

MAKING CULTURE A FORETHOUGHT

What to Do When Strategy Meets Organizational Culture

BY THOMAS C. LAWRY



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One doesn't discover new lands without consenting to lose sight of the shore for a very long time. —André Gide, French novelist (quoted in William Bridges, *Managing Transitions: Making the Most of Change*, Addison-Wesley, Reading, MA, 1991, p. 34)

Your organization has finally done it. After months of planning, meetings, and negotiations, the deal is coming together. Perhaps it is a hospital merger, the formation of a physician-hospital organization, or the organization's internal restructuring. As the institution contemplates the next steps, it is important to consider two questions: How will the cultures of the groups involved in the change be affected? Most important, how will the cultures of those groups affect the organization's ability to implement what it has just negotiated?

If the institution has reached a tentative agreement on any major change initiative without considering these questions, chances are that the organizational culture is working ahead of the effort, possibly even against it.

Summary Organizational culture is a key ingredient in successfully managing monumental strategic change initiatives. Those who are successful in managing change are actively integrating organizational culture into their total planning process.

Organizational cultures should be a forethought in the management of the change process. Managers should give the same care and thoroughness to culture that they allot to the other major aspects of a plan.

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CULTURE GAINS RESPECT

Increasingly, healthcare leaders are acknowledging that organizational culture is a key ingredient in successfully managing monumental strategic change initiatives. Planning for the structural, legal, and financial aspects of change is not enough. The best laid plans will not work unless the people within the organization can make the necessary transition to the new order of things. Such a movement does not happen by chance. And although the effective management of organizational culture does not guarantee success, the lack of managing this important aspect of change most likely guarantees failure.

Organizational culture is like the air we breathe. We cannot see it directly, but we know it exists and is important to our survival. Volumes of management materials attempt to define and shape organizational culture. Simply put, organizational culture is the informal collection of values, beliefs, norms, standards, and assumptions shared by members of a group. These values and norms pressure group members to conform to shared codes of behavior. Organizational culture guides people to do what they determine impor-

ask questions and be heard. Communication should be interactive.

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tant to cope or survive within the context of the larger organization.

Why is organizational culture important? Essentially, it provides the initial framework by which people view and react to change. When strategic change initiatives clash with organizational culture, the results include resistance, misunderstandings, and at times subtle and not-so-subtle forms of sabotage among the very people that are counted on for success.

Those who are successful at managing change are actively integrating organizational culture into their total planning process. While critically important, such a task is not for the fainthearted.

"Attempting to influence organizational culture is one of the toughest things I've done in my career," says Young Suh, president and chief executive officer of Genesys Health System, Flint, MI. "I totally underestimated the magnitude of the effort required to manage this aspect of the change process. Unfortunately, there are few reference points to rely on. So much of what we have done to date has been by trial and error."

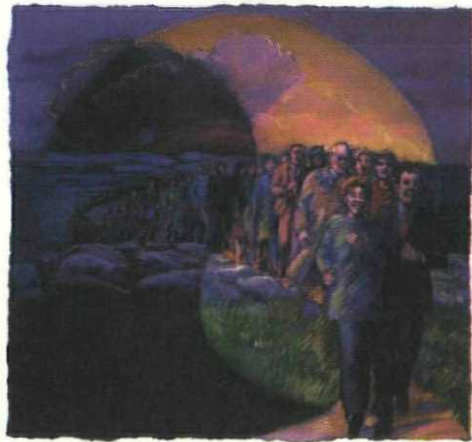
Suh has gained plenty of experience in the past few years. He and Genesys managers have been consolidating four hospitals into one, building a new facility and campus, creating a 150-person physician group, and attempting to acquire or develop their own health plan.

No magic formula exists for harnessing organizational culture to work *for* an effort rather than against it. In studying the experiences of others, both in healthcare and other industries, there are basic tenets that should guide organizational thinking as it moves ahead with major change initiatives.

BEGIN AT THE BEGINNING

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When it comes to mergers or integration efforts, Mary Ann Beck, PhD, recommends that a senior-level person involved in the negotiating process be given responsibility for assessing and facilitating the discussion around issues of organizational culture. Beck is a Michigan-based con-



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CULTURAL TRANSFORMATION

sultant who specializes in helping organizations manage large-scale change.

"How will relationships among affected groups change? What will be lost in pursuit of the greater cause or purpose the organization is working toward? It is important to define and discuss such issues as an integral part of the deal-making process," says Beck. "Leaders responsible for large-scale

change should be able to name their own fears about what will be lost if the deal goes through. By incorporating the relationship issues into the planning process from the beginning, those driving change will be better able to understand the reaction of others as change moves through the organization," she adds.

SURVEYS PROVIDE INSIGHT

Another means of assessing issues of organizational culture is to survey those groups affected by change. Shortly after Suh was given the challenge of merging four organizations—including four boards of trustees, medical staffs, and work forces—he commissioned a survey to attempt to define the key organizational culture issues. The results of the study demonstrated that while there were differences among various groups, they also shared many similarities in core values. The knowledge gained from the survey eventually helped shape various communication and educational strategies that were implemented to begin merging the cultural values of the new organization.

A particularly useful outcome was the development of a new core organizational values statement and a program called Leadership in Christian Organizations. The values statement defines core values, as well as the specifics regarding organizational beliefs about staff empowerment. The leadership program ensures a high level of participation among staff from all levels of the organization in shaping and implementing activities to put organizational beliefs into action in managing change.

Is managers' understanding of the culture issues as clear as their understanding of the financial implications of the change initiative? If it is, then they have probably done enough homework to know what they are up against.

