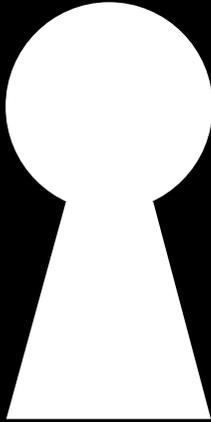


**Interbrand**

**Keep the best,  
change the rest**

**From spinoff to growth**



# The value of a spinoff

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**A spinoff is driven by valuation, and unlocking shareholder value.**

Fast changing economies, increasingly active markets, and the pressure on business leaders and investors to focus on unlocking shareholder value has led to very deliberate moves in the marketplace.

While Mergers and Acquisitions increase in popularity, as a means to quickly expand and diversify in the global marketplace, a seemingly counterintuitive approach is also on the rise—getting smaller.

Companies are looking at de-mergers or divestiture in order to refocus their businesses and position themselves for growth. That's where a spinoff comes in.

## Spinoff as a growth strategy

There are many strategic imperatives that drive organizations to decide on a spinoff. Whether they come from within or without, all reasons center around growth.

Spinoffs have a clear advantage—they can increase the focus on the core, which in turn reduces distractions and improves performance and potential margins, as well as the ability to raise capital and introduce more nimble growth strategies. It can also provide an incentive for the stakeholders in a spin, who are motivated by new opportunities for success.



## Enhanced strategic focus

Despite the benefits of a diversified organization, spinoffs can bring the brand and business into sharper focus on both sides of the split. Resources can be better allocated, and management can be distributed or recruited in order to better lead business performance—and ensure longer-term growth.

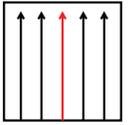
Whether divesting underperforming units or investing in fast growing verticals, the resulting more-focused businesses also provide a better view for investors, which can attract new capital.



## Investment in fast-growing or pure play businesses

A spinoff allows divisions to pursue separate, tailored strategies and flourish as brands of their own. Whether specializing in a niche or focusing on a core competency, the new business has a unique opportunity to define not only a compelling brand proposition, but an investment proposition—as much to retain investors as to attract new ones.

A freed-up, focused business with brand equity, operations, assets, and/or growth potential is attractive to investors or well-aligned partners, especially ones who are interested in a particular sector or growth strategy.



## The outcomes of spinoff

Regardless of the business driver behind a spinoff, it must have a strong brand to match its business ambition—going well beyond the transaction, especially as it separates from the known equity of its parent.

However, when done well, the outcome is a business and brand that is:

- 1** A vibrant standalone
- 2** An attractive investment
- 3** An agile player

**From:  
calculated  
transaction**

**To:  
market-ready  
brand**

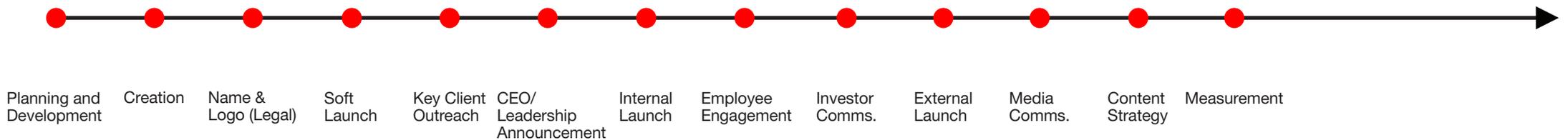
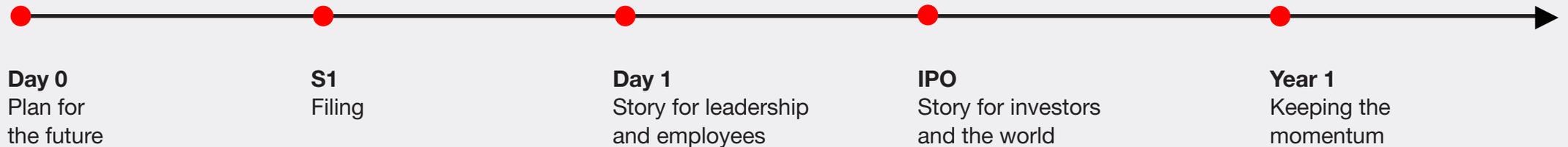
As calculated as the decision to spin off can be, the activities on either side of launch can be complex. It demands giving as much attention to the long-term vision and ambition of the spinoff company (or SpinCo), as it does to the hundreds of moving parts, and the significant organizational, legal, and financial implications. Strong leadership direction and finely-tuned project management are a must.

