Central Columbia Hospital

Scenario E:
Acquisition and Organizational Culture/HR Communications
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Please note: All company and individual names in this case are fictional.

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The case begins with introductory information about the organization and is then divided into five scenarios.

Each scenario includes question sets for undergraduate and graduate students. A debrief is included with each scenario, but because management dilemmas can be resolved using a variety of solutions, expect that students may come up with solutions that differ from those included in the scenarios. This document contains only Scenario E: Acquisition and Organizational Culture/HR Communications. The scenarios are as follows:

- **Scenario A**: Transactional to Transformational HR.
- **Scenario B**: Retention.
- **Scenario C**: Talent Development.
- **Scenario D**: Technology/Social Media/HIPAA.
- **Scenario E**: Acquisition and Organizational Culture/HR Communications.
Central Columbia Hospital: Overview

Central Columbia Hospital was founded in 1889 as a nonprofit, community-based health care facility in northeastern Pennsylvania. This 116-bed, acute care facility employs 963 employees and is nestled along the Susquehanna River’s northern branch in Briar Creek. The facility provides general medical and surgical services to the surrounding community of approximately 70,000 people. The hospital is proud of its tradition of upholding its mission to these communities by providing comprehensive health care services in a compassionate, caring and cost-effective manner while maintaining the highest level of professional excellence. The hospital is in the process of a yearlong celebration commemorating its 125th anniversary by partnering with the community for free monthly health screenings, hosting a summer carnival on the hospital’s grounds and reaching out to local elementary schools to provide free healthy lunches each week.

Dr. George Stiller has served as the hospital’s board chair for the past six years and is an obstetrician/gynecologist (OB/GYN) in the community. Stiller has lived and practiced in this community for more than 37 years and has delivered many employees of the hospital. He is known for being kind, gentle and truly caring, and can recall almost everyone in the hospital by his or her first name. Employees often seek Stiller’s sympathetic ear to express concerns about everything from staff-to-patient ratios to the cafeteria food. Stiller takes a hands-on approach to his duties as chair and voiced strong concerns about the hospital’s recent national search for a new president and CEO. Stiller pushed to keep the search close to home and cautioned the board of potential consequences to hiring a noncommunity member into such a pivotal role. In the end, however, the board launched a national search that resulted in hiring Anita Green. Green previously served as the chief operating officer for two community hospitals in Michigan and Indiana. Although Stiller plays quite a visible role in his position, the balance of the board members see their roles as ones of governance, not focusing on daily operations. As a matter of fact, most agree the day-to-day decision-making should be left in the capable hands of Green. Green knows that Stiller wanted to keep the president and CEO search at a local level. This created some tension between them when Green arrived to Central Columbia, and this tension still plays out occasionally during board meetings.
Green has been with Central Columbia Hospital for a little more than three years. When she joined the hospital, it was financially hemorrhaging from every service line. In the past three years, however, she and her team have turned obstetrics, radiology, gastrointestinal, and out-patient laboratory and surgery into revenue-producing service lines. Green is still concerned about emergency services, general surgery, orthopedics and critical care services. She knows that staffing these services with competent and experienced staff is essential to getting these areas to perform at the levels needed to make the hospital financially solvent.

Green knows that other areas of the hospital also need attention. Compliance in this heavily regulated industry continues to create substantial challenges, including a strain on the hospital’s human resources (HR). Green feels the hospital is vulnerable to legal risks without a position completely dedicated to addressing HIPAA (the Health Insurance Portability and Accountability Act), Medicare issues, and regulations associated with the Pennsylvania Department of Health and the Joint Commission’s criteria such as staff educational requirements, orientation documentation, patient care, and safety protocols and procedures.

Green has asked the board to approve a corporate compliance officer position as a member of the executive team. The current risk manager, William Toth, has said that he is not interested in expanding his scope to encompass all compliance issues and prefers to stay focused on patient safety goals. He has made great strides in the internal reporting procedures for patient-care incidents, and although the numbers are higher than they were two years ago, Toth sees this as a success because the hospital now has a better understanding of the issues and has started processes to implement appropriate changes.

