



CREATING A MISSION-BASED CULTURE

The recent breakups of several major health care mergers¹ have focused attention on the role that culture plays in the success or failure of a merger or consolidation. Business objectives—cost reduction, market expansion, access to intellectual and financial capital—often receive considerable attention and resources in the process of merging while little attention is paid to cultural dimensions. This is changing, however, as industry analysts speculate why highly heralded combinations have failed or unraveled. No doubt a spate of literature will evaluate and speculate on why these breakups have occurred.

A consolidation or other major organizational change affords an excellent opportunity to create or renew a mission-based culture. At the time of such developments people expect change, are more psychologically prepared to accept change, and are better able to adjust to change, particularly when genuinely perceived value is to be gained. This article discusses a theoretical model for creating a new culture specific to a consolidation; a process for creating a mission-based culture; and lessons to be learned from the experiences of mergers and consolidations.

CREATING A NEW CULTURE

There are four possible conceptual approaches to culture formation in any consolidation. These four approaches may be summarized as follows:

Merging Organiza- tions Will Choose One of Four Possible Approaches

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• $A + B = A$. The culture of one organization is absorbed into the other.

• $A + B = AB$. The two cultures coexist.

• $A + B = C$. The two cultures form a completely new culture (Newco).

• $A + B = abC$. The two cultures form a new culture that incorporates the best elements of the old cultures.

When the first approach, $A + B = A$, is applied, B is absorbed into A. The sense of loss in organization B is keen; the past is being wiped out. This may be an extreme approach, but at times in Catholic health care this is the most appropriate strategy. For example, if A acquires or consolidates with a for-profit or sectarian organization and intends to make it into a values-based, Catholic, not-for-profit operation, the fundamental footing of B's culture must be changed. Change such as this is extremely traumatic and usually is achieved by massive executive and staff turnover. An alternative to staff turnover is to teach the existing staff the norms and expectations of the new culture. This takes longer to accomplish but offers the benefit of retaining people with institutional history.

In the case of $A + B = AB$, there is an agreement to maintain two cultures. However, as policies and practices migrate across the organizations, both will blend into something new. This may be the most appropriate strategy in cases such as cosponsorship, in which an effort is made to retain the spirit of each organization for a period of time. Geographic distance might also dictate this approach; when there is little cross-fertilization or opportunity for integration, both cultures may survive well into the consolidation.

When $A + B = C$, there is a deliberate attempt to forge a totally new culture. While this theoretically is possible, in reality creating a new culture without traces of the past cultures is not possible. Unless A



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and B together form something radically new, a totally new culture, C, is unlikely to emerge.

In the fourth model, $A + B = abC$, C represents the conscious creation of a culture grounded in the mission of C but with its roots in A and B. The threefold dimension of this model makes it unique.

It is important to note that we usually think about corporate culture as if it were a single, homogeneous phenomenon, when in fact it is an aggregate of many subcultures. Therefore when thinking about a consolidation or merger and the consequent combining of cultures, it is useful to recognize that a "merger" is really made of many "mini-mergers" at all levels of the organization; each department or division will experience one of the models described above.

CHANGING A CULTURE

Establishing an organization's culture takes years; changing that culture requires years as well. Embedding values, clarifying assumptions, and solidifying beliefs in the organization takes dedicated effort and must be strongly supported by the leaders of the organization.

A merger or consolidation provides an opportunity to reexamine or recreate an organizational culture. The latter, however, assumes that behind the merger or consolidation lies a well-formulated vision of the mission and values that will form the basis of the new culture.

A process to create a mission-based culture involves distilling the mission and core values into four or five critical focuses. Examples include service, excellence, stewardship, justice, fidelity, and compassion. To illustrate this process, I will assume that the distillation produces *fidelity* and *excellence*.

The next step is deep reflection on the meaning of and commitment to these elements that the governance and leadership of the new organization—let's call it Newco—will require of the organization and its personnel. This process of reflection can be enhanced by engaging various constituent groups in theological reflection on questions such as: Why is this a core focus? Where are its roots in scripture? Where are its roots in the traditions and stories on which Newco is founded? How do they all interrelate?

Following this step, practical considerations surface. How will this value be recognized in practice? How will it inform decision making? Using the two elements, fidelity and excellence, one can arrive at such dimensions of culture as a strong commitment to workplaces that nurture one's spirituality and spiritual growth; to continuous organizational self-reflection on performance improvement; to assessments of satisfaction; to accountability for organizational integrity; and to processes that integrate mission elements with decision making.

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Competencies for selecting, developing, and rewarding personnel can be linked directly to the mission and values. Mission standards and processes for systematic organizational assessment and development can begin to be articulated.

When these are in place as the consolidation occurs, people trying to decide whether to seek employment in Newco can make the right choices. The new governing body has guidance for the selection of its members, who will ultimately exercise fiduciary responsibility (see **Box**, below).

Culture itself is a significant integrating factor in any consolidation. Early description of desired cultural characteristics can facilitate operational integration by creating norms for interaction during the process of consolidation and defining criteria for decision making. Tangible measures of success for cultural as well as business objectives can be agreed on.

LESSONS TO BE LEARNED

Culture plays a far more significant role in the success of any major organizational realignment than has been generally recognized. Rigorous attention to the formulation of Newco's mission and identification of its core values very early in the process enable the process of merging or consolidating to begin the creation of a mission-based culture.

