



## Due Diligence

### Avoiding Failure..... In Advance

Over the last few years I have had the pleasure of working with over two hundred talented managers and executives. Unfortunately, there has been a growing, and very concerning, theme. Over 60% of these executives have told me, in hind sight, had they known more about their future boss, the culture, or more of the business performance details, they would never have accepted their last job. Each time I heard these comments it would trigger some of my "**due diligence**" questions:

- How much time did you actually spend with your future boss?
- Did you spend any time with their boss?
- Did you interview or meet with all your peers?
- Did you interview or meet with your potential subordinates?
- Did you interview key players outside your area that would be critical to your success?
- Did you talk to anyone who used to work for the company?
- Did you talk to anyone who used to work for your future boss?
- Did you talk to any customers? (Especially if they were in sales or marketing?)

The answers were unsettling. First, the total time spent with the hiring manager was less than three hours. Most had not spent any quality time with the boss's boss, a few met one or two peers, a few talked to their subordinates, almost no one talked to anyone out side their functional area, **no one** talked to any one who use to work for the company and **no one** talked to a single customer.

Let me share the major themes around why a majority of my clients left their last job:

- **Number one issue**, the boss. The boss turned out to have some serious shortcomings. Comments about the boss included: world class micro-manager, abusive, substance problem, only focused on what went wrong, was neither a coach nor mentor. Or the boss resigned or moved to another area of the company within 60 days of my being hired. Or the boss accepted marginal performance from other key players. One example was a client who reports to a CEO who was a delight to work for, from a personal relationship standpoint, but had great difficulty terminating poor performers or upgrading "C" players. This meant a few key players were carrying the team and soon they left because the work load was unmanageable.
- The business wasn't as financially healthy as portrayed. TIP: Sign the non-disclosure so you can see the detailed financials.
- Led to believe it was a team culture when it turned out to be a silo culture.

So what can you do to uncover some of these mine fields?

First, I have to get you into the right mind set. So please think for a minute about the last time you hired someone to build a deck or remodel a kitchen. Got it? OK, now I am willing to bet you some serious money that you spent a significant amount of time checking them out and you went through all the gory details about the project to make sure they really understood what you wanted. Right? You also made sure you talked to several references as well as visited several of the jobs they had completed. Now I am also going to bet there have been a time or two when you spent more time and were more cautious about making the decision to hire a contractor than the time you spent deciding on joining your last company!

So all I am going to ask you to do is spend the kind of energy, time and thought process on selecting your next job as you have in remodeling your kitchen, deck or family room. Fair?

### Doing Your Due Diligence

First, I am going to make the following key assumptions:

- It is important to understand your boss's management style. Not that you can change it but to enable you to think through whether you can live with the quirks. (And we all have them!)
- It is important to understand the culture, and how are decisions made.
- It is important to have final say, within reason, about hiring and firing.
- It is important to be able to quickly address performance issues.
- It is important to be able to empower employees.
- It is important to be able to use cross functional teams.
- It is important to hear how your future peers view your key challenges.
- It is important to understand who, outside your department, is critical to your success and what they are committed to do to help you succeed.
- It is important to understand how your function is currently perceived by other functions and why.
- It is important to understand how key customers perceive the company.

Here are a few tips from working with managers and executives over the last thirty years.

- First, this is clearly a pro-active strategy, some might even say aggressive, so I want to emphasize it should be done in a **low key manner**. My experience has shown top flight executives are very impressed with candidates who have done their homework, are thorough and ask tough but fair questions.
- Second, while this may be obvious, it is most effective **after** you know you are clearly one of the finalists.
- Here are some of the "tough but fair" questions to ask your potential manager:
  - If I were to interview your staff what are they going to tell me they really like about working for you? What will they say drives them crazy? TIP: Say this last question with a smile.
  - The company's top three opportunities and top three priorities?
  - What will be my major challenges? My top three priorities?

- What is your process for keeping the team informed? How often do you communicate to your team as a group? When was the last time you communicated to the team? What was the agenda? What is the typical agenda?
- Ask for a copy of their resume or bio. You need to clearly understand their track record and it makes it easier to check them out.
- Who have they successfully mentored?
- How will success be measured? What will be the metrics?
- What will constitute outstanding performance in the first 6 months? First year? TIP: The manager should be able to describe success in quantifiable outcomes.
- Ask for references. Talk to prior direct reports, managers and prior Board members if your manager will be the CEO. I have found well grounded executives to be totally comfortable with this.
- Interview all your peers. The key questions:
  - What do you really like about working for your boss? What drives you crazy?
  - How do you deal with his or her style quirks?
  - What do you see as my top three priorities? Top three challenges?
  - What do they see as the company's key opportunities and challenges?
  - How does the team deal with crisis or short term performance failures?
- Interview the manager's manager. This is a **must**. You need to evaluate whether everyone is on the same page.
  - What does he or she see as your major challenges? Your top three priorities?
  - The company's top three opportunities and top three priorities?
  - What will constitute outstanding performance in your first 6 months? First year? Again, performance should be described in terms of quantifiable outcomes.
- Ask about their "onboarding" process. [Sadly, few companies have one.]
  - Progressive companies see onboarding as a critical process, not a discrete event like the old "employee orientation" programs.
  - It is part of their retention strategy? Do they have a retention strategy?
  - Do they have a formal mentoring program? At what levels?
- Interview your key internal customers. A few examples:
  - If in marketing, you need to interview sales.
  - If in sales, interview some folks in marketing.
  - If in HR or Finance, interview the heads of the other key functions.
  - Ask everyone what they think your top three priorities and challenges are.
  - Ask everyone, how can we help each other succeed?
- Interview several major customers. Their view can be invaluable on two fronts. First, it gives you some real world business perspectives and second, if you accept the position you have already begun to build an important bridge.
- Track down a couple of executives who used to work for the company. They will provide you with an unvarnished view.

- Find out what the turnover is by area especially in sales, and leadership positions.
- Check to see if there is a Blog on the company. TIP: Use Google's Blog search.
  
- Have you checked the current financials? A excellent one stop shop for public companies is [www.sec.gov](http://www.sec.gov) You have instant access to Annual Reports [10-K], Quarterly Reports [10-Q] and the [8-K] which is the "current report" companies must file with the SEC to announce major events that shareholders should know about.

You can also check [Litigation Releases](#), which lists lawsuits brought by the SEC in federal court.

- Last, do everything you can to **interview your predecessor**. In my experience most are candid but fair, even those who were asked to leave and you can gain valuable insights into the management process of your boss and peers.

I hope you can see, if you follow this process, the odds of making a poor decision drop considerably. Worst-case scenario: you will be accepting a job where you now know where the skeletons are.

And finally, this process will put you heads and shoulders above your competition. Very few people are this thorough and high performing organizations truly appreciate candidates who do competent "**due diligence**."

**Good luck!**