

# A Checklist to Be Deal Ready: Prepare for Strategic Growth with a Centralized Corporate Record

The disruption triggered by COVID-19 has given companies new opportunities for mergers, acquisitions and global expansion. Setting up a centralized corporate record is an often-overlooked step that empowers the general counsel (GC) to help their corporation seize these opportunities quickly and effectively.

A centralized corporate record is a system that stores entity data and information for tax, legal, finance and compliance business units. Working within this single source of truth, all business units, executives and board members draw from data that's correct, current and consistent across the organization.

In addition to the immediate time savings, a centralized record provides a foundation for good governance practices such as developing policies, building measurement and reporting systems, assessing risk, and assigning ownership and accountability.

When an organization prepares to grow, having a centralized record in place is critical. As even one corporate entity can involve hundreds of data points, a centralized corporate record that organizes this information at scale makes due diligence more efficient, facilitates post-merger integration and allows for quick movement on growth opportunities.

## 10 Steps to Prepare for Growth with a Centralized Corporate Record:

- **1. Start with the end goal in mind.** Before corporations can decide on a route to take, they need to figure out where they are trying to go. This applies to jurisdictions, industries and other areas of focus. Define what success looks like before thinking about strategy.
- **2. Work backward from this goal.** M&A could facilitate growth into a new jurisdiction, but GCs will need to understand how an acquisition would affect the company's legal standing, operations, finance and compliance, and they'll need to spot any red flags. Gather all the data that is necessary to make important decisions.
- **3. Get buy-in for the concept of a centralized corporate record.** Every business unit should have a vested interest in ensuring a single set of data, but they may not understand how to make it a reality. They'll also be interested in who has oversight of the data and how it will be managed.
- **4. Ask stakeholders to identify the data sets they use and what they need to do with this data.** This might include vital information like operating licenses, corporate registrations and signing authorities.
- **5. Determine your system requirements.** One place to start is by breaking down the individual steps in the process behind your company's growth strategy. For example, before expanding into new jurisdictions:
  - Determine the legal and regulatory costs of entering a new jurisdiction.
  - Understand how the company's compliance obligations could change.
  - Weigh the benefits of a new legal entity in this jurisdiction versus using a local partner to act as the company of record.
- **6. Research entity management solutions.** An entity management solution brings your corporate record online and enhances it with time-saving features like templates, e-filing, reports that autofill, automated document verification and compliance calendars.
- **7. Compare and contrast your entity management options.** Not all entity management solutions are created equal. Ideally, such a solution should enable your team to:
  - Streamline the process of setting up new legal entities.
  - Automate workflows, like document verification.
  - Use a compliance calendar to meet important application and regulatory deadlines.
  - Store, manage, visualize and report on your corporate record and structure anytime, anywhere.

❑ **8. Launch your entity management solution in your organization.** Introduce it into key areas of your growth strategy, such as evaluating the regulatory and legal climate of a new market, engaging with an Employer of Record or International Professional Employer Organization, conducting due diligence, or integrating an acquired company into corporate operations.

❑ **9. Assign roles, responsibilities and access for key tasks.** M&A activities may involve an intensive review of corporate records, stockholder information, litigation history and financial information, as well as examination of COVID-19-era priorities such as supply-chain security and crisis-related termination rights.

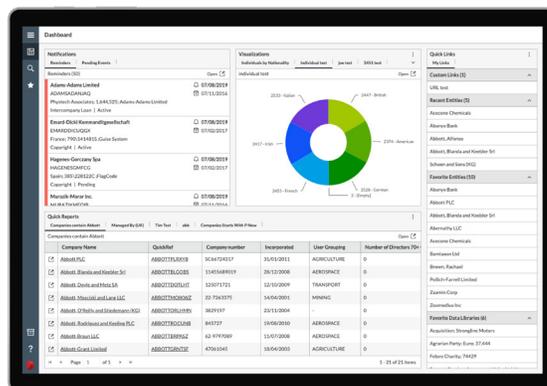
❑ **10. Make sure everyone involved in strategic growth actually uses your entity management system, 100% of the time.** If departments keep their own records and simply update the corporate record, the corporate record isn't a "single source of truth." Duplicate record systems result in conflicting, outdated information, and they make it hard to find data at the moment you need it.

"If you need a license to operate in a jurisdiction and you just don't have those records, is that going to kill the deal? Maybe so," says Samantha Wellington, who worked on M&A activities for Oracle before becoming SVP, Chief Legal Officer and Secretary at TriNet. "Diligencing a company without a centralized system is incredibly difficult."

In today's swiftly evolving landscape, strategic, sustainable growth requires getting the right information to the right people—enabling smarter questions and better decisions.

A centralized corporate record, delivered through an entity management solution like Diligent Entities, helps GCs proactively advise on new opportunities and ensure more confident, efficient compliance when the company does decide to expand into a new jurisdiction or acquire a new entity.

## Turn your corporate record into a strategic asset with Diligent Entities.



- Create a central source of truth, with custom views for legal, HR, tax, finance and other departments
- Visualize the corporate structure with charting and export options
- Quickly and easily e-file in a wide variety of jurisdictions
- Monitor compliance with automated, accurate reports
- Maintain data integrity with automated, documented verification workflows

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