

# Merging More Than Assets

**Key Brand Priorities To Consider in a M&A**

Integrating company cultures under  
a unified brand vision

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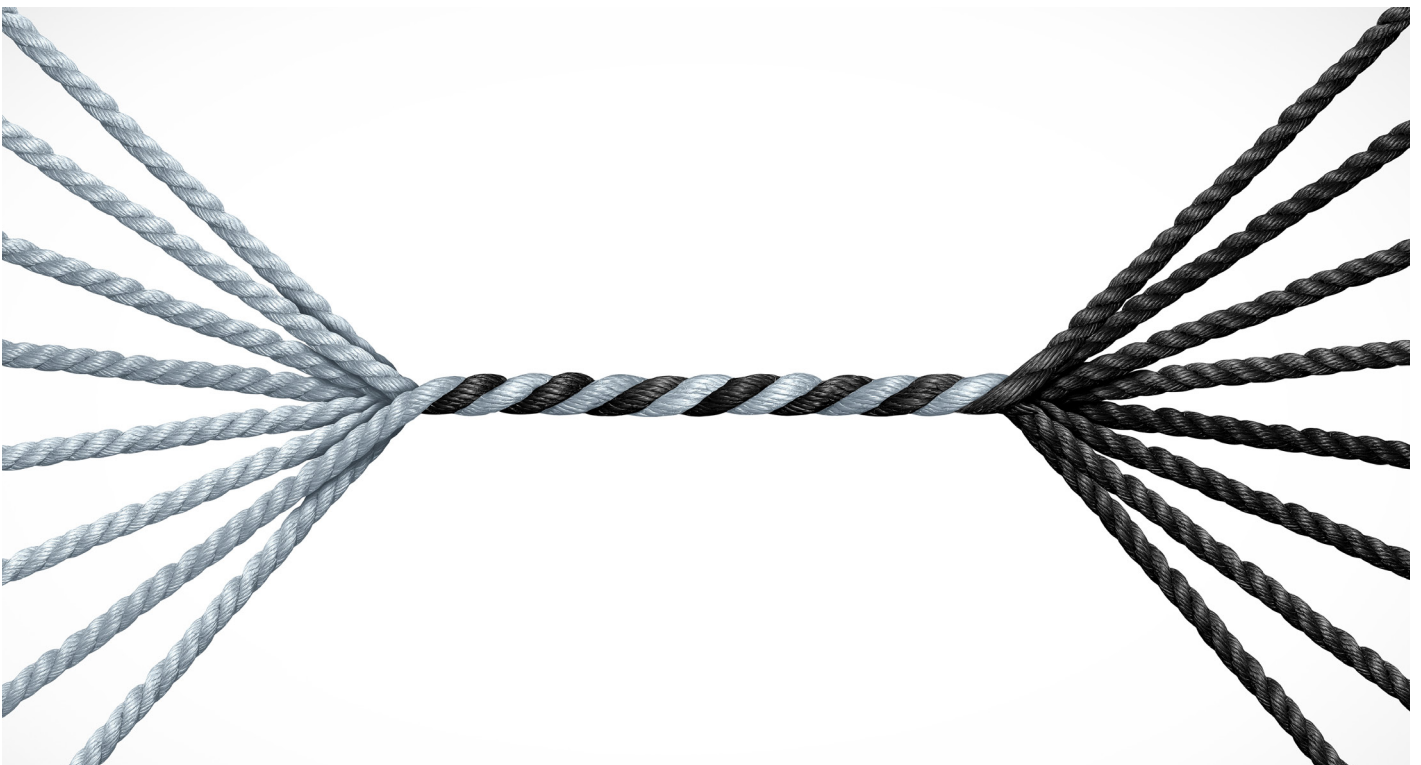
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# Integrating Company Cultures Under a Unified Brand Vision

## Abstract

When undergoing a merger and acquisition (M&A), there are a myriad of factors to consider. From the moment the opportunity has been identified to the press release announcing the deal and at the integration stage, each step entails its own challenges. To ensure successful integration goes beyond financial projections and market share, it hinges on the strategic alignment of brand cultures, values, and identities.

