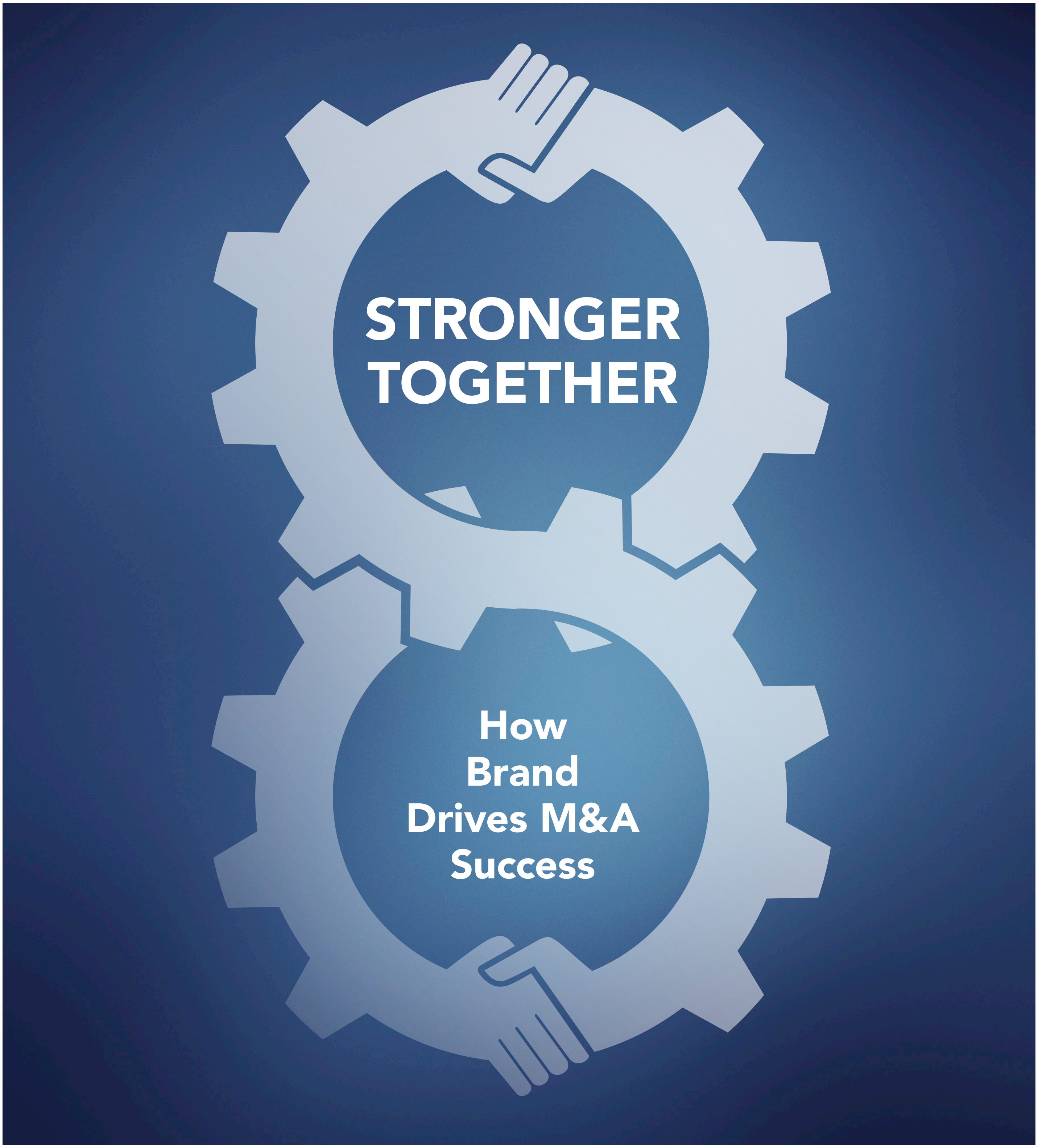
DeSantis Breindel

BRANDED



According to the Harvard Business Review, study after study puts the failure rate of mergers at somewhere between 70-90%. More often than not, brand is not promoted or leveraged to provide unity, clarity and solidarity during this critical inflection point, yet brand can make all the difference between success and failure for the companies involved.

