

Increasing business success by merging companies

BACHELOR THESIS

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How can Citysoundz increase their business success by merging the four firms Citysoundz, Pianissimo, Tomas Marks Music Publishing and Symphonicus under the name of Citysoundz?



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Abstract

Citysoundz is an event agency located in Northeim, Germany, which is led by Tomas Sniadowski, the owner of the company. He further runs the companies Pianissimo, Symphonicus and Tomas Marks Music Publishing. Since leading four individual companies causes high costs and an unclear overview, the research “Increasing business success by merging companies” was conducted in order to answer the research question “How can Citysoundz increase their business success by merging the four firms Citysoundz, Pianissimo, Tomas Marks Music Publishing and Symphonicus under the name of Citysoundz?”. As this question cannot easily be answered, four sub-questions were set up.

In order to analyse the sub-questions, the researcher applied desk research, interviews and surveys. While using desk research, the student investigated in the topics business success, business merger, business awareness and business identity; the interviews were conducted with the CEO and the employees of the company and the surveys were provided to its customers. By analysing the internal data, the researcher found that the companies are facing high costs regarding marketing activities, stationaries etc. since all of the four firms are obliged to pay these costs. In order to overcome this problem, the four smaller companies are intended to be merged into one large firm that will be run under the name of Citysoundz. This will not only save costs, but further extend the customer base and therefore, increase the company's profits.

However, the legal form of the four companies will be changed to a Ltd and the head company Sniadowski Music Group Holding will be introduced before merging the companies as this will simplify the fusion. Moreover, it is recommended to create a playbook with each step that is required to merge the companies including the definition of the strategy and the company's goals. Lastly, the customers as well as the competitors have to be analysed regularly in order to react to any changes and the portfolio of the Sniadowski Music Group Holding is to be examined on a regular basis in order to be able to compete on the market on the long run.

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List of abbreviations

BCG	-	Boston Consulting Group
Etc.	-	et cetera
e.g.	-	for example
Ltd.	-	limited company
SMG	-	Sniadowski Music Group
TMMP	-	Tomas Marks Music Publishing

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1. Introduction

1.1. Terms of reference

Citysoundz is a start-up event agency based in Northeim, Germany, which is led by Tomas Sniadowski. Under his leadership, the artist and entertainment agency “Pianissimo”, the music publishing firm “Tomas Marks Music Publishing” and the full-service solution for background music “Symphonicus” are led. The four firms are described more detailed in the following chapter. Tomas Sniadowski employs two permanent workers and two interns and cooperates closely with his partners and external service providers.

This report is due on the 2nd July 2017 and contains the problem definition, the formulated research question including supportive sub-questions, the objective and limitations, a theoretical framework, the methods used to conduct the research as well as the results, a discussion and lastly the conclusion and recommendations. Naturally, all sources are indicated and listed in the chapter of bibliography.

1.2. Company overview

The event agency Citysoundz organises both, own events and events for their customers. Most of their own events take place during the late afternoon until late night and include several famous singers and bands who are performing in the beginning of the event as well as a DJ who is playing party music after the artists have finished. In addition, the guests are provided with drinks and food. For these events, the guests have to buy a ticket in advance or directly at the entry of the certain event location which is different for each event. Every event is organised under a certain motto which includes an Italian night, a ladies' night as well as a “Schlager” (German pop music) party. Regarding the events which Citysoundz organises for its customers, the agency mainly offers artists (see description of Pianissimo), light and sound technique but also makes use of external agencies, always depending on the customer's wishes. Citysoundz is able to call hotel chains such as Kempinski, Ritz-Carlton and Sheraton as well as the car manufacturers Audi, Mercedes, BMW and Volkswagen its customers. Moreover, the company has cooperated with the German Football Federation, SYCOR, KWS, the ProSiebenSat.1 Media SE and many more (Citysoundz, 2017). Citysoundz is the largest of the four firms and is the most known beyond them.

Pianissimo is an artist agency which provides their customers with artists for many different kinds of events. The firm comprises not only musicians, such as pianists, singers, DJs, violinists and saxophonists, but also of comedians, magicians and many more. These artists also include quite a high number of famous celebrities that are not only known in Germany but also across Europe. When offering artists to their customers, Pianissimo is also supporting them regarding technical aspects during the event, such as for light and sound. The primary customer group is first class hotels but the firm also offers its services to private persons (Pianissimo, 2017).

Tomas Marks Music Publishing is a music production company which sets the focus on music, jingle-production as well as audio imaging for radio- and TV-stations. Not only have they already produced jingles for over 50 radio stations, but also written songs for many international artists. The company provides a customized station ID and concise packaging elements in order to create a corporate design and a competitive advantage. Even though the company is quite young, they dispose of a lot of experience in the following sectors: Single and album composition and production, music production for advertising, audio imaging, and corporate ID, voice recordings, video synchronization, website sound-design, mixing and mastering as well as complete choirs- and vocal-arrangements (Tomas Marks Music Publishing, 2016).

Symphonicus focuses its business completely on background music in hotels, restaurants, cafés, bars and spa areas. It offers a small box that can be purchased within various packages and that includes thousands of songs which are played in a random order that changes constantly. This box only has to be plugged into the already existing sound system and does not need any further adjustments. However, the company offers changing the genre for a special occasion and further takes care of maintaining or repairing the box (Symphonicus, 2016).

All of the four firms are led by Tomas Sniadowski and are located in the same office in Northeim, Germany.

1.3. Problem definition

At the moment, the four firms are led individually. This means that there are separations not only regarding accounting, tax and legal aspects but also regarding marketing activities. Thus, the business procedures for all firms cannot easily be made transparent and it is difficult to keep a complete overview. Each of the companies is obliged to make payments for the tax consultant as well as the monthly balancing of accounts and needs to invest in marketing activities individually which include the homepages, advertising, business cards and stationaries. Therefore, the business costs regarding these aspects can be estimated to be four times as high as they would be for only one company.

These costs that each individual firm faces, lead to relatively high prices for the customers which makes it difficult to compete against other companies in the corresponding business field. However, costs for rent, equipment and wages are not relevant here, as all four companies operate in the same office and all employees execute duties for each firm. Thus, the costs for leading four businesses are significantly higher than for leading only one firm and therefore, the focus of the research will be on solving this problem.

1.4. Research question and sub-questions

1.4.1. Research question

Therefore, the research question is stated as follows:

How can Citysoundz increase their business success by merging the four firms Citysoundz, Pianissimo, Tomas Marks Music Publishing and Symphonicus under the name of Citysoundz?

1.4.2. Sub-questions

The following sub-questions are helping to solve the research questions:

Which factors contribute to the business success of Citysoundz?

In order to answer the research question, it is important to know what the business success depends on and by which factors it is influenced.

Which merger strategies are the most feasible for Citysoundz?

In order to be able to successfully merge all companies, it is important to know which strategy they should use.

How can Citysoundz communicate the merger to its customers?

It is very important to answer this question in order to make the customers aware of this change, especially customers of Pianissimo, Symphonicus and Tomas Marks Music Publishing. It will further be determined what is already done and what is successful or not successful.

To what extent does Citysoundz have to change its identity due to the merger?

This question will determine what the company has to change regarding its image when it combines four separate firms into one.

1.5. Objective

In general, the company intends to improve the overall business success. As this includes many different factors and cannot be generalized, the main goals are saving costs and therefore increasing the profit as well as combining the advantages of the four firms and are described below.

The main goal for the company is to save costs that are generated due to the accounting, tax and legal aspects and marketing activities for all four companies. The savings for the marketing activities alone that comprise the individual domains, advertising, business cards and stationaries amount to about €10,000. By combining the work for the tax consultant so that instead of performing the accounting of four companies, he simply has to implement the task for one. These saving amount to at least the same value, potentially even more.

Another goal of Citysoundz is to maximize the benefit. Besides saving costs, the company aims to combine all advantages of the four firms, such as the good reputation and client groups of each business. The objective resulting from maximising benefits is to generate a high number of customers and therefore increase the market share and strengthen the brand identity. Lastly, it is intended to lower the prices for the clients which will contribute to the growth of the customer base.

1.6. Limitations

This research will be conducted especially for the company Citysoundz and with regard to merging four small firms into one larger company. It will use internal data as well as literature concerning the problem and goals and the recommendations for the most feasible strategies are individually designed for the firm. Therefore, it cannot completely be transferred to any other company. Furthermore, the firm's internal data is highly confidential and may not be transmitted to third parties.

Nevertheless, some parts of the research might also apply to other companies that face similar problems and goals as Citysoundz. Especially the content of this report's theoretical framework could be useful and applicable to similar businesses. However, the results of the methods chapter and the designed strategies will need some adjustments when used for other companies.

The organisation of this work is very important and should be set up as early as possible in order to monitor the progress of the investigation.

There are three phases within the project:

- Orientation phase (approximately week 1 until week 6)
- Execution phase (approximately week 7 until week 15)
- Completion phase (approximately week 15 until week 18)

Within these phases, there are several deadlines to be accomplished:

- Research Proposal: 17th March 2017
- Concept thesis: 12th May 2017
- Final thesis: 2nd July 2017

2. Theoretical Framework

2.1. Business Success

Companies constantly need to adapt to their internal and external environment. While adjusting the company processes to the internal situation is mostly easier, continuously reacting to the external environment is more of a challenge. In general, customers demand the highest quality for the lowest price and due to the increasing market transparency, they are better informed about operating procedures, the cost-price-relations etc. Therefore, they are cruel buyers and it becomes more difficult to differentiate from the competition which leads to a high price and quality competition.

Keeping the position in the market on the long term is crucial and can only be obtained by continuous innovations and improvement of the offer or creating a price advantage. Since the market demands a continuous improvement of the quality for a price that remains low many companies face difficulties with the relation between the price and quality of their products and are therefore outsourcing some of the operating procedures to low wage countries (Bailom, Matzler, & Tschernjak, 2006).

2.1.1. Porter's Generic Strategies

Moreover, firms have to develop strategies in order to stay on the market. Michael Porter developed a matrix, which represents generic strategies that depend on the competitive advantage and the competitive scope that the company is aiming for. Within this model, firms have the possibility to follow either the cost leadership, differentiation method, cost focus or differentiation focus (see table below).

		Competitive advantage	
		Lower cost	Differentiation
Competitive scope	Broad target	Cost leadership	Differentiation
	Narrow target	Cost focus	Differentiation focus

Table 1: Porter's Generic Strategies

Companies in the field of cost leadership are competing on the low-price level. Everyone is aiming to sell the products for the smallest price in order to gain as many customers as possible and therefore increase their market share. The products do not dispose of a high quality as this would raise the price significantly and are sold within a broad market.

Firms that are located in the differentiation field concentrate on being innovative instead of selling their products for a low price. In this sector, the price does not play such an important role in relation to the benefits for the customer. It is more important to be different than the competitors in order to gain a high market share and a high number of customers in a broad market.

On the narrow level, companies are following the same strategy but for a smaller target group. This means that these firms are building niches in which they are competing with other companies (Porter, 2004).

2.1.2. Hyper competition

The state in which many companies are competing on a high level is described as “hypercompetition”. This state is a “situation of extreme competition, where companies must try even harder than usual to have better products, sell more, etc.” (Press, 2014).

However, there are companies which are always slightly more successful than others and which have a competitive advantage against their competitors. The leaders of those firm put their focus on factors such as active operating, customer relation and productivity of the employees. They always keep the company’s market share, market growth and the rate of innovation in mind in order to improve their operating procedures. Moreover, these companies are successful due to a different portfolio, which means differentiation, instead of lowering the product prices, and a performance and team oriented company culture as well as strong dynamic leaders (Bailom, Matzler, & Tschernernjak, 2006).

Some of these factors might have an influence on each other. Nevertheless, certain factors that successful firms are focusing on are also considered by companies that have not been successful. For this reason, it is crucial to analyse the influence of each factor on the other in order to be able to differentiate the own company from the others by creating differences in the strategic orientation of the business.

The leaders of a company are required to keep an eye on the whole picture and on their competitors in order to be able to react to any changes in the market. As the number of entrants has risen in the last years, the competition regarding the customer value has become more intense, which makes it more difficult to offer an innovative product and to gain the highest market share. Furthermore, companies with a quality or innovation advantage are caught up by their competitors quicker and quicker which reflects an aggressive competition behaviour (Bailom, Matzler, & Tschernernjak, 2006).

2.1.3. Customer-Value Competition

The figure below describes the Customer-Value Competition and makes clear, how businesses within a sector are depending on each other and that the situation on the market can change completely if one company lowers their prices or increases the quality. This triggers a chain reaction (Bailom, Matzler, & Tschernernjak, 2006).

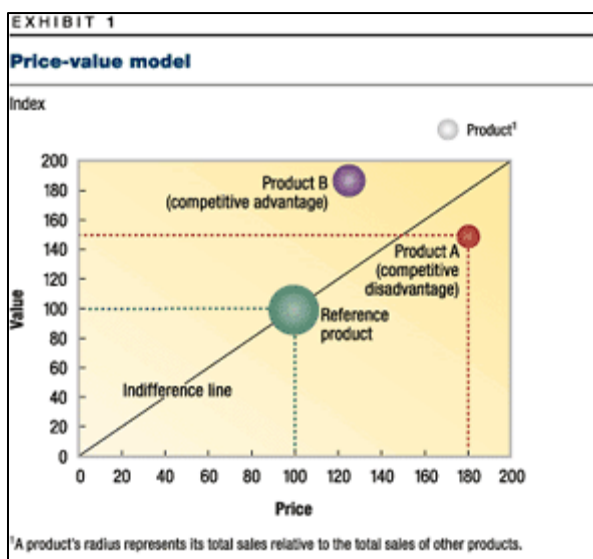


Figure 1: Price-Value model (Harvey Golub, 2000)

Regarding this analysis, it is crucial for every firm to continuously improve their customer value in order to succeed in the market, but only 14% of all businesses were able to assert their innovation and high prices and are therefore more profitable (Bailom, Matzler, & Tschemernjak, 2006).

2.1.4. Sustainability

In order to sustain on the market, there are several challenges that all companies are facing. These include the usage of the employees' potential, the successful introduction of innovations, the improvement of the customer relation and the process and cost optimization. Those companies which are not inventing new products but only improve the existing ones do have some difficulties in improving their cost structure sustainably on the international level. They focus on the operative excellence and cost improvement but these measures fall too short and therefore, only achieve short term improvements or even no improvements at all.