From establishing brand differentiation to navigating integration challenges and reworking brand architecture, this whitepaper provides valuable insights for organizations embarking on the journey of merging more than just assets. By utilizing a brand-led approach throughout the M&A process, companies can foster cultural cohesion, maximize brand value, and set the stage for long-term success.



# 1. Why Brand & Culture Matter in Mergers & Acquisitions

## Introduction

After months of meetings, negotiations, and deal structuring a merger or acquisition deal is finally complete. The parties shake hands, exchange congratulatory accolades, and sign the contracts. Executives celebrate the closing of a thrilling deal that promises perfectly matched synergies, a bigger market share, and growth like never before.

However, the real challenge begins when the celebrations fade, and reality kicks in. Integrating brand cultures, values, and identities is easier said than done, especially without [thoughtful planning](#) and strategic prioritization. Studies and anecdotal evidence have shown that failure to do so can put employee engagement, productivity, and brand reputation at risk leading to difficulties in culture integration and eventually a failed merger.

## Why Brand and Culture Are Two Sides of the Same Coin

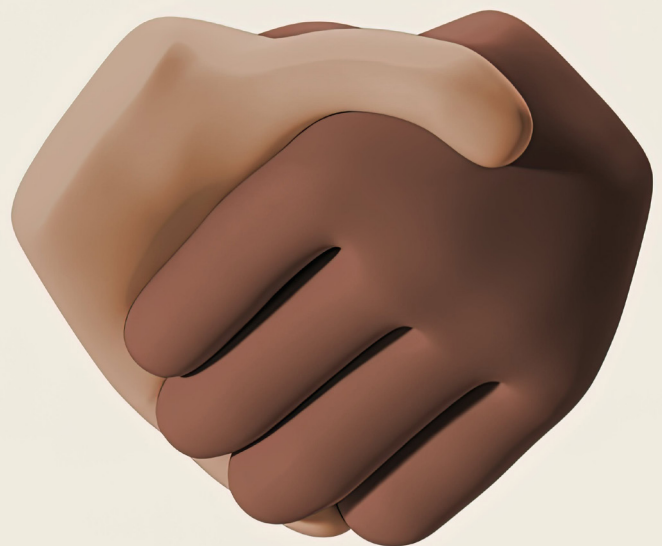
Brand culture goes beyond values printed on the wall. It encompasses assumptions, beliefs, behaviors, rituals, language, and workspace design that become the norm over time. Merging two distinct cultures can easily lead to tension, confusion, and frustration if misalignments are not proactively addressed.

**After all, your culture is your brand.**

Likewise, your brand is the sum of experiences and the perception that consumers have in their minds. It represents the collective customer experience with your people, communications, and environments.

Integrating two brands during a merger or acquisition requires balancing continuity and change across naming, brand identities, messaging, and experiences. Careful attention to brand and culture integration early on is crucial to maintaining employee engagement and productivity, preserving brand equity and customer loyalty, and establishing a differentiated and cohesive identity.

# Brand



# Culture

## 2.

# Brand Priorities to Consider in a Merger or Acquisition

## The Challenges of Mergers and Acquisitions

Mergers and acquisitions (M&A) can be exhilarating, but there's a sobering reality to consider. According to the Harvard Business Review and multiple studies, **70-90% of mergers and acquisitions** transactions fail, and the highest failure rates often occur during the integration stage. Why? Because M&A success is more than just financial projections and market share gains. It requires a delicate balance between two distinct cultures, a merging of identities, and a harmonization of values.

These factors go beyond spreadsheets and boardroom presentations. A study by AON found that **33% of organizations cited culture misalignment** as the reason for M&A failure. Moreover, the survey discovered that cultural integration was an underlying indirect driver of other reasons for failure.

These included delayed integration and numerous business challenges that arose during the deal. (AON Culture M&A Study)



Despite the excitement surrounding M&A pursuits, a lack of meticulous forethought and planning for brand culture integration throughout the deal's lifecycle poses significant risks to the brand culture, employee engagement, customer relationships, and ultimately, the success of the entire endeavor.

