



Leading Change

Capturing hearts and minds for a successful merger

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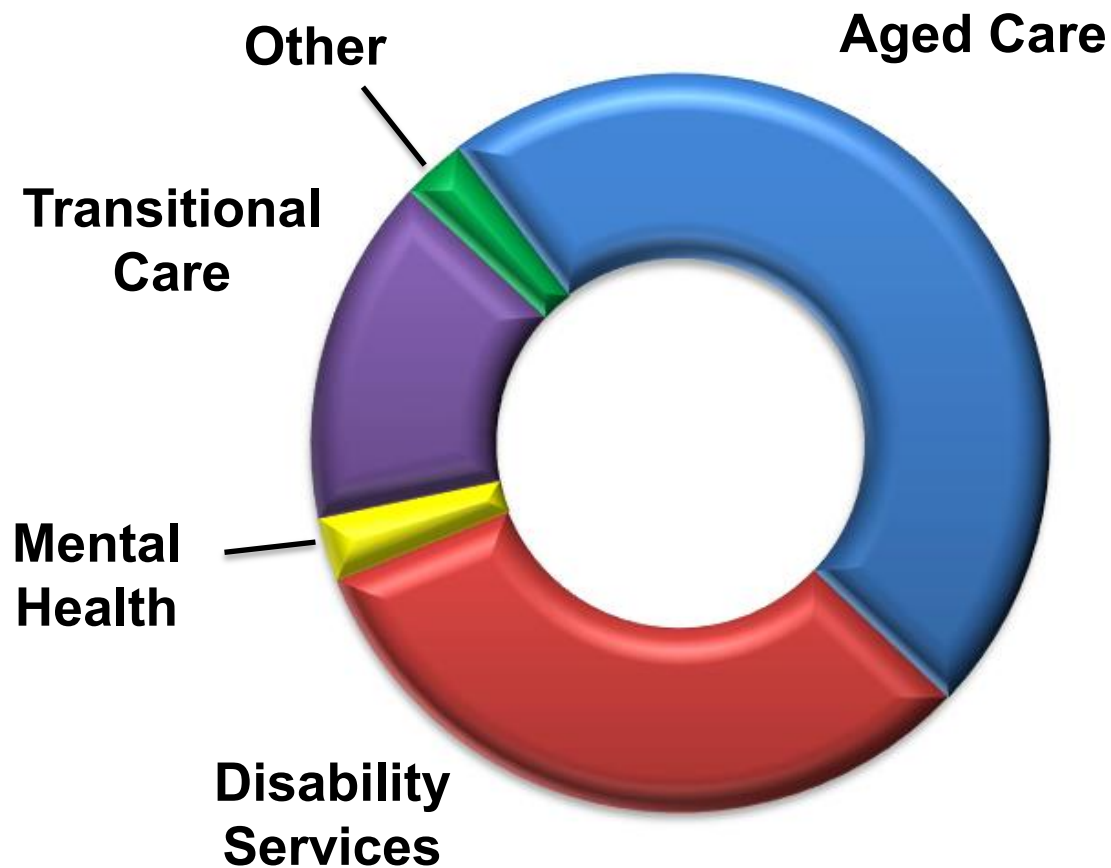
Overview

Things we'll be covering

- The case for merging
 - Pressures on the sector
 - Types of partnerships and their strategic benefits
 - Facts and fallacies of merging
 - The thorny question of “efficiencies”
- Governance
 - The model we chose for Diverse + Care Connect
- Leading culture change and communications
- What's gone well and what remains to be done

Care Connect

Broad range of programs



- 13,000 clients/year
- > 500,000 client interactions/year
- \$48M budget in 2014
- Specialising in complex needs
- Case management and brokerage heritage

A client-centred approach to services



We support people to be in control of their lives

- Result of 2010 merger of two \$3m orgs
- Case Management, Coordination, Direct Care
- Aged, disability, respite, transition care
- Western Sydney focus
- Strategic thinking = realisation and acceptance of the future
- Front foot, focus

The case for merging

Pressures in the sector

- Individualised funding
 - Social services moving to a market model
 - Clients selecting on price as much as service
- Need for a key point of difference
 - And the funds to promote that difference
- Compliance burden
- Covert and overt pressures from government
 - State governments fund *hundreds* of social service providers

The case for merging

Why Care Connect and Diverse?

