



Staying Strong During Mergers

The Challenge

Knowing that 70% of mergers fail, a hospital asked Schmalensee Partners to help it stay strong during its merger with another hospital chain. It wanted to retain valued employees and to continue to give excellent care to patients during and after the merger. It also wanted to identify and preserve the best of both hospital chains in order to create a new institution that was even stronger than the two original hospital chains. Finally, the hospital had to save or make \$10 million extra a year.

Schmalensee Partners' Approach

Schmalensee Partners identified a team of experts from each hospital chain and a team of outside experts to work on the merger. Schmalensee Partners and these teams: built support for the merger process with everyone from the Boards to the hourly employees; assessed the strengths and areas for improvement of all functions at both hospital chains to identify best practices that needed to be retained; received approval from the new Board and top executives to implement several key actions; facilitated teams for each merging function (food service, pharmacy, radiology, etc.) to develop plans to make or save enough to meet the \$10 million goal without lowering customer satisfaction; and coached the new management team.

Results

Everyone agreed the merger process had more than achieved its goals. The budget was met (sooner than expected) while employee morale remained high and patient satisfaction was maintained at pre-merger levels.

