

Naming and crafting a spinoff brand

Interbrand

Naming and crafting a spinoff brand

Spinoffs. Divestitures. Starbursts. There are many reasons why a segment of a business is separated or severed from its source company—a split, streamlining, strategic focus, growth strategies, investment in pure play, and, of course, higher valuations and increasing shareholder value.

A spinoff is a highly complex process, with hundreds of moving parts, and significant organizational, legal, and financial implications. It requires strong leadership direction, and finely-tuned project management. And it poses many questions amongst all stakeholders that need to be answered clearly and promptly in order for it to succeed. But it seems the question that's most often, and most loudly, asked is—what do we call it?

While the name and associated identity of a spinoff company—or SpinCo—is certainly not the only thing that needs to be solved, it is the strongest and most visible indicator of what this new brand will become, which is why the leaders of a spinoff are pressured early to answer this question. And the reason why so many stakeholders—from employees to investors—feel invested in it right from the start.

Getting to a name and identity that works is no easy task. So solving it early is not just important for answering stakeholders, it's a key component of many milestones on the road to launch, milestones that can be compromised if there's no final solution. From trademarks to S1 filings, from business cards to banners at a stock exchange, the name and identity are critical.

But it's what the process of naming demands of leadership that makes it so valuable: clarity, focus, and consensus—all vital to the success of a spinoff company.

Clear and focused brand and business strategy

Any good spinoff naming process should solve one thing first—who do we intend to be? That

question demands a real and honest assessment of three key areas: what are the foundational strengths the SpinCo needs to retain, what are the differentiators that sets this new entity apart, and what are the opportunities that emerge for the future?

It's only through clarity of business and brand strategy that a creative brief for a name can even be written. It's also the only way that the swift selection of the final name can happen, because it highlights the criteria every decision maker should use to evaluate and select a name. A clear and focused strategy helps determine how to achieve the most immediate transfer of positive equity from the source company, and make a powerful statement about the future of the new spinoff brand.

Gaining stakeholder consensus

The very process of selecting a name is an excellent way of gaining consensus amongst a leadership team. Typically, the process of naming is led by a steering committee comprised of the spinoff's leadership, and in some cases, leaders from the source company.

Defining SpinCo's brand and business strategy, and selecting a name and identity for it, demands that this team work closely together, to make significant decisions, often in a short span of time. This intense creative process helps clarify a lot about the future of the spin, and helps rally the new leadership team around a singular expression.

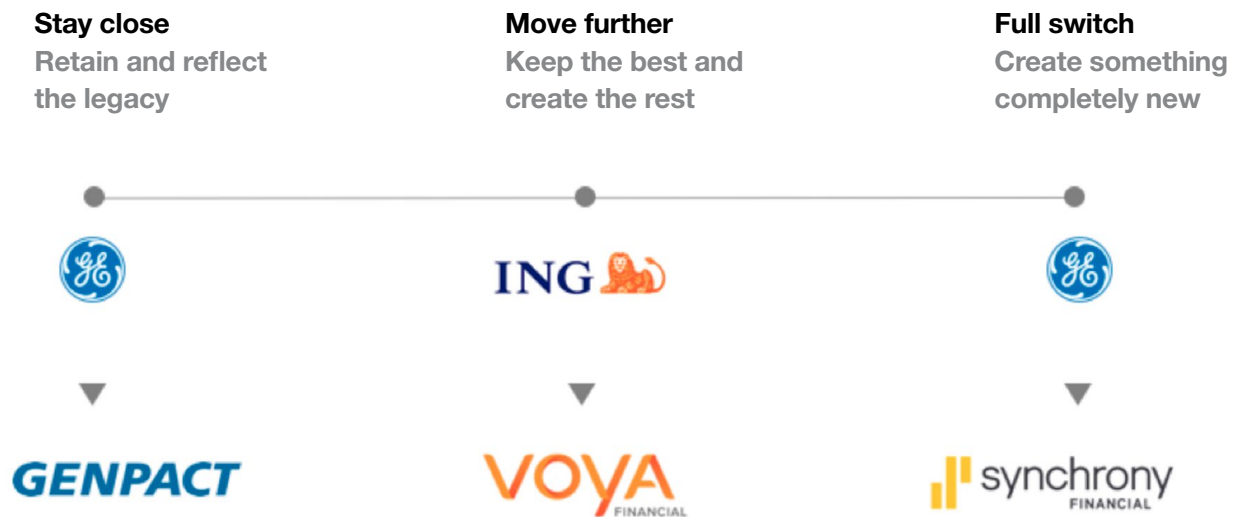
It's also worth considering that a significant rebrand is not something that happens often, even though spinoffs are common in today's marketplace. Many brand leaders are in fact participating in a process that's both new and welcome, with the opportunity to craft a new legacy in one of the most visible and enduring elements of a brand.

