

**Interbrand**

# **Is there an M&A in your future?**

**Building a market-ready  
M&A brand**



# The strategic, cultural, and brand implications of merging two organizations are just as important to long-term success as the price of the deal.

There are crucial questions and risks that organizations face as they embark on an M&A journey. This handbook is a guide for addressing and answering those questions.

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# **There are many reasons for M&A**

- 1** Grow market share
- 2** Improve customer experience
- 3** Improve value chain positioning
- 4** Increase shareholder value
- 5** Access new distribution channels
- 6** Expand capabilities and access to technology
- 7** Access key talent
- 8** Expand geographically and demographically
- 9** Expand into new industries and offerings
- 10** Cut costs and 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 studies have shown negative returns.\***

# Causes of failure





**Unclear business and brand strategy**



**Lack of a clear, strategic plan for becoming market-ready**



**Not understanding the risks to current customer loyalty and key revenue streams**



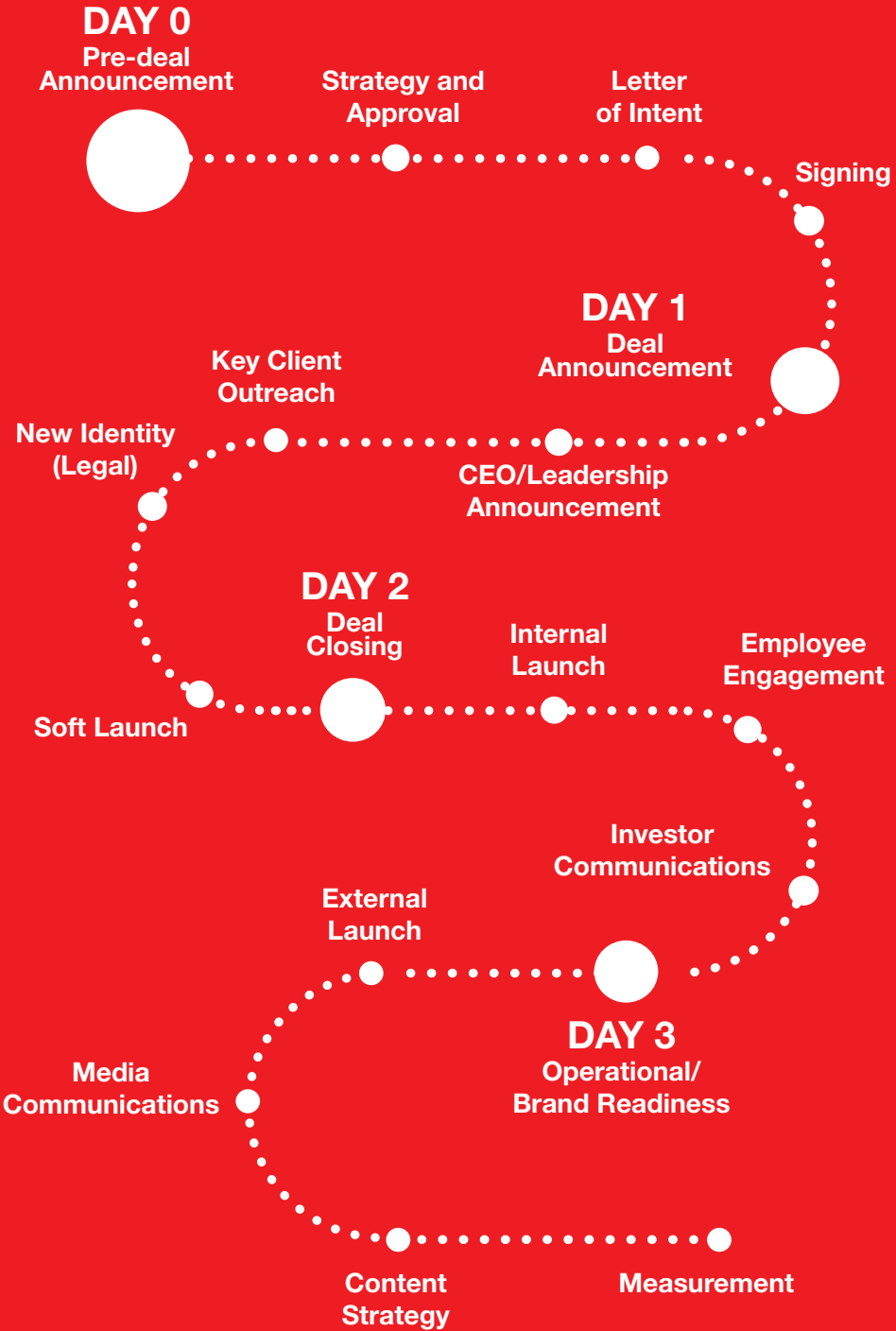
**Overlooking cultural integration risks that could lead to low talent retention**



