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Congratulations on the Acquisition...Now About That Brand...

July 5, 2011 by Steve Baird

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It looks like Forbes was right when it reported in late 2010 that 2011 would be a year of mergers and acquisitions. We've seen a significant number of clients announcing mergers with and acquisitions of both competitors and complementary players, and while the motivations are varied – expanded product line, geographic reach, removal of a weak competitor – one question always seems to come up.

What do we do with the brands we just acquired?

It's amazing how much hand-wringing and downright dysfunction this seemingly simple issue creates. But there's a lot at stake. Executive (and often times founder) reputation, employee identity, investor confidence and of course customer expectations all come into play when two companies with strong brands come together.

It's also the time for mistakes. Companies often find themselves dealing with the consequences of poor post-merger branding decisions long after the executive earn-out ends. Here's some advice we try to give our clients when they're making branding decisions after the deal closes.

1. **Take anecdotes with a grain of salt**

When Acme Company buys Zeta Industries, you can pretty much plan on the VP of Marketing and VP of Sales from Zeta telling Acme executives that Zeta has a strong brand and that Zeta's customers will defect if Zeta goes away. Not doing so would basically say that marketing and sales at Zeta was ineffective – not exactly the way to endear yourself to your new owner. You've got to take anecdotes from sales and marketing with a grain of salt. Instead, do the research. You've got too much at stake not to talk to customers yourself. And remember, just because they like Zeta doesn't mean they're not open to change.

2. **<u>You don't need to act hastily – but you DO need to act</u>**

The absolute worst time to make decisions about branding is during the negotiation process, and I can pretty much see the storm coming when there's a message in the news release saying "there will be no changes to any Zeta product names or brands." Making absolute commitments like these results in a mess down the road – usually a menagerie of brands that don't fit well together. You don't have to act immediately – customers, employees and investors all recognize that there's integration work to be done post-merger – but make sure that you have a plan in place to make any necessary branding transitions.

3. **<u>You didn't just buy a brand – you bought what's behind it</u>**

If indeed the company you just bought does have a strong brand, make sure you take a long, hard look how that brand came to be. You'll often find that it wasn't a quirky ad campaign, fancy logo, or bang-up Web site that built the brand. Instead, it was likely a product or service that filled a real market need, available in the way the customer wants it, at a price that matches the value, from a company with unique personality and differentiation. Regardless of whether or not you keep the brand name, remember that you bought what's behind it, and you don't want to squander it.

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