

**BEYOND COLLISION: HIGH INTEGRITY LABOUR RELATIONS
CALGARY LABORATORY SERVICES -- HSAA CASE STUDY¹**

Darcy Shenfield and Allen Ponak²

A funding crisis in 1996 resulted in the creation of Calgary Laboratory Services (CLS) to support health care in Southern Alberta. The birth of CLS consolidated the previously fragmented medical laboratory industry by merging a number of public and private organizations of varying size and union status into one new entity. The creation of CLS was accompanied by controversy at the alleged privatization of part of the health care system and the loss of hundreds of jobs. CLS management and the Health Sciences Association of Alberta (HSAA) union avoided a potential labour-management disaster by providing strong leadership and focusing on working together to deal with the challenges posed by the merger.

Eight years later, the relationship between HSAA and CLS has grown into a successful partnership. The seeds of the partnership were planted in 1996 during the merger and the first round of collective bargaining. From 1997 to 2004, the growth of the partnership was propelled by the difficult implementation of the first collective bargaining agreement (CBA) and the rapid expansion of CLS. Attention to collaboration from the outset has led to a strong relationship between HSAA and CLS, based on a common labour-management philosophy and a set of institutionalized high integrity

¹ This case study is based on interviews and company and union documents. The CLS-HSAA story is featured in the documentary film “Beyond Collision: High Integrity Labour Relations” produced by Bert Painter and Allen Ponak. For film information, visit www.moderntimesworkplace.com

² Darcy Shenfield is a doctoral student specializing in human resources and organizational dynamics in the Haskayne School of Business, University of Calgary. Allen Ponak is Professor of Industrial Relations in the Haskayne School. The authors would like to thank CLS management and HSAA representatives for their cooperation and insights.

practices in their relationship. Despite their successes, challenges still lie ahead for CLS and HSAA.

Merger

Calgary Laboratory Services (CLS) was created in 1996 as part of a restructuring of the Alberta health care system. The laboratory services budget in Alberta was reduced by 31%. In order to accommodate the funding reduction, laboratory medicine changed from 'fee for service' to global funding and approximately 100 private and public lab service facilities, both small and large, were dramatically reconfigured into one new medical laboratory services provider. The key players in the merger were the Calgary Health Region Authority (CHRA), the large public organization charged with delivering medical care in Southern Alberta, and MDS Kasper Laboratories (MDS), a new corporation consisting of the merged private laboratories. MDS owned 51% of CLS, while CHRA owned 49%. Each partner appointed four members to the management committee that governed CLS.

Calgary Laboratory Services integrated all medical diagnostic services, including teaching and research, into one organization, at the time a North American first. Laboratory services were much more than drawing and analyzing patients' blood. CLS provided "comprehensive diagnostic testing menus in hematology, immunology, microbiology, parasitology, chemistry, cytopathology, anatomic pathology, toxicology, endocrinology, transfusion medicine, and flow cytometry." The sophisticated breadth and depth of CLS services ranged from testing for sudden outbreaks of new infectious diseases to diagnosing more routine illnesses, such as strep throat (formally known as Group A streptococci). These services were available to doctors and hospitals, as well as

government organizations, corporations, and scientific researchers. In partnership with the University of Calgary, CLS performed research toward improvement and innovation in diagnostic methods. The relationship with the University of Calgary's Faculty of Medicine also included teaching laboratory medicine to medical students.

Accomplishing the mandate of CLS required a broad range of skilled employees: from pathology physicians, PhD researchers, and administrators to the laboratory technologists and assistants who performed the bulk of the sampling and testing work. Lab assistants extracted patient samples and prepared them for lab technologists. The role of the lab assistant (Lab Asst I and Lab Asst II) had become increasingly complex, foreshadowing the development of accreditation programs for lab assistants. Once the assistants passed the prepared samples to the lab technologists, the job of preparing the specimen for diagnosing a patient's illness began. The hands-on testing procedures were performed by technologists (Lab Tech I) at CLS. Bench supervisors (Lab Tech II) supervised the testing procedures, while technical experts (Lab Tech III) and technical administrators (Lab Tech III) set, enforced, and updated testing standards. Laboratory technologists were required to have a two year diploma from a college or technical institute, plus additional specialization for certain diagnostic testing roles.

