

Take on Board Podcast – Episode 206



Transcript – Take on Board Breakfast: Riwka Hagen knows how to navigate a merger and has tips

Helga Svendsen 0:00

Welcome, everybody to actually think this is the first Take on Board breakfast event for 2023. Even though it's May, those of you who have read or listened to the podcast late last year would know my word of the year is ease. And maybe that's because I was having a year of ease that we're starting off the first one in May. I'm not sure maybe there was an earlier one I've just forgotten. Anyway, welcome. Before we get started, I would like to acknowledge the Traditional owners of the land on which we meet. For me, that is the Wurundjeri, people of the Kulin Nation. And I know people are here, from all sorts of different places, both around Australia and possibly outside Australia. I guess I can say that now, because Caitlin's just joined, and I know that she is in Canada. So you are acknowledging the traditional custodians of the land, elders past and present. And I think there are some governance lessons from that custodianship of the lands. You know, if we think about governance, as long-term stewardship, then the long-term stewardship of the lands by First Nations people, both here in Australia and in other places is a pretty amazing lesson in stewardship, so paying respects to them and just wondering perhaps on those lessons that we can learn from them. So folks, with that, let's get started on the event today, let me introduce the fabulous Riwka Hagen. So she does all sorts of fantastic work. She is on a board, and she is going to share with us today, the ins and outs of mergers. Riwka, I'm just going to pass to you, and for 20 minutes, and then we will do some other stuff later. Riwka. Over to you.

Riwka Hagen 1:42

Thank you so much for the welcome Helga. Look, these events are always great fun, and they and they've got a casualness about it that is just so welcoming, and comforting, especially at this hour of the day. So thanks to everyone for giving up some of these early hours to come and have a chat with me about organisational mergers. So you know, talking through a little bit more about my background, my professional background is in the health sector. I started out as a laboratory scientist, well before my hair was this particular colour, and then transferred or just sort of transitioned into health care management some years later. And I ended up managing essentially primary care businesses. So general practices, small, medium, large ones, and the like. And as I was just sort of explaining in the breakout room as well, amongst my group, what got me interested in the field of directorship, and knowing more about how sort of organisational governance really

works, came about because I was curious about a type of health care organisation that I was aware of, but didn't understand particularly well. And this was the community healthcare space. And so, you know, not really understanding how the funding worked, or how that particularly operated, I kind of went, Well, gosh, I guess, if I approached the organisation, and first of all, see how I could possibly find out more about it, that'd be a really good way for me to be better informed. And that's how I ended up in my first role. And to be perfectly honest, when I started on that committee, I didn't even really get how the committee was related to the board, and to the broader organisation. That's literally how green I was at that point in time. But I thought, Oh, look, if I can offer some assistance there, then that's a really good thing. So that was kind of the leading to my very first board role. So after the committee, I did end up with a board position there. And what I'm talking about here is Cobaw Community Health, which is our local community health here in sort of Central Victoria in in the Macedon Ranges. So that's how I started out and I had a really sort of effective board around me to kind of catch me in that early directorship journey. So I had a like a blessed introduction to that role of governance. And it was a very safe space for me to learn very quickly about that, and be able to kind of get my boots on and understand more about that. I was elevated into the deputy chair role reasonably quickly after I joined the board. And that's when I thought, Okay, this looks, this is interesting, but I now feel like I need to bolster my credentials. I actually need to do more learning around organisational governance and really get my head around the role of a director and where those delineations lie. So I undertook the AICD company directors course. From there on. I then ended up chairing the board. And that is kind of where we land as far as this sort of merger story. So what you can see on your screen here is a little bit about Cobaw Community Health. So my first board role, you'll see the pictures there of all of the other community health organisations similarly within Victoria, so there's a number of them. And what Cobaw Community Health essentially was because it's now a merged organisation, it was a small rural community health organisation. So it was sort of around about a \$10 million organisation, possibly a little bit less at the outset a little bit more as sort of time went by. But in community health speak, that's definitely a small organisation. The Community Health Organisation consists of a number of sites, so a number of outreach sites, so lots of sort of small buildings and small service delivery sites within the Macedon Ranges area. And they are mostly governed and or funded through the state government, in the early days through block funding. So you know, the organisation would get funded to deliver certain types of services to certain types of people, community members, and the like, and very much focused on providing care for vulnerable populations. So we're talking about homeless women families with particular challenges to them. low socio economic cohorts. So really, I guess, the pointy end of service delivery, in not just sort of health care, but social services as well. So you know, support for families for youth, and the like. So very broad and quite complex organisations, because of the variety of services that they do offer. So the issue became, and this was kind of the leading to why we started on merger conversations is that as a small organisation, we felt particularly vulnerable to a very definitive push by the state government to fund larger organisations, because it's less risky for the government. And, you know, we felt that that could end up being sort of an existential threat to the viability of the organisation, and mostly, not even so much about the organisation, but for the community that we were serving. And this is very much at the heart of why we stuck with this process of looking for merger partners multiple times over, because we were wanting to foremost protect the services to the local community that was very much at the heart of this. So it was a very precarious situation that that we found ourselves in. So on the screen, you can see here, what the old Cobaw Community Health building look like the picture