**Failure to identify brand equities and sources of growth**



**Limited evaluation and consideration of customer alignment with the brand promise**



# **The M&A journey is a maze**

**From pre-deal to post-merger the path includes a million twists and turns, and is strewn with unforeseen roadblocks, both internally and externally. It's easy to understand why so many M&A ventures fail to reach their intended results.**



**How do you  
anticipate  
and overcome  
the risks and  
challenges  
of M&A to  
become a  
market-ready  
brand?**

**Our  
experience  
has resulted  
in a four-step  
process for  
creating a  
market-ready  
brand**

**1 Create a strategic foundation**

**2 Design a market-ready plan**

**3 Equip the business**

**4 Deliver the promise**





**Create a  
strategic  
foundation**

# Preparation and 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  
some **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, and 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 that are 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?

What new audiences do 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 and 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 a culture that aligns with your own?

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

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?

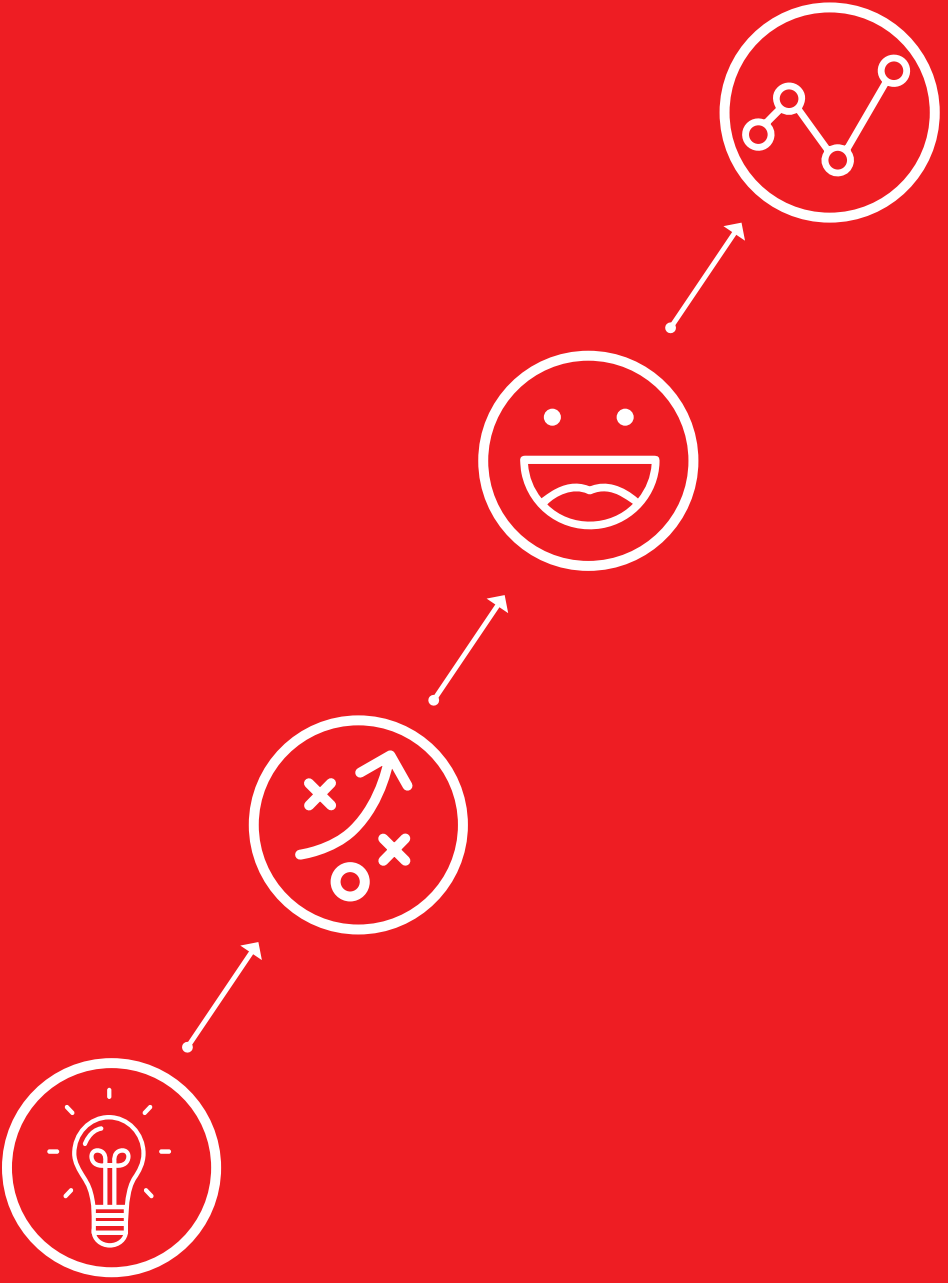
Will the new offer provide access to new audiences and markets?

