

# **Making Sense of Change: The Case of Lightco**

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## The Culture Change

It was a beautiful late summer day and David White was seated at his desk, enjoying the view from his 18th floor office, as he contemplating what to do next. White had just received the results of an employee attitude survey, which confirmed what he already suspected. His company, Lightco, was facing a serious morale problem amongst its employees and White knew he had to do something about it quickly.

Since being appointed as President of the publicly owned utility, White had traveled extensively throughout the region in order to meet all of the 2600 employees. It was during these visits that he started to notice the employee discontent. As the largest employer of engineers in the province, it was true that Lightco was often referred to as a construction company, rather than an electric utility. White could see that the employees, in addition to those who were located in head office's 18 storey office tower, were spread over six thermal plants, a couple of hydro plants, and four zone (regional) offices. As such, the divisions seemed to operate as a number of separate companies, with little interaction among them. White was also aware that traditionally the management positions were held mainly by engineers, whose style of management was autocratic at worst and paternalistic at best. It seemed to White, who had only been in the position a short time, that task accomplishment was Lightco's primary goal and that inanimate resources were being given more consideration than human resources. For White, who had been both a politician and college president prior to this current appointment, morale problems were disturbing because as well as affected the efficiency of the Crown Corporation, they contradicted his basic values and beliefs. White asked his Human Resources Director to conduct an employee attitude survey to see if he could get to the bottom of this problem so he could look for some solutions. Eight months later, the results were in and they confirmed what White already knew. Employees were dissatisfied with the way they were being treated and managers were unhappy with the lack of communication and support from Head Office. It was time to take action.

## Implementing the Culture Change

A few days later, White called a meeting of The Executive and presented them with an idea that he had been thinking about for a while. Recently he had read that Florida Power and Light had faced similar problems and had turned to culture change as a way of both increasing efficiency and boosting morale. Also, he knew that the local telephone company was introducing corporate values in an effort to change its culture. He suggested to the Executive that maybe a planned culture change would work for Lightco.

Within short order, tenders were sent out and a local consulting firm was hired to help Lightco establish its values and lead them into the change process.

The Human Resource Department, working closely with the consultants, began the day to day process of operationalizing the change. It was decided, after a series of meetings with the Executive, to focus on four values:

- The Province
- The Environment
- The Customer
- The Employee

The Human Resource Manager and the consultants then decided to invite all the senior managers to a four day session that would educate them about the culture change and give them the skills they would need to become facilitators for the one day sessions that would be offered to the remaining employees to explain the values and the change. In the meantime, in order to reinforce the importance of the programme, employees were given coffee mugs printed with “we value the environment”, pens and fridge magnets that highlighted the four values, and ‘values’ posters were prominently display in all locations. Although employees certainly could identify the values, few knew how to recognize them in action, and fewer still were unable to understand how and when the culture change would become obvious. Most employees were focused on the value of “Employee’ and waited to see how their contribution to Lightco would be rewarded.

### **Six Months Later.....**

Phil Roberts, an engineer in the thermal division, who was a ten year veteran of the company, had seen the company introduce a number of different changes, but he hadn’t paid much attention to them. The various techniques that the company had tried had little direct effect on him or how he carried out his day to day activities. But recently he had attended a mandatory four day session training session for managers on changing the culture through the living of four values. This seemed very different from the change techniques that Lightco normally used because instead of focusing on how to get the job done, the company finally seemed to want to recognize the input of its employees and the importance of its customers. Maybe this new President was going to be okay after all. If anyone or anything could turnaround the morale in this company, this could only benefit the company.

At the end of the four day session, when volunteers were being solicited to act as facilitators for the one day sessions for non managerial employees, Phil decided to sign up. He was convinced that incorporating the values into everyday work activities would help to bring the different company divisions together and improve morale throughout.

It was late Friday afternoon and Carol Isenor was anxious to get home. It had been a rough week. As a Customer Service Clerk in the District Office, Isenor had borne the brunt of disgruntled customers’ anger and frustration because of the latest hike in

electricity rates. The last thing she had wanted to do was to end her week by attending this one day 'facilitation' meeting about the culture change programme Lightco had recently embarked upon. Like many of the others in the room, Carol felt that if Lightco really did value her as an employee, they would have given her a four day training session, led by a consultant, like all the managers had received, not this one day meeting with some engineer from the thermal division acting as a facilitator. What did he know about her job and why was this programme any different from the others that Lightco had tried? Since starting with the company eight years earlier, Carol had seen the company introduce a variety of changes. While this latest 'flavour of the month' seemed to be talking about corporate values as a way to build employee commitment, Carol found it difficult to see how this could have any direct affect on her. And it already seemed that the abbreviated training session contradicted the value of 'employee' that the facilitator was talking about. Carol looked at her watch again. Only fifteen more minutes and she could catch the 5 p.m. bus home.

