

# NINE AXIOMS FOR SUCCESS IN MERGERS

*Health Care Leaders Must Take Great Care with the  
Cultural Factors Involved*

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*There is increasing evidence that cultural [factors are] the single largest cause of lack of projected performance, departure of key executives, and time-consuming conflicts [in mergers].*

—Ernst & Young LLP,  
Mergers and Acquisitions<sup>1</sup>

Mergers can succeed when the people in charge acknowledge the cultural factors involved and consider them in their planning and implementation. Sadly, when mergers fail, they usually do so because these factors have been neglected.<sup>2</sup> Between two-thirds and three-fourths of all corporate mergers and acquisitions do fail.<sup>3</sup> Health care mergers are no exceptions; 75 percent are estimated to fail or, at best, fall short of their planned potential.<sup>4</sup> Failures can be measured in financial terms, but it is impossible to assess the human suffering these collapses cause. For the administrators of Christian health care organizations, a significant test of their commitment to Gospel values will be the way they manage the cultural—that is, human—aspects of a merger.

In this article, I will focus on the cultural requirements of a successful merger.

The term *merger* is often loosely used to cover such organizational changes as joint ventures, strategic alliances, and acquisitions. Strictly speaking, however, a merger is the process whereby two (or more) organizations conduct a dialogue as equals, the intention of which is to produce a single new entity that will have its own culture and, not infrequently, its own new name. Whatever form the merger takes, some degree of culture change will be required.<sup>5</sup> Because culture and culture change are complex realities, I will try to explain them in a series of practical axioms.

## WHAT IS "CULTURE"?

*Axiom 1: An understanding of the meaning of culture is the first condition for successful mergers. A culture's primary purpose is to provide us with a feeling of identity and security; we most fear a sense of being lost, and a culture keeps this fear from paralyzing us.* A culture is not simply "what people do around here" but, more important, a pattern or web of meanings encased in symbols, myths, and rituals that provide people with a sense of identity and teach them how they should feel and think about, and behave toward, both themselves and others. A culture is not primarily an entity but, rather, a process in which people struggle through the use of symbols, myths, and rituals to cope with life's challenges.

Symbols evoke good and bad feeling. For me, for example, a stop sign symbolizes an auto accident I once had after I failed to stop at one; every time I see a stop sign I relive that experience. Myths—contrary to their popular meaning as narrative symbols or stories—are the *emotional* glue that binds people together at the deepest level of their being. No wonder, then, that people who work for health care organizations react strongly when they learn that the myths they associate with those organizations may be threatened by mergers. All cultures, including organizational cultures, have a founding myth: for Americans, it is the coming of the Pilgrims; for the French, it is the French revolution and the rise of Napoleon. Values are contained in myths and symbols; freedom, for example, is a value symbolized by the Pilgrims. When myths are lost, so also are the values associated with them. Rituals are the tip of an iceberg, the visible face of myths and symbols.

Anthropologists speak of the "culture unconscious" and describe culture as a "silent language." They mean that symbols and myths are so integral a part of our inner selves that their

influence—and even their existence—are apt to escape our awareness. Symbols and myths are like jet streams in the sky: invisible but powerfully influential. Most of the time, we are unaware of the degree to which culture shapes our thoughts, emotions, and actions. People who claim to act rationally—seeking only increased efficiency or higher quality, for example—are in fact guided by rigid and pervasive myth-based traditions.

In brief, culture is not primarily what people do as members of an organization. It is what they *feel* about what they do. Any culture alignment plan that ignores this reality is doomed to fail.

#### CHANGE CAN BE FRIGHTENING

*Axiom 2: Recognize that the in-depth cultural change required when organizations merge is slow; culture has in-built resistance to change.*

One helpful definition of culture goes like this: Culture is about maintaining the status quo. When I work with health care leaders who are involved in planning mergers (and creating the strategies and timetables necessary to achieve them), I begin with a simple question: “Where did you sit before today’s coffee break?” The leaders always respond with a blank look because they have been startled by the apparent irrelevance of my question. Then, after a moment’s thought, they see what I’m getting at. “In the same seats we sat in after the break,” they reply. “You are planning to change cultures—that is, change people’s lives in a radical way—and yet you yourselves sit in the same seats every time we meet.”

