



WHITE PAPER

Managing Cultures During Medical Practice Mergers

There are many reasons why medical practices merge or acquire other practices: increasing market share, gaining new capabilities, diversifying a product offering, and more. It's also no secret that mergers and acquisitions sometimes don't go as planned. The most common reason mergers and acquisitions fail: workplace culture.

In my experience, the largest contributor to merger and acquisition failure has little to do with the business and more to do with the people. More specifically, deals fail because of how you handle (or fail to address) the cultural differences between practices, which are exacerbated by a lack of effective communication. Leadership does not account for the culture or anticipate a potential culture clash.

It's especially important to focus on people and culture during an acquisition or merger. Consider what's at risk during such a transition, how you communicate with employees, and how to support them.

To ensure your merger or acquisition has the greatest chance of success, it's critical to make your employees' experience painless (or at least less painful). Be sure to communicate with employees, collect feedback to take targeted action for retention, and provide ongoing support.

Anticipate potential roadblocks

During a merger or acquisition, you risk losing talented employees, disrupting the culture of your practice, and missing opportunities to communicate with newly-acquired employees.

To avoid employees from jumping ship, speak with them, ideally before the deal closes. This will give you a better understanding of which parts of the business are at highest risk of turnover. The goal here is to reassure employees of job security and to thus reduce the risk of a mass exodus.

It's inevitable that your medical practice culture will change after a merger or acquisition. There are three common ways to thoughtfully develop and shape a culture post-merger:

1. choose one business' culture to be carried on,

2. create a new culture that combines the best from both medical practices, or
3. create a completely new culture.

Each path has its pros and cons. Whichever you choose, it's important to communicate your decision - and your rationale - with employees. During times of transition, communication often becomes increasingly siloed to top-level decision makers, leaving the majority of employees in the dark. This disconnect causes rumors to spread and breeds distrust of leadership. Devise a communication plan before the deal is finalized and exercise it throughout the process.

Prepare employees

Concerns about job security are top of mind for employees. They want to know if their role will still be relevant, if their past successes going to be recognized, and how they will be accepted as members of the new team. Address their concerns and keep them updated on the process and timeline as much as possible.

Also communicate how and when benefits will transition, what their election options are, time off policies, how you conduct performance reviews, and when and how you review compensation. Addressing employees' basic needs is crucial to establishing a foundation of trust and building confidence in leadership.

Offering career path training pre- or post-merger is a great way to prepare and support employees. This way, even if there are layoffs or they opt to leave, they have an understanding of what their next step should be and where their strengths lie.

Once the acquisition is complete, it's a good idea to conduct onboarding for acquired employees, same as you would for any new hire. This is a great way to make them feel integrated and welcomed as well as establish expectations. Is there an actual orientation process? Do they need to participate in any training or watch any videos? Do you have written material for them to read on their own? Do you have welcome swag? Treat them like members of the team, because they are.

Remember, you don't need to wait until things settle down to collect feedback post-merger or acquisition. Soliciting employee feedback during times of transition will give you the data you need to take action, and ensure employees' voices are heard both now and in the future.

By adhering to these suggestions, you increase the likelihood of immediate and long-term success for your merger or acquisition. You will also likely significantly reduce the inevitable anxiety that comes with such a significant effort. That's a win-win for everyone involved!

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