

# Grey Suits and White Coats

*by Chantrey Vellacott DFK*



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## U P P E R S   A N D   D O W N E R S

It had been an impressive presentation. The team had certainly known its stuff. But now, just a couple of days into the project, Malcolm felt his confidence draining away. He could tell that the project manager they had given him was clearly out of his depth. At the moment they were discussing the need to gear up for a high-volume, lower-cost future, which was blindingly obvious. This chap might be a whiz at financial modelling and talk confidently about the *‘mixed economy of healthcare’* but he doubted that he understood how things really worked. Here was a market worth in excess of £60 billion and Malcolm wanted his share of it.



We have a dedicated team of chartered accountants, project managers, internal auditors, IT specialists and business advisers who live and breathe your industry. They have worked with government and administrative bodies, hospitals (public and private, general and specialist), medical practices, care homes and pharmaceutical companies. Many worked in the health sector before joining us. So when it comes to understanding what you’re up against, how you work and your internal politics, there is no learning curve for us.

Our partners are not here to win you over and then to disappear. The people you meet will be the people who will do the work.

## P R E S S U R E   S O A R S

Frank had been sitting opposite the man in the sharp suit for nearly half an hour. So far he had been polite and listened attentively, but the truth was that he was experiencing increasing difficulty in keeping calm. Frank was responsible, either directly or indirectly, for the welfare and safety of 2,000 staff and the healthcare needs of 380,000 people. But he doubted if the man across the desk realised this. He had not drawn breath since he came in and was now in the throes of taking him through his *PowerPoint* presentation, the title of which was ‘*Our reference model approach*’ and explaining in somewhat abstract terms his ‘*deployment of strategic technology solutions*’. Frank had the distinct impression he had landed in the middle of an Orwellian novel.



One of the main frustrations of buying in outside help is that business advisers have developed a complicated management language to express both the problem that you, the client, may have and the solution that they, the consultants, come up with. Too often you have to sit through presentations and wade through reports that are full of expressions such as ‘*value-based arrangements*’, ‘*revenue cycle improvements*’, ‘*integrated delivery systems*’ and even (wince) ‘*conceptual design options*’.

We try hard to be a lot more straightforward. We articulate both the problem as we see it and what we propose to do to make it better, in simple, uncomplicated, direct language.

The healthcare sector has its own long words, we will not add to them.

## ANTI - INFLAMMATORY

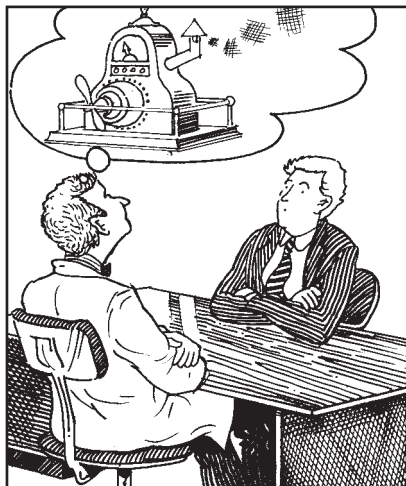
*‘We have a number of tools to assist us in the information gathering exercise,’* said the suit. Bernard half expected him to open his briefcase and display the hardware.



Every organisation needs information in order to make decisions, and the quality and reliability of the information have to be good. But information alone doesn't help. It's important to understand why it's wanted and what it's for. Too many advisers get bogged down in the process and the methods they will use to gather the information rather than understanding the context – why it's wanted and how it will be used. So we spend time understanding your existing culture, both clinical and administrative, and the way you work. And although we know exactly how to go about gathering the information we need, we don't have a set way of working. The point is to use a process that unearths the problem and gives greater insight into how to improve the performance of the organisation. And if this exercise is best conducted by your own people we will happily work alongside them.

Another point to mention is that we don't have any ready-made products and trendy techniques to sell you. We are perfectly happy to work with your existing systems and software.

Unremitting turbulence is bad for any organisation and we will not add to it.



BERNARD IMAGINED THE INFORMATION GATHERING  
TOOL THAT THE SUIT HAD IN HIS BRIEFCASE

## T H E   W E I G H T I N G   L I S T

Mei Ling was a busy woman. She had put aside forty minutes for this meeting which should have been ample. But after twenty minutes they were still talking about the fact that the monthly control account reconciliation hadn't been signed off on two occasions during the last twelve months. Mei Ling knew that it was an oversight and at some point she might mention it to Debbie in accounts but it was hardly a matter of life and death. Did these two understand the meaning of priority?