But while these are critical elements, what cannot be ignored in the process is building a market-ready brand—a brand that will work from the moment that SpinCo steps into public.

# Market-ready plan

Spinoffs that involve more than six months of preparation see **50 percent greater returns** than companies born of quicker splits.\*

Time is of the essence when it comes to spin. It's important to have a plan in place before the spin announcement—one that covers people, processes, communications, and growth goals. This gives your people something to hold on to, reinforces the purpose of the spinoff, and ensures your brand is ready to meet the market head-on.



According to The Edge and Deloitte analysis  
The Edge and Deloitte. "Global Spinoffs and the hidden value of corporate change." vol. 2. December, 2014.

# Define: The operational and strategic foundation

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**SpinCo must be designed to address near-term business realities and long-term customer priorities.**

Creating a spinoff brand is your chance to tell a new story. But before you spin it, you have to make some smart decisions about how much you want to take with you and what you want to leave behind—both in terms of operational elements and brand equity from the parent brand.

## **Stay close**

Retain and reflect the legacy

## **Move further**

Keep the best and create the rest

## **Full switch**

Create something completely new



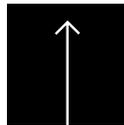
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**A clear focused strategy transfers equity at the start and paints a powerful picture of SpinCo's future.**

### **The operating model for growth**

One of the first steps is to define the operating model. This requires deciding what to dismantle and extract, what to reorganize and implement, and how to balance governance with culture. Defining how the business will form determines the base for success, from deciding on the people who will lead it, to identifying the systems and processes that will drive it, and navigating all the necessary regulations.

While this is a complex transition, and not just a rebranding effort, being overly transactional means SpinCo risks leaving significant value on the table. That's where the brand comes in.



### **The brand strategy for growth**

Once a vertical or business unit is selected for spinoff, it creates the opportunity to hone in on the industry you play in, the audiences you target, and the growth targets you set. But a separation can also mean leaving behind a significant amount of brand equity that has helped the business grow. Analysis of the past will yield some important takeaways—and leave-behinds—and help set goals that aren't tied to older notions.

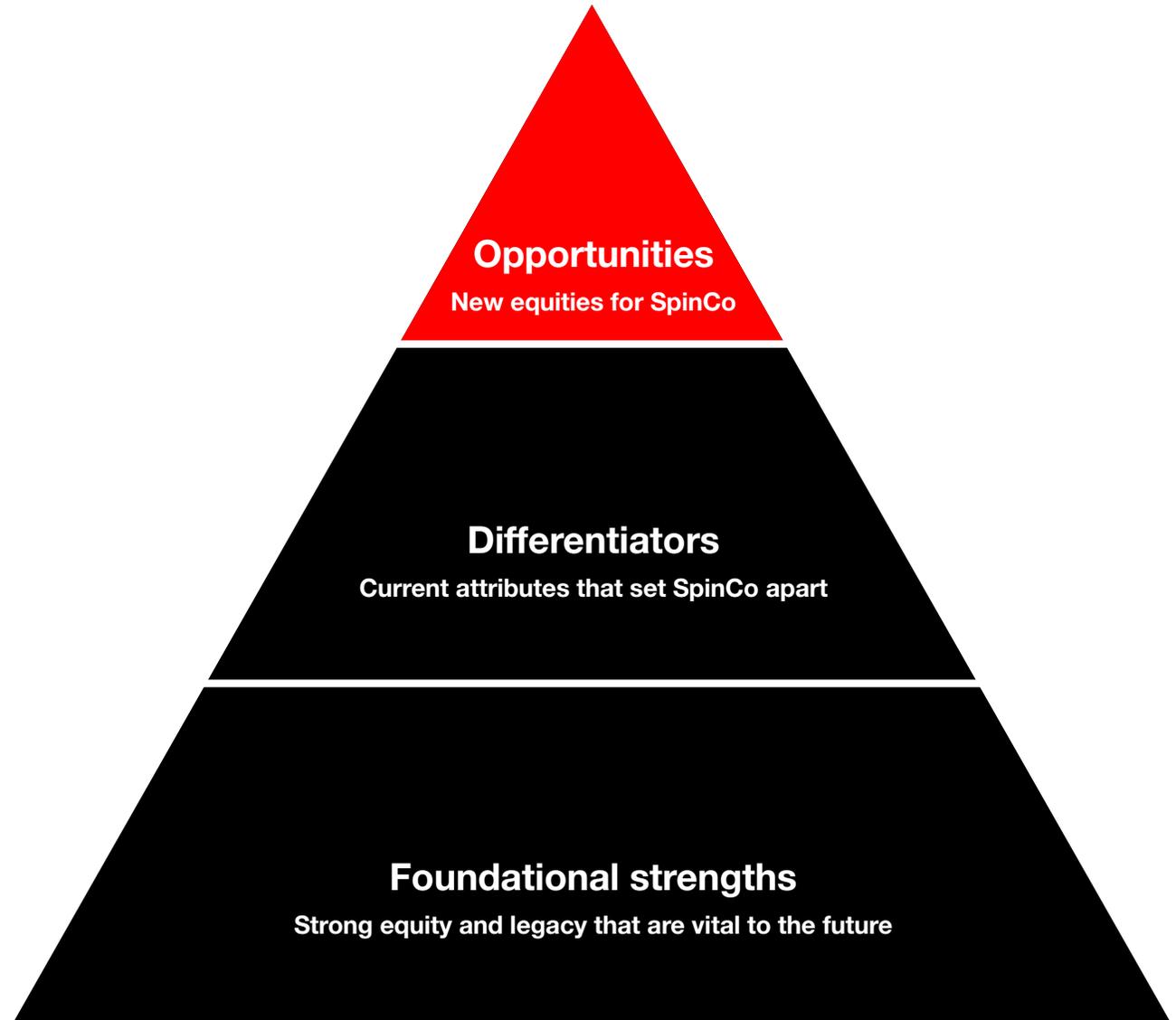
Looking into the future by leveraging deep industry insights, and forecasting the forces of disruption that will shape your customers' needs, helps SpinCo create a powerful brand proposition—and be primed for ongoing growth.



