

## Name Changes: “A Rose by Any Other Name” or Lipstick on a Pig by Charles B. Wendel

Name changing and rebranding has become a big business for consultants and a big distraction for some business leaders. Bluntly, these changes often blow a lot of shareholder dollars and produce little benefit to employees or customers. Changing a corporate name may often be of value, but minimizing the time and dollars spent in doing so should be given priority.

The “rose” phrase above is from Shakespeare’s *Romeo and Juliet*. From the Farlex Dictionary of idioms: “What someone or something is called does not change their innate characteristics or attributes. The shorter version of the phrase is often used when describing undesirable people or things. The full line is from Shakespeare’s *Romeo and Juliet*, in which Juliet bemoans the fact that Romeo whom she loves, is a Montague, her family’s rivals.”

Less known is the source of the “lipstick on a pig.” Wikipedia cites a 20<sup>th</sup> century novelist, Stella Gibbons. In “*Westwood* (published in 1946) Hebe visits a hair salon and has her hair contemptuously washed by Miss Susan, who had a face like a very young pig that had managed to get hold of a lipstick”.

Last week, in response to Facebook’s corporate name change, the New York Times featured an article that reviewed name changes at eight companies. It asked: “But does it really help companies shed their image issues, or do customers see a name change as window dressing?” The article quotes a HBS lecturer who succinctly identifies some key issues: “The success of a name change depends upon companies educating existing customers about the rationale for the name change in a way that is compelling...If the name change appears illegitimate, inauthentic, or done for the wrong reasons, firms risk injuring their relationships with customers.”

Some companies like Philip Morris (cigarettes equal death) and Valujet (bad aircraft operations equal death) wanted to shed their past and try to create a new brand that would help customers forget the path and let them move forward to growth. That makes sense.

But why do financial services companies change names? Often, it is for one of three reasons, only two of which legitimize a name change.

1. *Problem children and spin offs*. Ally Financial, once GMAC, needed a rebranding as it cleaned up its balance sheet and refocused its efforts with a new set of shareholders. An appropriate change.
2. *1+1+3*. Without mentioning names, one Fintech recently acquired part of another company in a similar business. The acquired unit could not operate under the old name and brought with it new capabilities that the acquiring company wanted to emphasize. The broader skills of the combined company justified a new name and brand positioning.
3. *Ego*. My sense is that bank name changes often reflect the struggle between two Chairmen (and I mean men) who are trying to preserve what they view as their legacy and protect their egos. In many cases the smaller of two “merged” banks becomes the name of the combined institution.

In other cases, either internal marketing people or external consultants throw enough frou-frou dust into the eyes of senior management to get them to commit to a hugely expensive name change that distracts employees and is largely meaningless to already beleaguered customers. Not to pick on Truist, a top tier bank that resulted from the merger of BB&T and SunTrust, but to quote the Banking Dive website: “Truist has spent \$125 million on its new brand, the bank said in a court filing Friday, according to The Charlotte Observer. That breaks down to \$7 million to create the name; \$4 million for it to be approved by regulators and shareholders; \$40 million to configure operating systems to reflect the new branding; and \$75 million in marketing.”

Some questions to consider before signing on to a multimillion-dollar name change/rebranding expense:

- Are name changes like this a good use of shareholder money?
- Does a name change provide any strategic value?
- Will it distract employees and eat up substantial time in internal non-revenue producing meetings rather than allowing focus on customer focus?
- Do customers care? Does this change provide any value to them?
- Can it be accomplished quickly? The Truist name change seems to have dragged on for a long time.
- Does the name resonate? Truist has had a lot of publicity due to the Atlanta Braves and the World Series. But do people realize Truist (or whatever new name is bank is considering) describes a financial services firm?

The above questions are all worth considering before moving down a long and expensive path.

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