In addition, they do not consider their employees' potential to the highest level, but the engagement of the company's workers is a crucial factor that influences the successfulness of an Innovation or cost-cutting programmes. Another important aspect is the staff's identification with the company which is a precondition for their willingness to contribute to the company's business and for their personal development.

Those companies described above, are mostly not able to meet their goal of higher loyalty rates and numbers of new customers as is it the biggest challenge for 50% of the firms. The reason for this failure is that the companies are not using adequate methods of customer analysis and therefore they do not have enough knowledge and customer problems are not being recognized (Bailom, Matzler, & Tschemernjak, 2006).

Regarding the innovation process, many companies are not open enough towards inventing a new product. Instead, they are simply trying to improve already existing products and intend to attract new customers and enter new markets with these products. This leads to a mutual approach of firms and a decreasing scope of action. Businesses are focusing on the competition and not on creating a value for the customers.

Organisations that concentrate on creating new products and therefore, offering a higher value for their customers have succeeded in changing the business sector with their innovations and even to realize higher prices for their products. Their leaders intend to actively change the market and consequently focus on happenings in the industry and the expectations of their customers. They are using the potential of their employees better than other companies and thus, 70% of the workers are engaged and can identify themselves with the firm.

Another difference towards the companies that do not create innovations are improved cost structures. The reason for this advantage is the fact that they establish the processes from the beginning instead of simply improving them. This means that the leaders are already keeping in mind to make the processes efficiently already during their development (Bailom, Matzler, & Tschemernjak, 2006).

2.1.5. Findings

All in all, changing the system is more important than improving the system. Many companies are focusing on an increasing efficiency which mostly leads to a price reduction even though the quality is increasing. In order to create a competitive advantage, visionary thinking, the courage for inventions as well as a systematic customer and market focused orientation of the company and the complete usage of the employee potential and engagement are crucial.

2.2. Business Merger

2.2.1. Types of mergers

Merging two or more companies means combining resources and strategies in order to create a competitive advantage on the market. In this occasion, it is not of importance if the businesses are located in the same country or if they operate with the same currency. However, disposing of the same culture and currency contribute to the merger process positively. Especially since the introduction of the Euro in Europe, the number of mergers and acquisitions has risen significantly (Koller, Goedhart, & Wessels, 2005).

A merger has to be differentiated from a so-called consolidation which implies that two or more companies fuse and create a completely new business. When speaking of a merger, one company is incorporated into another one. There are different types of mergers which are classified as horizontal, vertical and conglomerate mergers. When two competitors combine their firms, it represents a horizontal merger, when businesses with a buyer-seller relationship merge, this is called vertical merger. The third type – the conglomerate merger – signifies a combination of firms which are neither competitors nor do they have a buyer-seller relationship. These firms operate on different markets (Gaughan, 2002).

A horizontal merger can further be divided into “with product extension” or “without product extension”, which means that one company takes over another one in the same sector. A vertical merger can be categorized as forward and backward integration which implies that company 1 takes over an upstream or downstream firm in the same branch. A conglomerate merger always creates new business areas as two companies of different branches merge.

What all mergers have in common is the division between a friendly or an unfriendly/hostile takeover. Even though the merger is implemented with the approval of the companies’ owners, the managers might be against this action and thus, this is expressed as an unfriendly or hostile takeover. If both the owners and the management agree on the merger, it is called a friendly takeover (Wirtz, 2003).

2.2.2. Reasons for mergers

While there are many factors to take into consideration when building a strategy to successfully merge several firms, the merger can be a strategy on its own. In order to achieve success with the merger, it is important to create value for the shareholders. Even though the competitive advantage is a huge benefit, naturally there is also a down side of mergers and acquisitions. On the one hand, it carries advantages for the shareholders but on the other, it could be unpleasant for the customers in case of an increase of the products’ prices. This can be prevented by increasing the efficiency which consequently improves the quality but at the same time decreases the costs. Moreover, a merger can both, create new positions and make positions redundant (Koller, Goedhart, & Wessels, 2005).

Additional reasons for merging companies are expansion and diversification, since fusing with a company that is already operating in the target region or market is easier and quicker than expanding the own business into this area, as well as taking advantages of the synergy between the organisations. Moreover, growth, financial benefits and tax issues motivate businesses to consider a fusion (Gaughan, 2002).

2.2.3. Strategic planning of mergers

All mergers pass through a certain process which includes three phases: the pre-merger, the transaction and the post-merger. During the pre-merger phase, companies develop a strategy and determine which strategy to choose. In addition, the company's goals are determined and the organisation, the market and the competition is analysed. During the transaction phase, the contract partner is screened, the company's value is calculated and the firms enter into a contract with details that have been discussed beforehand. The post-merger phase consists of three sequences: the integration conception, the integration conduction and the integration controlling.

Within the first sequence, the integration procedure, extent and speed are determined, in the second sequence, the organisational and operational structure as well as change management the development of a staffing concept is addressed. Lastly, a progress control takes place and the climate and success of the integration are analysed.

For the case of a demerger, there is a phase after the post-merger sequence – the demerger management – which includes the demerger conception, conduction and controlling. The first sequence is used to identify the misfit, then the conduction of the transaction is navigated and lastly, the success of the completed transaction is analysed. Below, the various phases are demonstrated:

Acquisition management		Post-merger management			Demerger management		
Pre-merger phase	Transaction phase	Integration conception	Integration conduction	Integration controlling	Demerger conception	Demerger conduction	Demerger controlling

Table 2: Phases during a merger

Even though companies have to act spontaneously when merging companies, the development of the merger strategy is crucial in order to prevent any risks and failure. This requires the analysis of the company's goals and the situation including the internal and external environment as well as the strategy formulation and strategy implementation. The figure below will illustrate the process of the strategy development.



Figure 2: Process of the strategy development

The strategic goals of the organisation are the central object of the business planning and influence both, all decisions that are made and the formulation of strategies. Moreover, the vision of the firm makes a significant contribution to the formulation of the company goals as it builds the basis for all business operations. Thus, the vision implies the intended development of the organisation in the future.

In order to formulate the vision, it is important to examine, what kind of business is being ran, who the customer is and how he sees the company as well as which business is intended to be ran in the future. The vision is always connected to the mission of the company which consists of the measures that have to be taken to support achieving the vision. Only after defining the vision and mission of the organisation, it is possible to specify the goals, strategies and measures to implement these strategies.

When analysing the starting situation, the internal and external environment are examined as follows: the internal analysis exposes the own resources and competences of the company and thus, the strengths and weaknesses; the external analysis deals with the setting and branch in which the organisation is operating as well as their competitors and therefore, the opportunities and threats for the company. Then, both analyses are compared to each other which creates a strategic fit that is the basis for formulating the strategy.

The formulation of the strategy should always be designed to build on strengths and to avoid weaknesses, concentrate on the power, optimize the use of resources and exploit the potentials of a synergy. There are several instruments to analyse the difference between the actual and the target situation, such as the gap analysis which contrasts both situations (see appendix 1). However, it is not suggested to base operational decisions simply on the gap analysis but to implement a portfolio analysis as well which includes the strategic business units (SBU) and the industry attractiveness (see appendix 2). After examining these analyses, it is known where the company stands and what is required to achieve the position they intend to own and the strategy can be formulated.

The next step is to implement the strategy. This is divided into 3 phases: the planning, realisation and the controlling of the implementation. Here, it is of great importance to define the implementation goals and the measures needed to reach these goals in the first phase. In the following phase, the planed measures have to be communicated before starting the actual implementation. Lastly, the controlling examines whether the goals have been reached and what still needs a certain level of improvement (Wirtz, 2003).

2.2.4. Creating value for shareholders

Companies have to evaluate whether merging businesses is more profitable than the company on its own. If this is not the case, another strategy is to be developed. If it is the case, it is important to create a higher value for the shareholders in order to benefit from the merger. By either entering a market with an innovative product or entering a new geographic market with the merged firms, companies are able to generate a higher economic profit and reduce their costs to a minimum.

Furthermore, those organisations are able to raise their net annual income. Thus, if the business profitability and growth of the merged companies are higher than those of the individual companies, the cash flow is consequently higher and therefore, value is created for the shareholders. The figure on the following page shows an example of how to calculate the value of the merged companies including the synergy between the companies and the price for the fusion.

\$ million			
Value		Price	
Intrinsic value of target	900	Market value of target	800
NPV of synergies	400	Premium paid	240
Gross value of acquired assets	<u>1,300</u>	Total price paid	<u>1,040</u>
Value to shareholders of the acquirer: 260			

Figure 3: How to Think about Value Creation in M&A

In order to calculate the shareholders' value, it is important to not only consider the intrinsic value of the company but also the net present value that synergies are holding. These two aspects make the gross value of the acquires assets. The price for the merger including the market value of the company as well as the premium that has to be paid when merging companies is subtracted from the gross value, which is then represented by the value for the shareholders (Koller, Goedhart, & Wessels, 2005).

2.2.5. Findings

Mergers have many different shades, there are various forms of mergers and all these forms carry individual strategies that have to be adapted to the companies that are combining their business. However, a merger always implies that two or more companies are combining their business into one in order to gain a competitive advantage. One aspect that is constantly important within this process is the value that is created for the shareholders of the firms, since they have a high level of power regarding the success of the companies. Naturally, mergers do not only bring advantages with them but when applying several steps and developing a professional strategy for the merger, the risk of failure can be minimized.

2.3. Brand Awareness

In order to be transparent for the customers and to inform them that something has changed, it is required to be aware of a communication technology integration. Within this process, a standardized database represents the basis for the collaborative decision making. However, its complexity should not be too high but ensure the highest level of availability and reliability of data. A professional information and communication policy is a crucial success factor when merging companies, especially in the post-merger phase, as they empower the employees' motivation, trust and commitment (Wirtz, 2003).

2.3.1. Information and communication technology

Nowadays, information is becoming an important competition factor and therefore, a successful integration is a condition for a functioning merger. In the past, most of the companies that have merged, have not been successful due to the lack of such an integration. There is a high number of various information and communication systems which have different characters, which makes the integration for both firms during a merger more difficult.

Besides considering the information flow between the two companies, it is also of great importance to keep an eye on the communication towards external partners and customers. Communication is possible between humans, between machines as well as between humans and machines. It can be differentiated between language, data, text and image communication.

2.3.2. Information and communication policy

From the beginning of the merger process, the companies are required to ensure a standardized communication flow towards the internal but also towards the external environment of the organisation. The reasons for this matter are a quick decision making and explaining complex topics in order to show their various stakeholder groups the personal benefits of the merger. Moreover, it will calm the employees of both firms if they are aware of all happenings before, during and after the process which will decrease the probability of dissatisfaction. Thus, an information and communication policy is an important success factor when merging businesses.

Information is an immaterial good. Due to the fact that communication is a mutual exchange of information, it does not only include the raw information transfer. This implies that within the communication process, there is always one transmitter and one receiver and in between, there is a high number of information channels. The most efficient way of communicating is to give the receiver the opportunity to react to the information given by the transmitter straight away as it assures that the message was effectively transferred which results in a communication success.

There are three forms of communication. The first form "One-to-one" represents an individual and direct conversation, the second type "One-to-few" implies the communication between the transmitter and a selection of receivers, while the last form "One-to-many" means the communication between one transmitter and a high number of receivers. However, it has to be distinguished between one-sided and two-sided communication. The first categorization means that the receiver does not have the possibility to react directly to the information, while the opposite is the case when applying the second option.

Moreover, there is a differentiation between personal communication, which implies the direct contact between the transmitter and receiver, and thus, face-to-face communication, and impersonal communication, which happens at separate locations. And lastly, there is a distinction between internal and external company communication, but there is a synergy between these two types of communication. The table below contrasts the different types of communication.

One-to-one communication	↔	One-to-many communication
One-sided communication	↔	Two-sided communication
Personal communication	↔	Impersonal communication
Internal communication	↔	External communication

Table 3: Different types of communication

Within these forms of communication, there is horizontal and vertical communication. The first type deals with the information flow in one department of a company and the second one implies communication between the different hierarchy levels.

2.3.3. Communication strategy

In order to develop an appropriate communication strategy, it is crucial to analyse the initial situation as a first step. This includes analysing the target groups of the communication of the company during the merger. The figure below, will demonstrate the different groups. The next steps are to develop communication guidelines, contents and procedures and then to choose feasible communication media, instruments and carrier (Wirtz, 2003).



Figure 4: Target groups of merger communication

2.3.4. Findings

In order to make the customers of all firms aware of the current situation, a professional information and communication technology as well as policy is essential. There are many different types of communication and therefore, different uses for various target groups of the organisations. Only if the communication flow is functioning, it is possible to achieve a high level of business awareness.

2.4. Business Identity

Every organisation owns a certain identity which is transported to the outside and which makes them unique. When two or more companies merge into one, there are different identities that have to be combined into one, or even form a new identity. Re-branding can be an important success factor of mergers and has to deal with the company's customers, its employees as well as the investment community which means shareholders, investors etc. None of these relationships is to be neglected, as they build the basis for the creation of a new vision of the merged businesses and thus, a new identity.

If the creation of a new identity is considered to be unimportant, organisations might decide to use the already existing identity of one of the merged firms which might lead to dissatisfaction within the other organisation. Therefore, the synergy will suffer as there appear to be a winner and a loser of the merger, which should not be the case since the intention of a merger is cooperation instead of working against each other.

2.4.1. Strategies for a corporate identity

The creation of a corporate business identity takes place in the post-merger phase and requires a certain level of knowledge to achieve a proper identity for the merged firms. There are several possibilities for branding companies after a merger that take into consideration which aspects should be maintained, which should be dismissed and which can be combined.

Richard Ettenson and Jonathan Knowles invented 10 strategies to re-brand businesses after a merger which can be categorized into four sections: (1) This deal is a merger and the stronger brand is adopted (called “backing the stronger horse”), (2) this deal is a merger and the best of both brands is adopted (called the “best of both”), (3) this deal is a transformational merger and a new brand is created (called “different in kind”), and (4) this deal is simply a portfolio transaction, and no brand changes will occur (called “business as usual”) (Ettenson & Knowles, 2006).

The first strategy within the first of the above-mentioned groups is to use the name and symbols of the stronger firm for all companies, which is one of the most applied strategies for re-brandings since it is the most simple and practical option. However, it is also possible to use the brand of the weaker organisation as it might apply more to the intention of the merger, which is the second strategy. This will further avoid a winner-looser-situation that can occur with the first strategy as described above. As a third strategy, a combination of the name for corporate reasons of both firms for a specific time period can be used. Lastly, the fourth strategy within this group is to adjust one of the company’s name and logo with just small changes to adapt it to the merger identity.

