

Change Communications – Mergers & Acquisitions

KEY STRATEGY DRIVERS

Mergers and acquisitions are complex undertakings with many factors needing to be taken into account to assure a smooth and successful integration of institutions. Although the biggest impacts will be felt by the acquired (or merged) institution, key strategy drivers will often impact both organizations. Here are some that might be considered:

- Type of merger/acquisition – e.g., merger of equals, a voluntary acquisition or an FDIC-assisted acquisition
- Whether the acquired/merged institution will remain a separate charter, retain its local identity, or be fully integrated and rebranded under the surviving institution
- Timing – whether immediate (as with an FDIC-assisted acquisition), in preliminary stages or date certain with definitive agreement
- Markets served – e.g., distinct separate geographic markets, contiguous or overlapping markets
- Surviving (or new) vision, mission, value proposition and brand promise
- Business units – e.g., retail banking, business banking, investments, wealth management, trust, mortgage, etc.
- System capabilities and/or limitations, including core processors and other system applications – integration plans and timing of changes
- Anticipated community and/or employee impacts (e.g., reaction to FDIC-assisted acquisition, anticipated branch closures, etc.)
- Competitive opportunities and/or threats
- Alignment of product and service offerings

SITUATION ASSESSMENT & PLANNING

A situation assessment should be designed to gather information and insights that will guide the development of a strategy and implementation plan. This assessment would encompass the following areas:

- Basic information about both organizations (e.g., assets/deposits, number of branches, markets/communities served, institution customer/member profiles, products/services offered, target markets, etc.)
- Understanding of strategy drivers and factors noted above
- Competitive review (market position, locations, products/services, marketing/ advertising, etc.)
- Identification and understanding of challenges and risks (e.g., financial/regulatory issues, system conversion(s), market overlaps, branch closures, employee impacts, customer/ member impacts, anticipated community reaction/support, etc.)
- Identification of merger/acquisition team and resources (roles, responsibilities, process, etc.) – including senior leadership – decision makers, business leads, M&A program manager, marketing & public relations, product management, systems/ operations, data management, human resources, legal/regulatory, etc.

This assessment should guide the development of a comprehensive merger/ acquisition communications and marketing plan to support organizational integration situation and objectives, to include the following areas:

- Employee Communications
- Customer/Member Communications
- Media Communications & Public Relations
- Community Communications & Community Relations
- Other Marketing Support
- Product Offerings
- Staff Training

Note: Legal counsel and compliance must be involved in and approve all internal and external communications as determined by senior management.

EMPLOYEE COMMUNICATIONS

Employee communications should include all employees of both organizations and could include the following elements:

Executive/Senior Management/Key Employee Communication: Key “need-to-know” employees will be informed as determined by decision-makers and legal counsel.

Initial Announcement: All-employee meeting immediately following definitive agreement, with hand-out packet of information

- Media contacts and procedures
- Initial press release
- FAQs & talking points
- Timetable as known
- General employee impacts as known (or not)

Ongoing Updates:

- Specially branded email employee newsletter published frequently throughout process to keep employees fully informed on merger/acquisition progress, developments, process, impacts, etc. – an intranet website could also be used to support employee communication
- Staff meetings – all employee and/or functional groups as determined
- Copies (hard copy and/or email) of all customer/member communication – with background information as appropriate

Note: Employee communication does not include HR-related communication regarding specific staff impacts.

CUSTOMER/MEMBER COMMUNICATIONS

Potential customer communications include the following, with appropriate channel(s) determined based on specific situation (to include: personalized mailings, emails, targeted phone calls, web site, branch signing, newsletter updates, social media, VRU, online banking, etc.). Possibly develop a special merger/acquisition web site section available to customers/members that can serve as a consolidated portal of information.

Initial Announcement: Develop and send an announcement communication to customers/members being acquired, as well as existing customers/members.

Welcome: Develop a welcome letter and informational "packet" to impacted customers/members – welcoming them to the new organization, informing them of key changes and emphasizing advantages and benefits, providing information on locations, online services, contacts, other changes, etc.

FAQs: Develop a base FAQ document, to update continuously as more information is made available and/or questions arise – for availability in branch and on web site(s)

Product & Service Change Notification: As applicable, develop and send communications to account holders impacted by changes, to include description of changes, impacts and options; supporting collateral; applicable disclosures/terms & conditions; etc. Depending on scope of changes and conversion plans, existing account holders may also need to be included in the notification process.

