TRANSFORMATION TOWARD TEAMWORK: A METHODICAL APPROACH TO CHANGE

Mergers between two hospitals are becoming commonplace across the country, but unique issues arise when organizations try to bring together a Catholic hospital, a research-oriented medical center, *and* groups of physicians.

In January 1995 Fanny Allen Hospital, Medical Center Hospital of Vermont (MCHV), and the University Health Center (UHC) (a faculty practice plan) formed a single operating entity that will manage all the activities currently carried out by the three organizations. The University of Vermont has equal board representation with the other members and is linked by contract to the new entity, which is named Fletcher Allen Health Care.

A result of a 19-month planning process, the new corporation has a single mission, a new board of trustees, a single strategic plan, a single

Three Disparate Cultures Come Together

budget, and a single management team. This close integration will enable the organization to deliver high-quality care at the lowest possible price.

"The physician part of this equation is what makes it exciting and different," explained James

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Summary   In January 1995, following a 19-month planning process, Fanny Allen Hospital, Medical Center Hospital of Vermont, and the University Health Center formed Fletcher Allen Health Care, a single operating entity. The University of Vermont is linked by contract to the new organization.

From the beginning, the organizations' leaders approached the planning process with the human dimension in mind. Although the process was led by top leaders of the four entities, they relied on input from physicians and multidisciplinary teams of professionals.

To gain employees' acceptance of the transition by making them feel secure, in December 1993, the organizations announced that no one would involuntarily lose his or her job for the next year. And managers have gained acceptance of the transition planning process by gaining input from employees and making it clear that the plans are not cast in stone.

Nevertheless, both leaders and employees face anxiety and discomfort with change. In addition to fears about job security, they fear loss of control, quality, and a feeling of mission fulfillment.

Communication has been fundamental to easing the transition. Leaders have delivered the same message to everyone, using a newsletter, employee meetings, management meetings, and a telephone hotline. Leadership education, development, and selection are other critical issues in helping employees adjust to change.

Taylor, the former president of MCHV who is now in charge of corporate affairs and network development at Fletcher Allen. "Putting together two hospitals is easy compared with putting together two hospitals *and* physicians" (see **Box,** below).

BACKGROUND

Fanny Allen is a 100-bed Catholic hospital affiliated with Covenant Health Systems, Lexington, MA. It has a strong team-oriented, mission-driven culture that emphasizes high-touch patient care.

MCHV, in contrast, is a 500-bed medical center noted for its research emphasis. UHC is a faculty practice plan consisting of 10 independent practice groups and employing approximately 250 physicians. In the late 1980s, MCHV, UHC, and the university agreed to start planning for the future together. Then, in 1993, Fanny Allen and MCHV began collaborating on plans for a joint venture in inpatient rehabilitation. As MCHV'S Taylor and Fanny Allen President John Cronin became more comfortable together, their talks turned to exploration of various approaches to shared management.

Finally, in May 1993 they announced a 90-day joint planning process among Fanny Allen, MCHV, UHC, and the University of Vermont. Although the initial intention was to have each institution retain its own structure, governance, and identity, the leaders came to strongly believe that healthcare institutions need to integrate to adequately serve their communities in the coming fixed-revenue environment. This belief led them to devise a closer relationship for their organizations than was originally planned.

Under the arrangement, Fanny Allen is *still a* separate corporation with its own board, retaining its Catholic identity, mission, and membership in Covenant Health Systems. Like its three partners, however, Fanny Allen also sends four representatives to Fletcher Allen's board. Cronin noted that they plan an educational process to educate trustees about Catholic healthcare—just one of many steps to integrate the organizations' cultures.

"We're trying to bring 1,400 different cultures together," said James Howe, MD, leader of the orthopedics/rehabilitation transition team. "And the culture of our vision is 180 degrees removed from any of the 1,400 cultures that currently exist." Moving to working as a team is a tremendous cultural change, he noted. "Our organizations don't have common primary purposes."