The creation of this complex, diverse, for-profit company with a highly educated workforce began with the selection of top management. After hiring the President, CLS recruited the Vice President of Human Resources (HR), Susan Cassidy. The decision to hire a leader in HR as the second employee reflected the need to effectively manage the changes necessitated by the funding crisis and the resulting merger. The impact on employees, 90% of whom were female, would be felt with the decisions to downsize

from seven hospital labs to four, from 124 patient sample collection sites to 24, and from three community testing labs to one central lab.

Susan's experience as the head of HR for Acute Care at the Calgary Health Region Authority (CHRA) prior to being hired for CLS gave her an inside view on the upheaval, concern, and fear that the staff were about to face. The new company was announced in a press release on July 15th, 1996. Two days later, on July 17th, Susan and the CLS President delivered a number of presentations in large auditoriums to announce the merger plans to the staff of the various organizations.

Susan recalls that day: "We actually stood up and told employees that hundreds of them would lose their jobs. It was very stressful for people. There was a lot of anxiety and concern around it....How am I going to be impacted? What is my job going to be? Who is going to be my boss? Those are the big issues for staff." Susan decided from the beginning how CLS would handle employees' concerns and fears:

At the town hall sessions we were just brutally honest...yet treated the employees with respect and integrity....We gave them as much information as we could give them about work....I am a firm believer that people become empowered the more information you give them....Put them in the driver's seat as much as possible....Then they can decide for themselves what is going to work best for them and their families.

After the town hall sessions, Susan set up a communications hotline to keep staff updated on developments on the merger. Regional Operations Supervisor, June Sonogo, recalls how it looked to employees in the field: "With the merger, there was a lot of uncertainty...but there was a plan...some employees were offered severance packages, some were offered retraining for another unit, and everyone was given time to make a decision." Lab Assistant, Darcie Kelly, saw the impact on fellow employees: "The

merger was very difficult for people with lots of change everyday....Jobs were gone and a lot of lab techs and lab assistants were downgraded.”

Along with employees concerns and fears, management was also tackling the integration of several corporate cultures, standardizing laboratory methods, and negotiating with several unions on all the changes. Unlike other medical services in Alberta, CLS employees had the right to strike, potentially crippling the entire medical system. The stakes were high when Susan Cassidy sat down with union leaders.

First Round of Collective Bargaining

Before Susan could meet with union leaders, CLS needed to establish who those leaders would be. Eighty percent of the CLS workforce was medical laboratory technologists and assistants. Seventy five percent of the workers were unionized, as many of the private sector employees had become union members in previous mergers. The unionized employees were represented by three different unions: Health Sciences Association of Alberta (HSAA), Canadian Union of Public Employees (CUPE), and Alberta Union of Provincial Employees (AUPE). As CUPE and AUPE had fewer members among the staff, HSAA and CLS made a successful case at Alberta Labour Relations Board hearings to have all bargaining unit members transferred to HSAA. That meant that Susan would be sitting down with John Vanderkaay, Director of Labour Relations for HSAA.

HSAA was established in 1971-72 by eleven paramedical technical associations at a time when the health care industry in Alberta was undergoing rapid unionization. The workers had concluded that their training, certification, and professional ethics were unique in the health care industry and, therefore, existing unions could not represent them

well. The independent, self-promoting spirit of the original group of paramedical technical union members can still be seen in the well-respected, growing HSAA union and its' labour relations leader, John Vanderkaay.

Due to John's role at HSAA and Susan's previous role at CHRA, they had worked together before and during the merger. John and the HSAA had vigorously opposed the enormous cuts made by the Alberta Government in funding and the majority ownership of the private sector, but knew they had to work with the new situation. Given the stated need for CLS to reduce the workforce from 1000 to 700, the five disparate collective agreements currently in force, and the merging of unionized with non-unionized workers, all the ingredients for an acrimonious battle between union and management were in place.

Surprisingly, from the beginning, it wasn't a battle. John recalls that CLS "never opposed us or tried to get rid of the union in any shape or fashion." CLS and HSAA began bargaining in the fall of 1996 with the common goal of merging the existing five contracts into one contract. Susan had a very transparent approach to the first round of collective bargaining:

HSAA was on the initial transition team with us to talk about: What are the issues? How are we going to address them? I am a firm believer in getting the union involved from the start. I never want to be in a situation where we are 10 steps ahead of them and we are trying to sell them on an idea or program or concept. I want us to be working together from the start of an issue....communicating everything, as much as possible...involving them, as much as possible in structuring options and alternatives....Both sides were cognizant that 'we've got a lot of issues here and we don't want to be seen as winners and losers'...It was truly a merger....No one organization or entity was taking over the other....No one group of staff is more valuable to us than the other.

