



Tugboat

Brand & Business
Development

LIFE AFTER M&A

INSIGHTS FOR A SUCCESSFUL BRAND INTEGRATION

by Sheryl Kravitz | TUGBOAT BRANDING 2009

LIFE AFTER M&A

Insights for a Successful Brand Integration

BY SHERYL KRAVITZ

In my professional experience, I have found that the role of branding during integration can run between two extremes. In any corporate branding initiative there is the distinct possibility that the brand strategy will fail. There are a myriad of factors for this; these may include, but are not limited to, a lack of commitment by executive leadership, internal politics, resource limitations, employee resistance, or even a misguided branding approach, to name just a few. These factors can and often do get in the way of a successful brand initiative, regardless of whether an acquisition has been made.

During M&A, however, the probability of these and other factors impacting brand integration are even greater. This is because the pressure to integrate two organizations in order to maximize shareholder value is significant. This creates even greater pressure on the branding team to get it right, and ultimately increases the likelihood that the brand integration will end up being viewed as either a lightning rod to vent organizational resistance associated with integration, or as a powerful bridge for strengthening business value and rallying employees and customers around a new value proposition.

It is this author's opinion that once a brand initiative becomes a lightning rod for management it can be quite difficult to succeed in executing a strong corporate brand strategy.

This short article explores how the management team can utilize brand integration as a way to build a bridge and avoid the lightning rod syndrome.

Why Branding is Vulnerable to Being the Lightning Rod

In M&A activity, the potential for a blowout over brand assets such as the name, visual identity, and portfolio alignment is considerable. This is because unlike other areas of integration such as IT, financial, R&D, IR, product line management and operations, which are primarily quantifiable and rational, the space in which the brand lives is both intangible and personal to employees and customers.

The corporate brand and its related product brands represent an organization's values and culture. It is the proverbial heart and soul of an organization. It is the primary emotive idea that people associate with your products and services.

And, as such, the brand is by its very nature prone to be the source for heated discussion and debate. This is in part how and why a branding initiative ends up as a lightning rod and not a bridge. Too often the initiative ends up being contentious and destructive rather than constructive and productive.

1 Seamless Integration is a Myth

Regardless of how seasoned the executives or well-executed the integration plan, it's important to keep in mind that your initiative to integrate is going to have emotional speed bumps along the way. By its very nature this is par for the course and should not be considered in of itself a derailment to the process. Why? This is because all groups that form go through what is referred to as **Forming - Storming - Norming - Performing**. A real indicator of potential success is how well the organization integrates, not just how quickly they get to the end game.

*The **Forming - Storming - Norming - Performing** is a model of group development, first proposed by Bruce Tuckman in 1965, who maintained that these phases are all necessary and inevitable in order for the team to grow, to face up to challenges, to tackle problems, to find solutions, to plan work, and to deliver results.*

"What we sell is the ability for a 43-year-old accountant to dress in black leather, ride through small towns and have people be afraid of him."

- HARLEY-DAVIDSON EXECUTIVE



"I am irresistible, I say, as I put on my designer fragrance. I am a merchant banker, I say, as I climb out of my BMW. I am a juvenile lout, I say, as I pour an extra strong lager, I am handsome, I say, as I put on my Levi jeans."

- JOHN KAY, BUSINESS ECONOMIST

FORMING

In the first stages of team building, the forming of the team takes place. The team meets and learns about the opportunity and challenges, and then agrees on goals and begins to tackle the tasks. Team members tend to behave quite independently. They may be motivated but are usually relatively uninformed of the issues and objectives of the team.

Team members are usually on their best behavior but very focused on themselves. Mature team members begin to model appropriate behavior even at this early phase. Sharing the knowledge of the concept of “Teams - Forming, Storming, Norming, Performing” is extremely helpful to the team.

