THE TALE OF TWO CULTURES:
ORGANIZATIONAL CHANGE

Case prepared by
Andrew Graham,
School of Policy Studies,
Queens University, Kingston,
Ontario

©AndrewGraham2007
Introduction and Acknowledgements

Much has been written about cultural change to achieve certain organizational objectives or to bring about a different culture. Most of these efforts are intended to improve the culture of one organization to improve its performance. However, consider the challenge of creating a new culture after two quite different organizations have been amalgamated. This is the subject of this case study.

This is the story of the challenge facing the leaders and staff of two hospitals that were amalgamated as the result of a large scale government policy direction. These were, as you will see as the story unfolds, quite different places to work. Both had strong cultures and traditions. They were brought together for public policy purposes with the objective of improving hospital management and, as a result, patient care.

The challenge of this case study is how to go about creating a new culture, one that not only makes the amalgamation possible, but actually achieves the objectives of improving patient care.

I want to acknowledge the contribution of Erika Lavigne, a graduate student of the School of Policy Studies, who originally conceived of this problem in a research paper as part of her studies.
Background

The Mothers of Good Will (MGW) Health Service, a catholic healthcare corporation comprised today of two hospital sites, which until their merger in 1993, had very unique mandates and cultural styles, despite their common heritage. This case study highlights the period beginning in 1988, during which time these organizations underwent a tremendous change process, culminating in their becoming a single corporation with a secular management team.

The once powerful influence of the Mothers of Good Will within their hospitals appears at first glance to be less evident in both the board room and at the bedside. Today, the management is secular, the concerns are those of any large hospital corporation trying to respond to the many challenges of maintaining a viable and efficient patient care system and the strategies in use are those of many other public organizations. What then remains of its original culture? Has the cultural thread from these early sisters been broken or has it woven its way through 150 years of tradition, to contribute in part to the cultural fabric of these hospitals even today?

The present hospitals within the corporation were built in 1860, with hospital AA being given the designation as an active care centre and hospital AB the designation as the chronic hospital for incurables; mandates which were maintained until 1980.

These hospitals developed and grew to respond to the needs of the modern community they both served. Although originating from the same founder and religious traditions, the divergence in evolving cultures over a century later became pronounced.

The twelve year period starting in 1988 would bring them together once again in a manner and under circumstances that neither would have anticipated.

Through a series of interviews with key players, the story will unfold. Now let the actors tell the story.

Interview # 1: Chief Nursing Officer & religious sister

How would you describe the culture of the hospitals in the late 80's?
As the Chief Nursing Officer for hospital AA, I would described a close-knit atmosphere, where people felt like a real family. The hospital was still small enough in those days that you could actually know everybody so you could build real relationships with people. Trust was high and there was tremendous loyalty to the institution. The Sister CEO of the time (Sister P) was unique among her peers in that she was very open-minded, giving responsibility and autonomy for new ideas easily. She would often state Please dream because having a dream is the only way to move forward. The atmosphere at hospital AB was much more traditional. It was a very closed environment, peaceful, quiet, giving out the message of A don=t disturb, don=t innovate, keep things traditional and as they always have been. The culture of stability was important over all else; the attitude being that people need stability and have the confidence in us (sisters) to provide this for them. Sister V, the CEO was also more traditional, insisting that it was only necessary to Alook inwards@
What was the presence of the sisters at that time?
There were sisters at all levels of both organizations, from nursing and diagnostic services to financial management. People trusted us, had confidence in us and admired the values of our healing mission. We were always being asked about whether or not an idea or process would be in keeping with the mission.

Tell me about the events that have had the greatest impact on this culture?
There were two. The first was the change to a lay CEO and the second was the merger. The change to a lay CEO came out of a realization by the sisters that health care was becoming very complicated and we did not have the qualified sisters that could manage the new financial and political challenges. Sister P welcomed this change. Looking back now, it was the best thing to have happened otherwise we would not have survived.

What was the impact on the culture?
Things changed. The atmosphere was still friendly but it was more about business and about producing. That was why we wanted and brought in a Mission Director; someone to carry on our values of compassion, dignity and sanctity of life for the patients and staff.

The merger was much more difficult. There was so much fear and negativity on both sides. Everyone felt it was being imposed and there was resentment. Both hospitals had always been in competition. We were told that the purpose was to create one Board and that it would not affect our lives at either site. We therefore felt deceived when we realized that this was not the case. Hospital A protected culture was overwhelmed by hospital A.

