The Riskiest Days

M&A Life Cycle Milestone	Primary Risk Factors	Examples
1. Announcement Day	• Market risk • Adverse share price impact • Competitive risk • Talent flight	• Analyst community may reject or discount deal value proposition • Negative impact to buyer share price may persist over long period • Continued share price pressure may cause management to be overly aggressive in providing earnings guidance based on value capture objectives • Competitors likely to target buyer's key accounts and key talent during pre-close period due to high degree of uncertainty unaddressed by buyer
2. Day 1*	• Organizational risk • Leadership credibility risk • Cultural "flashpoint" risk	• Lack of Day 1 readiness often freezes or disrupts organizations: - Unresolved "me issues" - New decision approvals / purchase authorities required - Conflicting workplace or cultural practices - Inability to access buyer's network and systems - Need to operate parallel systems / processes during transition
3. Operational cut-over	• Customer defection risk • Brand damage • Business performance risk	• Customers expect seamless service during transition – if not, they defect • Acquirer's tend to take their "eye off the ball" at the worst possible time due to largely internally focused integration efforts • Unanticipated negative synergies or outright brand damage severely impacts financial performance and deal economics

* We define Day 1 as the first day of operational control, post-closing. Typically, the first day after legal close.

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