

Moving from confrontation to partnership

By: Leo LeBlanc

For: The Co-operative and its Workers

An MMCCU International Symposium - June 2006

Dramatic changes have been occurring in the retail/wholesale industry in the last few years. The competitive landscape has shifted from small to large firms. Competition has moved from local to regional to national and finally to global competitors. Marketing programs of large firms has created new demands for products and services which are moving at dizzying speed. New systems continue to be developed in order to streamline and improve work efficiencies in and computerization automation, communication systems. Also new industrial engineering concepts to improve efficiencies are being implemented and new technology and equipment are constantly improving and new modern management approaches to obtain the maximum performance from employees are being adopted.

The benchmarks for retail and wholesale companies continue to be rewritten and local organizations are forced to react to large multinational benchmark standards. Every aspect of the business is under siege, from through put, to margins, to sales per person hour, to sales per square foot, to inventory turns, to salary benchmarks to benefit offerings for employees. The nature of the work itself has also changed. Co-operatives in the Atlantic Provinces have not been immune to these industry changes. In many cases, co-operatives have not adapted fast enough and some have been overcome by the competition. Several co-operatives have tried to adjust by downsizing, reducing expenses including salaries and training expenses and increasing the use of part time staff. Many employees feel their co-operative is overmatched, feel that management is not listening, feel disconnected and disaffected and fear for the next round of rightsizing. Some co-operatives are unable to deliver products and services of sufficient quality and quantity, and hence have become less competitive with unsure destiny.

Since employees are a co-op's most important resource, a workplace typical of past eras (where job descriptions are rigidly defined, systemic inefficiencies, prolonged costly disputes over rights, and employers and employees as adversaries) will be unable to cope with today's requirements.

Our situation requires a new approach to workplace relations. We must develop more collaborative relationships, partnerships between management, employees and their representatives. An engaged and committed workforce together with managers who highly value the human resources they employ, create a synergy that breeds exceptional success.

Transforming our co-op workplaces is a major undertaking. Some unionized and non-union co-operatives have made progress in developing a more participative management approach. The most successful co-operatives were the ones that had managers, union representatives and employees that recognized the challenges facing the organization and started to trust each other and collaborate in order to address issues and solve business

problems. They recognized that the adversarial model of labor management relations of the past no longer serves employees, unions or management's long term interests. They accept that the ability for the business to compete will ensure profitability for owners and job security and benefits for employees. Co-op managers and union leaders have become partners in improving competitiveness in order to survive in the global marketplace. They recognize that the workplace is a living system and community, and that people are intelligent, creative, adaptive and self-organizing. They understand that management approaches respecting modern workplace relationships will be more effective than those that do not, and that the hierarchical model of the past has stifled workplace creativity and collaboration. They also see the need for a new relationship contract that effectively makes employees partners, in which they share decision making as well as risk and profits.

Our tough reality

There is a lot to learn from reviewing the management and union partnership of our co-operatives' recent past as we are dealing with one of the most competitive business sector in Canada. Some of our co-operatives have developed successful participative management structures, effective working relationships and union co-operation and some have failed. Here is a short description of our co-op organization, our challenges and some of our failures.

In 2006, Co-op Atlantic is a regional co-operative owned by 107 member organizations. Some of these member co-operatives today are a result of mergers and consolidations. We have wholesale sales of over \$500 million dollars. Co-op Atlantic has 12 collective agreements and provides assistance in labor relations management and negotiations for 18 other co-operatives (in the past this has been as high as 27 co-operatives, this number has changed due to mergers, business combinations and closures).

Co-operatives in the Atlantic Area have been under extreme competitive pressure; as a result the following are the 32 co-operatives that have closed, converted to private business and merged partially or completely with other co-ops. (see appendix 1) These closures, conversions and expense control initiatives represent 897 jobs lost at retail and 214 positions have been eliminated at wholesale since 2000. (see appendix 2 & 3)

Not listed in these numbers are other retail co-operatives that have taken some tough actions in order to control expenses and developed new business methods that generated positive results.

Back in the 1990s a source of pride for co-op managers was the number of outstanding grievances, now the source of pride is no outstanding grievances.

Difficult situations require innovative approaches with all stakeholders concerned. Here is a list of challenges and partnership work we have undertaken.

Partnership work done with management and Union co-operation and/or understanding:

- Pension surplus withdrawals and benefit improvements
- Followed the industry reluctantly to more part-time jobs
- Salary rationalization

- Benefit rationalization
- Merging non-union stores with unionized store
- Workforce downsizing
- Store closures
- Maintained small contracts for gas bars of closed store
- Union certification of previously non-union stores
- Early retirement negotiations
- Displaced unionized workers were given preference for employment
- Mutual agreement on employee departures
- Mutual agreement to gradual return to work and work accommodation
- Accuracy and productivity projects
- Continuous improvement initiatives
- New warehouse systems

Our co-operative system as stated above appears to have faced its share of business difficulties and challenges in the last few years. We have faced and are still encountering stiffer competition from traditional and non traditional competitors, changing organization structures, changing nature of the work, new expectations of younger generations, part time work, changing technology, changing government policies and changes in member/customer expectations.

