

**ABC COMPANY  
“CHANGE AUDIT FOR  
OUTSOURCING  
JANITORIAL SERVICES”**

by

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PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF  
THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION

In the  
Faculty  
of  
Business Administration

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## **ABSTRACT**

The planning and implementation of organizational change is of great interest to today's ever changing organizations. The following project utilizes an organizational change model called "The Inspire Action Method" to review what went well and suggest areas for improvement in a major outsourcing initiative that affected over 800 people. All the primary members of the project team responsible for the outsourcing were interviewed and an additional 48 employees impacted by the change provided feedback *via* questionnaires. A content analysis of the data was then completed, comparing the best practices of organizational change with what had been done during this outsourcing initiative. The findings indicate that, although this outsourcing project was politically sensitive and received some negative publicity, the majority of best practices were followed. Recommendations and opportunities to improve future change initiatives were provided. A literature review on the topic of maintaining morale during downsizing is also presented.

## **ACKNOWLEDGEMENTS**

We would like to thank our project sponsor and sustaining sponsor for their assistance in helping us identify and get access to the right people. To our academic supervisor, Gervase Bushe, we appreciate your guidance and insight especially during the last mile of this project. Your support was indispensable. Finally, Sheila would like to thank her husband, Charles, for his tireless encouragement and assistance while they went through the most exciting and demanding first weeks with their beautiful baby Celina.

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## SECTION 1: PROJECT CHARTER

# ABC Company “Change Audit for Outsourcing Janitorial Services”

## Project Charter -Final -

### *Document Information and Revision History*

<b>Version</b>	<b>Date</b>	<b>Change by:</b>	<b>Description of Change</b>
1	May 29, 2004	Sheila	Initial draft
	Jun 4, 2004	Sheila	Added more detail to the project objectives and scope sections
	Jun 9, 2004	Sheila	Clarified dates, fixed headers & table of contents

## **1.1 Introduction**

### **1.1.1 Background**

- The Company: ABC Company is a service organization located in British Columbia. ABC is a large employer with more than 70 locations.
- The Department: Janitorial Services have historically been delivered via unionized staff.
- Janitorial Services are primarily a cleaning service with some additional responsibilities such as waste management, and basic maintenance. ABC previously employed hundreds of in-house janitorial staff.
- The Change: Through a formal tendering process the ABC began to explore new opportunities to obtain an equal or better level and quality of Janitorial Service, a reduced rate from the private sector.

The janitorial evaluation team comprised of 13 ABC Company non-contract staff members from across ABC. The evaluation team composition was multidisciplinary and included both service provider and customer. This team evaluated each vendor bid and used a weighted criteria format to select a successful bidder.

## **1.2 Scope and Objectives**

### **1.2.1 Objectives**

#### **1.2.1.1 Business Objectives**

This initiative supported the performance improvement objective in their strategic plan. Specifically, other countries have been able to maintain or improve some administrative functions such as janitorial services by outsourcing.

### **1.2.1.2 Project Objectives**

To evaluate the outsourcing of janitorial services' change utilizing the "Inspire Action Method For Leading Organization Change", by July 31, 2004. Through evaluation of strategic alignment, project structure and change leadership a report focused on stakeholder satisfaction will be produced. This report is intended to capture stakeholder opinion of what went well and what did not go so well during the change.

## **1.2.2 Scope**

### **1.2.2.1 The Project Scope will Include:**

Preparation of a written report documenting the findings of:

- Interviews with the primary implementation team. Including the Director of Janitorial Services, two Janitorial Managers, the Director of Human Resources, Risk Management Prime, Materials Prime, the Project Manager, the Chief Financial Officer and the Chief Executive Officer to capture their opinions on what went well and what did not go so well.
- Surveys will be conducted with:
  - Second-level Managers from at least three locations
  - Supervisors from at least three locations
  - Displaced Janitors who have taken positions with Clean Team Services or been redeployed to other ABC Company position
- The interviews and surveys will be used to capture information in four key areas:
  - Awareness of strategic alignment
  - Stakeholder engagement
  - Change leadership (communications, openness to resistance/input and planning)

■ Confidence in Clean Team Services

**1.2.2.2 The Scope of the Project will not Include:**

- The success of Clean Team Services in fulfilling its contract obligations.
- The validity of the outsourcing business case.

**1.2.2.3 Project Assumptions**

The completion of this project is based upon the following assumptions:

- ABC implementation team members will be available to discuss the initiative
- Impacted staff will be willing to complete surveys and/or interviews
- All interviews will not be anonymous or confidential.
- All surveys will be anonymous but not confidential.
- Information provided by the client will be assumed to be accurate.
- Previous janitorial staff to fill out surveys will be selected by Janitorial contract management.

**1.3 Project Organization**

**1.3.1 Project Team**

Following is a table listing the project team members:

**Table 1**

Steering Committee	Jim Taylor and Calvin James
Project Sponsor	Jim Taylor
Academic Supervisor	Gervase Bushe
Project Team	Oscar Garcia, Sheila LeBlanc and Marti Wang

### **1.3.2 Stakeholders**

Internal stakeholders:

- Initiating Sponsor – Jim Taylor, Director, Janitorial Services
- Sustaining Sponsor – Calvin James, Director, Strategic Initiatives Human Resources & Organization Development
- Change Agent – Jim Taylor
- Direct Targets: Affected janitorial staff
- Indirect Targets: Janitorial Supervisors, Logistics team, HR team and other ABC Company staff

## **1.4 Project Management**

### **1.4.1 Project Reporting**

The Project Team will provide the Project Sponsor and update of all changes to the implementation plan. This communication will be completed via email or telephone for the entire length of the project.

### **1.4.2 Change Control**

The project team, the project sponsor and the academic supervisor must agree to all changes in scope.

### **1.4.3 Risk & Issue Management**

Any risks or issues that are found by any member of the project team will be communicated to the project sponsor within 48 hours. Types of risks to be identified include risks to Project: Scope; Timescales; Deliverables; Resources; Milestones.