on your left there, that was the main site in Kyneton in the main street, they're very old and craggly, building with, you know, sort of crumbling walls and the like, with our gosh, there would have been about 20 little rooms within that building, very difficult to get around an absolute horror in COVID times, because it was just a very compromised building there. So that's kind of where we started, then you can see some other pictures there of other sites so that the top picture on the right is the the wood end site so that it's a little bit of an outreach service there. And the bottom one is a new addition to the Ramzi site. So there was some funding to expand that out. And we were all sort of, you know, very excited about that. So that's kind of what it looked like. What you can see now on your screen is, as part of the merger talks that we had embarked on, we also had funding of about \$10 million to rebuild the primary site. So the old craggly building, in Kyneton, we got \$10 million to find a greenfield site and rebuild. And that's what you're actually seeing here. And that was finished just before COVID hit. So that was another big project that we were working on this years in the planning and execution there. But a beautiful new facility that was sort of part of the Cobaw Community Health deliverable when all was said and done. So that's just for your interest there. So the merger background, we basically had sort of three real attempts at merging for those reasons that that I outlined before the first attempt and I am going to be careful to sort of not name names in there because there was certainly some sensitivities around how some of these things played out and this is kind of the reality of What merger situations are alike. So the first attempt was with a what we thought was not dissimilar type of healthcare organisation. And what we found was that when the due diligence really started and we looked at the business modeling for each entity, we found that there was a significant mismatch between the type of services that we each provided. And the concern became that we wouldn't be able to see the efficiencies of scale that we were looking to achieve as a result of the merger. Because of course, that's one of the very important aspects of this, that you can do more with the resources that you have, and sort of, you know, share that to de risk around. So the first attempt was very interesting, we were quite open with the community about what we were looking to do. And there was a lot of transparency around that. And so that's kind of one of the learnings out of that, that possibly, that was not the best approach. So being sort of very open and transparent, then cause some issues. And I'll talk a little bit more about what sort of set behind that as well. But in essence, we found that when we started looking at well, what are we each doing that there was a fundamental mismatch that was going to then be risky for each of the merger partners. And as a result of that, it was a very amicable decision to hold that and to pull back to say, I don't think this is going to work for us. So, you know, no hard feelings with any of that with the second attempt. So we kind of came back and sort of said, okay, is the original imperative for looking for a merger partner still there? And the answer to that was, yes, we were still a small organisation. And those existential risks were absolutely still there. So we felt that we needed to continue that search for who is the right partner there. The second attempt was, again, you know, quite a big exercise, with still reasonable amount of transparency and public messaging around that, that then uncovered, that some of the funding risks that's set with each organisation could mean that we were looking at a viability risk all together, that was of significant concern. And, you know, we were talking sort of in the order of about \$30 million worth of risk that sort of sat behind that. So that's a significant amount that needed to be seriously addressed. So that was sort of the first big hiccup with that one. What we found, too, though, along with that sort of more robust due diligence process that was undertaken, we actually found that there were also some cultural misalignments between the two organisations, that became quite significant down the track as well. So that actually felt, I guess, a lot more compromised and difficult. I think one of the lessons out of

