9 Steps to Champion Branding and Marketing During Your Merger or Acquisition

A Guide for CMOs in Professional Services

DeSantis Breindel

When Professional Services Merge, Brand's Importance Surges

Building a new professional services brand is never more complex than during mergers and acquisitions. When businesses take these leaps forward, the potential for value creation is great. But so is the risk; per *HBR*, the failure rate for acquisitions ranges from 70 to 90 percent.

For M&As to succeed, large, sophisticated offerings (from strategy to technology needs to implementation) need careful integration. The brand story behind the new, combined business has to be cohesive, defining a new value proposition that's singular and compelling.

Of course, to start: the professional services CMO needs a seat at the M&A table. Brand strategy and business strategy must be aligned from the earliest phases, with the CMO positioned and empowered to focus brand's value-creating power.

There's no one-size-fits-all approach to M&A branding in this diverse field—one that spans legal, engineering, marketing and advertising, finance and the full range of business consultancies. But certain core practices and principles will always apply.

The post-M&A brand must convey new purpose. It must signal where the business is headed and communicate the unique value it brings to clients. Through clear positioning and messaging, it must transform "the deal" into a clear story that moves every stakeholder to believe in the combined company's promise.

For professional services CMOs, this guide describes how to champion that strategic, value-driving M&A brand—and see it built for their business.

The CMO's Essential Role in Post-M&A Value Creation

There's overwhelming evidence that, as CMO, your contribution to your company's upcoming merger or acquisition is critical to its success. Research from McKinsey bears this out:

"...our experience and interviews with leading M&A executives indicate that marketing plays a vital role in integration and deal success and should not be an afterthought. Rather, marketing should lead the organization in developing fresh, compelling value propositions and setting the new organization's brand strategy."

If marketing and branding can make or break a merger or acquisition, why do so many professional services CMOs struggle to get a seat at the table? All too often, it's because they're called in at the eleventh hour when they should have been involved from the get-go.

Why Brand Sits on a Back Burner During the M&A Deal

Sometimes CEOs and CFOs zero in on the financial aspects of the deal. And sometimes there is simply a lack of awareness of exactly what a brand is.

Non-marketing leaders are tempted to change the name of the acquired company and slap a new logo on the combined entity. They're left with a false sense of confidence in their new, "unified" professional services brand.

But you know full well that branding—and the marketing that drives it—is more than an attractive logo. Much more.

It's normal for a business's many stakeholders to feel apprehensive about any change, especially something as consequential as a merger or acquisition. But a new brand can both reassure and inspire them.

Brand can convey the reasons the newly merged professional services firm exists and bring strategic clarity to its new value proposition. The result can be a united workforce, confident investors and a client base that only feels better served.

Bringing Branding and Marketing to the M&A Table

There are nine steps—detailed on the following pages—that you can take to ensure your voice is heard on branding and marketing matters as your business embarks on its M&A journey.

These steps will help you gain early influence in M&A planning, organize stakeholders, make brand decisions in the context of market insights and position yourself to launch a successful new brand.

01

Get Involved Early

It's not enough for you to join M&A planning after the deal is announced.

By that time, every team will be ready to make the transaction pay off through accelerated revenue growth, economies of scale, cross-selling, etc. There won't be time for (or interest in) marketing and branding considerations beyond tactical support for sales.

Professional services clients should already be experiencing the new brand by the time the deal announcement goes out. It should be shaping every touchpoint, from your website and social media platforms to pitch decks and advertising.

None of that can happen if your strategic new brand identity isn't already in place.

All that is to say: Start working on marketing and branding as soon as possible.

02

Play Well with Others

As CMO during a merger or acquisition, you'll need to work closely and effectively with a broad range of constituents from both of the combining professional services firms. Unfortunately, territorial concerns often impede successful collaboration.

To avoid outright conflict, reach out early to understand each other's capabilities and expectations—and to define responsibilities. Establish a dedicated marketing workstream to ensure goals and operations are carefully synchronized across both entities.

The new brand is paramount. But it's just one element driving the (hopefully) lucrative integration of two organizations.

You'll also need to work out details like:

+ Integrating systems
+ Realigning compensation plans
+ Identifying redundancies

The list goes on.

An integration management office (IMO) led by a consulting firm typically pulls all of this together. You'll want to develop a strong relationship with your IMO in order to safeguard your seat at the table and influence key decisions affecting internal and external communications.

Establish a strong and productive team dynamic by taking an active role in coordinating information-gathering between marketing, the IMO and any external communications partners.

03

Assess How the Market Sees the Deal

There are several questions—central to every M&A transaction—that you're responsible for answering:

+ Should one professional services brand take precedence over the other?
+ Which elements of both brands should be carried forward into the new brand?
+ Which should be jettisoned?
+ Has the competitive landscape shifted as a result of the combination?
+ How will decision-drivers among prospects change in light of this potential shift?

Don't answer these questions through guesswork. The personal and corporate stakes are too high to risk getting it wrong.

Complicating matters, it's all but guaranteed that those leading the M&A deal will come to the table with strong perspectives that may be based on outdated information.

You must let research guide the way.

The customers of both entities will have established ideas of each company's selling points. They may even have expectations for what the combination means for them. Assess these perceptions—and communicate them to your company—before developing a new brand strategy.

04

Brand Around Purpose, Not Financial Engineering

Several years ago, we created a new brand for two merging professional services firms with national reputations.

From a financial perspective, the transaction made perfect sense. The two firms were long-time rivals with similar service offerings. By combining, they could grow their share and also achieve significant economies of scale.

The problem? The clients of the two firms weren't interested in the profitability of the combined entity. They wanted to know how the merger benefited them. That's human nature. They also wanted reassurance that the combination wouldn't result in higher fees or inferior service.

