

APPROACH

At some point in the life of a health care enterprise, consideration may be given to the strategic value of a merger with another institution or group, acquisition of another hospital, sale of the hospital, or affiliation with another health care organization. Stroudwater Associates is uniquely qualified to assist healthcare institutions facing these important strategic choices.

Our approach to an affiliation engagement is based on a clear definition of the strategic objectives and constraints of the possible affiliation. Stroudwater Associates will then manage the affiliation or transaction process from initial discussions to closing, including business planning for sharpening post closing initiatives.

A hallmark of Stroudwater's approach is an accretive analysis that seeks to create a quantified projection of the future value of integration. This is used to set post transaction performance targets as well.

An important point of differentiation of the Stroudwater approach is that we are not transaction focused, but rather focused on the optimal approach for achieving strategic goals. Affiliation discussions may not lead to a final deal. As the details of the transaction are negotiated, there may be valid strategic reasons to terminate discussions or change affiliation partners. Throughout the affiliation process, the strategic objectives of the organization should determine whether the affiliation is in the best interest of the institution.

TEAM

We differentiate ourselves through:

- Our experience in identifying and evaluating the strategic options available to a healthcare institution, which serves as the underlying context for most transactions
- Our experience in facilitating merger, acquisition, affiliation and divestiture discussions resulting in relationship structures providing benefit to both organizations and the markets they serve
- Our demonstrated objectivity in defining relationship structures that meet the respective needs of both organizations and have the ability to achieve meaningful results
- Our ability to work with legal counsel and other expert resources to assure the overall process is comprehensive, timely, and issues are appropriately identified and processed

- Our dedication of senior consultants who have managed numerous engagements spanning the spectrum of affiliation options.

Stroudwater consultants have been involved as advisors to over twenty hospital transaction engagements over the past three years alone.

A Case Study:

Situation:

The board of a strong community hospital in the southwest concluded that despite strong financial performance, it needed a partner to provide clinical, quality, and IT systems that could help the enterprise reach a higher level of performance.

Approach:

Stroudwater ran a process for identifying partners, developed a strategic plan that compared independence to integration, assisted in the selection of a transaction team, completed an accretive analysis, and provided ongoing advice through completion of transaction.

Solution:

A large multi-hospital system partner was selected, and has provided substantial financial and intellectual capital to stimulating significant performance improvement following the transaction.

Result:

The once financially strong community hospital is poised to become a regional referral center and significantly more influential and quality driven provider in the state it serves.

PRACTICE LEADER

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