



# ORGANIZATIONAL ETHICS SERIES

 Special Learning, Inc.

Best Practice in Performance Management  
Dr. Jon Bailey, PhD, BCBA-D and Karen Chung  
February 20, 2019

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## Housekeeping

1. Post your questions in the Questions Box. If we have time, one of our moderators will select a few to present to Dr. Bailey and our panelists.
2. If you experience technical issues during the webinar, contact GotoWebinar directly by calling (877) 582-7011.
3. There will be a 5-minute break near the half way point.
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8. If you would like information on Private Equity transaction information (via Pitchbook.com), send an email to [kchung@special-learning.com](mailto:kchung@special-learning.com).

## Presenter



### Jon Bailey, PhD, BCBA-D

Jon Bailey, PhD, BCAB-D received his PhD from the University of Kansas and is currently Professor Emeritus of Psychology at Florida State University, where he was a member of the graduate faculty for 38-years and produced a record 63 PhDs.

He is currently Director of the FSU Panama City Masters Program in Applied Behavior Analysis. Dr. Bailey is a Board Certified Behavior Analyst. He is Secretary/Treasurer and Media Coordinator of the Florida Association for Behavior Analysis (FABA), which he founded in 1980.

Often considered the “father” of the topic of Ethics for the field of behavior analysis, Dr. Bailey has published over 100 peer-reviewed research articles, is a past editor of the *Journal of Applied Behavior Analysis*, and is co-author of *Research Methods in Applied Behavior Analysis*, *How Dogs Learn*, *Ethics for Behavior Analysts*, 3<sup>rd</sup> Edition, *How to Think Like a Behavior Analyst*, and *25 Essential Skills and Strategies for Professional Behavior Analysts*, all co-authored with Dr. Mary Burch.

In 2014, Dr. Bailey co-authored with Aubrey Daniels, the 5<sup>th</sup> Edition of *Performance Management: Changing Behavior That Drives Organizational Effectiveness*, a seminal book on performance management.

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## Presenter



### Karen Chung

Karen is the Founder and CEO of Special Learning. She started the company in 2010 after learning about the effectiveness of Applied Behavior Analysis (ABA) juxtaposed against the reality that over 95% of the world did not have access to ABA. As an entrepreneur with over 20 years of corporate experience, she started Special Learning to leverage existing and emerging technology to make quality ABA resources and services available to parents, educators and professionals around the world.

Karen’s entrepreneurial experience includes starting and growing a diversity retained executive search firm specializing in placing women and minority executives in leadership positions of Fortune 1,000 companies. Her investment banking background includes working with various venture capital and private equity companies to facilitate deal flow while representing CEOs of rapidly growing companies seeking to raise equity and debt capital for various middle market businesses and commercial real estate developers. Her corporate background includes various leadership and functional roles in Fortune 1,000 and middle market companies. Her additional entrepreneurial activities include owning and operating high end boutique

She graduated with a Masters of Management degree from Kellogg Graduate School of Management of Northwestern University. She is a Certified Public Accountant and a recipient of the Elijah Watts Sells Award from the American Institute of Certified Public Accounts (AICPA), an award granted to less than top 5% of all CPA exam candidates.

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## Subject Matter Expert



### Aubrey Daniels, PhD

Dr. Daniel began his career as a clinical psychologist, in honor of his groundbreaking work, he is referred to as “the father of performance management.” It can be found that he was one of the first to make extensive use of the science of behavior analysis in business. More than thirty years ago, Dr. Daniels began pursuing his mission: to help people and organizations apply the laws of human behavior to optimize performance.

While Dr. Daniels began his career as a clinical psychologist, he quickly became convinced that the work of B. F. Skinner and other behavioral scientists best enabled his patients to change their own behaviors. It is then that he made the connection that the science could be successfully applied outside of a clinical setting. With this conviction, he began to consider the impact of applying behavioral science to the workplace. Dr. Daniels’ impact in the workplace led him to coin the phrase Performance Management and he founded the consulting firm, Aubrey Daniels International.

## Subject Matter Expert



### Thomas Cunningham, PhD

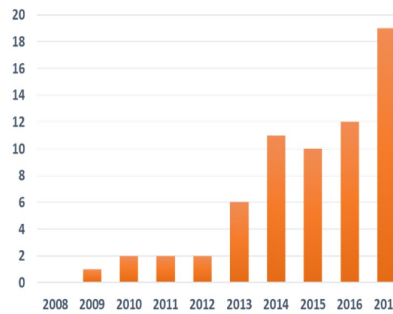
Dr. Thomas Cunningham is a behavioral scientist and the Chief of the Training Research and Evaluation Branch in the Education and Information Division of the National Institute for Occupational Safety and Health (NIOSH). He also coordinates the NIOSH Small Business Assistance Program and Translation Research Program. His research addresses intervention development and research translation for safety and health applications in construction, health care, and several small business sectors. He received his M.S. and Ph.D. degrees in clinical psychology from Virginia Tech.

