

5 Questions Answered by a M&A Expert

As the financial sector continues to transform through waves of consolidation and innovation, [mergers and acquisitions](#) have become pivotal strategies for organizations seeking sustainable growth and competitive advantage. To explore the complexities and opportunities within M&A, we sat down with Wendy Erhart, Director of Client Strategy at Vericast. In this interview, she shares expert insights to deliver lasting value for clients and institutions. You'll also discover best practices for [customer retention during mergers and acquisitions](#).

Q1: What factors might inhibit an organization from fully capitalizing on its acquired customer base?

It's often the tactical mechanics. Individual business units — operating in silos — must ensure the job is getting done: Making sure the debit cards are reissued correctly, making sure the online banking systems get switched, that accounts get mapped from one product to the other, and branches are staffed. What is missing is a holistic view of the customer experience — a roadmap of the customer journey, from the day the M&A is announced, until the weekend of the conversion and the weeks beyond — that guides the customer through the entire transition from start to finish.

Can they easily access us across all channels? Internally, are we able to deliver a fully connected experience in the branch, online, and in our contact center? Customer loss after an M&A is common. That's not surprising — moments of large-scale change inevitably test the customer experience. For institutions to minimize attrition and realize the full potential of their investment, the transition must be managed well.

Q2: How does a merger and acquisition impact the customer experience?

There is much disruption to the acquired customer base, causing real anxiety for them. They might be getting a new account number, a new debit card, new checks, even a new online banking system or mobile app. In some cases, their branch may be closing, or the hours of the branch may be changing.

Beyond how they access their funds are other questions. How do I make my loan payment? What is the interest being paid on my deposit accounts? M&As naturally stress customer relationships, test brand loyalty, and disrupt established expectations and habits. Often overlooked is the disruption experienced by existing customers. The increased contact center volume from acquired customers can make it more difficult for existing customers to get through.

Another piece is the employee experience. Branch employees of the acquired institution are learning new systems and are unable to process things as quickly. In addition, they might be feeling the stress of learning new policies and new systems. Their customers may not be able to get the same level of support from the people they have come to know and trust, because those employees are going through a transition themselves.

During an M&A, there are a multitude of complex decisions to be made and questions to be asked, but none may be more critical than considering the effect on employees and customers alike.

Q3: What are the keys to an effective M&A communications strategy?

Priority number one is mapping out the holistic journey from the customer's perspective to determine how, where and when you need to communicate across that spectrum. Second, considering the volume of information customers will receive, messaging must be strongly branded across all channels to ensure the customer recognizes the communication as being from their financial institution. Third, be clear and concise. Communicate on the customer's terms and remove all banking jargon, so they understand the timeline of what is happening and what they need to do.

And remember, you cannot over-communicate. One communication is not enough, but it doesn't mean you inundate customers with letter after letter. Consider how you reiterate the important messages across all channels. Have information packets available in the branches, even though they've been mailed to customers, and have your branch teams actively talking about the changes coming. Finally, tie it all together with your internal staff, so your contact centers and branches know exactly what is going on and have the same information customers are seeing. Prepare talking points for back-office employees so they are prepared to answer questions from family and friends in the local community. Consistent, coordinated, multichannel communication is key.

Q4: What is a common customer service blind spot during mergers and acquisitions?

Time and time again, we've seen increased call volume in contact centers — both outbound and inbound. Even if you have the best digital channels, there will be customers who just want to talk to a human. The contact center becomes a critical touchpoint during times of transition.

Underpreparing for a spike in call volume is a blind spot, and proactive work needs to be done to plan your service-level agreements and ready your contact center to support the increased needs of both acquired and current customers. This may be the first interaction customers have with the acquiring financial institution and can set the tone for the entire relationship. While under-preparing for the spike in call volume is a blind spot, there are blind spots technologically, too. Do you have the technology infrastructure to support what is coming? It's about minimizing disruption and responding quickly to customer needs.

Q5: How can financial institutions deliver a seamless transition experience to business-critical customers?

The disruption and digital transformation associated with a merger or acquisition are especially risky for business-critical customers whose day-to-day operations rely on your financial institution. Vericast strongly advocates providing a seamless transition experience, so these clients understand what's coming and are prepared ahead of the curve. We support hundreds of [M&A transitions](#) and [digital conversions](#) every year on behalf of our financial institution clients, and we see a significant increase in satisfaction and retention when these top-echelon customers have a dedicated resource for proactive outreach and specialized training. Let them know you value their relationship. Get it right and you'll build loyalty ... and gain business referrals.

For more ways to have a successful merger or acquisition, check out our [M&A Playbook](#).