Within the group of ‘Best of Both’, it is intended that both merging companies are having an impact on the merger and thus, the identity of the brand. This can either be implemented by making use of both logos and names completely and combining them with the word ‘and’ between, which represents strategy 5. Another possibility, strategy 6, is to take both names on the one hand but on the other adjust the logo and symbols according to the merger. Both of these strategies are likely to avoid a winner/looser situation which can be very harmful in a merger. Moreover, it is possible to use the logo of one company and the name of the other, which will enhance the cooperation between the firms as strategy 7. When using the following strategy, number 8, one of the companies is considered to be a junior partner regarding the other firm’s visual identity and will be mentioned in the subtitle.

The strategy of the group ‘Different in Kind’ deals with creating a whole new corporate identity, as strategy 9, where almost nothing will be transferred from the already existing logos and names. The 10th strategy operates within the group of ‘Business as Usual’ and means that one firm will be taken over by the other and mostly the stronger organisation without considering their corporate identity. The company that has been taken over has to adapt to this new identity completely (Ettenson & Knowles, 2006).

2.4.2. Fusion Branding for success

When merging companies, it becomes important to show the customers and shareholders that the initial product and its values are still the same or at least are not decreasing. Therefore, the best qualities and characteristics have to be merged in order to create one company that satisfies the needs of the customers of both individual ones. However, those organisations have to be sensitive when deciding which aspects to adopt from each business and to make sure that this amount is approximately equal. Otherwise, one company would be considered as the leader and there is the potential risk of losing many customers which leads to the loss of important market share. Creating a marketing plan considering aspects from both companies is called ‘fusion branding’. Businesses using this strategy are more successful compared to other merged companies by 3%.

In order to avoid assuming one firm as the leader, it is required to analyse the internal environment of both firms, which means the strengths and weaknesses of both organisations, and contrast them against each other. Those companies that are the most successful here, are the ones that put a high focus on their customers and their wishes and needs instead of wanting to be the winner in the whole merger process. These aspects need to be taken into consideration before agreeing to merge the own company with another as this can carry many disadvantages but it also offers a lot of opportunities to improve business for both companies (Erickson, 2015).

2.4.3. Tasks and steps for a business identity

According to Randy Duermyer, a reputable author and writer, there are certain steps to take when businesses intend to create their business identity regarding legal issues as well as aesthetic aspects. As a basis for a successful creation of a business identity, the organisation is required to be positioned both, in the market and the sector of business. Furthermore, it is important to analyse the target market, to determine the company's vision and to have professionally conducted a business plan for the organisation. Another aspect that should be considered beforehand are legal forms that are concluded and lastly, to be aware of which licenses are required for the business.

Only when these requirements are met by the business, it is possible to create an individual business identity. However, there are eight steps to take in order to be successful. Firstly, a slogan or similar needs to be developed according to the target group and product, secondly, the company is required to own a business address and telephone number in order to separate it from personal issues. The next step includes the employees, as they need to be registered. For this, an employer ID number is required for the business. Fourthly, the company should operate with a separate bank account in order to be organized as much as possible.

The next two important steps are to create a company logo as well as business cards with this logo which will create a corporate design. Moreover, it might be advantageous to have an own stationary for the firm instead of leading it from a home office, always depending on the size of the organisation. Lastly, an online presence is of great importance especially nowadays and includes not only a website, but also a mail address and much more (Duermyer, 2016).

2.4.4. Findings

The identity of organisations is crucial and especially during the process of a merger, this is a sensitive topic as there are two or more different identities that are colliding but need to be brought together. There are 10 strategies that are useful when it comes to creating a corporate identity of two companies and which will already indicate a direction for the merger. Regarding these strategies, one of the generally more successful ones is fusion branding, as it combines the highest qualities of both companies without leaving one behind. Lastly, by following certain steps, companies are able to manage the creation of a corporate business identity more easily.

3. Methods

3.1. Business Success

3.1.1. Research Design

Most of the analysis will be done by conducting classical desk research. This will be useful especially for the first sub-question **“Which factors contribute to the business success of Citysoundz?”** since this can be answered more appropriately with already existing data and statistics instead of personal interviews or similar.

3.1.2. Research Unit

The research unit regarding the section of business success are the four companies Citysoundz, Pianissimo, Symphonikus and Tomas Marks Music Publishing. As a first step, it is important to analyse the structures of these firms in order to find out which merger strategies are feasible.

3.1.3. Data Collection

In order to gain information about factors of business success, data will be collected with the use of desk research that the student will conduct individually. Firstly, the collection will be conducted generally before it can be applied to the company. In the section of business success, the factors that contribute to it, are mostly the same for each firm and therefore, desk research will be the most appropriate method. Then, the internal data base, which will deliver information about the structures of the individual companies, will be used. After having collected information from both sources, it will be possible to combine the results and to answer the significant sub-question.

3.1.4. Reliability and validity

“Construct validity is the extent to which you measure what you intend to measure. [...] Social desirability is answering or behaving in such a way that it conforms to what the respondent thinks that the norm is” (Baarda, 2014). In this case, it is of great importance to achieve construct validity since those factors that influence business success are not subjective and is not considered as a desirable behaviour but more a state that can be measured.

“Reliability is the extent to which a measurement is independent of chance” (Baarda, 2014). In order to assure a valid outcome regarding the factors of business success, it is crucial to utilize trustworthy sources from reputable authors.

3.2. Business merger

3.2.1. Research Design

In order to answer the second research question **“Which merger strategies are the most feasible for Citysoundz?”**, the existing strategies will be analysed by conducting desk research. To be able to examine which of these strategies would be feasible for Citysoundz, the internal database will be consulted.

3.2.2. Research Unit

For this section, the research unit are firstly, the strategies that have been developed for merging companies and secondly, the company Citysoundz itself while analysing which strategy is the most useful for the company.

3.2.3. Data Collection

The data will be collected by implementing desk research on the one hand, and using the internal database on the other. This implies the research of already existing merger strategies including investigation on how to apply them to a company and what to consider when merging firms. After having collected enough information, the internal data base will be used in order to analyse which strategy can be best applied to Citysoundz in order to be successful. This data base includes not only the financial aspect but also the customer base and employees of the company. Moreover, an interview with the owner of the companies will be implemented with the following questions:

- **Why do you want to merge the companies?**
- **Where do you see the benefits?**
- **What could be potential pitfalls or risks?**
- **When do you want to start and terminate the merger?**
- **What are your costs (since there are no acquisition costs)?**
- **Is the company prepared for the merger yet?**
- **How many people are involved in the merger?**
- **Who is responsible for the merger?**
- **Do these people need training regarding the knowledge of merging companies?**
- **Do you consider a playbook for the merger as beneficial?**
- **If yes, do you already have something like this and does it need improvement?**
- **When considering the past, how did the company handle drawbacks? How is the ability to learn from it?**
- **What impact will the merger have on the clients and the employees?**
- **Which of the merger strategies do you consider as possible for the companies?**

This interview will be conducted with the CEO as he is the responsible person for the merger and the consequences – positive or negative – and therefore, it is crucial to gain an inside in his point of view. It will further deliver information about the reasons for the merger as well as the actual costs, which cannot be found out by conducting desk research. Thus, a direct interview is most beneficial method to answer the relevant sub-question. The questions below will not only be part of the interview with the CEO but will also be asked to the firm's employees as this will enable the researcher to compare the different point of views between them.

- **Where do you see the benefits?**
- **What could be potential pitfalls or risks?**

The questions about the reasons for the merger as well as the deadline and the costs of the merger cannot be answered by the employees as these are decisions which are made by the CEO and contain information that only the owner is aware of. Therefore, they will not be asked to the employees. Anyhow, the interview with the employees will begin with the following questions:

- **Which is your position within the company?**
- **How long have you been working in the company?**
- **What do you like about your working place?**
- **What do you dislike about your working place?**
- **Are you aware of the changing situation?**

After having asked the questions regarding the benefits and potential pitfalls or risks, the employees are asked:

→ **How do you personally feel about the merger?**

These questions are asked to the workers in order to find out their opinion on the changing situation while knowing their background within the company, such as their job position and if they are satisfied with working for the company. These aspects are important to know as they affect their position towards the merger and the willingness to adapt to changes. Thus, it is crucial to include these questions in the interview.

3.2.4. Reliability and validity

In this case, the same applies as for the question above. Regarding the validity, it is important to make use of trustworthy sources as well and additionally the researcher is required to screen out the most appropriate information from the internal database.

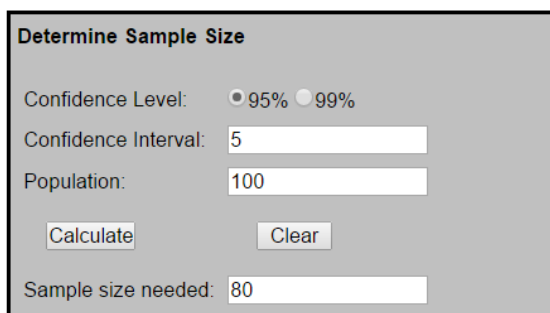
3.3. Brand awareness

3.3.1. Research Design

For the third question **“How can Citysoundz communicate the merger to its customers?”**, desk research will be implemented in order to learn about already existing ways of communicating the merger that have worked in the past. Then, interviews with the CEO will be held regarding the communication measures and surveys will be conducted with the clients of all four firms in order to find out if these actions are successful or not.

3.3.2. Research Unit

In this case, the research unit will be the customers of Citysoundz. Even though this question also deals with the communication strategies and interviews with the CEO, the focus lies on the clients of the company. Since the research unit or population is represented by all clients of the company, which means a quite high number of clients, the survey will not be sent to each customer. This implies that a sample size needs to be determined which can be calculated with an online sample size calculator. The figure below shows the confidence level of 95%, the confidence interval of 5 as well as the population and sample size (Creative Research Systems, 2012). Since Citysoundz is a quite young company, the number of clients amounts to about 100 and thus, the sample size which is needed for the surveys is 80 customers.



The image shows a web-based calculator titled "Determine Sample Size". It has the following fields and values:

- Confidence Level: Radio buttons for 95% (selected) and 99%.
- Confidence Interval: A text input field containing the number 5.
- Population: A text input field containing the number 100.
- Buttons: "Calculate" and "Clear".
- Result: A text input field labeled "Sample size needed:" containing the number 80.

Figure 5: Calculation of the sample size

These 80 clients will receive an e-mail as this is the cheapest method to reach them. This mail will contain several questions that will be determined after having conducted desk research. These questions need to be filled in and sent back by the individual customer. Nevertheless, the goal is to find out about the customers' opinion on the possible ways of communicating the merger and also what they think about merging the companies.

Within this sample, the respondents are separated into several constructs such as age, gender, job and type of clients. These constructs are further divided into dimensions and indicators which are shown in the table below:

Construct	Dimension	Indicator
Age	18-24	Younger people are more comfortable with the merger
	25-34	
	35-50	
	50+	
Gender	Male	Male people are more comfortable with the merger
	Female	Female people are more comfortable with the merger
Job	Low power	Less powerful people are more comfortable with the merger
	Medium power	
	High power	
Type of client	Private client	Private clients are more comfortable with the merger
	Business client	Business clients are more comfortable with the merger

Table 4: Operationalisation of the research unit

3.3.3. Data Collection

Data will be collected with the help of desk research, interviews as well as surveys. When conducting desk research, the student will learn about possibilities of how to communicate a merger to the clients. Afterwards, the CEO and employees of Citysoundz will be asked for their opinion on these possibilities as well as on how the owner plans to implement the communication. At the same time as conducting the interviews with the CEO and workers, surveys will be sent to the customers in order to find out which ways of communication they prefer.

Firstly, the interview with Tomas Sniadowski and the employees which was conducted in order to receive information within the business success field will be extended by the question below. This additional question will be supportive when choosing the communication method for making the clients aware of the merger. In order to continue the comparison of the points of view between the CEO and the workers, this question will be asked to the employees as well.

- **Which tools do you consider to be the most beneficial in order to make customers aware of the merger (e.g. emails etc.)?**

Regarding the survey which will be sent to the customers of all firms, the questions below will be asked considering the topic of business awareness:

- **What is your gender?**
 - Male
 - Female
- **What is your age?**
- **Which job position do you own?**
- **Which of the following firms do you know? (multiple answers possible)**
 - Citysoundz
 - Symphonicus
 - Pianissimo
 - Tomas Marks Music Publishing
- **Which of these firms have you booked? / With which of these companies have you cooperated? (multiple answers possible)**
 - Citysoundz
 - Symphonicus
 - Pianissimo
 - Tomas Marks Music Publishing
- **Which type of client are you?**
 - Business client
 - Private client
- **How often have you booked or cooperated with them?**
 - 0
 - 1-2
 - 3-5
 - More than 5 times
- **How satisfied are you with the services?**
 - Very satisfied
 - Satisfied
 - Neutral
 - Dissatisfied
 - Very dissatisfied
- **Remarks for the satisfaction of the companies**

Besides asking questions concerning the actual topic, it is crucial to gain general information about the respondent, such as age, gender, job position and type of client since these are important factors when analysing the results of the survey. The most important question here is number 5 as it delivers information about how many of the firm's customers know all of the four firms. This will be the basis for choosing the communication method and therefore, a survey is the most appropriate method to receive the required information. Besides, it will offer important information about the customer satisfaction which will be useful when creating the brand identity of the "new" company after the merger including the services and offers.

3.3.4. Reliability and validity

Besides ensuring to use trustworthy data during desk research, it is further of importance to determine appropriate questions for the interview as well as to prepare a survey with a reasonable number of respondents.

3.4. Business Identity

3.4.1. Research Design

The last sub-question **“To what extent does Citysoundz have to change its identity due to the merger?”** will be analysed by implementing desk research to find out about the background of a business identity. Additionally, interviews with the CEO and the employees will be held regarding their view of the company and their opinion on the firm’s identity in order to find out, what Citysoundz needs to change after the merger.

3.4.2. Research Unit

The research unit of the last sub-question is represented by the employees Citysoundz as the results of this question will be applied here. In this case, the population is represented by the employees. Due to the fact that the CEO currently employs two permanent employees and two interns (the second intern started at the beginning of April), there is no sample size needed and all of the employees will be interviewed. Again, the exact questions will be determined after having implemented desk research within this field. However, the goal is to find out the extent to which the company will change its identity.

3.4.3. Data Collection

In order to gain data, desk research and interviews with the CEO and the staff will be implemented. Firstly, desk research will be conducted and secondly, certain questions will be determined before interviews with the CEO and the employees can be hold.

