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Managing mergers: Why people first can improve brand and IT consolidations

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Abstract The number and value of mergers and acquisitions (M&As) continue to grow, with record increases in the U.S. and Asia Pacific in 2015. Yet, despite calls from academic literature for more consideration of the human and behavioral factors in such massive change, there remains an inordinate focus on the financial or quantitative aspects. We connect the newer streams of research with efficiency and growth imperatives via an illustrative analysis of ANZ New Zealand's horizontal merger with The National Bank of New Zealand. ANZ successfully completed a brand and technology merger by prioritizing the customer, addressing employees' socioeconomic concerns, providing enough time and resources to ensure efficiencies, and rebranding enriched customer services and revenues. The results were overwhelmingly positive and provide a useful template for how M&As should be executed in the future using a people-first approach.
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1. M&A: Friend or foe?

> The typical effect of M&A activity on firm performance has been well documented and, on average, M&A activity does not lead to superior financial performance. In fact, a stronger argument can be made that M&A activity has a modest negative effect on the long-term financial performance of acquiring firms. (King, Dalton, Daily, & Covin, 2004, p. 198)

Corporate mergers and acquisitions (M&As) have been robust in industries such as transportation, energy, telecommunications, healthcare, information technology (IT), and particularly in banking (Baigorri, 2016). Yet, despite this drive for businesses to combine, research shows that 70%—80% may fall short of the promoted financial returns and market shares (Klendauer & Deller, 2009), particularly in financial services (Amel, Barnes, Panetta, & Salleo, 2004; DeYoung, Evanoff, & Molyneux, 2009). For the past decade, there have been calls for more investigation into how the non-financial aspects of commercial mergers (i.e., human factors), including operations and line employees within the member firms, might play a critical role in merger success (Stahl et al., 2013).

This article extends this stream of thinking, focusing on how better employee and customer

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management can help reduce the M&A failure rate. We accomplish this via an in-depth case study of the ANZ New Zealand's horizontal brand and technology merger with The National Bank of New Zealand Limited from 2010—2012. The event was an example of how mergers and consolidations should be executed and received international awards in finance, marketing, and corporate affairs. By examining how interdependent stakeholders, efficiencies, and marketing tasks were sequenced, we provide a framework of lessons to be applied generally to mergers. This case provides a compelling story of how leadership can intentionally integrate the 'soft' functions of organizational and human behavior, justice, sensemaking, marketing, and the pace of change with the 'hard' functions of finance, economics, strategy, branding, and information systems and IT. The ANZ merger also illuminates how firms can balance the need for speed in reducing costs and consolidating technology and operating systems, with the time-consuming—yet ultimately profitable—efforts needed to build employee and customer trust, procedural fairness, and a sense of justice for all involved.

2. Relevant research

2.1. Financial performance

Research on bank M&As during the past two decades shows mixed results. DeYoung et al.'s (2009) review of 150 studies of financial services mergers from 2000—2007 found no consensus that these mergers benefited stakeholders or society. While such mergers may be beneficial up to a relatively small size, overall results fall short of proving the promised gains in scale economies, scope, and management quality (Amel et al., 2004). The failure to convert the banks' different IT platforms into a single system that is both customer and sales force friendly confounds many consolidations (Kovela & Skok, 2012; Rhoades, 1998). The research recommends highly focused risk management of the "timescale, stages and principles of efficient IT integration" (Kovela & Skok, 2012, p. 69); this may require investments in special teams, funding, and fail proofing, rising to 15%—20% of total merger costs.

2.2. Human factors

A growing research stream in organizational behavior and social psychology disciplines have emphasized the human factor in M&As (Bauer & Matzler, 2014; Cartwright, 2005), or the social construction and management of justice norms as part of the organization's strategy and implementation (Cording, Harrison, Hoskisson, & Jonsen, 2014). Organizational justice is key as employees with heightened sensitivities continuously seek signs of fairness (Klendauer & Deller, 2009). While scholars differ on which forms of organizational justice deserve the most attention, they agree that fairness judgments of the most impacted and affected employees are determinative (Monin, Noorderhaven, Vaara, & Kroon, 2012).

The literature recommends thoughtfully breaking with the past (e.g., we need to change and improve to become more competitive and successful) while projecting continuity and cooperative norms throughout the integration process. Such efforts need protection from attack (e.g., competitors' criticisms or unfair social media) by preventative and quick responses (Giessner, Ullrich, & van Dick, 2011; Roundy, 2010).

Smollan's (2013) qualitative study of managers and employees who experienced major organizational changes emphasizes the role of affect, both positive and negative, on the formation of trust. When senior managers were asked to keep silent about untrustworthy executives and repeat obfuscating story lines, they began to question their own integrity. This suggests that trust in the process, or lack of it, not only affects employees' sensemaking, but also how they see themselves. This, in turn, can influence how they treat customers and how well they communicate with them (Swaminathan, Groening, Mittal, & Thomaz, 2014). With ANZ, we will see that all of these principles—the social construction of a joint future, a sense of fairness and justice, and authenticity—were carefully developed and maintained in the technology and brand consolidation process.

