

**“Establishing & Sustaining Effective Communications
Between Labour & Management”**

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At SaskEnergy having an open dialogue process, based on a foundation of trust, has become a cornerstone for the relationship which currently exists between the Company and the Communications, Energy and Paperworkers (CEP) Union, Local 649. This open dialogue process works in that it requires our people to think individually and globally. It is a process that has fostered trust, understanding and enhanced our employee's desire to function as a team.

The process has allowed each employee to ask the most essential questions:

- What is the importance of the individual in our workplace, the Company, the community and the province?
- How can each of us be part of the solution?
- How can each of us work together towards achieving a shared vision.

SaskEnergy and CEP have successfully built a foundation of open communication enabling our process to empower people to take charge and tackle the issues together.

This foundation has allowed us to be creative and innovative while embracing a healthy, proactive Corporate culture. By working together, we have created an open dialogue

culture which is driven by the fundamental personal needs of the individuals who want to find the right solutions for everyone.

Dialogue Process – The Beginning

The beginning of the Dialogue Process between SaskEnergy and CEP was in October 1990 when the leadership of SaskEnergy and the CEP meet to chart a course that we believed would fundamentally change the culture of the organization and lay the groundwork for the relationship which exists today. SaskEnergy had its beginning in 1988 when SaskPower split into two separate utilities, one for electricity that remained under SaskPower, and one for natural gas under SaskEnergy. Through the creation of SaskEnergy there was understandably a lot of uncertainty surrounding who this new Company was and what the future would look like.

In 1990, CEP and the Company both recognized there were a number of economic and operational factors that were contributing to the drive to do something different.

- 1) The newly formed Company SaskEnergy had a very high debt load. SaskEnergy's debt/equity ratio left the Company very vulnerable to economic down turns and as such the Company had to find ways to solve its financial problems.
- 2) Deregulation of the Canadian Natural Gas Industry already had had a marked impact on the Company which was moving towards becoming a major player in the natural gas industry. By 1990, SaskEnergy had tripled the amount of natural gas it handled. Demands for transport, distribution and storage service were increasing rapidly. It became apparent there was a need to redefine the key objectives in keeping with the times.

- 3) Management and the Union leadership recognized the success of the Company was closely tied to having motivated and dedicated employees. To this end, it was evident that the culture of the organization had to shift from a highly beaucratic, impersonal one to a people orientated culture.
- 4) SaskEnergy and the CEP had to develop a culture where employees could feel their work related aspirations had a reasonable likelihood of being met.
- 5) There was too much time and energy wasted by people – management and union – arguing over matters that in the end were of little consequence. Both groups realized that there was a lack of communication, and both held a genuine desire to get away from hidden agendas and surprises.
- 6) Both groups recognized that by re-thinking the way we do business we could develop new and innovative solutions to build and strengthen our Company.

Due to the scope of the issues facing the organization and the commitment of the management and union leadership to a people orientated, viable organization, the decision was made to establish a new direction. Management and the union had to collaborate and jointly become committed to a common set of organizational objectives in order to solve the issues facing the organization.

At the first meeting in October 1990, the Company and the Union jointly developed and endorsed the following objective:

***“To work together in a spirit of mutual trust and co-operation
to improve the financial viability of the Company
and the security and developmental needs of all employees.”***

This objective not only defined the new direction but also the way in which we were going to achieve it.

Setting the Foundation

In order for an open dialogue process to be successful there are a number of prerequisites that must exist:

- a) In our case there was a deep commitment to the process by our President and Chief Executive Officer and the top leadership of CEP. In our view the process will not grow if there is a commitment only at lower levels. In order for the process to work a broad base of leadership must not only support, but must also champion the process. Employees at all levels of the organization must see that the leadership is prepared to “walk the talk”.
- b) There must be a commitment to making or keeping the organization viable and an agreement must exist on a common set of organizational objectives. This serves as a focal point and guide against which proposed action plans can be tested. It may also serve as a test to determine the health of an organizations corporate culture. If the Corporate culture is one of openness, commitment and trust, then agreement on a common set of objectives is that much easier to achieve.
- c) Trust is a significant prerequisite. Trust does not come easy and grows slowly as each side demonstrates integrity. While some trust is needed initially in order to enter into the process, it is also recognized that trust building continues as both sides continue to work with each other in the process and see the results of their efforts in small successes. As with any process the challenge is to continue to build on the small wins that occur from time to time.

However, building trust does not mean compromising in one's beliefs and values. It doesn't mean management giving up its role to manage, or the union giving up its responsibility to its members. Trust building requires a respect and willingness to respond to the process and jointly towards development of an equitable relationship.

- d) Full commitment is needed to arrive at a win-win solution to problems. This requires creative non-traditional thinking. A desire to challenge the status quo helps facilitate creative thinking. It's important to state once again that compromise is never a win-win solution. The whole idea of the process is to find new solutions through new ways of thinking, without resorting to traditional compromise-based solutions.
- d) The culture of the organization must be such that it supports the development of an open and equitable relationship between management and union. The priority for both groups is to form a conducive and receptive Corporate culture. The growth in culture and success of an open dialogue process will feed upon each other, requiring this needed impetus to grow.

Our Relationship

One of the key principles of the open Dialogue process which SaskEnergy and CEP enjoy is summarized in the phrase "no secrets no surprises". What is meant by this is that both the Company and the Union have made a commitment to each other to ensure that through open, honest dialogue issues are discussed freely and openly at the earliest possible time in order that either side is in a position to address their concerns. For example, if the Company is looking at implementation of a new program that may have a negative impact on union members, the process we have adopted would dictate that at the earliest possible time the Company would meet with the Union to discuss the program,

and obtain input from the union as to how to mitigate any perceived negative impacts on its members. In some cases there may be nothing that can be done, however, the Union is provided with all the facts in order that they can, after knowing all the facts, address the concerns of their members when the program is announced.

If we compare our process at SaskEnergy with what is the more traditional Union/Management relationship, one can quickly see why our relationship is different.

Traditional

- Act & React
- Hidden Agendas
- Union excluded from decision making meetings
- Closed communication

SaskEnergy/CEP Dialogue Process

- Proactive
- No surprises
- Union representative on Board and Executive of Corporation
- Financial updates/financial openness

As you have probably gathered by now, the key to the relationship between SaskEnergy and CEP, Local 649 is open communication. Without it there is a tendency to look for hidden agendas and to make up what you don't know – with open communication this can't happen.

At SaskEnergy, the President of CEP Local 649 is a valuable and necessary member of SaskEnergy's Executive team. The Union President attends all Executive meetings and takes an active part in all discussions. The Corporate issues that arise at SaskEnergy's Executive level are openly discussed in the presence of the Union and there is a very real desire for Union input as part of the decision making process. As well, the Assistant to the President of CEP, Local 649 sits on the Board of Directors and as such plays an active part in directing the affairs of the Corporation.

At SaskEnergy we want our employees to know as much about the business of the Company as possible. SaskEnergy's Executive members make regular field visits to talk to employees and bring everyone up to date on various Corporate issues. Wherever possible the Union President or other Executive Member of the Union are members on the presentation team in order to ensure that our employees are given full disclosure of all aspects of the issue.

Many companies believe that their annual business plans and long term strategic plans are confidential documents to be viewed by only the top echelon. At SaskEnergy, we do not subscribe to this belief and in fact we ask for and receive active participation of employees from all levels in the development of our plans. After all, who knows the business better than the employees who are required to deliver service on a day to day basis. In addition, through this process all employees have a stake in ensuring that business plans are achievable.

The working relationship between CEP and SaskEnergy has not been totally without conflict, but a healthy partnership based on trust and respect has produced minimal problems.

We have learned what is working and what is not and have made adjustments as needed and will continue to adjust along the way.

At times an open dialogue process can cause issues. For example, as a result of the culture we have created our President has an open door policy. Under this policy any employee can feel comfortable approaching the President about any issue.

Unfortunately, at times CEP members may feel they have a pathway to circumvent their bargaining agent. We are, however, working together to ensure that issues continue to be resolved in the appropriate forum.

