Profiles in Value Creation

How FFL Partners executed a plan to drive growth for the Crisis Prevention Institute
The Crisis Prevention Institute Gets a New Lease on Life

FFL Partners’ Cas Schneller and RSM’s Dave Noonan highlight the key steps taken to improve a business facing a highly challenging but opportune market. The operations resulted in substantial growth and a comprehensive management strategy that gives hospitals better access to nonviolent crisis intervention.

Violent Injuries Resulting in Days Away from Work, by Industry, 2002–2013

Hospitals are now among the world’s most violent workplaces. U.S. healthcare workers are up to 12 times more likely than other workers to experience violence on the job. Worldwide, nurses are more likely to be attacked at work than police officers or prison guards.

The Crisis Prevention Institute (CPI) serves that market with a product that trains people who work in the higher-risk areas of healthcare—doctors, nurses, support staff—in effective methods to recognize, mitigate, and de-escalate disruptive or dangerous situations.

Its cornerstone offering, the Nonviolent Crisis Intervention program, is considered the worldwide standard for crisis prevention and intervention training. It’s lauded by the healthcare professionals who use it.

Trouble was, not enough of them were using it. Enter FFL Partners. FFL, a San Francisco–based private equity firm, acquired CPI in December 2016 and immediately set about reorganizing CPI’s sales and marketing processes and diversifying its product line.

The operation has been a success. In the year and a half that FFL has owned CPI, the company has been averaging 20 percent annual organic growth, driven largely by its new sales initiatives. This compares to growth in the low teens in the five years prior to FFL’s investment.

Source: Bureau of Labor Statistics
Optimizing the Sales Team

RSM’s Dave Noonan describes how the best private equity firms help portfolio companies beef up their sales platforms.

"We’ve worked with a number of clients on the revenue-side value creation, which is where I put sales force optimization. Among other things, it is important to focus on compensation. Make sure that the sales force is appropriately incented to drive the kind of results that you’re looking to drive. In addition, we do channel analysis on the best method to go to market, and how to organize your sales force around those particular methods.

"If you’re going to try to drive sales for a specific product line or a service line, there’s a way to put a bonus structure and scripts in place that incentivize salespeople to focus more intensely on that particular product during a certain period of time. What you don’t want is to throw new products into a compensation model that doesn’t motivate people the right way."

Boosting sales health

"The company was performing, but we thought, ‘Wow, there is a lot we can do here,’” says Cas Schneller, a partner at FFL. "Sales needed more people, so we doubled the sales team from about 20 to 40 people within the first year. We hired an SVP of sales, somebody with a very process-driven sales mentality, and he’s gotten more productivity per person by implementing a CRM. He’s also rolling out a career path for people, which helps with retention."

Prior to FFL’s acquisition, CPI assigned its salespeople by region. FFL worked with management to shift the regional focus to an end-market focus, so each salesperson has an industry specialization. Salespeople were working with Excel spreadsheets, each rep finding their own path to success. There was no repeatable process; valuable metrics were hard to collect. FFL helped pull the pieces together.

It’s the type of approach that Dave Noonan, a principal in RSM’s private equity division, has seen work time and time again. "When we look at any optimization initiative, we look at it from a people, process, and technology perspective. Do you have the right sales organization? Is it appropriately staffed? Do you have a sales culture? The right tools? A lot of times, we see acquired firms that have more of a client-service culture than a sales culture. And there’s a lot of pent-up growth that’s not realized as a result."

Dave Noonan
Principal,
RSM US LLP

Cas Schneller
Partner,
FFL Partners
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—Cas Schneller, FFL Partners

Marketing by the numbers
For better health, your gut is critical. In marketing, not so much. But that’s what CPI relied on. "They had a good marketing team, but they were treating it more as art than science," Schneller says. "They didn’t really have a culture of passionately evaluating the ROI on marketing spend. It was more gut and feel. And when we see that, we get excited, because it’s a great opportunity to instill new disciplines around the marketing spend and marketing analytics."

FFL brought in an outside analytics firm with a statistical mindset to revamp CPI’s direct mail program. Simply by running regressions and understanding what was most effective, CPI was able to drop 16 percent of its direct mail spend while maintaining the same volume of leads. This created an opportunity to invest the savings in other marketing initiatives. "Just a classic ‘Hey, let’s maximize what we’re getting out of the spend, which gave us more budget to test new marketing,’" Schneller says.

This has included digital marketing strategies like social media and keyword searches, which have significantly increased lead growth. Leads are up 80 percent on the digital side, while cost per lead has remained the same. CPI is now in the process of linking marketing and sales more tightly via CRM to track a lead all the way to cash.

"Leveraging the CRM to its fullest, to track the cost of a sale all the way from lead generation through delivery, can be incredibly valuable," Noonan says. "What’s more, CPI was able to get the most bang for their buck regarding sales and marketing by using their experience as a guidepost toward what’s really effective, whether it be direct mail or digital or SEO."

For more information

► Workplace Violence in Healthcare (osha.gov)
► Violence: A Worldwide Epidemic (icn.ch)

Business Benefits, Post-acquisition

Increase in organic growth from the low teens to 20 percent annually

Doubled sales team from 20 to 40 people within the first year

Eliminated 16 percent of the company’s direct mail spend

Increased digital leads by up to 80 percent without raising the cost per lead

Expanded the percentage of hospital employees using the product

Diversifying the product diet
The enthusiasm among users for CPI’s core product, its Nonviolent Crisis Intervention program, is strong. "I’ve almost never seen such love for a product," Schneller says. "Nurses can’t say enough nice things about it."

Understandably then, CPI had not ventured far into other offerings. But FFL knew it could—and would find success if it did. CPI is currently serving only about 10 percent of the workers in the hospital sector, although all hospital workers, from a parking-lot attendant to a front-desk person, can benefit from training in how to recognize dangerous behavior. FFL brought the idea of branching out into products that serve those other workers with basic “awareness-more-than-intervention” products.

“This is the first step into what should open up a lot of opportunity for all sorts of new products,” Schneller says. “Healthcare is just the start. We see market opportunity in corporate and a whole bunch of other end markets. That’s our big push.”