

Prosper Fingal / MIDWAY Merger

PRESENTATION TO NATIONAL FEDERATION OF VOLUNTARY BODIES



11TH MAY 2017

Timelines

June 2011: MIDWAY formally contacted Prosper Fingal to explore the possibility of a merger

July 2011: Both agencies met to explore and scope a framework for a proposed merger of MIDWAY with Prosper Fingal – agreed to proceed with negotiations on a shared understanding. MOU.

May 2012: Due Diligence Report No. 1 (subsequently withdrawn)

Dec. 2013: Due Diligence Report No. 2

July 2013 – Dec. 2014: Identified and engaged with core issues

Jan 2015: Commenced establishment of Prosper Group structure

2016: Prosper Group Three Year Development Plan 2016-2018

Synergy Between Agencies

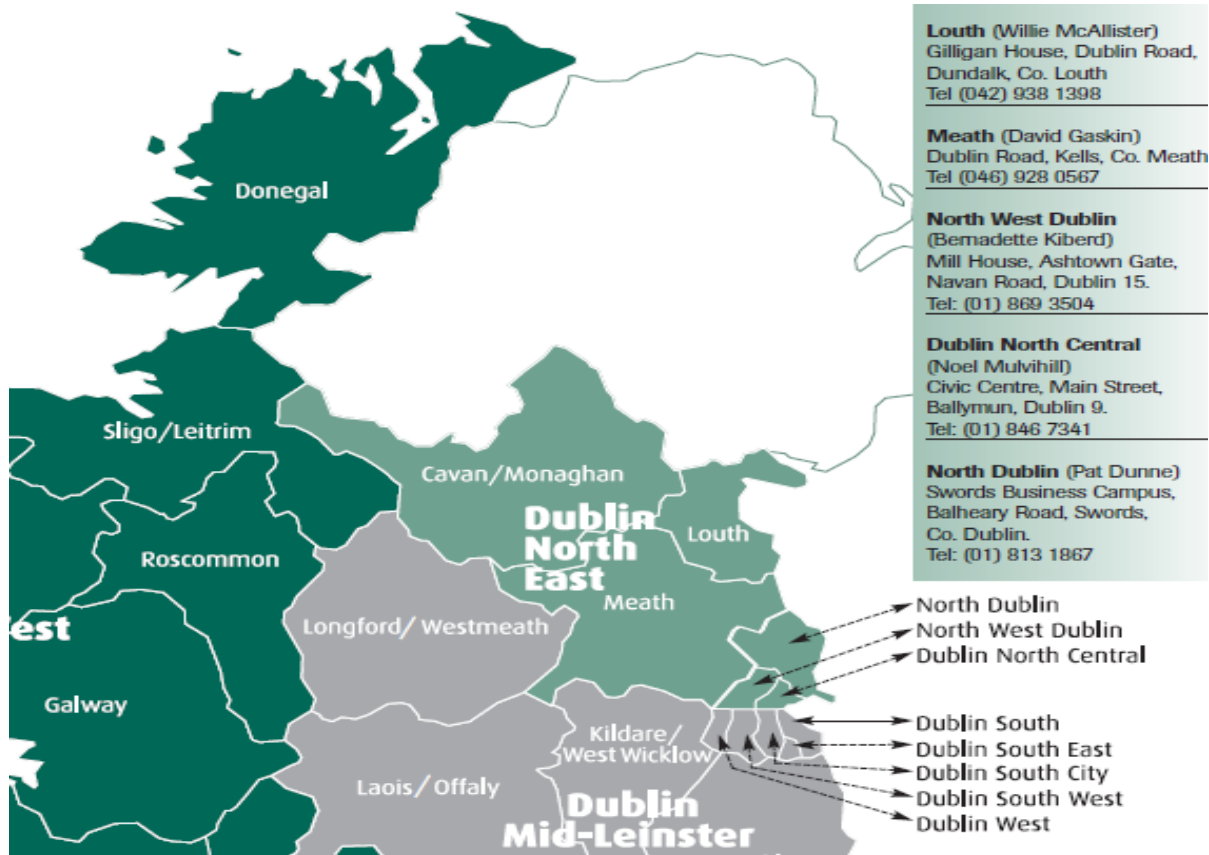
Prosper Fingal

Parents and Friends founded 1978
Services a distinct County – Fingal
Locally based service model
Service provider to adults only
Charitable not-for-profit organisation
Primarily Day service provision
Section 39 Health Act 2004 funded
Member of NFVB
Similar Board of Management and legal structures
Similar culture and ethos

