

## Case Study

# MAKING MERGERS WORK

## A SUCCESS STORY: BOLTON CLARKE & ACACIA LIVING MERGE

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CAM ANSELL

Last month we wrote about the consolidation of the aged care sector ([link](#)). As the Japara shareholders were ratifying the Calvary Health Care purchase offer, billions of dollars worth of transactions were in play around the country.

But acquisitions form just part of the changing landscape. This month, the merger of Acacia Living and Bolton Clarke signified the emergence of another critical trend that will change the face of the industry - the merging of the charitable sector.

Acacia is a mid-sized West Australian operator, created 50 years ago as RSL Care WA. With 7 retirement villages, 300 home care clients and 265 residential aged care beds, the merger provides a solid foothold in a target region for Bolton Clarke as it becomes the largest seniors' care and accommodation provider across the country.

*And they did so at no cost.*

Both organisations saw the headwinds ahead of the sector and recognised it as a dangerous place for mid-sized and small organisations. While the logic for a merger was sound, it's the approach taken that make this a success story.

There has been many charitable merger attempts in the past and most have failed. The commercial and mission arguments are usually sound, but it is often the position taken by Executives and Board Members that scuttle an otherwise logical merger.

There were some important distinctions in this strategy that stood out:

### Clear Mandate

Most mergers happen by chance, or through religious connections. In this case, both Boards provided their Executives with a clear mandate on the objectives to be achieved through a merger and the types of organisations deemed suitable. It was also made clear that the organisation and its mission would take precedence over Executive positions and Board members.

Ansell Strategic used this criteria to identify suitable candidates and introduce the parties. We had previously partnered with Bolton Clarke on a similar exercise, so it was easy for us to link the shared vision and complimentary resources.

### Communication

While we helped with introductions and strategy, Bolton Clarke and Acacia managed all of the communications: Executive to Executive and Board to Board. This was well-structured within the merger strategy but remained flexible and transparent during the discovery process. It is at this juncture that self-interested parties and egos can derail the process, but the project team was adamant that the Board's mandate would be achieved.



## Substance before Legals

Before introducing lawyers to the process, the two organisations reached an understanding on how the merger would take place and how it would be resourced when complete. The understanding was not legally binding, but enabled the principles to be agreed based on the original mandate.

This allowed the lawyers to focus on technical legal matters and avoid the type of conflict that can stand in the way of successful mergers.

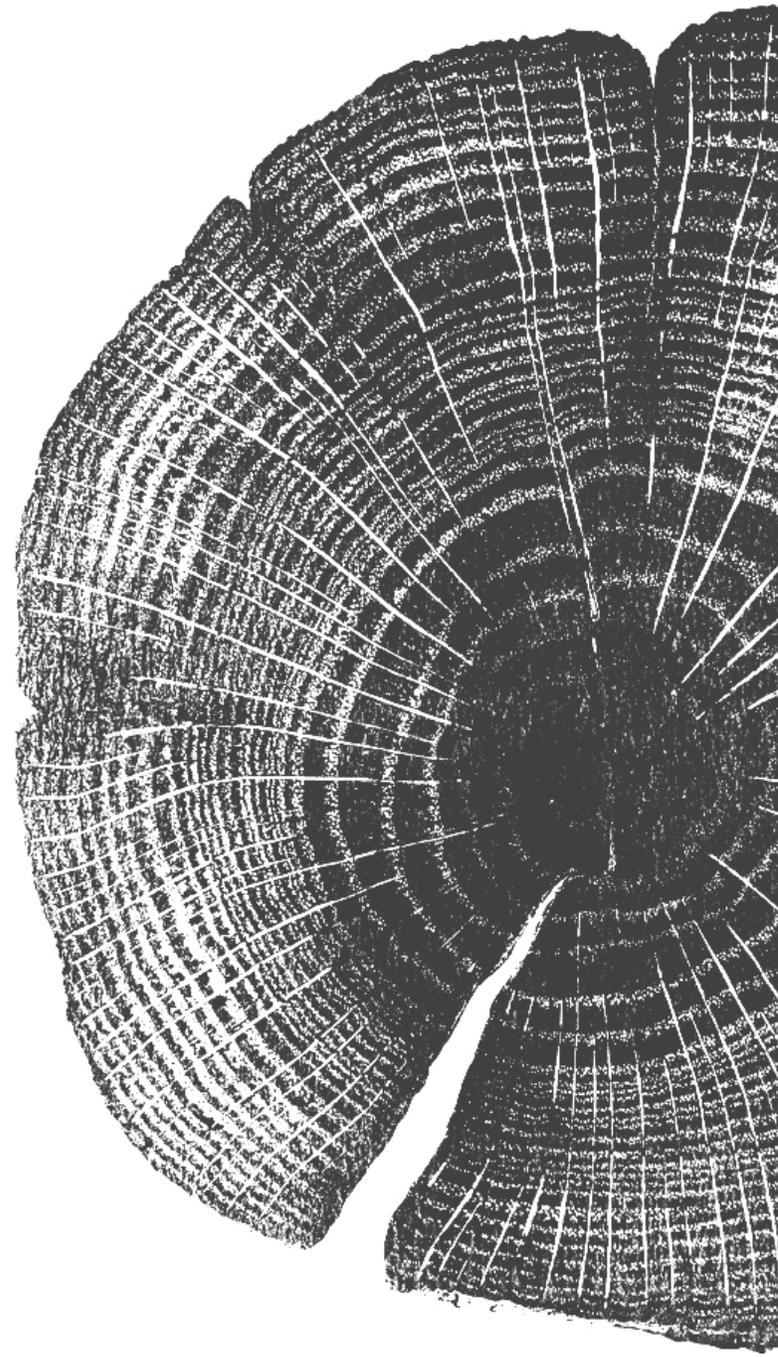
## No Surprises

Although there was no financial consideration involved, it was important/critical that Bolton Clarke and Acacia ensured they shared a common ethos and had the resources to support the sustainable model needed to achieve the shared vision. Our clinical specialists supported Bolton Clarke's due diligence process to evaluate the care systems and models to identify any risks or disparity in operating styles. Financial, legal and property due diligence was also undertaken to confirm the assumptions made for the merged entity.

## Lessons Learned

While this is an oversimplification of a much more complex piece of work by two like-minded organisations, it does outline what can be achieved with a common goal and a clear strategy. Expect to see much more of this activity between non-profit providers over the coming years.

***As we move through this third wave of consolidation, we will be providing case studies of the mergers and acquisitions Ansell Strategic are working on across Australia and New Zealand. We will focus on strategies and pricing where this information is made public.***



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