## 1.5 Phases, Schedule & Work Plan

Table 2

<i>Phase / Activity</i>	<i>Duration</i>	<i>Target Completion Date</i>	<i>Deliverables</i>
<b>1 –Initial meetings with Steering Committee</b>	2 days	May 20, 2004	<ul style="list-style-type: none"> <li>▪ Discuss scope and deliverables</li> <li>▪ Acquire documentation</li> </ul>
<b>2 –Create and sign off project charter</b>	1 week	Jun 4, 2004	<ul style="list-style-type: none"> <li>▪ Review documentation</li> <li>▪ Sign off P.C. with Academic Supervisor and Project Sponsor.</li> </ul>
<b>3 – Interview key project primes</b>	1 weeks	Jun 11, 2004	<ul style="list-style-type: none"> <li>▪ Interview guide created</li> <li>▪ Interviews completed</li> </ul>
<b>4 – Survey supervisors &amp; possibly other stakeholders (as agreed by the project primes)</b>	1 weeks	Jun 16, 2004	<ul style="list-style-type: none"> <li>▪ Survey signed off</li> <li>▪ Surveys completed</li> </ul>
<b>5 Analyse findings</b>	2 days	Jun 17, 2004	<ul style="list-style-type: none"> <li>▪ Data compiled and analyzed</li> </ul>
<b>6 –Create report outline and acquire project sponsor approval</b>	1 day	Jun 18, 2004	<ul style="list-style-type: none"> <li>▪ Report outline complete and approved</li> </ul>
<b>7 Complete report</b>	2 weeks	Jul 9, 2004	<ul style="list-style-type: none"> <li>▪ Report completed for academic supervisor review</li> </ul>
<b>8 Report revised and presented to Project Sponsor</b>	1 week	Jul 16, 2004	<ul style="list-style-type: none"> <li>▪ Completed report provided to Project Sponsor</li> </ul>
<b>9 If required, report edited and final version presented to Steering Committee</b>	1 day	Jul 20, 2004	<ul style="list-style-type: none"> <li>▪ Finalized report provided to steering committee</li> </ul>

**SECTION 2: FIELD STUDY**

**Organizational Change Assessment**

**ABC Company**

**Outsourcing of Janitorial Services**

## 2.1 Executive Summary

ABC Company engaged three Simon Fraser University's MBA student to help ABC learn from the janitorial outsourcing project. The "Inspire Action Method for Organizational Change" was utilized to identify what went well and what are opportunities for learning when compared to the best practices outlined in the method. The "Inspire Action Method" focuses on 8 factors and was also as key levers in a change projects success. They are: strategic alignment, project structure, change leadership, using success stories, stakeholders commitment, entrepreneurship, resilient teams and aligned performance (Mackay, 2004).

Questionnaires were developed and sent to ex-janitors, janitorial supervisors and second-level managers. Forty-eight responses were received. An interview guideline was designed to capture details on the 8 factors and utilized in face-to-face or telephone interviews with the project primes.

The analysis indicates that the ABC project team has been successful in many factors, especially in the area of change leadership and project structure. The greatest opportunities for improvement are identified within strategic alignment and aligned performance.

It was also noted that the factors needing the greatest improvement are tied to systemic challenges. ABC Company, due to its very nature as a 24-hour organization has span of control and communication challenges. ABC Company is also in the process of addressing one of its largest systemic challenges, that of performance management. It is recommended that a strong performance management system can assist in embedding the strategic plan into day-to-day operations by creating a close alignment between performance measurement and strategic goals.

As expected, on the questionnaires, the ex-janitorial staff did identify some concerns with the timeliness and accuracy of information regarding the change. Although the majority of the supervisors and second-level managers indicated they did receive the information they needed in a timely and accurate way.

A number of recommendations to increase the probability of success for future change efforts were also made.

## **2.2 Introduction**

### **2.2.1 Purpose**

The purpose of this study was to evaluate the outsourcing of janitorial services utilizing the “Inspire Action Method For Leading Organization Change” and to capture stakeholder opinion of what went well and what did not go so well during the change. This report is not intended to assess the success of Clean Team Services in fulfilling its contract obligations or the validity of the outsourcing business case.

### **2.2.2 Background**

#### **2.2.2.1 The Company**

ABC Company is a service organization located in British Columbia. ABC is a large employer with more than 70 locations.

#### **2.2.2.2 The Department**

Janitorial Services have historically been delivered via unionized staff.

Janitorial Services are primarily a cleaning service with some additional responsibilities such as waste management, and basic maintenance. ABC previously employed hundreds of in-house janitorial staff.

#### **2.2.2.3 The Change**

Through a formal tendering process the ABC began to explore new opportunities to obtain an equal or better level and quality of Janitorial Service, a reduced rate from the private sector.

The janitorial evaluation team comprised of 13 ABC Company non-contract staff members from across ABC. The evaluation team composition was multidisciplinary and included both service provider and customer. This team evaluated each vendor bid and used a weighted criteria format to select a successful bidder.

### **2.2.3 Scope**

The report includes a content analysis of interviews with the primary implementation team and the findings of 48 questionnaires targeted at previous janitors, supervisors and second-level managers. ABC management did attempt to select a range of supportive and non-supportive targets to complete the questionnaires. For the purpose of this report analysis only, they are assumed to be representative of their teams.

### **2.2.4 Method**

Initial meetings were held with Jim Taylor, the Director of Janitorial Services and Calvin James, the Director of Human Resources to design the study. An interview guide to answer questions in the eight key areas of the “Inspire Action Method” was designed and then approved by the project sponsor. Telephone or face-to-face interviews were conducted with the primary implementation team. This implementation team included the Director of Janitorial Services, a Second-level Manager, the Director of Human Resources, the Risk Management Prime, Materials Prime, Project Manager, Clean Team Services prime, the Chief Financial Officer and the Chief Executive Officer. Concurrently, a questionnaire was designed and approved to answer the following four questions:

- Awareness of strategic alignment
- Stakeholder engagement
- Change leadership (communications, openness to resistance/input and planning)

➤ Confidence in Clean Team Services

The data from the questionnaires and a content analysis from the interviews and questionnaire comments were used to analyze the results against the best practices defined in the “Inspire Action Model”. Dr. Nancy MacKay designed and teaches the Inspire Action Model. Dr. MacKay is a speaker, consultant, executive coach and professor in the Business Faculty at Simon Fraser University. Over the past 15 years, Nancy has provided coaching, consulting, and training services to a variety of companies including: Alberta Health, BC Hydro, BC Gas, City of Vancouver, Ford Motor Company, Duke Energy, and Teldon International Inc. She has extensive experience as a consultant and facilitator in the areas of strategic planning, team building and change leadership. Nancy is a certified coach (CPCC), a certified *Myers-Briggs Type* facilitator and a certified *Managing Organizational Change* consultant. She is a member of The International Coach Federation, the Canadian Information Processing Society, The CIO Association of BC and the Canadian Association of Professional Speakers.