MIDWAY

Parents and Friends founded 1982
Serves a distinct County – Meath
Locally based service model
Service provider to adults only
Charitable not-for-profit organisation
Primarily Day service provision
Section 39 Health Act 2004 funded
Member of NFVB
Similar Board of Management and legal structures
Similar culture and ethos

Geography



Service Locations 2013



Due Diligence

“Due diligence is the unbiased analysis, research and verification of a company’s operations. The goal of the process is to ensure that all stakeholders have the information they need to assess risk accurately.”

- Prosper Fingal committed to conducting a due diligence exercise on MIDWAY covering the critical aspects of the organisation, with particular reference to the following:

Due Diligence

- MIDWAY's History and Corporate Structure
- Clients and Services
- Quality Assurance and Person Centred Planning
- Finance
- Human Resources
- Health & Safety
- Stakeholder Relationship

Due Diligence - Reports

- Initial Due Diligence Report completed in May 2012
- Due to changing circumstances arising from local HSE Meath budget adjustments and service delivery re-configuration, the 2012 Report became dated
- Updated and Final Due Diligence Report completed in December 2013

Issues of Concern

The Due Diligence exercise identified MIDWAY as a competent organisation, but with critical 'issues of concern' in:

- HSE Funding & Relationship
- Service Quality & Delivery
- Human Resources – staff numbers, qualifications, skills
- Health & Safety
- Communication
- Premises and Locations

Response

In trying to resolve the key issues of concern, a three-way dialogue took place between MIDWAY, Prosper Fingal and the HSE in Meath and Dublin North.

Negotiations with the HSE Meath led to MIDWAY and Prosper Fingal bringing the concerns to the Office of the National Director of Social Care – Mr Pat Healy, Marion Meany and Deirdre Scully. Ms. Scully being the main HSE support person to the project.

Response

- The Office of the National Director of Social Care agreed to deal with the primary issues of concern as raised in the Due Diligence Report.
- Formal correspondence confirming this agreement received by both agencies on 27th May 2014.
- From that date forward, all committed parties moved forward to make this happen.

Complex Factors – Stakeholders

There are three key stakeholders in the critical initial stages:

- MIDWAY
- Prosper Fingal
- HSE – Meath and North Dublin

Other key stakeholders engaged as the process developed:

- Service users
- Parents and families
- Staff
- Contractors
- Related agencies
- The community

Complex Factors – Process Outcomes

Shared understanding and appreciation of the potential outcome. Is it going to be:

- An amalgamation / merger?
- Shared service initiative?
- A take-over?
- A new entity?

This issue became extremely emotive as the process unfolded. Eventually, both agencies agreed to a new governing structure as the best way to proceed.

Complex Factors – Communication

Clear and consistent communication throughout the process was critical. A commitment on this matter was set out in a 'Memorandum of Understanding', which was underpinned by the following principles:

- Shared
- Common
- Timely
- Consistent
- On-going



Communication was the most threatening element in the entire process

Complex Factors – Pacing

Pace of work was essential – Moving too fast would have weakened the process, as so many stakeholders were unsure or felt threatened, most especially:

- Leaders in both organisations
- Service users and families
- Staff and their security of employment
- Funders and their engagement in the process
- Founding members of the organisations
- Board members

Complex Factors – Costs

This process has significant cost implications in time and financial resources, including specifically the cost associated with:

- Due diligence exercise
- Legal, consultancy and independent financial advice
- Additional staff time and resourcing
- Intense engagement prior to TUPE



Complex Factors – Policy Changes

The process has been complicated by significant policy and compliance requirements:

- Dept. of Health VFM and Policy Review (Transforming Lives)
- HSE New Directions
- HIQA Residential Standards and Regulations
- National Safeguarding Policy
- New Charities Regulations, etc.