UNDERSTAND THE PERSONAL NATURE OF CHANGE

Changing or merging organizational cultures is an arduous process for this reason: It requires winning people over—one person at a time—to the new vision.

In dealing with the personal nature of change, it is important for an organization's leaders to work with those affected on at least two different levels says Paul Panum, MD, medical director of the Eugene Clinic, a multispecialty physician group in Eugene, OR, which consists of 60 physicians and 300 employees.

Several years ago, the Eugene Clinic merged its hospital with Sacred Heart Medical Center. Today Eugene Clinic is actively negotiating with Sacred Heart's parent organization, PeaceHealth, to fully integrate with Sacred Heart and a health plan that is also sponsored by PeaceHealth. Panum states: "Those in a position of leadership must ensure that people understand the ultimate goals of a major change initiative. At the same time, it is important for us to understand what people perceive as personal losses and to deal with those issues. Ultimately, the changes necessary for the achievement of the larger organizational goals must be tied to helping people understand why such change is in their own personal interest."

When working to help people understand the

personal and organizational nature of change, Panum reminds managers of the importance of being aware of the differences in how people learn and assimilate information. "Our job is to provide learning opportunities in a variety of fashions. The goal is to help those we're counting on to make the transition as quickly and effectively as possible," he asserts.

COMMUNICATE, COMMUNICATE, COMMUNICATE

The culture of any organization in the midst of rapid change will not tolerate an information vacuum. When people know something is afoot but do not have access to information, gossip, and rumors quickly fill the vacuum. What ends up on the grapevine is usually inaccurate and far more negative than the truth. From the start an information vacuum damages the ability to set things right.

"There is no such thing as overcommunicating," says Beck. "Inundate everyone with good data. Put all the information you can on the table from the beginning. Even the tough news should be communicated in a manner that is absolutely honest and straightforward."

People affected by change want to be able to ask questions and be heard. Communication should be interactive. How many formal and informal listening and response devices are built into your cur-

ST. JOSEPH HOSPITAL'S PRINCIPLES FOR EFFECTIVE INTERNAL COMMUNICATIONS

| Old World | New World |
|---|---|
| Reliance on communication tools | Reliance on continuing communication process |
| Greater focus on managers' needs | Greater focus on staff information needs |
| "Manage the message" | "Communicate in ways that are timely, frank, and forthright" |
| Predominantly one-way, top-down communication activities | Commitment to two-way, interactive communication activities |
| Communication primarily the responsibility of a department (e.g., public relations and human resources) | Communication a clearly defined responsibility of all managers |
| Assumption that all managers are effective communicators | Commitment to ensure managers are effective communicators via support training, new tools, and evaluation |

rent communication program?

With several major change initiatives on the horizon, managers at St. Joseph Hospital in Bellingham, WA, concluded that the old ways of communicating with internal groups were not working. They eliminated the status quo activities and embarked on a continuous quality improvement process that focuses on improving internal communication.

The planning process started with an examination of the organization's historical approach to communication. A set of "new world" communication standards was developed and adopted to support the organization's commitment to communicating important issues and other elements of change (see **Box**).

The results of internal communications planning included a videotape on how St. Joseph needed to respond to environmental changes. Each employee received the tape, along with a bag of microwave popcorn, at his or her home. A telephone hotline was a means of answering questions and providing additional information. When major changes were being announced with the consolidation of staff at Genesys, Suh added a 24-hour information hotline staffed by a senior manager.

Sometimes the small things are important. When working through the consolidation of a Catholic-sponsored hospital with a non-Catholic hospital, Beck discovered that the managers of the non-Catholic facility felt anxiety because they did not understand the nomenclature of the Catholic facility and its sponsors (e.g., "provincial leader," "motherhouse"). She had the group develop a glossary of the terms that were specific to each organization's culture.

ACKNOWLEDGE AND DEAL WITH ENDINGS AND LOSSES

Create opportunities that allow people at all levels of the organization to close the past. Without closure, some of the best people may feel that the organization has betrayed them.

"Every new beginning produces an ending. It's important to acknowledge and deal with the sense of loss that people feel in giving up the old ways," says Beck. "Often times the leaders of an organization are so committed to moving

Create opportunities that allow all employees to close the past.

towards a new vision or strategy that they fail to recognize the importance of creating defined endings or rituals to allow people to gain closure and prepare themselves to move ahead."

Beck recommends that organizations create interactive, face-to-face processes that allow people to build a common vision for the future. At the same time, people should be asked to define and discuss


the barriers to change, as well as what they must give up to achieve the new vision.

Beck uses rituals and symbolism to help people let go of the past. She recently conducted a retreat to bring together the management groups of two hospitals that were merging after many years of being competitors. A large ice sculpture was placed in the room at the beginning of the retreat. Over the course of the day the sculpture began to melt. It was a symbolic gesture that signified the "melting" of past histories and attitudes among managers who emotionally needed to move from being competitors to being partners.

RENEW YOUR BELIEF IN OTHERS

One of the first by-products of a major change initiative is that internal morale heads south. Tension grows. People begin to feel the pain of having to let go of what once worked.

When you feel yourself hitting the wall, it is important to remind yourself that most people have their hearts in the right place. They want to be part of a winning organization. Remember that the very people who may be scared of, confused by, and resistant to change are the same people who previously made the organization a success. Most of them will make the transition. Creating a process that allows people to work through the change and motivating people to reinvent their approach and role in the new ways of doing things is what healthcare leadership in the 1990s is all about. It is not an easy task. It is, however, part of the critical skill set that is necessary to lead Catholic-sponsored health services into the future. □

 For further discussion on how to approach organizational culture when facing profound change, call Thomas C. Lawry, 206-649-3870.