- Diverse Community Care's strategy
 - Build the infrastructure to support a client-directed care model
 - Grow our range and quantity of care services
 - Partner with organisations and individuals who will help us to achieve our vision
- Care Connect's strategy
 - *My Life, My Choice, My Way*™ for exceptional client outcomes
 - Developing our services along a Client Advice + Brokerage model
 - Combining strengths with similar organisations with similar visions

The case for merging

Types of partnerships and their benefits


Partnership type	Advantages	Disadvantages
Partnership agreement (High level commitment to partner)	<ul style="list-style-type: none">• Low commitment• Easily reversed• Low disruption	<ul style="list-style-type: none">• Divided governance• Easily reversed• Lower efficiencies
Joint venture (Two orgs remain independent and create a third common entity)	<ul style="list-style-type: none">• Shared risk• Low disruption	<ul style="list-style-type: none">• Divided governance
Amalgamation (Smaller org joins larger one)	<ul style="list-style-type: none">• Administratively simple• Moderate disruption• Opportunity for single governance structure• Increased efficiencies	<ul style="list-style-type: none">• Fear of loss of identity• Risk of loss of one brand's equity
Merger (Organisations come together to create a new entity)	<ul style="list-style-type: none">• Greatest strategic clarity• Clearest governance• Opportunity for greatest efficiencies	<ul style="list-style-type: none">• Risk of loss of brand equity• Cultural clash

The case for merging

Governance - our solution

- Group structure
- Single Board of Governance created
 - Number of directors based on contributing revenues
 - Board composition based on skills
 - Board nominations by Diverse
- Client facing activities retained, back offices merged
- Independent brands and legal entities endure
 - For as long as this is in the clients' interests
 - Minimal disruption to clients and funders





I love my new team!

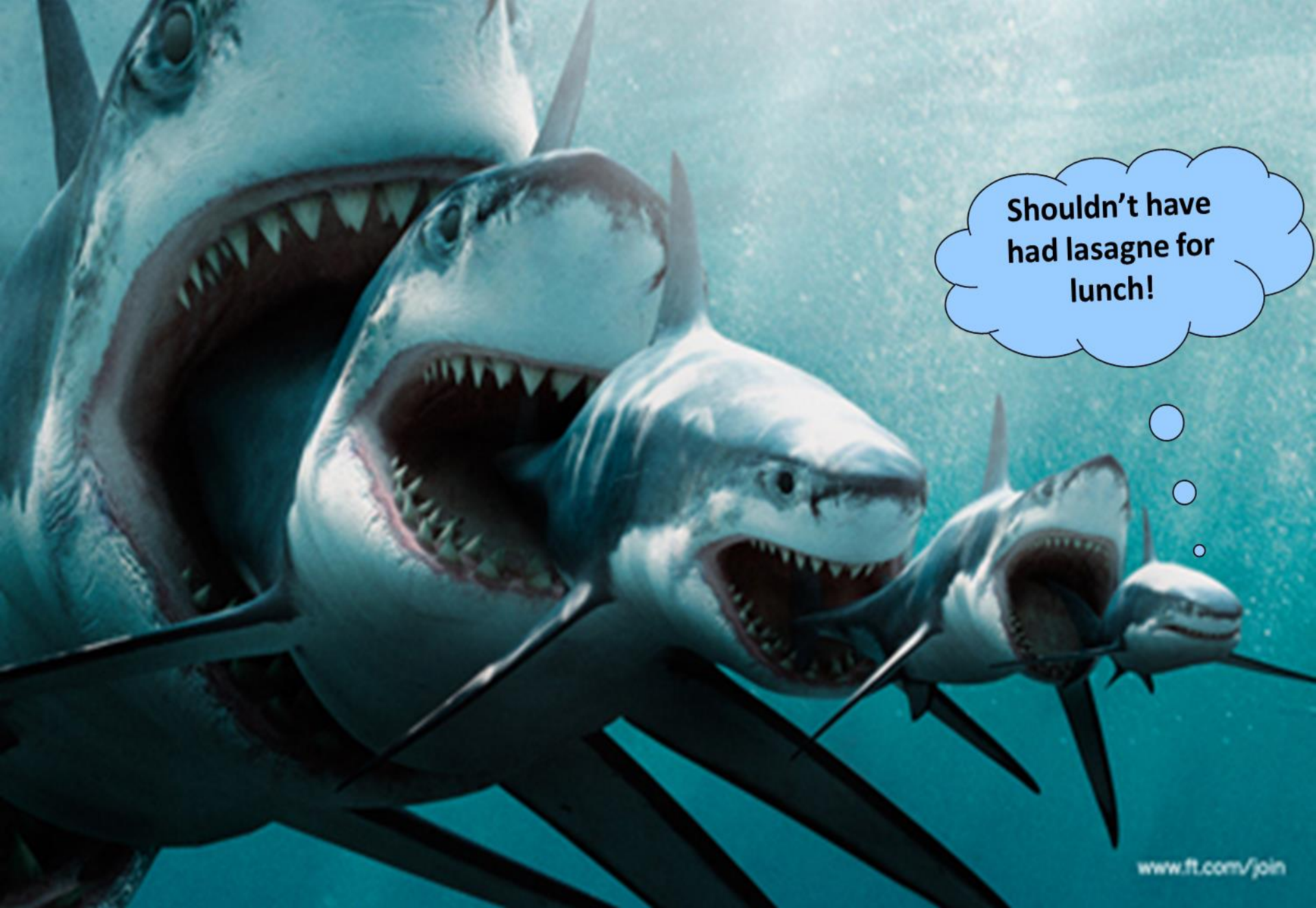
I feel so much more *viable* now!

