

Innovation Case Study: Confrontation, Compromise and Cooperation

**The Development of a Labour/Management
Strategic Alliance in the National Defence Ship
Repair Unit, Atlantic**

1. Rationale

In 1991, labour-management relations in the Ship Repair Unit Atlantic were at their lowest ebb in decades. There were a number of reasons for this, among them:

- the Federal Government wage freeze legislation;
- the loss of a binding arbitration award; and
- an unhealthy number of grievances including one taken to the Federal Court of Canada.

The first public service labour-management relations committees had been founded in the naval dockyards during the late 40's, but the situation now bore all the limiting hallmarks of a traditional industrial situation:

- relations were purely adversarial, and instances of cooperation or compromise were seen as signs of weakness rather than strength;
- neither side considered that items of mutual interest might be a logical basis for better relations;
- consequently there was little or no communication.

2. Description

In recognition of similar initiatives in the private sector, SRUA management decided to launch a Total Quality Management (TQM) programme in the Unit.

Many inefficient practices had grown up over the years - which both management and the workforce were comfortable with. Most people wanted little more than to do an honest day's work, the same way as always, under competent management - they certainly didn't want major change. An innovative approach called the Ship Repair Unit Atlantic Continuous Improvement Program (CIP) was inaugurated on 13 May 1991 to facilitate changes to these long-established practices. A Continuous Improvement Council (CIC), initially involving just management, was formed to manage the overall programme. The CIC was responsible for such items as:

- communication, teamwork and participation,
- maintaining a focus on the customer, not the "system", and
- moving from individualism to collaboration and team work.

3. Risks, Problems, Barriers

When labour representatives were initially invited to participate on this and other management committees, interest was mixed ... on both sides. The union position was that participation on these councils would have to be as full members and partners in the proceedings. Simply occupying their designated seats as a "token or symbolic" gesture only would have been counterproductive.

Many managers also remained cool to the idea of union participation at a level where it really mattered - they viewed union motives with suspicion, and consequently saw the unions as uncooperative and interested in nothing beyond "job control". But the increasing forward momentum of the CIP programme was beginning to reveal problems that would require more than

just TQM-style process improvements. Driven by the vision and commitment of a few individuals, the early CIP successes led to the realization that other "real world business practices" - strategic planning, business planning and human resource management - could also be applied effectively in the public sector. This, and a growing realization of the Unit's low productivity and general uncompetitiveness, would lead inexorably to the realization, in the spring of 1992 during the second unit-level business planning retreat, that real change was unachievable without full and cooperative union participation. We were now beginning to move beyond a grudging acknowledgement of each other, and communication was beginning to develop outside the boundaries of formal meetings.

All the while, measurable changes were taking place in our work processes using CIP:

- we reduced turnaround time in one major product line by 50 %,
- we eliminated the much-hated time clocks,
- overtime was reduced by 80%,
- we increased workforce flexibility,
- the accident rate was reduced by 25%,
- we reduced overhead so that the percentage of the direct production workforce rose from 42% to 49%,
- total salary costs were reduced by 17% (Mainly overhead),
- we reduced lost time resulting from accidents by 65%, and
- we used the savings to self-fund further infrastructure and support-system improvements.

We were using the problem-solving techniques successfully, but creativity and proactive response to the changing environment were still beyond our grasp.

At about the same time, Union representatives attending a National Joint Council (NJC) luncheon, heard Dr Richard Chaykowski speak on the topic "transformation of industrial relations systems". The concept of a strategic alliance was brought back to the Unit and it began to generate interest and a momentum of its own. As both sides gained experience and trust working together on TQM committees and teams, some previous problems began to look more like opportunities.

Benefits

Relationships took on a new tone, showing characteristics like:

- recognition of the legitimacy of all parties;
- recognition of areas of common interests;
- participation in joint projects;
- free information exchange;
- encouragement of creativity and proactivity; and
- recognition of employee empowerment.

The inauguration of a Human Resource Management Committee (HRMC) with full union and management representation was both a consequence and a symbol of the changing commitment on both sides - one in which the common future was taking precedence to confrontation and self interest. Even two years previously, no one would have dreamed that our unions and management could sit at the same table, let alone be in the same room, to address the full spectrum of human

resource issues. Even more startling is the fact that all this was happening during a period of net down-sizing!

We believe this to be one of the most unique and innovative approaches in a modern industrial relationship today through which we ensure that our most valuable resource, our people, is managed in a responsible manner. Our joint labour management HPIMC was established in 1993 using the same principles as our CIP.

The HRMC was charged with ensuring that HR management complemented the SRUA Business Plan, and dealt with issues such as:

- classification - a review of existing, -and writing new work descriptions;
- guidance in hiring of terms and casual employees;
- employee departure incentives CRP/ERI/EDI; and
- Work Force Adjustment Directorate (WFAD) (the federal policy on downsizing) issues

By the time Budget 1994 singled out the SRUs for special alternative service delivery attention, labour and management had already defined the SRUA labour-management Strategic Alliance and was moving toward major changes. This vision was the springboard to a totally new, and for the Navy a fairly radical, re-organization of three existing units into a single, one-stop Fleet Maintenance Facility (FMF) on each coast; the East-coast unit being known as CAPE SCOTT. Instead of small, incremental concessions, labour and management were now full participants in the re-design effort that combined military and civilian workforces, eliminated two tiers of management and reduced costs by 20%.

The re-organization was further complicated by the fact that we were also moving people into new and smaller quarters. The logistics of involving a representative of each of the affected parties when trying to implement a change with so many people from vastly different backgrounds have been demanding - but we would simply not have achieved our aim otherwise. We now realize that ours is not the easy way ... it is the only way. We marvel daily at the short-sightedness of others who seem intent on ignoring these realities - and who then wonder why no lasting change results.

The CIC and HRMC committees function as any corporate boardroom, where the directors bring their experience, knowledge and values to the decision-making process, in the best interests of their organizations. The FMF Cape Scott is doing things that others have only dreamed about doing! What made it work was the commitment and leadership from management and labour. Of course there were more than a few "vigorous discussions" during the proceedings, but in the end everyone could buy in to the final consensus decision, despite the personnel reductions on both sides. We now look back over a period of six years, to the initial discussions of TQM, and can scarcely believe the cultural change that has taken place over that period.

Lessons Learned

In the FMF Cape Scott, neither labour nor management have a foot on the brake - instead they share in guiding the unit forward. Their interactions prior to 1994 gave an indication of what might be possible if the brake was released, but it took the classical "near-death experience" to lift both feet in unison. Budget '94 imposed such significant reductions that the Navy could no longer afford to

continue to fulfill its mandate without equally significant reductions in fleet support - which, in turn, were focused on the maintenance support provided by the SRUs of the day.

But what has kept the foot off the brake, and applied it gradually but increasingly confidently to the accelerator? Strong and consistent commitment to a shared vision of the future. Empowerment, made possible by increasing devolution of authority from the centre, has allowed this partnership to flourish where it can - not at the strategic or policy level, but down where real people work and can share a common vision (albeit within the strategic guidance that necessarily must be provided by senior managers and officials). And, finally, the pressure being applied will continue to be directly proportional to the decision-making authority that central agencies and departments are willing to delegate to service delivery managers. The future may no longer "be what it used to be", but the FMF Cape Scott has defined an innovative Public Service labour management vision and approach through leadership, empowerment, and respect.

Contact:

Commander Mark Rayner Eldridge
phone 1-902-427-0550, ext. 5824
email: chester@neu-a.dnd.ca

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