Branch Changes/Closures: If applicable, notify account holders identified with impacted branches of the changes/closures by mail, email and targeted phone calls.

Customer/Member Calls: Identify and assign calling of key and/or high risk customers/ members – including recovery calls to those closing accounts.

Customer/Member Feedback: Develop process for addressing account holder concerns and questions (and link back to FAQs as appropriate).

Ongoing Communications: Develop targeted, multi-channel customer/member onboarding, retention and cross-sell communications plan and calendar.

MEDIA COMMUNICATIONS & PUBLIC RELATIONS

A comprehensive and well executed media and public relations plan can be invaluable in gaining support for mergers and acquisitions, and should include these elements:

Media Plan:

- Develop list of media contacts for press release distribution and other communications – including “friendly” publications/reporters that can be helpful supporters
- Determine internal media contact, through whom all inquiries filter
- Determine spokesperson who will represent both institutions with the media, community organizations and other interested parties
- Develop key messages and talking points – including responses to potentially sensitive and/or challenging questions

Policies/Procedures:

- Develop and communicate policies and procedures for ALL employees across the organization, including staff, board, senior management, etc.

Press Releases, Interviews:

- Issue press release announcing definitive agreement (approved by designated senior manager and legal)
- Reach out to identified publications/reporters for interviews and special coverage of the merger/acquisition (if appropriate)
- Determine and develop follow-up press releases, interviews, etc.

COMMUNITY COMMUNICATION & COMMUNITY RELATIONS

Depending on the circumstances of the acquisition/merger, a visible reconnection with the community may be required, and could include the following:

Community Outreach: Identify and schedule receptions, meetings and events with community leaders, civic organizations and others to demonstrate community commitment and convey a positive strategic message

Community Sponsorships, Board Memberships & Community Involvement: Develop and implement an organizational strategy for determining community sponsorships, board memberships and community involvement that are consistent with the institution’s brand, vision, mission and value proposition – integrating identified opportunities into key organizational objectives and individual goals

OTHER MARKETING SUPPORT

Marketing support may encompass a broad range of interrelated requirements and considerations – as determined by the specific merger/acquisition initiative. Areas to be considered include:

Branding: Develop and execute plan depending on brand decisions – depending on scope, may need to be integrated, standardized (with graphic standards) and communicated broadly internally and externally.

Marketing Plan & Calendar: Build a comprehensive marketing plan, 12-month calendar and budget specific to the merger/acquisition, supportive of all business units (e.g., retail, business, mortgage, investments, trust, etc.) and integrated into the overall FI marketing plan, including:

- Collateral (product brochures, location guides, about us brochures, posters, counter cards, etc.)
- Media (newspaper/magazine print ads, radio, outdoor)
- Direct marketing (onboarding, retention, cross-sell, new market acquisition)
- Marketing campaigns and promotions
- Promotional items
- Events, including open houses, receptions, etc. (audiences may include customers/members, business and community leaders, businesses, community residents)

Channel Communications & Marketing: Develop and execute supporting strategies and required actions by channel, to include branding, changes, announcements, messaging, etc.:

- Branch signage and merchandising (internal/external, short- and long-term)
- Internet/website (including transition/redirects, landing pages, links, new customer/member information sections, SEO/SEM, social media, etc.)
- Online banking & bill pay (transition, landing pages, usage instructions, promotional messaging)
- Email
- Mobile
- ATMs
- VRU and contact/call center
- Newsletter(s)
- Directories
- Forms, statements, notices and documents

Customer & Employee Surveys: Develop and execute surveys directed to both segmented customer samples and employees

- Customers: Response to merger announcement and resulting changes; loyalty and propensity to move relationships; areas of concern needed improvements
- Employees: Overall understanding and knowledge – communication effectiveness; feedback on changes and identification of areas of concern; support of changes and commitment to new organization

Branch Mystery Shops: Develop and execute branch mystery shops following the merger/ acquisition announcement and at critical points during implementation – to both assess how employees are communicating the changes and addressing customer questions and concerns, and identify areas for improved communication and education.