To ensure that your new brand is set up for success, keep the following key brand priorities top of mind:

# Priority 1: Brand Differentiation

Establishing a clearly differentiated brand helps define your market positioning and value proposition for both customers and employees. While there may be a temptation to expedite integration by swiftly introducing new branding elements such as a new name, logo, and messaging, this approach risks diluting or losing brand equity in legacy brands that stakeholders deeply connect with.

That is why a [brand strategy](#) is a critical element in M&As, influencing their potential for success. Neglecting this foundational aspect during an M&A can lead to integration breakdowns, causing confusion, resistance, and ultimately failure. To avoid the fate of becoming a failed deal, it's imperative to consider brand strategy at every stage of the process ensuring a seamless, enduring, and valuable brand post-integration.

Having a well-defined brand strategy is essential for companies that want to maximize the benefits of mergers and acquisitions. It helps identify and amplify the combined strengths of the companies involved creating a strong market position that generates value, increases market share, improves customer connections, and attracts top talent. However, in our extensive experience, we've noticed that many M&As overlook the importance of a [clearly defined](#) brand strategy within the wider M&A deal strategy.

Often relegated to an afterthought amidst financial models and operational logistics, brand strategy is a cornerstone of unlocking the true potential of an M&A. To create an effective brand strategy for the deal, it's necessary to take time to survey target audiences and immerse your brand team in current perceptions, associations, touchpoints, and emotional connections. Identify sacred elements not to be altered and potential areas of confusion to avoid. Analyze gaps, overlaps, and synergies across brand identities to inform integration decisions.

By mapping out the core equities and risks, organizations can craft a brand strategy that optimizes legacy associations while forging a distinct unified identity. This involves striking a delicate balance between continuity and change across various brand elements, such as nomenclature, visual identity, taglines, storytelling, and experiences, and implementing phased changes to facilitate smooth transitions.



## Four Dimensions of Differentiation

At Brand Lounge, we subscribe to a brand development philosophy anchored on four dimensions of differentiation, which seamlessly applies to M&As:

### Purpose

Following a merger, your brand purpose will inevitably need to change or evolve to reflect a unified vision between the two companies and what they represent as one.

### Innovation

The very nature of an M&A stems from innovative thinking and identifying a way to achieve market dominance by combining the strengths of two companies. This needs to be evident when creating a brand strategy for your M&A.

### Culture

Brand culture and employee engagement are integral to a successful deal. A unified brand culture fosters a sense of belonging and shared purpose, motivating employees to contribute to the success of the merged entity.

### Image

Developing a cohesive brand identity is necessary to build trust and clarify the value proposition of the new entity, which in turn ensures a seamless transition.

**Amidst the myriad priorities in an M&A, brand culture emerges as one of—if not the—most critical considerations.**



## Priority 2: Why Brand Culture is the Missing Link

Brand culture is imperative for any business strategy, particularly within the context of an M&A. Culture encompasses those shared values, experiences, and intangible elements that attract and retain talent, forming the very soul of a company. Integrating two distinct brand cultures requires sensitivity, nuance, and a deep understanding of the “human puzzle” at play.

Consider the challenges: merging leadership styles, bridging differing employee values, and forging a sense of shared purpose. Ignoring these can lead to internal disharmony, confusion, talent drain, and a disconnect between employees and the new brand.

Different communication styles, decision-making paces, rituals, and workspace expectations don't necessarily have to be in conflict. Still, they can cause tension if not proactively addressed. To avoid these pitfalls, a deliberate approach is key.

# Navigating the Cultural Crossroads

## Empathetic Assessment:

Avoid dictating new cultural norms without understanding existing ones. Survey employees across all levels to map both formal and informal cultural components, identifying gaps, synergies, and sacred practices. Analyze findings across dimensions like collaboration, innovation, transparency, recognition, and leadership. Prioritize integration efforts while retaining legacy strengths.

## Beyond the Surface:

Involve cross-functional cultural working groups in shaping an aspirational culture framework. Ensure alignment with brand identity and strategy. Leverage new hire orientation, training, job rotations, and celebrations to breathe life into the evolving brand experience. Continuously monitor integration success through pulse surveys and support needs.

To foster cohesion, you must take a step back and understand what truly makes each culture unique before determining areas of misalignment. This requires immersing yourself in the employee experience through observation, meetings, and anonymous surveys. As patterns emerge around communication styles, decision-making, work/life balance, and innovation, you can pinpoint integration priorities and minimize areas of future tension.

