



# HIMSS<sup>19</sup> CHAMPIONS OF HEALTH UNITE

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## Mergers and Acquisitions: CIO Change Management Strategies

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# Conflict of Interest

Larry Dux, BSIE, MBA, CPHIMS, LFHIMSS, DSHS

Has no real or apparent conflicts of interest to report.

# Agenda

- Part 1 Introduction and overview of change management
  - Industry trends health care mergers and acquisitions
  - Change management personal and organizational
  - Change management approaches/models
  - Key success factors
- Part 2 Discussion questions/audience participation
  - Experience with mergers/acquisitions
  - Change management approaches/models used
  - Challenges/barriers
  - Strategies and tactics to use and to avoid
  - Lessons learned/recommendations



# Learning Objectives

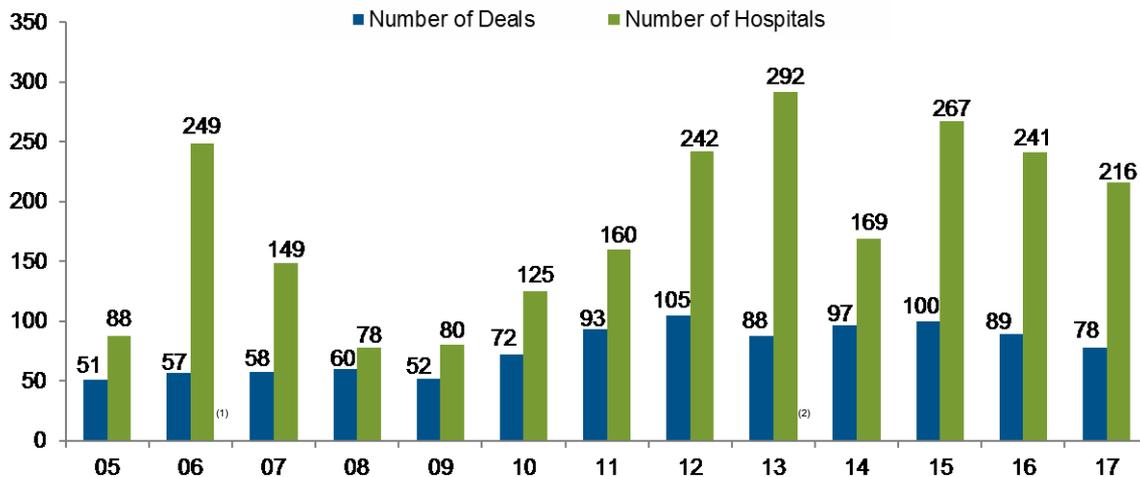
- Explain the key principles of change management and how they apply to information technology departments involved in a merger or acquisition
- Compare and contrast the change management approaches and practices being used by different organizations within their information technology departments
- Develop change management strategies to address the unique needs of each organization's information technology department involved in the merger or acquisition
- Recognize the importance of creating a change management plan for the information technology departments involved in the merger or acquisition



# Industry Trends

## AHA TRENDWATCH CHARTBOOK 2018 Organizational Trends

Chart 2.9: Announced Hospital Mergers and Acquisitions, 2005 – 2017



Source: Irving Levin Associates, Inc. (2018). *The Health Care Services Acquisition Report*, Twenty-Fourth Edition.

(1) In 2006, the privatization of Hospital Corporation of America, Inc. affected 176 hospitals. The acquisition was the largest health care transaction ever announced.

(2) In 2013, consolidation of several investor-owned systems resulted in a large number of hospitals involved in acquisition activity. Chart 2.10 in 2009 and earlier year's Chartbooks.

<https://www.aha.org/guidesreports/2018-05-22-trendwatch-chartbook-2018>



# Industry Trends

## ***2018 Hospital Merger and Acquisition Activity Continues Rapid Pace with 30 Announced Transactions in the First Quarter***

### ***Three Deals Involve Systems with \$1 Billion+ in Revenue***

The largest deal of the quarter was the announced merger of Bon Secours Health System and Mercy Health. The merged entity would form a 43-hospital system serving seven states, with \$8 billion in net operating revenue. Other significant transactions include [Einstein Healthcare Network](#), the largest independent academic medical center in the Philadelphia region with 1,000 beds, joining Jefferson Health, a 14-hospital system with about \$5 billion in annual revenue, and HCA Healthcare, Inc., acquiring Mission Health, a seven-hospital system based in Asheville, N.C.

