

Integration As A Service

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How many of you have been involved with a merger, acquisition, affiliation, joint venture, spin-off, split-off, start-up or divestiture?

PERSPECTIVE

- Organization
 - Acquirer
 - Acquiree
- Functional Area
 - M&A Team – Executive
 - Integration Team – Directors/Managers
 - Operational Teams

Success Rate of M&A

Success Rate of M&A


33%

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E's of Integration

- Engage
- Empathy
- Excitement/Enthusiasm
- Earnestness
- Encompassing
- Evolving
- Embracing

Engage

- Be inclusive
 - Involve affiliates in decision making
 - Meet regularly
 - Relationships – foster good relations within the team
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Empathy

- Affiliate team members are under stress
 - Their thoughts revolve around “what about me”
 - Uncertainty and fear
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Excitement/Enthusiasm

- Be positive
- Respectful
- Encouraging

Earnestness

- Integrity
- Candor

Encompassing

- Inclusive
- Communicate the broad view
- Keep things in perspective

Evolving

- Integrations are far from static
- Affiliations are dynamic
- Encounter hurdles to overcome
- People leave, systems don't interface, processes conflict
- Discovery of items that due diligence miss
- Other curves...learn to roll

Embracing

- Change
- Change
- And more change
- People / Processes / Technology

What is one of the major hurdles that you have experienced in one of the above?

As the acquirer? As the acquiree?

Various Pillars to Engage

1. Finance
2. Accounting
3. Payroll
4. Reimbursement
5. Revenue Cycle
6. Fixed Assets
7. Other
8. Information Technology
9. Supply Chain
10. Human Resources
11. Contracting
12. Operations
13. X's 2+

Think in terms of people: What has been your biggest issue with M&A?

When does integration planning start?

- Due Diligence
- Hand-off from M&A Team
- System build
- Accounting integration
- Operational integration
- Other...


When does integration planning start?

- The point in time you make the strategic decision to make acquisitions.
- Initiate how to approach integration
- Build internal capacity
- Design your project plan
- Be prepared for the work
 - people – process - technology

Integration Planning

- Financial Reporting
- Close
- AP/SC/GL
- Clinic Operations - E.H.R.& Patient BAR
- HR/PR
- Policy Reviews

Integration Planning Continued

- Account Reconciliations
 - Fixed Assets/CIP
 - Revenue & Allowances
 - Debt
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Think in terms of process: What has been your biggest issue with processes?

Hard/Slow to Soft/Close

- What needs to be done differently to report timely?
- 1-2 weeks to 3 - 4 days
- Start early
- Use of estimates
- Financial Reporting Packages
- Trial balance mapped to financial reporting software
- Chart of account mapping

Project Management

- *Leadership*
- *Sponsors*
- **Integration Plan**
 - *Timing*
 - *People*
 - Functions
 - Communication
 - Cultural Factors
 - *Process*
 - *Deliverables*

Think in terms of resources: What is your biggest resource issue?

Organizational Development / Leadership

- Perspectives
- Change Management
- Cultural Alignment
- Collaboration
- Sensitivity & Awareness

Cultural Factors



Cultural Factors

Culture eats strategy
for breakfast.

Peter Drucker

Success Rate of M&A

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Success Rate of M&A

- Can we do better?
- How can we do better?
- What are the ground rules for success?

Integration as a Service

- Objective
 - People
 - Process
 - Technology
- Strategic Intent
 - Opportunities
 - Market share / Vision
 - Revenue enhancement
 - Expense reduction

Integration as a Service

- Positioning organization for realization of objectives
- Being a culture bridge to the new affiliate
- Make it easy to feel a part of the team
- Provide great service experiences
 - Listen
 - Be proactive
 - Follow-through

Summary

- Understand the gaps – where do the differences lie
- Use culture as a means to integrations – understand the traditions and be respectful
- It's the people...D. Maister

Parting thought from Reflections on Leadership

- ...servant leaders seek to identify a means for building community among those who work within a given institution. Servant-leadership suggests that true community can be created among those who work in businesses and other institutions. Robert K. Greenleaf said: All that is needed ...is for enough servant-leaders to show the way...by demonstrating their unlimited liability for a quite specific community-related group.

Integration as a Service

Questions?

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