Susan's open, direct, and focused communication was a good fit for John's personality: "I don't beat around the bush and I don't have any hidden agendas. I knew what the employer wanted. So we had a very good, open communication. We recognized each others problems....Susan and I developed a very good working relationship right from day one. So we were able to agree and disagree. We had some pretty darn good arguments."

The disagreements were embedded in each side's objectives for the first round. Susan and management were working within "tight, tight budgets" and wanted to eliminate all pension plans. John and the union's number one objective was keeping the pension plan and preserving as much of the more generous public sector conditions as possible. In fact, negotiations were stalled by HSAA until CLS agreed there would be a pension plan.

Public employees from the hospitals were under the Local Authorities Pension Plan (LAPP), but the private employees did not have a pension plan. Given that CLS was a private company, the employees were no longer eligible for LAPP. A new pension plan needed to be negotiated. The two sides finally agreed to a defined contribution plan to replace the LAPP defined benefit plan. Although this was a gain for private sector employees, it was a big loss for the public sector employees. The loss was exemplified by lab technologist Diane Emshey's comments: "Losing the local authority's pension plan with my 20 years of experience, I lost a lot of money."

Susan, John, and their respective teams of negotiators made similar compromise, problem-solving agreements on each issue on the table. They did this by ignoring the text of the existing agreements and focusing on a set of principles for each of the major

issues. Once the principles were decided, the employer agreed to have the union negotiators write up the clauses for the collective agreement. This rare display of trust was vindicated by the lack of difficulty in finalizing the contract language. Despite the complexity, the speed of this process allowed negotiations to be completed in 2-3 months.

The first collective agreement was completed in early 1997. Besides the pension plan, some of the highlights of the Collective Bargaining Agreement (CBA) were: 1) the same conditions, terms, and salaries would apply across all CLS sites; 2) no one would lose benefits due to the merger, instead others would catch up over time; 3) previous seniority was recognized; and 4) John and Susan would co-chair a committee to allocate money to displaced workers.

The next challenge was to convince the union members to accept the new agreement that was, by John's admission, "not a perfect agreement, not as good as the previous one in the public sector." John had the difficult task of convincing an educated membership that the first contract was acceptable and the union could improve the agreement in future negotiations. In the end, 75% of members voted for the new CBA. This quick, collaborative, and problem-solving nature of the first negotiations set the tone of the relationship between John and Susan and between the union and management for subsequent years.

1997-2004

The solid relationship between union and management started by John and Susan during negotiations would be tested by the implementation of the new CBA over the coming years. To assist in this process, union and management immediately began

holding joint contract interpretation sessions and joint training for supervisors and employees. Outside of the CBA, union and management agreed to a Letter of Understanding (LOU) stating that all severances would be voluntary. True to the LOU, over the next 2-3 years, all of the downsizing was completed without involuntary layoffs. Organizational restructuring meant that many continuing employees would be moved to new positions and locations. To alleviate anxieties, the new positions were filled through competition and bargaining unit members were placed on interview panels. Once the decisions were made, additional education and re-training eased the transition pain for employees.

This transition period was difficult for management as well, with the organization running a deficit for each of the first three years. The initial period of massive change was followed by even more change. CLS began hiring and growing due to population expansion and test volume growth of approximately 10% annually. Ironically, the new problems at CLS were cramped lab space and staffing shortages.

These problems hit a critical point in 2000, when lab technologist Diane Emshey led a walkout due to crowded, unclean, and generally unprofessional working conditions in the labs. Diane recalls, "I persuaded everyone to picket for an hour to make our point to the media and show management we had to power to strike if we wanted." The union and management agreed to create a joint committee to solve the problem. In the following months, management re-committed to erecting a new building for laboratory services. Diane and her fellow workers were not disciplined by CLS for their actions, but instead were eventually rewarded with a new building that is "nice, clean, very professional" and has "lots of room."