2.3. Leadership

The role of the top management team (TMT) in M&As is to strategically plan and sequence the interdependent tasks of finance, stakeholder relations, operations, marketing, and the broader strategy of the firm. Junni and Sarala's (2014) meta-analysis of merger leadership studies from 2000—2013 spotlighted best practices contributing to common organizational culture, cooperation, and successful post-merger performance. These include creating, supporting, and sustaining a shared identity in the new firm; providing caring human resource practices and job security; and maintaining open and honest communication channels to support all four distributive justice mechanisms: distributive, procedural, informational, and interactional.

Given the many interdependent and multidisciplinary tasks, researchers suggest the strategic

diversity of the TMT's education, training, and professional experience can be decisive (Nadolska & Barkema, 2014). This requisite variety encourages alternative views, critical thinking, and exploratory problem solving, as well as comprehensive reviews of priorities, plans, and procedures. These additional deliberations may also caution the pace of the entire process, allowing for more risk management.

3. The ANZ-National Bank merger

Our case study represents two in-depth enquiries. The first consisted of extensive documentation and data from market research efforts, board presentations, and communication and training videos, as well as strategy, implementation, and operating plans spanning the period of 2010—2013. This was useful in establishing the general timeline, key managers, and roles. The second part consisted of face-to-face, in-depth interviews with every cross-functional area head and managing director, from communications, retail and digital channels, performance and risk, marketing, and government affairs. The entire TMT was interviewed.

3.1. Background

3.1.1. ANZ New Zealand

Australia and New Zealand Banking Group Limited (ANZ Group) is an Australian global company. It began in 1951 and by 1979 it had incorporated its New Zealand branches in their home country as ANZ New Zealand (ANZ). In 2003, ANZ Group acquired the National Bank of New Zealand Limited (NB) from Lloyds Trustee Savings Bank. The acquisition included a limited-term license for the iconic NB black horse logo, which represented its strong connection to the country's highly esteemed and profitable farming and ranching sectors.

Due to NB's history and brand strength within those sectors, ANZ Group initially chose a one bank, two brands strategy for New Zealand, similar to the house of brands banking strategy followed by Crédit Agricole, whereby acquired companies retain their brand franchise in local markets (Lambkin & Muzellec, 2008). This logic worked initially because the two banks' market positions were very different. NB was perceived as a personal and friendly bank for upper income groups and young white-collar workers. ANZ positioned itself as New Zealand's most successful commercial bank with a borderless brand and global network, capable of meeting complex needs. It was mainstream and modern and connected well with the country's Maori and Pacific Island populations and its growing Asian immigrants. However, its retail brand was viewed by many as inferior and not the local favorite.

In the abstract, as a two-brand operation, ANZ had the potential to gain greater reach and offer a broader product/service offering. The ANZ and NB branches covered 74%-90% of the area where New Zealanders lived. More than one third of the country's transactions and payments were handled by ANZ-NB. But in reality, even with a strong ANZ marketing campaign following the purchase of NB in 2003, the house of brands strategy fell far short of expectations. By 2009, it had become a major problem.

3.1.2. ANZ Global

In contrast to the weakening situation in New Zealand, ANZ Group had just completed the first phase of a successful, customer-focused rebranding strategy in its larger Asia Pacific markets. This was a multi-stage rebranding process, rolled out modestly and methodically. ANZ Group dedicated itself to being a people-focused bank. They provided a responsive simplicity of services for its diverse customer needs, spanning many geographies, cultures, languages, and business types.

3.2. The beginning of the end of the two brands strategy (2010)

2010 saw the beginning of the end of the two brands strategy. ANZ and NB's combined market share had fallen each year since 2003. Trying to operate drastically different data systems resulted in increased processing times and errors, additional and inefficient checks and stops, missed feedback opportunities, siloed management, and excessive downtime. A slowing economy was making customers more price sensitive. Low-cost competitors were taking market share. ANZ-NB suffered at a staggering cost-to-income ratio[1] of nearly 50%—much worse than their competition.

The absence of clarity and forward-looking leadership weakened morale and the need for change was apparent. Uncomfortable suspense and worry created a toxic 'us versus them' mentality between the employees of the two brands; competition for scarce resources increased. Resentments were most dramatic between joint-location branches, as NB branches looked more modern and received extra resources.

[1] This is an efficiency measure similar to operating margin. To get the ratio, divide operating costs (i.e., administrative and fixed costs, such as salaries and property expenses, but not bad debts that have been written off) by operating margin.

