

# "FOR PEOPLE & THE BUSINESS

## A JOINT VENTURE IN CHANGE"

### BACKGROUND NOTES

This documentary covers the five-year time period (1989-1994) during which the union and company transformed their relationship and went on jointly to develop extensive organizational change. (The period (1995-1999) is documented in a Modern Times Productions video: "New Work Systems".)

#### THE COMPANY:

The need for chlorine in the production of agricultural herbicides led to the development of the Saskatoon Chemicals' manufacturing complex in 1962. The complex is perched atop a rich bed of sodium chloride (raw table salt). The high-grade salt deposit is solution-mined on site, supplying a concentrated brine solution to the manufacturing operations. The other primary raw material is electrical power purchased from the Saskatchewan Power Corporation to fuel the plant's electro-chemical processes.

Since the late 1960's, the plant has been a major supplier of bleaching chemicals to producers of softwood pulp. In 1973, the plant was purchased by the nearby Prince Albert Pulp Co. Ltd. In 1986, Weyerhaeuser Canada Ltd., a wholly-owned subsidiary of the forestry giant, Weyerhaeuser Company based in Tacoma, WA purchased the plant which was renamed to "Saskatoon Chemicals Ltd." .

The modern plant is situated on a 277-acre site adjacent to the South Saskatchewan River, about one kilometre north of the city of Saskatoon.

#### 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)

#### HISTORICAL REVIEW:

Although the starting point for this story is the strike of January 1989 in minus 40 degree weather, the deteriorating relationship between union and management began during the latter 1980s. Indicators of the strife included:

- high and growing grievance activity with numerous costly arbitrations
- a grievance procedure involving only an exchange of written responses, devoid of problem-solving
- low response rate to an employee survey which indicated a high level of dissatisfaction (1987)
- management's belief that employees were content and that it was only the "union" making trouble
- letters by union officials directly to senior company officials
- shared feeling that union-management meetings were a waste of time and thus discontinued (1988).

The strike in January 1989 lasted eight days. Through mediation, the parties resolved a maintenance scheduling issue that had been an irritant to employees for over three years. Both parties also committed to work towards establishing a more positive, pro-active labour relations climate.

## LEADERSHIP FOR CHANGE:

The effort to rebuild the labour-management relationship was sponsored by key individuals:

- Weyerhaeuser Canada Ltd. Vice-President (Western Canada)
- President, Energy & Chemical Workers' Union (prior to formation of CEP Union)
- National Representative, ECWU (for Saskatchewan and Manitoba provinces)
- a new Manager, Human Resources appointed from outside the site to replace the previous labour relations "hired gun"/contractor representing management on-site.

Nevertheless, it was unclear what it would take to change the nature of the relationship, other than the involvement of some independent facilitator that both parties could trust.

On-site, the General Manager for Saskatoon Chemicals (division of Weyerhaeuser) and the Unit Chairman of ECWU bargaining unit remained skeptical of any real possibility for change.

## THE BEGINNING OF A NEW DIRECTION:

In the months immediately following the strike settlement in 1989, both parties tried a "new approach" to restore regular union-management meetings. Recognizing that the union was interested in achieving progress on long-standing grievances, many hours were spent (successfully) by the new Human Resources Manager and the Chief Shop Steward to find mutually acceptable solutions. It proved to be very difficult to find win/win solutions when a grievance had proceeded through various stages, and it was a real test of character for all concerned to resolve these issues without third party intervention.

Another joint undertaking was the arrangement of field trips to learn about organizations that had adopted "a new culture". These joint "fact-finding" trips to worksites in North America, conferences, and technical training facilities started in 1990 and continued on a periodic basis over the next decade.

In 1990, a major step in entering uncharted waters was the agreement by management, with a great deal of trepidation, to an external facilitator recommended by the union, (setting aside management's list of facilitator candidates). The facilitator's skills were such, however, that both parties quickly came to respect him for his understanding and objectiveness in helping the parties address their respective roles in the process.

The first two-day meeting assisted by the facilitator was a breakthrough experience. Management presented their objectives, and then, the union revealed their list of objectives. Both parties were "amazed" at the degree to which their objectives were complementary and similar in some cases.

