

Interbrand

Building
a market-ready
M&A Brand



“ The
**strategic
cultural &
brand
implications**

of merging two organizations together is just as important to long-term success as the price of the deal.

There are crucial **questions & risks** that organizations face as they embark on an M&A journey.

This handbook is a guide for addressing & answering those questions.

There are many
reasons
for
M&A

- 01.** Grow Market Share
- 02.** Improve Customer Experience
- 03.** Improve Value Chain Positioning
- 04.** Increase Shareholder Value
- 05.** Access To New Distribution Channels
- 06.** Expand Capabilities & Access To Technology
- 07.** Access To Key Talent
- 08.** Expand Geographically & DemoGraphically
- 09.** Expand Into New Industries, Offerings
- 10.** Cut-Costs & Boost Revenues
- 11.** Increase Competitive Advantage
- 12.** Customer-Focused Opportunities

As global competition intensifies

M&A is, and will continue to be, a
cornerstone of many growth strategies.



The expectation is that M&A will **increase shareholder returns** and fuel future business growth.

But...

The reality is that **mergers have a failure rate between 50 and 85 percent** and total returns on M&A were negative.*

**Source: CBS News, Why Mergers Fail*

Causes of **failure**



Unclear business & brand strategy



Lack of a clear strategic plan
for building a market-ready brand



Not understanding the risks to current
customer loyalty & key revenue streams



Overlooking cultural integration risks
which could lead to low talent retention



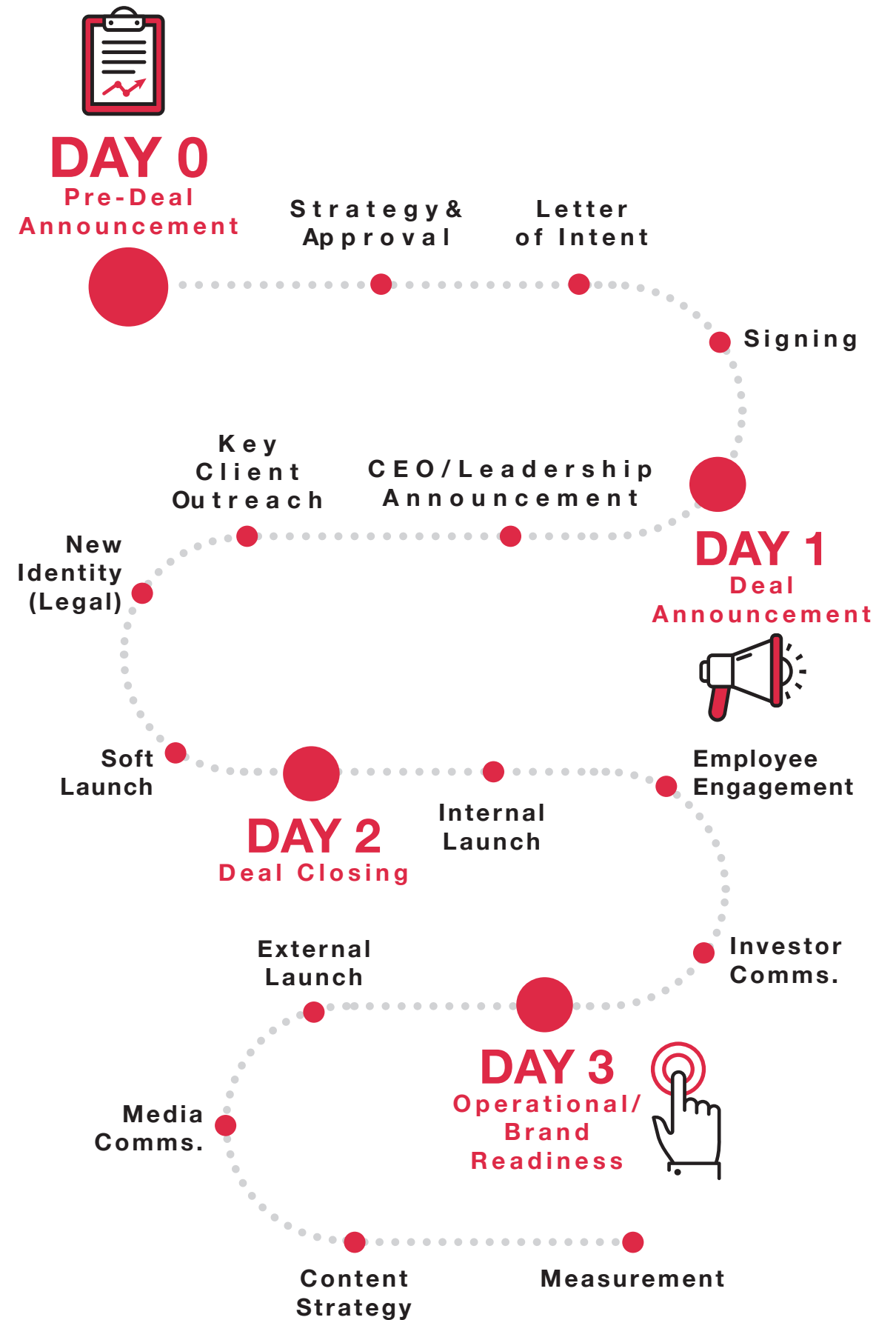
Failure to identify brand equities
& sources of growth