## Co-Creating the Future:

Involve cross-functional cultural working groups in shaping an aspirational culture framework. Ensure alignment with brand identity and strategy. Leverage new hire orientation, training, job rotations, and celebrations to breathe life into the evolving brand experience. Continuously monitor integration success through pulse surveys and support needs.



## Leveraging Strengths, Building Bridges:

With core cultural components mapped, avoid the temptation to fit them like a puzzle. Instead, capitalize on the strengths of each to build a new and improved culture. Institute working groups, role swaps, "buddy systems", and new hire orientation programs to transfer knowledge and encourage bonding. Celebrate quick wins and milestones to maintain momentum.

## Vision in Action:

Align processes and policies with your unified brand mission so values permeate all aspects of work. Revisit rewards systems, training programs, workspace design, and language nuances that enable your vision. Consistency in these visible artifacts reinforces the culture you aspire to achieve.

**Fostering an integrated brand culture post-M&A demands dedication, but the rewards are substantial.** By prioritizing this hidden gem from the outset, you unlock synergy, boost performance, and position your new brand for long-term success. Your story becomes a definitive case study, showcasing the transformative power of deliberate cultural integration.

## Priority 3: Integration Challenges

The road to post-merger integration is fraught with potential pitfalls, ranging from aligning major policies and internal communications to navigating IT systems consolidations and maintaining morale and productivity. Proactive planning and mitigation strategies can significantly facilitate a smoother transition post-M&A.

While a well-integrated brand culture can fuel M&A success, overlooking its importance can lead to costly consequences. Consider the acquisition of [Whole Foods by Amazon](#) in 2017, which, while innovative from a financial perspective, faced significant challenges due to cultural misalignment.

Amazon's data-driven, efficiency-focused culture [clashed with Whole Foods'](#) organic employee-centric ethos. Consequently, Amazon's cost-cutting measures and rigorous performance metrics diminished Whole Foods employee well-being and customer service, resulting in frustrated employees and a talent drain.

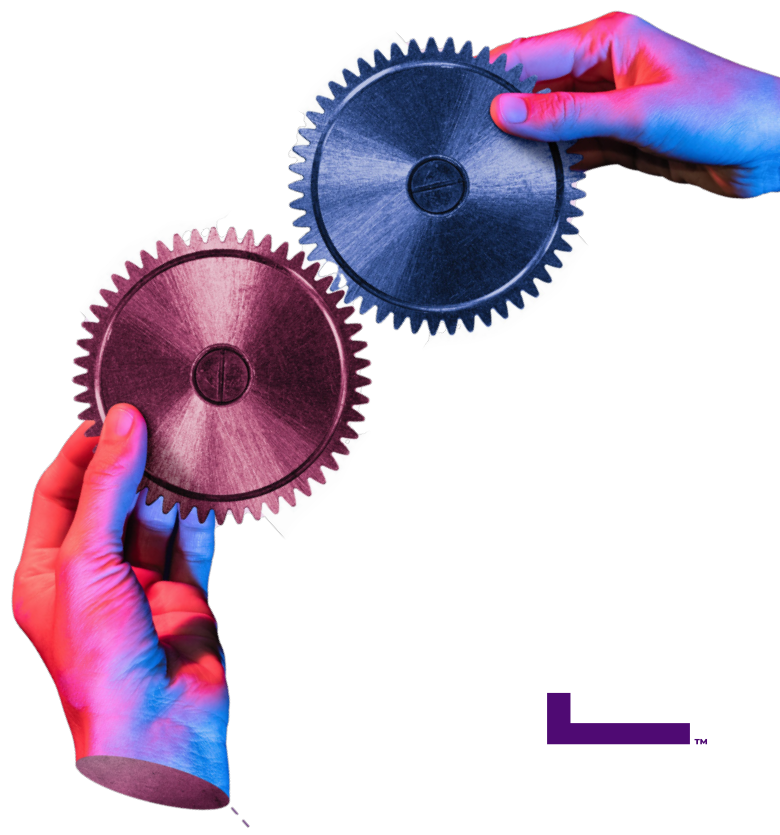
These cultural friction points led to a decline in customer satisfaction, employee morale, and ultimately, brand performance. While the merger did survive, it serves as a stark reminder of the potential pitfalls of underestimating the role of brand culture in M&A success.