that, was that that cultural misalignment wasn't picked up until a fair whack down the track of doing due diligence. And you might think, Well, gosh, if you're going to undertake a merger activity, wouldn't that be the first thing that you're looking at? And the answer to that is, yeah, absolutely, you do. But what you see and what you uncover through a due diligence process, is possibly not always what sits behind the scenes. So actually finding the truth of what sort of sits behind that can be more difficult to uncover, than just saying, Well, tell me about your culture. And, you know, how does all of that play out? So actually finding out about that can be notoriously difficult. And that was what we found there. Absolutely interesting. But that was quite a challenging environment to work through. And to do that in a way that sort of felt comfortable for each of these possible merger partners. There was another attempt, though, you know, I guess an early contemplation that I haven't sort of really listed as a full fledged attempt, because this one was far more casual in that the recognition that this was not likely to be a suitable partner. That realization came much earlier. And so there was certainly nowhere near the kind of public messaging or messaging out to the broader organisations about this. We kind of worked a lot more in a stealth mode for that very early contemplation that didn't really go anywhere. And we really didn't feel that even with this particular contemplation that the merged entity would be any better protected from that existential threat than what Cobaw Community Health was in itself, that contemplation was parked reasonably quickly. And so then we came to the third attempt, which hey, finally, we managed to land it was with Sunbury Community Health, and that was in 2018. And that ended up being a successful merger. So all of the lessons from previous attempts, which really did skill us up as a board very significantly, to very closely understand, what do we need to look at? What are the absolute must haves? What are the breaking points and how is gonna go forward? We had a maturity at that stage that was, you know, really helpful to feel very confident that this was going to be a successful merger. And that's indeed, what did happen. So what did we learn about mergers? Well, we learned that they're actually really, really hard to do. And I certainly don't back away from that. As I've said before, the rationale for merging remained solid throughout. So the ultimate, why are we doing this that needs to be very well understood and articulated. And you need to keep coming back to that, as you do with sort of, you know, any solid planning to be able to have comfort in how your journey is going to map out. What we also learned is that it's very helpful to have good confidence about the success of a merger, before you make public declarations. And that is probably something that if we had our time, again, we would be far more quiet about what we're trying to do. But you know, we came from a community health background where transparency and openness of communication was really, really important to us. But it did bite us on the bum a few times over. So that's something that we learned that having quiet conversations, and being very careful about your public messaging, until you have really good confidence is a really good thing to do. We also learned that the cultural alignment of merger organisations is absolutely crucial. If that cultural alignment isn't there, the merger is not going to land successfully, it's going to be extremely difficult, with a lot more pain along the way as well. We also learned that the willingness of the executive and leadership team is absolutely required. In order to play this out. We also understood that the leadership team, the operational team has a great power in being able to both support or derail any type of merger attempts. So early conversations around you know, How's everyone feeling in the room is extremely important to understand where your problems are going to possibly come from when you're having these conversations. And we were very fortunate that our CEO at the time was working towards retirement. And so the notion of a merger was very comfortable to the CEO. And that was part of the reason why we were able to maintain good positive momentum over three merger attempts