Although many staff members have worked at both Fanny Allen and MCHV, they tend to prefer one style over the other. Sam Feitelberg, director of MCHV's Department of Physical Therapy, noted that the Fanny Allen mystique was one of caring, whereas MCHV's was the academic challenge. Despite some inevitable tensions as these two cultures meet, people who have never talked before are beginning to discuss things, he noted, such as the relationship between cost and quality.

INTEGRATING PHYSICIANS INTO THE ORGANIZATION

"A unique aspect of this coming together is the degree to which physician integration is occurring," raising the potential for cultural clash, pointed out John Cronin, Fletcher Allen Health Care's operations leader. The organization is bringing physician leaders from the individual practices that make up the University Health Center (UHC) into Fletcher Allen to provide leadership in the health services. Leadership teams will consist of a manager and a nurse leader. Individual physician corporations are dissolving, and UHC's 250 physicians are becoming Fletcher Allen employees.

"There was much concern, particularly from nursing, that this meant the doctors are taking over," Cronin said. Nurses, as well as therapists, feared physicians "would function in their typical hierarchical ways," rather than as team members.

For physicians, too, the changes are big, and they are wondering how they will fit into the new organization. "The big issue is autonomy," said James Howe, MD, leader of the orthopedics/rehabilitation team and chair of orthopedics at the University of Vermont's College of Medicine. Most physicians already realized they were not autonomous, but some specialists are having more difficulty with the transition, he said.

The fact is that physician leaders are moving from being entrepreneurs to being corporate executives, noted James Reuschel, Fletcher Allen's leader in charge of business and administrative processes. "The trick is balancing the entrepreneurial spirit with the institutional view," he added.

"Even our doctors who are on full-time salaries see themselves as in little partnerships," said James Taylor, Fletcher Allen's head of corporate policy and network development. "This is very different from organizational people. The challenge is trying to align physicians who tend not to trust organizational decision making."

To help physicians become fully integrated team members, the organization is including them in leadership development and TQM activities. Countless educational sessions have been held, and physicians have actively participated in all aspects of the planning and development of Fletcher Allen. Community-based private practitioners have also been involved through communications and participation in development of medical staff bylaws for Fletcher Allen Health Care.

THE LEADERSHIP ROLE

From the beginning, the organizations' leaders approached the planning process with the human dimension in mind. Although the process was led by top leaders at the four entities, they relied on input from physicians and multidisciplinary teams of professionals, according to Cronin. "We were careful to have representation from all different groups at the planning meetings so that we could get those perspectives and have a core group at each organization that was committed to helping us carry the message," explained Cronin.

Based on these interdisciplinary meetings, the steering group developed a model for healthcare services that included management principles (such as an emphasis on total quality management [TQM] and patient-centered care). Cronin noted that early in their conversations the leaders realized they had similar approaches to change, relying on Peter Senge's systems thinking and dynamic tension models. In addition to an overall framework for change, the leaders developed a general operational structure with two basic components: healthcare service units and key support processes (general business areas such as facilities management, human resources, accounting, and information services).

Another early key to success was "wrestling the bear of leadership to the ground," Cronin said. "Everywhere you look, a lot of these deals fall apart because the egos of the leaders get in the

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way." To forestall such problems, the chief executive officers (CEOs) of the four entities—Cronin from Fanny Allen; Taylor from MCHV; Henry Tufo, MD, president of UHC; and John Frymoyer, MD, dean of the university's College of Medicine—hired a facilitator and locked themselves in a hotel room. After two such sessions, they emerged with a proposed leadership structure and assignments. "I will remember that initial afternoon for a long time," Cronin said. "We had some very tough, gut-wrenching discussions. But each of us had said we believe in what we're doing, so there have to be some sacrifices." The four organizations' respective board chairs approved their recommendations, which placed Frymoyer at the head of the new corporation, Cronin as leader of operations, Tufo in charge of clinical systems development and planning, and Taylor in corporate affairs and network development.

From the beginning, the drivers of this deal have been the board chairs and the CEOs, with the CEOs taking the initiative, noted Cronin. "We functioned as a team more and more as time went on," he added.

GAINING ACCEPTANCE

In addition to leadership commitment, an important factor in gaining employees' acceptance of the transition was making them feel secure. Accordingly, in December 1993, the organizations announced that no one would involuntarily lose his or her job for the next year. Taylor noted that this afforded some degree of stability, although now that the year is up, employees' concerns are increasing.