Challenges such as communication disconnect, loss of brand equity, and employee dissonance underscore the importance of a well-defined brand strategy in addressing these issues head-on. This can facilitate clear communication, build a compelling narrative around the new company, and foster a united, engaged culture.

To navigate these challenges effectively, businesses should begin by conducting a comprehensive risk assessment across all business functions, gauging complexity and interdependency factors across brand, people, processes, and technology transitions. Identify key milestones and workstreams to construct a detailed integration brand roadmap that clarifies the work plan, timelines, and measures of success.

Additionally, assigning integration leads to own different mitigation plans for critical risk areas and empowering them to assemble cross-functional teams can help maintain productivity and ensure integration success.

Finally, manage integration obstacles by proactively communicating timelines, measures, and expected changes to employees across both companies. Be transparent about rationale and decisions to ease uncertainty. Maintain employee morale with celebrations of quick wins and provide forums for people to voice out their concerns and bond through the transitions.



## Priority 4: Brand Architecture for the M&A

In an M&A scenario, careful consideration of each element is essential in the post-merger landscape. While often executed well, the absence of a brand-led perspective leaves gaps.

One such critical component is [brand architecture](#), which refers to how a company's brands are organized and presented to consumers. Developing a brand architecture plan in an M&A is imperative to ensure that the portfolio is well-organized, positioned, and valuable.

A well-designed brand architecture, integrated into a broader brand strategy, serves to clarify the relationship between different brands within the merged entity.

### Food for Thought:

Is it a branded house, a house of brands, or does it fall somewhere in the middle? It establishes a clear hierarchy that mirrors the company's values and priorities, preventing brand confusion and ensuring messaging resonates with diverse audiences.

When assessing brand architecture in an M&A, factors such as brand equity, customer perceptions, and market positioning must be evaluated.

Will the brands be consolidated into a single entity, or remain separate? Will the merged entity maintain different product lines or offer a blended portfolio? How will pricing strategies be harmonized while remaining competitive and value-driven?

### Guiding Tenets:

The answers to these questions will inform the brand strategy and contribute to creating a unified brand that leverages the strengths of both companies while minimizing confusion and maximizing value for customers. By adopting a thoughtful and brand-led strategic approach to an M&A, companies can ensure that their efforts are successful and sustainable in the long term.

# Building Your M&A Brand Roadmap

**Integrating brands, cultures, and operations can unlock tremendous potential in mergers and acquisitions. But to achieve this, it's crucial to not let brand strategy remain a theoretical afterthought by prioritizing it early on and weaving it into every aspect of the M&A process.**

## Discover the Brand:

Following a merger, your brand purpose will inevitably need to change or evolve to reflect a unified vision between the two companies and what they represent as one.

## Differentiate:

Identify the [ideal positioning](#) for the merged company and communicate the new brand story consistently across all channels, both internally and externally. Embrace the change and understand that brand integration is a journey, not a destination. Be open to adapting and refining the brand strategy as you learn and grow.

## Uncover a Unified Purpose and Define Future Vision:

Following a merger, your brand purpose will inevitably need to change or evolve to reflect a unified vision between the two companies and what they represent as one.

## Refine Approach:

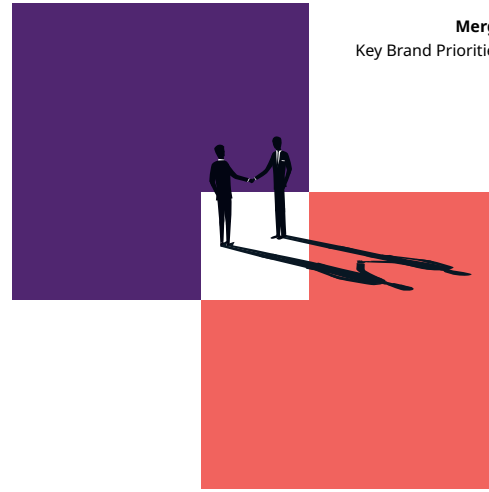
Continually evaluate ongoing feedback, challenges, and learning to adjust the course as needed. The path to integration success lies in diligent upfront planning, proactive risk mitigation, cross-functional involvement every step of the way, and continual monitoring to enable quick pivots.