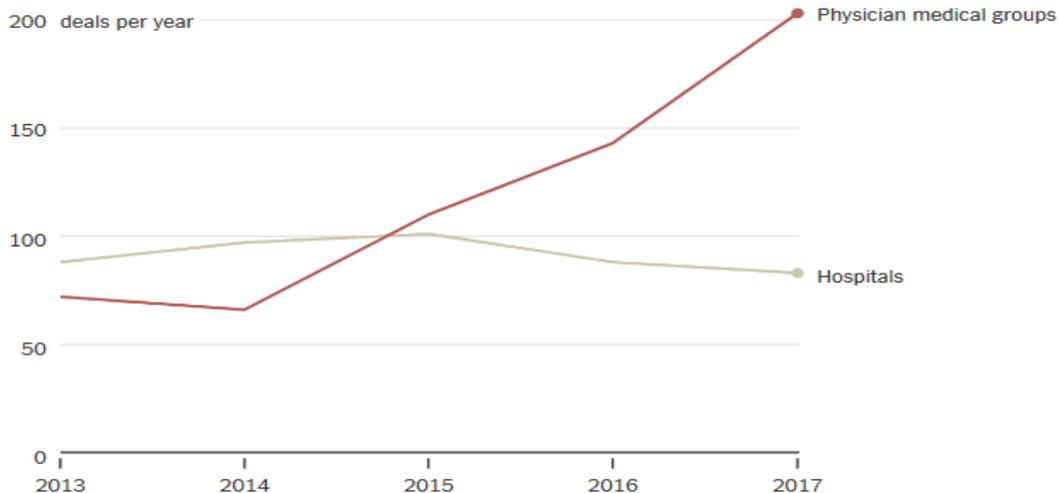
<https://www.kaufmanhall.com/news/2018-hospital-merger-and-acquisition-activity-continues-rapid-pace-30-announced-transactions>



# Industry Trends

## Merger Volume

As the pace of hospital mergers has leveled off, health systems and others are increasingly buying up doctors' groups and medical practices.



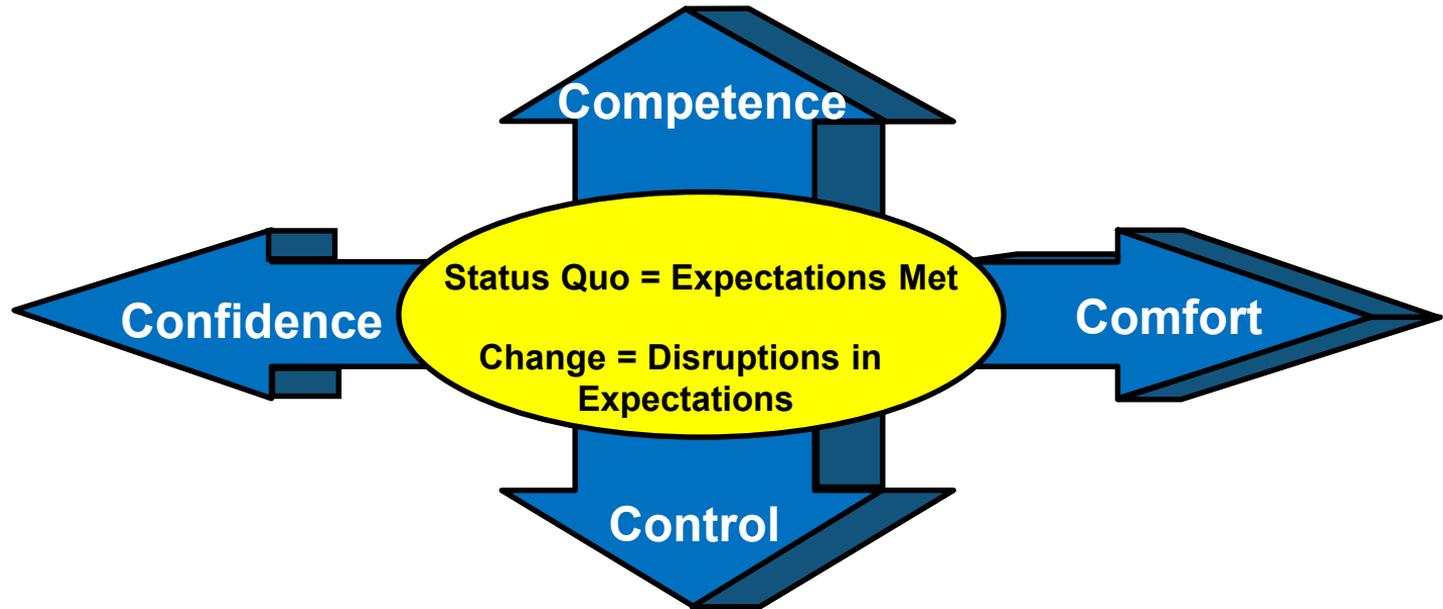
By The New York Times | Source: Irving Levin Associates

<https://www.nytimes.com/2018/11/14/health/hospital-mergers-health-care-spending.html>



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# What Does Change Represent to Healthcare IT professionals?