They see my point: We expect other people to make radical changes while we remain rigidly attached to our own habits, even in small matters.

When change challenges a culture, it is the culture that commonly wins. Organizational cultures contemplating change are, as one writer puts it, “stuck with their past . . . their traditions. These things take years if not decades to change.”<sup>6</sup>

#### OPENNESS IS VITAL

*Axiom 3: The merest rumor of a merger can evoke in both individuals and their organizational culture symptoms of culture shock. The*

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expression “culture shock” is a label applied to the anxiety people often feel when, for example, they are exposed to an unfamiliar culture or find themselves caught up in cultural change. Their responses may include disorientation, anger, depression, and apathy. People who are caught up in cultural change may—driven by fear of the unknown and anxiety concerning loss of the familiar and

predictable—react irrationally or inappropriately. At the same time, of course, such fears can be well-founded. For example, the staff of an organization undergoing change may fear losing their jobs or having to undergo retraining. Sometimes culture shock is preceded by an initial euphoria. *More often, staff members feel an urge to escape back to the familiar and to condemn those who have threatened their sense of the orderly.*

As for the implementers of change, those who are insensitive to staff feelings are apt, when faced with resistance, to become dogmatic and imperious in their commands. This will cause morale to drop even further and resistance to become entrenched. That, in turn, will make managers more angry and impatient—thus reinforcing staff resistance.

This cycle of ever-growing resistance can be summarized in another aphorism: Culture is *seductive of energy into death—a saying that simply affirms the fact that culture is about maintaining the status quo. Whatever threatens the status quo will, if possible, be pushed to the margin and stripped of its power. Unless the feelings inspired by culture shock can be brought to the surface and sensitively confronted, they will linger on, causing the merger to fail to achieve the results expected of it. But this need not occur, as the following case history illustrates.*

For financial reasons, a religious congregation decided to merge the senior administrations of its two hospitals under a single CEO. Hospital X was situated in an upper-middle-class suburb; Hospital Y was in a poorer section of the city. The negotiators from Y felt that the X negotiators did not take them seriously. In meetings to plan the merger, X representatives would sometimes make patronizing remarks about Y’s lack of high-grade technology. Eventually the merger talks stalled. Among themselves, Hospital X’s people

blamed Y for sending insufficiently qualified negotiators to the meetings.

At Hospital Y's request, a facilitator was invited to the next meeting to help participants identify the obstacles blocking communication. With the facilitator's help, two dynamics—of which the participants had hitherto been unaware—were revealed.

First, Hospital X's negotiators were able to acknowledge that, because theirs was the wealthier facility, they had assumed they had nothing to learn from Y. Second, Hospital Y's representatives admitted that they had a sense of inferiority when visiting X, at times feeling overwhelmed by what they saw there. These feelings of inferiority were exacerbated, they said, by some of the X negotiators' attitudes and comments.

Once the X and Y negotiators had identified these culture shock feelings, they were able to recognize that *both* cultures had much of value to bring to the merger. As a result, the merger talks again went forward.<sup>7</sup>

#### MYTHS MUST BE TAKEN SERIOUSLY

*Axiom 4: Organizations have two types of founding myths: the "public" and the "residual." Practical recognition of the differences between them will contribute to a merger's success.* Another case study will help illustrate the difference between public and residual founding myths.

Two Catholic hospitals, founded by different congregations and longtime competitors, agreed to merge so that they might, by benefiting from integrated delivery services, compete successfully with a new for-profit hospital. For decades, the Catholic facilities had distrusted each other intensely, each suspecting the other of plotting to undermine its business effectiveness.

The facilities' sponsors and executives confidently wrote up vision and mission statements, believing they were in fact committed to a single mission—the healing mission of Jesus Christ. The merger was launched with an elaborate and enthusiastically attended liturgy. After a brief time, however, the sponsors and executives began to quarrel over apparently trivial matters. The old mutual distrust returned. In the end, the tensions became so great that the merger collapsed.