This demands a real and honest assessment of three key areas:

- 1** What are the foundational strengths that SpinCo needs to retain?
- 2** What are the differentiators that sets this new entity apart?
- 3** What are the opportunities that emerge for the future?

While a seemingly simplistic model, this helps define a unique value proposition and vision for SpinCo that achieves two critical goals: the most immediate transfer of equity possible and a clear path to future growth.



## Check your equity

When defining your unique strategy, consider all of the elements of the parent brand that you might bring or leave behind. Not all of them will be apparent in your branding—like the name and the logo. Some of them are, and should be, embedded in your organization:

- Identity**
- Culture**
- Values and beliefs**
- Personality**
- Business systems  
or processes**
- Experiences**
- Partnerships**

# Understand: The impact on stakeholders

There are a lot of stakeholders with skin in the spin—inside and outside of the organization.

Understanding and managing these many people-oriented priorities is vital to building your strategy:

## Externally

Mitigate any risk to the current business—future growth depends on it.

## Internally

Great brands are built from within—future growth starts here.

## External

### Customers

In any separation, it's critical to make sure that there's minimal customer fallout. Bring them with you throughout the process: Use customer insights, research, and in-depth interviews to inform and test your brand. A clear picture of your customers will ensure you grow alongside the people you plan to reach. Which customers are most important to your business now? What will they look like in the future? Where do they live within the organization?



### Investors

If your priority is to unlock shareholder value, then look to your investors. Maintaining and growing value requires retaining current investors as much as attracting new ones. All decisions, whether they impact hard or soft elements of the transition and launch, have to be geared toward maximizing growth potential. Investors will be looking for a clear strategy, competitive advantage, and growth targets. Are there investors who might be sensitive about the launch? How will the new proposition attract new investors?



## Internal

### Employees

And because great brands are built from within, prioritizing your culture will sustain your organization during an emotionally and psychologically intense transition.



## The psychology of a spin

### Understanding the psychology of a spinoff can impact how SpinCo stabilizes the after spin.

On the surface, spinoffs are molded by a sound strategy, and the positive aspects of a spinoff can be intoxicating to those inside the organization: it creates the anticipation of success, leads to endorsements by financial analysts, and generates buzz in the marketplace. However, a spinoff can have unintended negative consequences if the psychological—and often emotional—impact on internal stakeholders is ignored.

### Separation anxiety

As an employee loyal to his or her employer, you suddenly learn you will be orphaned from the “mothership.” Such a change can invite doubts about one’s role and value in a new organization. SpinCo will have a new culture, new location, new value proposition, new customers, new management, new identity—all of which can be equal sources of excitement and anxiety. How this transition is managed dictates the direction and tone of your new organization.