## How Did We Get Here?... Ethics of Private Equity (PE) in ABA: Landscape

### Optimism greets investors' sudden interest in autism therapy

"In the past five years, more than a dozen private equity firms like LLR Partners have injected hundreds of millions of dollars into companies that offer autism treatment." -- SpectrumNews

Year	# Deals
2009	1
2010	2
2011	2
2012	2
2013	6
2014	11
2015	10
2016	12
2017	19
2018	??
<b>Total Transactions</b>	<b>65</b>



Autism is hottest sub-segment within the behavioral health space, with both deal volume and valuations soaring over the past year, due in large part by aggressive efforts by private equity to gain footholds in the space. Out of the 19 deals identified by The Braff Group, 14 were completed by PE, with eight of these deals market-entry platform transactions.

Source: The Braff Group

Hannah Furfaro, Hannah. "[Optimism greets investors' sudden interest in autism therapy.](#)" *SpectrumNews*, July 9, 2018

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## What the Impact of Private Equity on the Profession of Behavior Analysis?

- Increase in number of organizational ethics related issues reported through [www.ABAethics hotline.com](http://www.ABAethics hotline.com), particularly from large PE-backed organizations
  - 10,000 site visits since August 2018 (launch)
  - Over 1,000 ethics related questions received monthly
- Massive consolidation and market confusion:
  - Who owns what?
  - Where's the accountability?
- Short-term outlook resulting in massive cost cutting measures
  - Negatively affecting quality of care / client outcomes
  - Constricted employment opportunities for ethics-minded BCBA's and RBT's
- Escalation in billing fraud
  - South Florida Medicaid Scandal
  - \$8.8 Million Early Autism Project Medicaid / Tri-care Fraud
- When we have created the Walmart of ABA

*What happens to independent agencies? Ethical BCBA's and RBT? Clients?*

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## The Promise of Private Equity: Can This be Achieved with Performance Management?

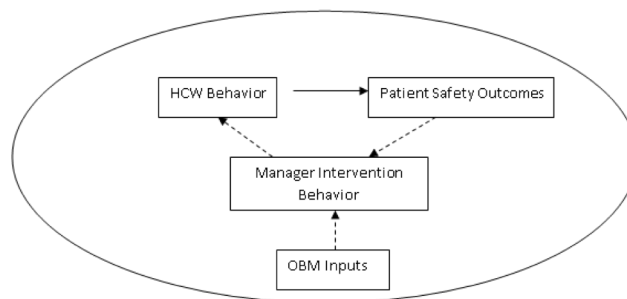
- What is Organizational Behavior Management (OBM)?
- What is Performance Management (PM)?
- How can Performance Management be used to drive organizational outcomes?
  - PM can be used as an effective means to drive financial outcomes.
  - PM can be used as an effective means to drive clinical outcomes.
- Performance Management Model (Top down with alignment)
  - Mission & Vision
  - Strategic Plan (7/5/3/1 Year Goals)
  - Alignment of Company Goals with incentives
- Examples of Best Practices

*What happens when financial outcomes become more important than client outcomes?  
How do you begin to reverse the trend?*

## Using Behavior Change Techniques to Affect Positive Outcomes

Taxonomy of behavior-change techniques adapted from Geller et al. (1990)

- Passive Communication
- Active Communication
- Activators
- Group Activators
- Individual Consequences
- Group Consequences
- Environmental Change



A model of existing behavioral influences on patient safety outcomes. OBM inputs are added to influence hospital managers' responses to medical errors.

Cunningham, T, Geller, S. What do healthcare managers do after a mistake? Improving responses to medical errors with organizational behavior management. Table 2.

## Precedent: Private Equity Activity in Healthcare

[American Medical Association to investigate whether private-equity-owned practices put profits over patients](#)

“... study the effect that growing investments by corporate parties — including venture-capital and private-equity firms — have on physician practices, reflecting a growing concern among doctors regarding the trend.

“... including how widespread the trend is, how much has been invested and the effect it has had on how doctors practice, according to documents obtained by MarketWatch.

“...equity and venture groups increasingly see medical practices as a lucrative investment, buying them up, rapidly expanding them and then, often, re-selling them. Critics worry... that lesser-trained providers are encouraged to carry out tasks that they aren’t well-trained for.”