What happened? The answer is simple: The people involved in the merger failed to appreciate the difference between the two types of myth. A "public myth" is a set of stated ideals—like those contained in mission and vision statements—to which people commit themselves to strive to implement. Formulating a public myth is relatively easy. Implementing one, however, requires a transformation of cultures and individuals. In-

built cultural resistances make such transformation an extremely difficult task.

"Residual myths" lurk beneath the surfaces of the cultures to be merged, emerging when change threatens the status quo. In the case study, the problem with the planned merger is that the public myth developed for it failed to provide sufficient motivation. It failed to motivate because it was not "owned"—interiorized—by the two hospital staffs. In the vacuum left by the failed public myth, the residual myths emerged. The residual myths were distrust, memories of old hurts, and an urge to compete against each other. The individual cultures of competitiveness and distrust had never died.

#### CHARISMS: RELIGIOUS AND LAY

*Axiom 5: Sponsors need to be clear about the level of acculturation they hope to see result from a merger: cultural assimilation, cultural integration, or cultural pluralism.* Acculturation is the process of cultural change in which one group, having come into contact with another, takes on elements of the second group's culture. "Cultural assimilation" occurs when one group dominates and absorbs the other (sometimes referred to in business terms as a "takeover"). For the culture and individuals of the dominated group, assimilation can be catastrophic. "Cultural pluralism" occurs when two merging cultures simply coexist. There is little interaction between them; indeed, residual myths flourish and inhibit efforts at more formal interaction. Acculturation through cultural pluralism rarely, if ever, brings positive results.

"Cultural integration," the third type of acculturation, occurs when all groups involved in the merger encourage a third, "senior" culture to develop. This culture is senior in the sense that it is empowered with the authority to make whatever changes are necessary to ensure that the joint mission and vision statements are implemented. What were, before the merger, two organizational cultures now become subcultures and are encouraged to keep their identities as such. Some writers refer to this as the "multicultural" model. Unlike the cultural pluralism model, however, this model requires the subcultures to relinquish significant elements of their autonomy and identity for the sake of a common mission. At the same time, each subculture is open to receiving from the other those elements that will serve the new mission.

In Catholic health care, the cultural integration model requires those sponsors that are religious congregations to rethink the purpose of their charisms. A charisma is a gift the congregation has been given for the sake of the mission of the

church. In health care, a charism emphasizes a particular aspect of the healing mission of Christ, such as "Christ the Compassionate One" or "Christ the Poor Servant." When a charism becomes an obstacle to the particular mission, it ceases to be a charism because it has lost its purpose. In a merger between Christian organizations, the primary charism, namely the healing mission of

Jesus Christ, must be respected. It has precedence. Hence it is necessary that, at the initial stage of planning, the sponsors of the different organizations jointly articulate what is to bind them together. It cannot be the charism of one or the other congregation. That would be the equivalent of a cultural takeover. It must be founded in what is common to the merging groups, namely the healing mission of Jesus Christ.

Charisms are not the exclusive property of religious congregations because Christ offers these gifts to everyone. St. Paul taught that Christ's leadership of healing is to be shared by all members of a community (that is, everyone has a charism) and that the full and harmonious exercise of all ministry gifts within a community is necessary for the spiritual growth both of the community itself and of each member in it (1 Cor 12; Eph 4:15-16). Religious are not to try to ensure that *their* particular congregational charism is maintained after they withdraw health care facilities. Rather, the laity are to be encouraged to use their own charisms, in their own particular ways, for the sake of the one healing mission of Christ. Certainly they will draw on the experience of the founding congregation, but they will do this in a lay manner.

