Using an M&A Brand Strategy

TO DRIVE **INTEGRATION**

A merger or acquisition is a critical inflection point for a company. Realizing the expected value of the transaction requires a successful integration period guided by the benefits of the transaction, a vision for the market impact and the customer value the transaction will achieve.

Here's why brand needs to be central to integration.

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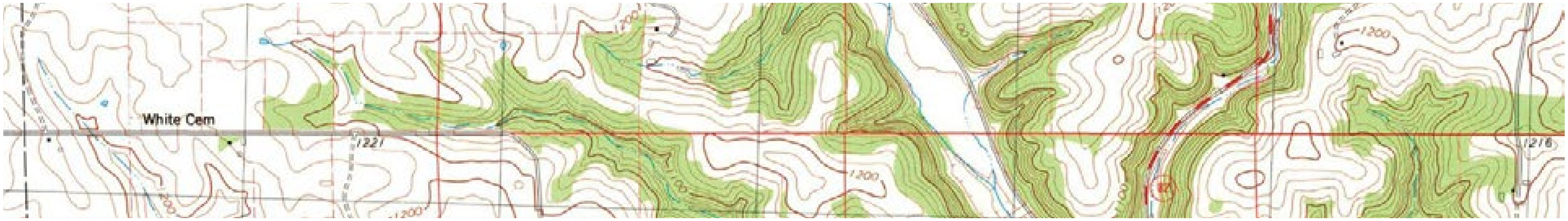
Vice President, Strategy and Integrated Communications



Brand is the Roadmap for Your M&A

Realizing value from a deal means connecting the dots from what is needed to integrate and operationalize new staff, functions, technologies and resources to taking these new capabilities to market in a clear, easy-to-understand way that resonates with the market.

In the pressure cooker of M&A integration, finding a winning strategy often requires taking a step back to put everything that is about to happen in the context of a brand strategy.

Why a brand strategy? In the past, we've explained how branding should be a strategic initiative to drive growth. It is a change initiative that results in a reinvigorated staff, shrewder operations, an inspired customer experience, a renewed focus on products that drive growth and a clearer picture of how your company is different – how you're better than the other guys.

Sound familiar? It likely ticks most, if not all, of your dream outcomes for your merger or acquisition.

The true test of that vision is whether each outcome – better operations, an expended or improved product offering, employee engagement and market enthusiasm – actually emerges from what could be one of the most challenging moments in the life of a company. And there is cause for concern: most studies find that about 80% of mergers and acquisitions fail.

Often, what gets labelled as the root cause is a problem that surfaces during operational integration of the businesses. The M&A landscape is littered with examples of multi-billion-dollar write-downs, culture clashes that drive away talent and customers, or lackluster performances that fail to justify the price of the deal.

The answer being in the 20% that succeeds is a well-executed M&A brand strategy that focuses stakeholders on the future, how you'll get there and what your company will achieve. It is your vision expressed in as roadmap for employees, a future for your investors to buy into and a touchstone that your customers can connect and identify with.

Branding is a change initiative that results in:

- reinvigorated staff,
- shrewder operations,
- an inspired customer experience,
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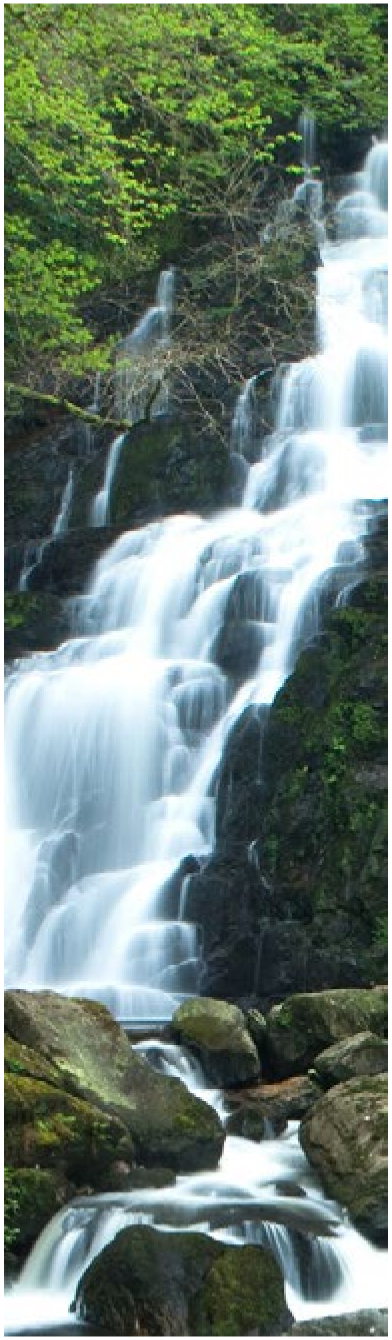
- a clearer picture of how your company is different.



Addressing the Biggest Integration Challenges

1. Translating the Transaction Vision to Brand Positioning

It takes more than a press release.

2. A Lack of Employee Engagement

Change is tough. Make sure your employees know where they are going.

3. Cultural Misalignment

You've broken eggs; don't forget to make the omlette.

4. Integrating Systems

Install the brand in operational functions first.

5. Sustaining Internal & External Communication

Make sure the merger or acquisition announcement isn't the last word.

A plan to redefine and activate the organization's brand strategy will lead the way in solving each challenge.

Challenge 1. Translating Vision to Brand Positioning

It's true: business analysts have already quantified your vision all the way down to a specific dollar amount. But positioning a company after the ink dries takes more than just communicating the rationale for the deal. You know what the core of the deal is and where the bar for success or failure is. But getting over that bar requires your vision to be positioned in a way that communicates and activates its value customers, employees and your market.

A well-positioned merger or acquisition brand strategy encapsulates:

- An evolved competitive difference
- Enhanced business value
- New customer experience
- Diversified product advantage
- Internal culture that can achieve its vision

Your brand positioning needs to carry forward the unique value of each company while charting out how your new combined firm will pay-off the price of the deal. Positioning should set the table for what the merged company will achieve, the added value it will provide for customers, the competitive advantage that will be achieved, and how it will benefit key stakeholders.

Challenge 2. A Lack of Employee Engagement

A recent management study showed that zero executives who disregarded employee mindsets rated their change initiative as successful. On the other hand, executives who addressed mindsets directly were four times more likely to rate their initiative as a success. As a change initiative, the integration phase of a merger desperately employee support.

That support comes from employees connecting emotionally and rationally to the vision for the company. An integration plan that puts brand at its center will unite both newly introduced and established teams around a common purpose. It will cultivate the mindsets needed to receive the integration plan.

There are two main drivers for using brand to connect with employees.

I. **Focus on the value your company will deliver and how it** makes a tangible impact. Then define how that value comes to life in your employees' everyday work.

II. **Connect emotionally with employees. A great brand** strategy for your merger or acquisition will inspire employees to become evangelists who personify your brand.

Placed early in the process, brand will set the benchmark for integration planning by aligning stakeholders under that one narrative. Brand becomes the rallying cry that drives the direction of integration teams.

When employees are united under a common purpose and engaged, they become partners during integration (not naysayers). They will be more willing to take on what needs to happen operationally and culturally to create the new way forward. They begin to understand their role in the day to day activation of the brand, internally and externally.

Challenge 3. Cultural Misalignment

A merger or acquisitions is a watershed moment for organizational culture. Addressing enterprise brand strategy will define what common cultural elements such employee attributes and behaviors, performance expectations, values and personality or voice will support the overall brand.