“Powerful consolidating forces have been reshaping the health-care industry... practices have become an increasingly attractive target for private-equity and venture-capital firms, hospital systems and health-insurance companies.”

“But doctors... fear that the shift is having serious consequences, and especially that investors’ focus on profit is coming at the expense of patient care.”

© 2019 Special Learning Inc. All Rights Reserved. Court, Emma. [“American Medical Association to investigate whether private-equity-owned practices put profits over patients”](#). Special Learning, Inc. MarketWatch.com, June 20, 2018

## In closing... \$600 CARD Sales to Blackstone Capital (May 2018)

Center For Autism & Related Disorders Private Company Follow

**Contents**

- Timeline
- General Information
- Contact Information
- Recent Notes
- Similar Companies
- Comparisons
- Signals
- Executives (3)
- Deal History (2)**
- 2. Buyout/LBO 2018 Completed
- 1. PE Growth 2016 Cancelled
- Investors (1)
- Service Providers
- Lead Partners on Deals (4)
- Investments | Buy Side (2)
- Affiliates
- Market Information

**Deal History (2)**

#	Deal Type	Date	Amount	Raised to Date	Pre-Val	Post-Val	Status	Stage
2	Buyout/LBO	31-May-2018	\$600.00M <sup>F</sup>			\$600.00M	Completed	Generating Revenue
1	PE Growth/Expansion	05-Dec-2016	\$300.00M				Cancelled	Generating Revenue

<sup>F</sup> Indicates an add-on  
<sup>E</sup> Estimated

**Deal #2: Buyout/LBO, \$600M, Completed; 31-May-2018**

<b>Deal Types</b>	Buyout/LBO, Management Buyout	<b>Financing Status</b>	Private Equity-Backed	<b>Deal Synopsis</b>	The company was acquired by The Blackstone Group (NYSE: BX) and Dr. Doreen Granpeesheh through an LBO on May 31, 2018 for an undisclosed sum.
<b>Deal Amount</b>	\$600.00M <sup>F</sup>	<b>Financing Source</b>	Private Equity		
<b>Deal Status</b>	Completed	<b>Post Valuation</b>	\$600.00M		
<b>Deal Date</b>	31-May-2018	<b>CEO/Lead MGT</b>	Doreen Granpeesheh Ph.D		
<b>Announced Date</b>	13-Apr-2018	<b>Site</b>	Woodland Hills, CA		
<b>% Acquired</b>	100.00%	<b>Business Status</b>	Generating Revenue		

<sup>F</sup> Not necessarily a summation of individual debt figures  
<sup>\*\*</sup> Does not include grant funding  
<sup>E</sup> Estimated

**Deal Details**

- 1 Investor - The Blackstone Group (Bruce McEvoy)
- 5 Advisors - Berkery, Noyes & Co. (Advisor: General), Cain Brothers & Company (Advisor: General), KeyBank (Advisor: General), Nevers, Palazzo, Packard, Wildermuth & Wynner, PC (Legal Advisor), Kirkland & Ellis (Legal Adv...)
- Stock Price Data

What are the possible implications? Positive; negative

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## Transformation through Information

INFORMATION IS POWER!

Ask questions about any Private Equity and M&A transactions.  
Keep the field updated on Private Equity and other M&A transactions.

[kchung@special-learning.com](mailto:kchung@special-learning.com)

## Downloadable Tools / References

- Geller Taxonomy of Behavior Change Techniques
- BACB Code of Ethics Related to OBM and Business Ethics (J. Bailey Adapted)

## References

- A. Daniels & J. Bailey (2014) [\*Performance Management: Changing Behavior That Drives Organizational Effectiveness, Fifth Edition\*](#). Atlanta, GA: Aubrey Daniels International, Inc.
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- Cunningham, T., Geller, ES, [Organizational Behavior Management in Health Care: Applications for Large-Scale Improvements](#). NCBI. *Advances in Patient Safety: New Directions and Alternative Approaches (Vol. 2: Culture and Redesign)*. Rockville (MD): Agency for Healthcare Research and Quality (US); 2008 Aug.
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Thank you for attending Special Learning's  
**Organizational Ethics & OBM: Best Practices in Performance Management**

*Next in the in Series:*  
**Module 3: Best Practices in Billing (March 27, 2019)**

Thank you to Special Learning Staff who made this event seamless:

- Krystal Larsen, BCaBA Director of Clinical Solutions
- Ann Beirne, BCBA ACE Coordinator
- Lesley de Dios, Director of Operations (Moderator and Technical Support)
- Stephanie Lutz, Executive Assistant to CEO
- Michelle Capulong (Client Support Manager)
- Sasho Gachev (Creative Director)





# 5-Minute Break