## 2.3 Questionnaire Findings

The questionnaire questions were designed to answer the following four questions:

- Awareness of strategic alignment
- Stakeholder engagement
- Change leadership (communications, openness to resistance/input and planning)
- Confidence in Clean Team Services

The following results were generated. Please note: some columns will not equal 100%, as a few respondents did not respond to all questions. This study represents the views of a small sample only (48); it cannot be utilized to represent the views of the entire ex janitorial, supervisory or second-level management team

### 2.3.1 Awareness of Strategic Alignment

Table 3

	<i>Ex-Janitors</i>		<i>Supervisors</i>		<i>Second-level Managers</i>	
	disagree	agree	disagree	agree	disagree	agree
<i>I am familiar with ABC Company strategic plan.</i>	42	39	43	38	0	100
<i>I understand how the outsourcing of janitorial services aligns to the overall strategic plan.</i>	70	18	24	52	0	100
<i>I felt the outsourcing of janitorial services was necessary.</i>	94	0	66	14	10	70

### 2.3.2 Stakeholder Engagement

Table 4

	<i>Ex-Janitors</i>		<i>Supervisors</i>		<i>Second-level Managers</i>	
	disagree	agree	disagree	agree	disagree	agree
<i>The Second-level Management team was properly represented in planning the process.</i>	N/A	N/A	15	0	10	40
<i>My manager was open to listen to my suggestions regarding the outsourcing of janitorial services.</i>	N/A	N/A	14	48	N/A	N/A
<i>The project primes for the outsourcing of janitorial services project were willing to consider input from the second-level management team when creating the implementation plan.</i>	N/A	N/A	N/A	N/A	10	30

### 2.3.3 Change Leadership

Table 5

#### Communications, openness to resistance/input and planning

	<i>Ex-Janitors</i>		<i>Supervisors</i>		<i>Second-level Managers</i>	
	disagree	agree	disagree	agree	disagree	agree
<i>The outsourcing of janitorial services change initiative was communicated to me accurately.</i>	30	35	34	62	10	90
<i>The outsourcing of janitorial services change initiative was communicated to me in a timely fashion.</i>	34	62	10	76	0	90
<i>My manager was able to answer my questions about the outsourcing of janitorial services project.</i>	47	41	N/A	N/A	0	90
<i>I was treated fairly during the outsourcing of janitorial services.</i>	59	18	N/A	N/A	N/A	N/A
<i>I had the knowledge to answer my teams' questions about the outsourcing of janitorial services change initiative.</i>	N/A	N/A	N/A	N/A	10	80
<i>In my opinion, the outsourcing of janitorial services seemed to be well planned.</i>	71	18	38	43	20	60

### 2.3.4 Confidence in Team Clean Services

Table 6

	<i>Ex-Janitors</i>		<i>Supervisors</i>		<i>Second-level Managers</i>	
	disagree	agree	disagree	agree	disagree	agree
<i>In my opinion, the outsourcing of janitorial services has improved the quality of janitorial services.</i>	83	6	91	5	50	30
<i>I have confidence in Clean Team Services to meet the requirements of the janitorial quality audits.</i>	65	18	53	5	20	40
<i>I believe auditing janitorial services quality will maintain or improve janitorial services.</i>	30	47	43	48	10	90

## **2.4 Questionnaire Comments**

The questionnaire allowed for respondents to answer two questions:

- If you were implementing the outsourcing of janitorial services project, what would you have done differently?
- What would you do to improve the current situation with janitorial services?

During the content analysis it was discovered the questionnaire comment responses focused in the following areas:

- Training of Janitorial Staff
- Controls/M Measurement
- Negotiate a Separate deal with Janitorial staff
- Transition Management
- Current Process/Procedures
- Create a Team Environment
- Miscellaneous

## **2.5 Inspire Action Method Analysis:**

The “Inspire Action Method” considers eight key areas as factors that contribute to the success or failure of a change initiative. They are:

1. Strategic Alignment
2. Project Structure
3. Change Leadership
4. Success Stories

5. 20-60-20 Rule: Stakeholder Commitment
6. Entrepreneurship
7. Resilient Teams
8. Aligned Performance

The following sections review the best practices, compare those best practices against the information provided in the interviews and questionnaires, and then provide recommendations to improve future change efforts. The areas of greatest strength are first presented followed by the areas with the greatest opportunity for learning.

## **2.5.1 Project Structure**

### **2.5.1.1 Best Practices**

In order for a change to be successful, it is crucial to ensure that the structure of the project is aligned for success. In doing this, it is important to evaluate the organizational structure of the firm and reporting relationships to determine whether the right individuals are responsible for implementing and sustaining the changes.

Authority and hierarchy play an extremely important role in planning change initiatives. In order for change efforts to succeed, they should be implemented along linear, rather than triangular, reporting lines. An example of a triangular reporting line would be if Jim attempted to implement a change that directly affected the staff in HR as its primary targets. This change would be unlikely to succeed, as Jim Taylor (Janitorial Services) would not have the power and influence necessary to enforce and sustain the change without involving Calvin James (HR).

Another key component for project structure success is getting the right people involved at the right time and identifying their roles. The primary roles include: Initiating Sponsor(s), Sustaining Sponsor(s), Change Agent(s), Target(s), Stakeholder(s) and Advocate(s).

### **2.5.1.2 ABC Analysis**

This project was established with the linear structure. Jim Taylor, as the Director of Janitorial Services, had both the power and influence to create the desired change.

From the data provided, Jim and his team did a good job of engaging the right people and acquiring representation from the right areas. It does appear that there was an opportunity to adjust some of the timing. Specifically Project Management could have been engaged earlier in the process and kept engaged longer to add the same discipline to creating sustainability and measurements. As a large organization ABC faces a common challenge, that of knowing what resources are available and what can be expected from different resource groups.

### **2.5.1.3 Recommendations**

- Create a “project role template” for the organization, listing the various shared services/support areas and departments that may need to be engaged. For example, a checklist with areas such as Security, Human Resources, Labour Relations, Payroll, Benefits, Project Management, Risk Management and Quality Improvement can become a common document for all major projects.

Each organization, especially a large one, has a unique configuration with different delineations between roles and responsibilities. Support areas are often forgotten in projects, as many business managers tend to focus on the areas needed to “get the day-to-day job done”, rather than the areas that “support the process”. ABC will obviously change overtime, but a checklist of potential areas to engage will provide a good starting point.

- Formally (write it down) identify who will play what role (sponsor, change agent, etc.) in the change effort. This provides a quick reference for those outside the project and creates clarity for those involved.

- Ensure key areas such as project management are engaged early in the process and keep them involved until sustainability measures are established.

## **2.5.2 Change Leadership**

### **2.5.2.1 Best Practices**

Change leadership involves identifying change leaders and ensuring that they have the competencies required to effectively implement and sustain the change. The leadership dimensions that are deemed critical for a successful change leader are the following:

- An understanding of the scope of the project;
- Power to authorize project and necessary resources;
- Personal resilience and the ability to minimize resistance;
- The ability to appreciate and empathize with individuals;
- The ability and willingness to show public support and commitment; and
- A willingness to reward and support those who resist.

### **2.5.2.2 ABC Analysis**

Overall the change leadership shown by Jim Taylor was very strong. All levels of the organization interviewed commented on Jim's strong leadership throughout this change initiative. He clearly understood the scope of the project and had the power to authorize the necessary resources. His personal resilience was demonstrated in how quickly he was able to personally accept and then successfully drive the initiative that literally turned his department upside down. The interview comments display Jim's ability to appreciate and empathize with individuals. Examples of the comments on Jim's leadership are: "Strong, consistent, personal leadership", "He cared about each and every person." "He communicated in every direction." "He asked

questions when he didn't know the answers." Jim clearly supported the project publicly and showed his commitment through his consistent actions, continuously moving the project forward.

Although not surprising, the targets of the change (janitors) were not as positive about the change leadership. 71% of respondents indicated they did not believe the change appeared well planned. Furthermore, 47% indicated their managers were not able to answer questions about the change and 47% indicated the information was not communicated to them accurately. The supervisors and second level managers were much more satisfied with the change leadership.

### **2.5.2.3 Recommendations**

- Critically review each change leader's ability in each of the six dimensions noted above and ensures the change leader treats each of the dimensions as a priority.
- When ever possible, share the information with the targets of a change quickly.
- Ensure the information the targets receive is accurate. If the situation changes, share why the plan is changing.

## **2.5.3 Entrepreneurship**

### **2.5.3.1 Best Practices**

The elements under entrepreneurship include: completing a project SWOT analysis based on risk and reality, committing to the project, and focusing on success.

### **2.5.3.2 ABC Analysis**

The detailed risk assessment work was very well done. It clearly and accurately identified each of the stakeholder groups and their potential risk. Some interviews indicated that the actual reaction strategies, had any of the larger risks manifested themselves, were not as clearly planned as they could have been. Luckily those larger risks haven't, yet, appeared. One

small surprise was the unions' ability to garner support from the local municipal councils, but the ability of this group to threaten is low enough to not be a large concern.

ABC had a clear line of sight to the commitment on this project. Regardless of where the instigation for the change came, the management commitment of time and resources was well established from the top to the bottom of the management house.

The Outsourcing Janitorial Services team did an excellent job on “focusing on success”, where “success” was defined as “Make it happen so we can save money,” and “get through the process without any service disruptions.” For some people on the team that meant compassionately dealing with the displaced staff members. For others that meant working with Clean Team Services to set up training schedules for new janitors.

### **2.5.3.3 Recommendations**

- Continue utilizing the risk management methodology currently used in ABC.
- Utilize the power of “focusing on success” by creating a clear vision of “what success looks like” so that the positive momentum has a focal point.

## **2.5.4 Success Stories**

### **2.5.4.1 Best Practices**

Communication plays an integral role in any change process because it not only keeps the affected individual informed about the change, but also provides them with the reasoning for the change. When individuals within an organization are aware of the reasons for a change, they will be more likely to buy in and support it. When communication and implementation plans are built around success stories, they tend to focus on the positive rather than the negative. When possible, it is ideal to use success stories as a tool to focus people on what can be done and how success is possible.

#### **2.5.4.2 ABC Analysis**

There appears to be some inconsistency on how success stories were used in this project. Some respondents indicated the Security Department example was used as a success story and that the Janitorial Outsourcing team learned from their experience. Others didn't mention this example at all. Some noted the similar projects in Europe, and others still referred to the Clean Team Project in another Canadian city.

The interview comments also indicate these examples were used more as a source of learning than a motivational tool. Although the authors of this report are not familiar enough with each of these examples to validly claim they could be used as overall success stories, it is our assumption that there are elements of these projects that were done well and could have consciously been used as a motivation tool.

#### **2.5.4.3 Recommendations**

- Whenever possible, use both internal and external success stories, as both a learning and a motivational tool.

### **2.5.5 20-60-20 Rule and Stakeholder Commitment**

#### **2.5.5.1 Best Practices**

Clearly identifying all stakeholder groups is a requirement. Two of the most common tools used to fulfill this requirement are stakeholder's maps and mapping each stakeholder's potential to threaten or to cooperate into a topology matrix. Once the stakeholders are identified, the potential risks and unique strategies for dealing with different stakeholder groups must also be planned.

