Concise M&A Prospect Checklist

How to use & interpret scores For each row, the buyer or seller marks "✓" if the target is met or writes the actual figure if numeric. Tally check-marks at the end: ≥ 70 % met = advance to due diligence; 50-69 % = discuss gaps; < 50 % = likely decline. Keep a copy for each prospect to enable side-by-side comparison.

Domain	Question / Criterion	Target / Benchmark / Guidance
Strategy & Market Position	Holds ≥ 5 % share in defined niche	Yes / No
	3-year revenue CAGR	≥ 10 %
	Unique value proposition clearly articulated	Yes / No
Financial Health & Profitability	EBITDA margin	≥ 12 %
	Net debt / EBITDA	≤ 3×
	Cash conversion (operating CF / EBITDA)	≥ 90 %
	Past 3 years audited or reviewed financials	Yes / No
Operations & Technology	Core processes documented and repeatable	Yes / No
	Modern ERP / key systems in place	Yes / No
	CapEx as % of revenue (3-yr avg)	≤ 6 %
	Supply chain disruption incidents (past 2 yrs)	≤ 1 major
Customer & Revenue Profile	Top customer concentration	Top 1 < 20 % of revenue
	Recurring / contract revenue share	≥ 40 %
	Annual customer churn	≤ 10 %
	Days sales outstanding (DSO)	≤ 45 days
Talent, Culture & Leadership	Founder / key execs committed ≥ 12 mos post-close	Yes / No
	Voluntary employee turnover (latest yr)	≤ 15 %
	Formal training budget per FTE	≥ $500
Legal / Regulatory / Compliance	Outstanding or threatened litigation material?	No
	All required licenses & permits current	Yes / No
	IP ownership clear and transferable	Yes / No
ESG & Key Risks	Reportable environmental or safety violations (past 3 yrs)	None

Domain	Question / Criterion	Target / Benchmark / Guidance
	Lost-time injury rate vs. industry	≤ industry median
	Documented cybersecurity policy & no major breaches	Yes / No
Integration Readiness	Cultural values survey shows > 70 % alignment	Yes / No
	IT systems compatible with acquirer stack	Yes / No
	Synergy estimate vs. integration cost	≥ 2×
	Data room with complete diligence docs ready	Yes / No