

Pre-deal sales red flags

Typical deals now need around 10% to 12% annual EBITDA growth for a 2.5x return, against about 5% in the 2010s, so the sales engine carries more of the return than ever.³ The financial model shows what that engine has produced. It rarely shows whether the engine can produce what the plan now needs. These 24 questions are the ones an experienced operator asks before you sign. Use them alongside your commercial and financial diligence, not instead of it.

1. Ask for the evidence

Each area lists what to request from management. Answers without evidence count as a flag.

2. Tick what is true

One tick per red flag you find. Be strict. "Mostly fine" is a tick.

3. Count and read

Add up the ticks and use the guide on page 2 to decide what to do next.

01 Market focus

Who they win, and why

Recent wins are spread across many segments, with no clear pattern of who buys and why ☐

The ideal customer profile exists on a slide but cannot be reported from the CRM ☐

The growth plan relies on a market or segment the team has never sold into ☐

Ask for: the last 20 wins and 20 losses by segment, size and source.

02 Pipeline generation

Where future revenue comes from

More than half of new pipeline comes from the founder or a single channel ☐

Coverage is below what the win rate needs. At the 18% benchmark new business win rate, that is roughly 5 to 6 times the target¹ ☐

A large share of open deals are older than twice the normal sales cycle (91 days is the new business benchmark)¹ ☐

Ask for: pipeline created by month and source for 24 months, and open deals by age.

03 Sales process and stages

How a deal really moves

Stages describe what the seller did, not what the buyer did ☐

No written exit criteria for each stage, or nobody follows them ☐

Management cannot say how long a typical deal takes from first meeting to signature ☐

Ask for: the stage definitions and stage to stage conversion for the last four quarters.

04 Forecast discipline

Whether the number can be trusted

No record of forecast against actual for the last four quarters ☐

The forecast moves sharply in the final weeks of most quarters ☐

Deals stay in the forecast with no buyer contact for 30 days or more ☐

Ask for: each quarter's week 1 forecast against the final result. Roughly one in five forecast deals ends with no decision at all.²

05 Pricing and discount control

Whether margin is protected

Most deals close with a discount, and there is no approval trail ☐

Prices have not been raised or tested in the last two years ☐

Renewals are priced below what new customers pay for the same thing ☐

Ask for: list price against achieved price on every deal for 12 months.

06 Team capacity and productivity

Whether the team can deliver the plan

The plan needs more revenue per seller than the team has ever delivered ☐

Most sellers missed quota last year. Across the 2025 benchmark, 78% did¹ ☐

Nobody can say how long a new hire takes to reach full productivity ☐

Ask for: attainment by seller for two years, with start dates and leavers.

07 Retention and expansion

Whether the revenue you buy will stay

Gross revenue retention is not reported, or not reported by cohort ☐

A few customers make up a large share of revenue, with no renewal plan for each ☐

Nobody owns growth in existing accounts, even though expansion deals win far more often (45% against 18% for new business)¹ ☐

Ask for: revenue by customer cohort and the renewal calendar for the next 12 months.

08 Leadership, rhythm and reporting

Whether it runs without heroes

The founder personally holds most of the largest customer relationships ☐

Board revenue reporting is built by hand each month and the numbers change between versions ☐

The sales leader has not yet run a team at the size the plan requires ☐

Ask for: the last three board packs, and who owns each top 20 customer relationship.

Count your ticks out of 24

0 to 4

Normal for a growing business. Note them in the value creation plan.

5 to 9

Real risk to the plan. Price it in, and make the fixes a condition of the first 100 days.

10 or more

The engine may not deliver the investment case. Get an operator's view before you sign.

Before the deal

Operator sales review, scored against these eight areas.

First 100 days

Value acceleration sprint, built and run with the team.

Through the hold

Retained revenue partner for the board and the CEO.

Sources: 1 Ebsta and Pavilion, 2025 GTM Benchmarks (655,000 opportunities, \$48bn of pipeline). Coverage range is our arithmetic from the 18% win rate. 2 CSO Insights study of nearly 900 sales organisations: 20.7% of forecast deals ended with no decision. 3 Bain & Company, Global Private Equity Report 2026. A checklist is a starting point, not a substitute for full diligence.