MarketPoint

what's your point of distinction?®

Successful Branding for Mergers & Acquisitions

by Laura Pasternak

Your company is considering a merger or acquisition. You've explored the financial and legal ramifications. *But do you know what your point of distinction will be post-merger?*

Today, mergers and acquisitions (M&A) are commonplace. They are strategic decisions grounded in geographic expansion, product and competency diversification, and brand leveraging. While businesses clearly address the associated legal and financial issues, they often overlook a critical component—*brand management*. Effective brand management goes well beyond the basic marketing tools. It requires an integrated approach to ensure consistency of your corporate message and identity throughout all aspects of your business. *Without careful brand management, your M&A effort is vulnerable to failure.*

Simply put, brand management helps to secure stability and brand loyalty for your company. You may consider discounting its importance to the M&A process, but be prepared for the possible outcomes:

- Brands are managed inconsistently and brand equity suffers
- Management and staff send mixed messages, creating confusion in the marketplace
- Company image/brand loses value in the market
- Employee morale decreases and turnover increases
- Customers lose confidence and leave
- Competitors steal your best customers
- Shareholder price plummets

Why is brand management frequently overlooked in the M&A process?

- Companies lack the experienced resources to focus on it.
- Organizations don't realize the need to address it until it's too late.
- Business leaders neglect it because they are concentrating on financial and legal issues.

Hiring an outside brand management strategist can bring dedicated resources and an independent perspective to the process. That's why successful companies make brand management a cornerstone in their overall M&A strategy. By incorporating brand management in the early discussions around a merger or acquisition, your organization will come out stronger and more focused. Best of all, shareholders, clients, employees and the public will remain loyal to your brand.

Nearly 50% of all mergers fail to sustain or bolster shareholder value. Why? Because they don't realize that *brand is not an event*. It's a process. A brand management strategy ensures that your business can withstand the challenges associated with M&A, both today and through future market fluctuations. Working with an outside brand management team can help you assess and manage your company's brand in relationship to specific competitors and the broader industry — a crucial part of any successful M&A effort.

Building Your Point of Distinction

Your company builds brand with every customer contact, planned or unplanned. And, every interaction (no matter how insignificant) makes a lasting impression. Each impression combines with all those that have gone before to create your brand. Every gesture, every action, every word — every point of contact with your customer enriches or erodes your brand.

Whether you realize it or not, *if you are in business, you have a brand and you must manage it continuously.*

An effective brand management firm invests as much time in pre-planning as it does during the M&A announcement and post-announcement stages. MarketPoint helps companies by:

- **Understanding** the business and what the original brands were intended to represent.
- **Aligning** this knowledge with actual market perceptions to develop a strategic brand management plan.
- **Identifying** the strengths, weaknesses and opportunities associated with each company and assessing their impact on the "new" entity and existing business.
- **Recommending** brand management strategies that will drive the marketing and communication initiatives for the company.

- **Researching** and evaluating potential acquisition candidates or merger partners by answering questions like:
    - "How does the prospect's brand compare to your company's brand?"
    - "What is each brand's strongest attribute?"
    - "How is the brand relevant to future customers?"
    - "Which candidate will best help reach strategic objectives?"
    - "Should one brand dominate or should a new brand be created?"
- **Determining** the most beneficial identity for the new company. Maybe it's keeping one name and getting rid of the other as Cingular did when it acquired AT&T Wireless. Perhaps it's combining the names like Exxon and Mobil or creating a new name entirely as Verizon did when Bell Atlantic and GTE merged. All have their pros and cons. Cingular had the stronger brand recognition. For ExxonMobil, both companies boasted loyal customers. Keeping both names enabled them to retain both client bases. Bell Atlantic and GTE agreed to create a new wireless business with a single, national brand. In order to affect the change, the entity became known as Verizon.
- **Assessing** which brands to keep/eliminate and determining the appropriate investment in each. Retaining current brands isn't always the most effective or cost-efficient approach.
- **Implementing** a PR/marketing strategy to communicate the merger to employees, clients, shareholders and the public. Brand policies and guidelines as well as training and compliance are critical in helping employees understand and effectively communicate the new brand. Your brand can be one of your most valuable business assets.
- **Facilitating** the process of merging two cultures. How will the cultures merge? What are the core values and competencies of the new entity? Will the mission or philosophy change? How will the companies leverage the best from each to create a strong point of distinction?

Brand management is the best investment merging companies can make. Done properly it can help the new entity:

- Increase employee, customer, shareholder and vendor loyalty
- Integrate two companies/cultures/brands effectively
- Influence the perceived value of the effort in the market
- Manage brands more cost-efficiently
- Ensure employee commitment and confidence
- Enhance profitability

Your M&A effort requires a significant investment in time and money. At this critical juncture, take into careful consideration one of the most critical aspects of this effort — your brand. Addressing brand management as an integral part of the merger or acquisition process will help ensure your company's success and competitive edge in the marketplace. And ask yourself, "What will be the *point of distinction* for my newly merged company?"

Laura Pasternak is President of MarketPoint, LLC, a brand management firm that helps businesses improve results by identifying, integrating and managing customer-driven brand equities and strategies. Visit www.yourmarketpoint.com to learn more, or call 1.866.21POINT toll-free or 410.418.8490.