At the same time, the organizations also made a commitment to employees that they would not reduce their salaries for the next 15 months. And they announced principles regarding staff integration that included trying to achieve any needed reductions through attrition but offering outplacement services to anyone laid off as a last resort.

Finally, working together, the organizations stepped up their employee assistance program to help employees cope with the stress of change.

TRANSITION PLANNING

Even with committed and supportive leadership, the transition to one entity is enormously complex and far from over. For example, the transition plan for facilities management (security, maintenance, food services, etc.) is 1¼ inches thick (see **Box**). And the facilities management

A TEAM IN ACTION

At Fletcher Allen Health Care, the facilities management team has been meeting longer and thus made more progress than many of the other teams working on transition plans for key support processes. Following a standard process established for all teams, the facilities management group has representatives from all four members of Fletcher Allen.

One of the first steps was to develop a singleness of purpose among team members. They started out by assessing the current situation, going over basic definitions to ensure they were all speaking the same language, and bringing people together who had never been introduced. Then they developed an action plan for what the new facilities' operation would look like, as well as a timeline and plan for getting there.

"We were lucky because most of the people in our group knew each other and did not have competitive histories to overcome in learning to work together," noted Dana Swenson, formerly MCHV's director of engineering, who will assume new responsibilities within Fletcher Allen's facilities group. "Other groups, however, such as radiology, had a history of competition and major hurdles to overcome."

group is just one of 14 transition teams working on key support processes. In addition, 13 health services are undertaking similar transition planning. Finally, the operations management team, led by Cronin, is meeting weekly to design a process for management, to clarify accountabilities, and to work on plans for overarching concerns, such as how to eliminate more than $20 million from the cost base.

Although members of the transition planning teams are all from management, teams are getting input from lower-level employees for both planning and implementation. Still, one staff member expressed concern that decision making was concentrated too much among leadership, and some at MCHV are worried about whether they are having enough input, since the two top leaders (Frymoyer and Cronin) are unfamiliar to them.

"People may never feel they have enough input, but we try," said Phillips Kerr, the process leader for human resources at Fletcher Allen. For example, in developing the new benefit plan, the human resources team sought input from thousands of employees. And they gave an "ambassador group" from each of the three organizations special information to help communicate and champion the changes. In the end, the benefits for all Fletcher Allen members were improved. "There were a few trade-offs, but we didn't hide anything," said Kerr. "Honesty has been a goal."

Howe noted that a major factor in gaining acceptance of the transition planning process is the understanding that the plans are not cast in stone. "The deadlines we have set are not life-or-death, and we can continue the same process of planning and achieving consensus after the deadline," Howe said.

The bottom line, though—since the leaders are involving employees but not asking their opinions on everything—is that "employees need to be convinced that the values of the new organization are ones they can subscribe to," Kerr said.

ANXIETY

Despite leaders' best efforts to ease the transition, anxiety and discomfort with change are facts of life. Unfortunately, the unstable environment facing all healthcare organizations is a major contributor to this unsettled feeling.

Fanny Allen Hospital had been seeing increasingly lower census over the past several years and had recently closed a first floor surgical unit. Factors necessitating the switch to outpatient primary care, leaving sicker patients in the hospital,

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was "a bigger shock than the integration," noted David Keelty, a member of the facilities management team.

Leaders' Anxiety Employees are not alone in their anxiety. As former CEO of MCHV, Taylor is one senior leader who had to deal with change in a big way. "For the leftover CEOs whose jobs we're not sure of yet, we've made some distinction on paper of what we do, but there's not yet any clear corporate function," Taylor said. From the beginning, when the four CEOs proposed the leadership structure, Taylor admitted that his future with Fletcher Allen was uncertain beyond the first year.

Leaders working on transition planning teams also face a lot of anxiety, since supervisors "might be planning themselves out of a job," according to Jack Conry, who was the medical center's director of security for seven years.

"It was difficult for me personally to see things change," said George Verdon, an MCHV employee in facility development and planning, "since I was in a ranking position for many years. But it's been a major education." He said that managers' experience in working through their anxieties "helps us to guide those who work with us."