without the CEO having a hissy fit and going out of here. So I think that was really important too, that the leadership team is broadly in agreement with the journey that you are going on. We also learned that not everybody, despite the sort of feelings of goodwill is going to be on board. And you need to be very aware of the underlying sentiments that might be simmering underneath the surface. They are difficult to sometimes pick up but they will be there. So you need to have your eyes and ears open to what that might look like. Definitely compromises are required from both merger partners. So it's not sort of a zero sum game. Everybody needs to get some wins out of this merger proposal. Otherwise, it's going to leave some feeling very flat. And of course, if you have a merger attempt or a merger proposition of equal partners in terms of size, and especially revenue, then you need to work very carefully about what does the merger actually mean? Are we talking about a take over or a true merger and that is particularly the case too, of course, where you have a mismatch between especially the revenue base. And that was certainly the case with Sunbury Community Health, who was a much larger organisation than Cobaw was at the outset. So we had comfort that it possibly was more of a take over type of arrangement than necessarily a merger. And we were comfortable with that. Because coming back to the why we knew that that was going to be the pathway to ensure continuity of service for a vulnerable population. So there were really no egos in that room. And you know, we were quite comfortable with that. But that's not going to be the case with every type of merger that you might be able to contemplate it's going to be very unique to every circumstance. Also, we found that the corporate identity of each of the merger partners needs to be acknowledged and maintained in some way. And what you're seeing on the slide here, too, is how that corporate identity was maintained in the messaging and the renaming of the new organisation, which in our case, became the Sunbury Cobaw Community Health, you can see the colours of the original Sunbury Community Health Board and the colours of Cobaw Community Health were maintained in the new entity. And they're all you know, quite really important messages to send out to both staff and to clients patients, that we're still going to be here for the community. What we did particularly well is that commitment to the why we were doing that the continued focus on the business as usual function of the organisation that was difficult through multiple merger attempts and keeping the leadership and the operational teams focused on the delivery of core services. Whilst this unsettling activity takes place in the background. We also didn't allow the unsuccessful attempts to throw us off course we stuck true to that why. And we certainly became quite expert at what due diligence is all about we had some fantastic frameworks that we carried forward into new merger discussions that continue to grow and become better. Every time we went through this, it still sounds quite painful to kind of express that. But we did find that the journey mapping after the successful merger has been announced, the what comes after is even more important than actually landing on the merger. So what happens after that decision is made is absolutely massive and needs a lot of attention. In fact, a true work only begins once that agreement is actually reached, it's really, really big. So as I indicated to our CEOs, preparation for retirement was extremely helpful in not derailing the processes. And you know, we had really effective handover processes to so our CEO headed off into retirement, spend time with the merged organisation to provide that handover to the new leadership team to make that feel comfortable. That was blessed. But we also had a couple of Cobaw Community Health Board members transition to the new organisation. I wasn't part of that. By that time, I had been on the board for six years, and felt that that was absolutely the right time to step back from that. So some of the things that didn't go quite so well was, as I set out early belief in transparency going back, I wouldn't recommend that going forward, I'd be a whole lot more cagey. And be quiet about that, because it does cause

consternation, especially amongst the staff of organisations to know that this is what you're thinking and where you're heading can cause some real issues there. So that's, that's very real, it needs to be kept in mind. One of the particular challenges for Cobaw Community Health was our Constitution. It required our members and the members, we're basically anyone who lives within the community, who wants to be part of our organisation could become members of Cobaw community health. So we had about 100 members. That's a lot. And we required 75% approval for the merger, to be able to take place. So that was one of the big communication pieces to get that 75% across the line once we were ready to put that to the vote. And so we had quite a number of sleepless nights, wondering whether we were actually going to be able to make that work. And another recommendation coming out of this and I haven't spoken a great deal about that is the separation of the boards until the merger is complete is absolutely crucial. And I say that because on one of the attempts that we worked on, we actually had some of the directors of Cobaw I joined the board of the attempted merger partner. And in hindsight, that was a poor decision to make, because it becomes very conflicted, because of course, you know, when you're sitting on two different boards, then you are serving two different masters communication becomes very difficult in bringing confidence around what might happen going forward. So the conflict of interest there was very problematic. It did, however, give a broader insight into some of the cultural issues, that became problematic. So it was helpful in that way. But it's not to be recommended. I think maintaining board's separation until the deed is done is very, very important. And I'm mindful that I'm still being a little cagey there. And that's obviously deliberate there. So just a couple of last thoughts there from the idea of Oh, my gosh, we might be facing an existential threat to we are now merged. That was years, we're talking, you know, probably six, seven years actually started, even before I came on board here, the impact on the operational team is absolutely immense. So that that has to maintain a really solid focus throughout these kinds of contemplations, we also found that we needed to create new roles to actually support the merger. So once it's signed off on, you actually need to throw resources at helping to make that transition, a reality and to support that new environment. From both organisations points of view, the development of a an implementation and communications plan is absolutely crucial. That's a big piece of work that comes around that. And the operational alignment. And realignment is a huge amount of work. So again, depending on the type of organisation that you sit on, and what kind of merger you are contemplating, you can just imagine how immense that actually is. And, you know, allowing that space for grief, because even when everybody's ready for the move, it is a big change. And I've actually experienced that grief myself too, in saying goodbye to an organisation. And I mean, understanding the impact, especially on staff who are not coming along on their journey is real. And so that recognition of that is really important. And for me, I felt that mostly at the time that this picture was taken. So you'll see our premiere there in the background, and our current state health minister, Marian Thomas is standing next to him as well, at the official opening of the new home for Cobaw Community Health, which actually happened after the merger was complete. And, you know, the building was built, it was finished during COVID, we couldn't really transition and celebrate that because of COVID. So when all was said and done, this was kind of late to the party, and the original team. And you can see standing next to me is Margaret MacDonald, our old CEO who's since retired. And we came to celebrate the new building opening and that sense of grief of oh my gosh, this is now kind of not ours anymore. That was real. And it was tangible, very lovely to catch up with everybody to be able to wrap that up and and finish that off. So again, just remembering that the emotional impact of these moves are absolutely tangible and real for many people associated with the organisation. And that's probably all we've got time for in a