Co-operatives are autonomous and develop their own approaches to labour and workplace relations independent of the co-op system. This can provide positive benefits or heel disastrous results depending on the management approach in place.

Co-operatives have limited means of raising capitalization and will have to address workplace matters by involving all of its stakeholders in innovative ways.

The employees of our co-operatives are major stakeholders and must be involved in the development of strategic solutions.

Union organizations can also play a valuable role.

Building solutions together

The last five years have forced us to work more co-operatively by putting all the cards on the table and being brutally honest and facing tough realities.

We have not followed the George Bush approach to solving problems. We are not using al-Qaeda tactics. Our techniques resemble more the martial art of aikido which places a lot of importance on harmony, peace and dynamic movement.

The challenges we have faced required no less than a complete change in thinking, shifts in paradigms, a rethinking of management/employee/union relationships and hard to swallow business changes.

The first and foremost critical step towards transforming a workplace is realizing that there are better alternatives to the old traditional confrontational model. This involves the following:

- identify how conflicts arise and how they are resolved
- identify underlying perceptions and assumptions of one another
- agree to new ways to work together
- understand and abide your contract
- learn new skills in problem solving and teambuilding together
- develop principled negotiation concepts and interest based processes
- develop new norms of behaviour conducive to building partnerships
- develop strong and sustainable working relationships based on shared norms of behaviour, trustworthiness, full disclosure, mutual respect, pursuit of full understanding, and acceptance of the other party's interest.

Secondly management and employees have to clarify their objectives and needs in light of business realities. This involves the following:

- establish short term objectives on issues like workplace problem resolution, training, wages, salaries, fringe benefits, working conditions, fair treatment, occupational health and safety and contract application
- establish long term objectives on issues of mission and values, workplace environment, participative decision making, information sharing, continuous learning, group decision making and sustainable working relationships
- establish and accept accountability for actions and results

Thirdly, as organizations face more complexity, the need for co-operation increases accordingly. Managers cannot make the best decisions when they are not fully aware of or informed of the various factors and views of others. When they realize that subordinates possess valuable and useful information they will more likely change their style of management to a more participative and inclusive approach. This involves the following:

- ensure transparency in all possible matters
- allow employees to voice their views, thereby stimulating original and creative ideas
- include employees and specialists from different fields
- develop well integrated groups and let them develop their own solutions
- develop a healthy open process that allows suggestions and provide feedback to correct mistakes
- allow collective sharing of rewards for good work
- lead people so that co-operation replaces competition
- provide staff with opportunities for professional development, technical development and empower their ability to make decisions

Fourthly, as employees learn participative methods of working together they need regular information and feedback on work results and business achievements. This ensures the co-operative meets its objectives or readjusts its strategies. This involves the following:

- involve employees in working on business plans that impact on their work unit
- involve employees in establishing the productivity targets and benchmarks
- communicate regularly individual, work unit and business results
- communicate and explain changes in priorities or business decisions
- ensure coordination and flow of information between business units
- ensure union representatives are involved, informed and included in every step of the process

Fifth, as all stakeholders work together to achieve results identified by the group, it produces a high degree of commitment. A great deal of interaction between the individual, his colleagues, representatives and his/her superior leads to opportunities to take an active part in the new workplace social system. This involves the following:

- respect the co-op values
- treat everyone as professionals and establish high expectations
- establish frequent contact and interaction to maintain motivation and reaffirm the importance of goals and achievements
- ensure the groups opinions and attitudes are represented and communicated in both directions in the hierarchy
- allow individuals the opportunity to take on a leadership role
- create an atmosphere of co-operation among group members, prompting them to interact with one another and with other groups inside and outside the organization
- encourage responsible actions
- encourage and support group decision making and delegation
- encourage and support a system for rapid decisions
- mobilize the organization to provide support and sufficient resources for carrying out plans and properly equipping the group for their role
- develop leadership skills
- select and develop managers that can practice participative management

Conclusion

Co-operatives have weathered tough times and continue to face unique challenges. If they are to survive in the new business environment they need to engage employees in a complete change of workplace culture. They must develop approaches that build effective working relationships and promote non-adversarial workplace relations. Our co-operatives need to make available resources for skill development, value ideas and provide encouragement as a means for connecting with each other and they need to think and focus long term with solid commitments. Finally, this partnership has to be fuelled by the co-op values: self help, self responsibility, democracy, equality, equity and solidarity. Our approach to workplace relations must be guided by co-op ethical values: honesty, openness, social responsibility and caring for others.