3.2.1. The new CEO

In August 2010, David Hisco was appointed CEO of ANZ to repair, transform, and grow the bank. Australian-born Hisco had worked for ANZ Group for over 25 years, starting as a teller in a branch directly after high school. He ultimately become head of Global Commercial Banking Operations in Melbourne, ANZ Group's headquarters. Once Hisco became CEO he started his own diagnostic process. Needing new strategies, he quickly assembled a TMT of 'can do' change leaders from inside and outside the bank. They determined that with a single regional management structure, a single financial and IT system, product consolidation (from 114 retail products to 25), and an optimized network of fewer branches with greater distribution and services, the rebranded bank could be renewed—along with revenues.

3.2.2. The consolidation decision

The decision was made to merge the best of the NB brand and customer service systems into an improved and expanded ANZ brand. On the face of it, this ran counter to dominant brand strategy, which suggested it would be better for brand equity to migrate the brands upstream to the more premium position than to take a more general market position emphasizing efficiencies and customer service. However, the ANZ brand was already in 32 other markets in Asia Pacific. Thus, it made sense to realign the NB brand into ANZ Global even though it would be challenging, given the strength of the former. The new positioning would emphasize better customer service and the leadership role ANZ had in connecting New Zealand's growing export businesses to over 30 countries. It would also provide valuable, easy to understand products, at more locations, supported by a unified IT system. But the consolidation created a real risk of alienating NB's many customers and staff who had a deep affection for and commitment to the brand and its horse logo.

Compounding the risk was the aversion New Zealanders had to big brands, viewing them as impersonal, aggressive, and invasive of the national culture. NB's agricultural customers would be the most resistant. After reviewing the results of the focus groups, one senior ANZ staff member said, painfully: "They hated us." Keeping the NB customers soon became everyone's primary focus. Given all the evidence, at the time it seemed the decision to consolidate was more likely to fail than succeed. While sticking with the two brands strategy may have created less attrition risk in the short-term, an increasingly complex operating and regulatory environment would most likely lead to further losses of opportunity and market share. Moreover, new branding investments were needed as the license for NB's horse logo would soon expire.

3.3. Preparing for the merger (2011)

Cognizant of the challenges and risks, ANZ planned to hold its board vote and then publically announce the brand consolidation in September 2011. The technology conversion would follow in October 2011. New Zealand's stock exchanges required consolidation efforts to be treated as public information and be immediately disclosed upon the conclusion of a board vote, due to the potential for materially financial impact on the bank. There is an exception to this rule if the strategy development is done in strictest confidence, confidentiality is maintained, and no final decision has been made by the board of directors to proceed with the consolidation.

ANZ met this rule by initially limiting the number of executives involved, and then increasing this number over the months prior to the announcement. Employees provided with confidential information were educated in the regulatory rules and signed extensive non-disclosure agreements. By the time of the board's vote and the required announcements, nearly 3,000 executives and managers were aware of the intention to consolidate and the readiness to recommend the plan to the board for a vote. This represented 95% of ANZ's managers and a third of its nearly 9,000 employees.