The second lesson is the importance of understanding and implementing the principles of

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ILLUSTRATIVE PRACTICES

| Component | Characteristics/Practices |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Fidelity | <ul style="list-style-type: none"> • Clear commitment to nurturing workplace spirituality • Regular use of ritual and reflection • Systematic opportunities for spiritual development • Disciplined commitment to periodic mission assessment (standards, assessment, and development) • Regular use of mission-based corporate decision-making processes • Clear articulation of mission criteria in staff selection and rewards |
| Excellence | <ul style="list-style-type: none"> • Rigorous approach to measuring and monitoring satisfaction • Systematic commitment to performance improvement planning • Regular opportunities for in-service development • Demonstrated commitment to sharing best practices • Universal application of performance standards • Tangible commitment to continuous learning • Appropriate commitment to keeping abreast of industry trends and developments |

THE MAKING OF ASCENSION HEALTH

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again, Ascension's leaders would do two things differently:

- Involve sponsor communities in the effort as deeply and thoroughly as executive leaders. Ascension's leaders now think they should have spent more time helping members of the sponsoring congregations understand the issues identified by the culture study.

- Conduct cultural integration efforts at the facility level, as well as at the system level, especially in geographic areas where local ministries are to be merged because of overlapping services. Ascension's leaders now think they focused too heavily on system-level efforts.

On the whole, however, Ascension's leaders believe they have been successful. Although they still see traces of the two different organizational cultures brought together to form the new system, they believe that their systematic focus on cultural issues as a significant part of the cosponsorship approach helped all involved to minimize the negative impact of the differences between them. After a little over a year and a half, they see visible signs that an *Ascension* culture—something clearly new and different—is beginning to take hold. □

NOTES

1. P. L. Zweig, "The Case against Mergers," *Business Week*, October 30, 1995, pp. 122-130.
2. Sue Cartwright and Gary Cooper, *Managing Mergers, Acquisitions, and Strategic Alliances*, 2nd ed., Butterworth-Heinemann, Oxford, England, 1996, p. 5.
3. Edgar. H. Schein, *Organizational Culture and Leadership*, 2nd ed., Jossey-Bass, San Francisco, 1997, pp. 16-20.
4. Ira M. Levin, "Five Windows into Organization Culture: An Assessment Framework and Approach," *Organization Development Journal*, Spring 2000, p. 86.
5. Levin, pp. 84-94.
6. Levin, pp. 87-90.

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change management. One popular approach to change management has four distinct roles: sponsor, advocate, target, and agent.² The single most critical imperative for successful change management is "executive sponsorship," without which change efforts are doomed. The leaders of the organization must "sponsor" the change effort, through involvement, support, and commitment.

Governance must play the role of change advocate and hold executive leaders accountable for the effort. The change target in our illustration is the entire Newco culture created or transformed within the mission. Finally, the agents of change are those who execute or implement the new culture. They include senior managers, mission personnel, and human resources personnel.

A third lesson is that, unless consciously erased, the culture of the previous organizations will persist as a shadow culture. This need not be a negative phenomenon; it may be a positive force in Newco's culture as long as it is not divisive. In the instance of $A + B = A$, when the intent is to eliminate the culture of B, the residual culture needs to be consciously eliminated.

Mission can and should be the basis for the culture of a consolidated or merged organization. Reflecting on the mission and core values, setting aside time and designing processes to define the desired culture, and rooting benchmarks and personal performance measures in the mission are activities as important as, if not more important than, rigorously articulating the venture's business. □

NOTES

1. See J. Duncan Moore, Jr., "Systems Divorces on the Rise," *Modern Healthcare*, May 29, 2000, pp. 24-26, and Deanna Bellandi, "Catholic Mergers Take Hold," *Modern Healthcare*, January 3, 2000, p. 26.
2. Daryl R. Conner, "Fundamentals of the MOC Methodology," ODR, Atlanta, 1994. See also Conner, *Managing at the Speed of Change*, Villard Press, New York City, 1992.

SPIRIT OF THE PLACE

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- The Caught by an Angel program provides forms with which patients, fellow employees, or others can identify a staff member who has gone out of his or her way to be of service.

- The Employee Loan Fund collects donations from employees to help colleagues in need of an emergency loan.

- The McAuley Award celebrates employees who exemplify the Mercy philosophy. Those honored receive a small cash award and have their names added to a permanent plaque.

- Project Opportunity provides training and mentoring for those who want to progress in their careers.

Most of Saint Joseph's employees come from other-than-Catholic traditions, yet few seem to feel they are being treated as outsiders. The system's ceremonies, prayers, and celebrations reflect employees' own language, belief systems, and songs (from gospel to Gregorian chant). The expressions may be different, but the values are familiar. Employees seem to comprehend the "Mercy philosophy" almost instinctively. They are proud of these values and rejoice when they have an opportunity to honor those who exemplify them.

What about the future? What hope can we have that "the spirit of the place" will endure? There are no guarantees, of course. But the spirit will remain alive, I believe, if Saint Joseph's leaders remain true to the system's mission statement. That statement pledges "to recognize the intrinsic dignity and infinite value of all persons, both those we serve and those who serve." □

NOTES

1. C. Michael Thompson, *The Congruent Life: Following the Inward Path to Fulfilling Work and Inspired Leadership*, Jossey-Bass, San Francisco, 2000, pp. 68-69.
2. R. Thomas Consulting and Training, Atlanta, "Cultural Audit Report: Saint Joseph's Health System," September 16, 1997, p. 45.

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