



**RIVERSIDE**  
HOME CARE

# *The 5-Point Exit Readiness Scorecard*

*A 15-Minute Diagnostic for Home Care Founders*

Know exactly where you stand – before a buyer tells you.

## **BEFORE YOU START**

You know your agency is worth something. But do you know what a buyer sees when they look under the hood?

After a decade at Home Care Pulse working with hundreds of agencies, and now partnering with founders through Riverside, I've watched hundreds of deals unfold. The pattern is always the same: founders who know their gaps going in negotiate from strength. Founders who don't? They find out during due diligence – and it costs them.

This scorecard isn't a to-do list. It's a diagnostic. In 15 minutes, you'll have a clear, honest snapshot of where your agency stands across the five areas every serious buyer evaluates.

*No one is grading this but you. The value is in the honesty, not the score.*

## HOW IT WORKS

Each section has 5 scored questions. Pick the answer that's most honest – not the one you wish were true.

- A = Strong** (5 points) – You're ready. This area is solid.
- B = In Progress** (3 points) – There's a foundation, but gaps exist.
- C = Needs Attention** (1 point) – This would be flagged in due diligence.

**Maximum score: 125.** Your score tells you exactly where you are – and where to focus.

## 1. FINANCIAL HEALTH

*Clarity drives confidence. You can't negotiate what you can't see.*

Buyers don't just want revenue. They want to understand the quality of that revenue – where it comes from, how predictable it is, and whether your numbers tell the real story. Financial surprises during diligence are the number one reason deals stall or valuations get cut.

### Q1. Can you produce 3 years of clean, accurate P&L statements?

<b>A)</b> Yes, they're current and reconciled. My bookkeeper or CPA could send them today.	<i>5 pts</i>
<b>B)</b> They exist but need cleanup. Some personal and business expenses are mixed.	<i>3 pts</i>
<b>C)</b> I'd need significant time to pull these together. We mostly run off bank statements.	<i>1 pts</i>

**Your Score:** ----

**Q2. Do you know your real EBITDA with owner add-backs documented?**

<p><b>A)</b> Yes. I know my adjusted EBITDA and can show exactly what’s personal vs. business.</p>	<p>5 pts</p>
<p><b>B)</b> I have a rough idea, but I haven’t formally documented the add-backs.</p>	<p>3 pts</p>
<p><b>C)</b> I’m not sure what my true EBITDA is once you strip out owner comp and perks.</p>	<p>1 pts</p>

**Your Score: ----**

**Q3. How concentrated is your revenue?**

<p><b>A)</b> No single client or referral source accounts for more than 10% of revenue.</p>	<p>5 pts</p>
<p><b>B)</b> I have 1-2 clients or sources that represent 15-25% of revenue.</p>	<p>3 pts</p>
<p><b>C)</b> One or two clients or sources make up more than 25% of my revenue.</p>	<p>1 pts</p>

**Your Score: ----**

**Q4. Can you show monthly revenue broken down by payor source?**

<p><b>A)</b> Yes. I can show private pay, LTC insurance, Medicaid, etc. by month for 24+ months.</p>	<p>5 pts</p>
<p><b>B)</b> I can pull it together, but it’s not organized that way currently.</p>	<p>3 pts</p>
<p><b>C)</b> I don’t break revenue down by payor source in any consistent way.</p>	<p>1 pts</p>

**Your Score: ----**

**Q5. How clean is your accounts receivable?**

A) AR aging is current. Nothing material sitting unpaid beyond 60 days.	5 pts
B) There are some aging items, but nothing that would alarm a buyer.	3 pts
C) We have significant outstanding balances and inconsistent collection practices.	1 pts

Your Score: ----

**SECTION 1 TOTAL: ---- / 25**

**2. OPERATIONAL MATURITY**

*A business that depends entirely on the founder isn't a business – it's a job. Building **agency** into your operations is what creates real freedom and real value.*

Here's the question every buyer is really asking: Does this agency run because of a system, or because of the owner? If you're the one who knows where everything is, who handles the tough calls, who keeps the schedule from falling apart – that's risk, and buyers price it accordingly.