3.3.1. Building a diversified top management team

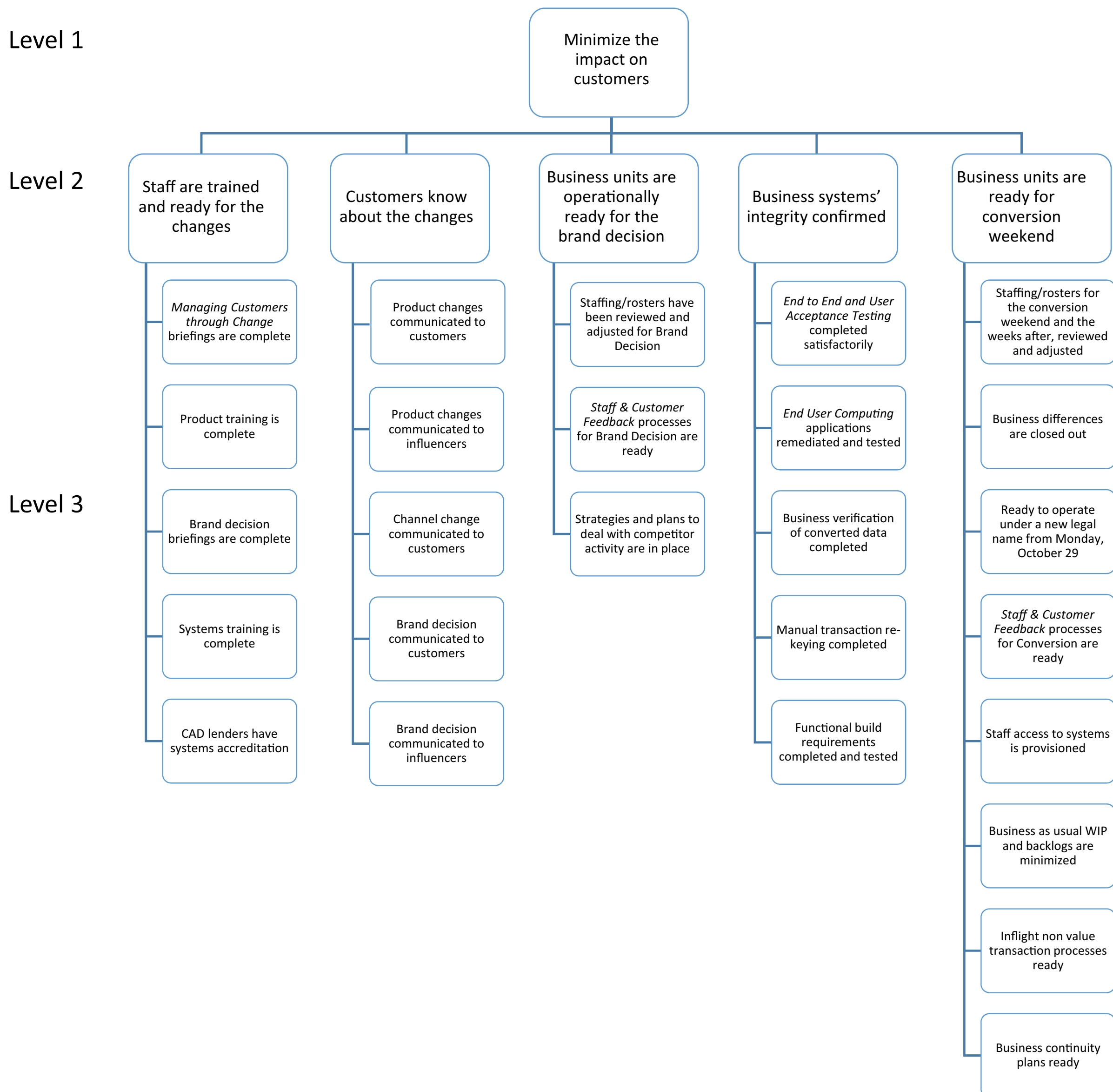
Hisco set about building a new and diverse TMT with the requisite strategic skills to design and deliver his plan for the merger. A TMT candidate's ability to help make the bank better for customers and country was more important than their banking experience. The unifying mission was to keep and add customers, with NB customers being top priority. Defining the cross-functional management of the interdependent processes and reinforcing this with clear implementation responsibility was critical. The scope and owner of each critical task was clearly identified, as shown in Table 1. As an example, 'balancing the bank' was the task of accounting for every penny and its location prior to, during, and after the IT conversion. It is important to note that almost all top executives focused on minimizing the impact on customers while enriching their services. ANZ also identified the metrics and key deliverables by which each task would be evaluated.

Figure 1 illustrates that each task was described at levels of increasing detail. For example, one key aspect of minimizing the impact on customers (a level 1 task) was to ensure staff members were

Table 1. Ownership and scope of key implementation tasks

Task	Scope	Owner
Balance the bank	Bank-wide	CFO
Report the bank	Risk	CRO
	Finance/MIS	CFO
Interact with the payments system	Bank-wide	Managing Director of Institution
Minimize impact on customers	Retail	Managing Director of Retail
	Business Banking	Managing Director of Business Banking
	Commercial and Agriculture	Managing Director of Commercial and Agriculture
	Institutional	Managing Director of Institution

Figure 1. Implementation metrics and KPIs



trained and ready to implement the changes (a level 2 task). All customer-facing employees completed change and brand decision briefings, as well as new product and system training before the merger (all level 3 tasks). Hisco's past experience in the bank group informed his understanding of both the value and limitations each cross-functional area would have, and he consistently positioned them to produce more than the sum of their parts.

3.3.2. Customer-focused research

Market research focused on the merger's potential impact on customers and the country's banking industry. Drawing on electoral campaigns, ANZ concentrated on what they referred to as 'swing voters': customers who might be persuaded to stay under a service regime that both continued and enhanced existing quality levels. This revealed that up to 36% of NB customers did not like the proposed consolidation but would give ANZ a chance. The potential change and expected inconvenience made these customers prone to defection. The research also found that 32% of NB customers said the consolidation would lead them to begin shopping the competition, while 9% of customers threatened to leave the bank if it dropped the NB brand.

Importantly, the research suggested that distinctive brand strength and differentiation (i.e., by being the most convenient and only super regional bank in New Zealand), when combined with physical channel access (i.e., online, brokers, branches) would increase market share. The decision was made to migrate ANZ's technology system to NB's platform, which meant that NB customers would lose their brand but keep their account numbers and internet banking system, while ANZ customers kept their brand but had to migrate to a new online system. Similarly, NB customers would see their familiar staff at the same locations; only the color of the branches and their uniforms changed. Ensuring an easy transition to the new brand proved to be crucial to merger success. Thus, customer research and insight became the cornerstone of the bank's strategy. As long as the swing voters remained in focus, both banks' customer bases could be preserved. This imperative encouraged employees to cooperatively seek justice for the at-risk customers: How can we all work together to make the combined bank better for our present customers and new ones?