As of 2004, CLS and HSAA are both thriving. CLS is an accredited laboratory, performing 14 million tests annually, maintaining service quality despite 8-11% annual growth, and employing 1600 medical, technical and support staff. HSAA has grown to more than 12,000 paramedical technical workers, paramedical professionals, and general support employees in more than 150 disciplines. The HSAA-CLS agreement's 1200 bargaining unit members constitute 10% of the Alberta union's membership. John and Susan are still in the key positions, as they were in 1996. Their philosophy toward labour-management relations is now institutionalized.

Labour-Management Philosophy

At CLS, everything starts with management's belief in the constructive role of the union in business and the union's belief that the current management genuinely cares about its employees. At the heart of their relationship is a very distinct labour-management philosophy that CLS and HSAA have developed over the past eight years.

As Susan Cassidy states:

We are interdependent...the interdependence goes to an ultimate goal of an effective working environment for people...employees being able to come to work, being generally satisfied...feeling productive, that they are contributing, that they are doing what they want to do. So we need that and they need that. There is an interdependence.

John Vanderkaay sees this interdependence based on mutual trust:

CLS trusted us. I believe it's CLS' management, no question about that when I compare it to other management we deal with. It's the individuals involved. There is a will about management to establish a good working relationship with Health Sciences....We believe it is in our interest to develop a great working relationship with the employer. Whether we like it or not, we are a partnership. What's good for them is good for us and vice versa.

This philosophy of mutual trust and interdependence runs throughout each organization from the presidents downward. CLS promotes these concepts by hiring

managers and supervisors who share the vision of the importance of the union to CLS' success. Two of the key players in the partnership are Donna Schendel, Director of HR for CLS, and Craig Johnston, Labour Relations Officer for HSAA, assigned to CLS. Donna and Craig handle the day-to-day issues in the workplace.

Donna describes her relationship with Craig and HSAA as being characterized by “give and take, respect, trust, honesty, and a commitment to problem solving.” Craig, in turn, describes his working relationship with Donna: “The key component is the realization that what matters are the grassroots related issues, accompanied by an open style of communication, honesty, and willingness to disclose. At the end of the day, we seek to resolve the issue to mutual advantage.” Craig doesn't see this cooperation by Donna and management as surrender or appeasement to the union: “It would be quite the contrary. This is an employer who is very much cognizant of its own mandate with regard to both its business and its management. But at the end of the day, the relationship between management and employees is more the issue than the correctness of the collective agreement.”

This common sense approach to problem-solving in the relationship is mostly about doing the little things right, starting with the basics of trust, open communication, and respect. Those principles are followed by taking day-to-day issues one step at a time and solving problems, while aiming to provide outstanding service to CLS' customers. As Craig muses, it's about “an ability to operate more from a human perspective than from a legalistic one.”

High Integrity Practices

This human perspective embraced by both management and union leaders is evident in a variety of day-to-day practices. These practices can be grouped into three major categories: Conviction, Communication, and Collaboration. Conviction is the beliefs and attitudes, communication is the sharing of information, and collaboration is joint effort in problem solving.

Conviction starts with management and union knowing their respective roles in making CLS work effectively and efficiently. Once the roles are known, the focus is on a belief in ‘doing the right thing’. For example, CLS agreed to re-open the CBA to raise salaries for employees after provincial technologists negotiated a larger increase because it was the right thing to do, despite no legal obligation. The right thing also means having to tell your own constituents, either on the union or management side, that they are wrong, if that is what the facts present.

Craig Johnson recalled a situation where a union member received a letter of discipline with which the member disagreed. Craig met with Donna Schendel, the employee, and the employee’s supervisor. The final resolution was that the employee was wrong and the discipline was appropriate, but the parties worked to reword the letter of discipline to the employee’s satisfaction. In this case, Craig walked a tightrope between union members’ expectations and doing the right thing: “It’s safe to say there is an inherent risk element in that kind of a scenario...risk requires courage and commitment to make it work.”

Communication works at CLS and HSAA because of a focus on openness, honesty, respect, and positive regard for others. Openness is practiced by hearing both

sides before coming to judgment, by involving the union early in each process, by open door policies in HR regarding supervisor problems, and by direct lines of communication between counterparts like John and Susan, and Donna and Craig. John describes his communication with Susan: “If we have a problem with CLS, I phone Susan Cassidy and we meet for lunch or have a meeting before we have a bigger problem. As opposed to the public sector, where there is a huge bureaucracy.” The companion that makes openness effective in interactions is honesty. Honesty is a cornerstone, including a willingness to admit personal mistakes in an effort to solve problems, instead of saving face.