**Q1. If you took two weeks completely off, what would happen?**

A) The agency would run fine. My team knows how to handle operations.	5 pts
B) Things would mostly hold, but a few fires would pile up for my return.	3 pts
C) It would be chaos. I'm involved in too many daily decisions.	1 pts

Your Score: ----

**Q2. Are your core processes documented?**

A) We have SOPs for intake, scheduling, billing, HR, and client onboarding.	5 pts
B) Some processes are documented, but key ones still live in people’s heads.	3 pts
C) Very little is written down. We run on tribal knowledge.	1 pts

**Your Score: ----**

**Q3. What technology platform do you use for care management?**

A) We use a purpose-built home care platform (e.g., AxisCare, ClearCare, Wellsky).	5 pts
B) We use software but it’s not fully implemented or consistently used.	3 pts
C) We rely mostly on spreadsheets, paper, or manual tracking.	1 pts

**Your Score: ----**

**Q4. Do you have a clear org chart with defined roles?**

A) Yes. Everyone knows their role, responsibilities, and who they report to.	5 pts
B) We have one, but roles overlap and accountability is informal.	3 pts
C) Not really. People just do what needs to be done.	1 pts

**Your Score: ----**

**Q5. Do you track key operational metrics monthly?**

A) We review utilization, hours, client retention, and other KPIs monthly.	5 pts
B) We track some numbers, but not consistently or with a formal dashboard.	3 pts
C) I mostly go by gut feel and check the bank account.	1 pts

Your Score: ----

**SECTION 2 TOTAL: ---- / 25**

**3. WORKFORCE STABILITY**

*Retention isn't luck – it's design.*

Your people are your valuation. A buyer looks at caregiver retention the same way they look at revenue retention. High turnover means high risk – every new client is a staffing gamble, and margin erosion is built into the model. A stable, engaged team is one of the most valuable assets you bring to a deal.

**Q1. What is your 90-day caregiver retention rate?**

A) Above 80% (best in class).	5 pts
B) Between 60-80% (industry average range).	3 pts
C) Below 60%, or I don't track it.	1 pts

Your Score: ----

**Q2. How do you find new caregivers?**

A) We have an active recruitment pipeline with multiple sourcing channels.	5 pts
B) We post when we need someone and usually find people within a few weeks.	3 pts
C) It's reactive. We scramble when someone quits.	1 pts

**Your Score: ----**

**Q3. Do you have a structured onboarding process?**

A) Yes – a defined multi-week program with training, mentoring, and check-ins.	5 pts
B) We do orientation and some training, but it's not highly structured.	3 pts
C) People mostly learn on the job. Orientation is paperwork and a shadow shift.	1 pts

**Your Score: ----**

**Q4. Are your wages competitive for your market?**

A) I've benchmarked recently and we're at or above market for our area.	5 pts
B) I think we're competitive, but I haven't formally checked in a while.	3 pts
C) I'm not sure where we stand, or I know we're below market.	1 pts

**Your Score: ----**

**Q5. Would your key office staff stay through an ownership transition?**

<b>A)</b> Absolutely. My leadership team is committed and would welcome a partner.	5 pts
<b>B)</b> Most would stay, but 1-2 key people are flight risks.	3 pts
<b>C)</b> I'm not confident. Several people are only here because of me personally.	1 pts

**Your Score: ----**

**SECTION 3 TOTAL: ---- / 25**

**4. LEGAL & COMPLIANCE**

*The things you've been meaning to get to? A buyer will find them. Grit means doing the hard, boring work before it becomes a deal-killer.*

Compliance and legal housekeeping tend to pile up when you're busy running an agency. None of these are deal-killers on their own. But stacked together, they create risk – and risk compresses value. The good news: most of this is fixable with a few focused weeks of attention.

**Q1. Are all your state licenses current and in good standing?**

<b>A)</b> Yes. All licenses are current with no issues or conditions.	5 pts
<b>B)</b> I believe so, but I should double-check renewal dates and status.	3 pts
<b>C)</b> I'm behind on a renewal, or I'm not 100% sure of my status.	1 pts

**Your Score: ----**

**Q2. How confident are you in your employee classifications?**

A) All W-2 vs. 1099 classifications have been reviewed and documented correctly.	5 pts
B) I'm mostly confident, but there are a couple gray areas I should clarify.	3 pts
C) I'm not sure all my classifications would hold up under scrutiny.	1 pts

**Your Score: ----**

**Q3. Are your key contracts assignable to a new owner?**

A) I've reviewed my vendor, payor, and lease contracts. They're transferable.	5 pts
B) I haven't checked, but I don't think there would be issues.	3 pts
C) I have no idea which contracts require consent or have change-of-ownership clauses.	1 pts