Are there threads of the original culture of 150 years ago?
Yes. I see the compassion and respect for our patients on the units. The Board members are still interested in listening to our voice, especially when an idea is in conflict with our mission, like privatization of services.

Interview # 2 : Last Religious Sister CEO, 1988-1991

How would you describe the culture of the hospitals in the late 1980's?
At the centre of Catholic healthcare has always been the importance of the person so the relationship with individuals was paramount above all else...respect and dignity for life. My strength as CEO was in being a people person. I took time with everyone but this was not enough...I knew that other skills were needed.

What are the events that have had the greatest impact on the culture?
The appointment of a lay CEO and the merger of the hospitals. We began to see our weakness in politics and advocacy and how important these were going to become in the future. Most of the catholic hospitals in the United States had already gone the route of appointing a lay CEO. They typically chose an MBA credentialed AClint Eastwood@ type, who would shoot first and ask questions later during those difficult years of cutbacks, layoffs etc.

The greatest impact to the culture, with the hiring of a lay CEO, was a new attitude towards people. It was made clear that a difficult job had to be done, and goals accomplished. This meant that the
A family atmosphere was gone and that the individual was of minimal concern. Although we saw how he began to put hospital on the map with his business attitude and numbers are what counts belief system, there was also palpable fear that our culture would die. In response to this, we hired a Mission Director; someone whose job it would be to continue to promote the beliefs and culture of the sisters within the hospital.

For the sisters, the culture change around the merger of the two hospitals turned out to be the greater challenge. I did my Masters of Health Administration in Milltown Ontario. While I was there they were going through the exercise of merging an acute care hospital, a chronic care hospital and a nursing home. I started to see what was involved and what some of the benefits of a merger might be. Back in Doeville, I saw hospital A and B, both Chronic Care hospitals but in competition with one another and with very different cultures. This was a result of the two sisters who were the original CEOs; Sister P and Sister V. Now that one sister CEO had been replaced by a lay CEO, I realized how much more we could really accomplish if we could merge and work together.

Tremendous fear was expressed at the mere thought of a merger to the extent that a mediator was brought in to try and assist them in reaching an agreement. After hours of listening to the sister CEO and her board members explain the logical reasons why a merger would be inadvisable, he stated clearly that it was his belief that at the core of the resistance to a merger of these two Catholic hospitals lay a problem with culture. Stunned, the sisters denied that this could be true as both hospitals shared the same catholic healthcare culture. How could this be? In response, the mediator shared with them that the basis for any culture is the CEO. This influence filters down and is felt throughout the organization. In the preceding years, the sister CEO of hospital B had watched the confident, number-crunching lay CEO. He didn’t seem to care about people in the same way. This fear had slowly percolated throughout her hospital.

The real resistance to the merger therefore was due to a fear of the incumbent CEO. In my opinion, the CEO himself never gained any insight into this situation. His sights have remained focused on the job at hand and people became useful or not only as they serve to accomplish the task at hand.

Are there threads of the original culture of 150 years ago? Given the important influence that a CEO can have, his choosing to be uninvolved with the staff day-to-day may mean that his overall influence has been limited and this is why a sense of mission still remains. We need to find the balance again. We can’t turn back time but we certainly can learn from it. Our ongoing challenge as a catholic healthcare organization will be to name and define the difference that we bring.

Interview # 3 : Medical Chief of Staff

How would you describe the culture of the hospitals in the late 1980's? Hospital was always considered to be a family; a real community institution. Sister P, the CEO, liked her original role as CEO of the biggest acute care teaching hospital in Doeville, and this elitist organization was a part of her personality. When it was changed to a Chronic Care hospital in 1980, Sister P was determined that we would still be the best so we therefore stayed strongly
affiliated with the University and the new General Hospital. That’s the reason I came here; it was cutting edge with a drive for excellence and Sister P embodied this pro-active feeling. The Amodus vivendi was that we didn’t live by the rule book. We went out and created and made things happen!

Hospital AB on the other hand was still living with its reputation as being the A hospital for incurables. Their Amodus vivendi, if you like, was I’m happy just the way I am. The environment was entirely controlled by the sister CEO who had to approve everything down to the last pencil and wanted nothing to disturb her quiet, orderly hospital world.