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

How will customers and clients react to the change?



# Design a market-ready plan



## Write your **growth story**

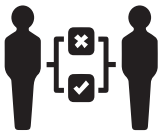
The next phase is setting the building blocks for a market ready brand. This means creating a migration plan on top of your strategy and outlining exceptional customer experience principles that will lead to future growth. This will act as the map for delivering on key expectations and maximizing growth 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 implement the M&A, internally and externally.

# Create the plot

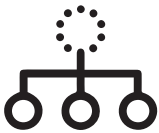




**Create your new name, visual system, customer experience principles, growth narrative, and key messages.**



**Identify cultural alignments and build an employee engagement and retention plan.**



**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, and 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

## 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 strategy for getting 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?)

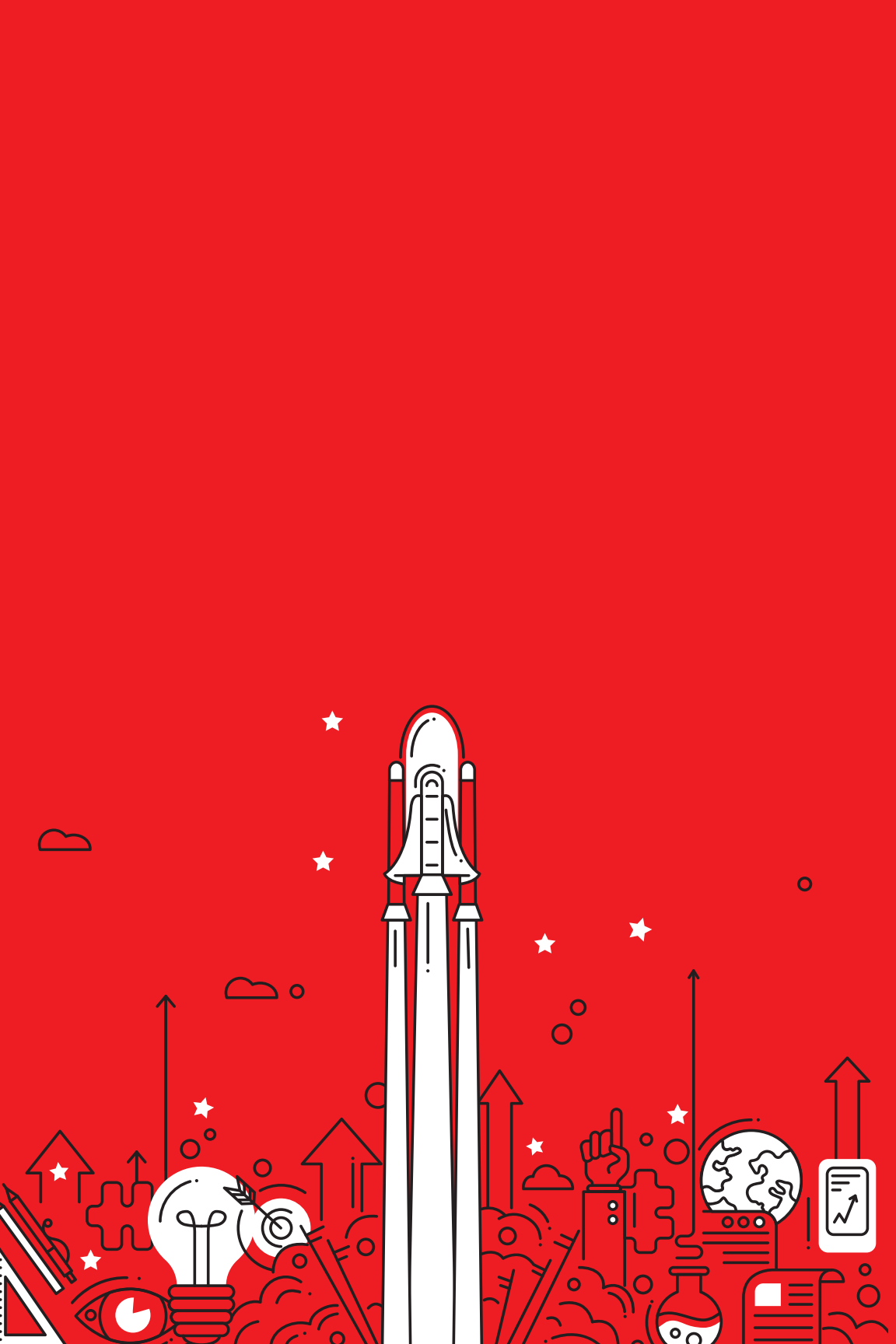
Which brand will be prioritized in which customer segments or markets?

How will you engage and inform customers throughout the transition?

How will you migrate the M&A brand digitally?



**Equip the  
business**





## Prepare for **launch**

It's easy for leadership and the integration team to lose focus once the merger is complete and stray from the agreed-upon timeline. While it is important to nail the operational integration, it is just as important to remain focused on the changing conversations happening amongst employees and customers. This is where most M&As fail to realize their potential and succumb to the many risks of the journey, such as loss of customers, loss of talent, and failing to achieve synergies and cost-cutting goals.