3.3.3. Repositioning the brand

The rebranding process needed to address three related challenges: making ANZ the best bank for both customer and country, respectfully retiring the NB brand and its famous horse, and rebranding the merger itself as a responsible and positive corporate activity. Research on rebranding (Miller, Merrilees, & Yakimova, 2014) suggests that there are three phases to repositioning brands:

- Phase 1: Brand revision, which includes the processes and efforts to define the revised corporate brand.
- Phase 2: Internal branding activities—efforts to encourage key stakeholders within the organization to buy into the revised brand.
- Phase 3: Rebranding implementation through an integrated approach.

Market research was a key step in Phase 1. ANZ learned that employees and customers expected the bank to close branches, fire staff, and disregard customer history, resulting in a major drop in service. To counter these concerns, Phase 2 of ANZs' internal and external messages in 2011 emphasized that this merger would be different, communicating three key promises:

1. No frontline jobs will be lost. Staff would be replaced via natural attrition rates rather than widespread retrenchment plans. This would soften industrial relations issues and ensure a focus on customer retention over job loss.
2. Communities will not be exited. Although one side of some adjacent branches would close, others would be merged or opened nearby to expand ANZ's footprint from around 74% to nearly 90% of where New Zealanders live. In the country's capital, the message was: "Wellington—now with more branches than one-way streets."
3. History will not be forgotten. Since only ANZ customers would be operationally impacted by the system merger, for many, the customer service process would seem the same. The message: "If you have history with us, you'll have even a brighter future."

ANZ realized that while customers did not relate to the bank as an organization, they did relate to staff members. Employees were featured in corporate advertising to show that it was not a faceless banking behemoth, and to highlight that familiar staff would continue to serve ANZ's customers. The message: "We're changing the face of banking, not the faces in the bank." Phase 3, which will be detailed later, began in earnest in the six months leading up to the board vote and

announcement date, and continued beyond the initial post-merger period.

3.4. Taking the time to get IT right

ANZ's deliberate pace allowed them to implement their integrative and comprehensive strategy. Consolidation success was dependent upon the integration of ANZ's product-centric IT system with NB's customer-centric one. Spanning the systems were 350-plus end user applications, 309 product variations, and unaligned processes across brands and segments. Over 2.6 million customer records and 80 million transaction records would need to be migrated into a single system with no change to customer account numbers.

ANZ anticipated that the system change would require 12 months of effort; however, 9 months into the search for the best way to consolidate the financial systems, the complexity of integrating the two platforms began to take its toll. The IT team discovered that the system had a number of quick fixes built in over the years which were not properly documented. System testing became more difficult than first estimated. The conversion to a single system had to be a one-shot move accomplished over a weekend when most retail branches were closed. Internet and mobile phone banking, as well as online sales would be offline for 36 hours. Customer contact centers would not have system access for at least 18 hours. If the technology bottlenecked or crashed, what would the backup plan be for branches open seven days a week? How could transactions be executed? If a customer overseas had their credit card declined because the credit system went down, how would this be addressed? There was no real choice other than to invest many more months in end-to-end testing. After all, a failure on conversion day could have been catastrophic for the country and the bank, as ANZ and NB processed over 30% of the country's payments.

ANZ chose to delay the consolidation for one year, from September 2011 to September 2012. With the extra time, the IT team conducted a series of mock startups to stage and simulate the actual conversion, providing more contingency planning for possible (but increasingly less likely) system failures. This decision was not an easy one. The CEO had to explain to a board of directors that a task of such importance and cost had been underestimated and would require additional time and resources, while the company bled money and market share. Even with this delay, ANZ's efforts spanned a full 20 months, which is widely viewed as being at the low end of most M&A technology transitions (they typically average 20 to 24 months).

3.5. Months before the merger announcement (2012)

ANZ viewed the extra year as an opportunity. It nearly doubled its already substantial investment in preparing operation managers and frontline staff to lead customers through the merger and rebranding.

3.5.1. The customer forum

One of the most critical decisions made was to create a customer forum, a steering committee to oversee the entire consolidation process. The committee, led by a senior executive sponsor, was comprised of key leaders from around the bank. Representing every strategic business unit and function, the committee's purpose was to ensure that a cohesive interface with customers was maintained across each functional area. 'Centers,' or groups of individuals throughout the organization, would regularly listen to customers and employees before, after, and during the merger, so that any systemic issues could be quickly identified and resolved.