**What are the events that have had the greatest impact on the culture?**

The hiring of the lay CEO first of all and then probably the merger with hospital AB. In 1990 when he came in, he was the classic administrator who wanted full control, even when it came to medical matters. We had some difficult discussions about that without a doubt. I remember him telling me once, I will crush the culture with this merger and create a new one. We’ll have a melting pot of excellence at both sites!

He knew though that the two cultures were already very different. He liked the energy and the outgoing attitude at hospital AA created by Sister P and made that very clear. That was part of the problem with the merger because hospital AB was already afraid of losing their identity to hospital AA, and seeing MB as the CEO confirmed for them that he would want to create just a bigger version of hospital AA.

There’s still a significant remnant left of the culture of wanting to be left alone to do their own thing in their own quiet way. The resentment is still there.

**Are there threads of the original culture of 150 years ago?**

We’re more and more of a business now and further changes are coming with new alliances and regionalization. We must however maintain a human approach the crux of our values our culture is all about ethics.

**Interview # 4 : First Lay CEO**

**How would you describe the culture of hospital’s AA and AB, when you arrived?**

Hospital AA culture was influenced from its origins of being the big general hospital until 1980. It was always more active and had more of an academic influence and focus. Sister P was an acute care CEO and was therefore accustomed to an active role. She enjoyed the exposure that was so unlike her very cloistered and quiet life with the other sisters. She was in some degree of conflict with the type of order that she was a part of.

However, the hospital was not very systematic and evidence-based. It was like a family, very personal, based on relationships. Managers were not necessarily there because they had any great skills but because they were nice and loyal to the organization. There were no controls. It was creative and people were open to change but they lacked control. People could get away with anything!

Hospital AB, what I can I say? They thought they were just fine as they were and wanted to be
left alone. They thought they were the best that they were world leaders in chronic care and modern in their approach and if they hid, nothing would happen to them. In their favour, they certainly understood authority, rules, policies, good controls and they followed them stringently. But at that early stage they weren’t part of the picture yet.

I came from a large teaching hospital, very modern, aggressive, and interested in efficiency, numbers and evidence-based information. I openly addressed the nepotism when I arrived and sent the message that we are a large enterprise and not a family business! I wanted to develop the hospital so that it would become able to increase accountability, research and teaching.

The first resistance of course was the senior members who wanted business as usual. The senior management team was used to being obedient to the sisters so the challenge was to get issues & debate going… and I did!

**Tell me about the changes around the merger.**

Before the merger in 1993, I had succeeded in expanding the nursing home program, established the first dialysis beds, setting up the institute for palliative care, determining the need for specialized programs, setting up the affiliation for students with the university and preparing for the need to reduce expenses.

The government wanted to get rid of chronic care hospitals and major cuts were planned. Hospital A was too small…therefore how do we protect ourselves? I thought that the more we were like acute care the better; we need a large presence. Hospital A was close to bankruptcy so we met with them to discuss a merger. We had multiple meetings to try & convince them. There was a lot of opposition especially from the sisters, fearing that we would deny their religion and their language. Finally we set up a task force, got a mediator in and recommended that the merger proceed. Then of course the sisters wanted an outside competition for the job of CEO. Finally I was appointed.

**How did you proceed following the merger, in terms of management style and the differing cultures you were facing?**

After the merger there was the initial feeling that nothing will change. I tried to start slowly but then had to pick up the pace because we were not responsive enough to environmental changes. I couldn’t afford to wait for things to slowly evolve, wondering if they would.

**Is there still a connection, a link with the original cultures?**

The old culture is gone dead for all intensive purposes. Today there is more openness to research, programs, students, and development of skills.

**Have there been some losses?**

I want to retain creativity and energy from hospital A and from hospital B, the capacity to mobilize an Army mentality. The changes that staff are saying result in loss of patient care time at the bedside are coming from the outside. The reality of life now is different. There is more of a need for accountability. We have to move with the changes as they arise.

**Is the present culture reflexive and responsive enough?**

We are still weak in evidence based practice and the hospitals have not yet fully assimilated. The Awe feel attitude is still there and that has to go. We are not good yet at blowing our own horn.
and we have to focus on the notion of our being the employer of choice: we must invest in our staff so that we continue to grow.

