The 7 Key Factors for Health Care Mergers



Many questions arise with a merger or affiliation: Will departments and staffs be combined, will there be a consolidation of the systems used, and will there be opportunities to create a shared services model? Ultimately, how do you ensure merger or affiliation success? Here are seven detail-oriented steps to consider.

When you search for the word “merge,” Google brings up a definition related to “coming together”: two or more entities joining to help each other address a common problem or need. We’re seeing this trend in several recent major hospital and health system mergers. It is rare to see an unaffiliated health system nowadays, as mergers and affiliations are ways for health systems to share in the cost of doing business and potentially gain market share. However, deciding to come together and actually making it happen can be complicated.

Many questions arise with a merger or affiliation: Will departments and staffs be combined, will there be a consolidation of the systems used, and will there be opportunities to create a shared services model? Ultimately, how do you ensure merger or affiliation success? Based on my more than 25 years of health care project management experience, including the past several years leading and advising multiple health system mergers and affiliations, here are seven detail-oriented steps to consider.

1. **Establish a governance committee including leadership from all parties –** The coming-together of organizations will require executive support from all sides. Nominate a main champion of the effort – most likely the C-suite person ultimately responsible for the budget – to serve as chair. Ensure equal participation

© 2012-2021 Freed Associates, Inc.

from both sides of the table so that all key operational voices are represented. Most likely, this committee will meet at least twice monthly to provide timely decision-making and address any barriers to success.

2. **Find the right program manager** – It may seem self-evident that a significant project should be overseen by a high-quality program manager. It's no accident that 80 percent of projects deemed "high-performing" are led by a certified project manager, according to a recent report. Consider the many fundamental duties of a top-tier program manager, including establishing and enforcing a schedule and plan, detailing dependencies, overseeing resources and teamwork, controlling costs and managing quality, changes and integration. Then there's the planning for the unknowns, such as for a project's inherent discord and chaos, not to mention all of the seemingly small but vital details.
3. **Employ the best project talent you can find** – Staff your initiative with the most talented and savvy people you can find, both from within and outside your organization. Ensure that project staff members have the time and resources required to achieve success within a proscribed time frame, and not pulled in several other directions for less vital needs. If necessary, plan for backfilling staff to relieve them of their day-to-day duties so they can provide the time needed. Backfilling resources may even extend past the project go-live, to ensure ongoing stability.
4. **Maintain an accurate inventory of system interfaces** – Due to health care's often wide variety of disparate systems, it's vital to keep an accurate inventory of systems and interfaces. Often, when replacing just one system, it unravels into a spaghetti bowl of other systems connected to it. Proactively planning to have a current and accurate inventory of system interfaces, and making plans to ensure flawless integrations and operations, will help forestall future issues. Maintaining detailed documentation on system-to-system data processes, and who is involved, will be critical in order to understand the new, future state and ensure smooth operations, post- go-live.
5. **Define and adhere to a solid communication plan** – Determine up-front how you will share all project information with the project team and key stakeholders, including schedules, timelines, news and events and training materials. Plan also to share word about your project to wider audiences. Don't assume that executive leaders participating in the governance committee will have time to share important project details with others. Develop a communication plan reaching multiple layers of staff. This will help remove the stress of the "unknown" and ward off rumors about what's happening. For example, on one project, we helped consolidate a supply chain system. Seemingly only a small number of people who used the system were affected, until we realized the organization used online requisitioning. Suddenly, the project scale expanded from 20 affected people to hundreds. We needed a solid communication plan to ensure the right information reached all of those affected.
6. **Don't forget about security** – If combining a single division, you will likely touch and implement more than one system. A dedicated project manager or lead will likely be responsible for each system and its processes, build and testing. However, you may also need to think more broadly about security. Establish a list of all

© 2012-2021 Freed Associates, Inc.

who will need security into any new systems, as well as a plan for providing security and submitting security requests on behalf of any newcomers. Make sure this is clearly communicated and the information is readily available to share (such as on a website). Provisioning users can be tedious, and frustrating to those just trying to figure out how to gain access to the tools and systems needed to do their jobs.

7. **Plan for pre- and post-go-live** – Have a process to assess your technical and operational readiness at key stages, such as 120, 90, 60 and 30 days prior to go-live. Conversely, plan for support for any project stabilization needs post go-live. The 30-day readiness plan should also include exit criteria for project team resources. It's expected that a project team will provide post go-live support for at least 30 days, if not even 60 or 90 days afterward. However, unless you make plans ahead of time (and have the budget), it will be difficult to retain IT and consultant resources for an extended period.

Summary

By adhering to these seven steps, you raise the likelihood of immediate and long-term success for your merger or affiliation. You will also likely significantly reduce the inevitable anxiety and workload that comes with such a significant effort. That's a win/win for all involved!

© 2012-2021 Freed Associates, Inc.