The forming stage of any team is important because in this stage the members of the team get to know one another, exchange some personal information, and make new friends. This is also a good opportunity to see how each member of the team works as an individual and how they respond to pressure.

STORMING

Every group will then enter the storming stage in which different ideas compete for consideration. The team addresses issues such as what problems they are really supposed to solve, how they will function independently and together and what leadership model they will accept. Team members open up to each other and confront each other’s ideas and perspectives.

In some cases storming can be resolved quickly. In others, the team never leaves this stage. The maturity of some teammembers usually determines whether the team will ever move out of this stage. Some team members will focus on minutiae to evade real issues.

The storming stage is necessary to the growth of the team. It can be contentious, unpleasant and even painful to members of the team who are averse to conflict. Tolerance of each team member and their differences needs to be emphasized.

Without tolerance and patience the team will fail. This phase can become destructive to the team and will lower motivation if allowed to get out of control.

Supervisors of the team during this phase may be more accessible but tend to still need to be directive in their guidance of decision-making and professional behavior. The groups will therefore resolve their differences and group members will be able to participate with one another more comfortably and they won’t feel that they are being judged in any way and will therefore share their own opinions and views...

NORMING

At some point, the team may enter the norming stage. Team members adjust their behavior to each other as they develop work habits that make teamwork seem more natural and fluid. Team members often work through this stage by agreeing on rules, values, professional behavior, shared methods, working tools and even taboos. During this phase, team members begin to trust each other. Motivation increases as the team gets more acquainted with the project. Teams in this phase may lose their creativity if the norming behaviors become too strong and begin to stifle healthy dissent and the team begins to exhibit groupthink.

Supervisors of the team during this phase tend to be participative more than in the earlier stages. The team members can be expected to take more responsibility for making decisions and for their professional behavior.

As team members get to know each other better, their views of each other begin to change. The team feels a sense of achievement for getting so far, however some members can begin to feel threatened by the amount of responsibility they have been given. They would try to resist the pressure and revert to storming again.

PERFORMING

Some teams will reach the performing stage. These high-performing teams are able to function as a unit as they find ways to get the job done smoothly and effectively without inappropriate conflict or the need for external supervision.

Team members have become interdependent. By this time they are motivated and knowledgeable. The team members are now competent, autonomous and able to handle the decision-making process without supervision. Dissent is expected and allowed as long as it is channeled through means acceptable to the team.

Supervisors of the team during this phase are almost always participative. The team will make most of the necessary decisions. Even the most high-performing teams will revert to earlier stages in certain circumstances. Many long-standing teams will go through these cycles many times as they react to changing circumstances. For example, a change in leadership may cause the team to revert to storming as the new people challenge the existing norms and dynamics of the team.

2 Constructive Discourse & Decision Making

Rolling over the other person's corporate brand does not garnish love and affection. Ideally, each participant should

at least have the capability to walk in other individual's brand shoes to best understand their motives. Otherwise alienation quickly devolves into team estrangement.

This does not necessarily mean that the team should avoid making the tough choices and decisions related to brand assets, it does mean though it becomes easier to do if there is constructive, respectful discourse. It is particularly important that the team in place has the authority and the ability to make decisions based on business objectives that supersede short-term political gain.

Make sure if you are on the team responsible for brand integration that you are absolutely crystal clear on who gets to pull the trigger on major decisions such as a naming and product alignment.

3

Coping with Integration Fatigue

At some point, roughly six months in, employees get tired. This is simply because human capital has its limits. Dealing with change in publically traded organizations is not easy. The stakes are high. Employees tend to fear the worst, not the best. Management typically asks a great deal of those that are directly involved. It means more work, more hours, more meetings, and more pressure.

Even the most highly performing organizations and management teams at some point will experience lag. It is important that the brand integration team recognize this and then identify how to set the best pace for the newly minted organization.

Instead of doing all the branding in the first three months and simply dropping the brand as a fait accompli, the team should be thinking in terms of long-term brand building activities.