Our equity doubled overnight!

I feel totally engaged in this new culture!

Hooray! New policies & procedures!

Talk about a *seamless* transition!



Shouldn't have had lasagne for lunch!

www.ft.com/join



How exciting!

We don't do it like *that*...

Stuff this I'm outta here.

I've got *no idea* what I'm doing.

Idiots! I *told* them it wouldn't work!

Where do I fit in?

If that turkey thinks he's getting *my* job he's got another thing coming!

The case for merging

Facts and fallacies of merging

- Fact: It's as much about giving as gaining
- Fact: You must have common values
 - The most important of these is mutual and demonstrated respect
- Fact: It has to make sense strategically
 - There are many stakeholders; your case has to be simple and sound
- Fact: Your Board has to be ready for merging
 - They need to know the sector pressures and be objective about your organisation
 - They need to acknowledge that not everyone will be there for the journey
- Fact: CEO engagement and role clarity is **critical** to success

The case for merging

Facts and fallacies of merging

- Fallacy: The merger will solve all your problems
- Fallacy: You need to merge to survive
- Fact:
 - You do need a **clear value proposition** that is **sought by clients**
 - You do need to be **amongst the best** in your “market”
 - You do need **competitive pricing**
 - You do need the **resources to promote** to your market
 - You do need **responsive and agile** staff, systems and processes

The case for merging

The thorny question of “efficiencies”

- You have one chance to consider this question
 - What you say will be remembered.....*forever*
- Be guided by considering all your stakeholders
 - Stakeholders include clients, staff and funders
 - What is truly best for all of them?
 - Is one stakeholder group more important than the others?
- Don't underestimate your staff

Culture change and communications

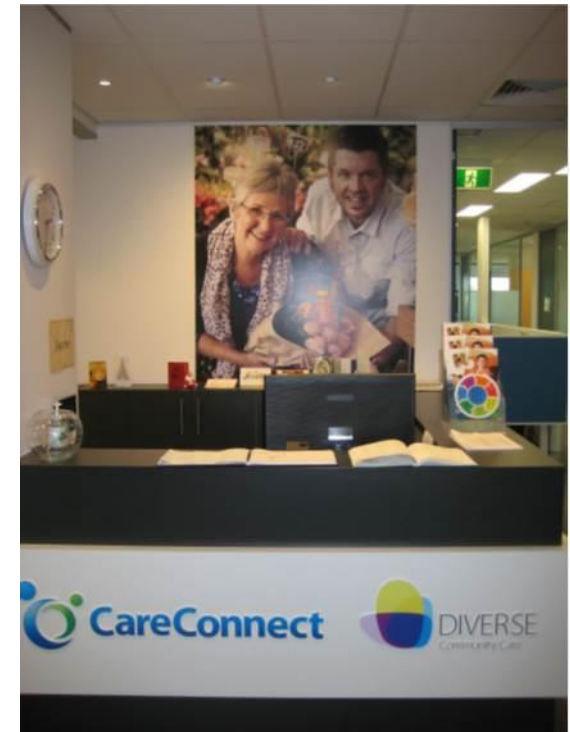
Before the merger

- Staff always knew that mergers were a possibility, if not a probability
 - Diverse's history
 - Care Connect's stated strategy
 - => Led to huge excitement when the merger was announced
- Communications were tightly managed to avoid unnecessary speculation
- Exceptional collaboration at the Board and Executive levels
- Staff were socialised quickly after announcement

Culture change and communications

Immediately post merger

- Simultaneous staff presentations nationally
 - Directly affected staff advised just prior to announcement
- Direct visits to state and federal departments
 - Followed by formal written advice
- Simultaneous move to common site
- Line management “joined at the hip”





Sustaining the change

Ongoing actions

- Open communications at the site
 - Critical dependency on site management
 - All Group communications go to the teams simultaneously
- Ongoing merger to single processes and systems
 - Common HR
 - Staff exchanges
 - Common payroll
 - Common intranet
 - Common quality
 - Ultimately, common client services systems
- Brand separation remains for as long as this is in our Clients' interests

Final thoughts in considering “The M word”

- Be objective about the future
 - Is a merger a possibility or probability for your organisation?
 - If yes, do you want to choose or be chosen?
- A values fit is the most important consideration
- Courtships take time
 - But the right mergers can bring exceptional value
- Once you begin, anticipate ups and downs, but:
 - Stay focused on the outcome, it will keep you on the path to success!

Thank you

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