

Insights into the emotional
processes of organizations

The O'Malley Group
ADVISORS TO EMOTIONAL SYSTEMS

Emotional Due Diligence™

>> “What is Emotional Due Diligence (EDD)?”

What you're investing in is not just a business it's an emotional system. It succeeds or fails not just based on numbers but on relationships in the business. You need to know how that emotional system works.

What you're creating is not just a deal it's an emotional system. Whether it succeeds or fails it's not just based on the numbers but on relationships among the dealmakers.

EDD helps you decide: "Should we invest in these people?"

EDD is the process for determining how people and their relationships with one another, impact the leadership, management, operations and culture of the business.

EDD maps out the emotional system that is under the surface, behind the scenes. It identifies the stressors bearing down on the system, the strategies employed by people to reduce their anxiety, and the effects of these strategies on the success of the business – and on the success of the deal!

>> “Why is EDD critical to our decision?”

Financial due diligence is no hedge against human behavior – behavior that is controlled by emotions not logical thought.

If you don't know how emotions dictate their thinking, then you don't know the people you're investing in. And if you don't know them, you don't know their business.

The financials you're reviewing cannot answer some critical questions:

Can we work with these people?

Who has the power?

Who are the people who really know what's going on?

Where's the friction?

What do people do to make life miserable for those around them?

EDD is critical to your decision to invest or walk away.

>> **“We talk to key people in the business.
Why do we need EDD? ”**

For the same reason I don't prepare my own taxes.

We are professionals at assessing emotional systems.

We know what to ask.

We know how to ask.

We know how to listen.

We know what to listen for.

We understand what we see.

We understand what's missing.

We are perceived as a third party. When you ask questions, the answers are shaped for your ears. Certainly the answers we hear are shaped for our ears, but usually people are more open with us.

1. People like to talk to us. We know how to encourage people to tell their stories, and people like to tell their stories.
2. We know how to position ourselves as people who are serving the interests of both parties, not just yours.
3. We have no stake in the deal one way or another.

>> **“What are the steps involved with EDD?”**

1. You identify the people in the business (and outside of it) that you would like us to speak with.
2. You tell us any concerns you have.
3. We develop a list of questions and the answers we need to get and an approach for getting them.
4. We interview both the people you identified plus any additional people whose perspective and position can bring the overall picture into focus.
5. We report to you – both in writing and in person – what we heard, what we didn't hear and what you need to hear more about.
 - a. Before we give our account to you, we give it to them. This gives them the chance to tell us if we're on the money or off and if we're off the chance to explain "why?"
6. If we have identified problems that you and the people in the business need to address we can propose solutions.