriate attendees are those who work in credit and investing at commercial banks, as well as other financial professionals such as investment bankers, debt and equity analysts, portfolio managers, corporate treasurers, and venture capitalists.

Program Level

Program Level: Intermediate

Prerequisites: None

Advanced Preparation: None

Delivery Method: Group-Live

Accreditation

Moody's Analytics is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: www.nasbaregistry.org.

WHY MOODY'S ANALYTICS?

Current and Consultative

Our seminars are created and updated utilizing the extensive experience, skills and research of Moody's Analytics. For in-house training, we work with you to understand the distinct needs of your organization and design, implement, and track the performance of your learning programs from end-to-end, including skills assessment, program design, implementation, evaluation, and enhancement.

Comprehensive Coverage

We offer a broad set of technical and soft skills programs that can be combined and adapted to the needs of your staff. Our areas of expertise include banking, finance, sales negotiation and leadership development:

Unparalleled Expertise

Our training solutions leverage over a century of experience in risk assessment and the comprehensive tools, data, and analysis of Moody's Analytics to deliver timely, in-depth, and comprehensive knowledge. In delivery, our people make the difference – they combine deep experiences as financial practitioners, intellectual passion for the content, and superior academic credentials with a commitment to delivering outstanding quality.

Due Diligence – Agenda

DAY ONE

Session 1: Introduction

- » The due diligence obligation
- » Risk and vulnerability
- » Levels of fiduciary duties
- » Experts and non-experts
- » How much due diligence is adequate?
- » Use of limited time, personnel, and resources
- » Due diligence team
- » Creating an effective due diligence plan
- » Lists and questions
- » Use of representations and warranties
- » Confidentiality agreements
- » Relative responsibilities of agents, participants, underwriters, and others.

Session 2: Critical Due Diligence

- » Evaluating due diligence performed by others
- » Reading reports critically
- » Key questions and responses

Session 3: Managers and Directors

- » Primary importance of assessing management
- » Examining competence and integrity
- » Planning as an indicator of management ability
- » Standards for management compensation
- » Relation between management and board of directors
- » Analyzing corporate governance issues
- » A look at Tyco
- » Ownership by management and directors
- » Promotion and succession as indicators
- » Interviews
- » Sources of information managements and directors

Session 4: Company Operations and Structure

- » Understanding the process of the business
- » Following the sequence of operations
- » Company tours and how to manage them
- » Discussions with personnel: executive and middle management; line staff and workers
- » Sources of Information: publications, internet, suppliers, customers, competitors, and others
- » Implications of corporate structure: ownership and reporting relationships
- » Dealing with international subsidiaries

Session 5: Market Due Diligence

- » Porter's Five Forces: suppliers, customers, competitors, barriers to entry, substitutes
- » Sources of market and competitive information
- » Timing issues: seasonality, cyclicity, corporate life cycle

Creative methods of uncovering market knowledge

DAY TWO

Session 6: Accounting Due Diligence

- » What can be learned from the statements
- » Accounting standards as an indicator
- » Adequacy and consistency
- » Change of standards, change of auditors
- » Revenue and cost recognition
- » Use of extraordinary items, reserves
- » Key off-balance sheet issues
- » Private and public companies and their accountants
- » Large and small audit firms
- » Use of SPVs, VIEs, SIVs
- » Accounting for repos and similar financing vehicles
- » Due diligence effect of Sarbanes-Oxley, the Patriot Act, Basel II, and other regulation

Valuation Due Diligence – Agenda (Cont...)

Session 7: Legal Due Diligence

- » What attorneys must review
- » Deal-specific attorney due diligence
- » Viability of transaction, authority of signatories
- » Legal vulnerability in company and transaction
- » Perfection of security interests
- » Environmental hazard issues

Session 8: Valuation Due Diligence

- » Importance of valuation in different transactions
- » Who performs valuation?
- » Types of values
- » Key valuation methodologies – strengths and weaknesses of each
- » What must be examined to confirm valuations
- » Fraudulent conveyance
- » Fairness opinions

Session 9: Intellectual Property

- » Increasing importance of IP due diligence
- » Complexity of task, risks involved
- » Copyrights
- » Patents
- » Trademarks
- » Trade secrets
- » Process vs. design or formula patents
- » Timing issues
- » Licenses
- » Outsourced development
- » Methods of research

Comprehensive Case Study

- » on an operating business, incorporating the range of due diligence concepts explored in the seminar

Tailor Any Seminar for Your Organization

Moody's Analytics offers customized training and eLearning solutions to help you maximize your training investment. Our hands-on approach benefits companies of all sizes and requirements – from those with just a few local employees to those with staff dispersed around the globe. Contact us to learn more and to work with one of our training consultants to design the right program for your organization.

Multiple Bookings

Special rates may be available for multiple seminar or group bookings. Please contact us for details.

Fees & Cancellations

The fee listed is per participant and includes refreshments, lunches and seminar materials. Seminar fees do not include tax, transportation or hotel accommodations. Payment must be received in full prior to the start of the seminar. Registrations may be cancelled in writing via letter or email at least 30 days before the first date of the training for a full refund. Cancellations received less than 30 days in advance are eligible for substitution with another seminar, but fees will not be refunded. We reserve the right to cancel or reschedule seminars at any time. For further information on our refund and complaint policy, please contact us.

CONTACT US

AMERICAS

TrainingAmericas@moodys.com
+1.212.553.4387

EMEA

TrainingEMEA@moodys.com
+44.207.772.1569

ASIA

TrainingAsiaPac@moodys.com
+852.3551.3131

Copyright © 2018, Moody's Analytics, Inc. and/or its licensors and affiliates.