Patient satisfaction has been on the rise, but it is still well below where Green and her team would like it to be. With an overall patient satisfaction rating of 78 percent, Green and her team know there is still a lot of work to do to reach a 90 percent satisfaction rate (a goal that is 5 percent above the national average), a target she set shortly after she arrived at Central Columbia. Although many patients feel the care is competent, the hospital still lags in satisfaction regarding communication of medical care to patient and family members and timeliness of treatment. The executive team, including the newly appointed vice president of patient care services and chief nursing officer, Ann Romero, has suggested that these scores may reflect a delay by nursing staff to inform attending physicians of a patient’s status. Others on Green’s team are concerned that her patient satisfaction goal is too lofty too soon, and they feel it has caused stress and morale issues in several areas of the hospital.
Green set the 90 percent patient satisfaction rate goal as a result of a patient and employee satisfaction survey conducted two years ago. Since then, the hospital has continued to participate in the survey process on an annual basis. These surveys have provided valuable data that have allowed Green and her team to establish several operational and patient care improvement initiatives. Green used the weeklong celebration of National Hospital Week in May to share the results with employees during her town hall talks. Green has used several occasions such as National Hospital Week to celebrate and educate employees on the important work they do and the reasons why it is necessary to continue to improve. Green has addressed several questions regarding the rumors of mergers during these meetings, and she is always candid about the real possibilities and the need for improvement.

<table>
<thead>
<tr>
<th>Percentage of patients who:</th>
<th>Central Columbia</th>
<th>Competitor A</th>
<th>Competitor B</th>
<th>State Average</th>
<th>National Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported that staff “always” explained medicines before administering.</td>
<td>59%</td>
<td>57%</td>
<td>63%</td>
<td>62%</td>
<td>64%</td>
</tr>
<tr>
<td>Reported that their room and bathroom were “always” clean.</td>
<td>65%</td>
<td>70%</td>
<td>73%</td>
<td>73%</td>
<td>73%</td>
</tr>
<tr>
<td>Reported that the area around their room was “always” quiet at night.</td>
<td>54%</td>
<td>52%</td>
<td>48%</td>
<td>54%</td>
<td>61%</td>
</tr>
<tr>
<td>Reported that yes, they were given information about what to do during their recovery at home.</td>
<td>86%</td>
<td>86%</td>
<td>87%</td>
<td>86%</td>
<td>85%</td>
</tr>
<tr>
<td>Gave their hospital a rating of 9 or 10 on a scale from 0 (lowest) to 10 (highest).</td>
<td>62%</td>
<td>66%</td>
<td>75%</td>
<td>69%</td>
<td>70%</td>
</tr>
<tr>
<td>Reported that yes, they would definitely recommend the hospital.</td>
<td>62%</td>
<td>69%</td>
<td>78%</td>
<td>69%</td>
<td>71%</td>
</tr>
<tr>
<td>Overall</td>
<td>78%</td>
<td>81%</td>
<td>71%</td>
<td>84%</td>
<td>85%</td>
</tr>
</tbody>
</table>
### Table 2. Selected Results from the Most Recent Cultural Assessment—Survey of All Central Columbia Hospital Employees

<table>
<thead>
<tr>
<th>Question</th>
<th>Previous Year</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would recommend employment here.</td>
<td>66.0%</td>
<td>62.3%</td>
</tr>
<tr>
<td>I am proud to work for this organization.</td>
<td>73.2%</td>
<td>71.6%</td>
</tr>
<tr>
<td>I often leave work with a feeling of satisfaction.</td>
<td>82.4%</td>
<td>83.1%</td>
</tr>
<tr>
<td>I have considered leaving during the past six months.</td>
<td>47.8%</td>
<td>51.5%</td>
</tr>
<tr>
<td>I feel there are opportunities for long-term growth at the hospital.</td>
<td>62.3%</td>
<td>60.4%</td>
</tr>
<tr>
<td>I would recommend the hospital to others considering health services.</td>
<td>78.2%</td>
<td>77.0%</td>
</tr>
</tbody>
</table>

