

Due Diligence Tips

It is important to remember that due diligence is a 2 way thing. Don't make the mistake of taking on an investor just because they agree to give you the money. Here are a few tips on how to make sure an investor is right for you.

What else does the investor bring to the table?

Ideally, you want someone that can offer you more than money. Most business angels are experienced businessmen so can provide expertise, management advice and contacts.

Do you get on with each other?

Most angel investors like to play a hands-on role in the businesses they invest in, so it's important that they aren't difficult to work with as you'll be spending quite a lot of time together.

Look them up on the internet.

Take a look at the investor's website or their company's website. A simple search on Google should bring up some more info about them, such as other companies they work for, investments they've made, etc. Nowadays you can also find out quite a lot about people from social media sites such as LinkedIn and Facebook.

Ask about their previous investments.

Ask the investor about any other companies they've invested in and if they could put you in touch with someone you could have a chat with. That's the best way to find out whether the investor has acted professionally and how valuable their input has been.

Use a screening service.

There are lots of companies that can help you do some background checks, such as:

- Identity Checks
- Residency Verification
- Employment History
- Educational Establishments
- Professional Qualifications or Memberships
- Financial Checks
- Directorship Checks
- Criminality Checks



Ask them questions.

Don't be afraid to ask the investor questions if there's anything that you're worried about.

Going through a proper due diligence process is the only way to make sure you get the best investor for your company. The investors will even appreciate your due diligence because it's the mark of a responsible manager, and shows you do your research before jumping into something.