

Amalgamations and mergers: a process for success

IT IS A RELATIONSHIP game and a relationship process, Michael Goldsworthy, principal consultant at Australian Strategic Services, says of his biggest learning from the 242 amalgamations and mergers he has worked on.

Firstly, the two parties need to be a good match, which Goldsworthy describes as someone rich in resources, ideas, information, money, services, culture and the vision or the passions of the place. Secondly, a proper process is essential to a successful amalgamation or merger, he says.

That includes a good change manager to facilitate and project manage the process and provide technical advice. He recommends those with little or no experience get somebody in. If using an internal person, Goldsworthy says they need to be very skilled and understand the process from beginning to end.

Top of the must have list is an amalgamation project Gannt chart so everyone is clear on the steps and activities

over time, he says. The other key elements are an amalgamation or merger working group and plan for the 12 to 24 months after the transaction.

It causes huge problems for those without these, says Goldsworthy. "You hear some horrendous stories of 12, 24, and 36 months later about cultural clash, problems with the systems that don't work because they didn't have a good amalgamation process and they haven't had a plan about how they are going to go forward."

GOLDSWORTHY'S 10-STEP TO A SUCCESSFUL AMALGAMATION OR MERGER:

1. Initiate discussions.
2. Agree on the process and sign a memorandum of understanding (MoU) and confidentiality agreement.
3. Form an amalgamation or merger working group with equal representation from each organisation and board to develop a works program

and undertake tasks in the MoU.

4. Develop an amalgamation or merger plan.
5. Do due diligence including assessing the plan to confirm or refute the business case, and get independent legal, financial, cultural and service due diligence done.
6. Get the boards to review and comment on the draft plan.
7. Develop a staff and stakeholder communication strategy for concurrent implementation with each organisation.
8. Check off approval from all government departments and authorities.
9. Engage members in a series of meetings prior to the vote highlighting benefits and addressing concerns, followed by the vote.
10. If vote returns a yes, sign the deed of agreement and get everybody involved in implementing the plan. ■



Michael Goldsworthy

Quality of facilities a key issue determining viability

DEALING WITH THE problem of ageing building stock is a constant challenge for a majority of providers in the aged care sector. But with less resources and options at their disposal, it can be particularly difficult for smaller providers, says Benjamin Carney, project manager with MDF Group.

"Despite this, there is still a bright future for small providers," says Carney. A Strategic Asset Management Plan is the foundation for well-informed decisions in relation to asset management, he says.

Carney outlines what's required:

ASSESS BUILDING CONDITION AND COMPLIANCE

Many aged care facilities are converted buildings constructed more than 20 years ago and a lot has changed since that time.

It's common to see buildings now being used for a completely different purpose than what was intended when they were first built. Many buildings have been modified and extended in response to consumer demand and changing building codes and regulations.

Recent customer demand has driven room configurations from the nursing home style multi bedroom to ensuite single rooms. This trend is also reflected in the current privacy and space requirements which specify an average of no more than 1.5 residents per room, and a higher ratio of toilets, showers and baths available.

It's therefore vital to objectively appraise the condition of your buildings and how well they comply with all current standards, codes and market preferences.

IDENTIFY CONSTRAINTS AND OPPORTUNITIES

The next stage is to look at which existing problems could be solved by re-design. For example, could renovation allow the building to be altered to meet privacy and space requirements and become eligible for the maximum government subsidy?

Take into account any operating efficiencies you can gain as a result of a re-design. These could relate to staffing efficiencies or improvements achieved through the integration of new technology which could benefit future cash flows.

Get a clear picture of how much any required works would cost by obtaining an estimate from a quantity surveyor. It's also important to factor in how you can manage cash flow by staging the building works over time.

CONDUCT A BUSINESS AND MARKET ANALYSIS

The third stage is to evaluate your business and its environment. Is it desirable to stay in this space? Is there a niche opportunity available? Who is the competition? What is the likely future demand in your catchment area? And, would projected income support renovation?

With the information you've gained through these three stages, you are now in a position to develop a comprehensive Strategic Asset Management Plan.

This provides a powerful framework to guide decision making – allowing you to confidently manage ageing building assets and be clear about the best path forward. ■



Benjamin Carney

Marketing is your key to survival in competitive times

IN THE NEW world of aged services where prices are published online and the consumer calls the shots, understanding the role and importance of brand is now paramount, says Gill Walker, managing director of Evergreen Advertising & Marketing.

"Strong brand equity will attract customers and staff, as well as protect profits. For those that do not invest in their brand I predict it will be a price-based competition to the bottom," says Walker, a regular on the aged care and retirement living conference circuit.

She offers the following practical and cost-effective strategies to protect and grow your brand:

DIFFERENTIATE OR DROWN

Get copies of all your competitor adverts, pin them on the wall, put yours in the middle and scrutinise your difference. Aim for a single-minded message that you own and others don't. Look at colours, imagery and the tone of words to create a personality that represents your brand.

A PICTURE TELLS A 1,000 WORDS

Your website is a critical member of the sales team, working 24/7, and it looks the best it can. Poorly taken photos, low resolution, bad composition and lighting do not help. Invest in professional photos across your collateral or use a real estate photographer skilled at setting up a room to look its best for an economical alternative.

DIGITAL NEEDS TO BE THE CORNERSTONE OF A MEDIA PLAN

Embrace aggregate listing sites and acknowledge they are going to be trusted more than company ones. If paying to advertise and list then check audience data is audited. Include photos where permitted and fully-utilise the My Aged Care listing. Get smart with adwords and use the full suite of free analytic tools to customise your campaigns. Our experience has shown that electronic direct mail (EDMs) from credible sources are far more powerful than bought lists.

STOCK SHOTS

Stock images are terrific and sites such as istockphoto.com are great, but begin reviewing results on page 30 or 40 rather page one to improve your chances of getting images the rest of the aged care community is not using. For free images, try premium libraries such as Getty, Corbis or Shutterstock and search under royalty free.

COMPARE AND SAVE

Include checklists, diagrams and summaries in your advertising strategy, which time poor people including influencer targets like daughters will appreciate. Busy people including the baby boomer cohort will pay extra for services and flexibility, because for them, the journey is as important as the outcome. ■



Gill Walker

IT TAKES A COMMUNITY

A RELATIONSHIP-CENTRED APPROACH TO CELEBRATING AND SUPPORTING OLD AGE



Cathy Greenblat PhD
Sociologist, Photographer & Author

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