The 20-60-20 rule states that in any change effort the stakeholders will usually fall into the following three categories: 20% that support the change, 60% that neither support for object to the change, and 20% that resist the change. The best practice is to focus your energies on the

middle 60%, as it is easier to move them towards supporting the change than making significant movement in the bottom 20%. This focus allows change leaders to “get the biggest bang” for their commitment efforts.

#### **2.5.5.2 ABC Analysis**

At a project level, the Janitorial Outsourcing Team did an excellent job of identifying all the stakeholder groups and creating unique strategies to deal with each stakeholder group. Specifically the interviewees talked about the “inform” versus “engage” approach, which allowed the team to prioritize and manage multiple simultaneous demands.

A number of interviewee comments as well as the survey results imply that resistance was not particularly well received. Some wondered if the opportunity to learn from resistance was really leveraged. For example, one interviewee stated, “Commitment wasn’t an option”. Many comments also indicated that more should have been done to engage and gain the support of the supervising team.

The engagement of the unit managers to assist in developing the service level agreements (SLA’s) was an excellent decision which has helped bring commitment and support to the project.

There was a significant amount of communication, both formal and informal that took place. This communication, helped create commitment for the project.

#### **2.5.5.3 Recommendations**

- Consider using tools that will help expose resistance and adopt management practices that support a culture where people are rewarded for resisting in a constructive fashion.

- Continue looking for ways to involve the people doing the jobs in the decisions that are being made about their work (i.e. the SLA's).
- Continue communicating in every direction, but realign the message to regularly incorporate a strong vision of what success looks like and how that success fits with the overall corporate strategy.

## **2.5.6 Strategic Alignment**

### **2.5.6.1 Best Practices**

In order for a change effort to be successful, it is necessary for it to be aligned with the strategy of the firm. Furthermore, the change must be something that creates a convincing vision of the future that the leaders within the business can own and advocate for themselves.

The best practice is for leaders to envision “what does it look like when this change is implemented” and then clearly articulate that vision of what success looks like and how that vision fits into the strategic plan.

### **2.5.6.2 ABC Analysis**

The area of strategic alignment appears to be an opportunity for ABC to improve their future change efforts. Ironically, the questionnaires indicate that although a number of employees are aware of the strategic plan, very few understood how this change fit in to the overall plan. The interview data shows that awareness of ABC's strategy and a clear understanding of how this project supported that strategy is low, except at the most senior levels.

The number one response, when respondents were asked about how this project fit into the strategy was, “To save money.” Some even saw the cost saving focus as conflicting with the strategic imperatives. Some sample comments were: “It was spawned in the days of cost reduction only,” “The key motivation was COST SAVINGS,” “We wanted to save money,”

“Purely monetary savings...doing the same or better with less.” Some team members did provide additional comments such as the savings could then be used for clinical work, but the perceived alignment to a higher-level strategy was non-existent.

There was also a trend of respondents stating they can see how the project aligns after the fact, but this vision and alignment wasn't established prior to implementation.

For example, “Post not pre, I can see the alignment, we looked at the adoption of best practices, collaborated with external business and are working towards becoming a more efficient organization.”

A more disconcerting theme is the lack of general strategic vision support. The comment, “Selling to the strategic plan isn't overly effective in ABC as there is little tie between the two at the grassroots” demonstrates this point.

### **2.5.6.3 Recommendations**

- Bring the strategic plan to the “grassroots”, embedding strategy into the decision-making framework.

Utilize the management levers such as the developing performance management process to ensure the strategic plan is disseminated and understood. At the senior level, cultural artefacts such as vision posters in work areas and CEO video broadcasts can share the message. From middle management, area business plans should be directly tied to the strategic plan and the communication of those business plans needs to emphasize their strategic fit. Line managers need to be coached and questioned, both on how their business decisions and the decisions they see made around them fit into the strategic plan. Through actions such as these, a compelling vision, tied to strategy can become a powerful tool.

- For future change initiatives, give conscious thought to how changes fit into the overall strategy, create a compelling vision for the change and OVER communicate that message.

As sense making beings, most people need to understand the “why” and “so what” before they are motivated to make changes. Change leaders need to provide answers to these questions in a clear and effective way, so that the maximum project commitment can be garnered. ABC should spend more time “setting the stage”. Just brushing over why this is important or just sharing the tactical activities that need to be done, is not a best practice approach.

## **2.5.7 Resilient Teams**

### **2.5.7.1 Best Practices**

It is also important to recognize that employees typically have the highest potential to make change efforts a success; therefore special efforts should be made to create resilient teams and resilient employees. A resilient team is a team of people who can adapt and embrace change quickly. Through using the team coaching approach more resilient teams are created. The team coaching approach includes the following elements:

- A high performance team strategy implemented;
- A team vision established;
- Best team stories are cultivated;
- Team values are defined; and
- Team behaviours that recognize honouring the values are utilized.

Although an individual's personal resilience is based on their individual experience, there are several ways to help increase personal resilience. Two typical means are individual coaching and education on the natural human reaction to change.

The goals of these actions are to reduce team conflict and increase team creativity, trust and performance.

### **2.5.7.2 ABC Analysis**

Little was done in this change project to address team resilience, however on an individual basis, some coaching was done. Fortunately, the interviews indicate a number of very resilient individuals who were engaged to participate in this project team, making the project itself more effective. It does appear, however, that two particular stakeholder groups could have benefited from some strategies focused on resilience, specifically the contract managers (janitorial managers) and the supervisory team.

At an organizational level, ABC has been described as insular and slow moving. This service industry that has required stability and consistency to meet the demands of its clients, therefore many individual employees have long-term tenure and have done the same job in the same way for many years. The changes at ABC have typically been evolutionary, not transformational; therefore, in areas where large changes are taking place, the need to address team resiliency is critical. There may be individuals whose personal resilience will carry them through, but in a future where change will become inevitable, creating team resilience creates the momentum that helps pull the less resilient individuals through the change process.

### **2.5.7.3 Recommendations**

- Although a large-scale focus on resilience would be ideal, a more realistic recommendation is to identify teams targeted for major changes and implement strategies to increase their resilience. For intact teams, the team coaching approach

is recommended. Also, workshops on managing change can be very effective. As individuals learn about the process of change, they learn to accept the stages and hopefully identify ways in which to go through the process more quickly. Resilient people are defined as those who can go through the change process more quickly.