Mergers and acquisitions are most often viewed from a financial perspective, yet the keys to success often rely on less tangible factors than the bottom line. One of these factors, brand, can play a critical role in uniting the merged entity and maximizing its value. Brand is much more than a name, logo or tagline; brand conveys the reason the business exists and how it intends to have an impact. Following a merger or acquisition, a brand empowers a business to translate the strong financial and strategic rationale of the transaction into a value proposition for employees and customers. Both during and after the deal, decision makers should consider how they can create value from their brand, one of their biggest business assets.

With so many steps required to execute a successful M&A deal, it's easy to place some items higher on the priority list than others. Here are the two most often overlooked, yet fundamental brand imperatives for driving M&A success:

1. Align Business and Brand Strategy

Exposing the red thread that links the two companies can help inform the new company's point of difference.

The success of a merger or acquisition begins with aligning the business strategy with the brand strategy. This means establishing a deep understanding of why the merger or acquisition makes financial sense for both companies, and building a related framework for a story that resonates with all key internal and external stakeholders.

Find the Connective Tissue

To turn a newly merged company into a world-class brand, the shared DNA of the prior companies needs to be identified. Why would two companies, successful on their own, bring greater opportunity and value to their clients as a single entity? Exposing the red thread that links the two companies—not only by what they do, but why they do it—can help inform the new company's point of difference in the market.

Communicating a Stronger Client Value Proposition Post-Merger

A recent merger of two leading professional services firms created, on paper, a regional powerhouse in the financial consulting and accounting space. Theoretically, size, expanded capabilities, and market share were great supporting points for a larger promise. However, the client benefit was getting lost in communications that focused on inward-facing business strategy.

Research uncovered a number of core brand attributes that could potentially serve as the joint foundation of the two merging companies, including the willingness of the firm's most senior partners to go the extra mile to deliver innovative solutions. By identifying these shared traits across the firms, the merged entity was better able to seamlessly present a story to the market about why the merger mattered and how clients benefited.

Establish a Cohesive Brand Architecture

Developing a coherent brand architecture is critical to optimizing the new company's marketing efficiency and performance, ensuring that all brands are accounted for and operating at their fullest capacity. Skipping this step, which determines the optimal relationships among the brands from both sides of the transaction, can lead to redundancy, inconsistency and confusion.

HIGH DEGREE OF COHESION ⟷ **HIGH DEGREE OF FREEDOM**

Master Brand	Endorsed Brand	House of Brands
WHAT: All offerings carry the parent name	**WHAT:** The parent plays a secondary role	**WHAT:** Products are not associated with the parent
WHY: Creates a cohesive platform of like offerings with powerful brand leverage	**WHY:** Lends credibility from a well-known brand to a newer, less known brand in a related but not identical category	**WHY:** Creates powerful customer loyalty to the brand rather than the corporation; facilitates product proliferation

Skipping brand architecture can lead to redundancy, inconsistency and confusion.

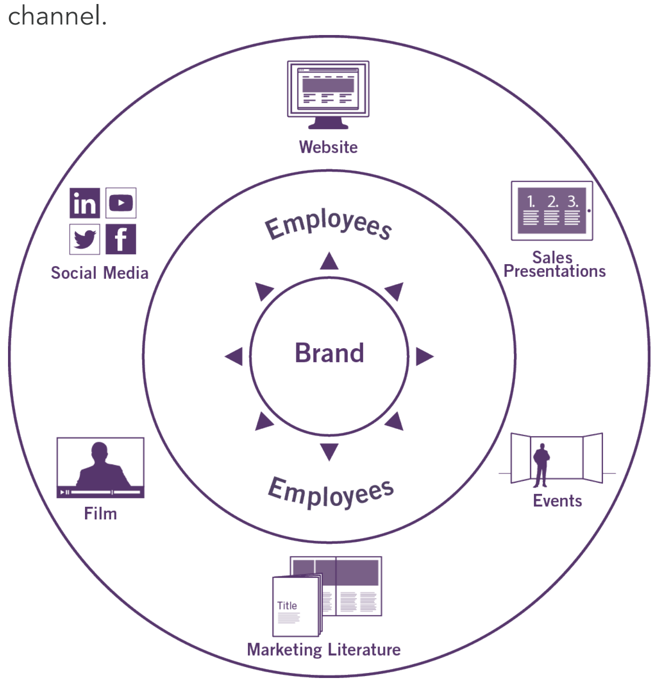
For example, many companies today grow through acquisition, buying market share and extending into adjacent markets. Yet all too often the brands that come through these acquisitions are not properly integrated into the parent. The result is often a portfolio filled with repetitive, contradictory offerings, logos, and names, creating challenges for sales people and customers alike in understanding what the new company does.