## Construct Integration Roadmap:

Detail all key workstreams, actions, accountability, timelines, and interdependencies. Enable the working groups to shape the new brand strategy, brand culture, policies, programs, events, and communications. Monitor integration success by tracking the progress of the strategy through surveys, pulse checks, and milestones deliverables.



# Actionable Insights



Stage			Activity	Recommendations
Pre M&A			Discover the New Brand	Map brand components, identify synergies, gaps, and risks. Assess employer cultures and unique values. Share vision and expected changes for alignment.
			Define Future Vision	Shape aspirational brand identity, cultural framework, and craft a compelling narrative for stakeholders.
			Construct Integration Roadmap	Detail key actions, timelines, and enable working groups to shape the new brand strategy
During M&A			Monitor Integration Success	Track progress through surveys and milestones.
			Uncover a Unified Purpose	Define core values, mission, and personality of the new entity, ensuring resonance with both organizations.
Post M&A			Differentiate on the Market	Identify ideal positioning and communicate the new brand story consistently across all channels.
			Embrace the Change	Understand brand integration is a journey, stay open to adapting and refining the brand strategy.



# Final Considerations

**Though it may seem daunting, properly allocating the necessary resources and effort at the outset can help you realize the full potential of your merger and establish a unified brand that exemplifies cultural cohesion.**

With collaborative efforts across critical brand and cultural components, you will set the stage for becoming a true example of successful integration. By prioritizing your brand strategy throughout the M&A process, you move beyond a simple financial transaction to create a strong and unified entity that can maximize its brand value.

Remember, a successful merger isn't just about aligning financials, but about aligning your brand culture, identity, and promise under a shared banner that inspires both customers and employees alike.

**Investing in your brand culture is the key to navigating through pre-merger confusion and achieving post-merger clarity ensuring long-term success.**





## About

# Brand Lounge



Brand Lounge is a strategy-led brand consultancy with offices in Dubai and Riyadh. Founded in 2006, we are the regional partner of Trout and Partners, extending our reach to over 20 countries.

We understand the value of lasting partnerships anchored in a shared vision and co-creation. Our award-winning track record stems from collaborations with renowned organizations such as Emaar Group, Salehiya Healthcare, Del Monte, Etihad Rail, Daman Insurance, Michelin, and P&G.

At Brand Lounge, we develop differentiated brands that fuel growth. We follow a three-step methodology: discover, uncover, and differentiate. We discover who you are, uncover your strengths, and then leverage these insights to differentiate your brand.

Our philosophy for brand development revolves around four dimensions of differentiation: purpose, innovation, culture, and image. Together with our proven approach, these dimensions enable us to create compelling and memorable brands time after time.

To learn more about how we can help you maximize your brand's value, visit us at [brandlounge.com](https://brandlounge.com).





# Our Approach to Brand Culture

Brand Lounge People (BLP) is our specialized Brand Culture Practice, dedicated to driving exceptional brand-led culture change.

Our mission at BLP is to identify critical gaps in brand cultures, employer branding, and employee experiences, serving as the trusted partner for leaders and organizations striving to establish strong brand cultures.

We firmly believe that thriving and enduring brand cultures are not just nice-to-haves but essential pillars of successful modern organizations. That's why we offer a comprehensive suite of services, ranging from employer branding programs to culture transformation initiatives, all meticulously crafted to unlock the full potential of brand-led culture management.

Our approach encompasses thorough culture audits and assessments, transformative culture programs, strategic employer branding initiatives, leadership and culture coaching, engaging culture activation events, and much more, all guided by a brand and strategy-led framework.

At BLP, our commitment is unwavering: we are dedicated to empowering organizations to cultivate brand cultures that propel them towards sustained success and maximize their brand value.

To learn more about how we can help you with your culture transformation please [visit us here](#)



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**We develop differentiated brands  
that maximize value.**

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