Promoting this culture has been a huge challenge given the distribution of SaskEnergy's employees throughout the province. One of the most effective means of communicating issues has been through involving employees of all levels of the organization in sub committees and task forces. Employees then go back to their offices and help disseminate information formally through presentations or informally on coffee row.

Other communication vehicles which we have successfully utilized include noon hour information seminars and new employee information seminars, both of which are conducted jointly by union and management representatives. In the new employee information seminars, both in-scope and out-of-scope employees are provided with an introduction to the Company and to the Union through discussions of a number of key subject areas. Through this seminar employees are given an introduction to our culture and it is made clear that open dialogue between the Company and the Union is not only accepted but is encouraged.

As referred to earlier, another key method of promoting an open dialogue process is through the use of Corporate committees. If the Company wishes to examine a new initiative then one of the first steps is usually to create an adhoc committee comprised of both in-scope and out-of-scope employees to study the issue and then make recommendations to the Executive Board of the Union or the Corporation's Executive where necessary. By involving employees from across the Corporation this ensures that

decisions being made are done after having fully canvassed all the issues. In addition, if the recommendation of the committee is adopted then the committee members themselves play a key role in communicating the decision throughout the organization.

It must be emphasized that at this point, however, SaskEnergy has not swung over to a management by committee style. Far from it. While input is sought from many employees, managers are responsible for certain sections of the organizations and are held accountable for final results. However, it is imperative that managers are satisfied and can “buy into” recommendations by committees.

Conclusions

Through our experience working with an open dialogue process and after examining our successes, frustrations and evolutionary growth we offer the following conclusions:

1. We have discovered that we have more committed and dedicated people than any of us could have imagined. In addition, through open communication, talent and leadership abilities have surfaced from many unexpected areas.
2. The process makes innovations more readily acceptable because involvement of employees in shaping their future allows for a buy-in, or identification with the organization.
3. People want to be involved. We have had some extraordinary examples of “turned-on” employees. Impact on employee morale is positive and continues to grow.
4. Our employees are encouraged to think in an unrestricted manner. This has promoted creativity and resulted in significant productivity improvements.

5. In today's economic climate, we believe that through the Dialogue process, we have the best chance of making and keeping our organization viable. Viability, of course, includes balancing the expectations of our employees, our customers and our shareholder.
6. Lastly, we conclude that the ultimate winners are those who understand the benefits of having people work with them rather than for them.

Thank you for this opportunity to explain SaskEnergy/CEP's open dialogue process.

Below is a comparison between the traditional process and the Dialogue Process.

Traditional Process	Dialogue Process
1. Hidden agendas result in one side or the other being surprised.	1. Our relationship is characterized by <u>no</u> surprises.
2. With respect to change in work procedures, or solutions, management alone usually made the decision.	2. Employees who will be affected by some change are encouraged to have input into the action plan.
3. A reliance on consultants to solve significant problems.	3. Input from cross section of employees brings out creative long lasting solutions.
4. Departmental meetings excluded in-scope employees.	4. In-scope employees participate in manager's meetings. More than token numbers attend.
5. Executive and Board meetings excluded Union representation	5. Union is part of Executive and Board Meetings.
6. CEO rarely had direct contact with field employees.	6. CEO regularly travels and holds open discussion forums.
7. Communications with respect to company objectives and financial information generally closed.	7. Employees have input to formation of objectives and receive financial status updates regularly.
8. Relationships somewhat reactive. Knee jerk responses from both sides.	8. Proactive strategic planning incorporating; employee input from all levels of the Company.
9. Union recognition suppressed.	9. Company recognizes union activity is part of an employee's job and continually strives to facilitate union and employee needs that enhance the dialogue relationship.

It must be emphasized at this point that SaskEnergy has not swung over to a management by committee style. Far from it. While input is sought from many employees, managers responsible for certain sections of the organization are held accountable for the final results. However, it is imperative that managers are satisfied and can "buy into" recommendations made by the sub-committees. If an agreeable solution can not be achieved for all parties, then the issue may be returned to the Governing Committee for further analysis, discussion and resolution.