

Guilty by association: Why it's become critical to vet clients

In a world where media and the public are quick to assign blame, undertaking comprehensive background screening and vetting of clients - to mitigate and minimise possible reputational damage by association - has never been more vital.



Michelle Baron-Williamson, CEO of Managed Integrity Evaluation (MIE)

Michelle Baron-Williamson, CEO of Managed Integrity Evaluation (MIE), believes that every client relationship a company creates is incredibly valuable, not the least because each has the potential to grow into a long-lasting revenue source. “At the same time, it is worth noting that there is a very real risk – albeit rare – that a client may have a negative impact on the company.”

Such clients may include those that are deemed to be non-payers, highly litigious, those that are on the brink of bankruptcy, or even clients whose practices may be reproachable or ‘colour outside the lines’ of business ethics, or the law. The challenge for companies is that anything less than 100% above board dealings they involve themselves in, or should they be found to be connected to any corrupt or nefarious activity in any way, it has the potential to damage their company's reputation by mere association.



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“For this reason, companies need to be more vigilant than ever about the clients they choose to associate themselves with. In particular, as companies choose to diversify or expand their operations, they often seek new clients in new markets or look to grow market share in different regions – and it is therefore critical to conduct thorough background checks on all potential clients,” she suggests.

“Appropriate background screening and vetting can proactively manage the risk exposure of the company. Potential clients should be screened irrespective of where they are from – and be screened based on the credentials of the applicable country. The last thing any company needs, especially in today’s saturated and globally competitive markets, is to have its reputation damaged due to the corrupt, illegal or criminal actions of a client.”

Baron-Williamson points out that there are many examples of this, with local and global coverage of fallouts, where businesses of all sizes, local and international, and across industries, have faced massive backlash, due to questionable or alleged illegal operations of certain clients.

“The reality is that whether or not the company was aware of their client’s actions – beforehand, or after the fact – once such an instance has been exposed - markets, the media and public will assume the company must have known. This implied shared accountability can not only have a damning impact on the company’s brand reputation, but also expose the company to financial risks as well,” says Barron-Williamson.



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“It’s simply not worth the risk to onboard a client that may have a questionable record,” she adds. “Comprehensive background checks, vetting and consulting services can provide invaluable insights and highlight a multitude of potential ‘red flags’, including: conflicts of interest, fraudulent activity or potential corruption.”

The main reason to perform background checks on existing and new potential clients is to mitigate or minimise liability risks. Companies want to be assured that any client they bring on board is legitimate and law abiding, has no obvious 'dirty laundry' and is seen by the public as trustworthy.

“In an age of increasing globalisation, having good and trustworthy clients is vital to a company’s daily and future operations and, in the long-term, its survival. No one wants to be publicly ‘tarred and feathered’, least of all for something they didn’t do themselves. Companies therefore should look to partner with a reputable service provider that offers comprehensive background screening and vetting solutions – to ensure this becomes an integral part of onboarding new clients,” concludes Baron-Williamson.

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