A syllabus for New Elec1ve Course for EMBAs.

Professor Joseph T. Plummer

The Value of Brand and Customer Equity in M&A (6 week course)

**The Course:**

Some sources es1mate the intangible asset value of the Fortune 500 is as high as 60% of total market capitaliza1on. Intangible assets can be intellectual property like patents, trademarks, brands, and contractual rela1onships. Some oQen include customer lists or customer loyalty as assets. Others suggest that management/high profile leaders or special talents can be considered intangible assets. These intangible assets values are oQen created via smart marke1ng.

In the past 10 years or so firms specializing in measuring or es1ma1ng brand value have emerged from a small niche prac1ce to mainstream research or consul1ng firms reported regularly in the business press and oQen utilized in investment banking transac1ons. For example……Inter brand. Brand valua1ons rankings are reported annually by The Financial Times.

Finally, many people who have studied the failures that happen with major mergers or acquisi1ons point to a “Clash of Cultures” and a failure to achieve desired synergies – the classic hope of 1+1+3

These factors of the importance of intangible assets like brands the value of customers, and the blend (or lack of blending) of cultures brands play a major role in crea1ng successful transac1ons alone with the usual financial considera1on such as balance strength, cash flow, EBITA track record and pro- forma forecast of a merged en1ty.

The objec1ve of this course will be to examine in some depth over the six week course the role that marke1ng concepts and tools can play to improve the strategy and due diligence process in crea1ng a successful merger or acquisi1on. Simple concepts like market share, brand awareness, and strength of customer loyalty can inform the buyer in meaningful ways about the poten1al for the future as well as current reality beyond revenue and profit results. A company that is losing market share in a growing category is not very a’rac1ve if the overall goal of the transac1on/acquisi1on is future growth even if the target company is profitable.

The course will also examine more complex and “soQer” marke1ng concepts around the idea of brand equity or brand value. This can be for single brands or for a poraolio of brands.

The course will also a’empt to have applica1on for large as well as mid-sized M & A efforts. OQen the large transac1ons gather the general and business press headline but the majority of transac1ons in any given year are mid-sized transac1ons.

The course assignments will be one short paper and three case studies (Marvel-Disney; In-Bev: AB, Brita-Clorox) that students will write up as well as discuss in class. Class par1cipa1on will also be an important element of the final grade.

One sec1on of each of the six classes will have an outside speaker from investment banking or the marke1ng discipline.
There will not be a textbook, but instead the course will rely on a series of articles, chapters from books and journal publications. One possibility to be explored as background is the new book (2017) *Capitalists Arise!* By Peter Georgescu and the possibility of the author speaking to the class as the book offers an enlightened perspective on the limitations compounding a myopic focus on shareholder value.

A unifying concept throughout the course would be the lone case history of Sunstar, a Japanese firm, who decided to build from their domestic leadership in oral care to become a global wellness company. The various acquisitions made by Sunstar as their global vision/plan involved will be insightful and show the value of combining marketing concepts & tools. Since I have played a consulting role with Sunstar since 1989, this examination/discussion will have personal relevance and authenticity. It will offer a chance to question the decisions and application of marketing tools.

**About the Professor:** Professor Plummer has been an adjunct professor of marketing at the Columbia Business School since 2003. He is currently an advisor to Media Advisory Partners, a boutique-investment banking partnership in New York. Professor Plummer was also a Managing Director at Paine Webber/Y & R Ventures in 1988 and 1999. The majority of Dr. Plummer’s career was with major global advertising agencies Leo Burnett, Y & R, DMB & B, and McCann Worldgroup. Professor Plummer is also currently a senior advisor to Olson Zaltman, a deep dive consulting and research firm with major clients such as Kimber-Clark, Pepsico, Miller-Coors, Yum Brands, Whirlpool and Liberty Mutual. Finally, Professor Plummer has consulted with a wide range of start-ups in the media and market research industries. Dr. Plummer has a BA degree from Westminster College and an MA and PhD degrees from The Ohio State University. The professor was a founding director of MASB, an association committed to the integration of marketing and finance.

**Course Objectives:**

1. The course will help non-marketing students see the value of combining marketing concepts and tools to investment banking finance skills.

2. The course will help marketing student see an expanded or new role for marketing concepts, tools and experience to M & A activity by the firm.

3. The course will highlight the value of “Holistic thinking” and/or “pa`ern recognition” in major strategic investments or decisions companies confront on the path of growth.

4. Gain an in-depth appreciation of specific tools such as (1) brand valuation, (2) positioning, and (3) archetypes.

**Connection to the Core at Columbia Business School**

A. Leadership Development
   1. Importance of marketing in strategy
   2. Need to bring marketing sales experience together with financial skills

B. Decision Models
   1. Use of research in key decisions
   2. Value of pa`ern recognition (connecting the dots) in decisions related to M & A.
C. Managerial Economics

1. The approach to intangible assets such as brand valuation
2. Focus on the goals of the M & A strategy
3. Evaluation of outcomes as well as inputs/financial metrics.

