



# Staying Strong during a Merger

## The Challenge

Knowing that 70% of mergers fail, a hospital asked us to guide the human side of its merger with another hospital. One goal was to retain valued employees and continue to provide excellent care for patients during and after the merger. A second goal was to identify and preserve the best of both hospitals in order to create a new, merged institution that would be even stronger than the two original ones. A third goal was to save or make the merged hospital at least \$10 million additional a year.

## Schmalensee Partners' Approach

We . . .

1. Worked with a team of our partners and cross-functional teams from each hospital to agree on a process for managing the merger and achieving the three goals.
2. Used a series of presentations for everyone – from the Board to hourly staff – in both hospitals to build support for the merger process, calm their fears and avoid defections.
3. Using the proven Baldrige criteria for performance excellence, our team of experts assessed each hospital's strengths and opportunities for improvement – department by department – looking specifically for best practices to retain.
4. Reported our findings to the Board and to the cross-functional teams from each hospital in writing and personal presentations.
5. Held a day-long event in which each hospital's department members sat with their counterparts and planned how they proposed to work together after the merger to adopt best practices and either cut costs or increase revenues by their share of the \$10 million budget.
6. The teams' plans were presented to and approved by the Board after being vetted by the Schmalensee Partners team.

## Results

- Staff turnover was minimal – no more than the pre-merger level.
- Patient and family satisfaction with care rose after the merger.
- The merged hospital saw its earnings rise by more than the goal of \$10 million/year.
- All three merger goals were met!