CGL LEGAL READINESS SCREEN

Legal Readiness Screen for M&A Advisors

Find the legal friction before the buyer does.

A practical advisor tool for spotting legal readiness gaps before they slow diligence, create buyer leverage, or put pressure on valuation.

For M&A advisors, investment bankers, business brokers, exit planners, fractional CFOs, strategic advisors, and deal professionals supporting business owner clients.

QUICK RULE OF THUMB

As you work through the screen, mark each area **Clear** or **Needs a closer look**. If two or more areas need a closer look, book a complimentary 30-minute Legal Readiness Consult with CGL.

Book your consult →

Scan to book

For informational and discussion purposes only. Not legal advice.

COMPONENT ONE

01

Before the Screen

Context for you, the advisor: what this is, how to use it, and why it matters.

What this is

This screen helps M&A advisors and deal professionals identify legal readiness issues that may create friction in a sale, investment, or strategic transaction.

It is designed for advisor use. It is not intended to be a client legal self assessment or a substitute for legal counsel. A separate client facing resource can be developed later if useful.

The goal is to help advisors ask better readiness questions, recognize uncertainty early, and know when to bring in senior legal support before diligence becomes reactive.

How to use it

Keep this as your own reference and ask the questions conversationally. You do not need to hand the document to the client.

Run it as a standard step on every prospective mandate, so legal readiness becomes part of your process rather than an afterthought.

As you go, mark each of the seven areas **Clear** or **Needs a closer look** using the checkboxes in the screen.

If two or more areas need a closer look, that is your signal to book an advisor only consult with CGL.

Why legal readiness matters

A company can have a strong story, serious buyer interest, and attractive market positioning, but still lose momentum if legal issues surface late. When unresolved legal issues come up during diligence, they can:

- Give the buyer leverage
- Slow or complicate diligence
- Put pressure on valuation or deal terms
- Create doubt about how prepared the company really is
- Test the client's confidence in the process
- Distract management at the exact moment focus matters most
- Reduce the likelihood that the transaction reaches the intended outcome

When to use it

Use the screen at the moments where small gaps are cheapest to fix:

Moment	Use it to	Advisor framing
Before or during a mandate conversation	Understand whether the client's legal foundation supports the deal story.	*"We do not need to solve every legal issue today, but I want to understand whether anything could create friction once a buyer starts diligence."*
During pre market planning	Identify cleanup items before buyer outreach begins.	*"The cleaner this is before the process begins, the less room a buyer has to use avoidable issues as leverage later."*
Before diligence accelerates	Use it when an LOI is likely, active, or already signed.	*"This is the stage where small gaps can start to feel bigger. It may be worth having CGL look at the legal readiness picture before diligence becomes reactive."*

COMPONENT TWO

02 The Screen

Work through the seven areas. Mark each one Clear or Needs a closer look as you go.

Use this section as a live conversation tool. The goal is not to solve the issue in the first conversation. It is to identify where uncertainty may create buyer leverage, diligence friction, or valuation pressure.

1 Corporate records

ASK THIS

- Where are your core corporate records currently stored?
- Has anyone reviewed your board approvals, stockholder consents, governance records, or minutes recently?
- If a buyer asked for the full corporate record book tomorrow, how quickly could your team produce it?

RED FLAG ANSWERS

- *"I think we have that somewhere."*
- *"Our lawyer probably has it."*
- *"I am not sure who owns that internally."*
- *"We have changed entities or structures over time."*
- *"We may not have documented everything formally."*

WHY IT MATTERS

Diligence starts with uncertainty when corporate records are incomplete or hard to locate. A buyer may question whether the company is as organized and prepared as the deal story suggests.

WHEN TO BRING IN CGL

When the company cannot quickly locate core governance records, there have been historical restructurings or undocumented approvals, or the client is preparing to go to market and no one has reviewed the records recently.

YOUR ASSESSMENT ☐ Clear ☐ Needs a closer look

2 Cap table

ASK THIS

- Is there one cap table that everyone trusts?
- Have all SAFEs, notes, warrants, options, side letters, and equity promises been reconciled against the underlying documents?
- Could any founder, investor, employee, advisor, or consultant be surprised by the ownership picture in a transaction?

RED FLAG ANSWERS

- *"There are a few versions."*
- *"We should probably check."*
- *"The founder knows the history."*
- *"We promised equity informally."*
- *"I am not sure whether all the old notes or SAFEs were converted correctly."*

WHY IT MATTERS

Ownership uncertainty creates immediate buyer leverage. It can slow the process, create stakeholder tension, and lead to repricing, indemnity demands, escrow pressure, or closing conditions.

WHEN TO BRING IN CGL

When the cap table has not been reconciled against the documents, there are informal equity promises or unclear ownership rights, or the transaction timeline is moving before ownership questions have been cleaned up.