Service users, staff and parents in Meath associated changed practices with Prosper Fingal's introduction rather than the implementation of new policy obligations.

Complex Factors – Future Proofing

The following issues come to the fore continually:

- Protecting Prosper Fingal's existing service provision and culture
- Managing future demand against a backdrop of diminishing financial resources
- Agreeing a new legal and management structure that can support the new group structure
- Aligning policies, practices and staff Terms and Conditions
- Meeting the new expectations in County Meath
- Ensuring the future financial viability of the new organisation
- Building trust in County Meath

Complex Factors - Culture

- The most significant challenge centres around:

Culture and Values

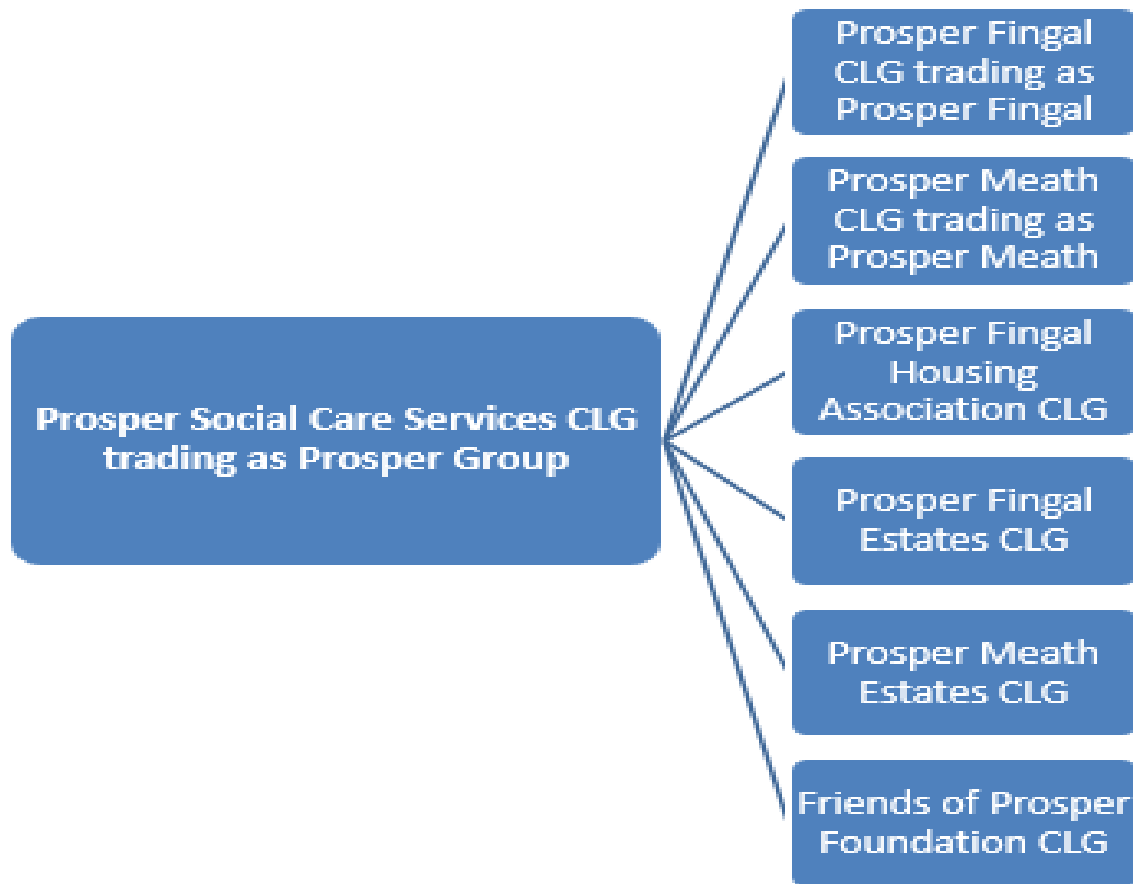


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Implementation Plan (July – Dec 2014)