The best and brightest from each area were selected to work in this critical sense-and-respond system. These team members were temporarily released from daily duties to allow them to put their all into protecting and enhancing the customer experience. This evidenced ANZ's commitment to the consolidation task in a way that inspired mutuality between both senior staff and frontline employees.

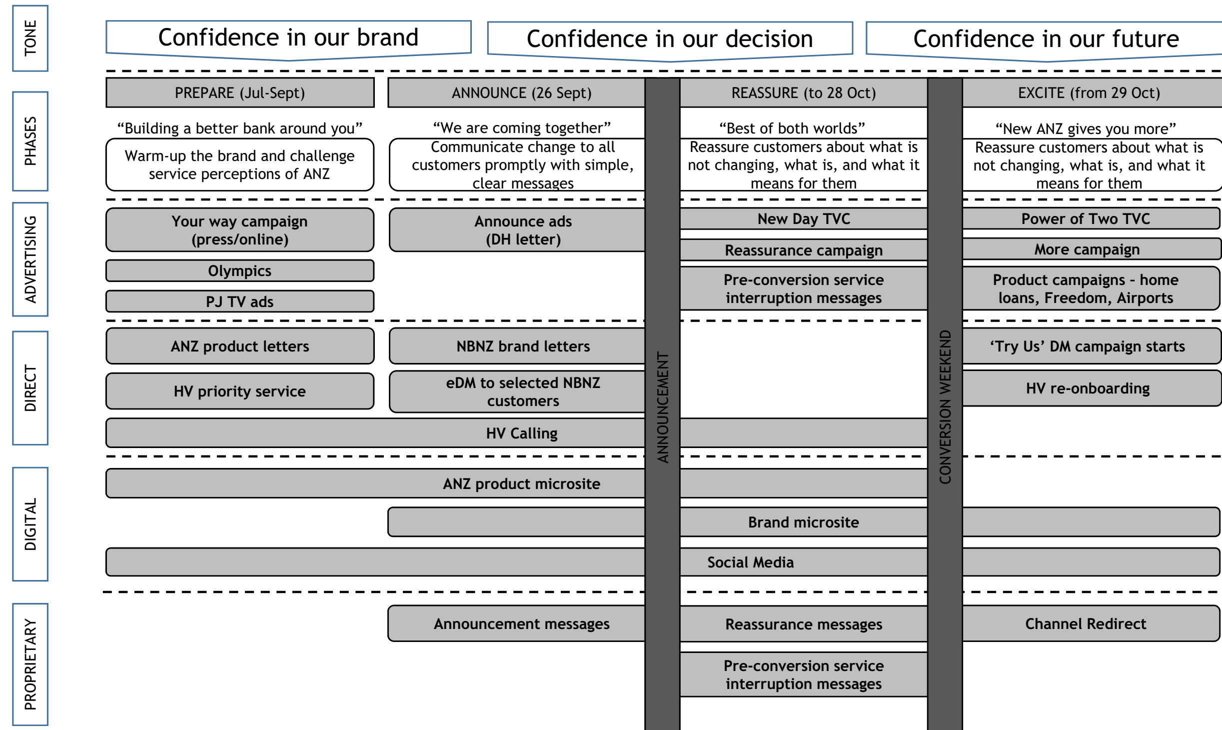
3.5.2. Leadership in action

To build trust, the CEO visited 12 cities twice a year to hold town hall meetings. All employees were invited and no questions were off limits. From these and subsequent sessions, an extensive branch training process was developed to ensure seamless customer service delivery during and after the merger. The CEO's leadership style inspired a sense of camaraderie that made politicization of the process nearly impossible.

3.5.3. Employee training

Staff members were 'buddy trained' by individuals who had a good grasp on the new system. Through learning events, online modules, and classroom interactions, these facilitators worked to ready the 7,000 employees who would be most impacted by the changes. Gamification techniques allowed staff to take quizzes with leader boards and two-way interactions. Employees were shown how the customer would experience the brand change at various points and across sales channel platforms. Research illuminating customer channel use and

Figure 2. Implementation metrics and KPIs



attitude dynamics were shared. As training sessions became increasingly informed by research and the cross-functional teams, the content began to emphasize customer acquisition and retention.

3.5.4. External reach and messaging

Figure 2 shows the multi-dimensional media strategy for Phase 3 of rebranding efforts. The goal was to maintain the new brand meaning and connect it to the company's past, present, and future in ways relevant to current and new customers. ANZ began by first 'warming up' its brand in the six months prior to the merger announcement and followed this with messages to support the brand relaunch. This was further supported by an overarching theme of confidence and alignment with New Zealand values and heroes.

Data analytics guided the targeting of competitors' customers with special offers prior to the announcement. Mortgage and credit card customers of competitive brands were identified and enticed to switch. ANZ home loan owners were offered additional products such as a credit card or insurance within 60 days of their closing. Businesses with no credit cards or large cash flow fluctuations were given new service options. Individuals who had high savings balances and no mortgage, and were of first home buying age were targeted for mortgage offers.