In addition to the changes Green is suggesting in the compliance area, she is also working closely with the current HR manager, Frank Scott. Scott has been with the hospital for 26 years and has been successful at processing the transactional work required to meet employee demands. It has become evident to Green, though, that Scott does not possess the knowledge and leadership skills needed to move this function to a more strategic level. Green is hoping to convince her executive team that it is time to begin a search for an individual who can move the HR function from being reactionary to one that will be instrumental in transforming the hospital. Scott currently reports to Jeff Curry, chief financial officer, but Green’s vision is to have the vice president of HR report directly to her. Green’s short list of issues for HR seems to grow longer every day, and she needs that function to partner with her to ensure success. Compensation, hiring practices, retention, talent identification and development, and diversity are just a few of the items that Green knows need to be addressed by the hospital to remain competitive.

This freestanding community hospital has also been faced with maintaining its independence while being surrounded by two larger, growing health care systems. Although the hospital has been successful to date operating independently, the increased demand for specialized services and the shrinking reimbursement and payment for services are forcing Central Columbia to evaluate two possible moves to assist in providing the most comprehensive short- and long-term health care possible to the communities for which it cares.
Figure 1. Hospital Organizational Chart

Board of Directors
George Stiller, M.D. Chairman

Hospital President/CEO
Anita Green

Executive Assistant
Suzy Hemmings

Chief Financial Officer
Jeff Curry

V.P. of Patient Care Services/CNO
Ann Romero

V.P. of Ancillary Services
Janet Hillard

V.P. of Medical Staff
Dr. David Huhn

Business Officer Manager
Melissa Stong

Payroll Manager
Patricia Means

Human Resource Manager
Frank Scott

Patient Care Educators
Christian Steiner, Julia Kramer

Director of Nursing
Jillian Frease

Risk Manager
William Toth

Director of Radiology
Oliver DeFinis

Medical Staff Members

Admissions

Human Resource Assistant
Jane Griggs

Employment Specialist
Amber Gold

Employee Health Specialist
Megan Denato

Nurse Managers
Amy Harding, CC; Rob Willis, Med Surg; Kristy Hope, Emergency

Human Information Manager
Gary Willis

Facilities Manager
Sylivia Winthrop

Environmental Services Manager
James Newcomer

Volunteer Services Coordinator
Vickie Miller

Dining Services Manager
Edwin Straus

Community Relations Manager
Teresa Sullivan

Table 3. Employee Count by Ethnicity and Gender

Total Number of Full-Time Employees: 963

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Number of Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>White (Not Hispanic)</td>
<td>788</td>
<td>81.8%</td>
</tr>
<tr>
<td>Black (Not Hispanic)</td>
<td>95</td>
<td>9.8%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>64</td>
<td>6.7%</td>
</tr>
<tr>
<td>Asian/Pacific</td>
<td>16</td>
<td>1.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>541</td>
<td>56.2%</td>
</tr>
<tr>
<td>Male</td>
<td>422</td>
<td>43.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Job Classification</th>
<th>Number of Employees</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exempt</td>
<td>433</td>
<td>45.0%</td>
</tr>
<tr>
<td>Nonexempt</td>
<td>530</td>
<td>55.0%</td>
</tr>
</tbody>
</table>
Scenario E:
Acquisition and Organizational Culture/HR Communications

Players

- Anita Green, president and chief executive officer
- George Stiller, board chairman
- Frank Scott, HR manager
- Teresa Sullivan, community relations manager

The communications staff at Central Columbia Hospital has fielded a constant flow of e-mails, phone calls and letters after an article ran in last week’s Columbia Times titled “Hospital in Talks to Be Acquired.”

Central Columbia’s board of directors is currently evaluating the most recent proposal in which the hospital would be acquired by Miners Health System, a larger nonprofit health care system that supports the health care needs of many of the northern and eastern communities. Miners has expressed interest due to its long-term strategy of expanding into additional markets. Similar to the initial proposal, this recent proposal could have a dramatic impact on how the hospital operates by changing the structure, systems and practices currently in place. Conversations at the board and senior leadership levels have included discussions on patient outcomes, patient satisfaction and staffing ratios. Miners is a similar organization in that it is a nonprofit, but it has acquired two other hospitals in the past eight years that resulted in a transformation of the system’s organizational culture.

Central Columbia’s independent 125-year history and its deep-rooted culture is not lost on the board or senior leadership, and the senior leadership team plans to dedicate much of its weekly meeting to discussing the implications of the potential acquisition from an employee perspective. Although many of the obvious business reasons for entering into the arrangement have been discussed between the two entities, Central Columbia has had few conversations focused on organizational culture. Miners’ vice president for HR, Allison Bates, has scheduled a daylong meeting with senior executives from both organizations to compare and
contrast the organizational cultures and HR policies and procedures. Miners has separate unions in the nursing and facilities units. Central Columbia currently does not have a unionized workforce.

George Stiller, board chair, has been vocal about his desire not to enter into the arrangement. He strongly opposes having “outsiders” in the community running and possibly ruining the proud tradition of Central Columbia. Janet Hillard, vice president of ancillary services, agrees with Stiller and has shared her concerns about the timing of the possible acquisition and its impact on the activities celebrating the hospital's 125 years in service and on the spirit of the community partnership. Although the senior leadership team is concerned about the long-standing relationship with the community, each member had approached the due diligence process with a guarded yet open mind to this point.

At the weekly senior leadership meeting

“OK, let’s get started. We have a lot of ground to cover at today’s meeting,” announced Anita Green. “Again, I’m happy that Dr. Stiller is able to join us as we continue our conversation about the possible acquisition by Miners Health System.” She continued, “In our previous meetings, we discussed the organizational impact from various perspectives. This week, I would like for us to concentrate on the impact on our employees. That is why I asked Frank and Teresa to join us this week. This is the first time the senior leadership team has met since the article in the Times last week. As you all know, Teresa and her team have been closely monitoring the feedback from the community, and we have developed messages to address our external populations. However, my concern is for employees and that the news may potentially affect productivity, quality and morale.” As she concluded her opening remarks, she turned to Frank Scott, HR manager, “Frank, what have you been hearing from employees and their supervisors?”

Scott has facilitated the hospital’s monthly manager meetings during which the acquisition news was the primary topic of discussion. He began, “Well obviously, people are afraid they are going to lose their jobs. Managers are hearing plenty of conversations among employees that must be having some impact on their focus and possibly overall work quality. Employees are also frustrated that we would even talk with Miners because we have been independent for so long. In short, they are looking for answers, and we just don’t have anything to give to them right now.”

Stiller interrupted Scott as he was finishing. “Anita, do you plan on talking with employees anytime soon? Quite frankly, I don’t see this quieting down, and I’m sure the Times will be publishing another article in the coming days. I’m certain the local news station is also planning a story. In my opinion,
we need to get ahead of this. I can’t tell you how many employees have contacted me in the last week feeling unsettled about the whole situation.”

Green, feeling she was put on the spot, responded quickly, “That is essentially why we are here today, George.”

“It’s probably a good time to let everyone know that Miners’ vice president of HR recently reached out to us to meet and discuss our cultures and HR practices. This is part of Miners’ due diligence process, and I think it is very beneficial for us to know how it operates,” said Scott.

Stiller replied, “Well, they are a union environment, so I suspect they operate much differently than we do.” After an awkward pause from all in the room, Green asked Scott and Sullivan to schedule a time to hold an open-forum employee session. She also asked Scott to work directly with Allison Bates from Miners to represent Central Columbia’s interests at the upcoming meeting.
SCENARIO E: QUESTIONS FOR UNDERGRADUATE STUDENTS

1. Despite rumors circulating for some time, the article published in the Columbia Times was a shock to most employees who were unaware that discussions with Miners Hospital System were occurring. What could Green and her leadership team have done differently in communicating with staff? Now that the article has been published, what can be done to minimize the impact on morale and productivity?

2. What questions should Scott ask Allison Bates to gain insight into Miners’ organizational culture and HR practices in preparation for the meeting of the two organizations?

3. What information might Scott be expected to provide Miners during the due diligence process?

SCENARIO E: QUESTIONS FOR GRADUATE STUDENTS

1. Explore the role of HR in the due diligence process and the overall impact changes may have on people and people processes.

2. Now that the newspaper article has been published, outline a communication strategy for the employee community that Green and the hospital leadership team can implement.

3. What immediate HR concerns will Central Columbia have as the talks continue and due diligence proceeds? What longer-term HR concerns does Central Columbia face if the acquisition goes forward? What if it does not go forward?
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It is unclear what the relationship is like between the Columbia Times and the hospital. A positive working relationship would typically prevent a story from making headlines without the organization first communicating with employees and other constituents. Nevertheless, Green and the leadership team, in consultation with Teresa Sullivan, should have anticipated this outcome much sooner. Despite Central Columbia’s proud tradition and the momentum being built through its 125th anniversary, employees have concerns given Miners’ two acquisitions in the past eight years. A written communication from Green followed by a town hall-style employee forum could have been a proactive way to communicate to employees. Instead, senior leaders must now reactively develop a communication strategy knowing that trust has been significantly hampered since the article was published.

Green will still need to communicate in writing and in person. The message will need to be different to rebuild trust among employees. Sullivan will also have to work closely with Green and her leadership team to craft the message and to prepare for questions that will arise from various employee groups.
The following steps should be considered in communicating the information to employees:

- Send an e-mail from Green as soon as possible. In the e-mail, Green should schedule a time to have an open forum in which she provides current information and allows questions.

- Schedule informal conversations at the division level for Scott to address more specific concerns after Green’s town hall meeting.

- Create a dedicated website/portal with up-to-date information about the proposed acquisition and an opportunity for individuals to provide anonymous feedback and ask questions.

2. What questions should Scott ask Allison Bates to gain insight into Miners’ organizational culture and HR practices in preparation for the meeting of the two organizations?

Potential questions and topics that Scott could ask Bates include:

**Organizational culture**

- Describe Miners’ organizational culture.
- Describe how Miners handled cultural differences when it completed its most recent acquisitions.
- Describe how the last two acquisitions affected your organization’s culture.
- Discuss Miners’ strategic goals.
- Explain Miners’ compensation philosophy.
- Discuss what Miners’ employees value.
- Discuss the themes that were identified from Miners’ most recent cultural assessment, and provide the date of that assessment. Discuss the steps HR has taken to address any negative perceptions employees might have.

**Legal/finance issues**

- Discuss what employment law issues, if any, have been a concern to the organization.
- Discuss any collective bargaining issues that exist. Address the financial liabilities in terms of severance and continuation of benefits.
Performance

- Provide trends in HR performance metrics, including turnover rate, cost per hire and time to fill.
- Provide a list of departments and services that could be made redundant if an acquisition were to occur.
- Describe how Miners has addressed redundancy in the merged organization.
- Identify the top talent at Miners.

Systems

- Describe what must happen to integrate the organizations’ information systems, technology and processes as they relate to HR.
- Discuss the employee benefits that currently exist for full- and part-time employees.
- Compare and contrast the payroll processes.

3. What information might Scott be expected to provide Miners during the due diligence process?

Although the case focuses on the HR issues and processes from Central Columbia’s perspective, the role of an acquiring organization is just as important in the process. Miners’ goal to expand its existing market makes Central Columbia an obvious choice based on the limited number of independently led health systems in the region. However, a significant amount of work must be conducted by Miners to make sure this is a proper fit for its long-range vision.

Allison Bates would want Scott to address several areas as part of the due diligence process, but one could argue that providing a firm understanding of Central Columbia’s culture would be first and foremost. Both organizations must understand that their existing cultures will have some similarities and some distinct differences. If an HR department does not conduct an effective analysis of the two cultures, the integration phase of the acquisition may result in low morale, high turnover and poor patient care. As they address their cultures, it is important for both sides to identify commonalities to leverage in building the future organization (SHRM, 2013).

Beyond the cultural implications, Bates will want to have a better understanding of the organizational structures of the hospital in general.
and of the HR department in particular to identify redundancies that may exist. However, additional insights would include the type of structures that may be currently in place. In other words, one organization may favor having a flatter organizational structure whereas the other may have multiple layers that form a larger, more complex arrangement. Furthermore, the organizations may differ in terms of management styles. For example, one may have a centralized approach to decision-making, and the other allows for more autonomy at the department level (Robbins & Judge, 2013).

One of the more critical components of the due diligence process is a review of organizational leadership. Bates will want to ask Scott for résumés of key personnel at Central Columbia, with a deeper understanding of the knowledge, skills and abilities to come later in the process. In addition, Bates should ask for a list of current HR policies to see how much they differ from those at Miners. The most complex areas to review are current processes and technologies used in each operation. An implementation timeline in merging the two organizations may be longer than anticipated if several differences are identified (SHRM, 2013).

Another step in due diligence should include assessing the similarities and differences of each organization’s compensation and benefits practices. As with any merger, adjustments will have to be made that take into account the best interest of the organization while still providing a fair and competitive wage and benefits package to employees. If employees believe their pay and benefits are not as equitable as before the acquisition, low morale and turnover could result.
References


SCENARIO E: QUESTIONS FOR GRADUATE STUDENTS

1. Explore the role of HR in the due diligence process and the overall impact changes may have on people and people processes.

Fons Trompenaars stated that two out of every three mergers or acquisitions fail because the human element of organizational change is minimized or overlooked (Wright, 2010). David Braun, founder and CEO of Capstone Strategic, supports Trompenaars’ view of HR (SHRM, 2013). He stated, “HR is an area that is often, quite frankly, overlooked in mergers and acquisitions (M&As).” The fact that Central Columbia and Miners will have an initial discussion with senior executives to discuss organizational cultures and HR practices is promising. It could be concerning, though, that an organization looking to acquire did not engage in these discussions earlier in its due diligence process. Because Miners is looking to acquire Central Columbia, it should take the lead by comparing and contrasting the two cultures, determining similarities and differences in both policies and practices, and identifying key talent that it wishes to retain in this newly formed organization (Milligan, 2014).

According to Qarib Kazmi of Bentley Systems, cultural fit is viewed as the most important component in a successful integration of two organizations, followed by the merging of compensation and benefits plans (Kazmi, 2012). Because human capital issues are the primary reason why business acquisitions fail, HR should be included early and often in the due diligence process (SHRM, 2013). HR from both organizations typically plays a leading role in the due diligence process. Working closely with their legal departments, HR professionals look at assessing practices, policies and programs while addressing adherence to employment law (SHRM, 2013). For example, legal counsel representing Miners may express concern if workplace harassment policies and training at Central Columbia do not meet Miners’ standards.
They will also want to know other factors, including what impending litigation may exist, and other risks such as workers’ compensation and health care and unemployment costs.

Central Columbia should be concerned from a people perspective. Miners is growing at a rapid pace, having acquired two other hospitals over the past eight years. In addition, Central Columbia has survived by maintaining a nonunion environment. Though an acquired organization would like to retain some of its cultural qualities, this could be difficult given Miners’ strategic vision of expanding its current regional market. On the other hand, from a business perspective, Central Columbia is concerned that the range of services offered to its patients does not match those of Miners and their other competitors. While wishing to preserve its culture, not merging services with an outside entity could have a significant influence on the future of the hospital.

2. Now that the newspaper article has been published, outline a communication strategy for the employee community that Green and the hospital leadership team can implement.

Regardless of whether Central Columbia has entered into an agreement with Miners, Green and her leadership team must develop a communication strategy to address many of the concerns that have surfaced since the article’s publication. Green should work initially with her team and Sullivan to distribute a communication to all employees as soon as possible because the article was published last week. In the memo, Green should invite employees to a town hall meeting event that will address the article’s contents and provide answers to questions that have been asked since its publication. This discussion may include why, given the hospital’s culture and 125th anniversary celebration, the leadership team is in discussions with Miners. In addition, Miners is already viewed in a negative light given that it competes with Central Columbia and that it is becoming a bigger system with the recent acquisition of two other hospitals. Green should inform employees about Miners’ culture, the services it provides patients and its involvement in local communities. Employees will also want to know the time frame of decisions. Without this information, speculation and rumors will continue to affect the productivity, service quality and morale of the hospital’s workforce. Questions could be submitted via the hospital’s intranet and can help frame Green’s comments during the town hall discussion. In addition, employees should be encouraged to ask questions during the presentation.

Once the town hall meeting has concluded, employees should be invited to similar sessions in their divisions to be hosted by their senior leaders.
These meetings will give individuals a more informal setting in which to ask questions specific to their areas and how they may be affected. For example, an obvious concern for most employees during any merger or acquisition is the redundancy of services. Will redundancy occur given the increased volume of patients that the larger system will serve, or is leadership looking to reduce the workforce to become more profitable while maintaining high quality of service? Department supervisors will also need to be updated on talks with Miners and be informed on what is appropriate to share with their staffs and when. The jobs of department supervisors can be the most difficult because they must ensure a high level of productivity and quality regardless of the outcome of these discussions.

For employees, hearing the news of a potential acquisition can be stressful. Learning about this from a newspaper article and not from the organization makes it that much more stressful and creates a great deal of suspicion and mistrust. Relating this to Maslow’s hierarchy of needs, employees who hear about any major organizational change, particularly a potential acquisition by another company, will inevitably create feelings of insecurity. According to Maslow, beyond physiological needs such as breathing, food and water, safety needs such as security (including financial) are essential (Wagner & Harter, 2006). When safety is missing or is threatened, employees will not be able to function at their full capacities. Not learning about a potential acquisition from Central Columbia’s leadership team is a tremendous misstep by the organization because it leads to mistrust. Trust is something that will need to be re-established and maintained regardless of the outcome of the acquisition talks. All that the leadership team can control is the messaging in the future. Milligan (2014) stated, “Transitions are often, if not always, hard, but they are made worse when employees are left to speculate.”

3. What immediate HR concerns will Central Columbia have as the talks continue and due diligence proceeds? What longer-term HR concerns does Central Columbia face if the acquisition goes forward? What if it does not go forward?

Central Columbia has experienced a significant communication issue after the publication of the newspaper article, so communication should be the highest priority. Trust has been shaken, and having another communication problem would be difficult for Central Columbia to manage effectively. Transparency will be essential if morale, productivity and service are to remain at reasonable levels as acquisition talks progress. It will be important for the senior leadership team and Sullivan to develop a consistent and informative communication strategy. HR must have a high level of involvement in the communication process.
This could range from delivering strategic messages as appropriate to serving as an advisor to departments. Employees will inevitably want answers that cannot be provided because it is too early in the process.

If the decision is made to acquire Central Columbia after the due diligence phase, Green, Scott and the entire leadership team will have several HR challenges to address. HR should be considered change agents as the transition evolves. Part of a successful integration is the retention of key personnel while managing the transition of employees who will not be retained. Managing employee outplacement must be carefully conducted to limit litigation while providing support to those affected (Robbins and Judge, 2013). Personnel decisions are the responsibility of the acquiring organization; however, Scott and the HR team at Central Columbia should serve as advocates for Central Columbia employees whenever possible. HR will also need to manage the morale for the population of employees who are retained, because emotions will range from guilt to frustration. HR must also play a critical role to assist Central Columbia employees who transition to the new organization by providing knowledge and resources to perform at a high level (SHRM, 2013).

Two out of every three mergers and acquisitions fail, so it is important for Central Columbia to plan for various contingencies in case the partnership is not successful. If it is not successful, the hospital must return to normalcy as quickly as possible. Although many employees may be relieved if the acquisition fails, this process would have a tremendous impact on Central Columbia for quite some time. Because of the type of business, employees must be given the reassurance that their jobs are safe to allow them to focus on the quality of care and service for patients and their families.