Here, one question will be added to both of the interviews as well as the survey:

→ **Which customers do you associate with Citysoundz?**

- **Young and modern**
- **Middle aged**
- **Elderly and old fashioned**
- **Mainly business customers**
- **Mainly private customers**
- **Mixed**
- **Other _____**

Moreover, the following questions will further extend the interview with the employees and the survey for the customers:

- **Do you think one head company under which all four businesses are operating is more beneficial?**
- **Do you have any recommendations or further remarks?**

This Question will further extend the survey:

→ **Why do you think that it is beneficial / not beneficial?**

The reason for adding these questions to the interviews and the survey is to collect information about the different opinions regarding the identity which is carried outside as well as concerning the merger and especially what the company's clients think about it. This enables the researcher to compare the image which the CEO, the employees and the clients have regarding Citysoundz as this might differ from each other.

For a complete overview of both interviews and the survey, please see appendix 3.

3.4.4. Reliability and validity

Just as mentioned above, it is important to use trustworthy sources and to prepare appropriate questions for the interviews which will lead to the best possible results.

4. Results

In this chapter, the results of the conducted methods that have been pointed out in the previous chapter will be summarized and analysed. These include desk research, interviews with the CEO of Citysoundz as well as interviews with his employees. Firstly, the results of the interview with the CEO will be analysed, then the interviews with all employees are displayed and later, these outcomes are compared to each other. For a detailed overview of the interview questions as well as the survey questions, please see appendix 3. These questions have been used for an open interview, during which the interviewer had the possibility to extend the question if it was necessary. Afterwards, the survey will give more insights into the matter and lastly, the investigations that have taken place for the theoretical framework will be applied to the company. These will not only include the factors which are important for the business success, but also the strategies for merging businesses as well as how to create business awareness and corporate identity.

4.1. Interviews

4.1.1. CEO

Firstly, the interview with the CEO was held during a private meeting with the researcher. This interview made clear that before merging the four firms completely, there are some steps to take beforehand. This includes the introduction of one head company under which the four smaller companies will be led until they merge. This head company will be the “Sniadowski Music Group Holding” (SMG). The reasons and therefore the benefits of the restructuring are the reduction of many costs, such as marketing costs as well as stationaries and business cards. However, the smaller firms Citysoundz, Pianissimo, Symphonicus and Tomas Marks Music Publishing will be led as an Ltd and therefore remain internally split in order to provide a separate billing which will guarantee a clear overview of business processes.

Furthermore, the benefits of the restructuring are not only an improved overview in general but also a clear structure regarding the balance sheet for each individual firm. There will be tax advantages due to the introduction of the holding and the owner’s personal risk of losing private money is minimised due to the Ltd since the CEO is not liable with his own assets. In addition, the revenues from one Ltd can be transferred to or shared with another Ltd or with the Holding which means that even if one individual company is generating high revenues while the other(s) are only creating low revenues, the overall business result is possibly good.

On the opposite side, there are several disadvantages of conducting the merger. These include high establishment costs for the Ltd and Holding which amount to 12.500€ per company and higher costs for the notary and tax consultant as he needs to realise a balance sheet for each of the firms. These aspects create additional costs of between 1.500€ and 2.000€ each. Additionally, the marketing and promotion of the head company needs to be changed, which means that a rebranding which results in a corporate identity is required. However, these are investments which will support the actual merger in the future, since the structured overview and legal form will simplify merging the firms.

The Holding and Ltd will be created retroactive from 01. January 2017 and shall be terminated until the end of August 2017. Beginning in Autumn, the companies shall be run as such. In the near future, these Ltds will be individual companies, but when planning on the longer term, the smaller companies merge under the name of Citysoundz, as this is the most known firm with the highest number of customers amongst them, and there will be no need for a head company such as SMG anymore. In order to make the customers aware of the new situation, the CEO does not want to be aggressive and start a whole campaign for the publicity, but to inform the clients more quietly.

During the interview, he made clear that he simply intends to create a post for the already existing website of the Sniadowski Music Group as well as an e-mail which will be sent to the companies' customers in order to inform them about the change. Moreover, the imprint on each of the small firms' webpages will be changed without any further notice for the clients. The reason for not being very aggressive in this case is that the clients are not much affected of this change as for now, the smaller firms will continue existing and only a head company will be introduced. Since the CEO defines Citysoundz' clients as mainly business clients, and thus, bigger companies as well as diverse service firms with a high number of customers and a high customer contact rate, it will be enough to simply inform them by e-mail or on the website. When conducting the merger of the four businesses, there will be a more noticeable information series which will be created in the future.

The CEO further emphasized that the companies are surely prepared for the change of the legal form and that he has already started with the restructuring. However, there are more people involved in this project such as the tax consultant, a lawyer, a graphic designer as well as the bank and all employees of the company. Nevertheless, the employees are not as involved as the other parties since their work will not change, but they do need to be aware of the situation and that the legal form always has to be mentioned with the name. The only aspect that will change for the workers is the employer as this will not be Citysoundz anymore but the Sniadowski Music Group Holding. After all, the responsible person for the merger is Tomas Sniadowski as the owner of the companies.

Since for the tax consultant, the layer and the bank, the merger of Sniadowski's businesses is not a new task and they already know the companies very well, they are not required to receive any kind of training. The CEO, however, intends to extend his knowledge regarding the technical aspect for the company Symphonikus as well as topics related to tax issues, especially regarding the new business forms Ltd and Holding in order to prevent any kinds of problems that might occur. This is further necessary for the department of the bookkeeping because in this area, several aspects and business processes are changing. Regarding the graphic designer and the employees, there is no special training required as the graphic designer simply receives a new order for creating new websites, business cards etc. and for the employees, their work will remain the same.

Sniadowski does not consider a playbook as necessary in this case. Once he decided to implement the restructuring, the tax consultant points out which documents are required to create the Ltd and Holding contracts. Nevertheless, he contemplates a playbook to be useful when merging the companies completely and also for all internal processes of the daily business in order to guarantee a structured working and to minimise mistakes. This opinion is based on the past experience when the company had to deal with drawbacks and faults. The owner is aware that there is no guarantee that all business processes are taking place perfectly and he pointed out that in the past, most drawbacks happened due to the lack of time. But most importantly, the company was able to learn from these mistakes and now has enough knowledge to be prepared and to protect itself from many drawbacks. For the CEO, the most important is to deliver his work to the customer as good as possible so that the client is satisfied.

During the interview with Tomas Sniadowski, it became clear that the type of the merger, which will take place on the long term, cannot be classified into one of the three types mentioned in the theoretical framework (horizontal merger, vertical merger and conglomerate merger). It can be said that merging the firms will be a combination of the vertical merger and the conglomerate merger as one company which organises events of all kinds (Citysoundz) merges with a downstream firm which manages artists that are booked for these events (Pianissimo). However, the companies Symphonicus and Tomas Marks Music Publishing do not have a relationship with or are competitors of Citysoundz and Pianissimo and therefore, this merger can be classified as a conglomerate merger.

Furthermore, the interview dealt with the corporate identity of the companies which will be led under the Sniadowski Music Group. In the near future, all firms will maintain their logos and names and simply the legal form will be changed. This means that none of the strategies described above are applicable in this case. On the longer term, the companies will be fully merged and led under the name of Citysoundz. Once the companies are prepared to merge completely, strategy one will be applied as it implies that the weaker firms novate the name and symbols of the stronger firm, which is Citysoundz. When the four companies Citysoundz, Pianissimo, Symphonicus and Tomas Marks Music Publishing have successfully merged, they will be led under Citysoundz and not under Sniadowski Music Group Holding anymore.

4.1.2. Employees

Secondly, interviews were held with all three employees of the company - Olga Sniadowski, Artjom Parkhomenko and Latoya Sommer. These interviews were held in the office in Northeim in a separate room in order to guarantee a private and undisturbed atmosphere. Appendix 4 shows the results of each interview in a table. Below, the results of the employees will be compared to each other.

Analysing the interviews with the employees, there are several aspects which are to be pointed out. Each of the employees have a different job position and are working in the company for various time periods and therefore have a different level of power within the company. Nevertheless, all of them are aware of the restructuring and find it of advantage to implement this change. All of them associate a head company with benefits regarding the organisational structure and a corporate identity and even though the employees name certain disadvantages, the benefits predominate.

Another similarity is their choice of methods to make the customers aware of the restructuring, which is emails in all three cases, and the description of the customer group which is considered as "mixed" by all employees. The main differences regarding the outcome of the interviews lie within question 3 and 4 which deal with the aspects that the interviewee likes or dislikes at the working place. Naturally, there are different answers since this is a personal opinion. However, it can be said that also here, the positive characteristics overweight the negative which implies a relatively high level of satisfaction within the company.

4.1.3. Comparison

After having analysed the results of the interviews with the employees, the results will be compared to the outcome of the interview with the CEO in order to point out differences and what both results have in common. The four questions below have been asked to all four interviewees and can therefore be compared to each other.

	Olga Sniadowski	Artjom Parkhomenko	Latoya Sommer	Tomas Sniadowski
Q6	Another effect towards the outside, security, hopefully steady growth, better transparency	With this legal form, there will only be one firm	Corporate design, recognition value, better overview	Clear structuring, tax benefits, better overview, less risks due to the Ltd,
Q7	Risks are minimised; high investments at the beginning	The known brands could lose its strength and recognition value	Current customers could be confused	Higher costs at first, new marketing due to the rebranding
Q9	No spacious advertisement, mention it in the signatures	Mails, post	Website, mails, perhaps a meeting	No awareness campaign; website, mails
Q10	- Middle aged - Mainly business customers - Mixed	- Young and modern - Mixed	- Mixed	- Mainly business customers - Huge firms and service providers

Table 5: Comparison of all interviews

Here, it has to be pointed out that there are some differences amongst the answers of the CEO and the employees especially regarding question 7 (the risks and pitfalls of the restructuring) and question 10 (the definition of the customer base). The CEO naturally has a greater inside in the company and thus, defines the risks of the happening more monetary and business related while the employees are putting their focus on the customers. Moreover, the CEO extends the categorization of the customer base by naming huge firms and service providers.

The similarities of the results become clear when considering question 6 (benefits of the restructuring) and question 9 (methods to make clients aware of the new situation). All interviewees consider a better overview and structure as the most important benefit and point out that small steps are already enough to make the clients aware of the situation.

However, it is important to emphasize that Mr and Mrs Sniadowski are thinking more relates to business than the other employees. The reason for this characteristic is not only that they are both directly affected by the company's success or failure, but also because they have more working experience and knowledge of running a business than Mr Parkhomenko and Mrs Sommer.

4.2. Surveys

In order to gain an insight into the point of view of the company's customers, a survey was sent to 80 customers and partners of Citysoundz as it was calculated in the chapter "Methods". Out of 80 customers, 63 filled in the survey. This is a solid basis for analysing the customers of the company in order to receive an insight into their wishes and needs. In appendix 5, the answers of the survey will be displayed graphically. Please note that questions 9, 12 and 13 are not presented graphically as these were open questions and contain individual answers. The outcome of these three questions will be analysed below.

When analysing the results of the survey, it has to be pointed out that more than half of the respondents are female and the average age amongst them is 40,14 years. The third question considering the job position was an open question in order to receive the best result. To simplify displaying the results, the answers have been categorized into worker, self-employed, assistance, manager and CEO. The majority of the respondents owns a job position with a relatively high level of power followed by workers. These aspects are not necessary to answer the research question directly but are supportive when analysing other parts.

Concerning which of the four companies are known amongst the respondents, it is clear that none of the clients answered that they do not know any of the firms. Besides this, it becomes clear that 90% of the respondents know Citysoundz, which represents the majority. More than half of the 63 representatives know Pianissimo and slightly less know Symphonicus (42,86%). And lastly, Tomas Marks Music Publishing is spread amongst 26,98%. As the last company does not own a customer base as high as Citysoundz', it is clear that they are not as known as Citysoundz.

When it comes to which of the firms have been booked, Citysoundz remains in the top position followed by pianissimo and Tomas Marks Music Publishing. Which is to be remarked here is that the least people were aware of Tomas Marks Music Publishing but nevertheless, it is not the company that has been booked the least. This position is represented by Symphonicus with a number of 26,98%. Another aspect that has to be pointed out is that there is also a rate of 3,17% of people who have never booked one of the firms. The reason for this might be that not only the direct clients of the companies have filled in the survey but also employees of the partners that the firms have, e.g. a receptionist.

The next question dealt with the types of clients. Here, the definition of the customer base that Mr and Mrs Sniadowski explained during the interviews is confirmed. The majority of the respondents are business clients, followed by "both", which corresponds with the answers of all employees. Only 14,29% of the respondents are private clients and for 9,52% it was not applicable. The reason for this might be the same for which there are interviewees who have not booked one of the firms yet.

When analysing the number of bookings, the amount of people that have not at all booked the firms is much lower than the number of people who answered "not applicable" in question 6, which dealt with the type of client. The reason for this discrepancy is that the survey was sent to partners of the company as well who might not have considered themselves as business clients. A further aspect that becomes clear in the chart is that the majority of respondents have booked the firms more than 5 times which is justified by the close client relations that the CEO owns.

One of the most important issues within a company is the level of customer satisfaction. In the case of the conducted survey, the majority of clients (73,02%) is very satisfied with the companies' services. Only 10% chose "neutral" and none of the respondents was dissatisfied with the firms.

Moreover, some of the respondents have added a remark concerning the level of satisfaction. This includes the wish for more customer loyalty programs, but also compliments the high-quality service not only regarding business aspects but also on the personal level.

When the clients had the chance to define the customer groups themselves, they were able to choose more than one option. Therefore, the majority considers the client base to be mixed, followed by middle aged before they define young and modern as well as mainly business customers to represent this group. The minority associates mainly private customers with Citysoundz while none defines older and old-fashioned people to be the firm's customers. This reflects the answers from the personal interviews with the CEO and employees, even though the customers put a higher focus on young and modern clients.

Lastly, the clients were asked whether they consider a head company beneficial. 87,3% of the respondents are in favour of the introduction of a head company while only 11,11% do not agree and the remaining customers did not have an opinion on this question. Clearly, this supports the implementation of this restructuring. Again, the option for remarks was given. Amongst the answers that have been given, the clients consider one head company as beneficial regarding the recognition value and efficiency of the business processes and assume an even higher quality with the restructuring. However, there have been several concerns about the head company such as an increase in prices.