On a straightforward internal audit there's nothing exceptional about the areas we cover. It's how the team spends its time and where it focuses its efforts that make the difference. We look at the issues that may put your reputation on the line: how you manage elective treatments, how you ensure the safety and security of your patients and staff, and whether your systems and procedures leave you open to fraud.

The ability to understand the significance of an error is vital. We train our auditors to prioritise, to weigh up the risks and to understand what findings should be a cause for concern and brought to your attention. We won't waste time on things that don't matter.

## A C L E A N B I L L O F H E A L T H

Amir was confident that he was on the right track. Today he had twenty care homes in the group, the business model clearly worked and he was keen to expand. The plan now was to look at businesses that would fit sensibly into the group: other care homes, pharmacies and complementary medical practices. He would need help in finding them. He would also need to be certain that he was paying the right price and assurance that what he was buying was sound. Such an ambitious acquisition programme would also require a major injection of capital. He would concentrate on the UK market to begin with but then he would extend the model into Europe – Spain would be first.



We have a team of experts who are familiar with every part of the healthcare market and can help you put together a sensible acquisition programme. They will find the right businesses and carry out all the due diligence work. Our corporate finance partners can conduct all your M&A work and can introduce you to banks and other financial institutions interested in providing you with funding. Our tax specialists will advise you how best to own the new companies – onshore or offshore – and how to structure the group. And as the number of businesses grows we can advise you on all the compliance issues and conduct the necessary audits.

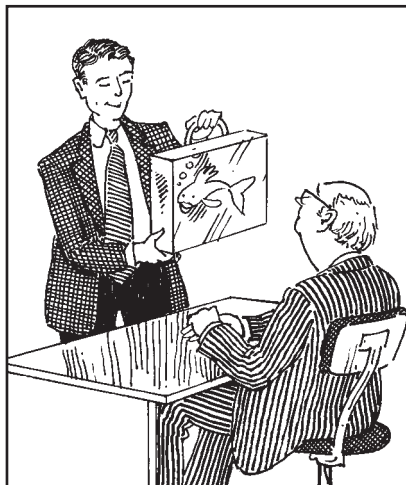
And if your long term interests lie in Europe or further afield, we can still help. As members of DFK International, a worldwide association of independent business advisers, we can introduce you to our DFK colleagues. We would bring them up to speed with your business and ensure that their advice dovetails in with ours.

## PILLS AND POTIONS

Colin's business development team had done a cracking job. It was just as he reckoned. That sector of the medical technology market was poorly served and there was a tremendous opportunity for the company to expand. Now all he needed was to put together a watertight case for the £6 million capital investment.



Beyond the usual mix of accountants, auditors and healthcare specialists, we have a number of other skills that we can draw on: corporate finance, tax, property and IT. So if you need an independent view of your business plan we have the experts here to make sure your ideas stack up. If it's a new business venture we'll check out your pricing policy and make sure your income predictions are feasible. We'll look at the tax implications and advise you how best to structure the new business. We'll look at your property options and study your operational and IT requirements and whether you have the right resources in terms of people and systems. We'll also look at the barriers to entry and check out the competition.



ALL COLIN NEEDED NOW WAS  
A WATERTIGHT CASE

## S I D E - E F F E C T S

It had made perfect sense to pool the administrative work required to run the region's health services. It still did. But it was clear to Rebecca that everyone around the table still had their own personal agenda. Each wanted to ensure that their hospital, their practice, or their department would not miss out.



Sharing administrative services can reduce costs and improve working practices but shared service centres need to be commercial businesses and independent of those they serve. We have helped set up these centres, appoint their boards of management, monitor their fees and costs and benchmark their performance, so that there is an economy of scale from which all benefit.

As the pressure increases for healthcare organisations to outsource or share administrative services in an effort to become ever more commercial, we can help you to handle the organisational and cultural changes that are an inevitable consequence.

## A U S E F U L A D D I T I V E

Financial directors in both the public and private sector are under pressure to deliver more commercial businesses every passing week. And yet many have been drawn to healthcare from non-commercial backgrounds. So we organise business meetings where clients get to meet others working under a different set of pressures be it Whitehall politics, pushy fund managers, shareholder activism, overseas competition, or disgruntled consumers.

Whether you have a particular project in mind or just a feeling that the business is not perhaps as efficient as it could be, we'd be happy to meet you.

Contact any one of our offices or a member of our healthcare team to arrange a first, no obligation meeting.



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