YOUR ASSESSMENT ☐ Clear ☐ Needs a closer look

3 Key contracts

ASK THIS

- Which contracts are most important to revenue, operations, or enterprise value?
- Do any key agreements require consent before an assignment, change of control, or sale?
- Are there termination rights, exclusivity terms, MFNs, pricing commitments, volume obligations, or customer concentration issues that could matter to a buyer?

RED FLAG ANSWERS

- *"We have not reviewed the contracts for that."*
- *"I am not sure whether consent is required."*
- *"Our customers will probably be fine with it."*
- *"There are some old agreements but the relationship is strong."*
- *"The written agreement may not match how we actually work together."*

WHY IT MATTERS

Revenue quality can weaken quickly when key contracts create transfer risk. Buyers may use this to delay the process, reduce value, or require burdensome closing conditions.

WHEN TO BRING IN CGL

When important customer, vendor, channel, license, lease, debt, or strategic partner agreements have not been reviewed from a transaction readiness perspective.

YOUR ASSESSMENT ☐ Clear ☐ Needs a closer look

4 Commercial relationships

ASK THIS

- Are any important customer, vendor, partner, or channel relationships operating on informal terms?
- Do the written agreements match how the relationship actually works today?
- Are there expired contracts, unsigned amendments, verbal pricing changes, or handshake arrangements?
- If a buyer reviewed the documents, would they understand the actual commercial relationship?

RED FLAG ANSWERS

- *"That is how we have always done it."*
- *"The relationship is not really documented."*
- *"The contract expired but we kept working together."*
- *"The economics changed but we never updated the agreement."*
- *"The written terms are different from the actual practice."*

WHY IT MATTERS

The company may be stronger operationally than it is on paper. That gap creates avoidable diligence friction and can make the business appear less mature, less organized, or less transferable.

WHEN TO BRING IN CGL

When important commercial relationships are not fully documented, the written agreements do not match the business reality, or the company's value depends on relationships that a buyer may not be able to verify cleanly.

YOUR ASSESSMENT ☐ Clear ☐ Needs a closer look

5 Intellectual property ownership

ASK THIS

- Who created the company's most important technology, content, data, processes, branding, product assets, or proprietary materials?
- Do all founders, employees, contractors, consultants, developers, agencies, and outside contributors have signed IP assignment agreements?
- Were any key assets created before the current company structure existed?
- If a buyer asked the company to prove ownership of its core assets, would the documentation be complete?

RED FLAG ANSWERS

"The developer was a contractor."
"We probably have something signed."
"The founder built it before the company was formed."
"The agency created the original brand or product."
"I am not sure whether everyone assigned IP."

WHY IT MATTERS

If the buyer cannot confirm that the company owns what it is selling, momentum can stall quickly. IP uncertainty is especially sensitive when value depends on technology, proprietary processes, data, brand, or product assets.

WHEN TO BRING IN CGL

When important assets were created by founders, contractors, consultants, developers, agencies, or outside contributors, or the company cannot confirm clean assignment of core IP.

YOUR ASSESSMENT ☐ Clear ☐ Needs a closer look

6 Employment and contractor matters

ASK THIS

- Are there any key employees, contractors, or consultants whose retention is important to the transaction?
- Are there any undocumented compensation, bonus, commission, equity, severance, or retention promises?
- Are any contractors functioning more like employees?
- Could any people issue create noise during diligence or after signing?

RED FLAG ANSWERS

"We promised something but did not document it."
"There are contractors who work like employees."
"One key person may be difficult."
"There were sensitive departures."
"There are bonus, commission, or equity expectations that are not fully clear."

WHY IT MATTERS

People issues create noise at the wrong moment. They can distract management, trigger diligence concerns, and create uncertainty around continuity after closing.

WHEN TO BRING IN CGL

When undocumented compensation or equity expectations, classification, retention, departure, bonus, severance, or change in control issues could surface during diligence.

YOUR ASSESSMENT ☐ Clear ☐ Needs a closer look

7 Diligence process ownership

ASK THIS

- Who inside the company will own diligence responses?
- Is the data room already organized, or will it need to be built during the process?
- Are key documents stored in one place or scattered across people, email, drives, and systems?
- How quickly could the company respond to a buyer's first major diligence request list?

RED FLAG ANSWERS

"We have not had time to organize the data room."
"Different people have different documents."
"No one owns that yet."
"We will pull it together when we get diligence requests."
"Our current lawyer probably has some of it."

WHY IT MATTERS

Even fixable issues become more expensive when the process feels disorganized. Slow or incomplete responses can weaken buyer confidence and cause avoidable momentum loss.

WHEN TO BRING IN CGL

When no one owns the diligence process, the data room is incomplete or scattered, or the client is entering a process without a clear legal readiness or diligence response plan.

YOUR ASSESSMENT ☐ Clear ☐ Needs a closer look

Tally your assessments

How many areas did you mark **Needs a closer look**?