D. Managing Marketing Programs

1. Appreciation for the crucial value of marketing in M&A.
2. Realization by marketers of the integration of finance with marketing.

Assignments:

1. Strategic analysis paper on several mergers (Week 2)
2. Case write up of acquisition of Brita by Clorox (Week 3)
3. Case write up of the planned acquisition of Time Warner by AT&T (Week 4)
4. Case write up of acquisition of Marvel (Week 6)

Method of Evaluation:

1. Written case study analysis
2. Discussion of case studies in class
3. Class participation beyond case discussion
4. Short Written Paper

Course Schedule: - The Value of Brand Equity and Customer Franchise in M&A Strategy

Session 1: Framework for Partnership: A) High Intangible asset Valuation, B) Expansion of Stakeholders C) Shift to Customer empowerment.

1. On-going Case of Sunstar-Going Global
2. Expanding Stakeholders-To Be’er Acquisition

Possible guest Speaker, Peter Georgescu, author of “Capitalists Arise” or Andrew Stevenson, Just Capital.

II- Brand Valuation- A major tool combing brand equity and finance. Comparison of major brand valuation services and applications.

Brand Valuation as a major tool combing financials and marketing metrics. The Concept, and applications.
Session 2: Strategic M&A Goals and Brand Customer Equity
I. Brand Equity Tools- A) Brand Valuation, B) Brand Architecture, and C) Brand Health
   Possible Guest Speaker: Joanna Seddon, Ogilvy Red Consulting

II. Customer Equity Tools- A) Brand Loyalty Metrics, B) Lifetime Value of Customer, and C) Brand Power Metrics
   Possible Guest Speaker: Robert Pasakoff, Brand Keys.

III. A) Discussion of Brita by Clorox Case Study-Paper Due
     B) Next Stage of Sunstar Global Expansion

Session 3: Marketing Concepts and Tools for Due Diligence
I: Market research in due diligence before the offer: Sevng the goals and specific targets-to expand current business, enter new business, acquire new technology and/pr talent.

II. Selecting market research tools and issues
   Possible Guest Speaker: Jim Figura- Cloud 9 consulting, former global VP, Colgate

III. Specific added value tools: A) Customer Segmentations, B) Market Structure, C) Momentum
   Possible Guest Speaker: Holly Stark. Lepere Analy1cs

IV: Expanded strategy for Sunstar into Europe- company acquisitions in Italy, Spain, and France.

Session 4: The Value of Marketing Insights and Customer Franchise in Complex Acquisition
I: Examination of Success Factors and Reasons for Failure in Major Acquisitions: A) AOL/InBev, B) Fiat/Chrysler

II: Case Discussion of InBev- AB (Paper Due)

Guest: Christof Spaeth- PhD, Columbia University

III: Expansion of Sunstar strategy into grow global epidemic of Type II Diabetes. Partner with Joslin Diabetes Center and launch Kenko DoJo drinks & meals.

Session 5: The role of Business Model and Customer Insights in M&A Success.
I. Analysis of Go-To-Market Strategy & success of target candidate, (1) Traditional marketing and Digital Marketing, (2) e-commerce eco system, (3) Target Audience analysis
   Possible Guest Speaker: Tony Pace, CEO of MASB

II: Analysis of positioning and Business Model in Success.
1) Business Model Assumptions

2) Positioning Analysis of Brands

Possible Guest Speaker: Mark Holdreith, Founding Partner Media Advisory Partners

III: New Acquisition by Sunstar in bone graph technology. No to opportunity to acquire toothbrush brand. Launch of Gum Play.

Session 6: The Importance of Culture in a Successful Merger-JV or Acquisition

I. The Application of company culture types developed by Desponde of HBS.

II. Application of Jung Archetypes to cultural fit or cultural clash.

Possible Guest Speaker: Tracy Nunziata, former VP Bayer Health or Jess Jess Karuv-Olson Zaltman

III. Move into probiotics, supplement by Sunstar

IV. Discussion of Marvel Case (paper due)

V. Summary & Course Wrap Up

Readings for Course

“Value of Brand & Customers Equity in M&A” Joe Plummer

Session 1:

“Shareholder Value gets Lean & Mean”, Chapter 5 in Capitalist Arise! By Peter Georgescu, 2017.

“The Know’y Problem of Brand Valuation” Whitepaper for MASB by Neil Bendle, Ivey Business School, Western University/


Session 2:


“The Discovery-Scripps Merger: What’s wrong with this picture?” Mediapost.com, 8/2/17

Adam Buckman.

Session 3:


Session 4:


Session 5:

“CoCreation: Harvesting the Unconscious Mind to Create Value for Business and Society”, *Rotman Magazine*, 2011


“Networks Have Big Advantages”, *The Network Imperative* Libert, Beck, Wind, 2016

Session 6:
