

"NEW WORK SYSTEMS - A WORK IN PROGRESS"

BACKGROUND NOTES

THE CHEMICAL PLANT:

This 277-acre site on the Saskatchewan prairies near the city of Saskatoon includes a rich bed of high-grade salt, supplying a brine solution that is treated by electro-chemical processes to feed three main product-lines-

(1) chlorate production, (2) chloralkali production, and 3) calcium hypochlorite production.

The five major chemicals produced at the plant are chlorine, caustic soda, sodium chlorate, calcium hypochlorite (CAPO) and hydrochloric acid.

The caustic soda is of such high purity that it is used as a water treatment chemical for electric power generating stations and steam plants. Crystal chlorate is a bleaching chemical shipped by rail car and truck to pulp mills in western Canada and the United States. Calcium hypochlorite is a white, granular solid marketed world-wide as a swimming pool sanitization agent.

THE COMPANY:

Since start-up in 1962, the site has had several owners. In 1986, Weyerhaeuser Canada Ltd., a wholly-owned subsidiary of the forestry giant, Weyerhaeuser Company based in Tacoma, WA purchased the plant. Eleven years later, the plant was sold to Sterling Pulp Chemicals, a Canadian division of Sterling Chemicals Inc., Houston TX.

THE UNION:

The workforce was initially organized under the banner of the Oil, Chemical & Atomic Workers which became the Energy & Chemical Workers (ECW) of Canada in the 1980's. In the 1990's, the ECW joined a merged union, the Communications, Energy & Paperworkers (CEP).

At the start of this documentary, the 120 bargaining unit employees at the chemicals plant composed the largest Unit within Local 609 (CEP).

HISTORY OF LABOUR RELATIONS

Throughout the 1970's relations between union and company were good. The 1980's brought deteriorating relations, with high grievance activity, particularly after local management brought in a "hired gun" to deal with the union. In 1989, a strike in a bitter cold winter was resolved by a commitment made by the national union and Weyerhaeuser's Vice-President to encourage the local parties to improve their relationship. Out of this process, supported by third-party facilitation emerged a structure for continuous dialogue, namely, the Joint Standing Committee of senior site management and the unit union executive.

(The video, "For People and The Business" documents this transformation of labour relations.)

The **Standing Committee** (JSC) was formed in the year after the strike and has met monthly ever since with the purpose "to develop a continually improving work environment of trust, open communications, and respect which encourages willing employee involvement and results in full satisfaction of all customers".

Reporting to the Standing Committee have been numerous committees involving 50%-60% of employees in a wide range of activities including Employee & Family Assistance (EFAP), Health & Safety, Environmental Protection, the Quality Council, Education Advisory Board, Automation, and Business Development.

In the spring of 1994, as part of the Standing Committee's focus on organizational effectiveness, an issue arose from the "B" Operators about their coverage for "A" Operators in the central control room. In the same period, management discussed a change in its own structure to better address customer concerns. These coinciding events led to an initial conference on-site to evaluate the idea of a work systems review. Subsequently, in the fall of 1994, company and union signed a Letter of Understanding spelling out the purpose and conditions of a Work Systems Review, that was ratified as part of a new Collective Agreement.

CHRONOLOGY OF EVENTS

Year One

- Union & Management Co-Facilitators create a project plan and budget approved by the JSC
- Management confirms its intentions to convert its staff to a product-line structure
- **Design Team** works full-time over 8 weeks to produce comprehensive recommendations that are approved in principle by the JSC
- Union Vote on the recommendations is delayed because the membership wants more details
- JSC establishes a **Maintenance Task Force** and **Operations Task Force**, involving numerous hourly/staff employees to resolve details
- Elections change the Unit Executive somewhat

Year Two

- Task Forces report out--most details resolved
- Monthly Unit Membership meeting votes to suspend Work Systems Review until the union collectively clarifies its overall policy direction
- National Union facilitates an issue resolution process among the Unit Executive and members, and under the auspices of a local university, a survey is conducted among all members
- Meanwhile, middle and lower-level management and technical staff concerned about their own future pressure senior site management to clarify the overall role of management--a series of meetings yields a Management Team Charter
- Unit Chairman declines to run for re-election--new Unit Chairman is the Local President
- 75% of members vote in the survey for a continuation of the change process
- Site Manager is promoted to the United States
- Pending sale of the plant is announced

Year Three

- Final details for work system changes, including an implementation plan are resolved by the JSC in a Short-Term Agreement
- New owner approves the plan, but a majority of union members votes to reject it
- Plant is sold to Sterling Chemicals Inc.
- JSC amends the proposal--in a second ballot, a majority of union members approves the plan
- Implementation proceeds rapidly
- Reliability of plant improves, and it runs at full-capacity despite falling product prices

See Article: "Workplace Change & Continuous Bargaining: Saskatoon Chemicals Then & Now", by Louise Clarke & Larry Haven in Industrial Relations, 1999, vol 54 no.1, p.168-93.