## **Execute the migration strategy**

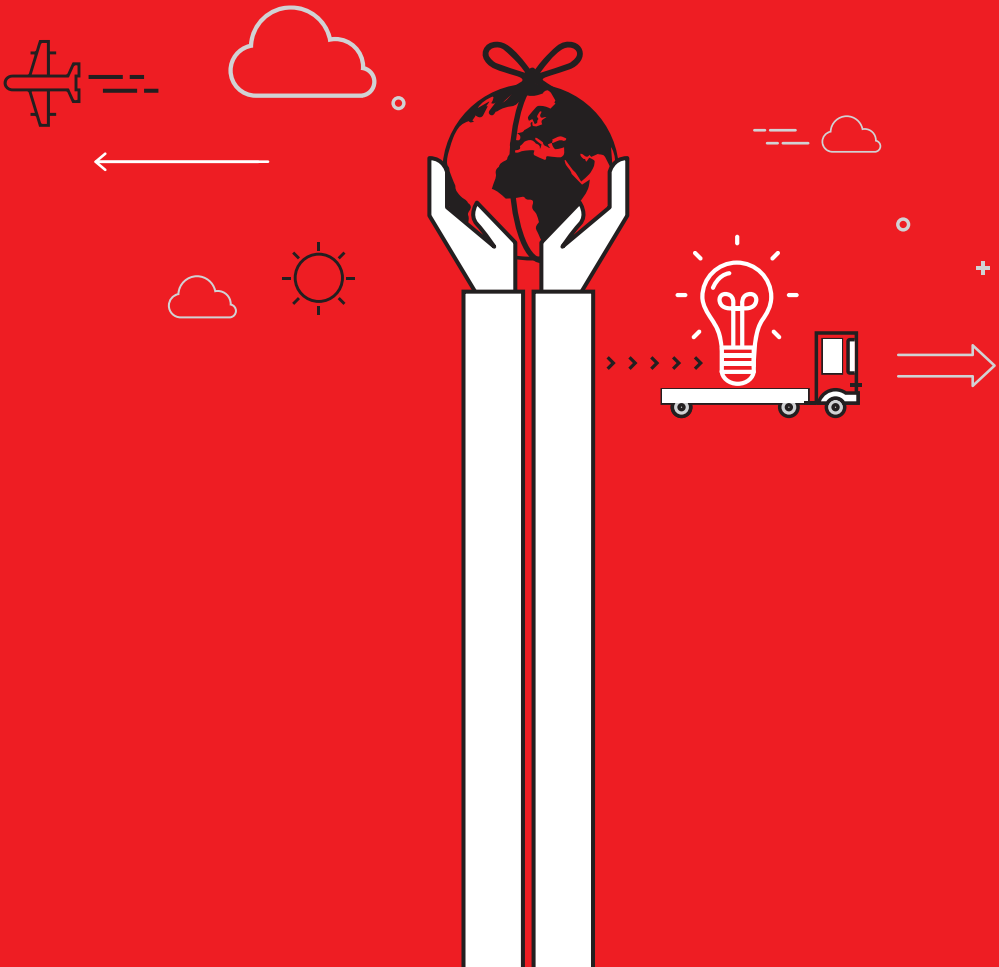
The market-ready plan provides the organization with a roadmap to bring the new brand to life internally before the external launch. The goal is to have the new M&A brand prepared for life in the customer's world. Here are some tactics that can ensure successful integration as you bring the new brand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

# Top **migration tactics**

- 1** Conduct leadership and employee engagement programs.
- 2** Merge verbal, visual identity systems, digital touch points, messaging and voice principles.
- 3** Deliver brand management tools and training.
- 4** Track key internal KPIs that were set out at the beginning of the M&A.
- 5** Communicate the M&A to customers and the sales team.
- 6** Secure quick sales to reinforce confidence in the M&A.
- 7** Communicate clearly about internal restructuring and changing roles.
- 8** Build detailed customer transition plans.
- 9** Identify (or create) pilot projects and experiences.
- 10** Establish an external launch and communications plan.



**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 with 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 and continue to evolve after the launch.



# Real world **tactics**

- 1** Track key external KPIs that were set out at the beginning of the M&A.
- 2** Help customers understand how the M&A is adding value to their lives.
- 3** Listen to customer feedback and remain flexible.
- 4** Disseminate messaging and new identity across high-priority touchpoints.
- 5** Execute pilot projects and new experience initiatives.
- 6** Deploy content strategy and spark market conversations.
- 7** Monitor progress and measure success.
- 8** Review the migration process with your team.

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

# Is there an M&A in your future?

## Get in touch

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