very quick overview. And I'd love to see your questions you may well have things that you would like to throw at me, and very yet very happy to have that conversation too.

Helga Svendsen 29:01

Fabulous. Thanks, Riwka. Okay, I can see questions have already started coming in slido, double thumbs up. So here's how we'll do this. I will keep an eye on slido, and I'm going to call if there's names there. I'm going to call on people to ask their questions. So if you can say your name, and what boards you're on, if any. So the first two questions here, I think are connected. So Carolyn, you've got a question about cultural due diligence, and then Serena, I might get you to add anything in there as well because they're both questions about due diligence. So Carolyn, do want to ask your question, and then Serena, if you can follow up on that and then we'll hear riff because thoughts on it. Carolyn, where are you? Are there you are? Yes.

Carolyn Grant 29:48

I'm Carolyn Grant and from People Plus Science and 6peas. I sit on boards I do a psychological safety and wellbeing assessment of boards and workers advisory so advisories to boards and with boards, thank you so much. That was an absolutely sensational talk in those times those last three slides are absolutely brilliant. So the question was, what cultural due diligence was done to identify those deeper cultural issues? And can you go into a bit more detail? And I think you did a little bit in terms of understanding what some of those boards, when you move onto those boards, I think more detail would be wonderful. Thank you.

Helga Svendsen 30:23

Before you start, Riwka, just get Serena to follow up as well, because hers was also about due diligence. So Serena, if you can introduce yourself and add

Serena Lilywhite 30:31

Yes, Serena Lilywhite, currently on a governance advisory board with federal treasury? And my question, follow up aspect is what sort of due diligence beyond I guess the legal financial fiscal due diligence was being done? So you know, were you looking, for example, at whether the organisation had, you know, what sort of policies and practices they had in place in terms of human rights or child safety or anti-bribery, anti-corruption? Had they been caught up previously, in any or financial reporting? What was the donor history like? So I guess, yes, some of those other aspects that might sit alongside and behind to really help you try and find out what is really going on? Because the experience I've had is it's as you touched on Riwka is you don't find it all out until it's done and dusted.