The name is the first tangible public expression of a spinoff. All eyes are on you.

That sounds like a lot for a humble naming process. But christening a new organization is not just a creative exercise—the name is the first tangible public expression of the new company. All eyes are on you, and until all stakeholders get to truly experience the new company at play, the name and its identity are the one thing that they have by which to assess and measure the future of SpinCo. So make it count.

There is no right or wrong answer to a great name—it depends entirely on the ambition and creativity of SpinCo and its leadership, the appetite for change, and the relationship it must have with the source company. Do we stay close in, or challenge everything?

Equity retention versus differentiation



Stay close Retain and reflect the legacy

In some cases, SpinCo gains the most by retaining as many of the branding elements of the source company as possible. This is especially true for spinoffs that are highly specialized, have a highly select audience, and especially where investment in communications about the rebrand is limited. This strategy ensures that as much of the equity of the source brand is reflected immediately. The tactics for such an approach include borrowing from the name, whether it's taking segments of the name (letters, suffix, prefix) and using them to create a new name. It also includes borrowing elements from the visual identity, such as color, graphic elements, and tone.

While this strategy leans on the familiar for equity transfer, the opportunity for differentiation should not be missed. Those can be found in other brand tools, such as internal and external messaging, which can be used to clarify SpinCo's new and differentiated value proposition, through the transition phase and beyond.

Move further Keep the best and create the rest

In the strategic phase of the brand's creation, it's vital to assess and define which elements of the source brand provide the greatest equity for the new brand. Some of these attributes can be found in the identity. Some are internal, such as personality, values, and business processes. This strategy tends to favor a new name that captures the essence of the new brand, but retains distinctive elements of the source identity, such as personality, tone, color, and graphic style.

One thing to consider in this strategy, especially if the elements retained are internal, or not immediately evident, is that messaging needs to be balanced—it has to highlight the retained elements as much as the new ambitions. The transition strategy should be managed as though the entire identity is new, and the naming story must serve to combine the best of source and future.

Full switch

Create something completely new

And then there's the business case for a complete change. This strategy is often applied to spinoffs that are highly profitable and highly functioning, where reliance on the source company is mostly necessary in the transition phase, but a completely differentiated (from source and competitors) brand can help propel its growth strategy.

Not surprisingly, this strategy demands that the transition between the source company and spinoff is managed with great care and clarity. It leans heavily on messaging—from simple transition taglines, to the stories crafted for employees, shareholders, and even media. It must anchor the new with key source elements. Here, a naming story is critical, because it will be front and center at the start, and that story has to speak as much to the business strategy as it does to the selection of the name.

Regardless of strategy, whether close in or far out, naming and identity for a spinoff is a process that brings out the best strategic and creative thinking in all those involved. And then that's delivered in a single word (or two). But the name is just the start of a new journey. Once the new SpinCo brand is out in the marketplace, once people experience it for themselves, they will stop analyzing the name's definition, and start associating it directly with the experience. The name must grow into the brand, and the brand into the name.

Here, a naming story is critical, because it will be front and center at the start, and that story has to speak as much to the business strategy as it does to the selection of the name.

Get in touch



Paola Norambuena
Chief Content Officer
paola.norambuena@interbrand.com

Paola Norambuena is Interbrand's Chief Content Officer. With over 18 years' experience, developing global integrated brand, marketing and creative strategies that position companies for significant growth, Paola ensures Interbrand's thought leadership and marketing initiatives are breakthrough in the marketplace.

Twitter: @panoram
LinkedIn: Paola Norambuena