4.3. Internal data

4.3.1. Porter's Generic Strategies

The analysis of Porter's Generic Strategies can only be conducted for each of the four firms individually. Since the focus of this thesis lays on Citysoundz, the analysis will only be implemented in detail for this company.

When examining the business in order to classify the strategy, two aspects are important: the costs and the level of differentiation. In the case of Citysoundz, the company puts a higher focus on the quality and the individuality of their service, even though the firm always intends to offer a relatively low price. Additionally, Citysoundz does not only propose the organisation of an event but is also able to offer several artists as well as a certain number of technical requirements themselves without being forced to book these through external companies.

In case of a special customer wish, e.g. an artist that is not directly working in the company, Citysoundz is always able to rely on the artist portfolio of Pianissimo. If technical supplies, that do not lie within the internal possibilities, are requested, the firm is cooperating closely with several technique companies that grant Citysoundz an agency discount which is a huge advantage for Sniadowski's business.

Regarding the customer group and their competitors, it can be said that Citysoundz attend a high number of different customers. This customer base reaches from small private birthday parties over after-work parties for a regional hotel chain until high class employee events for renowned companies. Furthermore, Citysoundz organises own events with different themes for each event which attracts many different guests.

Considering all these aspects, Citysoundz can be categorized in the field of “Differentiation” for a broad target. Not only does Citysoundz offer more than its competitors regarding internal artists and technical supplies but also puts its focus on the quality of the events and serves a broad range. Thus, Citysoundz is positioned in this certain sector.

		Competitive advantage	
		Lower cost	Differentiation
Competitive scope	Broad target	Cost leadership	Differentiation
	Narrow target	Cost focus	Differentiation focus

After having analysed the position within Porter’s Generic Strategies, the aspects explained above can be defined as a competitive advantage against other companies. Therefore, this defines Citysoundz’ USP which is important on the current market of event agencies. Without having conducted a detailed competitor’s analysis, it is clear that in the area of Northeim and Göttingen, there is only one event agency which competed with Citysoundz. However, this company does not have the internal resources, e.g. artists and technical supplied, which means that Tomas Sniadowski’s business has a huge advantage towards this event agency.

When extending the area of their business towards Hannover, there is more competition on the market which might be classified as hyper competition, as there are two event agencies that dominate the market there: Peppermint Events and Str8. These companies are represented at most of the largest events in and around Hannover. When conducting a whole competitor’s analysis, these two firms are indeed the strongest competitors against Citysoundz. Anyhow, this analysis is not part of this bachelor thesis.

4.3.2. Value creation for the shareholders

The value of the various companies that Sniadowski owns will be summed up in the calculation below. This amount will represent the intrinsic value of the target. The NPV will be represented by the costs that will be economized when merging the companies (marketing activities, stationaries, rent etc.) and finally, the gross value of acquired assets can be defined. This calculation is based on figure 3 on page 12.

Value

Intrinsic value of target	85.000€
+ NPV of synergies (net present value)	44.000€
= Gross value of acquired assets	139.000€

Since there is no premium to pay for acquiring the companies, there is no price that has to be subtracted from the gross value and therefore, this amount directly represents the companies’ value for the shareholders.

4.3.3. Information and communication technology

When choosing the most useful and appropriate information and communication technology (ICT), there is a huge range of products to choose from. Appendix 6 will show a list of the most common ICT in the modern life. The current situation within the company includes the standard technologies such as computers, laptops, printers/scanners and line telephones as well as smart phones for working in the office.

Naturally, the music production company and the storage for technical supplies do include much more technology such as several instruments, sound systems and recording supplies. However, these items are not classified as ICTs for the daily working life and therefore, are not required to be listed here. All of these objects belong to the company and are not rented or leased, which only applies to the office space. These are rented from the owner of the building. Anyhow, Tomas Sniadowski has already purchased a building himself in which he will accommodate the office and therefore, he does not have to pay rent for the building anymore.

Moreover, the company uses the operating system iOS and apple computers in the office which includes all complementary programs and software especially regarding emails, word and excel. Concerning the company server and the different websites of the companies as well as the internet and telephone provider, Citysoundz makes use of external firms which are specialised in the corresponding business area.

Since there have not been any problems or issues with the current ICTs, they will remain the same. As already mentioned, the office will move into another building but this will be the only change in the near future. On the long run, it has to be analysed whether new computers are needed or if a cleansing would be necessary in order to guarantee a quick working flow.

4.3.4. Information and communication policy

The most common communication channels in today's world are face-to-face communication, broadcast media as well as mobile, electronic and written communication. Especially regarding the internal communication, the CEO and his employees make use of face-to-face communication as long as both parties are physically in the office. If this is not the case, the employees are communicating via email, text messages or phone calls, which represents electronic communication. The last method is not only being used for one-on-one conversations but also for group conversations, especially when speaking of text messages.

For the communication flow towards the customers and partners, thus the external communication, the company uses electronic communication the most frequently. This does not only include emails and phone calls but also the social media platforms Facebook and Instagram as well as the various homepages. While emails and phone calls are more personal and are used for one-on-one conversations, messages through the social media platforms are reaching more people at the same time and are therefore used for mass communication.

Posts on the social media channels can further be classified as electronic communication or written communication. In case the message invites the followers to start a discussion or to respond to the message, it represents electronic communication. Once the post is simply an announcement or similar, the communication method will be characterized as written communication, as no interaction is intended (Williams, 2017).

All in all, Citysoundz makes use of four of the most common communication channels and has a standardized communication flow towards both the internal and external. Simply the method of

broadcast media is not included yet. Even though the communication policy that the company owns at the moment is successful, the CEO intends to introduce broadcast media in certain aspects of the business. Especially for huge events, such as the event “Ladies Only” which takes place in October 2017, this channel is an important aspect in promoting the event and making a high number of people aware of this happening. For the daily business, this communication channel is rather not applicable.

4.3.5. Portfolio analysis BCG:

Instead of analysing the GE Matrix, the researcher has decided to conduct a portfolio analysis based on the matrix invented by the Boston Consulting Group. This analysis helps to classify the company’s products into four quadrants while considering the market growth and the market share. In the case of Citysoundz, the “products” will be represented by the four companies Citysoundz, Pianissimo, Symphonicus and Tomas Marks Music Publishing. In order to determine the market growth, the increase in revenues that the company has generated will be considered; to define the market share, the company will be compared to its strongest competitor.

The matrix which results from this analysis consists of four fields: question marks, stars, cash cows and poor dogs (see appendix 7). Each of these areas represents a strategic business fields which requires individual strategies. While products within the section of “question marks” are still in the beginning of their product life cycle or even in the development and therefore need the most investigation, products in the field “stars” are already placed on the market successfully and have gained a relatively high level of market share. Here it is important to invest in the increase and strengthening of the market share to keep the product in the market.

Once the market growth decreases but the market share is very high, the product becomes a “cash cow” and there are no more investments necessary. This implies that the revenues generated by this product do not have to be reinvested in the product. However, it is crucial to introduce a product launch or a variation of the product in order to prevent the product to become a “poor dog”. Within this field, both the market growth and the market share are low and the product does not generate revenues anymore. It has to be decided, whether to remove this product from the market or the introduce a variation / relaunch the product which would move the product back into the section of “question marks” (Martin, Business News Daily, 2017).

For the companies Citysoundz, Pianissimo, Symphonicus and Tomas Marks Music Publishing, the following data will be used in order to categorize the firms into the sections of the BCG matrix. Please note that the numbers below are not exact values of the company but approximated numbers.

	Citysoundz	Pianissimo	Symphonicus	TMMP
Revenues	70.000€	300.000€	12.000€	31.000€
Profit	30.000€	35.000€	-5.000€	25.000€

Table 6: Revenues and profits of Sniadowski's firms

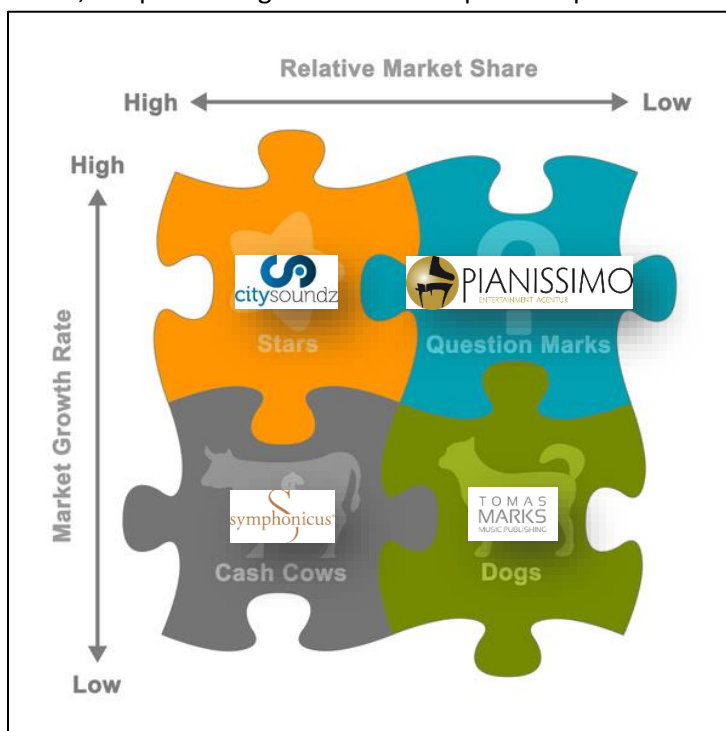
When analysing this data, it becomes clear that there is one cash cow between the four companies which is Pianissimo. Not only does it generate the highest revenues but also the highest profit. Moreover, the firm already exists since 2009 which implies that a lot of investigations have already been made and thus, the positioning on the market is complete. Nevertheless, due to the time that the business is already on the market, a relaunch or variation of the product is important. Therefore, the webpage of Pianissimo has already received an improvement and new customers are intended to be acquired in order to keep the market share and the revenues that the company generated. Ideally, the profits will rise consequently.

Another aspect that becomes clear is that Symphonicus is generating losses. The reason for this are the foundation costs since the firm was only established in 2016. Naturally, these costs could not be covered by the revenues yet. This makes clear, that Symphonicus is to be positioned in the section of “question marks”. There has to be made some more investments into the company before it can reach a certain market share and ideally becomes another cash cow at a certain point of time. If the company does not experience any increase in the revenues and thus the profits, a disinvestment shall be considered in order to invest the money in the other businesses.

Citysoundz is positioned in the section of “stars”. The company is still growing and developing, even though it already exists since 2009. The firm is always changing and attracting new customers. Thus, its market growth rate as well as their market share remain high. Now it is crucial to outperform the competitors in order to position the company in the section of “cash cows” and to become the market leader. When considering the revenues that the business is generating, Citysoundz clearly has a high potential to become a cash cow.

Tomas Marks Music production is generating the lowest profit when not considering Symphonicus yet. Even though it does not make any losses, the revenues are quite low in comparison with Citysoundz and Pianissimo. Moreover, the company is not as popular as the other firms and thus, it is located in the field of “poor dogs”.

Below, the positioning of the four companies is presented in the Boston Consulting Group Matrix:



5. Discussion

In order to be a successful company, there are many factors to be taken into consideration. Even though the results above show, that the firms will profit from a restructuring and followed merger, there are several issues that have to receive some more investigation.

5.1. Communication

The communication flow within the company is already quite established. However, especially the communication flow towards the customers requires certain improvement. In the modern world, social media is a popular method of communication with the clients, which Citysoundz is already using. The other three firms are not quite active regarding this technique. In the case of Pianissimo and Symphonicus, it is not necessary to use social media as an information channel since their customers are mainly business clients such as hotel chains, restaurants etc. However, it is of great importance that these clients are also reached.

In the case of Tomas Marks Music Publishing, the company's communication flow towards the customers simply takes place via the website. As this has not been updated since 2015, it is important to deliver the clients more information about the company and current happenings of the company so that the clients do not lose the connection towards the firm.

5.2. Costs

When analysing the revenues and profits of each of the firms, it has to be pointed out that especially Pianissimo has generates very high revenues of 300.000€ a year. Nevertheless, the profit that remains for the firm after deducting the costs, is only slightly more than 10% of the revenues. In this case, the company has to investigate in recalculating the costs for their business procedures in order to be able to save costs and therefore, to generate a higher profit. Especially in comparison with Tomas Marks Music Publishing, the costs are extremely high. The profit that is generated by this firm represents approximately 80% of the revenues. Below, table 7 (see above) has been extended by costs and relation of revenues and profits.

	Citysoundz	Pianissimo	Symphonicus	TMMP
Revenues	70.000€	300.000€	12.000€	31.000€
Costs	40.000€	265.000€	17.000€	6.000€
Profit	30.000€	35.000€	-5.000€	25.000€
Relation revenues/profits	42,86%	11,67%	n. a.	80,65%

When merging the firms, the companies will already save approximately 44.000€ (see above). Thus, the revenues and profits will be as follows:

	Citysoundz	Pianissimo	Symphonicus	TMMP	After merging
Revenues	70.000€	300.000€	12.000€	31.000€	413.000€
Costs	40.000€	265.000€	17.000€	6.000€	284.000€
Profit	30.000€	35.000€	-5.000€	25.000€	129.000€
Relation revenues/profits	42,86%	11,67%	41,76%	80,65%	31,23%
Average relation: 20,59%					

When merging the companies and having the possibility to save costs due to the fusion, the companies will be able to increase their overall profits by more than 10%. This is already a solid basis for saving more costs which is necessary to compete on the market. Companies that are able to save costs mostly lower their prices for their customers while guarantee the same quality and therefore, gain more customers. This will consequently lead to higher profits as more customers equal more sold products and even though they are less expensive, the total revenues are higher.

5.3. Portfolio

At the moment, the four companies are spread equally across the matrix by the Boston Consulting Group. Having companies in the fields of question marks and stars is of advantage since they have immense potential of becoming a cash cow when investing at the right time and place. Products that are positioned in the section of cash cows are the most valuable ones within the portfolio as they generate high revenues without having to invest in them anymore. However, there is one firm that is located in the quadrant “poor dogs”, which is Tomas Marks Music Publishing.

It is of significant importance that this lastly mentioned company will be either relaunched or removed from the portfolio. In the case of Tomas Marks Music Publishing, a removal from the portfolio is not an option, since the firm does not generate losses and provides many important clients also for the other companies. Thus, the only option is a relaunch or variation of the company in order to reposition the company on the matrix. Depending on the level of variation or the relaunch, the firm can be positioned on the field of question marks or stars. Then it has to be invested in the company again in order for it to become a cash cow.