Riwka Hagen 31:29

Yeah, look, it's a great question. Great questions from both of you. So thank you for that. Look, you're quite right. And so all of the bits that you just mentioned there Serena, were part of the original due diligence case, I guess, it goes well beyond the sort of the financial performance, that to be honest, you know, that the financials and the service delivery metrics, they're the easy bits, right? Because their numbers, they don't lie. And it's easy to, to see what that kind of looks like. But the real work goes into much more of that intangible due diligence, which is very much around how do people work in these organisations. And that is difficult to get a very strong sense of. So some of the other things that we looked at was, you know, surveys as part of community health, there is a requirement to do workforce surveys, and your community consumer feedback surveys, as well. So we absolutely looked at those metrics as well to give us a little bit of a sense of how the workplace is being perceived, as well, as you know, what are our clients views on the services that are being delivered, being mindful that even those types of metrics, they don't tell the full story either. So it's just part of putting the pieces of the puzzle together. So what you're really looking for is the congruency between the stories and data being told, the documentation that you're seeing, and the temperature check, I guess, that you undertake. So as more of the due diligence was taking place, and we were having a lot of interaction between the executive and leadership teams of both organisations, there is more intel that comes through from how those processes are actually playing out on the ground. So even just undertaking their due diligence process, there is a feeling and a sentiment that will sit behind that, that tells you something whether it's positive or negative, it does inform, where are we at? And how are we feeling? And it's actually really difficult to put a determined metric around that. But they are very important aspects to be aware of. And so the ability to listen to that sort of feedback coming into the due diligence, is really important. So I guess you're reading between the lines, right? It is not just what are we seeing on paper, what are the bits that are giving us absolute confidence that, you know, the organisation is a going concern, they, you know, they're not going bankrupt, they're not sort of trading insolvent, or you know, any of those sorts of things. So, where perhaps, our view of cultural alignment might have been initially been quite positive and was then skewed, really sat around a better understanding of how especially the board CEO, dynamic was actually playing out. And it was when that was directly observed. That that became very problematic. And so I guess I can probably best describe it in terms of, you know, our own perception of our own board. So this was the Cobaw board and CEO type of role where we We had complete transparency around what we were doing, we were all aligned with what we were looking to achieve. And the role of the board in terms of, you know, setting strategy and giving direction to the CEO was kind of playing out in that traditional view of what that delineation of accountability and responsibility kind of looks like, which is, you know, the nosing hands out kind of approach. That was how we operate it. And what we found with one of the merger attempts was that that was kind of flipped on its head, where, in fact, it was the CEO driving the board, and having far greater control over that than what we had comfort with, and what we were used to. And that did not come out until it was seen in action. So even though I'm saying, you really don't want to intermingle your directors across two organisations, because it's conflicted, and it's very difficult, we did feel that in terms of ensuring the strength of the organisation by having appropriate governance structures in place that that was actually a really big part of our non negotiables, that that was actually compromised. So I hope that gives you sort of enough insight into what that culture looks

like. But yeah, you know, culture is kind of difficult all around, isn't it? We know what good culture is when we are in it, and we can feel it, and we can taste it, and we can, we can experience it. And the absence of culture or your positive culture is also very tangible. But when you're actually asked to define Well, what are each of those elements? That's, you know, that's, that's a lot more difficult because it's so multifactorial, there are so many moving bits that go into creating that strong culture, that it's kind of, you know, how much of one component is enough? And where are the breaking points? And that's almost an impossible question to answer. Until, uh, you know, it's, you're faced with it, and you need to make those decisions. And, you know, that's what makes directorships so interesting, and difficult and challenging, doesn't it.

Helga Svendsen 37:22

Beautiful. Thanks, Riwka. And thank you, both Carolyn, and Serena for that question. Ngaire. You're up next. And you've got a couple of questions in there. So the one that's up voted next is the one about the potential negative optics. So can I get you to introduce yourself, Ngaire? And to ask that question.

Ngaire Anderson 37:39

I'm Ngaire Anderson. And I sit on a board with Riwka. And I work in the healthcare and mental health space predominantly. So my question is around managing optics or relationships with major funding bodies. And I know one of your major attempts, you talked to that being the main one where you went out and told the public about it, and I'm wondering about the others. And if they were kept pretty quiet, whether you kept them from your, for example, the Department of Health is a classic example. And if you did alert the department, how you manage those objects around multiple attempts at merges with that funding body?

Riwka Hagen 38:19

Yeah, again, thanks, Ngaire. A great question again. So certainly, the collaboration with the major funding partner that was transparent in every single situation, and they were very supportive of the why why do we want to do this? So certainly, the state health department was kind of going yay, this is actually what you need to do. They absolutely validated our concern that over the longer term, not immediately, so at no time during the merger process of those many years, were there any direct viability concerns for the organisation, which is probably another point that needs to be made that if you have these conversations at the time, where your finances are looking dire, you're in a totally different world to what we were contemplating. So we were well ahead of the game at saying we actually see this threat as being a longer term threat that we need to do something about, rather than, you know, we have a fire in the house, and we need to solve this now. So that's kind of where we were coming from. And so the discussions with the Department of Health were very positive, and they were kept informed every step along the way. And so they provided support and guidance and assistance there. So really no issues with any of that. But they also sort of helped to see that some of