3.6. The merger announcement (September 26, 2012)

The board's vote and announcement occurred on September 26, 2012. The messaging strategy emphasized the two brands coming together. Figure 2 overviews the media channels used to communicate this simple and clear message to all customers. In the 24 hours following the announcement, the CEO was highly visible to external and internal stakeholders, emphasizing the crucial 'continuity' and 'even better' themes to support the frontline staff who were critical to reassuring concerned customers in the first few weeks.

Over two million customers were contacted by staff. One million of them were contacted in writing, requiring 73,000 letter variants. The format, frequency, and content of contacts were differentiated for customers with different risk profiles and valuable accounts. Every ANZ commercial customer and its intermediaries and influencers (e.g., accountants, lawyers, consultants, financial advisors) were personally contacted by an ANZ staff member prior to and after the announcement. This communication was coordinated across banking units to minimize duplication.

Within 24 hours of the announcement, thousands of key personnel launched a phone campaign to contact crucial stakeholders. Focus groups were

held to understand customer reactions. Online customer forums were conducted and social media was monitored to allow for adjustment and altering of individual messaging, as necessary.

The regulatory filings were made with New Zealand's governing agencies and key stock exchanges around the world. ANZ's commitment not to diminish branch access or cut jobs increased the credibility of its assurances that the conversion would not compromise the country's banking and financial system. Customized emails were sent to all 120 members of Parliament and their staffs. Branches near Parliament were ready to welcome elected officials with news and updates on customer service advances. All mayors in New Zealand's 74 territories were personally contacted and reassured that branches would remain open in their locales.

Internally, ANZ emphasized the new future, benefits, and products. Branch managers and line employees were empowered and equipped to "1) Win your staff, 2) Win your customers (who are most important in this process), and 3) Win your competitor's customers." By building and supporting this forward-looking spirit, ANZ grew the confidence of its managers and employees, creating a sense of momentum that extended beyond the merger announcement. Staff engagement measures in New Zealand increased from 66% on average in 2010 to 76% in 2012, before reaching 79% in 2014—two points off international best practice for a financial services company. Retail performance increased from 70% to 81% over the same period, as employees reported that they were willing and able to convert customers and as staff advocacy increased.

3.6.1. Agricultural business customers

ANZ's 150 agricultural relationship managers spent considerable time at customer farms to personalize the brand and signal their support through the consolidation. The bank sponsored 'business of the farmer' seminars for their customers to attend with their advisors. The goal was to help customers run their businesses better and position the bank as a power player in the agricultural supply chain. The bank also published insight pieces, provided dairy sponsorships, and promoted benchmarking efforts.

3.6.2. External messaging

The Power of 2 campaign began one month after the announcement. The goal of this campaign was to excite customers by promising that the "New ANZ gives you more." Contemporaneous market research showed that even more non-bank customers were beginning to change their view of the new brand.

3.6.3. Competition

ANZ also carefully considered the competition's likely response to the announcement, and prepared accordingly. Seven hundred sales force personnel and managers participated in contingency exercises, brainstorming a range of possible competitor attacks and the appropriate responses and actions. With the brand announcement, competitors found themselves defending their own customers rather than recruiting disgruntled NB customers. None of ANZ's competitors had the capacity to respond to the strong consumer reaction, and none of them anticipated ANZ's extensive outreach.

3.7. The results

The merger, involving nearly 9,000 staff and 2 million customers, was a runaway success. Brand favorability among all New Zealand banks rose from fifth place to third in the months immediately following the announcement, and to first place by 2015. Deposits and lending increased in the first quarter of the 2013 fiscal year, with no significant increase in staff turnover. Retention of NB customers remained at 99.5% as of February 2013. Staff engagement continued to rise, again, at the top of ANZ Group. Not one commercial customer was lost during the consolidation efforts and the bank lost only 30 agricultural customers. All agricultural customer relationship development and engagement systems were enhanced, providing more opportunities for future success. The business customer base grew significantly.

ANZ brand awareness increased from 28% to 48% during the Rugby World Cup event and leading up to the London Olympic Games in 2012, while the percentage of NB customers considering staying with ANZ doubled. Three years later, these measures were even better with 'consideration' at a record high number one. Brand consideration had grown from 26% in March 2011 to 45% in July 2015, while competitors' consideration remained flat or decreased. In September 2014, ANZ's net profit after tax was a record $1.7 billion NZ, with the cost to income ratio at less than 40% for the first time.

A number of teams in the bank—finance, corporate affairs, and marketing—received national and international industry recognitions and awards. The TMT was named New Zealand's Executive Team of the Year, and the CEO was given The Asian Banker Leadership Achievement Award for 2013.