Moreover, the other companies will move within the matrix as they go through their product life cycles. Every product is passing this cycle with a different speed and the goal is to have as many products in the field of cash cows. However, these products will continue passing their life cycle and at a certain point of time, there is a high potential for them to become a cash cow. Therefore, it is important to constantly keep an eye on their development and to always have several products in the section of question marks and stars which have the potential of becoming a cash cow.

If these rules are not followed, there is an enormous risk of exclusively owning products of the category “cash cows” which are continuing their life cycle towards becoming a poor dog. Once all of these products have changed their position in the matrix, there are no other products to balance the losses. Furthermore, it takes a long time before a new product is invented and can be placed on the matrix and even longer before this new product becomes a cash cow.

To conclude, it is important to space out the products on the BCG matrix evenly while putting the focus on creating cash cows and avoiding poor dogs.

4. Conclusion and recommendations

All in all, conducting a merger of several businesses requires a long period of investigation and cannot be implemented on the short-term. Therefore, Citysoundz is planning a restructuring before merging the firms. This implies a change regarding the legal form towards a Ltd for all of the four companies (Citysoundz, Pianissimo, Symphonicus and Tomas Marks Music Publishing) and the introduction of a head company which will be Sniadowski Music Group Holding. These steps are a preparation for implementing the merger in order to increase their competitive advantage against other firms.

Since for the success of a business, the high quality against low prices as well as the market share and growth rate play an important role, the company is putting their focus on these aspects. This includes a constant development and creating innovations in order to stand out of the crowd and thus, to outpace their competitors. Moreover, this requires the formulation of a strategy and therefore, the goal that the firm intends to reach. Citysoundz has already defined its strategy by positioning themselves in the field of “differentiation” within the matrix of Porter’s Generic Strategies (see above).

This builds the basis for focusing on becoming successful within this sector. Since active operating, customer relation and the productivity of employees play an important role, Citysoundz offers high quality, a very good customer service and provides the employees with a very familial working atmosphere. This causes the workers to develop a high level of loyalty for the company and therefore, a higher level of productivity. All of these aspects are contributing to the firm’s success.

Regarding the merger of the four companies, there will be no “takeover” in the classic sense where two individual companies with different business processes and employees are fusing. The four firms already belong to Tomas Sniadowski as the exclusive owner. Therefore, the merger can be classified as a friendly takeover, since the owner as well as all employees are in favour of the fusion. Furthermore, the merger will be both, vertical and conglomerate.

Concerning the strategy for a corporate identity after the merger, strategy 1 will be the most appropriate. This implies that the name of Citysoundz will be taken for all four firms as it is the most known amongst them, which has been proved by the survey conducted with the customers. In addition, the clients were mostly in favour of the introduction of a head company which implies that they would also approve the merger which will simplify the implementation of the fusion for Citysoundz.

Once the merger is terminated, the company is able to save many costs and can therefore offer lower prices. This will attract more customers; the overall revenues will improve and consequently the market share will increase. When generating more revenues, Citysoundz will further be able to hire more employees which will raise the efficiency of conducting business processes. This again implies that more orders can be accepted which leads to gaining more customers, whereby the cycle begins.

Before being able to conduct the merger and to improve the business success of Citysoundz, there are several issues that have to be taken into consideration. It is therefore highly recommended to formulate a strategy for the merger in order to create a playbook that will contain the steps that have to be conducted when combining companies. This playbook will help to provide an overview of the current situation and the steps that are still to be taken until the firms can merge completely. It will further contain the phases during a merger including the requirements for each phase.

When creating the playbook, it is recommended to firstly analyse the own companies by means of a SWOT analysis for each of the companies. Hence, it becomes clear where the strengths can be combined to create power on the market and which weaknesses have to be eliminated. Furthermore, the opportunity of one firm can be beneficial for the other and when combining all of the strengths, weaknesses, opportunities and threats, there is a high potential of becoming successful.

Another aspect that is recommended is the categorization within Porter's Generic Strategies for the remaining firms Pianissimo, Symphonicus and Tomas Marks Music Publishing. Here, it is important to find out whether the strategies match with Citysoundz' and if this is not the case, certain adjustments have to be made in order to correspond with the overall strategy. Otherwise, it becomes difficult to merge the companies unitarily.

Then, all companies should analyse the customers in detail so that they are able to react to their wishes and needs and include them in their strategy since it is extremely important to create customer value. In order to be able to create the higher value for the clients, it is further suggested to create a price-value model where competitors are taken into consideration and compared to each other. Once this model is created, the firms are able to see where they are located at the moment.

Lastly, the competitors of all four firms play a key role when merging. Thus, it is recommended to conduct a competitors' analysis for the companies not only individually but also overall. This implies analysing if any of these competitors offers the same or a similar portfolio as Citysoundz after it has merged with the other companies.

Besides conducting analysis that support the implementation of the merger, there are several aspects that have to be improved on the short-term. This includes the communication policy of the companies Symphonicus, Pianissimo and Tomas Marks Music Publishing. For these businesses, it is highly recommended to improve their communication towards the customers. For Symphonicus and Pianissimo the introduction of a weekly or monthly newsletter is suggested. This method will not only give information about current happenings but will also remind the customer of the company and encourage him to book the companies.

Regarding Tomas Marks Music Publishing, a relaunch in general is recommended in order to replace it on the BCG matrix and thus, revive the company's product life cycle. This will not only improve the individual business result but will consequently contribute to the merger.

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Appendices

Appendix 1: Gap analysis

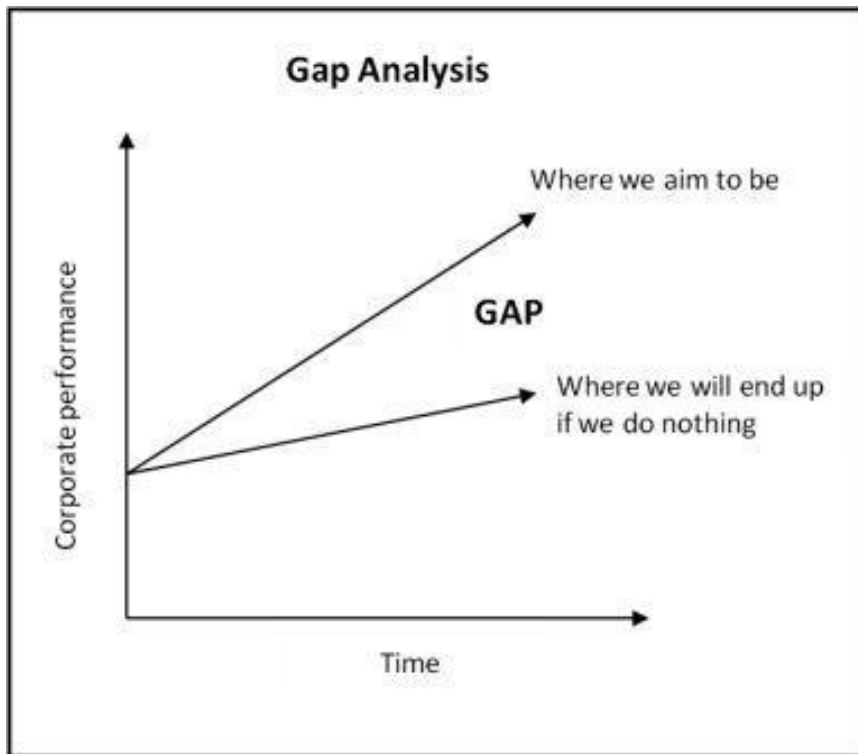


Figure 6: Gap Analysis (Service, 2015)

Appendix 2: GE-McKinsey Matrix

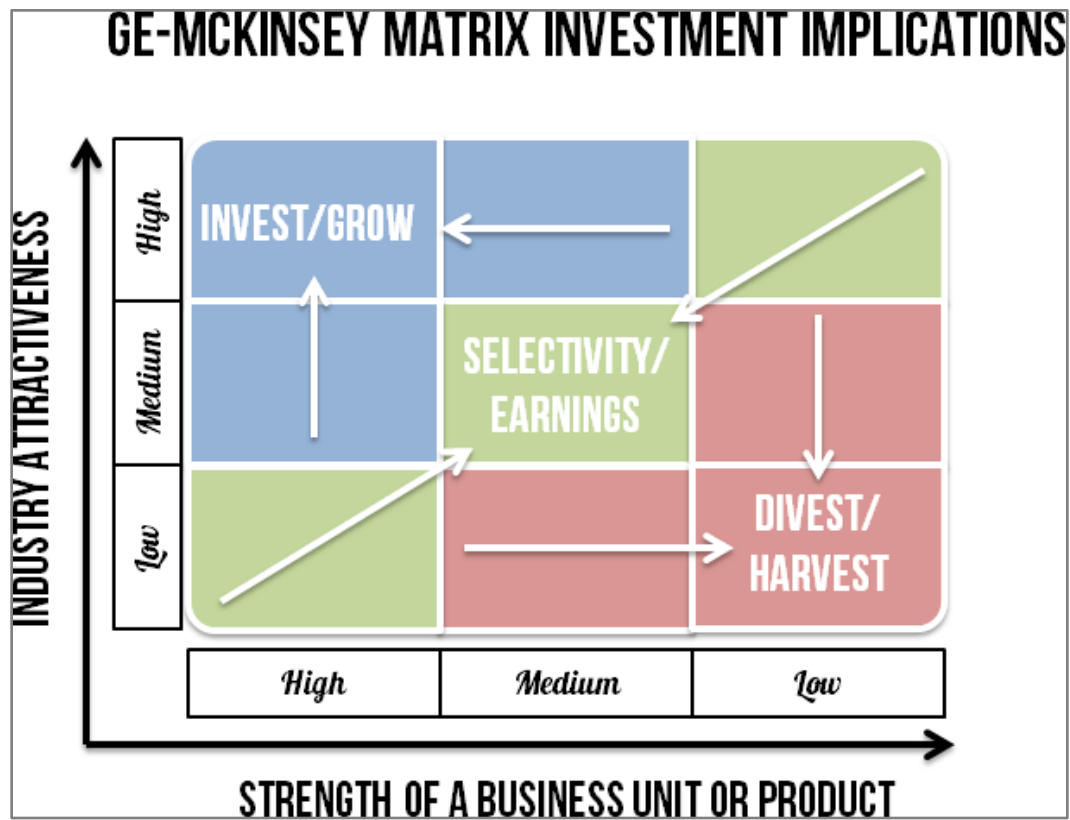


Figure 7: GE McKinsey Matrix (Jurevicius, 2014)

Appendix 3: Interviews and surveys

Interview with the CEO:

1. Why do you want to merge the companies?
2. Where do you see the benefits?
3. What could be potential pitfalls or risks?
4. When do you want to start and terminate the merger?
5. What are your costs (since there are no acquisition costs)?
6. Is the company prepared for the merger yet?
7. How many people are involved in the merger?
8. Who is responsible for the merger?
9. Do these people need training regarding the knowledge of merging companies?
10. Do you consider a playbook for the merger as beneficial? If yes, do you already have something like this and does it need improvement?
11. When considering the past, how did the company handle drawbacks? How is the ability to learn from it?
12. What impact will the merger have on the clients and the employees?
13. Which of the merger strategies do you consider as possible for the companies?
14. Which tools do you consider to be the most beneficial in order to make customers aware of the merger (e.g. emails etc.)?
15. Which customers do you associate with the Citysoundz?
 - a. Young and modern
 - b. Middle aged
 - c. Elderly and old fashioned
 - d. Mainly business customers
 - e. Mainly private customers
 - f. Mixed
 - g. Other _____

Interview with the employees:

1. Which is your position within the company?
2. How long have you been working in the company?
3. What do you like about your working place?
4. What do you dislike about your working place?
5. Are you aware of the changing situation?
6. Where do you see the benefits?
7. What could be potential pitfalls or risks?
8. How do you personally feel about the merger?
9. Which tools do you consider to be the most beneficial in order to make customers aware of the merger (e.g. emails etc.)?
10. Which customers do you associate with Citysoundz?
 - a. Young and modern
 - b. Middle aged
 - c. Elderly and old fashioned
 - d. Mainly business customers
 - e. Mainly private customers
 - f. Mixed
 - g. Other _____
11. Do you think one head company under which all four businesses are operating is more beneficial in general?
12. Do you have any recommendations or further remarks?

Survey with the customers:

1. What is your gender?
 - a. Male
 - b. Female
2. What is your age?
 - a. _____
3. Which job position do you own?
 - a. _____
4. Which of the following firms do you know? (multiple answers possible)
 - a. Citysoundz
 - b. Symphonicus
 - c. Pianissimo
 - d. Tomas Marks Music Publishing
5. Which of these firms have you booked / cooperated with? (multiple answers possible)
 - a. Citysoundz
 - b. Symphonicus
 - c. Pianissimo
 - d. Tomas Marks Music Publishing
6. Which type of client are you?
 - a. Business client
 - b. Private client
7. How often have you booked or cooperated with them?
 - a. 0
 - b. 1-2
 - c. 3-5
 - d. More than 5 times
8. How satisfied are you with the services?
 - a. Very satisfied
 - b. Satisfied
 - c. Neutral
 - d. Dissatisfied
 - e. Very dissatisfied
9. Remarks for the satisfaction of the companies
 - a. _____
10. Which customers do you associate with Citysoundz?
 - a. Young and modern
 - b. Middle aged
 - c. Elderly and old fashioned
 - d. Mainly business customers
 - e. Mainly private customers
 - f. Mixed
 - g. Other _____
11. Do you think one head company under which all four firms are operating is more beneficial?
 - a. Yes, because _____
 - b. No, because _____
12. Why do you think that it is beneficial / not beneficial?
 - a. _____
13. Do you have any recommendations or further remarks?
 - a. _____