INITIAL OBJECTIVES	
COMPANY	UNION
- Long Term Profitability	- Job Security
- Quality Products	- Predictable Schedules
- Employee Initiative	- Meaningful Input
- Employee Safety	- Personal Growth
- Environmental Care	- Retirement Considerations

Then, in a second meeting, the parties integrated their objectives in a Joint Purpose Statement::

*"We will work together 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."*

## THE JOINT STANDING COMMITTEE:

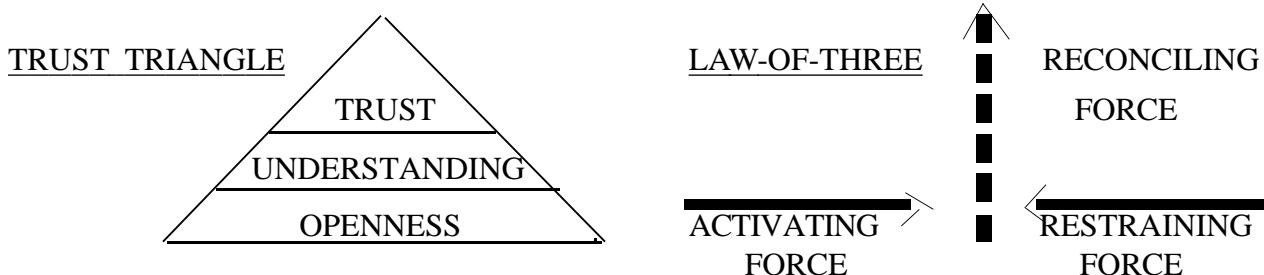
The shared development of a joint purpose statement strengthened the pro-activity of the parties' relationship--they focused on current and future goals, (rather than rehashing past "baggage"). Both parties were able to answer the questions of "what do we do?" and "who are our customers and what are they wanting to achieve?". They were able to identify specific goals like bringing the calcium-hypochlorite (CAPO) plant up to full production, improved job training, a greater commitment to on-the-job safety, and satisfactory resolution of the next round of collective bargaining.

A vision was also developed for the Joint Standing Committee, and expectations were set for its performance over the coming year. The Standing Committee met each month for a full day, although much work occurred in-between the regular meetings. The twelve-person committee was composed of the union unit executive, the company General Manager, HR Manager, Divisional Managers, and a first-line Supervisor. Reporting to the Standing Committee have been 15-16 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.

A separate Union-Management Committee dealt with current collective agreement administration issues, and followed-through on implementation of many Standing Committee policies and initiatives. Membership of this committee included the Chief Shop Steward and other Stewards, together with all Supervisory staff. This union-management process proved very effective in resolving issues before they became grievances, and if necessary, resolving grievances at the first step. The process also deepened the involvement of people in the change process to the first-level of leadership in both the union and the salaried staff. The parties succeeded in distinguishing the shorter time-frame of issues before the Union-Management Committee, and the longer time-frame of the Joint Standing Committee.

## NEW MENTAL MODELS & RELATIONSHIP SKILLS:

In building a solid working relationship, the facilitator explained that the starting point is "openness", even being open about reasons for any reluctance to share specific information. Through the practice of listening to understand each other, the relationship could then achieve "understanding". Over time, a high level of mutual understanding can lead to "trust", based upon the principle of "no surprises". At Saskatoon Chemicals, it took the parties at least two years to achieve a labour relations climate that could be described as "trustful". There continued to be issues where union and management did not agree. However, disagreement was much different and easier to deal with than distrust.



In the area of problem-solving, the parties used a mental model described as the "Law of Three". Traditionally, union-management relationships apply a "law of two" where an activating or initiating force is offset by a restraining force. This practice tends to yield lose/lose, win/lose, or perhaps, compromise solutions. By introducing a third force of reconciliation, including the brainstorming of possible alternatives, integrative win/win outcomes become possible.

## THE PROCESS OF ORGANIZATIONAL CHANGE:

What emerged was widespread involvement in what the employees termed as "the change process":

- improving the union-management relationship
- openness leading to understanding and trust
- using a win/win approach to problem-solving
- sharing information
- dealing proactively with issues
- employees and the business as interdependent.