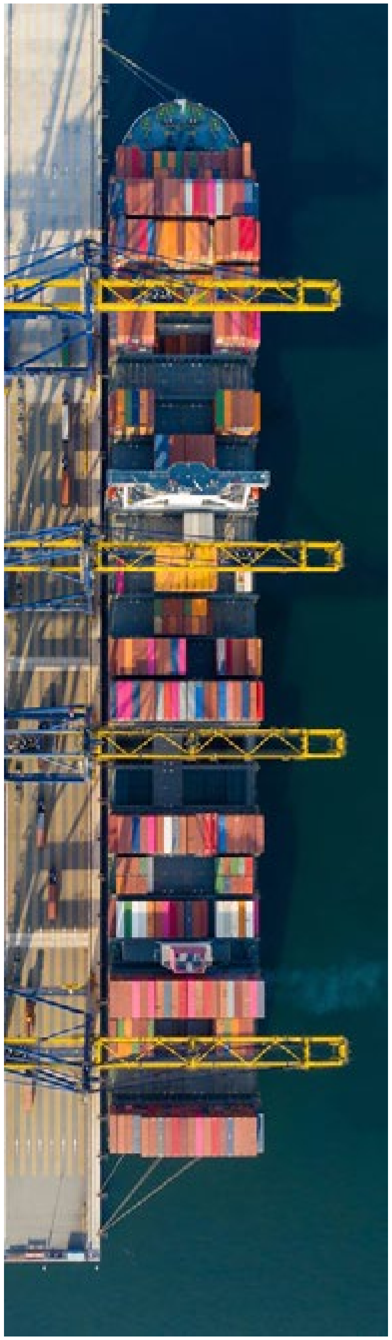
While cultures can't be chosen or designed, they can be influenced with a proactive approach. Allowing the new culture to develop by itself without explicit influence can be dangerous for a company, especially since the new culture will likely grow in the presence of uncertainty and even animosity.

Two mistakes that leaders make are either ignoring culture altogether or assuming that cultures that produce similar results function in a compatible way. With an understanding and path to the type of culture that is needed to embody the brand, leaders can make strategic decisions from a cultural perspective.

Failing to assess and address culture can be a major root cause of a deal failing. If the purchase price assumes that two high-performing cultures will deliver at least the sum of their parts, but each culture delivers value in a way that is incompatible with the other, the deal will destroy value not add it.

When brand is defined upfront, culture becomes part of the integration conversation from Day One and can potentially carry the water while other aspects of the merger or acquisition are worked out.

The management cliché in effect here is that "culture eats strategy for breakfast." That is normally viewed as a warning, but it is also an opportunity.



Challenge 4. Integrating Systems

Brand must be the beacon for how you integrate the operations of the businesses. Most operational integration plans have the same steps, the same kinds of functions that need to be integrated. The opportunity here, though, is to infuse brand into redefining, expanding, evolving or diversifying each of those operational functions.

Using brand to align systems, products and services turns brand into a business enabler by infusing how the business operates with brand. Brand (along with vision and intended business outcomes) becomes the measure for product integration, prioritization, and in a merger, product rationalization.

Brand leads the rationalization for the daily operations of each business function, especially as each function re-centers itself in the new reality of a merged organization.

Operationalizing a brand should:

- Guide product integration and development
- Drive alignment on the new customer experience
- Reinforce brand loyalty and create new brand advocates
- Attract, retain, and promote talent

When brand is operationalized, or activated, across the business, it enables the narrative to move from a vision or a story to reality. It brings the brand to life for customers and employees.

Often times, operational integration begins right after the transaction close when the go-forward integrated brand strategy is not fully formed. Still, as mentioned earlier, enough strategic elements are in place to begin guiding these initiatives in a brand-centric way. The next step should be the one that can set the direction for all others to follow. It should be developing a brand strategy.

Challenge 5. Sustaining Internal and External Communication

Early on during any merger or acquisition, there is a clear need to announce the transaction and set expectations broadly, internally and externally, as much as possible. But the moment should also be the first step in establishing and keeping a voice in the ensuing internal and external conversation. That will require creating a messaging platform that allows you to have an active role in setting the table for the conversation.