the funding streams could be risked with some of the merger attempts as well. So there were particular funding programs that were unique that could have been threatened by proceeding with a merger and that was often material interest to us. And that absolutely was very much part of why we needed to be very careful about actually making that decision, because it could have had an existential threat from both sides of the equation. And that really wouldn't have been a good outcome at all. In terms of the messaging to the public, that were marketplace chats, we had community townhall meetings to explain mostly the why, why are we doing this? Why is this important? Remember to of course, that a large part of the community would have been part of our membership as well. So that was part of the knowledge of we need 75% approval from our membership, to do anything at all. So the messaging was actually really, really important. So they had been on, you know, quite a long journey to in terms of understanding that something would need to happen at some stage to ensure we could continue to deliver services well into the future. And you know, that was a good thing. I don't think that I regret any of that. But with the explanation and the why you've kind of let the cat out of the bag. And you know, you can't possibly, you know, have that kind of public messaging without your staff becoming aware of what you're doing, too. So it's where do you take that messaging first? And how do you go about that? And I think, you know, there is a delineation between having a general conversation of what you are contemplating, versus having a detailed conversation about the who, and where are you at in that process. So I think you can still kind of work more on the stealth in terms of protecting individual organisations, and still be transparent about your compelling why story. So that was good, and multiple meetings that we had with different stakeholder groups, staff meetings, and the like. So again, that whole communications plan ahead of the merger, as well as after was absolutely massive. And again, you know, the resourcing that goes along with that is really intense, and it needs to be kept in mind.

Helga Svendsen 42:14

Thanks, Riwka. I'm keeping an eye on the time. Okay. I'm going to very briefly, Keren, over to you.

Speaker 6 42:21

Okay, I am Karen. I'm the CEO at Red Nose, I'm based in Melbourne, I sit on a number of national and international advisory boards. And we went through a merge with a smaller organisation back in 2020. So all of what you said resonates really well. I guess my question, and it came up in a conversation that I had this week in flagging a potential merge was the words, Keren, let's not kid ourselves, this is not a merge, it's a take over. And so I'm just really curious, we use the word merge, because it's gentle, you know, it's collaborative, etc. But in a lot of cases where you have one organisation, or health service, etc, that's larger and one smaller. It is a takeover of sorts, and the complexity, therefore involved in corporate identity and branding. So if you could deal with that in one minute, Riwka?

Riwka Hagen 43:17

Yeah, look, I'm gonna give it my best to be brief about that. The reality of it is really a takeover, because that's the mechanics of what's actually happening. And it is also, I guess, determined by how physically and from a legal perspective, that union actually takes place. And there are different ways that that can happen. Are you setting up a whole new entity that both become part of? Or is it sort of more of that traditional takeover, where one is enveloped into the other? Which is certainly what happened, you know, in the case of Cobaw Community Health, and I think, you know, some of the protective factors there, around what is the new entity? How's it going to operate? What is it going to look like? Because that's going to give you a much better insight into, you know, how that's going to feel for staff and what's going to be protected? How do you take care of that in terms of the merger contract, you know, what, what are the non negotiables that are going to go forward from that merged perspective? What does all of that look like? But, you know, I think the reality, the reality is there that if you have that mismatch, especially in terms of size and revenue of an organisation, one partner is going to have a greater say in that. And I would certainly imagine that, from the CEO perspective, an organisation can only have one CEO, that's a big contemplation. And again, for us, that was not an issue because of that retirement for Margaret that we saw coming through, but for other organisations, these are going to be massive. issues to be discussed. And it may be that neither CEO carries through in the new organisation and you're starting fresh. It's all sort of part of that discussion there. But I think the reality is there that takeovers is possibly what sits behind it. We don't necessarily need that. Okay,

Helga Svendsen 45:20

I'm gonna have to wind you up Riwka I'm really sorry. But we have five minutes to go. I'm so sorry, Karen. I'm so sorry. Riwka. I hate doing that. But I have things to do at nine. So I'm just going to move it along if I may, folks, firstly, join me in thanking Riwka for all of her wonderful insights and the wisdom that she has shared about mergers. Thank you so much. It's the best way to start the day I find anyway, so on with your days and I look forward to seeing you around the Take on Board community soon. Thanks, all. Ciao.

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