Hospital Mergers and Acquisitions: Checklist for Success

This tool is designed to help healthcare management teams assess their progress as they move through the merger and acquisition transaction process. Drawn from interviews with executives who have been through a merger, the eight key success factors listed below distinguish high-value transactions (which resulted in margin and quality measure improvement) from others.

For more information, read the full research report, Hospital M&A: When done well, M&A can achieve valuable outcomes, co-authored by the Healthcare Financial Management Association and the Deloitte Center for Health Solutions.

1. **STRONG STRATEGIC VISION**
   - Did you or will you identify...?
     - Which strategic plan objective(s) the transaction will achieve?
     - New capabilities enabled by this transaction?
     - Quantifiable value created in a business case built on reasonable assumptions?
     - Tangible strategies for growing revenue and reducing costs?

2. **SPECIFIC TRANSACTION GOALS**
   - Did you or will you establish...
     - Quality improvement goals for the acquired organization?
     - Targets for margin improvement?
     - Which areas will contribute to the improvement and how much they will contribute?
     - Where patient access to services may change as a result of the transaction?

3. **EXECUTIVE ACCOUNTABILITY**
   - Did you or will you identify...
     - An executive to be responsible for each major integration workstream?
     - Metrics to assess progress against key milestones identified in the workplan?
     - How results will impact the executive leader’s evaluation and/or compensation?

4. **CULTURAL DIFFERENCES**
   - Did you or will you assess...
     - Differences between organizational decision-making styles?
     - Parameters for decision-making authority of front-line managers?
     - Compatibility of each organization’s mission, vision, and values statements?
     - Visibility of these statements in daily operations?

5. **CLEAR LEADERSHIP ROLES**
   - Did you or will you delineate...
     - Authority of local board vs. corporate board?
     - A new organizational chart?
     - Negotiable components of the integration plan (if any)?

6. **EARLY LEADERSHIP ALIGNMENT**
   - Did you or will you plan for...
     - Responsibility for quality improvement at the acquired facility?
     - Timeline for transition of quality improvement to the corporate entity?
     - Systemwide implementation of best practices and care pathways?
     - Timing of clinical systems integration?
     - A method for services to be redistributed/rationalized?

7. **BEST PRACTICES FOR INTEGRATION**
   - Did you or will you arrange for...
     - Alignment of integration strategy with overall business case for the transaction?
     - Clarification of decision-making authority during the transition?
     - Identification of decision makers during the transition?
     - Bringing subject matter experts into the transaction process?

8. **BEST PRACTICE PROJECT MANAGEMENT**
   - Did you or will you develop communications plans for...
     - Cascading responsibility for integration goals down through the organization?
     - Monitoring and reporting on integration progress measures to the board?
     - Reporting and coordinating activities across integration workstreams?
     - Updating key stakeholders on progress?