Clients weren't the only ones concerned about how the deal might affect them. Employees from both firms feared that the merger could result in layoffs.

This scenario is illustrative of every M&A transaction. As CMO, you must find a way to translate the financial and strategic rationale for the deal into a compelling purpose that communicates benefits to both customers and employees.

05

Consider Your Naming Strategy and Brand Architecture

While a brand is much more than a name, determining what to call a merged entity is a critical step in the branding process.

Consider these questions as you strategize:

+ Will you retain one firm's name and do away with the other?
+ Will you develop a completely new name?
+ Will one firm become a subsidiary?
+ If so, will the subsidiary retain its name?

This last question leads to another important consideration: brand architecture. Brand architecture is a strategic tool that organizes a business's brands or offerings, helping customers understand the company's capabilities and access relevant solutions more easily. It also shapes marketplace perceptions.

The key point to remember when considering naming strategy and brand architecture? What signal the decision sends to stakeholders.

A completely new name, when executed strategically and effectively, communicates that the transaction is intended to shake things up and be "a sign of change, not just a change in sign."

Consolidating under one legacy name lets audiences know that any material changes to a service or brand experience will occur in the framework of continuity—think airline brands United and Continental.

Combining two names into one provides reassurance that the transaction is a merger of equals. This is often comforting to professional services clients and employees.

06

Rally Everyone Behind the Combination with One Brand-Led Culture

Mergers and acquisitions always involve combining workforces that can have very different mindsets and ways of working. Brand has an important role to play—not only in unifying once-distinct teams but shaping firm culture moving forward.

Because branding is key to the success of your combining firm's culture, it's helpful to know how to integrate two distinct cultures. The first step is to assess each one:

+ How does work get done within each professional services business?
+ Is decision-making centralized or decentralized?
+ Are the cultures consensus-driven or top-down?
+ Are people held accountable individually or based on the performance of their team(s)?

Your new brand strategy will clarify where the new professional services firm is going and what specific daily behaviors will advance it along its growth path. Through culture-building communications, marketing can let everyone across the combined organization know what to do moving forward and why it matters.

Identify leaders who can act as change agents. Train them in how to model the desired culture and communicate what it stands for.

Finally, create success metrics to measure progress and inform future strategies, including course corrections.

07

Establish the Visual Brand Identity

Just as you need to unify your culture post-M&A deal, you also need to present a harmonized visual brand identity.

To signal smooth integration, create a new visual identity that announces the combined entities as one holistic business. Even when there are many subsidiaries, visual systems can present them as part of a unified family of professional services firms that work together seamlessly.

For example, if the newly integrated brand is all about people, ensure your visual brand identity is built around people, too. If instead the new brand is all about results, perhaps your visuals will center on data visualization.

How do you define your new brand's visual identity? Here are a few high-level steps to get you started:

+ Review the two professional services brands that are combining
+ Determine elements they have in common
+ Conduct a competitive audit of the marketplace to see if there's white space where you can carve out your new visual identity

It's vital that you engage creative teams from both companies to do this visual brand identity work. Be sure each voice is heard or you'll never achieve the uniform aesthetic you need.

08

Pinpoint the Perfect Brand Implementation Timing

Working on the new brand before the transaction closes is, as discussed, essential. But launching a new professional services brand on day one isn't always warranted—or even feasible.

To that end, you have two options:

1. "Flip the switch," announcing the merger or acquisition and the new brand all at once
2. Announce the merger or acquisition first, then implement the brand gradually in the months that follow

The brand and marketing teams from each organization will need to work together closely, collaboratively weighing the strategic implications of each option and planning for implementation.

In either case, you should introduce the high-level brand elements—like the name, story and visual identity—when you announce the deal.

You can roll out the entirety of the new brand at that time or later, as discussed. But waiting too long to preview these high-level elements signals indecision to employees and the marketplace. Audiences may even assume there are integration problems, even when there are none.

09

Launch the New Brand

No matter when you decide to launch your new brand, you'll need to create a new website for the combined entity, celebrate with employees and announce your evolution to the world.

If marketing needs time, plan on a temporary "holding" website (at minimum). You may also reskin the combined firm's existing sites to showcase core facets of the new, unifying professional services brand.

Now is also the time to host brand launch events for your employees, as interest in the combination will be at an all-time high. It's the perfect moment to transform any internal uncertainty into excitement for the future.

Begin implementation by segmenting and prioritizing audiences to create a launch and rollout cadence. Ask yourself:

+ Which constituents are most vital to the success of the new brand and the merger?
+ Who needs to know what, and when?

Success also depends on carefully assigning roles to determine who within the combining entity is responsible for oversight, materials production and program management. In almost every instance, multiple external agencies will need to be carefully coordinated. This includes not only the branding firm but also public relations and investor relations agencies.

Know You Are Indispensable to M&A Deal Success

As CMO, your participation in the M&A planning process truly matters. So claim your seat at the table with confidence.

By following these nine steps, you can champion branding and marketing at critical moments of strategic decision-making.

Then, after assessing perceptions both internally and in the marketplace, you can guide the creation of a new brand strategy—one that addresses real needs and will help the combined professional services business fulfill the promise behind the deal.

The resulting brand could become one of the most meaningful aspects of the entire M&A transaction, driving value creation for the new entity by rallying every stakeholder behind it.

DeSantis Breindel

DeSantis Breindel is a brand strategy and experience design firm. We work with leaders, founders and investors as they take their next big leaps—merging or spinning off, entering new categories or going public. At these pivotal moments of change, we build empathetic brands that drive value creation. Brands that move the needle by moving people.

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