

CASE STUDY

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ING took care and time over merger implementation

By Tao Yue and Mignon van Halderen



The story. In April 2007 the board of ING Group decided to merge its two autonomous subsidiaries, Postbank and ING Bank. Fierce competition in the banking industry and rapid technological developments had led to new customer demands, including call centres, internet banking and simpler products.

In addition, Postbank and ING Bank were both experiencing challenges: Postbank had a large customer base but an out of date business model; ING Bank had strong sales but a relatively small number of customers in the lucrative mass consumer sector. ING Group wanted the merger to combine their strengths, mitigate their deficiencies and cut costs.

The challenge. People in the Netherlands all knew Postbank. They were emotionally attached to its blue lion logo, which symbolised Dutch national values such as reliability and value for money. ING Bank's strengths were in business lending and advice-related services such as mortgages. With Postbank customers already fearful of being forced into a more expensive banking model, to drop the blue lion would be risky. Moreover, only 30 per cent of the banks' employees said the merger would succeed.

The merger would require a new brand that was accepted by customers and employees, as well as emphasising the strengths of both banks. The merger project was called “Tango: together achieving new growth opportunities”, led by chief operating officer Bart Schlatmann.

The strategy. Using communication to gain understanding, acceptance and support among employees and customers would play a central role in the success of the merger.

- **Internal communication:** The Tango team introduced three phases of communication. First came “warming up”; care rather than speed was the aim in explaining the merger to employees. Communication took place through meetings, informal get-togethers and through chief executive Nick Jue’s blog.

Next was the “integration communication” phase: the aim was to unify employees from both banks around the consolidated organisation. The core message was to appreciate the combination of the banks’ strengths: ease (Postbank) and expertise (ING Bank). The team also introduced a new internal name that staff at both banks could identify with – NWE Bank (the New Bank) – and installed a “countdown” clock.

In the final phase, “living the brand”, the focus was on creating momentum. The team devised 10 “countdown episodes” before the merger in January 2009. In each one, staff were given items such as a video or pencils bearing the new logo.

- **External communication:** The aim was that the merger would not inconvenience customers. The Tango team spread its marketing messages over a year to allow time to build understanding among customers. As different customers had different questions, Tango reached them in different ways, such as using surveys to understand their needs, sending welcome packages and personalised letters, and calling them in person.

In television and print ads, the campaign featured conversations between Postbank’s blue lion and ING’s orange lion. Through often funny exchanges, the lions addressed questions about the merger. During the campaign, the blue lion gradually became orange (the corporate colour of the new bank) until even the last blue tip of its tail changed colour. In a poll, 85 per cent of customers were neutral or positive towards the merger and 50 per cent expected to enjoy their existing benefits.

The lessons. A strategic communication plan plays a central role when a company undergoes a transformation. ING’s communications strategy worked because it understood the situation from the customers’ and employees’ viewpoints; it took time over the implementation; and it found ways such as the informal discussion meetings, the CEO blog, the countdown or the lion changing colour, to capture the imagination of internal and external stakeholders.

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