### Identity crisis

The reality of a spinoff is that the new entity is, by default, a smaller organization. If mismanaged, the employee viewpoint will be that SpinCo will be less formidable, supported by fewer resources, and untethered to the reputation and heritage of the previous enterprise—therefore more vulnerable. It is the responsibility of leadership to address these whispers of uncertainty so that the new culture is clear, confident, and motivated to embrace independence.

### Survivor’s remorse

Restructuring and recasting organizations to better compete almost always takes a human toll, on both sides of the separation. The psychology of this loss is real, and organizations need to anticipate the impact the change has on those who remain. How leadership expresses empathy and respect for the consequences of the spinoff will pay valuable dividends in securing a new chapter of employee loyalty and engagement.

How organizations manage culture separates those that flounder from those that flourish. Success is dependent on passionate adoption of the SpinCo's vision, throughout the organization. So, share the right messages, with the right care, and answer some critical questions along the entire journey:

**What does it mean for the business?**

Clearly link brand to business success.

**Where did it come from?**

Show clear proof points for the spin and why they're relevant.

**Who's behind this and how will it be supported?**

It needs to come from the top down to be believable.

**What does this mean for me?**

Provide clear expectations and benefits.

**What am I supposed to do now?**

Never underestimate the power of tools, training, and platforms.

# Create: A vibrant brand identity

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**High impact at launch,  
flex and stretch for the future.**

While the name and identity of the SpinCo are not the only things that need to be solved, it is the strongest and most visible indicator of the new SpinCo brand. This is why leaders of a spinoff are pressured to solve for these early, and the reason why so many stakeholders feel invested in it—from employees to investors—right from the start.

Getting to a name and identity that works is a labor of love. Creating this early is not just important for answering stakeholders, it's a key component of the 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.

The strategy for the name and identity mirrors the questions that SpinCo answered in order to define its operational and strategic foundation: Does the new brand need to hold on to the equity of the parent? Can it keep the best, and spin a new story out of those? Or does the new brand need to tell a totally unique tale?

Regardless of strategy, developing a name and identity for the spinoff brand is a process that brings out the best strategic and creative thinking in all those involved.

# Keep the best, change the rest

## Stay close

Retain and  
reflect the legacy

## Move further

Keep the best  
and create the rest

## Full switch

Create something  
completely new



**GENPACT**  
GENERATING IMPACT™



**VOYA**  
FINANCIAL



**ally**

## 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 niche audience, and where investment in brand communications is limited. This strategy ensures that the equity of the source brand is reflected immediately. The tactics for such an approach include borrowing from the name—taking actual pieces of it (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, don't miss out on an opportunity to differentiate your brand. Those opportunities can be found through 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 the source while keeping an eye on the 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 high-functioning, where reliance on the source company is mostly necessary in the transition phase, but a completely differentiated brand (both from the source company and competitors) can propel SpinCo's growth strategy.

Not surprisingly, this strategy demands managing the transition between the source company and spinoff with great care. 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.

# Create: Designing the experience

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**Design an experience to show customers and employees you understand them, and are one step ahead of resolving their issues.**

Before you spin off, stop to take stock of the experiences you'll inherit, and the new experiences you'll need to create. This includes every way and everywhere that the brand interacts with people: the digital and physical spaces navigated by audiences, the products and services they interact with, and the way the brand is represented to and by employees or potential hires.