4. Key learnings

The continuous engagement of frontline employees minimized ambivalence and empowered them with a shared sense of responsibility to make the merger

right for the customer. Everyone saw that the CEO and TMT were not just coaches, but teammates, consistent with the recommendations of research to date. Specifically, the CEO:

- Reached beyond ANZ (and the banking industry) to assemble a diverse TMT of financial, marketing, stakeholder relations, IT, and communication experts who collaboratively drove the dual-goal mission along a chart of interdependent functions (Nadolska & Barkema, 2014);
- Made keeping swing vote customers the superordinate identity, to provide both continuity and unity for the two employee groups (Amiot, Terry, & McKimmie, 2012; Giessner et al., 2011);
- Led from and with the frontline managers and staff in exemplarity (Cording et al., 2014; Melkonian, Monin, & Noorderhaven, 2011); and
- Ensured the near-simultaneous achievement of a virtually flawless IT migration with all other dual-goal functions by being willing to delay the mission timeline in order to get IT right (Kovela & Skok, 2012; Vieru, Rivard, & Dutot, 2014).

Collectively, these actions fed the "virtuous cycle" of simultaneously managing customer satisfaction and efficiency (Swaminathan et al., 2014, p. 182).

The positive results of this M&A emphasizes the importance of managing the human factor. In the past decade, organizational behavior and social-psychology scholars have spotlighted the breach of social identity and economic threats experienced by employees and customers as M&A malignancies. While management must proactively take the lead in providing fairness and sensemaking dialogues with key stakeholders, the challenge is how to integrate and sequence the social construction and management of justice norms and trust with the hard cross-functions and their implementation. ANZ's efforts demonstrate how a commitment to customer satisfaction and retention can be both a superordinate identity and the target of M&A efforts. Customers are first, because revenue-dependent jobs come from them. The ANZ case illustrates how this simple marketing truth provides continuity and cooperative norms for otherwise uncertain and divided stakeholders.

4.1. How to 'do' a merger

The ANZ brand and technology consolidation is useful for illustrating how a customer-centric merger can be implemented.

4.1.1. Sequencing is key

Importantly, the sequencing of activities was guided by an explicit and detailed plan. TMT members were given clear expectations and lines of accountability, and KPIs (key performance indices) were specified in advance. Efforts leading up to the announcement date were concentrated, focused, and, at times, relentless. Implementation success was the result of doing many simple things thoroughly over time, rather than trying to convert, consolidate, and modernize their systems and approach all at once.

4.1.2. Do the homework

Prior to launching these efforts, ANZ had the background of the ANZ Group's customer-informed global rebranding process and studies of past mergers in New Zealand, Australia, the U.K., and the U.S. From these, four key insights emerged that separated the successful mergers from the less successful ones:

- Strong leadership was in place before the consolidation;
- Distribution reach was maintained in order to offset loss in branch numbers;
- Loss of sales momentum, not defection, was the chief financial risk from a merger; and
- Customer-facing staff bear the brunt of the change and must be well supported and on board.

There were few successful case studies of international banks able to retain market share after consolidating to one brand. The conventional wisdom was that regardless of bank efforts, the natural law of order would be for all competitors to evolve to market share by the formula of 100% of the market share divided by number of competitors.

4.1.3. Organizational flexibility

ANZ's willingness to put the brakes on the system integration for several months, rather than barreling through, likely averted disaster. Their focus stayed on the customer rather than the calendar. Managing directors held daily or weekly phone conferences to answer staff concerns and questions, regional managers visited bank branches, and extra staff were on hand at key branch locations.

Finally, more research is needed on the signals that employers filter through to make heuristic judgments throughout the various stages of the M&A process.

Transformational leadership and change management, vision and strategy, communications, empowerment, and anchoring new approaches are just a few areas that deserve increased attention. Most important may be realizing the significance of the customer as a monitor and mirror of the entire process.

4.2. Limitations and thoughts on a better bank for customers and country

ANZ's success with a customers-first M&A corresponds with similarly successful horizontal mergers of Canadian banks (Swaminathan et al., 2014). New Zealand's combination of significant urban and rural economies, increasing multicultural demographics, and successful regional economic integration with Asia suggest it can provide numerous lessons learned and best practices for the commercial and civic challenges accompanying larger mergers. The fact that ANZ did not have to commit scarce financial resources to an acquisition price for NB (having taken place much earlier at the group level) allowed it to have more resources and time for the dual-goal implementation; this may be instructive on the potential benefits of sequencing first, an acquisition, and later, the brand and system consolidation.

Given DeYoung et al.'s (2009) suggestion that the desire for too-big-to-fail status and the related subsidies may have driven many past bank mergers while increasing societal risks, ANZ's 'for our customers and country' ideology might change the heart, soul, and financing of banking M&As.

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