



THE TIES THAT BIND

CONSIDERATIONS IN MERGERS AND ACQUISITIONS

BY MARY KATHRYN GRANT, PHD

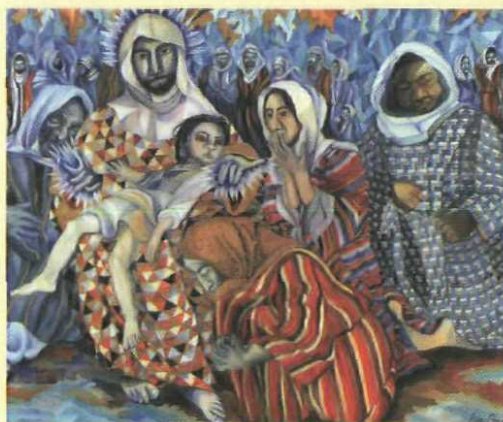
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A few years ago the “urge to merge” was rampant in health care. Hospitals and health systems, physician practices, clinics, and even sponsors sought partners with compatible values, cultures that did not clash, best practices, and markets that would complement one another. Not long afterwards, however, stories of “de-mergers” began to appear in the press.

What does it take to make a merger or affiliation successful? What advice can be shared from the legal side, the consultant side, and those who have successfully consolidated? This special section of *Health Progress* offers some wisdom on how to ensure the ties will be binding.

Consolidation carries with it the threat of some challenging disorders. First is the potential for a retrovirus, the “Usta” virus. Those afflicted often suffer from a hankering for the past and the way things used to be. A comorbidity—acute amnesia—causes its sufferers to forget the struggles, tensions, difficulties, and setbacks of the past. Together the “Usta” virus and acute amnesia can cause serious harm to and jeopardize the success of a merger.

Entering a partnership, be it a merger or other form of affiliation, requires an openness to creating something new, to forging a future together built on the best of the past. But this is not easy. Without a clear and compelling vision of something new and a critical mass in key leadership positions



from each organization in the new arrangement, the overall experience will be one of loss or takeover, no matter what the rhetoric.

The article by Ira M. Levin, Deborah Proctor, and Thomas Thibault (p. 48) describes a tested process to ensure that the architecture of the merger is adequate to enable the creation of a new culture. Creation of a new mission-based culture is rooted in praxis—theological reflection on the situation—and is conditioned on commitment to and accountability for genuine outcomes.

This alone is necessary but not sufficient; criteria and competencies in which the new culture will be grounded must be clearly delineated.

My contribution to this special section addresses this aspect of consolidation (p. 53). Pertinent and current legal issues are reviewed by Michael Peregrine (p. 57), and how to ensure the embodiment of spirit in the culture is detailed by Sr. Jane Gerety, RSM (p. 55). These articles are offered as a lens through which we can examine how to prevent some of the common failings of mergers and consolidations.

In the end, however, the people make a culture. Unless the leadership of the new organization is capable of and willing to bring about the establishment of a new culture, rooted and grounded in the vision and mission of the new organization, the “Usta” virus and acute amnesia will inevitably corrupt the transformation.

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