It was very important for both parties to realize some tangible results early on, in order to build general support for the "change in direction". Resolution of many of the outstanding grievances was helpful in this regard. Reduced grievance activity was also viewed as positive by management, coupled with short-term agreements to address temporary shift schedule requirements for business reasons.

However, as the change process progressed, more visible and meaningful win/win outcomes were achieved including the development of an effective Employee & Family Assistance Program (that had been a subject of discussion for several years without any action being taken).

The change process also served to give safety a higher profile. The Standing Committee forcefully endorsed the safety program and the work of the (previously ineffectual) Joint Health and Safety Committee. This all contributed to extraordinary improvement in accident prevention. In 1987, there had been 13 lost-time accidents on-site; in 1988, 16 lost-time accidents; in 1989, 8 lost-time accidents; in 1990, 4 lost-time accidents. In 1991-1992, there were zero lost-time accidents!

As for business results, all manufacturing processes benefited from the change process, but the area where it was initially most helpful was in a by-product process (CAPO) which produces a purifier for drinking water and sanitizing agent for swimming pools. In 1989, \$7 million had been spent to improve the productivity of the CAPO plant. A year later, the plant was still producing at the rate (16 tons per day) it had prior to the major capital investment. Management brought the issue to the Joint Standing Committee which sponsored a determined effort by production and maintenance employees working with technical staff to "save" the plant. By 1991, the plant was performing at a steady rate of 22-24 tons per day, and no additional capital expenditure was required.

Longer-term initiatives included an Employee Development Program administered under the auspices of the Joint Standing Committee by a bargaining unit Training Coordinator. Area representatives identified the education and training that would benefit people and the business. Preparation and delivery of educational material was done by hourly employee Trainers assigned on a project basis. As the program evolved, the company added a fifth shift to enable coverage for at least two weeks of technical and business training for each employee annually. This training reinforces and upgrades employee use of the increasingly complicated computer systems that monitor and control the automated operations of the chemical plant. Meanwhile, the apprenticeship program was reactivated, and a Supervisory Skills Institute offered new skill modules for all salaried staff.

Combined with additional training in business (financial, customer) issues, the company and union launched a Quality initiative. Employees set all the standards, did all the training, and conducted all the compliance audits. In 1993, after only the first ISO audit, Saskatoon Chemicals Ltd. achieved ISO Registration. (Subsequently, the plant's Quality Council has achieved ISO 2000 registration.)

## RESULTS: THE UNION

In this experience, the interdependence of labour and management is based upon a strong independent union and employer. Early in the process, the union formulated its own strategic plan, voted on by the membership and reviewed annually. The bargaining unit of 120 members has identified their own "union principles" covering topics such as community, continuous improvement, democracy, environment, family, and political participation. All of this planning was done with the support and approval of the national union organization.

The union has increased its profile at the plant site, with increased participation in union elections and committees. The union has itself been part of a work culture of employee participation. The union plays a major role in orientation of new employees. Through the Joint Standing Committee, union leaders have become more knowledgeable about the business and regularly input into policy decisions.

As part of the bargaining for the second collective agreement negotiated after the strike, the company has sponsored time for the bargaining unit executive to conduct union business on the work site, based on a recognition of the increased communication with members required by the change process. Over a number of years, both parties have faithfully adhered to the principles guiding the use of this time, and its related provision for union meetings and elections on-site.

## RESULTS: COLLECTIVE BARGAINING

Through the period documented in the video, two collective agreements were successfully negotiated and extended the change process. What is equally noteworthy are the changes in the methods of bargaining. In the first round of bargaining, the union executive began involvement of rank-and-file members in committees to negotiate specific issues, and management acted similarly with respect to the involvement of supervisory staff.

By the time of the second round of negotiation, the parties adopted an interest-based approach\*\*, as distinct from the more traditional positional bargaining. The interest-based approach was seen as consistent with the regular problem-solving work of the Joint Standing Committee. Nevertheless, this approach has been controversial with some more traditional members of the bargaining unit.