### **One Year Later....**

Carol was in the lunchroom waiting for the kettle to boil. Looking around the room, she was reminded how much a part of their lives the Lightco values had become in such a short period of time. Not only were there tangible reminders of the values, but people were starting to act differently too. Early on, the values had been reinforced through a number of symbols, slogans and practices. For example, four posters, depicting the four values, were on the wall behind Carol, and the Styrofoam coffee cups on the shelf had been replaced by ceramic mugs that said "At Lightco, we value the environment". Now employees throughout the company had made values an issue. At one extreme were those who viewed them in a negative way.... saying that everything had become a values issue, while others embraced them in an evangelical way and used values as a template for day to day behaviour.

Most, like Carol, saw the culture change as a positive step in the direction of making Lightco a better place to work. Although she and others had initially been skeptical about how long the company's commitment to the culture change would last, she had to admit that they certainly seemed to be trying to make it work. In fact, in the most recent Annual Report, the President's Report promised a commitment to employment equity and stated that 'visible minorities and more women in management' would be a bigger part of the company. An Equity Advisory Committee had just been set up and women were being encouraged to go into previously male dominated trades. But it was the recently announced job sharing programme that was of greatest interest to Carol. For the first time since joining the company, she could apply to a programme that would allow her to share her work duties with another co-worker, in order to give her more time and flexibility to spend with her family.

Phil was in his office studying the results of the latest employee attitude survey. Since becoming a facilitator, Phil had done a number of the one day training sessions throughout the province. Initially, there had been a great deal of suspicion about the company's motives for change. But over time, and with the help of some of the union members who had also become facilitators, even the most skeptical employees had begun

to believe that the company was serious about changing its ways and living the values. For example, the recent decision to do away with the different coloured hard hats, which distinguished management from non-management employees, had done a lot to blur the boundaries between management and staff in the Transmission and Distribution Division. Now, instead of management wearing a white hat and the trade employees wearing yellow, everyone would wear yellow. As well, in Phil's plant, the manager had decided to let employees finish their shift 15 minutes early so that they could shower and leave the plant on time and clean. Although these were only little things, together they were changing the perception of Lightco as large, bureaucratic and uncaring. Despite the usual complainers, most employees seemed to regard the changes that had been made in the past year as positive. The only real problem that Phil could identify was that probably people were far too happy with the values and saw them as a way to justify reasons for getting what they wanted. Still things could be worse and it certainly was good to see that morale had improved and employees were less suspicious of management's motives. Phil had to give a lot of credit to David White, as a President, he certainly was one of the people and employees liked and trusted him.

### **Privatization**

Since taking over the reins of Lightco in 1983, David White had known that the Crown Corporation would one day have to stand on its own two feet. By 1991, several key developments were beginning to impact decision-making within the company and causing a major change in thinking. Canada had entered into a North American Free Trade Agreement (NAFTA) with the US that promised (or threatened) to open up a number of areas new to competition, including telecommunications and electricity supply. In order to meet the demands of remaining effective in a highly competitive environment, he knew that the company needed to take action and needed a strategy to achieve this. It came as no surprise to White when the Premier of the province announced that Lightco would be privatized in June 1992. Although he was still committed to the culture change, White now had other issues to think about, the most important being to find ways to make the company more efficient and competitive. These factors dominated his thinking, as White looked for ways to achieve these new challenges while still remaining committed to the culture change.

### **Re-engineering**

David White had just met with Lightco's auditors in order to finalize their statement for the 1992 Annual Report. Following privatization, he had been trying to reconcile various methods that would allow for the increase of the efficiency and effectiveness of the company, while still maintaining the integrity of the corporate culture and its values. When Lightco's auditors mentioned that their firm had a consulting arm with an established reputation of developing and implementing Business Process Improvement (BPI), he was interested. And when he found out that their consultants had successfully re-engineered a number of major electrical companies in Canada, White began to think that maybe they could do the same for Lightco. After discussing it a bit further, a meeting was arranged between the consulting division and White for later in the week.

After laying out a proposal, the consultants had little trouble convincing White and Lightco's Senior Executives that their re-engineering strategy would provide them with the key to creating an effective organization that would meet the demands of competition and globalization that were now facing the newly privatized company. Quickly, an agreement was signed and several consultants were assigned to work full time with Lightco's internal change agent, the Director of Internal Auditing. Early on, a series of 'Effectiveness' bulletins were circulated amongst employees to explain the latest strategy. Employees who had previously worked as facilitators were encouraged to 'volunteer' to be members of the re-engineering project assessment teams. Although the commitment to the values and the 'new' corporate culture was not forgotten, it became the consultants' job to take Lightco into the second stage of the culture change, called 'organizational effectiveness'. Soon it became clear that this change programme was going to be quite different from the culture change programme and its concern for the employee. For one thing, the Director of Employee Development was not directly involved with the planning and implementation of the re-engineering initiatives, and for another, the focus was on the value of the job, rather than the value of the employee.