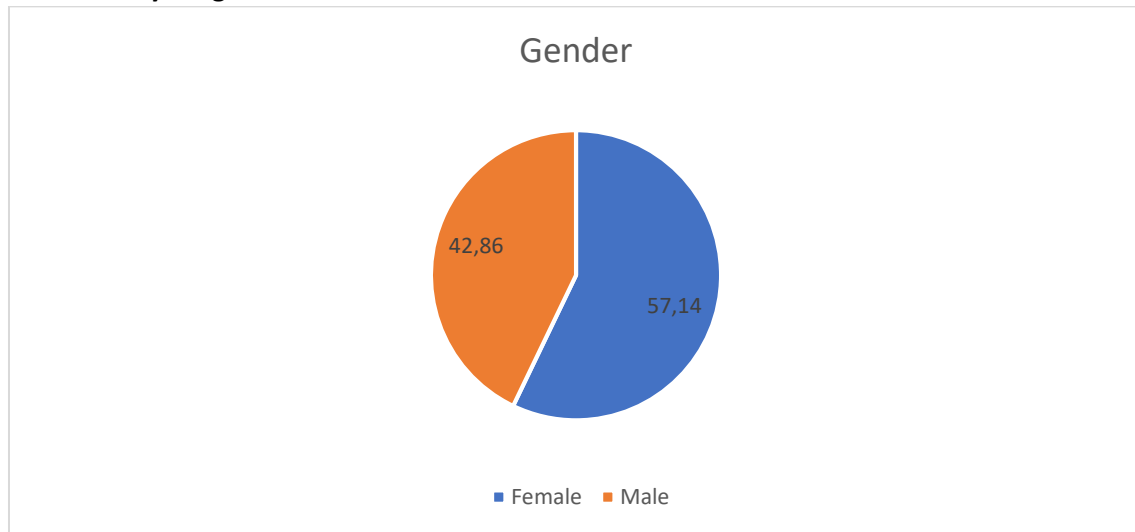
Appendix 4: Comparison of interviews with the employees

	Olga Sniadowski	Artjom Parkhomenko	Latoya Sommer
Q1	Assistant to the board of directors	Event manager	Intern
Q2	January 2015	Since the middle of 2016	3 rd of April 2017
Q3	Diversity of tasks, flexible working hours, interesting experience due to many different people	Creativity, diversity and music	Loose working atmosphere, kind colleagues, diversity of tasks
Q4	Private aspects mix with the business	The distance from my home	Organisational structure could be improved
Q5	Yes	Yes	Yes
Q6	The company has another effect towards the outside, security for the firm, hopefully steady growth, better transparency	With this legal form, there will only be one firm	Corporate design, recognition value, better overview
Q7	Risks are minimised; at the beginning, there are high investments	The known brands could lose its strength and recognition value	Current customers could be confused
Q8	I am in favour of it. A company has to develop continuously, otherwise you cannot compete with others	I find it very good	I think it will simplify the daily work due to the advantages
Q9	No spacious advertisement, mention it in the signatures	Mails, post	Website, mails, perhaps a meeting
Q10	- Middle aged - Mainly business customers - Mixed	- Young and modern - Mixed	- Mixed
Q11	Yes	Yes	Yes
Q12	The government should support smaller firms, as it is very difficult to become successful due to many provisions and insurances that are necessary	No	Clear structure and instructions

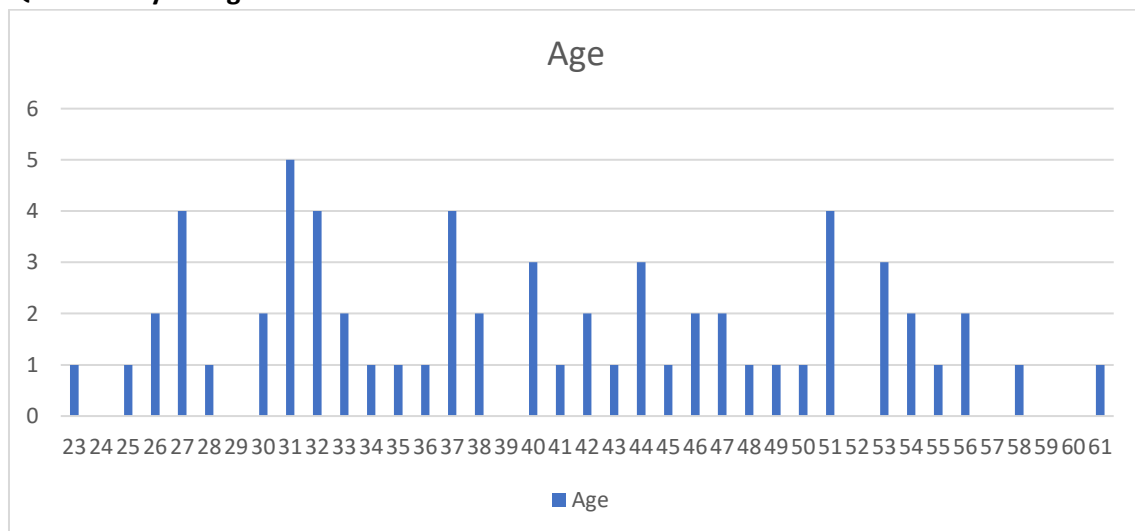
Table 7: Comparison of interviews with the employees

Appendix 5: Evaluation of the customer survey

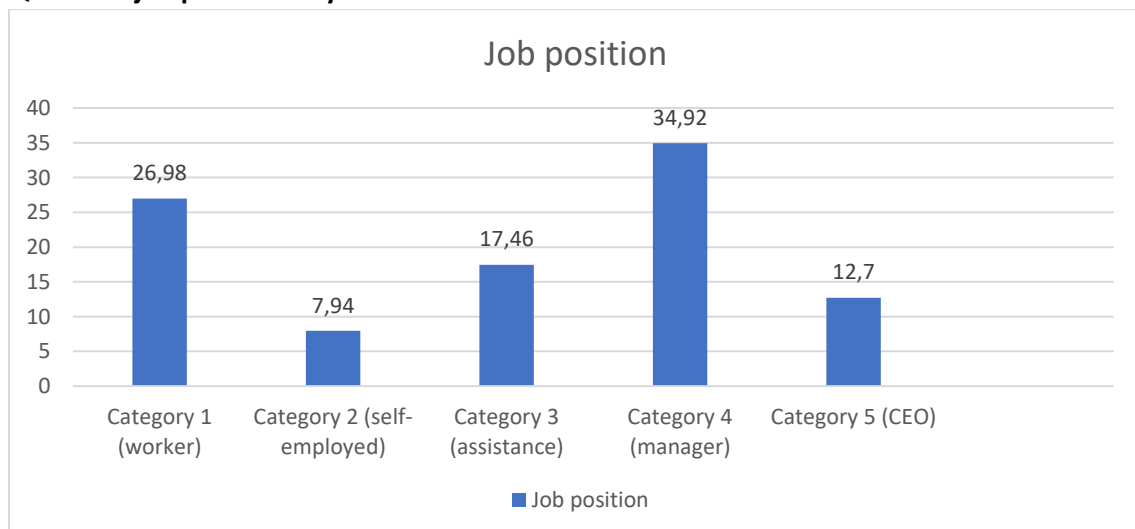
Q1 What is your gender?



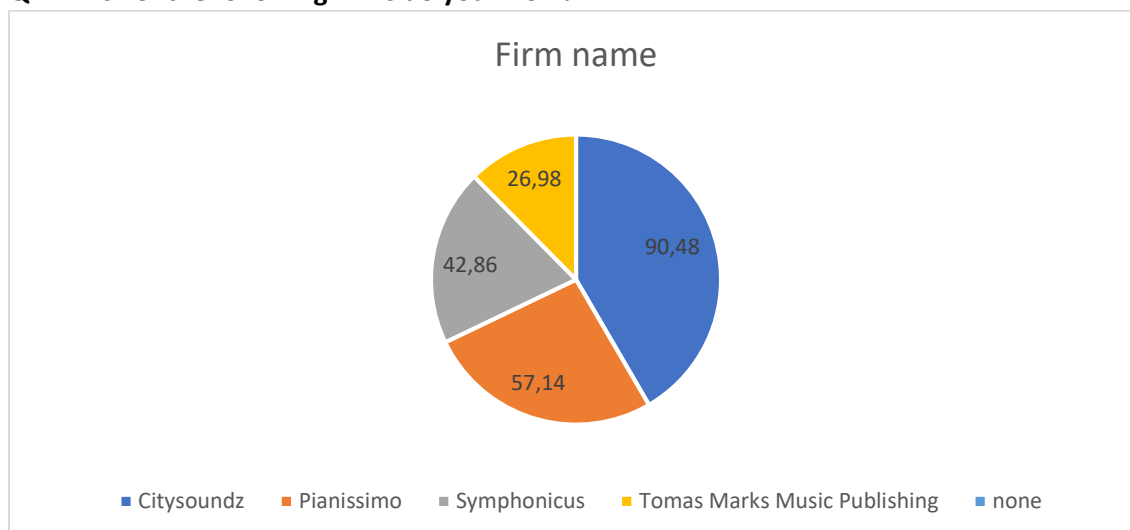
Q2 What is your age?



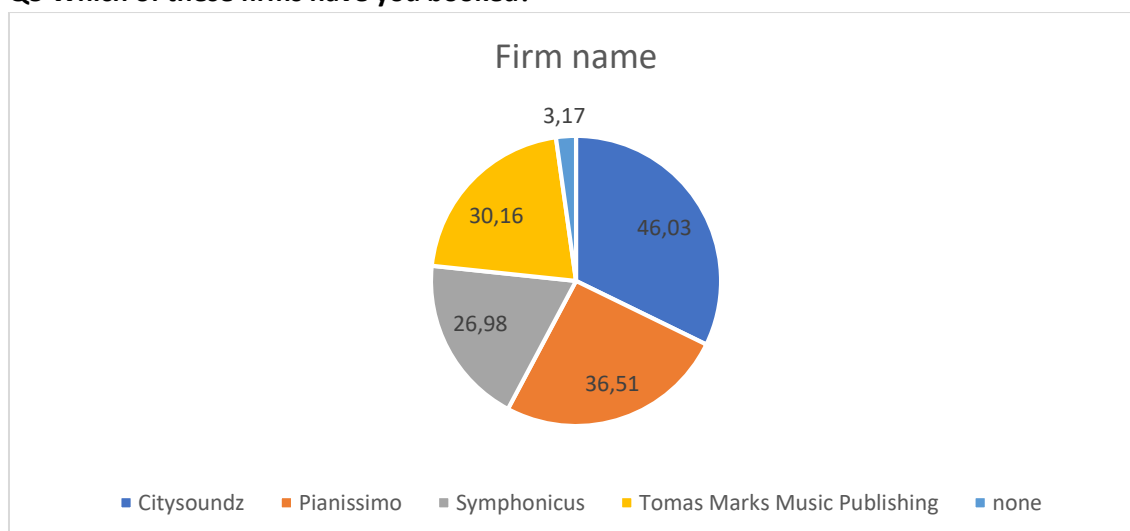
Q3 Which job position do you own?



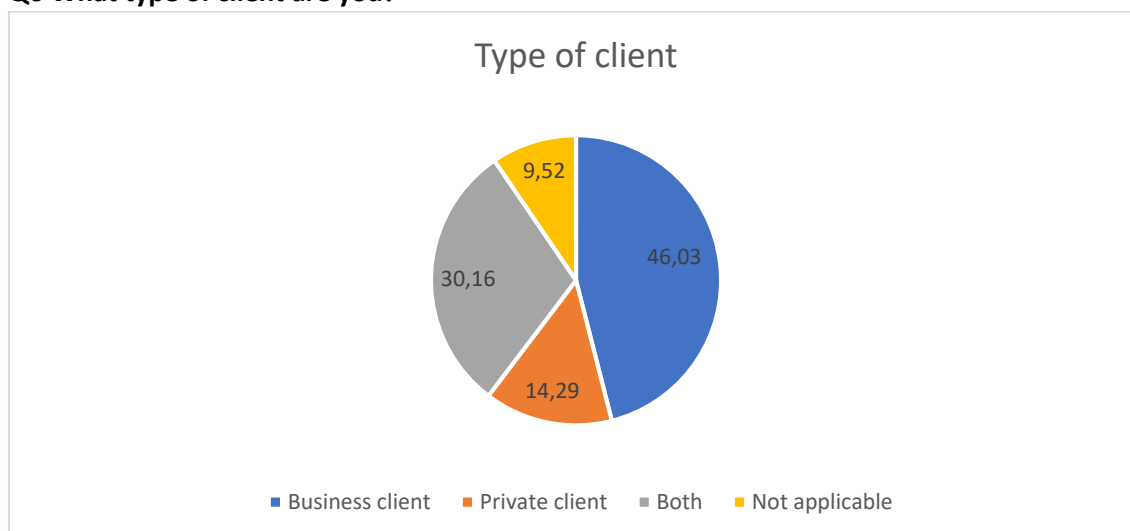
Q4 Which of the following firms do you know?



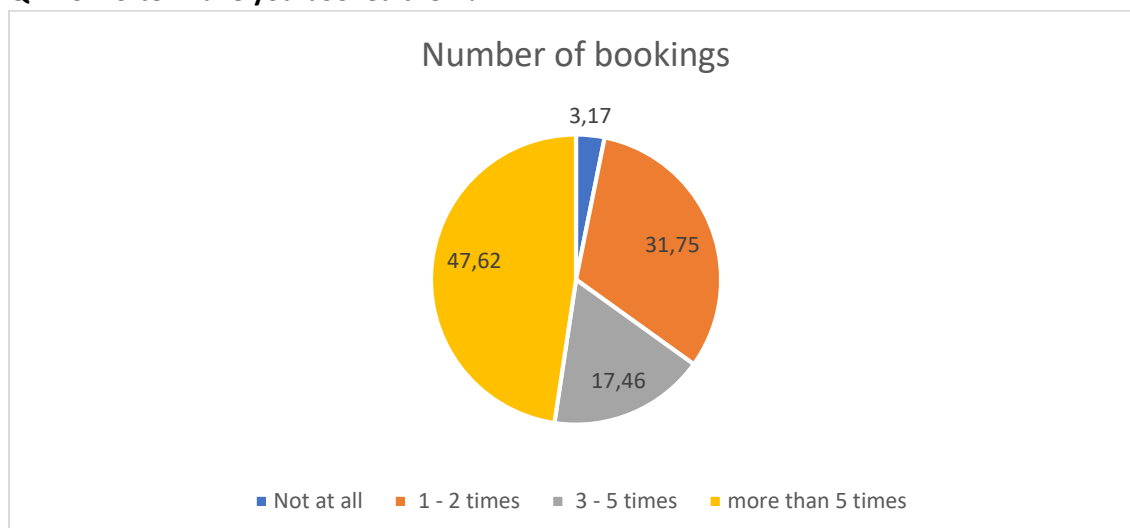
Q5 Which of these firms have you booked?