**Your Score: ----**

**Q4. Is your HIPAA compliance documented?**

A) We have written policies, BAAs on file, and regular staff training on record.	5 pts
B) We follow HIPAA practices but documentation is informal or incomplete.	3 pts
C) It's more assumed than documented.	1 pts

**Your Score: ----**

**Q5. Do you have any pending complaints, violations, or litigation?**

A) Clean record. No pending issues or claims.	5 pts
B) There's one minor item, but it's manageable.	3 pts
C) There are unresolved issues that could surface during diligence.	1 pts

**Your Score: ----**

**SECTION 4 TOTAL: ---- / 25**

**5. LEADERSHIP & CULTURE**

*The best care comes from founders who stay founders. The question is: have you built your culture into the organization, or does it live and die with you?*

This is the area most acquirers overlook and most founders underestimate. Your agency's culture is a reflection of you. A buyer who understands home care will want to know that it can survive a transition – that your team is bought in to the mission, not just to you personally.

**Q1. Do you have a leadership bench?**

A) I have at least one leader who could run day-to-day operations without me.	5 pts
B) I have capable people, but no one is truly ready to step into my role.	3 pts
C) If I left, there's no one who could run things.	1 pts

**Your Score: ----**

**Q2. Does your team know and live your core values?**

<p><b>A)</b> Our values are defined, referenced regularly, and used in hiring/firing decisions.</p>	<p>5 pts</p>
<p><b>B)</b> We have values, but they're more aspirational than operational.</p>	<p>3 pts</p>
<p><b>C)</b> We don't have articulated core values.</p>	<p>1 pts</p>

**Your Score:** ----

**Q3. How are client relationships distributed?**

<p><b>A)</b> Relationships are spread across the team. Clients trust the agency, not just me.</p>	<p>5 pts</p>
<p><b>B)</b> Some key clients are connected to me, but my team handles most relationships.</p>	<p>3 pts</p>
<p><b>C)</b> Most important client relationships run through me personally.</p>	<p>1 pts</p>

**Your Score:** ----

**Q4. Have you thought about what you want post-transition?**

<p><b>A)</b> I've been honest with myself about my desired role and timeline.</p>	<p>5 pts</p>
<p><b>B)</b> I've thought about it generally, but haven't made any firm decisions.</p>	<p>3 pts</p>
<p><b>C)</b> Not really. I just know I want "something" to change.</p>	<p>1 pts</p>

**Your Score:** ----

**Q5. If you told your team about a partnership or sale, what happens?**

<b>A)</b> Most would be excited or supportive. They trust my judgment.	5 pts
<b>B)</b> Mixed reactions. Some would be fine, others would worry.	3 pts
<b>C)</b> I'd lose people. The uncertainty alone would cause departures.	1 pts

**Your Score: ----**

**SECTION 5 TOTAL: ---- / 25**

## YOUR EXIT READINESS SCORE

Transfer your section totals below.

AREA	SCORE
1. Financial Health	/25
2. Operational Maturity	/25
3. Workforce Stability	/25
4. Legal & Compliance	/25
5. Leadership & Culture	/25
<b>TOTAL</b>	<b>/125</b>

## WHAT YOUR SCORE MEANS

### 100-125 | READY TO MOVE

You're in a strong position. When the right opportunity shows up, you can move with confidence. This is about fine-tuning, not rebuilding.

### 75-99 | STRONG FOUNDATION

You've built something real. There are clear areas to tighten up, and a few focused months could meaningfully change your position. You're closer than you think.

### 50-74 | ROOM TO GROW

There are gaps here that a buyer would find – but you found them first. That's the whole point. You now have a clear picture of where to focus, on your own terms and timeline.

### Below 50 | START HERE

Be honest with yourself about your timeline – and give yourself grace. The fact that you're doing this work now means you're already ahead of most founders who wait until they're in a deal to discover these things.

## WHAT'S NEXT

Here's what I've learned working with founders over the past decade: most wait too long to have this conversation. Not because they aren't ready – but because they feel like they need to have everything perfect first.

You don't.

If your score told you something you didn't expect, that's not a problem. That's exactly the right time to talk.

Aaron does a limited number of confidential founder conversations each month. No pitch. No pressure. Just an honest look at where you are and what your options might look like. Book a conversation at [rivhc.com](http://rivhc.com) | [aaron@rivhc.com](mailto:aaron@rivhc.com)

Whether you're 6 months or 3 years from a transition, getting exit-ready is never wasted effort. It makes your business more valuable, more resilient, and more enjoyable to run – no matter what you decide.

*Here's to building something that lasts.*

– Aaron