In conjunction with the newly created 'corporate effectiveness' department, composed of a project manager, an external consultant, a human resources specialist, and six communications support staff, the consultants formed the initial assessment team. Early on, it had become evident to the reengineering leadership that Lightco was overstaffed and had a great deal of duplication of services. So these 'business process improvement teams' interviewed and observed employees in the units being re-engineered, in order to decide how to streamline jobs and cut down on unnecessary costs. This process, which had taken 16 weeks, and included an analysis of the current method of carrying out the task, "creating a vision and detailed concept of the future state of the process", and developing an implementation plan, was now concluding. With advice from the consultants, the process teams had identified jobs that didn't offer 'value' to the accomplishment of organizational goals and had offered employees in these positions the chance to take early retirement or to apply for jobs that were considered as having 'added value'. In this way, over 300 positions had already been eliminated, mostly through attrition, before the two pilot projects were initiated.

When Carol first heard that Customer Service was one of the departments that had been selected to be part of the re-engineering pilot projects, she was excited. This restructuring, combined with the earlier mandate of the culture change to promote women into positions of management through the value of employee, meant that she might finally have a chance at promotion. Although Carol had been with the company long enough to be considered for promotion and everyone said she knew the job better than anyone else, she had been overlooked the last few times a supervisory position had opened up in favour of her male colleagues. This time might be different. The company had certainly changed since this emphasis on values and culture had started and it really did seem to value its employees and to be committed to making the workplace more equitable.

**Six Months Later....**

Following the announcement that the company was going to implement two pilot projects, employees in the Customer Service Division had been advised that one of the projects was going to involve the centralization and consolidation of all customer service related activities to one large call centre. This meant that employees would be trained to carry out a number of different tasks that would not only serve the customer better but give customer service representatives, like Carol, more autonomy and variety in doing their jobs.

It was only when Lightco called a meeting and announced that the closure of the satellite offices meant that 150 dislocated employees would now have to compete for about 70 new positions that would be created in the new call centre that the enormity of the project set in. As well, in addition to the competition from employees in the soon-to-be-closed locations, “linesmen” (sic) from the recently cancelled apprenticeship programme, would also be competing for the same 70 positions. Rumour had it that those who weren’t successful would be let go with a severance package.

Suddenly Carol wasn’t worried about promotion, as job security became a primary focus. While the latest Annual Report had described re-engineering as ‘revolutionizing the way we work’, nothing had prepared her for this. Not only was she overworked because the company had drastically underestimated the staff it would need for this new centre, but it was a joke to hear her manager describe the external consultant as a “visionary”. But then he had been on the team that had thought up this whole scheme. Yesterday she had heard one co-worker refer to the consultant as “undertakers” and ‘hatchet men’. Even her supervisor called them ‘gunslingers’ when he thought no one was listening. What had happened to valuing the employee, Carol wondered? Things were certainly a mess. Many of her co-workers, fed up and stressed by the constant understaffing, were calling in sick. Others were resentful that their former co-workers had lost their jobs and many like Carol were wondering what would happen next. Although the company had just announced that they had retained the services of a psychological counseling firm to deal with employees’ problems, the rumour that more lay-offs were about to occur was even more urgent.

Following the announcement that volunteers were being sought to serve on the Business Process Team, Phil Roberts was encouraged to volunteer. Since his experience as a facilitator of the culture change had been so positive, Phil looked forward to again meeting with employees in other divisions and serving as an ambassador for Lightco. He was assigned to the team that was assessing the feasibility of consolidating the regional call centres. Initially, the team met two to three times a week for a few hours and Phil was able to return to the project he was completing in his own division. As the project got well underway, Phil was assigned full time to the team and was seconded to the Internal Audit Division.

It was late Tuesday and Phil had just returned from another meeting that had gone on far longer than he anticipated. If he had known that employees were going to blame him personally for the problems created by the re-engineering processes, he would never have agreed to take on this task. Today had been particularly upsetting. An employee, who had

just been given two weeks notice, had come to him crying and begging him to do something to help her get her job back. After all this, Phil was anxious to get home but first he had to return a call to his boss that was marked urgent. When he hung up, Phil was speechless. It seemed that the company had decided to outsource the work that Phil's department had been doing. Phil was waiting for security to arrive and escort him off the premises. After all the work he had done for Lightco, he was being given 20 minutes to clear out his desk.

At the same time, David White had just come from a meeting with the Senior Managers. Things were not good. Following the latest round of lay-offs, morale amongst the remaining employees was at an all time low. The managers were reporting that employees were angry, unhappy and stressed by the amount of work they were having to do and did not feel that their efforts were being acknowledged. White was hearing reports that employees felt that the changes that were occurring were not being explained in a timely manner, and rumours surrounding the changes were causing panic at all levels. More importantly, employees felt that Lightco was not holding true to the values and that the culture change was a thing of the past.

While re-engineering had seemed the ideal solution, White now wondered how he had failed to recognize that re-engineering would be a fairly rigid process that focused on getting tasks done in the most efficient and cost effective manner, while de-emphasizing the importance of creating a happy workforce and employee well being. It seemed that his plans for creating a humanistic workplace and promoting employment equity had been derailed by factors that were out of his control. The culture had changed, but not in the way that he had hoped. Had he made a mistake? Should he have stuck with the original plan and not been talked into changing the company's strategy? Was it too late to gain back the trust of his employees?