Co-operatives are not for the faint of heart, co-operation is difficult and requires courage.

How courageous are you?

I will leave you some quotes that will put you in the right frame of mind for changing our co-op workplaces.

"Change your thoughts and you change your world."

Norman Vincent Peale

"You must be the change you wish to see in the world."

Mohatma Gandhi

"The people will use what they have to secure what they have not."—People need to be encouraged to see what talents, skills and assets they have which can assist them to build a better future for themselves.

Moses Coady

Appendix I

Co-op closures in New Brunswick

• Saint-Léolin		Merged
• Saint-Ignace	2000	
• Maisonnette	2001	Merged
• Népisiquit (Bathurst)	2000	
• Oromocto	2003	
• Restigouche (Campbelton)	2003	
• Andover Perth	2003	
• Dalhousie	2003	Unionized
• Miramichi Valley (Doaktown)	2004	
• Northern Victoria (Paster Rock)	2004	
• Tabusintac	2005	Merged
• Northside (Fredericton)	2006	Gas Bar continues
• Simonds (Saint John)	2006	Unionized
• Campobello	2006	Converted to Valu Foods

Co-op closures in Nova Scotia

• Mabou	1998	
• BeaverFruit (Lawrencetown)	2002	
• Conway (Digby)	2002	
• Modern (Glace Bay)	2003	Unionized Gas Bar continues
• Sydney, Alexander Street	2003	Unionized
• Pomquet	2005	
• Amherst	2006	Unionized Gas Bar continues
• Annavale (Middleton)	2006	Gas Bar continues
• Bras D'Or	2006	Unionized
• Town and Country (Bridgewater)	2006	

Co-op closures in Newfoundland

• City Consumers (St-John's)	2003	Unionized
• Mid Island	2004	
• Corner Brook	2006	Unionized Gas Bar continues
• Grand Falls	2006	Unionized

Other Co-op closures

Magdalen Islands

• La Sociale	2004	
--------------	------	--

PEI

• Central Farmers, Queen St. Charlottetown	2003	Unionized
• Mount Carmel	2004	
• Summerside	2006	Converted to Valu Foods

Appendix 2

Job lost at retail in stores that faced closures:

2000	430 positions (mostly CCC positions)
2002	25 positions
2003	152 positions (mostly CCC positions)
2004	55 positions
2005	10 positions
2006	225 positions (mostly CCC positions)
Total:	897 positions

Jobs at Co-op Atlantic wholesale operations:

Co-op Atlantic work force in 1995	850
Positions eliminated	214
Net work force before additions	634
Additions to work force, new services	91
Work force as of March 27, 2006	725

Appendix 3

Restructuring at Co-op Atlantic

September 1995	Central buying Gander - 7 positions eliminated Sydney - 7 positions eliminated Moncton - 7 positions eliminated
April 1996	Closure of Price Street Service Centre - 12 positions eliminated
September 1996	General reorganization - 14 positions eliminated
October 1996	Agriculture Division reorganization - 11 positions eliminated
March 1997	General reorganization - 22 positions eliminated - Printing, member relations, communications and office
August 1998	General reorganization - 32 positions eliminated
January 2000	Creation of the CCC - 400 retail positions eliminated
February 2000	General reorganization - 46 positions eliminated
April 2000	Reorganization of the General Merchandise Department - 2 positions
November 2001	Reorganization of the Consumer Products Department - 18 positions - Specialists
2003	Store closures CCC - 152 retail positions eliminated 7 positions eliminated: Admin position - finance - subsidiaries 1/1/03 Internal auditor - 1/31/03 Accounts payable - 5/5/03 Banner conversion co-ordinator - 12/1/03 May - Buying group - Conventional and Co-op Basics Category Manager - 2/14/03 Produce specialist - 2/14/03 Meat specialist - 2/14/03
2004	4 positions eliminated: Admin position - Account payable - 1/2/04 Meat central cutting supervisor - 5/28/04 Equipment buying assistant - 6/15/04 Accounts payable audit specialist - 6/30/04 March - Amalgamated 2 divisions: Retail operations and Food
2005	3 positions eliminated Deli Program Development Specialist - 3/2/05 Receptionist, Gander - 5/6/05 Jr. Category Manager - 5/19/05
2006	21 positions eliminated January - 7 CCC store closures - 225 retail positions eliminated CA general reorganization - 21 positions eliminated February - Marketing Division reorganization - 1 VP position eliminated Flyers are now under the Food Division Corporate Marketing and Communications under Corporate Affairs