- Action 1. Interim arrangements
- Action 2. Interim executive management arrangements
- Action 3. Corporate structure and governance
- Action 4. Addressing Due Diligence exercise
- Action 5. Board procedures/responsibilities
- Action 6. Executive management structure
- Action 7. Critical policies and procedures
- Action 8. Management systems and oversight
- Action 9. Corporate identity
- Action 10. Communication plan

Prosper Group Structure



CLG - Company Limited by Guarantee

Board of Directors

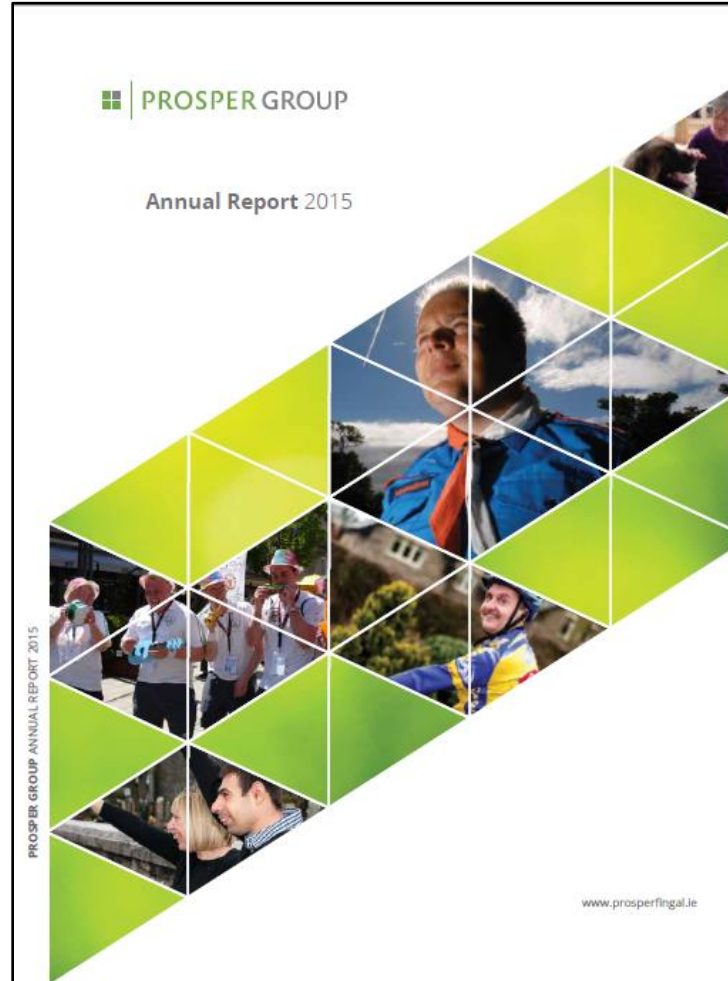
Position	Name
Chairperson	Conor Sparks
Secretary	Mary Dowling
Vice-Chair	Noel Hickey
Board Member	Dr Mary Murphy
Board Member	Kitty O'Connor
Board Member	Mary Walsh
Board Member	Shay Smyth
Board Member	John Delany



