



The Medicorum 12-Point M&A Structural Risk Scorecard™

A Confidential Self-Assessment Tool by Medicorum Wealth Management

Beyond the Numbers: Quantifying Your Deal's Hidden Risks

A pristine Quality of Earnings (QoE) report can create a dangerous sense of security. While essential, it only tells you ***what a business has done***, not ***why it succeeded*** or ***if that success is sustainable post-close***. The most catastrophic deal failures often stem from risks hidden not in the balance sheet, but in the company's structure, its people's incentives, and its untested commercial realities.

This scorecard is designed for sophisticated investors and advisors to conduct a rapid, preliminary assessment of these "structural risks." Use it to pressure-test your assumptions and identify potential blind spots in your current diligence process.

Instructions: For your target acquisition, answer the following 12 questions honestly. Check "Yes" only if you have high confidence based on specific, validated evidence. If the answer is no, or if you are unsure, check "No / Unsure."

Section 1: People & Incentives (The Human Factor)

1. Compensation Alignment: Can you confirm that the key employees' compensation models are sustainable long-term and not structured to maximize short-term, pre-sale earnings?

- ☐ Yes
- ☐ No / Unsure

2. Key Personnel Retention: Beyond standard employment agreements, are there specific, compelling financial and non-financial incentives ("golden handcuffs") that ensure the top 3-5 revenue generators or innovators will remain motivated and productive for at least 24 months

post-close?

- ☐ Yes
- ☐ No / Unsure

3. Seller's True Motivation: Have you validated, through independent channel checks, that the seller's stated reason for exiting aligns with their market reputation and that there are no hidden distress factors (e.g., health, partnership disputes, pending litigation)?

- ☐ Yes
- ☐ No / Unsure

4. Cultural Integration: Is there a clear, documented understanding of the target's culture, and have you identified potential friction points against your own organization's culture or that of a planned roll-up?

- ☐ Yes
- ☐ No / Unsure

Section 2: Structure & Compliance (The Blueprint)

5. Corporate Simplicity: Is the target's legal entity structure clean and straightforward, with a clear business purpose for each entity, or is it an overly complex web that could conceal liabilities or complicate integration?

- ☐ Yes
- ☐ No / Unsure

6. Contractual Resilience: Have all material customer and supplier contracts been reviewed for "change of control" clauses that could trigger termination or unfavorable renegotiation upon closing the deal?

- ☐ Yes
- ☐ No / Unsure

7. Regulatory Defensibility: Can you confirm that the company's compliance with industry-specific regulations (e.g., HIPAA, Stark Law, GMP) has been stress-tested beyond a simple management review, with a defensible audit trail?

- ☐ Yes
- ☐ No / Unsure

8. IP Ownership: Is all critical intellectual property (patents, trademarks, proprietary processes) fully owned by the target entity being acquired, with no ambiguities, liens, or dependencies on outside individuals?

- ☐ Yes
- ☐ No / Unsure

Section 3: Product & Market (The Engine)

9. Scientific / Clinical Validation: For technology or science-based assets, has the core data

been reviewed and validated by independent, third-party experts who are not affiliated with the seller or the company?

- ☐ Yes
- ☐ No / Unsure

10. Commercial Pathway: Is there a realistic, independently modeled timeline and budget for bringing the next phase of products/services to market, including practical assumptions for regulatory hurdles and manufacturing scale-up?

- ☐ Yes
- ☐ No / Unsure

11. Market Access: Have you confirmed, through interviews with payers or end-users, that the market will actually pay a profitable price for the product/service, and that it has a compelling reimbursement and value proposition?

- ☐ Yes
- ☐ No / Unsure

12. Competitive Moat: Is the company's competitive advantage based on a defensible, long-term factor (e.g., strong patents, locked-in customers) rather than a temporary advantage (e.g., first-mover status, key employee relationships)?

- ☐ Yes
- ☐ No / Unsure

Scoring & Interpretation

Total the number of "Yes" answers to find your Structural Risk Score.

- **Score 10-12 (Low Risk / High Confidence):** You have a strong grasp of the non-financial drivers of this deal. Your diligence process is robust and goes beyond the numbers.
- **Score 7-9 (Moderate Risk / Potential Blind Spots):** Your diligence is solid, but there are unexamined areas that could harbor significant risk. These are the "unknown unknowns" that can surface post-close.
- **Score 0-6 (High Risk / Critical Gaps):** Your current view of the target is dangerously incomplete. The deal's success relies heavily on assumptions that have not been pressure-tested. Proceeding without a deeper, multi-disciplinary analysis is not advisable.

Your Next Step: From Uncertainty to Clarity

If your score is below 10, it doesn't necessarily mean you have a bad deal. It means you have an *unexamined* one.

The questions in this scorecard represent the exact blind spots that traditional diligence often misses. They are also the core focus of Medicorum Wealth Management's proprietary **Integrated Diligence Framework™**. Our methodology is specifically designed to transform

these uncertainties into quantifiable factors, providing you with a three-dimensional view of your target.

We go beyond the QoE to analyze the incentives, dissect the structure, and validate the commercial engine of your investment.

To discuss how we can help you close your diligence gaps and invest with absolute conviction, schedule a confidential, no-obligation consultation.

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