



Case Study: Strategy/Execution

Strategic Acquisition Distracts \$1B Hospital and Drains Resources

A dominant \$1B hospital organization acquired control of a smaller, less successful hospital on the edge of its service area. Management planned to expand the services and capabilities of this hospital and increase advanced-care referrals to its own facility. The larger hospital retained the board and management of the acquired institution, holding only loose control. Under this structure, the two organizations failed to integrate.

Client Challenge

The turnaround plan for the smaller facility assumed that busy executives and physicians would show the same commitment to the newest family member. In reality, key players did not want to divert energy from their primary responsibilities to transfer successful systems and programs to the smaller hospital. Lackluster performance finally forced the issue to the parent board's attention. In the meantime, leadership at the smaller facility had decided they wanted to regain independence.

HHA Assessment

Upon investigation, we realized that the larger organization had not invested adequate resources or leadership in its acquisition. The CEO needed to assess strategies that would make the partnership succeed—or end the unproductive union.

HHA Action

We began by focusing attention away from analyzing what went wrong and toward creating a mutually beneficial relationship. We then completed a turnaround plan, which defined the various commitments required for success, including financial, managerial, program and physician support. With this information in hand, we challenged the executive staff and board of directors of both organizations to align on success or to disengage.



HHH Results

The process uncovered several important discoveries. First, the acquiring hospital recognized that its administrative staff and voluntary physicians were focusing on their main responsibilities at the expense of the smaller facility. This organization also realized that it had underestimated the investment required to make the acquisition work. Meanwhile, the board of the smaller hospital recognized it could not achieve its development objectives without ceding additional control. At the request of both parties, we negotiated a successful divorce.

“We call Edward for the hard questions. He creates workable solutions to complex challenges we can’t solve ourselves.”

—Thomas C. Paisley, Jr., Interim CEO,
Lancaster General, Lancaster, Penn