Number of areas 0

Check the boxes above; in Adobe Acrobat or Reader this updates automatically.

Two or more? Book a complimentary 30-minute Legal Readiness Consult with CGL. It is an advisor only conversation to pressure test the situation before deciding whether to involve the client.

Scan the code or use the button to book your consult.

Book your consult →

03

COMPONENT THREE

After the Screen

How to read the answers, position the next step, and bring in CGL without alarming the client.

Reviewing results with a client

The best framing is process discipline, not legal alarm. You are not telling the client that something is wrong. You are helping the client protect momentum before buyers have leverage.

SUGGESTED LANGUAGE

> *"As I have been thinking through where a buyer might find leverage, a couple of areas stand out as worth tightening before we go to market. Nothing here necessarily means there is a real problem. This is about process discipline, and it is easier to address now than once a buyer is deep in diligence."*
>
> *"This is exactly the type of thing that is easier to address before a buyer is deep in diligence. We do not need to over lawyer it, but it may be worth having CGL take a focused look so we can separate what matters from what does not."*

How to read the answers

Listen for uncertainty. The most important answers often sound like:

- *"I think we have that somewhere."*
- *"We should probably check."*
- *"Our current lawyer probably has it."*
- *"We have not had time to organize the data room yet."*
- *"That has never come up before."*
- *"No one has looked at that recently."*
- *"The founder knows the history."*
- *"That is how we have always done it."*
- *"I am not sure who owns that internally."*

Those answers do not necessarily mean there is a serious problem. But they are signals that legal readiness may need to be reviewed before the client enters a higher stakes transaction process.

How and when to bring in CGL

The most practical first step is usually an advisor only consult with CGL before bringing CGL into a client facing conversation. Consider booking a complimentary 30-minute Legal Readiness Consult when:

- Two or more areas on the screen are unclear
- The client is preparing to go to market in the next 3 to 12 months
- An LOI is likely, active, or already on the table
- You sense diligence could expose avoidable issues
- The client needs legal cleanup but does not have the right counsel in place
- The company has a strong business story but weak legal organization
- You want a senior legal partner who can help protect deal momentum

What happens during the consult

The consult helps you pressure test the situation before deciding whether to involve the client. CGL can help you think through:

- Whether the issue is likely to matter in diligence
- Whether the concern is urgent or can wait
- What information should be gathered before involving the client
- Whether the issue may create buyer leverage, valuation pressure, or closing friction
- Whether a focused readiness review would protect the process
- How and when to introduce CGL to the client, if appropriate

How to position CGL to the client

If you and CGL agree that a client conversation would be useful, keep the positioning practical and non alarming.

SUGGESTED LANGUAGE

> *"CGL can help us pressure test the legal readiness picture before the process gets more formal. The goal is not to create a large legal project. The goal is to identify what matters, prioritize any cleanup, and reduce avoidable friction before buyer diligence begins."*
>
> *"This is a focused readiness review. It helps us understand what could matter in diligence, what likely does not, and what should be addressed before a buyer uses it as leverage."*

How CGL helps

CGL helps advisors and their clients identify legal pressure points before those issues slow diligence, weaken leverage, or distract from the transaction. Depending on the client's needs, CGL can support:

- Focused advisor readiness calls
- Advisor only consults before client conversations
- Joint advisor and client readiness conversations
- Targeted legal cleanup before market
- LOI or term sheet stage strategy
- Active deal execution support
- Broader M&A legal leadership as the transaction progresses

The goal is to help the client enter diligence with more confidence, fewer avoidable surprises, and a cleaner path from readiness to close.

YOUR NEXT STEP

Book a Complimentary 30-Minute Legal Readiness Consult

If this screen reflects issues you are seeing with a client, CGL can help you think through whether a focused legal readiness review would protect the process. During the consult, CGL can help assess:

- Whether the issues are likely to matter in diligence
- Which items may need cleanup before market
- How to prioritize legal readiness without over lawyering the process
- Whether a focused readiness review would help protect deal momentum
- Whether and how to bring CGL into a client facing conversation

Book your consult →

Scan the QR code or click the button.

YOUR CONSULT IS WITH

Hannah Genton
FOUNDING PARTNER

A founding and managing partner of CGL, Hannah advises founders, legal leaders, and executive teams on mergers and acquisitions, venture financings, and commercial contracting. She began her career at Cooley counseling leading technology and life sciences companies, and now leads a team of senior attorneys with more than $5 billion in collective deal experience.

Noam Cohen
FOUNDING PARTNER

A founding and managing partner of CGL, Noam advises startups and growth-stage companies on corporate transactions, venture financings, and mergers and acquisitions. She began her career at Goodwin representing technology companies and venture capital firms, and is known for practical, business-focused counsel that helps clients navigate complex deals and close with confidence.