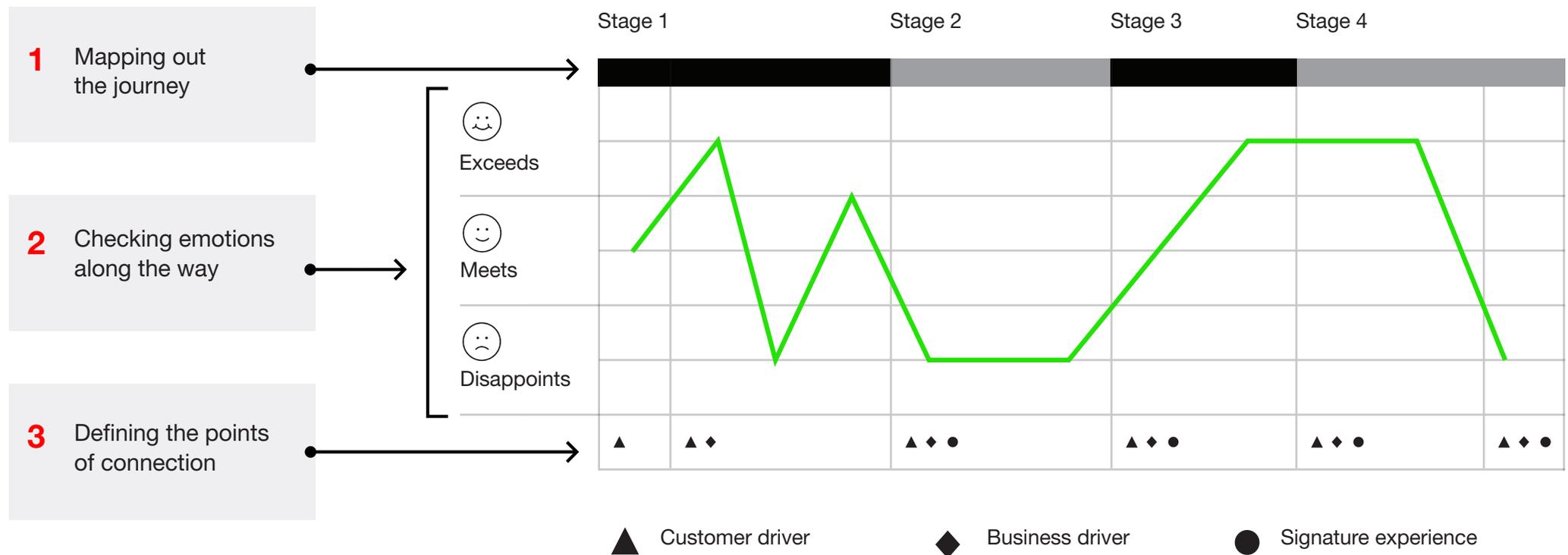
This goes back to your strategy—where you've identified your brand vision and priority audiences. When considering the experiences that you'll launch with, ensure that they'll work in the context of your growth strategy from the start.

Identifying priority touchpoints will help focus your efforts at the start of a spinoff. Journey mapping is a method for stepping into and evaluating a full set of experiences that a person has with your brand. Identifying each point of interaction and mapping how the experience measures up to your goals will paint a picture of what's working, what's not, and what you need to prioritize.

# Map the journey to create the best experiences

Experience evolves, so while you're honed in on the ones that support your launch, take care to embed the learnings that arise during your journey-mapping and research into the experiences you create going forward. Experience principles define the rational and emotional qualities conveyed through every interaction. These can be codified into a set of actionable characteristics that will guide the internal teams and agency partners who will continue to imagine and design new experiences as you grow.

## Experience mapping model



## Let the “I’s” be your guide

Whether real-world or digital, any human experience should be grounded in three foundational principles:

**1**

### **Intentional**

Set clear objectives for each channel and touchpoint. The purpose of each should be tied to your strategy.

**2**

### **Intelligent**

Anticipate the needs of audiences—using research, data, customer listening, AI—and offer up smart solutions.

**3**

### **Intuitive**

Adopt simple design that reflects deep understanding of audience behaviors and ensures people get where they need to be, easily.

# Activate: The brand in action

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## **All eyes are on you: from employee launch, through investor roadshows, to the stock exchange floor and beyond.**

After months and months of preparation, SpinCo finally takes its first public step. In absence of a compelling investment and brand story, people will make one up for you. And there's no guarantee that it'll be right. Or good. So craft it with care.

### **Tell a compelling story**

It's not just words, it's the entire brand experience and investment proposition across all touchpoints.

### **Manage the transition story**

Rely on every element that can help with the transfer of equity as seamlessly as possible, from transition lines to messaging and campaigns.

### **Make it easy for others to tell the story**

Provide memorable, consistent, and easily repeatable messages. Focus on the most vital attributes and characteristics you want for your brand.

### **Connect brand and business**

Tell a holistic story about the brand and business. This is your chance to highlight everything that makes SpinCo an irresistible proposition.

### **Customize it for your audiences**

Each of your audiences will have a different stake in it. Customers will want to know what to expect and do next. Investors and stakeholders will want reassurance and expect to see results. Members of the media will want a hook. Give them each a reason to care.

**For long-term success  
and momentum**



### **Engage leadership**

Get leadership talking  
Balance top down vision  
with bottom up proof  
Connect it to the  
business

### **Launch it from the inside out**

Launch with the right  
amount of “fanfare”  
Engage maximum  
touchpoints  
Provide reassurance, vision,  
and promise of longevity

### **Provide the right tools**

Make it easy for others  
to tell the story  
Customize it for each  
audience  
Train your people and  
partners

### **Mobilize the right influencers**

Internal brand ambassadors  
may reside in unlikely places  
External ambassadors need  
a combination of reassurance  
and newness

# Measure: Brand and business growth

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## **A spinoff offers a unique opportunity to measure brand value creation.**

Building measurement metrics into the spinoff process from the start helps create a roadmap for your overall growth strategy. It sets the basis for tracking future performance—you can gather data and measure from Day 1—and use this information to create an agile growth plan that moves with the business and the market.

