Brand-fill

In a post-merger world, how do you know which brand to keep – and which to trash? | Bobby L. Hickman

When Wells Fargo and Wachovia finalized their merger at the end of 2008, the strategic decision was made to phase out the powerful Wachovia brand with the intent to co-brand the two financial companies in the interim. The decision begs the question: Which brand goes away?

Branding decisions start with reviewing the reasons for making the acquisition, according to Linda Travis, brand consultant and principal of The Brand Renovator. The ultimate goal is to devise a name that embodies the long-term strategic goals for the combined firms.

Travis has been on both sides of the M&A table. She worked with Wachovia for seven years during a time that company acquired a number of smaller brands. There are many factors to consider in choosing a new name, starting with why the merger is occurring, she says. "Are you buying another company chiefly for something it brings behind the scenes, such as technology or expertise? It may not be its brand name that makes the target attractive to you."

Another clear question is whether the deal represents a marriage of two equally strong brands, or whether one company's name is having an image problem. "Are you taking on some baggage you quickly need to unload?" Travis asks.

In some cases, a quick transition to one brand name might be warranted – particularly if one company is smaller, relatively unknown and duplicates products or services offered by the larger brand. "If customers of the smaller one have a favorable impression of the larger brand, there may not be a compelling reason to keep the acquired name," Travis says. "

A phased-in approach – like the current Wachovia-Wells Fargo transition – is more common, she says. "You may also come up with a new name by combining both names, such as JPMorgan Chase," she says. "The company might go by that name for a while, or maybe forever."

One name can also become a division under the other one so that both names continue to exist. A local example is EmployEase, a Travis client that was acquired in 2006 by ADP. The subsidiary is now known as ADP EmployEase. "They haven't totality tried to erase that name because it brings a lot of credibility and positive brand image," Travis says.

She notes professional firms "are a different beast" because they are typically named after partners. While she is not typically involved in their naming process, "I have observed you often have names from both sides going into the new name. They are trying to show the merger is a happy marriage, rather than one dominating the other."

Such was the challenge in 2008 when two Birmingham CPA firms merged: Sellers, Richardson, Watson, Haley & Dunn, LLP, and Donaldson, Holman & West, P.C. The new firm is Sellers, Richardson, Holman & West.

"We went through a good bit of discus-

[Deal Flow] *mergers/acquisitions/investments*

- The **Coca-Cola Co.** became a minority partner in **Innocent Drinks**, a UK-based smoothie maker, in April. The Atlanta-based beverage giant spent $44.1 million and gained a 10 to 20 percent stake in the 10-year-old company that specializes in health drinks made from natural ingredients.
- Atlanta-based **AirSage Inc.** has raised $2.5 million in an angel round of financing. The location-based service startup analyzes mobile phone signals for various services, including traffic patterns and flow. The financers were identified only as American and Swiss angel investors.

Post-M&A branding decisions are becoming more the norm than the exception in local business. Here are a few examples that illustrate who's become whom:

Delta Air Lines is rebranding **Northwest Airlines** under the Delta name in a process that will last into 2010. One reason: Delta ranks high in J.D. Power and Associates customer satisfaction surveys, while Northwest is tied for the lowest score.

Powell Goldstein, the long-time Atlanta law firm, has merged with the larger **Bryan Cave** of St. Louis. Powell Goldstein's offices outside Georgia have been renamed as Bryan Cave – but in Atlanta, the firm is known as **Bryan Cave Powell Goldstein**.

When **First Union** acquired **Wachovia** in 2001, the new company took on the name of the stronger brand, Wachovia. Now **Wells Fargo** is acquiring Wachovia and is putting its operations under the Wells Fargo name.

Jenny Pruitt & Associates and **Harry Norman Realtors** are merging under the Harry Norman name, choosing the latter because of its nearly 80 year history in the Atlanta real estate market. Both companies are owned by **Berkshire Hathaway**.

AT&T acquired **BellSouth**, dropping the BellSouth name and rebranding the two company's **Cingular Wireless** venture as **AT&T Mobility**.

Cisco completed its rebranding of **Scientific Atlanta** last year, with the unit now known as **Scientific Atlanta, a Cisco company**.

sion, and the name flowed out of that," says Robert Holman, managing partner of Sellers, Richardson, Holman & West.

Both firms targeted middle to larger local companies, plus publicly traded companies. Sellers Richardson had been in the market for more than 10 years, while Donaldson Holman had only targeted that market for five years, he says. The companies decided to use "Sellers Richardson" first, followed by "Holman West." The "Donaldson" name was dropped because that partner retired several years ago.

Travis says when comparing two brands, deciding which has more power boils down to "being smart about the marketplace and what they think of your brand."

Market research to determine brand strength "comes down to three areas: brand recognition, brand awareness and brand image," she says. "What do people associate with your brand name? And how well does that image fit with your company's plans for the future?" A strong brand with a loyal following may not win out if it does not fit with the overall business strategy. "Before you make a decision, you need to understand what may be linked to that brand and what you're trading off if you get rid of something."

She adds, "I think that's why a lot of companies take a phased-in approach. You don't want to offend anybody while you're going through the process of change, and you certainly don't want to lose customers who were otherwise attractive to you in your business model when you went into M&A."

Travis says there are two branding models of successful companies. One is those that grow by developing and acquiring leading brand names across different categories. The best known example is Procter & Gamble which has a number of brands across many categories – and some in the same category, such as Gain and Tide detergents. Locally, Newell Rubbermaid is an example of a company that has been successful with number of strong brand names under its umbrella. Their brands include Sharpie, Rubbermaid, Rolodex and Graco.

There are also businesses that grow by extending one brand name across a number of products and services. Travis says FedEx is a perfect example. "Look at FedEx Ground, FedEx Home Delivery, FedEx Same Day, FedEx Kinko's – everything there is FedEx."

There is not one right answer, she says. "In our industry, we say the question is whether you are trying to build a house of brands (like P&G) or build a branded house (FedEx's chosen path).

But how far can you stretch a single brand name? "If I mention 'Sara Lee', do you think of pound cake, hosiery or insecticide?" Travis says. "The Sara Lee company markets all three. I think they're smart about how far to take the Sara Lee name. But it is possible to take the name too far, especially if the product lines are very different."

Another consideration is the cost of supporting multiple brands. "The number of impressions or exposures your marketing dollars will buy you is different if you've got to support one name versus multiple names," Travis says. "If I've got to spread my marketing budget across multiple brands it changes the nature and magnitude of what I can afford to do, and how far my dollar is going to go." BB

mergers/acquisitions/investments [People Flow]

Paul Seidman has been named president and chief executive officer of **Rita Restaurant Corp,** the Madison, Ga.-based parent of **Don Pablo's** and **Hops Restaurants**. Rita purchased 41 Don Pablo's and seven Hops Restaurants in February 2008, and is owned by Massachusetts-based **DDJ Capital Management**.

Tom Noonan joined Atlanta-based **Oversight Systems** as chairman in April. Oversight Systems provides real-time financial reporting software and information security. Noonan is the former chairman, president and CEO of **Internet Security Systems Inc.** (ISS), a local company acquired by **IBM** for $1.5 billion in 2006.