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Renaming in M&A situations

by Bob Domenz, CEO, Avenue

RENAMING IN M&A SITUATIONS: IF, WHEN, HOW AND WHY (OR WHY NOT)

by Bob Domenz

Who are you now? That's a loaded question, invoking elements from every facet of your business—your employees, operations, culture, customers, communications, offering and brand. These myriad pieces are intertwined, and should be evaluated strategically before articulating an answer.

Case in point: your brand name. Will you keep a name from one of the two organizations, and if so, which one? Or does this situation call for a new name, out of necessity or opportunity? And if you do (or don't) emerge with a new name, what message does that send?

For companies undergoing M&A, a name change—when combined with the right communications strategy—can drive home the message that something new is truly underway, to customers and employees alike. It can demonstrate the business is committed to significant change, and reassure anxious parties that you won't abandon what they like best about you.

One way or another, the decision to change (or not change) your name is an important one that has ramifications for your brand image and market presence for years to come.

When a new name makes sense

When Corn Products International acquired National Starch in 2010, a name change was not a foregone conclusion. Each company had been successful for over 100 years, and their names had equity among their respective stakeholders in over 40 countries.

Among employees, the name question was not just a strategic issue—it was an emotional issue. Research revealed there were differing viewpoints internally, with each side passionate about their identity and legacy.

When working with leadership to understand their vision, it became clear that neither name supported the newly combined entity's position as a global provider of ingredient solutions, nor did they reflect the breadth and depth of the combined product offering.

Externally, the existing names occasionally confused customers, partners and shareholders. (As one executive put it, "people think we grow corn.")

"Determining the naming strategy and exploring new names was a collaborative process," said Bob Domenz, CEO of Avenue, which led the brand strategy and naming on the initiative. To get everyone on the same page, a multidisciplinary team was assembled from both companies. After months of exploration, thousands of considerations, and extensive international linguistics research and legal review, the team landed on a winner: Ingredion, which was announced in February 2012.

It's clear the acquisition strategy and new name have paid off. Since 2009, the stock price has increased from $25 to over $77 today. And no employees had to feel like one "side" won over the other, helping to create a unified corporate culture.

When an old name fits best

The Tosca brand story also began with acquisitions, but took a different turn.

A private equity firm acquired two promising entities in the perishable supply chain space: Tosca, a 58-year-old Wisconsin-based company, and the reusable plastic container (RPC) department of the packaging division of Georgia Pacific. This combined entity aspired to become the dominant national player in the rapidly growing food logistics industry.

Although Tosca and the GP division had complementary offerings and customers, they

came with opposite cultures and operating models. Midwestern Tosca had slowly and steadily established dominance in niche markets with a culture focused on employee well being and deep relationships with a select set of customers; GP was a fast-paced business built for growth and innovation, with a culture defined by performance and competition. People on both sides were excited and anxious about what change would bring.

Galvanizing the organization began by working with leaders and lifers from both halves of the business. The strategic planning process yielded a unified mission, vision and values to bring everyone together, a shared culture all parties could rally around, new positioning that addressed what the marketplace was looking for, and a new sales and marketing approach to better connect with customers.

Because the name "Tosca" had considerable equity in key markets, a change was estimated to cause more harm than good. Instead the company has worked to transform the meaning of Tosca from "premium box manufacturer" to "supportive supply chain partner," both internally and externally. A comprehensive rebranding, complete with new capabilities and proof points, demonstrated change and alleviated anxieties better than any new name could.

"The Tosca name had positive connotations with our long-standing customers," said Eric Frank, Tosca's president and the leader of the initiative. "The changes we've made have opened us to more of the market. People are seeing us as the experts who can help them across the entire perishable supply chain."

To name or not to name

Naming is just one of many considerations post-M&A, and the path is not always clear. Finding the best approach requires a clear executive vision and a dedicated team to carry it out.

Here are three suggestions to mitigate risk and improve your chances of success:

1. **Get buy-in early and often**. Assemble a representative team of stakeholders and keep them involved at every step. When the end product is the result of working together, everyone feels ownership and internal adoption and acceptance will be much easier.

2. **Tell a larger story.** If you move forward with a new name, make it a part of a larger story and clear ongoing communications. And even though you are talking about yourself, put things in terms of how the change will better serve those who matter most in all of this: your customers.

3. **Bring in outside help.** An experienced brand strategy firm, with experience in post-merger integration, can lead you through the process, facilitate teamwork and help to eliminate internal discord. Unencumbered by myopia and emotional baggage, an outside expert can help you make decisions for the right reasons.

In the post-M&A fog, your name can often seem like a low-priority item among tectonic shifts in your business. But when so much is riding on just a word or two, it's essential to approach the situation strategically and with an open mind.

With a new mission, broader product line and greater reach after a merger or acquisition, it's essential to ensure that your brand strategy is in line with your new corporate direction, and branding will be a big part of success in the post-M&A entity. It can be a highly emotional decision, but new branding—whether it includes a name change or not—will help communicate your new range of capabilities and offerings.

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