As the brand strategy takes shape, content themes or story buckets should come to light. Using these themes repeatedly over the course of the plan forms the backbone of your brand narrative.

A sustained communication plan derived from a brand that stakes out the future of your combined organization will be powerful and transformative. It will give you the voice to direct the conversation internally and externally toward a clearer and clearer vision.

A key part of any M&A brand strategy is setting the narrative that is used to derive both internal and external communication plans.

M&A Integration is Too Important a Moment to Miss

It's probably not surprising to any executive that a full 80% of the value of the S&P 500 is in intangible assets. That includes brand equity, consumer goodwill, relationships and intellectual property and similar non-physical assets.

Integrating after a merger or acquisition is the make or break moment for the new combined company. A strong M&A brand strategy will activate the 80% of intangible value necessary for joining the successful few who create value from a merger or acquisition.

A merger or acquisition brand strategy will:

Define the narrative
creating a consitent and powerful story.

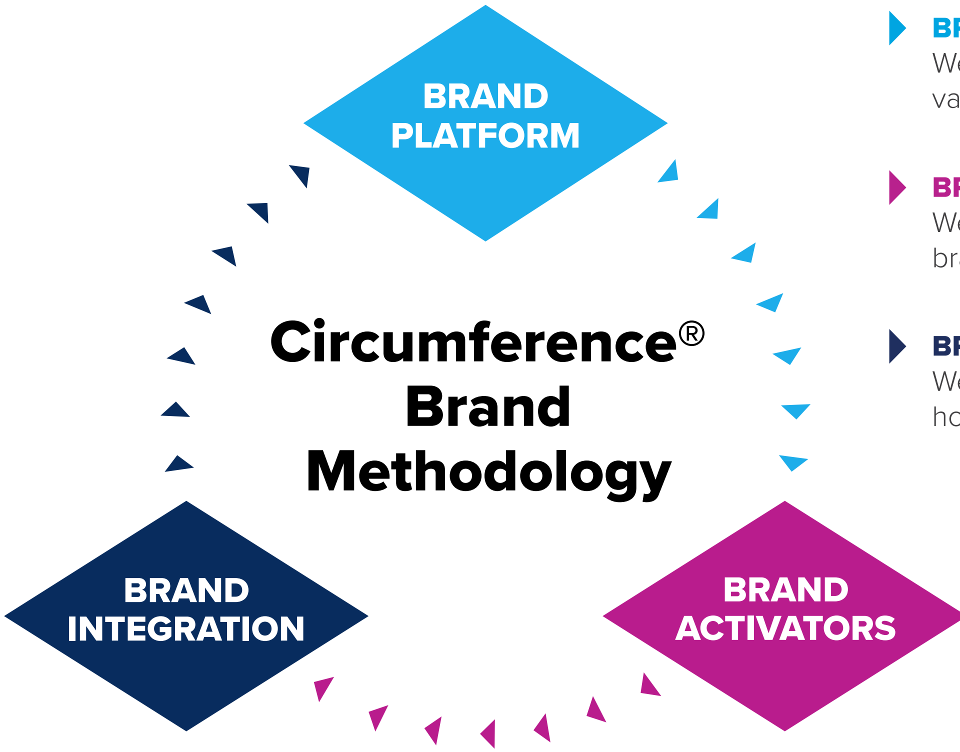
Inspire and unite
under a common purpose.

Enable integration
by infusing brand into daily business functions

A brand that does these three things will enable the business to truly realize the value of a merger or acquisition and open a new chapter for the company.

Conclusion

The process of developing a business case for rebranding is an opportunity to engage and lead executives and stakeholders in a game-changing dialogue. As you advance the conversation, you will build a network of advocates who embrace the need for change, see rebranding as a catalyst for growth, and begin building momentum for a new direction.



BRAND PLATFORM
We define the rational and emotional value of your brand.