## **2.5.8 Aligned Performance**

### **2.5.8.1 Best Practice**

The last dimension, and one of the most important, is aligning company performance to the management strategy. The competencies and behaviours needed for success must be identified and acquired. Best practice is to utilize all of the organization's performance levers to create consistent messages throughout the organization.

The key steps in aligning performance are:

- The competencies needed to support the change are clearly defined.
- Training strategies to develop new competencies are created and implemented.
- The organization structure, reporting relationships and HR processes (e.g., pay, performance measurement, staffing) are assessed and where required are redesigned.

### **2.5.8.2 ABC Analysis**

ABC did identify and acquire competencies needed to complete the project. Some of the competencies could have been identified earlier in the process, such as project management. The skills not available in-house, such as industrial relations legal council were engaged appropriately to ensure success.

From the interviews completed, it appears performance alignment is the area of greatest opportunity for ABC. When asked, "How was your performance going to be measured (on the project)?" Not one interviewee had an answer that meets HR best practices. Answers such as,

“Wasn’t really”, “There weren’t any specific performance measures for me”, “It (performance measures) was not communicated...I think they trusted me” and “As far as I know it wasn’t” were the typical responses.

This theme existed throughout the interviews and questionnaires. Not having clear performance objectives and measures is a challenge, both at the individual performance level and at the corporate level. For example, clear measurements and historical data have made the comparison between Clean Team Services and in-house staff difficult.

ABC is in the process of designing and rolling out a performance management process at the senior levels.

### **2.5.8.3 Recommendations**

- Create job descriptions and create associated objectives and measures for the Contract Manager role. This is especially important for new roles.
- Continue to roll the performance management process throughout the entire ABC organization. The process may have to be modified to be practical and sustainable in all areas, but clear expectations and measurements that identify whether if those expectations are being met are critical to long-term success, especially when a change is required.
- Engage the team in designing their own SMART (specific, measurable, achievable, realistic and time bound) measures. This serves multiple purposes, it ensures clear understanding of objectives; as the leader, it ensures you don’t forget anything, creates an opportunity for dialogue about strategy and alignment, and creates buy-in.

## **2.6 Conclusions**

The “Inspire Action Method” is simply a tool that encourages leaders to look at all the possible factors that can be utilized in a change effort to increase the odds of success. While reviewing this change effort after the fact, it appears that there were both strengths and weaknesses to this implementation. Areas such as strategic alignment and aligned performance are opportunities for improvement whereas the project team was very successful in factors such as project structure and change leadership.

The findings also point to a number of systemic challenges, such as the span of control for second-level managers, the communication challenges for a 24-hour organization and the overall lack of performance measures. These challenges also directly affect the “change readiness” of ABC.

Each element in the inspire action model has research, literature and unique models available to leaders who would like to learn about, or make changes in that area.

## **SECTION 3: LITERATURE**

### **Maintaining Morale During Downsizing**

### **3.1 Introduction**

The term “survivor syndrome” has been utilized to refer to people left after an organization has undergone a redundancy or “downsizing” program. It has been argued that those who remained within an organization after significant downsizing or delayering often experienced the adverse effects of change as profoundly as those who have left (Astrachan, 1995; Brockner, 1992). Numerous negative effects of this syndrome have been pointed out. O’Neil and Lenn (1995) argued that improper redundancy will end in anger, anxiety, cynicism, resentment, resignation, and retribution. Job insecurity and fear of further restructuring is another factor adding to stress in the workplace (Hartley, Jacobson, Klandermans, & Van Vuuren, 1991). To these negative effects Downs (1995) added low morale, overworking, and the possibility of sabotage.

Businesses that understand these attitudinal and motivational issues will be able to better manage the downsizing process in order to enhance the performance of these survivors and thus of the organization (Doherty & Horsted, 1995). This precise thought is the inspiration for the creation of this document. This article presents a section entitled the new era, recognizing the new times in which today’s employers and employees interact and evolve. Furthermore, a section on best practices extracted from several articles and journals will be offered. These best practices will also be compared to a successful downsizing strategy implemented by the ABC Company during the outsourcing of their janitorial services. Finally, conclusions linked to the aforementioned study done in collaboration with ABC Company will be drawn.

### **3.2 The New Era**

We are experiencing a transformational era characterized by the shift from the paternalistic long lasting employment, towards a culture of self-development and self-supervision on the part of the employee. A natural consequence of this new era is the issue of downsizing and

the management and motivation of the people left behind (the survivors) after the impact of this strategy.

### **3.2.1 Change –The Only Constant**

It is difficult to deny that the only constant is change. It is also true that organizations through different managerial practices have in the past proven to aspire for stability and steadiness. But the today's entrepreneurs and employees have learned that the sole way to reach stability, as ironic and illogic as it sounds, is through becoming more flexible and adaptable to be able to deal with this changing times. Personal and organizational strategies for success now simulate "shock absorbers" adapting to the "bumps on the road" while their primary function is to maintain a stable structure and a steady advancement

In the past, the influential Lewinian model of change suggested that the process involved three stages: freezing, de-freezing, and re-freezing the organizational culture (Lewin, 1951). The last stage, re-freezing, was getting back to stability that enabled new values, systems, etc. to be incorporated within the organization. Today this stage is missing in many cases. There is no re-freezing, as situations remain fluid, with change being the only constant.