Respect means being willing to vehemently disagree while respecting others’ opinions, keeping confrontation to a minimum, respecting others’ roles by not bypassing individuals for the sake of convenience, and not pushing legalistic timelines. For example, John and Craig comment that legal timelines are never raised for grievance procedures by either party. Instead of being encumbered by time limits, respect for the individuals involved allows give and take while seeking a mutually satisfactory resolution.

Positive regard for others is an attitude that is evident in managers who manage for the best in employees, not the worst. Susan Cassidy summarizes her convictions:

I am a firm believer in managing for the best among us and we don’t go to the lowest common denominator and we don’t set all of our policies and our programs and our procedures, and our managers don’t either, around the one bad apple or the 5% that aren’t doing what they are supposed to do....It should be management by exception.

An example of union leaders displaying positive regard is their assumption that everyone is above-board and simply trying to resolve problems when issues are raised. Supervisor June Sonego describes how union officials operate when a difficult situation arises:

“They trust you are above-board in what you are trying to do and there are no hidden agendas.”

Collaboration is the fruit of conviction and communication. Union and management working together to solve problems is pervasive at CLS: (1) Workers and/or supervisors resolve most problems on site, before the union is even needed. (2) Union representatives are asked to attend management meetings to ensure all sides of an issue are heard and understood. (3) Monthly EMAC (Employee Management Advisory Committee) meetings are held to tackle large and small issues, from chronic cramped working conditions to ‘who should be cleaning the washrooms?’ (4) Some of these issues are spun off to Joint Task Forces for problem solving. For example, the cramped working conditions issue and new building solution discussed earlier were addressed this way. (5) Joint training sessions. For example, supervisors and employees are trained on the impact of each new CBA at joint sessions held by management and union leaders. (6) Collective bargaining is just another tool of partnership, as opposed to an infrequent opportunity to grab power. (7) If internal mechanisms are not providing satisfactory solutions, third parties are involved including mediators and psychologists. For example, experts were asked to assist union and management in jointly resolving issues of violence in the workplace that were taking place in one area with a group of employees.

The outcomes of conviction, communication, and collaboration are achievements that CLS and HSAA can celebrate. These achievements include few grievances and only a single arbitration in CLS’ eight year history. Craig Johnson comments on the resulting impact: “With quick resolution to problems, the net effect for employees is preserving relationships in the workplace between managers and colleagues.” Susan Cassidy

recognizes that this relationship makes “for a better workplace for the employees and in turn greater performance for the organization.”

Given the quality and consistency of laboratory services provided to clients, the absence of strikes, and general labour harmony, John Vanderkaay receives further confirmation from unexpected sources: “Managers of various departments believed that Susan Cassidy, Vice President of Human Resources, was in the union’s pockets and I got accused of the very same thing, being in management’s pockets. We must be doing something right when they both said it.” John’s advice for fellow union leaders:

Unions very often still live in the 60’s or 70’s as far as their attitudes are concerned. We need to change with the times: avoid confrontation. Criticizing the employer on a continual basis wears greatly on people in the workplace. It’s more appropriate to discuss things openly, to arrive at solutions that are satisfactory to both parties.

Current Events

Labour-management relations is not a finished job at CLS, it is an ongoing process. In the summer of 2004, CLS technologists and assistants moved to a long-awaited, new ‘Diagnostic and Scientific Centre’ in the University of Calgary Research Park. The current CBA expires June 30, 2005. CLS and HSAA are currently reviewing classifications for technologists as they change and become more specialized, such as the creation of the Laboratory Specialist role for workers with B.Sc. or Masters’ degrees. This process will continue over the next two years. Darcie Kelly, lab assistant, is concerned that CLS is “a little bit slow to get resolution, but overall they’ve done a very good job of creating a partnership between management and union.” Susan Cassidy’s thoughts on improvement: “We’re not perfect. We have acceptance and grace around that....Communicate, communicate, communicate. Even then, communicate more.”

Additional References

Calgary Laboratory Services website: <http://www.calgarylabservices.com/>

Health Sciences Association of Alberta website: <http://www.hsa.ca/>