**Interview # 5 : First Mission Director**

Tell me the story about your selection process.
Throughout North America in the 1980's, the control of Catholic Health Care went from the hands of religious women to the hands of male MBA types to handle the new realities and pressures. As this handover was happening, men were being chosen who could ‘pull the trigger’ to downsize, restructure so to respond, they hired gunslingers. However, after this hiring, there was then fear on reflection, that the people hired would not have the emotional intelligence or the people skills required. As the sisters could not do this any longer, they had to create positions to embody the universal values of respect, justice, compassion, dignity and community spirit. This person would have to be comfortable to talk about these values while walking alongside Clint Eastwood.

This was to be the first Mission Director and they wanted someone with a combination of education, pastoral care and clinical experience. The CEO was very open that he did not want the position to exist, fearing that it would be a watchdog for the sisters.

What is your perception of the cultural impact of having a lay CEO?
The Mothers of Good Will are a very conservative order. They were some of last orders to move away from wearing the habit and still only wear beige. The sisters admire but fear the CEO. There is an ongoing tension between them as he is difficult to challenge, clearly having his own agenda.

What has been the impact on culture of the merger?
The CEO's perception was that it was done well. He seemed to have absolutely no appreciation of what this process had done to relationships, rituals, patterns of function and sense of identity. There was lots of anger because the process was not in line with the values of both hospitals both organizations blamed the other, thinking that it was their values and traditions that had not been honored. There was a huge emphasis on losses and nostalgia with the past. I used to hear how we have to be part of them, and I used to like working here. There was also a tremendous feeling that the sisters had abandoned them to this new fate.

Are there threads of the original culture of 150 years ago?
The sisters are trying to see the CEO as a modern, strong manager and to overlook the rest. Deep in their hearts they believe in the catholic values but they can’t interpret them today in terms of dialogue, growth and change management.

**Interview # 6 : Present Mission Director 1993 - present**

How would you describe the cultures at hospital AA and AB when you arrived?
Hospital AA was more welcoming. There was a flexibility in texture and tenure the place itself was warm. They were much looser without the same fear in trying new things open to doing things differently and doing them now. There was a physical ease.
Hospital AB had to study everything to death. You had to have all the ducks in a row and everything anticipated and solved before you could move ahead. Both sites of course had the physical presence of the sisters who embodied taking care, clean, standards of order and practice, stability, assuredness, a commitment to something outside the physical world.

Tell me about how you see your role as Mission Director?
I am here to help ensure that the original mission would continue to be lived. There is not just a religiosity to this concept. Even private industry is moving towards developing missions. However we started talking about mission again because of our own need to shore up the original mission. Today, I don’t really have a sense of our culture. We have some strong sub-cultures like 7th heaven where all the administrative offices are located. The present picture is very cloudy.

What are the events that have had an impact on culture since your arrival?
I think the culture change really began with the budget restraints of the early 90’s. Before that we had a culture that was growing. Budget cuts left a chilling effect. We moved directly from a secure, stable, safe world to a white water rafting and the anxiety and insecurity have carried over. Two major re-structurings in the past 4 years have only continued to rip apart and change relationships and patterns of function, behavior and rituals. These are many of the reasons that people like to come to work and enjoy who they want to work with. The result is that people now question investing in new relationships and functions because these too will likely change.

Are there threads of the original culture of 150 years ago?
Today we can’t live their mission (sisters). The thread that connects to their mission is that we also want to reach out to others so that we may help - to heal - to become whole. The type of person that goes into health care has this sense of wanting to reach out and give. Although the organization is getting bigger, with reduced importance of the individual, we have to re-discover a balance because it is the individual who is critical to this creative process.

Challenge and Exercise

Based on the information that these interviews, provide, your challenge now is to consider where to go from here. Your objective is to create a plan to achieve the intentions of the amalgamation but ensure that all staff and stakeholders feel engaged and aligned with those changes. Key to this is addressing the issues of moving away from older cultural icons and routines, creating new ones but also affirming the inherent values of those older cultures.

Consider the following questions:

1. What are the challenges that amalgamation poses for creating a positive culture in this case?
2. What changes are actually taking place in this case?
3. What means exist to bring two different cultures together?
4. Is it realistic to do that, or should an entirely new culture be created?
5. What role do formal leaders play in creating a new culture?
6. What role do informal leaders and value-setters play in either facilitating or inhibiting a successful amalgamation?
6. What sort of processes would facilitate change?