### **3.2.2 The New Psychological Contract**

This constant change phenomenon has brought as consequence the creation of a new psychological contract. Psychological contracts constitute beliefs concerning the reciprocal obligations between employees and their employer (Rousseau, 1989). Psychological contracts can be operationalized from the perspective of the worker (Rousseau, 1990), the employer (Coyle-Shapiro, 2002), or both (Dabos & Rousseau, 2004). These beliefs are based on the perceptions that promises have been exchanged and accepted by both parties. The psychological contract is found to serve as an important regulator of employer-employee relationships (Coyle-Shapiro, 2002; Rousseau, 2001),

Working relationships, at the beginning of the 1990's, experienced a significant modification of the psychological contract. These new contracts, Shore & Terick (1994) state, have proven to not be always welcomed by employees, due to the modification on the long-lasting employment that the old contract offered. Under the new deal, employees offer long hours, assume added responsibility, provide broader skills, and tolerate change and ambiguity, whereas the employers offer high pay, reward for performance, flexibility, and, ideally, the opportunity for life-long learning and development (Herriot & Pemberton, 1995). Under such conditions, when there is readiness for change and an adjustment of expectations there will be not be a process of disillusionment and feeling of betrayal on the employees' side (Brockner, Tyler, and Cooper-Schieder, 1992).

We are in the transition stage where some organizations have promoted these new contracts and there are many others whose employees are still under the old psychological contract. Baruch and Hind (1999) argue that even if organizations acknowledge they are operating within a "perpetual change" mode, but have not developed new psychological contracts with their employees, the people remaining after a redundancy program will suffer the Survivor Syndrome effect, which is the set of shared reactions and behaviours of people who have survived an adverse event. Being used with reference to situations such as the surviving of the Holocaust, the term was borrowed and introduced to management studies by Brockner (1992), to depict the impact of redundancies on people who kept their jobs in workplaces where many others had their employment relationships terminated. The "survivors" are those who remain within an organization after a significant cut in the workforce (Brockner, 1992). They are expected to experience low morale, lower job and organizational satisfaction, lost of trust and faith in the employer, and feeling of guilt.

### **3.3 Best Practices to Maintain Motivation When Downsizing**

The dilemma all managers face today: is it actually worth trying to maintain employee motivation in the face of downsizing, mergers, and turbulent change? And if so, what managerial practices need to be in place?

Today's focus on teamwork, empowerment, and flatter organizations puts a premium on self-control or organizational citizenship behaviour. For example, "discretionary contributions that are organizationally related, but are neither explicitly required nor contractually rewarded by the organization, yet nevertheless contribute to its effective functioning," (Meyer and Allen, 1997) are valued. Motivation has also been positively related to commitment and commitment to better attendance and long job tenure (Porter & Steers, 1982). Not surprisingly, committed employees also tend to work harder at their jobs and perform better than do those with weak commitment (Meyer and Allen, 1997). Therefore to maintain motivation and commitment is to positively affect the organization's overall performance. It is then of great importance to identify the best practices a manager can implement during the times of downsizing to regenerate momentum after the storm has passed.

Some of the best practices that scholars identify as necessities to reduce the survivor syndrome are:

#### **3.3.1 Making the Decision**

A variety of approaches to the development of "best practice" have been suggested in the literature, with one of the most powerful messages being the importance of using downsizing (also known as redundancy programs) as the last resort only. Organizations need to demonstrate to employees it was indeed the last resort, after all alternative options were tried or at least considered. Such alternatives include: early retirement, reducing or stopping recruitment, selling off a part of the company, job-sharing, voluntary redundancies and internal cost cutting exercises.

Any of these activities, as well as addressing an immediate need for change, may evoke an “aftershock” effect (Woodward & Buchholz, 1987) involving the sensitization of employees to the possibility of ultimate redundancies should the measures implemented not prove sufficient. This may be helpful in managing expectations.

Use downsizing as the last resort, crafting a credible vision, based on a business case; ensures downsizing is not seen as a short term fix (Mishra & Spreitzer, 1998).

### **3.3.1.1 ABC Company Initiative:**

As this initiative came from the board of directors as a strategy to reduce costs, ABC management did not have option; they had to implement the change. It was there... it was a reality; and they needed to go through this process as smoothly as possible. This special situation helped the management team to create a team effort with the employees that were leaving and the ones remaining within the organization. ABC management, according to the surveys and questionnaires that were applied in our analysis, were not blamed for launching the change. Employees did not experience a feeling of betrayal and they (the employees) perceived the authorities as part of the affected stakeholders.

It was concluded from this study that when an employee sees efforts have been made to avoid this painful process and or it is initiated from a non-perceivable entity, the managerial “buddy” is not seen as the threatening force. Consequently, employees don’t develop negative feeling towards the managers or they are at least considerably reduced. The employees, both those leaving and those staying, become more accepting and more open to change.

### **3.3.2 Communicating the Decision**

It is almost impossible for a company to keep its employees unaware that a downsizing is being planned. Informal communications channels will quickly fill any vacuum created by tight-lipped executives. More times than not the rumour mill overstates the company's problems and

the steps being considered to deal with them; and rumours contribute to lowered morale by fuelling employees' apprehensions and worst-case fears (Tomasko, 1988). Therefore communicating with employees during downsizing is vital.

Conveying the reasons for such a painful change is central. Employees need to understand the business reason for reducing headcount, and how the change will be managed. Breaks in communication are seen as sinister, and lead to rumours. Attempts to deny the reality of the painful aspects of the change are seen as insensitive. So communication has to be honest in dealing with the negative feelings of employees (Kettley, 1995).

The implications for executives, managers, and entrepreneurs concerned about maintaining strong morale is to stop the rumours from being created in the first place. Managers should continually communicate, even over communicate, information about the company's situation and what is being done about it. Managers should not hold back information just because all the planning is not completed or all the decisions are not made. Managers should provide or at least give, an indication of what is being considered and when any uncertainties may be resolved.

Swirling rumours, backbiting and infighting are the inevitable results of a remote management style following a downsizing initiative. Person-to-person communication after layoffs is more important than ever - necessitating increased visits to the shop floor rather than a flurry of memos, and more frequent small-group and individual meetings to provide continued reassurance and coaching. Novice managers should be especially sensitive to the varied needs of each person supporting them, and realize that words that are meaningful to one colleague will have no impact on another. Take time to individualize your relationships with the team members who are supporting your efforts at success, and find out what is most important to each person.

Floundering morale following layoffs is a disease requiring quick eradication. Companies needing an adrenaline shot to move full speed ahead must depend on the full engagement of their

remaining people despite their concerns about the future. An individualized approach to communication, career development, and management are the keys to harnessing employees' energy when their productivity is more crucial than ever (LaRosee, 2004).

