Exit Readiness Signal Framework

Is the **growth we're investing in today** **going to help us or quietly hurt us during diligence?**

This framework is designed for healthcare, pharmacy, and health-tech companies operating in growth mode while keeping a future transaction (sale, recap, spin-out, etc) in view. It helps leadership teams pressure-test growth decisions through a buyer's lens before those decisions create drag, confusion, or discounted valuation later.

HOW BUYERS EVALUATE GROWTH

In diligence, buyers aren't asking *"Did you grow?"*

They're asking:

Is the growth repeatable?

Is it defensible?

Does it rely on systems or heroes?

Does it clarify the story or complicate it?

The **Exit Readiness Signal Framework** focuses on the signals that answer those questions.

We've seen strong companies lose leverage in diligence not because they lacked growth, ***but because the growth sent the wrong signals.***

1 NARRATIVE SIGNAL:

Can the growth story be explained clearly and consistently?

Buyers look for a tight narrative that aligns:

- **What** the company says it does
- **How** it actually makes money
- **Why** customers choose it
- **Why** that advantage will still matter post-transaction

Red flags:

- Multiple competing stories depending on the audience
- Growth that's hard to explain without heavy context
- New initiatives that don't clearly ladder to the core thesis

Positive signal:

A simple, repeatable story that works for customers, partners, and investors alike.

2 GROWTH QUALITY SIGNAL:

Is growth durable or artificially propped up?

Buyers care less about spikes and more about shape:

- Mix of new vs. retained revenue
- Concentration risk
- Dependency on discounts, promotions, or manual effort

Red flags:

- Growth driven by one channel, one partner, or one personality
- Heavy customization that doesn't scale
- Revenue that increases effort faster than margins

Positive signal:

Growth that improves margin, predictability, and confidence.

3 OPERATIONAL SIGNAL:

Does growth reduce friction or add complexity?

Every growth investment either:

- simplifies the business, or
- makes it harder to run and explain

Red flags:

- New products, services, or spin-outs without clear operational boundaries
- Workarounds replacing systems
- Teams that can't articulate how things actually flow

Positive signal:
Operations that look intentional, documented, and transferable.

4 LEADERSHIP SIGNAL:

Can the business run without the founder in every decision?

Buyers underwrite teams as much as numbers especially in founder-led companies.

Red flags:

- Founder-dependent sales or partnerships
- Decision-making bottlenecks
- Strategy living in people's heads, not in systems

Positive signal:
Clear ownership, strong second-layer leadership, and repeatable decision frameworks.

5 CAPITAL DISCIPLINE SIGNAL:
Are you investing in value creation or value distraction?

Not all growth spend is equal in diligence. Buyers don't just underwrite ROI. They underwrite whether capital choices made the business easier or harder to own.

Red flags:
- Over-investing in assets buyers discount or strip out
- Launching initiatives too early in the exit cycle
- Building things a buyer would prefer to build themselves

Positive signal:
Capital deployed in ways that increase optionality and reduce buyer risk.

HOW TO USE THIS FRAMEWORK

This framework is designed to be used as a pause button before momentum turns into a mess.

It is most powerful when applied:
- **Before** green-lighting major growth initiatives
- **Before** launching a new product, vertical, or spin-out
- **Before** adding significant headcount or fixed cost
- **Before** telling a new story to the market

Ask one simple question:
Does this decision strengthen or weaken our Exit Readiness Signals?

If the answer is unclear, that's the signal.

The outcome

Teams that use this framework consistently:
- **Grow** with intention, not momentum alone
- **Enter** diligence with fewer surprises
- **Defend** valuation with confidence
- **Preserve** strategic options for exits, recaps, or NewCo launches

Exit readiness isn't a phase. It's a way of making decisions.
The question most teams miss is whether their current growth choices are strengthening or weakening that posture. This framework reflects how buyers actually evaluate growth in healthcare, pharmacy, and health-tech companies.

About Legacy DNA

Legacy DNA is a growth partner for mid-market healthcare companies, built to maximize your valuation and exit outcomes. Our senior, coordinated team delivers results under pressure, with four successful exits under our belt.

We work exclusively with PE-backed and mid-market healthtech and pharmacy leaders who need faster traction, stronger positioning, and growth that holds up under buyer scrutiny. Our work is senior-led, framework-driven, and built to perform where it matters most: in boardrooms, IC meetings, and diligence conversations.

THE EXIT READINESS SPRINT™

The Exit Readiness Sprint is a 90-day engagement that helps leadership teams make the value they've built obvious to the people who decide what it's worth. We close the gap between what your business is and what buyers, investors, and partners immediately understand it to be.

You leave with a clear, aligned growth story, plus the tools your team, your board, and your buyers can rely on.

THE SIGNALS BUYERS CARE ABOUT ARE FORMING THEIR OPINION RIGHT NOW.

Not at LOI. Not at diligence. Now. In every conversation, every investor update, and every partnership discussion where someone is quietly asking: *Does this story hold up?*

Most teams discover the gaps too late to fix them cleanly.
If one or more of these signals gave you pause, that pause is worth paying attention to.

Book your Exit Readiness Diagnostic Call

A focused 30-minute conversation. We'll walk through where your signals are strongest, where the exposure is, and whether the Exit Readiness Sprint is the right next move for your situation.

No pitch. No pressure. Just an honest read.

Book my call