# Phases of Personal Change

## Endings

Letting go of  
the past

- Anger
- Denial
- Grieving
- Sense of Loss

## Transition

Searching for a  
new direction

- Uncertainty
- Disorientation
- Anxiety
- Self-doubt

## Beginnings

Setting off in the  
new direction

- Anticipation
- Excitement
- Energy
- Enthusiasm



# Change vs. Transition

- Change is what happens to us - It is external to us
- Transition is internal – It is how we react to change
- The trick is to harness change and transition in order to learn, grow and reap the positive benefits of the many changes that will happen to us



# Reactions to Change

## Negative

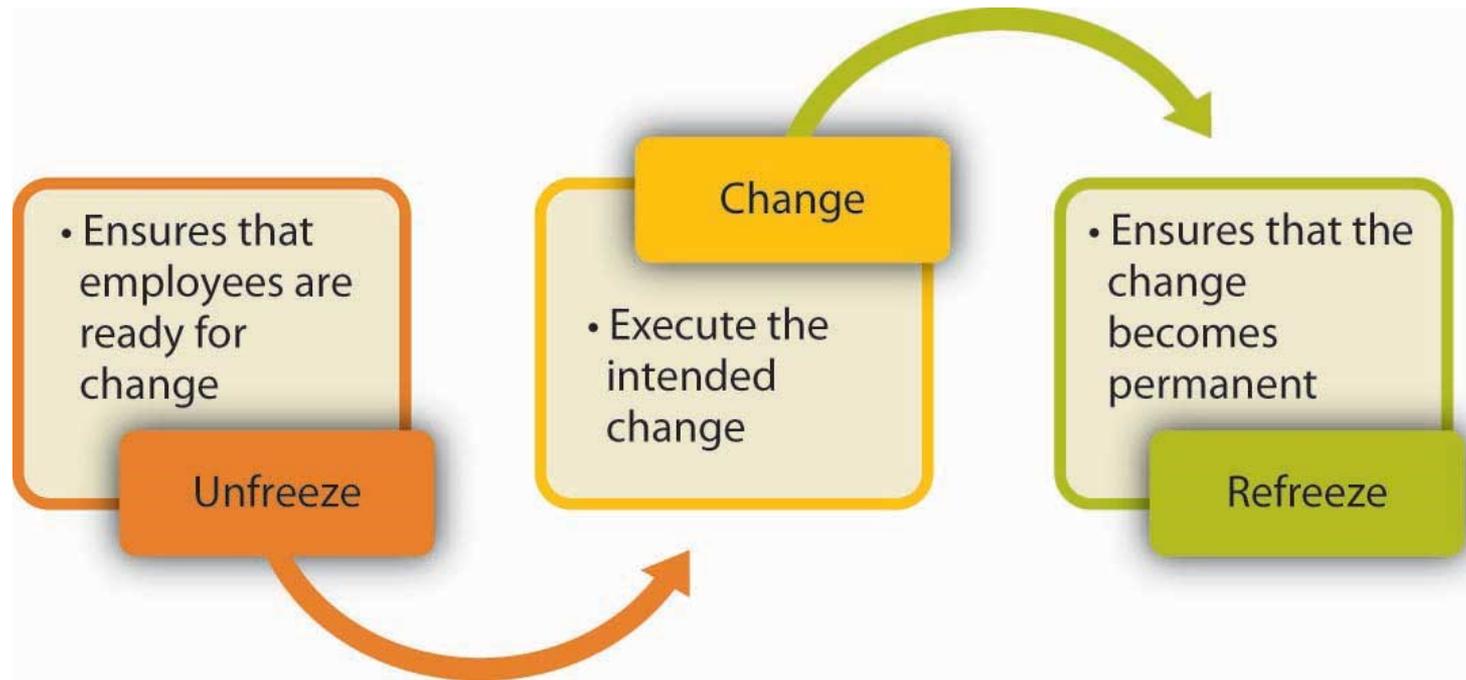
- A sense of loss
- Threat to job security, satisfaction, prospects
- Fear of loss of control
- Uncertainty, insecurity
- Mistrust of management motives
- Expectation that “this too will pass”
- Perceived flaws in the approach