Designing the future of the merged brand portfolio requires an understanding of the customer base, competitive landscape and company priorities—and then putting together a plan that illustrates this vision by articulating a path to make it a reality.

2. Build the Brand from the Inside Out

Once that path is developed, it needs to be put into action. For example, it's important to determine what employee and company behaviors truly align with the new brand promise, and what type of culture will help build an employee base that is connected to and empowered by the M&A.

When a company fails to articulate its new purpose to the newly combined employee base, it will have a very difficult time building consistent experiences across external stakeholders. Employees will work harder and smarter and build lasting relationships with clients and prospects if they're inspired by a clearly defined and articulated purpose. Understanding the purpose of the new company generates trust, and ultimately translates externally helping to build the brand's meaning with customers. This results in employees becoming brand ambassadors who live, speak and act the brand, both inside and outside the office walls. The importance of employee consideration and support is especially felt in B2B companies, where employees represent the most powerful external communications channel.



Getting employees behind tomorrow's vision requires defining what the combination mean for them.

For employees, a M&A usually means one thing—change. Change can be a scary thing, often met with apprehension and negativity stemming from uncertainty and confusion. Delivering a strategic explanation for the M&A is only half the battle; success also demands that you win employees' hearts as well as their minds. Getting them behind tomorrow's vision and galvanizing them into action requires defining what the combination means for them and how it will help them be more successful. Once their minds are at ease and their hearts are in the game, employees will want to connect with the new firm and make the changes necessary to ensure the success of the combination.

Empowering Employees with the Tools They Need to Live the New Brand
A major business insurance carrier in the US had brought together two regional brands via acquisition. In integrating this newly merged organization, the company asked its employees to look at challenges from different perspectives through a series of workshops and guided discussions.

A robust series of cross-functional workshops led to a range of recommended behaviors designed to help employees understand how they could bring the new brand promise to life through their work. For HR, this meant a different view on recruiting: opening themselves up to employees with non-traditional backgrounds outside of the insurance category, thereby fostering a culture of unique perspectives. In the claims department, this approach led to a re-evaluation of the claims processing experience from a client perspective.

Rather than siloing groups and ignoring how they fit into a broader scheme, this new approach helped to mobilize the workforce by giving them the tools and inspiration needed to bring the promise of this merger to life.

Get Beyond "The Deal"

A merger or an acquisition will likely happen at some point in the lifespan of any successful company. To get beyond "the deal," turn attention to the future of the reformulated organization, newly built to achieve something greater or faster than it could have otherwise. Focus on finding the connective tissue between the companies and organizing it in a way that makes sense for the business and the brand alike. Mobilize the workforce to demonstrate and communicate the human side of the business transaction to bring the new brand to life. Never underestimate brand and its ability to make or break the success of an M&A transaction. It is a critical success factor—not just another item on a long post-merger to-do list.

About DeSantis Breindel

DeSantis Breindel is a B2B branding and marketing firm based in New York. At critical inflection points, we work with our clients to align brand and marketing strategy with business strategy—creating stories and experiences to engage customers, influence prospects, rally employees, inspire investors and build communities. To learn more, go to www.desantisbreindel.com

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