### GROUPS NEED GRIEVING RITUALS, TOO

*Axiom 6: In the grieving process that inevitably accompanies any merger, those responsible for the merger must cultivate an atmosphere of trust, allowing all involved to tell the stories of their particular facilities and the history of their own participation in them, including the personal pain that the merger may have caused.* Traditional cultures (biblical or Native American cultures, for example) recognize that loss is an everyday experience and that a failure to acknowledge loss and its accompanying sadness will

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## roups, like individuals, go through three invariable stages of mourning.

endanger the life of the group. "Suppressed grief suffocates minds and hearts," said the Latin poet Ovid.<sup>8</sup> Rituals of grieving are critically important for groups as well as for individuals. A ritual of grieving is not a negative thing. It is not an oppressive, debilitating entrapment in the past. On the contrary, a ritual of grieving is a process whereby loss—together with all of its accompanying sadness, bewilderment, and anger—is acknowledged; and the future—with all of its uncertainties, fears, and hopes—is confronted. A ritual enables one to let go of the past and to name and welcome the future. This truth is eloquently described in Isaiah: "No need to remember past events. . . . Look, I am doing something new, now it emerges; can you not see it?" (Is 43:18-19).

Groups, like individuals, go through three invariable stages of mourning: an initial admission that loss has occurred, the stage in which the group lets the lost object go and begins to look to the future, and the stage in which the group actually embraces new relationships. The Emmaus story perfectly mirrors this pattern: the journey from Jerusalem and the disciples' admission of loss to Jesus, the stranger; the stage in which Jesus helps the disciples to come to terms with their loss; and the disciples' movement forward, symbolized by the energy they display in hurrying to tell others what has happened. For premodern cultures, mourning rituals are also rituals of celebration and joy. Once people have named their losses and have struggled to let them go, they become open to seeing new and positive things in their lives—things that require celebrating.

Integral to all grieving, therefore, is the art of storytelling. In times of change, storytelling's main purpose is converting what people feel into stories that help them make sense of what is happening to them and to their group. In making sense of their organizations, people go through powerful, formative learning experiences. Storytelling has two aspects: telling one's own story and listening to the stories of other people in the group. The difference between a poor story and a good one is this: the first you hear, the second you tell.

As far as is possible, the planners and implementers of mergers need to engage people throughout the organization. Although time-consuming, this is the key to an operation's success. People need appropriate space and time in which they can tell others what they feel; if they do not get it, they will find their energy consumed by unarticulated grief and their resistance to change will grow. These rituals must be public because cultures, like individuals, experience the sadness of grief. Public rituals give individuals permission to express their grief, with all its emotional implications, and to be open to the new.<sup>9</sup>

**WORK CULTURES BESTOW IDENTITY**

*Axiom 7: The fact that the facilities to be merged belong to the same church or even to the same religious congregation does not necessarily mean the merger will be smooth.* Staffs take their identity primarily from the work culture they belong to, not the sponsoring congregation or church.

**LEADERS MUST LEAD THE GRIEVING**

*Axiom 8: Health care sponsors and executives must, if they want the newly merged organization to be open to change, call on their staffs to grieve their losses.* The acknowledged leaders of traditional cultures direct their people in grieving. Thus the prophet Jeremiah called "for the mourning women," who were to "lose no time in raising the lament over us!" (Jer 8:17). In fact, the call to grieving is an act of prophecy; the prophet calls people to let go and be open to a new vision.<sup>10</sup>

The paradigm of all change and collective grieving is the Exodus. When they left Egypt, the Israelites were a crowd of different tribes that were highly mistrustful of each other but also moved by a powerful vision and mission. They had been called into the desert to become one people—a merged people—under Yahweh and the ritual leadership of Moses. At first, all went well. The people were enthusiastic about the merger-to-be. But then, just a little way into the journey, they began to feel the loss of familiar customs and places (Ex 14:10-14). They wanted to go back to the Egyptian slavery because it was at least pre-

**E**xodus is the paradigm of all change and collective grieving.

dictable. Moses became the target of their scapegoating. However, he managed the crisis brilliantly, though at great personal cost. First, he allowed the people to express their feeling of grief; then he rearticulated the vision of the Promised Land—and the people moved forward. A little later, grief struck the Israelites again. Moses reacted to this by leading further public rituals of grieving.