SUPPORT STRUCTURE FOR CHANGE

- **Joint Standing Committee (JSC)**
(well-established, long-serving forum for union-management consultation oversees this change process, and makes final decisions on matters not requiring a vote by full Unit membership)

- **Initial Conference**
involving broad spectrum of employees to explore new work system concepts and practice

- **Letter of Understanding**
(conditions for Work Systems Review ratified by full membership of Unit, and supported by the union Local and National organization)

- **Co-Facilitators**
(Unit Executive member and H. R. Manager)

- **Job Design Team**
(4 hourly volunteers chosen on seniority basis, and 2 salaried staff appointed by management, with a full-time 8-week assignment)

- **Issues Clarification Task Forces**
(12 hourly employees and managers in each of Maintenance and Operations meeting part-time over 5 months resolve questions about staffing, rotation, impacts on vacations, etc.)

- **Short-Term Agreement**
summarizes changes required in the Collective Agreement to enable new work systems, and all provisions are subject to a vote by the full Unit membership (no splitting by department).

JOB DESIGN TEAM RECOMMENDATIONS

- **Product-Line alignment**
of most employees, including Operators, Trades Representatives, Lab Technicians, Process Engineers, Sales staff

- **Operators**
will all have opportunity to learn and rotate through all positions in a product-line

- **Trades Representatives**
will rotate into role of maintenance point for each product-line mtce. planning, communications, work order system

- **General Site Maintenance**
includes most personnel in all trades

- **Lab** will identify in-process and final product tests to be done by Operators in the field

- **Role skills**
(e.g. scheduling, quality, administration, customer contact) will bring more decision-making to the level of those doing the work

- **Business Unit Leader (1)**
will be first-level of management for all shift crews in each product-line, and will support role skills development of crews

- **Control Centres**
will be located as close as possible to each product-line

- **Pay for Skill/Knowledge**
includes role points, multi-skilling.

TASK FORCE OUTCOMES

Operations determined:

- how many operators in each product-line
- basic area responsibilities for each position
- rotation pattern among positions
- collective agreement changes required
- process for assigning operators to product-lines

Maintenance determined:

- how many of which trades in each product-line
- better understanding of maintenance point role
- length of rotation of trades into product-lines
- key responsibilities of general site maintenance

PLANT PERFORMANCE

(During 3-Year Work System Design Period)

- Safety Record 500,000 manhours accident-free
- Profitability more than doubled to \$15 M /year.

IMPLEMENTATION PLAN elements

- Develop detailed list of Area Job Duties
- Ensure Environmental and Emergency Plan Impacts of new control system are resolved
- Finalize employee Shift Schedules
- Post for new positions
- Determine Operations Shuffle or Bumping
- Develop Training Plan to support moves
- Prepare and Sign a Short-Term Agreement
- Review with Management Stakeholders
- Communicate to Union Membership

PROJECT COSTS (3-Year Period)

Wages (for participants) = \$300,000
& (for co-facilitators) = \$225,000
Out-of-Pocket Expenses = \$150,000
Total = \$225,000/year.

"THERE IS A VERY GOOD BUSINESS CASE FOR THIS WORK SYSTEM REDESIGN."

- Mike Haner, Vice-President & General Manager

"WORK SYSTEMS REVIEW CHANGED THE WHOLE WORK ATMOSHPHERE."

- Bob McKay, 35-year veteran Operator, CEP

KEY LEARNINGS IDENTIFIED BY UNION & MANAGEMENT CO-FACILITATORS

- * Need to provide general understanding to all employees of the nature of the consultative process
- * Accept a normal distribution of response (it's OK if a recommendation doesn't satisfy everybody)
- * Co-facilitation works, but it must be separated clearly from leadership for the process
- * Project management techniques help, but plans must be flexible
- * Set realistic goals measured against your plan--don't try to do it all in one gulp or you can drown
- * Project progresses only as fast as the least committed key stakeholder group

KEY LEARNINGS IDENTIFIED BY UNION & MANAGEMENT CO-FACILITATORS

(continued)

- * Concurrent business success helps (motivating, enables resourcing), and it also hurts (no urgency)
- * Communication is always difficult but with significant change, it is paramount that we get it right
- * As real change appears to be on the horizon, people react-- "If only we would have known...!"
- * Potential: Union Membership Backlash
 - leadership out of step with membership
- Resolve: Union Internal Problem-Solving Process
 - allows membership to catch up
 - creativity to ensure more members participate
- Potential: Staff Leadership Backlash
 - after-the-fact input to changes
- Resolve: Salaried Focus Group
 - increases salaried staff influence
 - clarifies management future role