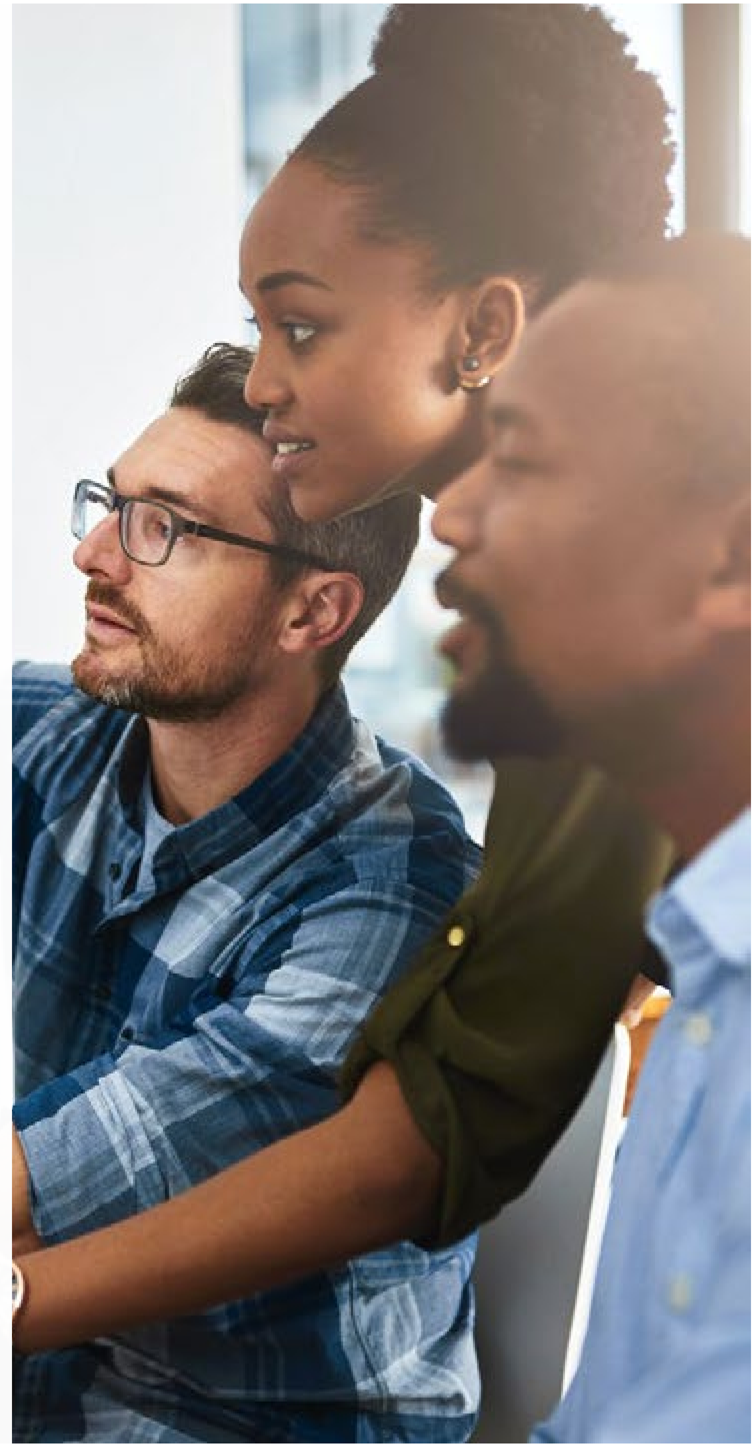
BRAND ACTIVATORS
We create a set of tools to activate your brand internally and externally.

BRAND INTEGRATION
We define a plan to integrate brand into how you do business and go to market.

Learn more about our **Circumference®** ➔ brand methodology and how it delivers real business value.

We hope you found this eBook to be valuable.

If it has, let us know. We'd love to hear your feedback. If you would like to speak with us about brand, drop us a line at NewBiz@jpl.agency.



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