"The process of change requires some hand-holding," agreed Feitelberg. "And you have to be honest when you have your own moments of doubt or anxiety." Feitelberg advises colleagues that "your job may feel amorphous, like walking on cotton."

Employees' Anxiety Workers' fears of change are linked to a variety of factors beyond job security. For example, Keelty noted, one facilities management group that had a particularly efficient system was concerned about persons from other facilities working on their equipment. Team leaders turned around these fears by presenting this as an opportunity for them to share their expertise.

Similarly, the best nursing units fear "they'll lose control, that their standards of quality will be threatened," noted Pat Donahower, a nurse leader. She said it takes a lot of time to communicate with and involve all the nurses in the change process. They are looking now at why patients are satisfied and how to keep that up, but cannot plan for individual units because they do not yet know how and when integration is going to happen. Planning efforts are progressing in some areas, however. For example, a group including nurses and physicians is currently discussing the geographic placement of emergency and surgical services. "The biggest challenge is not to lose the

people on the front lines," Cronin said.

Another concern for some employees is loss of mission, said Jade Erhard, a human resource professional originally from Fanny Allen. "I fear my job will be changed so it's no longer fulfilling the mission that I came to fulfill." One person has left because he could not tolerate the uncertainty, she said, but most are sticking it out.

To help preserve Fanny Allen's mission, a task force has been assigned to identify barriers, strategies for overcoming them, and ways to influence the larger organization, according to Fran Thompson, Fanny Allen's vice president of mission effectiveness. Other mission-oriented initiatives include work among the three organizations' pastoral care departments to develop a spiritual resource center.

Job loss may remain the biggest concern for some groups. "When you look at a capitated environment, nurses face an enormous threat of job loss," noted Carol Haraden, the key support process leader for training and development. Eventually the organization will be retraining and cross-training nurses and other staff, but Connie van Eeghan, the process leader for systems improvement, said they were not focusing on this now because "we can't follow through right away, so we shouldn't start giving out the message yet or it will start to implode." Meanwhile, leaders try to give social support and encourage workers to use the employee assistance program.

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"They can use resources to alleviate anxiety, but there are too many uncertainties to really dispel the anxiety altogether," said Lori Manor, administrative representative for Advantage Healthcare, the firm hired to assist with integrating rehabilitation services. Since there are no other healthcare opportunities in the area, people face moving their families if they lose their jobs, she said.

Given the trauma of change, the transition marks a test of trust in the organization, Howe said. "The segments of the organization with the most difficult time have problems with trust between employees and their leaders," he said. "In other areas, employees may be critical, but if they believe it's a good organization, with good leadership, then they're willing to move forward."

COMMUNICATIONS HELP EMPLOYEES COPE

Communication is fundamental in helping employees cope with change. "People felt distanced from the new organization until they came to grips with the fact that Fanny Allen could not continue in its current form," said Erhard. "That took a long time." At employee forums, Cronin talked about capitation, the healthcare environment, why the hospital needed to collaborate, and how this related to its values. Nurse Susan Myers, director of the emergency department at Fanny Allen, said that knowing the reasons for the change did help, but a lot of fear remained.

Cronin noted that the organizations' leaders delivered the same message to everyone. "We learned in the informal stages that we needed to have a common vehicle," he said. Beginning in June 1993, a one- to two-page *Planning Update* was distributed as needed to employees at all four organizations. In addition, the top leaders underscored the importance of teamwork by traveling together to communicate with staff at each organization.

"You can't overdo communications," said Kerr. "But so much of it is one-on-one." Extra meetings keep managers informed about the changes as they develop, and organizational leaders encourage managers to be honest when they do not know the answers to questions. Still, "It's hard to keep saying I don't know," noted Myers. Susan Nicholls, assistant nurse manager in MCHV's operating room, added that the impact of managed care is yet unknown. "People are expecting answers from management that just aren't there yet. We're dealing with uncertainty on an ongoing basis," she said.