As a consequence of both of these developments, union and management at Saskatoon Chemicals have innovated a form of continuous bargaining \* throughout the life of the collective agreement. Union and management specified three main types of (legally enforceable) documents which could be negotiated at any point during the life of the "contract", and which would be held in a jointly administered Central Filing System. There have been a few Amendments to the collective agreement, many more Policy Letters, and numerous Short-Term Agreements. The latter are probably the most controversial because they are generally not ratified by the full membership.

\* An excellent review of this process is provided in "Workplace Change and Continuous Bargaining: Saskatoon Chemicals Then and Now", written by Professors Louise Clarke and Larry Haiven, and published in the journal Relations Industrielles, 1999, vol 54 no 1, pp 168-193.

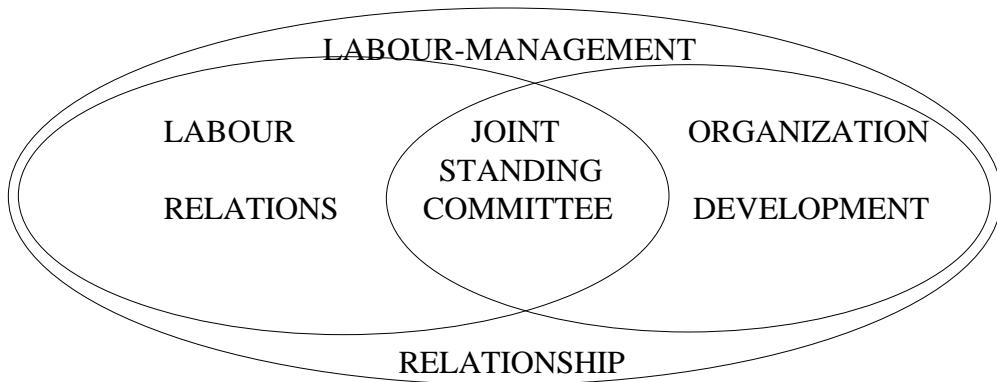
\*\* This is an example of the "flow-back" effect which labour-management collaboration can have on traditional areas of contract negotiations and grievance-handling. See "Transforming Your Workplace: A Model for Implementing Change and Labour-Management Cooperation", by Mark Alexander, and published by IRC Press, Queen's University at Kingston, Ontario, 1999.

## THE FUTURE:

While the Joint Standing Committee initially focused on labour relations and revitalizing joint committees already in place, by the fall of 1990, emphasis was being placed on greater employee involvement on the shopfloor. At the conclusion of the second round of bargaining after the strike, the parties made a joint commitment to develop employee involvement as far as they could.

During the next year, in October 1994, the union and management signed a Letter of Understanding to conduct a Work Systems Review of the entire Saskatoon Chemicals operation. Union and Management Co-Facilitators would be selected to plan the work systems review, under the auspices of the Joint Standing Committee. (The process of this work redesign is documented in the Modern Times Productions video, "New Work Systems: A Work in Progress".)

Meanwhile, the leadership of both union and management (now with a new General Manager) committed to continue pro-activity in their working relationship. They realized that they had created a new structure and process for workplace change. What would guide them into the future unknown would be their shared principles, especially a search for solutions good "for people and the business".



## THE LEARNING:

Listed below are conclusions expressed by union and management leaders at the various conferences across North America, where they have reviewed the re-building experience of Saskatoon Chemicals:

- both parties feel an equally strong ownership for the change process, because they developed it themselves--they learned it, planned it, and implemented it together
- results may have been obtained faster via traditional methods on some issues
- an independent facilitator to assist relationship building, teaching problem-solving skills, and helping with joint goal-setting encouraged the parties to stretch their imagination about what could be accomplished in the change process
- it is easy to get over-worked and put too much on the plate--it is challenging to prioritize
- starting with development of the relationship was key, although the relationship really only develops through doing something significant together
- the trust triangle works: be open about as much as possible
- grievances do not disappear, but they become resolvable
- communicate everything to everybody--don't get too far ahead of constituents
- expect at least some negativism, and respect and learn from the challenge
- understand that the basic accountabilities of the union and management are different
- empowerment without development doesn't work.

**ACKNOWLEDGEMENTS:** Many concepts used in "the change process" are the unique contribution of Mac Roberts, facilitator, and the union and management leaders of Saskatoon Chemicals Ltd.