## Positive

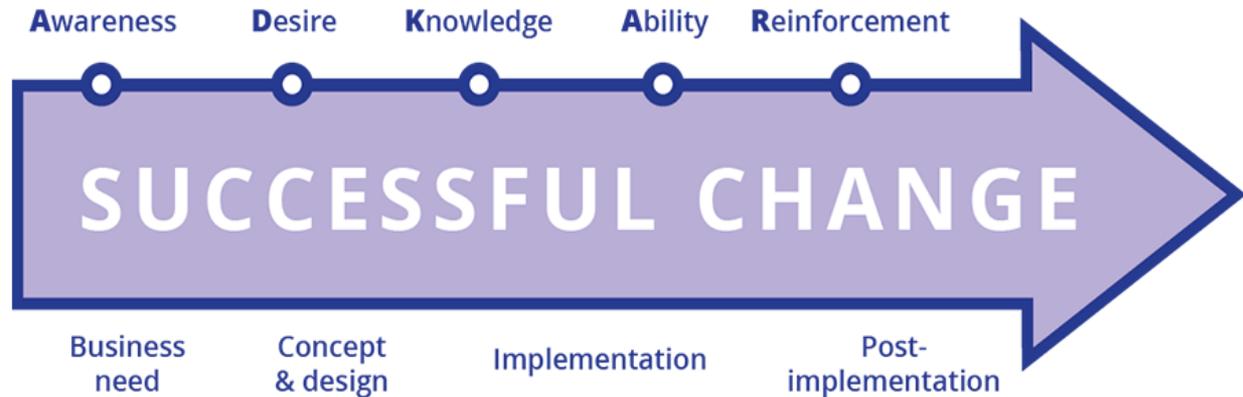
- Opportunity to make a difference
- Buy-in to the goal
- Challenge
- Prospect of personal benefit (e.g. job satisfaction)
- Dissatisfaction with the status quo

# Models for Change – Lewin©



# Models for Change – ADKAR®

THE PEOPLE SIDE OF CHANGE



PHASES OF A CHANGE PROJECT

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# Models for Change – Kotter ©



# Understanding Resistance

- Resistance is actually healthy; try not to react against it defensively
- It is good for you: it makes you check your assumptions
- It forces you to clarify what you are doing



# Sustaining the Change

- Support from leadership
  - Consistent engagement with sustainment
  - Taking ownership of the change
  - Leading by example
  - Providing required resources

# Sustaining the Change

- Measuring Process/Progress
  - Define metrics at the beginning
  - Measure and track progress
  - Use measures to course correct and apply training/coaching



# Sustaining the Change

- Communication that encourages feedback
  - Explain the Why - business reasons for the change
  - Connect the process improvement to organizational goals/strategies
  - Explain the consequences of not changing

# Sustaining the Change

- Obstacles in sustainment
  - Project failed to address resistance
  - Leadership failed to support and engage with the change
  - Sustainment efforts were ignored
  - Project had no resources left



## Part 2 Discussion Questions

1. Have you been involved in a merger or acquisition? If Yes, how many over your career? (Also provide your name, organization, role/job title, years of experience)

## Part 2 Discussion Questions

2a. Have you utilized a formal change management approach/model in your organizational/IT department merger/acquisition?

2b. If Yes, what has worked well for your organization in terms of your formal change management approach/model?



## Part 2 Discussion Questions

3a. If you have **not** used a formal change management approach/model, what have been the most significant challenges or barriers you faced?

3b. If you have used a formal change management approach/model, what have been the most significant challenges or barriers you faced?



## Part 2 Discussion Questions

- 4a. What strategies or tactics would you suggest/recommend organizations/CIOs use to build trust and partnerships between the IT departments involved in the merger/acquisition?
- 4b. Are there any strategies or tactics you would absolutely avoid?



## Part 2 Discussion Questions

5. What are your key lessons learned and/or recommendations for other organizations/CIOs going through an organizational/IT department merger/acquisition?



## Part 2 Discussion Questions

6. If you had one question related to the use of a formal change management approach/model in an organizational/IT department merger/acquisition to ask this group to address, what would it be?



# Change Management Lessons Learned

- Change is personal
- Each initiative is unique
- Maintain a “can do” attitude and approach
- Build relationships and networks
- Collaborate
- Communicate
- Have fun – enjoy the ride !!



# Top Contributors to Success

1. Active and visible executive sponsorship
2. Structured change management approach
3. Dedicated change management resources
4. Integration and engagement with project management
5. Employee engagement and participation
6. Frequent and open communication
7. Engagement with middle managers

Source: *Best Practices in Change Management, 2016 PROSCI*



# Learning Objectives

- ✓ Explain the key principles of change management and how they apply to information technology departments involved in a merger or acquisition
- ✓ Compare and contrast the change management approaches and practices being used by different organizations within their information technology departments
- ✓ Develop change management strategies to address the unique needs of each organization's information technology department involved in the merger or acquisition
- ✓ Recognize the importance of creating a change management plan for the information technology departments involved in the merger or acquisition



# Questions?

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