Limited evaluation and consideration
of customer alignment with brand promise

While it may seem
simple

the M&A journey is a maze with a million twists and turns and strewn with unforeseen roadblocks, internally & externally. It is easy to understand why so many ventures fail to reach their intended results.



How do you
prepare

to be a **market-ready brand** that can anticipate & overcome the risks & challenges of M&A?



Our **experience**

has resulted in a four step process for creating a market-ready brand:



[Section A]

Create

a strategic
foundation



Preparation & vision **go hand-in-hand**

The path to success starts with **a strong strategic foundation** for the brand and the business. It is important to clearly **understand where the company is today and where it will be tomorrow**. This will become the framework for evaluating potential M&A candidates and getting key decision makers and leadership on the same page.

How to build a value-maximizing **brand strategy**

A clearly mapped M&A strategy guides the company moving forward but it is **essential to ask the right questions** at each turn. The “sweet spot” of any M&A is the **intersection of current and future marketplace expectations** and the sustained ability of the brand to deliver on those expectations. This will allow you to **unearth potential synergies, opportunities and risks**.

Lay the foundation



Understand what your brand stands for today and how far it can stretch across geographies and offerings.

Ensure that your brand has a succinct and clearly defined promise and vision for tomorrow.



To get to the sweet spot ask yourself the

key questions

Think About **Today**

What is your **brand promise**; what are its associations?

What are the **existing brand equities** that drive value?

What is the **state of the brand today**, what are its current needs?

What can your **brand credibly** deliver on today?

What are the **strengths and weaknesses** of your current portfolio?

What **market trends** are you missing out on?

Who are the **customers** missing from your current base?

What does your **customer's journey** look like?

Consider **Tomorrow**

What do you want the **brand to stand for** in the future?

Where does the **brand and business want** to be in the short/long-term?

How **much room** will your brand have to expand its offerings?

Who are the **new audiences** you want to engage with?

What **new services and/or capabilities** do you want to pursue?

How **must you evolve** to better serve your customer base?

Assess

risk & opportunity

After identifying the sweet spot it is important to **understand the potential risk and opportunity areas**. That means looking closely at the internal, employee-centric, and external, customer-centric, implications of the M&A. This will help complete the outline of your growth narrative – the challenges, opportunities and implications of the M&A on your company, brand and audiences in the short and long term.



Understand the impact

internal

Does the M&A target have **clear internal values and culture that align** with your own?

Does the target's leadership **demonstrate brand commitment**?

Are both sets of **employees open to change** or do you anticipate resistance?

How likely is it that you'll **lose key employees** as a result of the M&A?

Is the target **responsive to market changes** and threats in the competitive landscape?

What **level of risk** is the company willing to assume?

external

Will the M&A **reinforce your own brand promise**?

Is the **target's brand promise** easily articulated?

Will **something new that customers need/want** result from the M&A?

Will the M&A **further differentiate your brand** from the competition?

Will the new offer **fill a hole in the current portfolio** or satisfy a new market opportunity?

Is the **target positioned to seamlessly transition** to your company?

Will the M&A **offer access to new audiences and markets**?

How **loyal is the customer base** of your M&A target?

How will **customers and clients react to the change**?

[Section B]

Design

a market-ready
plan

Write your growth story

The next phase is setting the building blocks for a market-ready brand. This means building a migration plan on top of your strategy and outlining exceptional customer experience principles that will lead to future growth. It will act as the map for delivering key expectations and maximizing growth opportunities.



