THE DILIGENCE FACTORY / FIELD GUIDE 01

From information to conviction.

A practical guide to evidence-led acquisition diligence.

A repeatable operating model for deal teams: scope the work, collect the evidence, test the numbers, challenge the findings, and deliver a report that makes uncertainty visible.

PRACTICAL FRAMEWORK / REVIEW CHECKLISTS / MEASUREMENT

September 2026 | An original process guide from The Diligence Factory

Six stages. One connected record.

The purpose of a diligence process is to make decisions traceable. Each stage should produce a usable output and a clear handoff, rather than another unowned list.

01 Scope the decision

Define the acquisition questions, materiality thresholds, workstreams, owners, deadlines, and intended report audience. Output: an agreed workplan with explicit scope boundaries.

02 Collect the evidence

Write requests with a period, required format, owner, and acceptance criteria. Keep seller responses connected to the request. Output: an indexed evidence set and a visible list of gaps.

03 Test and reconcile

Retain the original data. Map fields consistently, validate dates and amounts, and reconcile totals to the source before analyzing trends. Output: reproducible calculations with document and row lineage.

04 Develop the findings

Separate observed facts, interpretation, and unresolved questions. State the potential implication without presenting an assumption as a conclusion. Output: draft findings with evidence and an accountable owner.

05 Challenge and approve

Use a reviewer independent of the author. Test whether the evidence supports the statement and whether contradictory information has been considered. Output: approved, qualified, or returned findings.

06 Deliver and preserve

Build the report from approved findings, make open items explicit, and approve a fixed version before export. Output: a delivered report with the review record and evidence preserved.

Evidence first.
Review before reliance.

A finding is useful only when another person can understand how it was reached. Use the following checks as gates before a material finding enters a report.

A The evidence checklist

Record the document name and version; the period covered; the worksheet, row, page, or section; and the precise observation. Explain transformations or exclusions. Preserve access to the original source. Identify missing or contradictory evidence rather than filling the gap with an unsupported inference.

B The reviewer checklist

Is the statement narrower than or equal to what the evidence establishes? Do the dates and entities match the transaction scope? Can the calculation be reproduced? Are assumptions visible? Does the risk rating reflect the stated impact and uncertainty? Is the next action assigned?

C The report release checklist

Confirm that included findings are approved, proposed adjustments are distinguished from approved adjustments, unresolved requests are disclosed, and the narrative matches the figures. Check the audience and access permissions. Preserve the approved version before delivery.

Illustrative finding structure

Observation: One customer represents 28% of reported revenue.
Evidence: Customer revenue schedule, specified period and rows.
Open question: Confirm contract terms and renewal timing.
Action: Commercial lead to validate retention assumptions.

Measure the work you recover.

Begin with coordination effort: requesting updates, chasing documents, reconciling trackers, locating evidence, and reformatting reports. Keep professional analysis and judgment separate. Establish a baseline before estimating improvement.

01 Use a transparent scenario

Annual hours recovered = deals per year x coordination hours per deal x assumed time reduction.
Annual capacity value = hours recovered x blended hourly cost.
Net modeled value = capacity value - annual platform and service budget.

02 Keep the assumptions honest

For example: 6 deals x 120 coordination hours x 25% assumed reduction = 180 hours. At $150 per hour, this represents $27,000 in capacity value. Subtracting a hypothetical $15,000 annual budget gives $12,000 in net modeled value. These are illustrative inputs, not measured results or a price quote.

03 Validate after a completed deal

Record actual coordination hours, request turnaround time, rework, and review cycles. Compare like-for-like scope and deal complexity. Recovered capacity is not automatically cash savings: it may instead support deeper analysis or more transactions.

04 Start with one controlled pilot

Choose a representative deal, appoint a process owner, agree the quality gates, and review the outcome after delivery. Retain the controls that make evidence and responsibility clear; revise the steps that add work without improving the decision.

Explore the workflow:
diligence-factory-workspace.alex21212132.chatgpt.site

This guide describes a process framework, not a warranty of product functionality or transaction outcomes. It is educational material and does not replace transaction-specific professional judgment.