

# Hillton's Transformation

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S. L. McShane *Canadian Organizational Behaviour*, 5th ed. (Toronto: McGraw-Hill Ryerson, 2004); S. L. McShane & M. A. von Glinow, *Organizational Behavior*, 3rd ed. (Boston: McGraw-Hill, 2005); S. L. McShane & T. Travaglione, *Organisational Behaviour on the Pacific Rim*, 1st ed. (Sydney: McGraw-Hill Australia, 2003)

# Hillton's Transformation\*

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Twenty years ago, Hillton was a small city of 30,000 residents that served as an outer suburb to one of Canada's largest metropolitan areas. The city treated employees like family and gave them a great deal of autonomy in their work. Everyone in the organization (including the two labour unions representing employees) implicitly agreed that the leaders and supervisors of the organization should rise through the ranks based on their experience. Few people were ever hired from the outside into middle or senior positions. The rule of employment at Hillton was to learn the job skills, maintain a reasonably good work record, and wait your turn for promotion.

Hillton has grown rapidly since the mid-1960s. As the population grew, so did the municipality's workforce to keep pace with the increasing demand for municipal services. This meant that employees were promoted fairly quickly and were almost assured guaranteed employment. In fact, until recently, Hillton had never laid off any employee. The organization's culture could be described as one of entitlement and comfort. Neither the elected city councillors nor city manager bothered the departmental managers about their work. There were few cost controls because the rapid growth placed more emphasis on keeping up with the population expansion. The public became somewhat more critical of the city's poor service, including road construction at inconvenient times and the apparent lack of respect some employees showed toward taxpayers.

During these expansion years, Hillton placed most of its money into "outside" (also called "hard") municipal services. These included road building, utility construction and maintenance, fire and police protection, recreational facilities, and land use control. This emphasis occurred because an expanding population demanded more of these services and most of Hillton's senior people came out of the outside services group. For example, Hillton's city manager for many years was a road development engineer. The "inside" workers (taxation, community services, etc.) tended to have less seniority and their departments were given less priority.

As commuter and road systems developed, Hillton attracted more upwardly-mobile professionals into the community. Some infrastructure demands continued, but now these suburban dwellers wanted more of the "soft" services, such as libraries, social activities, and community services. They also began complaining about the way the

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municipality was being run. The population had more than tripled by the early 1990s, and it was increasingly apparent that the organization needed more corporate planning, information systems, organization development, and cost control systems. In various ways, residents voiced their concerns that the municipality was not providing the quality of management that they would expect from a city of its size.

In 1996, a new mayor and council replaced most of the previous incumbents, mainly on the platform of improving the municipality's management structure. The new council gave the city manager, along with two other senior managers, an early retirement buyout package. Rather than promoting from the lower ranks, council decided to fill all three positions with qualified candidates from large municipal corporations elsewhere in Canada. The following year, several long-term managers left Hillton and at least half of those positions were filled by people from outside the organization.

In less than two years, Hillton had eight senior or departmental managers hired from other municipalities who played a key role in changing the organization's value system. These eight managers were called the "professionals" by employees, usually with negative connotations. The managers worked closely with each other to change the way middle and lower level managers had operated for many years. They brought in a new computer system and emphasized cost controls where managers previously had complete autonomy. Promotions were increasingly based more on merit than seniority.

These managers frequently announced in meetings and newsletters that municipal employees must provide superlative customer service, and that Hillton will become one of the most customer friendly places for citizens and those who do business with the municipality. To this end, these managers were quick to support the public's increasing demand for more "soft" services, including expanded library services and recreational activities. And when population growth recently flattened out for a few years, the city manager and other professionals gained council support to lay off a few of the outside workers due to lack of demand for hard services.

One of the most significant changes was that the "outside" departments no longer held dominant positions in city management. Most of the "professional" managers had worked exclusively in administrative and related inside jobs. Two had Master of Business Administration degrees. This led to some tension between the professional managers and the older outside managers.

Even before the layoffs, managers of outside departments resisted the changes more than others. These managers complained that their employees with the highest seniority were turned down for promotions. They argued for more budget and warned that infrastructure problems would cause liability problems. Informally, these outside managers were supported by the labor union representing outside workers. The union leaders tried to bargain for more job guarantees whereas the union representing inside workers focused more on improving wages and benefits. Leaders of the outside union made several statements in the local media that the city had "lost its heart" and that the public would suffer from the actions of the new professionals.