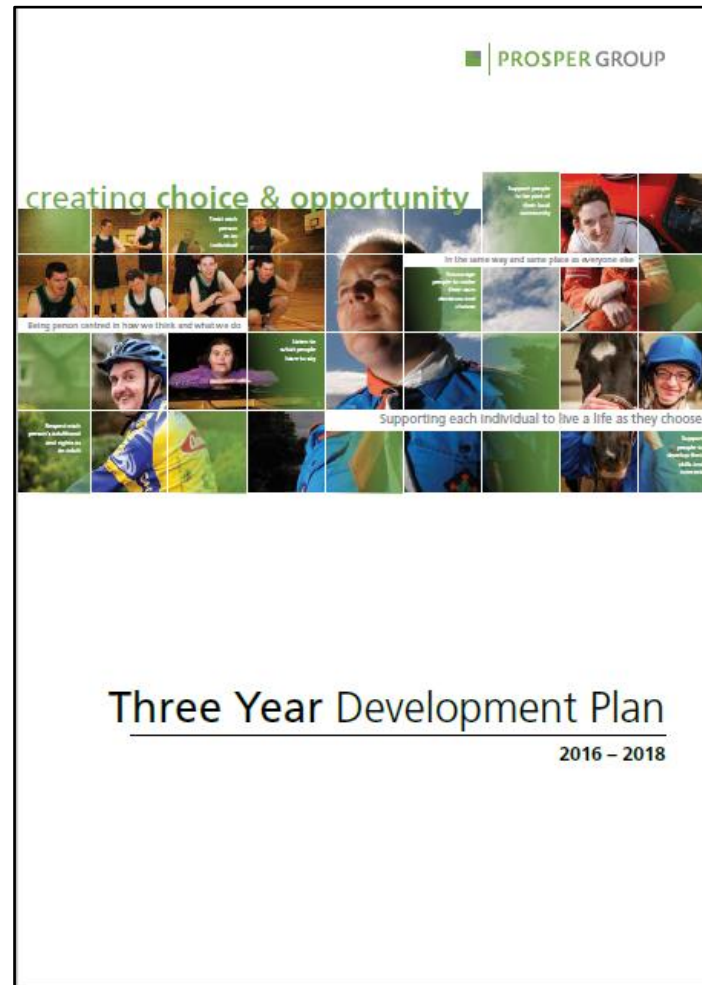
Executive Management Overview



Prosper Group Documents



Prosper Group Documents



Overview

(As per HSE Service Arrangement 2016)

	Prosper Fingal	Prosper Meath	Total
No. of Clients	279	184	463
No. of WTE Staff	107.58	57.61	165.19
No. of Locations	13 (9 Day, 2 Residential, 2 Respite)	9 (8 Day, 1 Residential)	22
No. in Residential Service	10 residents	1 resident	11
No. of Respite Beds	(i) 7 beds per night x 7 nights (ii) 5 beds per night x 5 nights	0	12
Budget Allocation	€7,286,435	€3,124,040	€10,104,475



Learning Points

It is difficult to provide a simple 'how to' instruction to deliver a merger. The process brings to the fore heightened emotions, diversity of opinion and uncertainty. The following are some very strong learning points:

- Enter the process more curious than certain – do not prejudge the outcome.
- A merger has its own pace, it cannot be rushed.
- Mergers are built on emotions not economics.
- Facilitate these initial discussions happening at the highest level of the organisations involved.
- Constant, clear, respectful and co-ordinated communication is paramount from the outset.

Learning Points

- Set out clearly the shared understanding and principles by which these initial discussions are being held.
- Identify and call the benefits of a merger, i.e. what is the added value to be created.
- Differentiate between the outcomes of a “Merger”, “Take-Over” “and “Shared Services”.
- Identify who potentially could be affected by a merger and centre them in all considerations.
- Be open and honest to the greatest extent possible - no organisation is perfect.
- Expect each organisation to have its own peculiarities, personalities, arrangements and history.

Learning Points

- Value the diversity, do not disrespect it.
- Expect people and their positions to feel extremely threatened and unsure throughout this process.
- Stay out of sight – have merger meetings away from service sites as it can be very unsettling for staff.
- There are defined stages within a merger process, but no set guidelines or science to check against.
- Build trust in every engagement.
- A merger situated within a not for profit community organisation context is completely different to a merger within a commercial environment.

Learning Points

- Seek out and pursue shared values and vision.
- Emotions are continually running high and tested.
- Watch the small things.
- Alignment is not always possible.
- Close up and detailed Due Diligence is critical, sharing of same is a must.
- Look for and acknowledge the strengths in either agency.
- There are winners and losers in the process.

Learning Points

- Synergy is essential.
- Positioning is a continuous part of the process by either agency.
- Merger negotiations are layered with stakeholders.
- Do the heavy lifting before the merger officially happens.
- Geographical presence is monitored and valued pre and post-merger.
- Consider the future and the obligations.
- Executive management positions and Board representation are the acid tests of trust and confidence.