These measures should build upon existing KPIs, and contain multiple performance measures for a myriad of stakeholders—not just for investors and their profitability goals. It is important to measure the impact on clients, consumers, employees, investors, providers, governments, and the communities in which the brand lives.

## **Brand Strength as a measurement tool for growth**

Measurement tools should be multifaceted, and require a holistic view of the brand that can connect the dots between the way the brand functions, how its expression influences customer perceptions and behaviors and, ultimately, how the strength of the brand impacts financial performance.

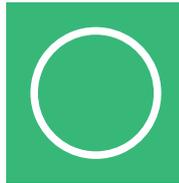
## Internal dimensions

### Aligning and preparing the organization to deliver the promise

Interbrand's Brand Strength is one such approach. Internally, it measures the clarity and commitment of employees to the brand strategy, the effectiveness of the governance systems that are put in place, and the responsiveness of the brand to the market changes.

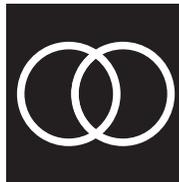
#### Clarity

Clarity internally about what the brand stands for in terms of its values, positioning, and proposition. Clarity, too, about target audiences, customer insights, and drivers.



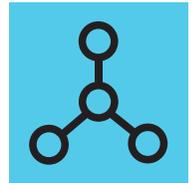
#### Commitment

Internal commitment to the brand, and a belief internally in its importance. The extent to which the brand receives support in terms of time and influence.



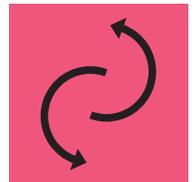
#### Governance

The degree to which the organization has the required skills and an operating model for the brand that enables effective and efficient deployment of the brand strategy.



#### Responsiveness

The organization's ability to constantly evolve the brand and business in response to, or anticipation of, market changes, challenges, and opportunities.



## External dimensions

### Ensuring the brand's impact on key stakeholders' behavior is maximized

Externally, it's understanding how the brand is building authenticity, relevance, and differentiation. Additionally, it determines how present the brand is in the mind of audiences and how consistent its experiences are. Because at the end of the day, it's crucial to understand how engaged people are with the brand across the board.

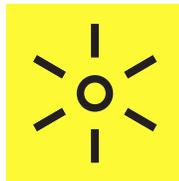
#### Engagement

The degree to which customers/consumers show a deep understanding of, active participation in, and a strong sense of identification with the brand.



#### Relevance

The fit with customer/consumer needs, desires, and decision criteria across all relevant demographics and geographies.



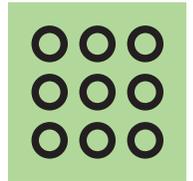
#### Authenticity

The brand is soundly based on an internal truth and capability. It has a defined story and a well-grounded value set. It can deliver against the (high) expectations that customers have of it.



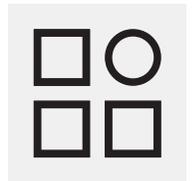
#### Presence

The degree to which a brand feels omnipresent and is talked about positively by consumers, customers, and opinion-formers in both traditional and social media.



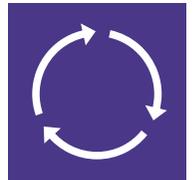
#### Differentiation

The degree to which customers/consumers perceive the brand to have a differentiated proposition and brand experience.



#### Consistency

The degree to which a brand is experienced without fail across all touchpoints or formats.



**Spinoff starts before you've spun. Decide how far you'll go and how you'll grow.**

**Then create a brand and business that **stands strong— and stands out—in the market.****

**Get in touch**

**hello@interbrand.com**

# About Interbrand

At Interbrand, we believe that growth is achieved when an organization has a clear strategy and delivers exceptional customer experiences. We do both, through a combination of strategy, creativity, and technology that helps drive growth for our clients' brands and businesses. With a network of 24 offices in 17 countries, Interbrand is a global brand consultancy, and publisher of the highly influential annual **Best Global Brands** and **Breakthrough Brands** reports, and Webby Award-winning **brandchannel**. Interbrand is part of the Omnicom Group Inc. (NYSE:OMC) network of agencies.

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