But no one can act prophetically unless he or she is at the same time struggling with an inner journey of letting go of losses and finding new hope. Unless one can mourn one's losses and, in doing so, experience inner healing, it is not possible to have empathy for the grief of others. People sense hypocrisy in leaders who are not personally involved in their own inner pilgrimage of grieving. Jesus, like Moses and the prophets before him, was able to call people to grieve because his whole life was a pilgrimage of letting go and being open to the newness of the resurrection. "A disciple is not superior to the teacher, but the fully trained disciple will be like the teacher" (Lk 6:40).

Rituals of grieving are integral to good communication, which is itself an integral part of any merger process. When communication is poor, people often feel confused, anxious, and manipulated. The more insecure cultural change makes people feel, the more they will resist it. For leaders, one of the biggest traps is rushing into action without taking this truth thoroughly into account.

The rituals of grieving that help people cope creatively with cultural change involve three types of communication: reassuring, arranging, and affirming.<sup>11</sup>

**Reassuring Communications** These are used to respond to the initial shock that follows a merger announcement. People need to be told whether they will keep their jobs in the new organization, and, if they cannot, if it will provide them with financial settlements and help them find new employment. The CEO and other managers should go directly to the staff, patiently listening to their reactions—for example, their fear of the future and their anger at the loss of long-established work patterns and friendships. At such a

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time, employees should be given the space they need to tell stories about their work experience, stories that indicate both the jobs' significance in their lives and the cost they will incur if they lose those jobs through a merger. Communication must be honest. If inaccurate information has hitherto been provided, the CEO and managers should now apologize for it.

**Arranging Communications** These should be conducted when the merger is about to be launched. Through them, leaders publicize the new organization's mission and vision (which will legitimize cultural changes), discuss the timing of the merger's stages, clarify new employment roles, and announce any retraining programs that may be required. In doing this, the leaders will need great patience; they will have such patience if they truly respect the individuals involved. Skilled communication is a continuing imperative in these processes. As before, the CEO and top managers should be present to hear employees' reactions, concerns, lamentations, and hopes and fears concerning the future. Anxiety can prevent people from hearing important announcements. So, just as Moses in the desert took time to lead a series of grieving rituals, the leaders of organizations involved in a merger must repeat their communications again and again.

**Affirming Communications** These are essential once the merger is under way. Employees must be told about any achievements, no matter how small, that result from the merger. All communications must be honest, with no attempt to hide unpleasant realities.

### MANAGERS MUST BE CHANGE AGENTS

*Axiom 9: Considerable time and effort must be directed toward helping managers develop their new roles as culture change agents.* This axiom applies equally to senior and middle managers and to clinicians. Managers have a vested interest in maintaining the status quo; after all, they achieved

their status and power through acquiring and exercising particular skills and behaviors under the old organizational cultures. Cultural change will not occur unless managers and clinicians are persuaded that change is necessary and are equipped with the skills they will need to lead it.<sup>12</sup> □

### NOTES

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4. See J. L. Sherer, "Corporate Cultures," *Hospitals and Health Networks*, May 5, 1994, p. 20.
5. See G. A. Arbuckle, *Healthcare Ministry: Refounding the Mission in Tumultuous Times*, Liturgical Press, Collegeville, MN, 2000, pp. 271-303; G. A. Arbuckle, "Mergers in Catholic Health Care," *Human Development*, vol. 20, no. 2, 1999, pp. 42-48; M. H. Habeck, F. Kroger, and M. R. Tram, *After the Merger: Seven Rules for Successful Post-Merger Integration*, Prentice Hall, Upper Saddle River, NJ, 2000.
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8. Ovid, *Tristia*, L. R. Lind, trans., University of Georgia Press, Athens, GA, 1975, book V, eleg. 1, line 63.
9. See G. A. Arbuckle, *Change, Grief and Renewal in the Church*, Christian Classics, Westminster, MD, 1991, and D. M. Noer, *Healing the Wounds: Overcoming the Trauma of Layoffs and Revitalizing Downsized Organizations*, Jossey-Bass, San Francisco, 1993.
10. See W. Brueggemann, *The Prophetic Imagination*, Fortress Press, Philadelphia, 1978, p. 13.
11. See M. Oram and R. S. Wellins, *Re-Engineering's Missing Ingredient: The Human Factor*, Institute of Personnel and Development, London, 1995, p. 129.
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