The insights gained

by laying a strategic foundation will help guide this growth process and allow you to make informed, strategic decisions on how to plan for the implementation of the M&A internally and externally.

Create the **plot**



Create your new name, visual system, customer experience principles, growth narrative and key messages.



Identity cultural alignments and build an employee engagement and retention plans.



Establish a migration strategy, timeline and brand architecture.

Write the growth **narrative**

The growth story is imperative to defining the internal and external narrative moving forward. It should be derived from the vision for your company's M&A strategy, explain the central rationale for the move, create a common vision and set of expectations around the results of M&A for both customers and employees. More importantly, it will dictate the integration and optimization strategy for the foreseeable future. Based on the information obtained about the implications on employees and customers, you can define the timeline and key milestones for the merger.



Define your migration strategy



It is extremely important to **carefully consider existing and acquired brand assets and promises** when planning the migration strategy. This will ensure that you are able to minimize confusion internally and externally.

Internal **Culture**

How prepared is your organization for change and do people understand the reason behind it?

Will people **report to a new business unit** or entity?

What is your **transparent, transitional communications strategy**?

What is your **employee engagement strategy** to get current and future employees excited about being part of the larger family?

What is your **talent retention plan**?

External **Audience**

What is your **customer retention strategy**?

What are the new **customer experience principles**?

How will the **brands merge** visually and experientially? (Full integration, attribution, or separate?)

Which brand will be prioritized in which customer segments or markets?

How will you **engage and inform customers** throughout the transition?

How will you migrate the M&A brand digitally?

[Section C]

Equip

the business

Prepare for launch

It is easy for leadership and the integration team to lose focus once the merger is complete; it is easy for them to stray from the agreed upon timeline and roadmap that will lead to success. While it is important to nail the operational integration process it is just as **important to remained focused on the changing conversation happening amongst employees and customers.** This is where most M&A's fail to realize their potential and succumb to the many risks of the journey such as loss of customers, loss of talent and not realizing synergies and cost-cutting goals.



Execute the

migration strategy

The market-ready plan has provided the organization with a roadmap to bring the new brand to life internally before the external launch. The goal is to have the new M&A brand prepared for life in the customer's world. Here are some tactics that can **ensure successful integration as you bring the new brand into the spotlight.**

Top

migration tactics

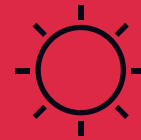
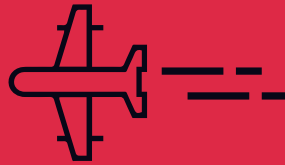
- 01.** Conduct leadership and employee engagement programs.
- 02.** Merge verbal, visual identity systems, digital touchpoints, messaging and voice principles.
- 03.** Deliver brand management tools and training.
- 04.** Track key internal KPI's that were set out at the beginning of the M&A.
- 05.** Communicate the M&A to customers & the sales team.
- 06.** Secure quick sales wins to reinforce confidence in the M&A.
- 07.** Communicate clearly about internal restructuring & changing roles.
- 08.** Build detailed customer transition plans.
- 09.** Identify (or create) pilot projects and experiences.
- 10.** Establish an external launch and communications plan.

[Section D]

Deliver
the promise

Deliver your promise to people

It's time to deliver your M&A brand's promise to customers and shareholders in the tangible world. It is no longer a theoretical construct or set of talking points in a press release. The M&A brand is your business. People will be engaging your brand through the stories you tell, as well as the products, experiences and services you deliver. It is important to ensure that your promise and vision come through in a manner that is compelling and clear.



Bringing your market-ready **brand to life**

This is the time for your brand to shine. It is important to listen to and **engage with your customers to ensure that they understand how the M&A is adding value to their lives.** Their feedback, combined with employee feedback, will also allow your brand to be flexible to adjust and evolve after launch.

Real-world **tactics:**

- 01.** Track key external KPIs that were set out in the beginning of the M&A.
- 02.** Help customers understand how the M&A is adding value to their lives.
- 03.** Listen to customer feedback and remain flexible.
- 04.** Disseminate messaging and new identity across high priority touchpoints.
- 05.** Execute pilot projects and new experience initiatives.
- 06.** Deploy content strategy and spark market conversations.
- 07.** Monitor progress and measure success.
- 08.** Review the migration process with your team.

“ Growth may start with a handshake, but
**success begins
with a market-ready
brand & business.**