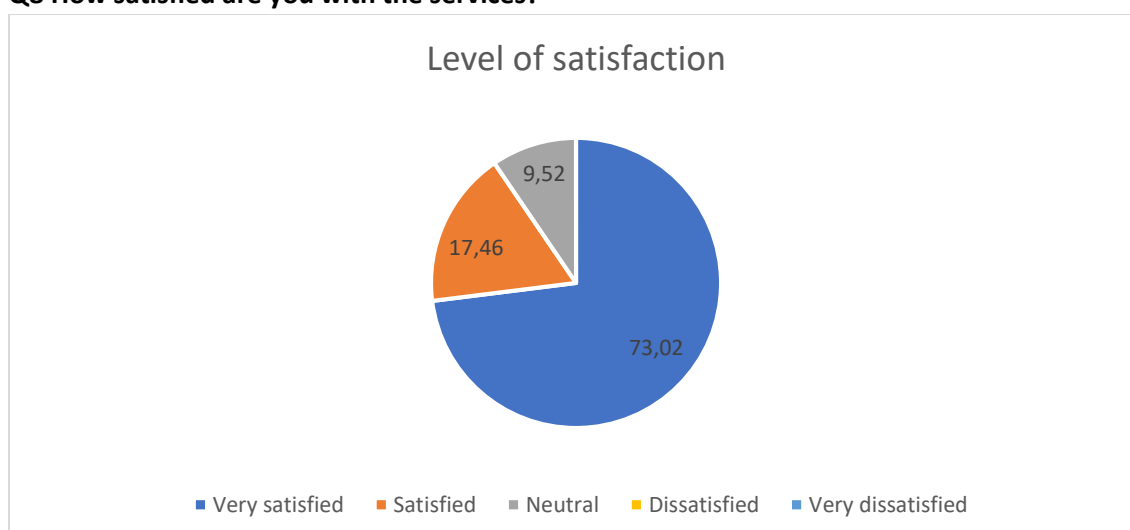
Q6 What type of client are you?



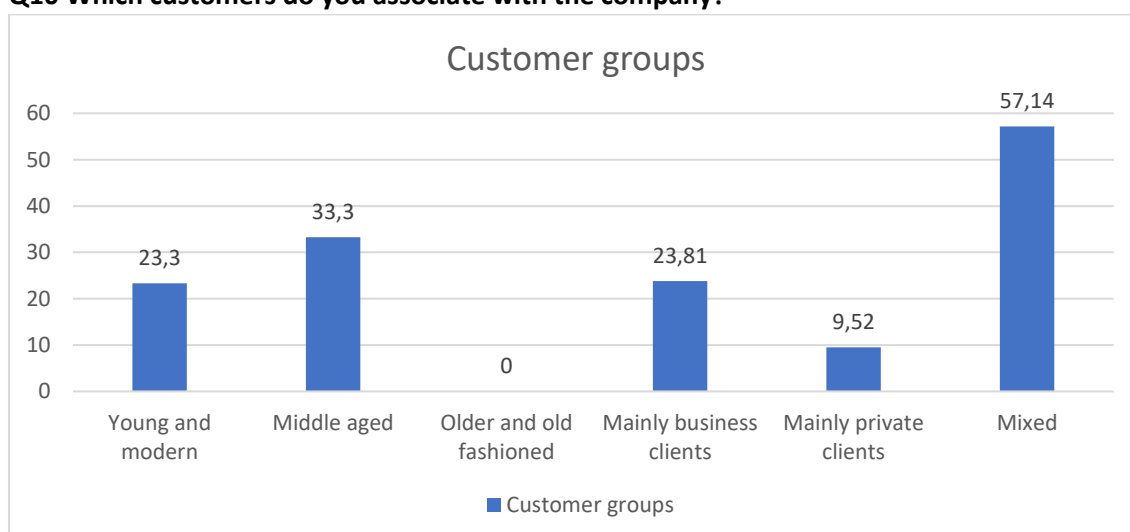
Q7 How often have you booked them?



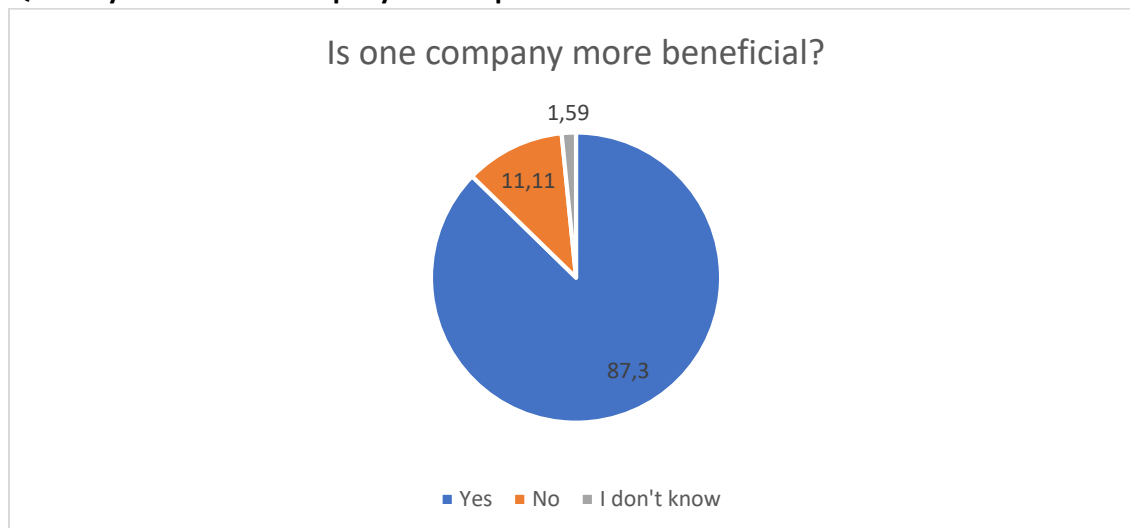
Q8 How satisfied are you with the services?



Q10 Which customers do you associate with the company?



Q11 Do you think one company which operates in all four businesses is more beneficial?



Appendix 6: List of ICT – products and services

Computers and peripheral equipment (1. Hardware)

- 45142 Point-of-sale terminals, ATMs and similar machines
- 45221 Portable automatic data processing machines weighing not more than 10 kg, such as laptop and notebook computers
- 45222 Personal digital assistants and similar computers
- 45230 Automatic data processing machines, comprising in the same housing at least a central processing unit and an input and output unit, whether or not combined
- 45240 Automatic data processing machines presented in the form of systems
- 45250 Other automatic data processing machines whether or not containing in the same housing one or two of the following types of units: storage units, input units, output units
- 45261 Input peripherals (keyboard, joystick, mouse, etc.)
- 45262 Scanners (except combination of printer, scanner, copier and/or fax)
- 45263 Inkjet printers used with data processing machines
- 45264 Laser printers used with data processing machines
- 45265 Other printers used with data processing machines
- 45266 Units performing two or more of the following functions: printing, scanning, copying, faxing
- 45269 Other input or output peripheral devices
- 45271 Fixed media storage units
- 45272 Removable media storage units
- 45289 Other units of automatic data processing machines
- 45290 Parts and accessories of computing machines
- 47315 Monitors and projectors, principally used in an automatic data processing system
- 47550 Solid-state non-volatile storage devices

Communication equipment (2. Telekommunikationsudstyr)

- 46921 Burglar or fire alarms and similar apparatus
- 47211 Transmission apparatus incorporating reception apparatus
- 47212 Transmission apparatus not incorporating reception apparatus
- 47213 Television cameras
- 47221 Line telephone sets with cordless handsets
- 47222 Telephones for cellular networks or for other wireless networks
- 47223 Other telephone sets and apparatus for transmission or reception of voice, images or other data, including apparatus for communication in a wired or wireless network (such as a local or wide area network)
- 47401 Parts for the goods of subclasses 47221 to 47223

Consumer electronic equipment (3. Andet it-udstyr)

- 38581 Video game consoles
- 47214 Video camera recorders
- 47215 Digital cameras
- 47311 Radio broadcast receivers (except of a kind used in motor vehicles), whether or not combined with sound recording or reproducing apparatus or a clock
- 47312 Radio broadcast receivers not capable of operating without an external source of power, of a kind used in motor vehicles

- 47313 Television receivers, whether or not combined with radio-broadcast receivers or sound or video recording or reproducing apparatus
- 47314 Monitors and projectors, not incorporating television reception apparatus and not principally used in an automatic data processing system
- 47321 Sound recording or reproducing apparatus
- 47323 Video recording or reproducing apparatus
- 47330 Microphones and stands therefore; loudspeakers; headphones, earphones and combined microphone/speaker sets; audio-frequency electric amplifiers; electric sound amplifier sets
- 47402 Parts for the goods of subclasses 47321, 47323 and 47330

Miscellaneous ICT components and goods (3. Andet it-udstyr)

- 45281 Sound, video, network and similar cards for automatic data processing machines
- 47130 Printed circuits
- 47140 Thermionic, cold cathode or photo-cathode valves and tubes (including cathode ray tubes)
- 47150 Diodes, transistors and similar semi-conductor devices; photosensitive semi-conductor devices; light emitting diodes; mounted piezo-electric crystals
- 47160 Electronic integrated circuits
- 47173 Parts for the goods of subclasses 47140 to 47160
- 47403 Parts for the goods of subclasses 47211 to 47213, 47311 to 47315 and 48220
- 47530 Magnetic media, not recorded, except cards with a magnetic stripe
- 47540 Optical media, not recorded
- 47590 Other recording media, including matrices and masters for the production of disks
- 47910 Cards with a magnetic stripe
- 47920 “Smart cards”
- 48315 Liquid crystal devices n.e.c.; lasers, except laser diodes; other optical appliances and instruments n.e.c.
- 48354 Parts and accessories for the goods of subclass 48315

Manufacturing services for ICT equipment (9. Øvrige it-releaterede tjenester)

- 88741 Electronic component and board manufacturing services
- 88742 Computer and peripheral equipment manufacturing services
- 88743 Communication equipment manufacturing services
- 88744 Consumer electronics manufacturing services
- 88749 Magnetic and optical media manufacturing services

Business and productivity software and licensing services (4-5. Software)

- 47811 Operating systems, packaged
- 47812 Network software, packaged
- 47813 Database management software, packaged
- 47814 Development tools and programming languages software, packaged
- 47821 General business productivity and home use applications, packaged
- 47829 Other application software, packaged
- 73311 Licensing services for the right to use computer software
- 83143 Software originals
- 84341 System software downloads
- 84342 Application software downloads
- 84392 On-line software

Information technology consultancy and services (6. It-servicekontrakter & Itkonsulenter)

- 83117 Business process management services
- 83131 IT consulting services
- 83132 IT support services
- 83141 IT design and development services for applications
- 83142 IT design and development services for networks and systems
- 83151 Website hosting services
- 83152 Application service provisioning
- 83159 Other hosting and IT infrastructure provisioning services
- 83161 Network management services
- 83162 Computer systems management services

Telecommunications services (7. Telekommunikationstjenester)

- 84110 Carrier services
- 84121 Fixed telephony services – access and use
- 84122 Fixed telephony services – calling features
- 84131 Mobile telecommunications services – access and use
- 84132 Mobile telecommunications services – calling features
- 84140 Private network services
- 84150 Data transmission services
- 84190 Other telecommunications services
- 84210 Internet backbone services
- 84221 Narrowband Internet access services
- 84222 Broadband Internet access services
- 84290 Other Internet telecommunications services

Leasing or rental services for ICT equipment (8. Leje af it-udstyr)

- 73124 Leasing or rental services concerning computers without operator
- 73125 Leasing or rental services concerning telecommunications equipment without operator
- 73210 Leasing or rental services concerning televisions, radios, video cassette recorders and related equipment and accessories

Other ICT services (9. Øvrige it-releaterede tjenester)

- 83325 Engineering services for telecommunications and broadcasting projects
- 87130 Maintenance and repair services of computers and peripheral equipment
- 87153 Maintenance and repair services of telecommunication equipment and apparatus
- 87331 Installation services of mainframe computers
- 87332 Installation services of personal computers and peripheral equipment
- 87340 Installation services of radio, television and communications equipment and apparatus

(Society, 2014)

Appendix 7: Boston Consulting Group Matrix

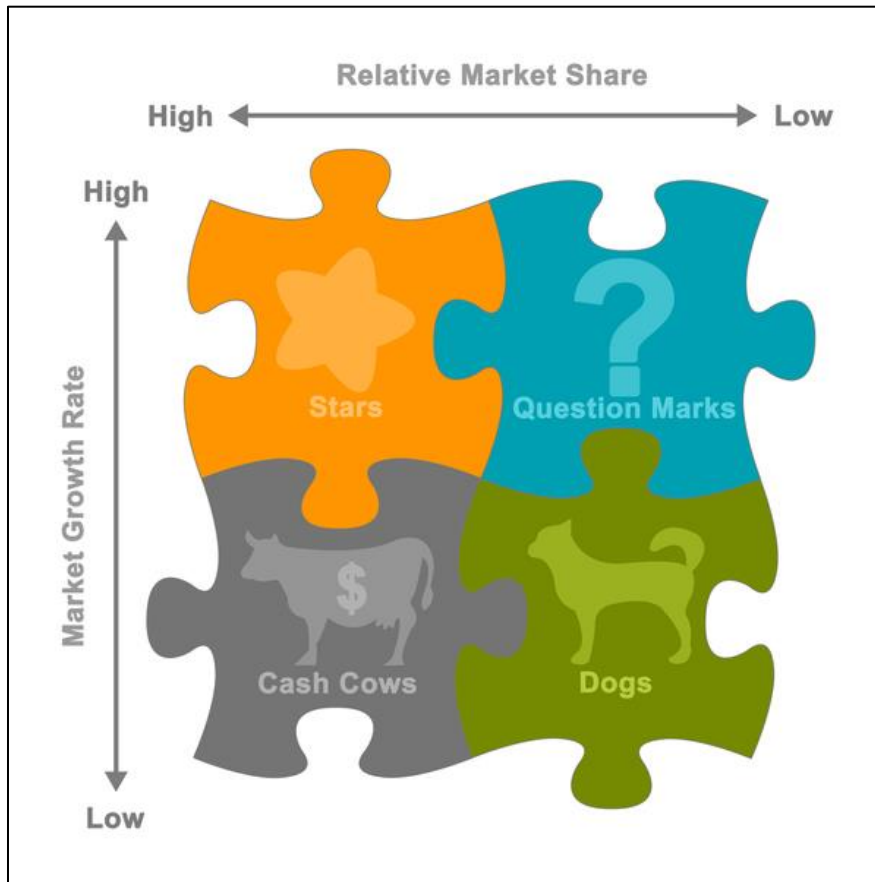


Figure 8: Boston Consulting Group Matrix (Martin, Business News Daily , 12)