LESSONS

- Before attempting a major change, ensure there is a high level of trust between the governing body and senior leadership, as well as between managers and staff, or it will not succeed.
- Settle leadership issues early in the process to prevent them from becoming obstacles.
- Involve leaders and employees at all levels in the change process.
- Establish core groups at each organization to communicate and foster support for changes.
- Increase employees' openness to change by giving (limited) guarantees regarding job security and salaries.
- Before discussing important issues, define key terms to ensure all parties are on the same wavelength.
- Encourage managers to honestly admit when they do not know the answer to a question and to share their own doubts and anxieties about the transition.
- Establish a common communications vehicle, and use meetings, hotlines, and, most important, one-on-one conversation to answer questions and dispel fears.

To dispel some of the confusion, in 1994 a hotline was established to answer employees' questions, and a separate newsletter addresses concerns about benefits. Special meetings at each organization have directly focused on the tensions of change. In November, for example, three people who had different jobs (including ex-CEO Taylor) talked with MCHV employees about the transition and how it had affected them. Taylor shared how hard it had been on him and that he was still in the neutral zone—beyond the point of still having to let go but not yet to total acceptance of the change.

A communication team is currently working on a proposal that will emphasize individual responsiveness and communications as part of the job for any level of leadership, van Eeghan said. "We need to spend time out on the floor, not just send out minutes," she added. In developing the plan, the team collected information on what works from employees noted for being good communicators within the organization.

Van Eeghan emphasized that "the employees at the three organizations are at different points in the grieving process, so communication efforts cannot be identical." For example, she said, staff at the smaller facility can feel swallowed and a loss of identity, whereas employees at MCHV may see the transition as an opportunity to move up.

In addition to communicating frequently with employees during the organizations' 19-month courtship, Kerr said, they spent a lot of time building relationships and consensus with constituents, including physicians, state officials, key public figures, and senior groups. "We are building trust one-on-one, one person at a time," he said.

LEADERSHIP DEVELOPMENT

Leadership education, development, and selection are other critical issues in helping employees adjust to change. Cronin noted that each organization is moving forward with previous quality improvement efforts, reinforcing their use of team management. "Our biggest concern is the need to train and educate each other on how teams work," he said. "We're out of sync now between implementation and education and training. We need to catch up."

Haraden has put together four learning modules critical to success: understanding the business we're in, working within effective teams, customer retention and the service-profit chain, and personal mastery leadership and systems thinking. She has hired an outside firm to further develop the program and present it to the leaders

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and 10 to 12 trainers; from there, it will cascade down to others in the organization. The initial training process will require approximately 18 months and consume significant institutional resources.

Meanwhile, van Eeghan is working on educating employees about TQM with performance evaluation (based on outcomes). "We need intensive communication to give people a sense of the commitment being made to them," van Eeghan said. "Then this has to be followed up by activities that make sense."

To further ensure a successful transformation to a culture based on teamwork, the decision was made early on that all leadership positions (aside from the top four) would be open, with recruitment from within the three organizations. Some of the leaders have already been selected, but it will take until August 1995 to complete the process. Although this seems like a long time to many, the leadership selection process is critical because it incorporates the new organization's values and core competencies such as the ability to operate in ambiguity.

THE IMPETUS FOR CHANGE

The total integration process at Fletcher Allen, which began in June 1993, is expected to take from three to five years. Cronin pointed out that the organization can afford to follow this slow, methodical process because it is not in a financial crisis.

"We were absolutely clear we had to bring these changes about," he said. "But we wanted to take the time to educate everyone on the need to go through these kinds of changes—to become part of something, to change the way we go about our work, the way we do our business. That has required a lot of time and energy from our leadership."

Cronin noted that if organizations wait until they are in crisis, as is the norm, then they do not have to convince employees of the need for change. "Having gone through the process of convincing people of the need for change, it's easy to see why people say it's not worth it, we'll wait until we're bleeding to death," he said.

Since at MCHV there were no compelling economic pressures for change, "what has driven this integration process is trust between senior managers and the governing body leadership," said Taylor. "You have to make sure that's there first, or it can't work." —*Susan K. Hume*

For more information on Fletcher Allen's cultural transformation, call John Cronin at 802-656-3599.