DISCUSSION QUESTIONS

- i) What "triggered" this work systems review in the minds of union and management respectively?
- ii) The Joint Standing Committee chose the "Design Team" structure because they were familiar and confident with previous sub-committee work. Would time have been saved if another approach* had been taken, or if the Team had been given more time to work on details?
- iii) When the membership balked at the Design Team recommendations as they were first released, what would you have done as union leadership?
- iv) Throughout this process, various union members expressed "apprehension" and wondered "why do we have to change?". What can you do in response, as union leaders, as management?
- v) Many in the management ranks were too busy to input, and senior managers were very cautious not to influence the work of the Design Team. Nevertheless, some managers were frustrated that the Design Team had "watered-down" their recommendations. Managers became more involved in the Task Forces, but could the management group have participated differently?
- vi) The process was interrupted or put off-course by repeated events. Is this the natural ebb and flow, or could either or both of the parties have effectively "accelerated" the process?
- vii) What are the conclusions drawn in the last two comments in the video,
 - a) by the Manager?
 - and b) by the 35-year veteran Operator?

In sum, what "messages" do you take from the video about the process of work system redesign, and the roles of labour and management in this process?

* Reference: "Accelerating the Design of High-Performance Organizations", W.O.Lytle, 1996

THE LEADERSHIP OF CHANGE

This video has been designed as an aid to self-examination and preparation for labour and management leaders of workplace change. What special value can leaders contribute to the process of change?

Our answer to this question is consistent with the thinking outlined in "The Dance of Change", edited by Peter Senge (Doubleday, 1999). This book highlights the "dance" which occurs as processes that reinforce change and those that limit change come into contact and conflict.

Thus, leaders make two vital types of contribution:

(1) Nurturing Growth Processes and the natural Momentum of Change,
and (2) Dealing with Limiting Processes and the Challenge of Change.

Momentum for Change is built:

- a) "Because it Matters" (Personal Results),
- b) "Because it Works" (Business Results),
- and c) "Because Others take it Seriously" (Networks of Committed People).

Leaders nurture these reinforcing processes through their understanding and participation.

The limiting processes are predictable, "natural, counter-pressures to generating change, just as the need for soil, water, and sunlight arise as natural limits when plants start to grow".

Senge et al. identify 10 frequently occurring challenges to change:

- 1) the challenge of time (already over-committed to other work of the organization);
- 2) the challenge of relevance;
- 3) the challenge of inadequate internal resources;
- 4) the challenge of management clarity and consistency ("walking the talk");
- 5) the challenge of fear and anxiety;
- 6) the challenge of negative assessment of progress;
- 7) the challenge of isolation ("true believers");
- 8) the challenge of autonomy ("who's in charge?")
- 9) the challenge of diffusion ("not invented here");
- and 10) the challenge of organizational strategy.

The question for leaders is what strategies do they use to relieve or work around these limits? The limits feel like and are--the system "pushing back". They are the "homeostatic" forces.

THE LEADERSHIP OF CHANGE

(continued)

"The fundamental flaw in most innovators' strategies is that they focus on their innovation-- rather than on understanding how the larger culture and structures will react to their efforts."

- Senge et al., 1999, p.26.

DEALING WITH THE DYNAMICS OF CHANGE (Some Examples from "New Work Systems")

During the opening 4 1/2 minutes of this video "New Work Systems", we see how various leaders have nurtured the positive forces and built a foundation for commitment to change.

The project plan attempts to deal with the challenge of time, and early on, there is recognition of communication challenges to deal with employees' "apprehension".

The challenge of relevance will arise throughout this project (especially because there is no crisis), but from the outset, there is a strong business case developed for change, and both labour and management leaders present their respective visions for what change could accomplish.

The 8-week design process is a positive learning experience, in itself, for the people involved--they feel a great sense of accomplishment.

Nevertheless, limiting processes arise just as their work seems finished. Union membership meetings reveal more "apprehension" and more questions about the design proposals. Meanwhile, management is challenged not to take actions that could be interpreted as pre-empting an eventual membership vote on these proposals ("walk the talk"). It is a difficult situation and union and management leaders respond creatively--they revamp the change process.

It seems to work--there is a tentative agreement put forward by task forces. Just when a decision seems imminent, the autonomy of the union executive is challenged ("who's in charge?"), and simultaneously, there is also a mini-revolt among salaried staff.

Throughout all of this turbulence, there is reinforcement for change as business results improve dramatically.

Then, suddenly, the plant is up for sale, and fears sky-rocket.

Once again, leadership is critical to achieving a positive outcome in this "dance of change".