PRODUCT OFFERINGS

Although product decisions and actions often take place in the weeks and months following a merger/acquisition, it's important that they be integrated into the overall planning process. A number of factors may need to be considered in determining what, if any changes need to be made to current products of either institution, including:

- Strategic decisions – e.g., charter consolidation, common product offerings, product/service “fit” with merged organizational strategies/priorities, etc.
- Distinct value-add offerings not offered by the acquiring institution
- System capabilities and/or limitations, and conversion plans and timing

A comprehensive review of all products and services impacted by the merger/acquisition would include a customer/member profile review and product/service assessment:

Customer/Member Profile: An understanding of current and targeted customers/ members is important in guiding product decisions – including consumer/business demographics and key segments; product usage and relationships; transaction behaviors; channel usage; profitability; satisfaction and loyalty; etc. – as well as communications requirements and considerations.

Product Assessments by Business Line: While not necessary in some mergers/acquisitions, a full product assessment may be needed to enable informed decision-making regarding products and services to be offered to account holders of one or both institutions. These factors are examined in conjunction with the customer/member profile findings to include:

- Product/service “inventory” and comparison
- Penetration and usage of products
- Channel usage
- Pricing and profitability
- History of product changes (new features/benefits, structure and pricing)
- New and closed account trends
- Competitive review
- Legal/regulatory compliance (disclosures, policies and practices)

Product/Service Planning: The customer/member profile and product assessments will guide the recommendations for changes to product and services offered, pricing, timing, customer/member communications, training, etc.

TRAINING

Critical to successful integration of newly acquired/merged organization(s), is assuring employees are well-informed of the impacts and changes. Comprehensive training should be developed and delivered to all financial institution employees, providing them with information and tools necessary to successfully complete their day-to-day responsibilities (customer/member-facing and internal support) and ease the transition for both customers and employees.

All Staff Training: Training sessions for all existing and newly acquired employees should be held promptly to provide an overview of the organizational and operational structure, answer questions and begin the process of integration. Such training would include:

- Mission/vision statements
- Organizational leadership team
- Footprint (branch locations/hours, etc.)
- Channel information (e.g. ATM locations, call center, website, online banking/bill pay)
- Transition plan
- Resource lists and contact information (e.g. employee roles/responsibilities, phone numbers, email addresses, etc.)
- Availability of resources such as FAQs and contact resources to address acquisition-specific questions/issues

Customer Contact Staff: More area-specific and focused training should be delivered to customer/member contact staff (personal bankers, tellers, lenders, call center, etc.) to provide an overview all areas that impact their ability to provide top-level customer/ member service. Training topics include:

- In-depth review of all products/services, including conversion information if applicable (separate training by role (lender, personal banker, teller, etc.) may be warranted)
- Expansion of product/service offerings such as trust, investment, insurance, mortgage, etc.
- Sales systems and tools utilized (e.g. CRM, core applications, etc.)
- Sales compensation/incentive program
- Sales quotas/goals
- Review of current marketing programs/offers/specials, etc.
- Managing customer objections/complaints/concerns

TEAM CAPABILITIES & RESPONSIBILITIES

| Area of Responsibility | Tasks | | | |
|--|--|--|--|--|
| Situation Assessment | <ul style="list-style-type: none"> • Information gathering • Strategy drivers • Market & competitive review • Challenges/risks | | | |
| Analytics | <ul style="list-style-type: none"> • Database analysis • Segmentation (e.g. MCIF, P\$YCLE, etc.) • Trade area analysis | | | |
| Strategy | <ul style="list-style-type: none"> • Communications, product, marketing, training | | | |
| Product | <ul style="list-style-type: none"> • Product assessments • Product redesign • Product mapping • Conversion planning | | | |
| Data Management | <ul style="list-style-type: none"> • File integration (merge/purge) • File hygiene & address standardization • Data enhancements/appends • Segmentation & data mapping • Data processing, audits, documentation and reporting | | | |
| Creative | <ul style="list-style-type: none"> • Messaging/content development, design | | | |
| Customer Communication – Direct Mail | <ul style="list-style-type: none"> • Personalized digital and/or offset print production • Laser imaging • Fulfillment/mailing services | | | |
| Customer Communication – Cross-Channel | <ul style="list-style-type: none"> • Personalized email communications (SubscriberMail) • Call center conversion support and targeted outbound calling • Web and other channel support | | | |
| Training | <ul style="list-style-type: none"> • Training plan, calendar and delivery | | | |
| Project Management | <ul style="list-style-type: none"> • Task, team and timeline management | | | |
| Implementation, Tracking and Management | <ul style="list-style-type: none"> • Establish and monitor key metrics (e.g., closed accounts, attrition, cross-sell) • Customer/member surveys • Employee surveys • Branch mystery shopping • Reporting | | | |