

# MERGERS & ACQUISITIONS

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## PRUNED?

MOST AGREE THAT A  
SHAKEOUT LOOMS,  
ALTHOUGH DEAL PROS  
DIFFER ON HOW THE  
PRIVATE EQUITY INDUSTRY  
WILL REINVENT ITSELF

**PLUS**

**TAKING THE "R"  
OUT OF BRIC**

**RICHARD KAUFFMAN  
TALKS RENEWABLES**

**PE EXPLORES  
PIPEs**



# The Brand Dilution Solution

How a company can grow through acquisition without losing its identity

By Joseph Benson, Rob Levinson, Drew Allison - Principals, Brand Blueprint

In an increasingly competitive global marketplace, many companies are challenged to achieve expeditious growth. With stockholders demanding swift returns on their investment, many aggressive management teams bypass the long, slow path to growth and instead buy a smaller business that has already achieved success in their shared industry.

While numerous practical and fiscal benefits are immediately realized through an acquisition, with the new efficiencies come brand identity issues that can confuse - or, worse yet, alienate - stakeholders of the new, combined entity.

Were the two companies previously fierce competitors? Does one enjoy a sterling reputation, the other less noble? Are their products and services of equal value in the eyes of the marketplace? Will their respective customers embrace the combined entity or view the new offering with suspicion? These are all important questions to ask.

In order for both companies to enjoy maximum benefits from a merger, these questions (and many others) must be addressed prior to acquisition. After all, customers are fickle, easily led astray and have very short attention spans. Overlooking the role of "brand" in the acquisition process is ill-advised and may result in diluting two brands instead of fortifying one.

When combining two brands, customarily there are several plausible strategies to consider. They range from building a "house of brands," as is the case with Proctor & Gamble, to creating a single "branded house," such as Harvard

University. To determine the most appropriate solution for your merger, a brand manager is often required to build a business case for each, can expedite the process and result in a game-changing recommendation.



Rob Levinson, Joseph Benson and Drew Allison

**"Change should be an evolution and not a revolution."**

It is essential that brand managers understand how the individual brands currently cultivate, nurture and retain customers. The more knowledgeable they are about each company's respective customers, the better they understand the levers that determine customer choice. The swiftest way to understand the all-important customer is through qualitative research, specifically one-on-one interviews, with each brand's best customers. Findings and insights revealed during this exercise will inform the selection of a competitively sustainable brand portfolio strategy.

*Every company has a competitive set: how will a brand merger impact the combined entity's positioning?*

M&A activity undoubtedly always ripples competitive landscapes. Therefore, it is imperative that brand stewards understand where their brands live in the hearts and minds of their customers today in order to create a new position for the combined brands tomorrow. A comprehensive communications analysis of each company is a great place to start. Findings from the analysis should then be compared to their competitor's public messaging. This exercise will reveal opportunities for the new entity to develop a distinct and truly differentiated market position.

Strong brands have rich histories comprised of colorful stories. Customers find meaning and relevance in these stories and, often subconsciously, reference them when making a choice. Brand managers must view themselves as storytellers adding new 'chapters' to the history of the merged brands with a respectful eye to the past and a hopeful eye to the future.

Employees are the ultimate brand ambassadors. They build the products and provide the services their customers choose. Furthermore, employees support customers before, during, and after the buying process. In essence, they create premium-paying, referral-generating consumers for the brand. Such important individuals require the utmost respect. Show it by vali-

dating their contribution to your company and then querying their thoughts, feelings and attitudes about the merger.

Ultimately every business is an image business, so how can both companies update their look and feel without losing customers? Simply stated, most people recall images more succinctly than they do words. In fact, through repeat exposure, customers commonly develop a relationship with a brand's name, typography, logo, symbols, characters, font and color palette. Over time, a mere gesture - the Nike "Swoosh" is a great example - can communicate more about a brand than an entire website. Brand managers must honor and respect the relationship customers have with their imagery and very cautiously update or change time-honored symbols. Change should be an evolution and not a revolution. After all, you do not want to be completely unrecognizable to your best

customers.

*After identifying the core questions, how do you get answers?*

On second thought — you are not really a brand manager. You are an architect charged with building a new house for your two combined brands. Before breaking ground it is advisable that you utilize a brand blueprint that methodically identifies the appropriate brand strategy, the updated brand positioning and the revitalized symbols and images. This vetted, tested, and approved document will act as a reference tool throughout your building process and inform every proactive brand decision required to make your new entity soar.

*Joseph Benson, Rob Levinson, and Drew Allison are all principals at Brand Blueprint.*

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our efforts in Asia, particularly for corporate members (and prospective members) and the portfolio companies of private equity firm members, and expand your horizons to maximize the value of ACG. As you know, it's a big world...and it's a small world.

Thank you to the ACG Global Board and to the ACG Global Task Force for supporting this continuing effort to extend ACG's reach to everywhere our members need to be to make their businesses as successful as they can be.

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