### **3.3.2.1 ABC Company Initiative:**

Communication was probably the single most important strategy that ABC utilized during this process. They offered as much information as they were required and more. Through constant meetings, flyers, formal and informal conversations they gave support to personnel. They sent a clear message that what was planned is going to happen and that every one should be prepared to face the future. Susan Klien, one of the Janitorial managers at ABC, stated during on of the interviews, "the usual every day question was what are you doing after?" This is a clear sign of the acknowledging state of mind the employees were experiencing, a state of mind that eased the process.

After the initial clarifying message of why, how and when the change was going to occur, ABC also had constant meetings with the stakeholders to keep them informed on the evolution of the change. This, our research shows, alleviated anxiety and created gratefulness among the employees for the straightforwardness and honesty that the managers demonstrated.

### **3.3.3 Who Stays and Who Goes?**

Katherine Catlin on her article "Downsizing Right" (2002) very accurately states that to choose the right people to remain in the organization might result in the creation of a team who move further and faster than before. That downsizing represents a time to re-evaluate, reinvent, and reposition the company for renewed growth. And may we add, thus it is a chance to decide who will be riding the bus of the future organization.

Catlin (2002) suggests managers should look for people with four different characteristics. First people who stay should be self-motivated. Self-motivated people have a

personal mission, want to make a difference, and set personal goals. They are committed to the company's mission and vision and see the need to be customer focused. Their values are consistent with the company's values. They take responsibility for doing whatever it takes to get the job done. The second characteristic she highlighted as important is the one staying should be respected and admired, and, in turn, they are respectful of others. These people ask other people for advice and ideas and respect other's opinion. They work well in teams, enjoy the process, and inspire others. The third desirable characteristic is creative thinkers and proactive problem solvers, people who challenge the status quo, conceiving and articulating new possibilities. Those people take risks and learn from successes and failures. Their great ideas help the company innovate, grow, and make profits. Finally, the fourth characteristic is learners who also help others learn. They stay ahead of the curve, match or exceed the company's growth, learn from their experiences, share knowledge with others, adapt quickly, and are not afraid of change.

Catlin also advises us that although these four characteristics provide guidelines, it is important to invest enough time to decide who will stay and who will need to go.

### **3.3.3.1 ABC Company initiative:**

From a managerial perspective to decide who was going to leave and who was going to stay did not represent a challenge in the decision making process. There was no need to evaluate the personnel to compare capabilities and keep those more adequate. An entire division was going to be outsourced and therefore the decision was simplified.

From a strategic perspective though, the outsourcing of the janitorial division was a relevant decision. "We are trying to save cost on the areas that are not a core activity of this institution to invest more resources in those activities that will drive a more organization" according to Cathy Smith, Chief Financial Officer at ABC. It was very clear in Cathy's mind how this change was going to align with the overall ABC strategy.

### **3.3.4 The Important Factors of Fairness and Organizational Justice**

Fairness and Organizational justice of the process play an important role during the process of downsizing. Stories that will be told about how the cutback was handled will have a life far beyond the immediacy of the downsizing. These stories will do a lot to shape the future corporate culture.

Organizational justice is defined as "the extent to which fair procedures and processes are in place and adhered to and the extent to which individuals see their leaders as being fair and sincere and having logic or rationale for what they do" (Skarlicki, D. & Latham, G. 1996). One study concluded, "Considerable evidence supports a link between the procedural justice associated with organizational policies and the affective commitment of employees." (Mellen and Allen, 1997). Fair procedures and processes embodied in formal grievance procedures are one obvious source of organizational justice. Involving employees in decisions by getting their input and ensuring that they understand why decisions were made is another (Kim & Manborgne, 1997).

Treating employees well, especially those who have been loyal and good performers, but for whom the company no longer has work, is critical. Fairness implies providing them with adequate notice that work for them will be no longer available. This allows them to leave with their dignity intact. Not only does this help them prepare for the career transition they will be forced to make, but also it communicates to the survivors of the cutback that they do not have to fear the unexpected "knock on the door in the night." Fairness also implies that adequate severance and benefit continuation policies have been provided. And most importantly it implies that the company has organized and funded an effective reemployment effort to find new jobs for those being let go. This lets those remaining know that if future reductions become necessary, the company will do its best to take care of them (Tamasko, 1988).

#### **3.3.4.1 ABC Company Initiative:**

ABC outsourced the janitorial services to Clean Team Services, a nation-wide, well-known company. ABC, concerned for the employees' future, arranged with Clean Team Services to offer those leaving employment opportunities at Clean Team Services. ABC also offered a generous package and early retirement options. These are all substantial and probably helped demonstrate that even though the employees were leaving, they were still important to the organization.

The questionnaires answered by the supervisory team showed that this variety of options promoted a good working environment even during hardest times... it was taken as an expression of respect for those exiting.

#### **3.3.5 Coaching the Survivors**

It is important to recognize that the survivors will be far from being grateful for being the ones staying. Practices to help the remaining employees cope with the not so good feeling going through the downsized people are needed. Joanne G. Sujansky (2003) in her article, "Curing survivor sickness" provides four best coaching practices that managers can use to revitalize employee's strength:

- Employee involvement. Solicit ideas from staffers, keeping in mind that they may be aware of potential problems.
- Feedback. Acknowledge achievement by praising employees when they do a good job. Be sure to offer constructive criticism that helps them understand areas for improvement.
- Training. Employees appreciate any development they receive. Offer a variety of opportunities, including online, classroom and on-the-job training.

- Retention. No company can afford to lose good people when its present staff is already stretched to the limit. Burnout and fear of being a victim in another round of layoffs may cause staffers to consider leaving.

Small investments in your employees go a long way when compared to the heavy expenses incurred by turnover. Taking these steps will ensure current employees have the resiliency to bounce back and thrive in a new environment.

Monster HR in its article “Managing morale after Downsizing” on July 10, 2004 presents seven different possible scenarios that could be present in a workforce after downsizing.

These scenarios and potential solutions to these problems are presented.

- Scenario 1: Loss of focus.

The shock of sudden change can make it hard for employees to priorities, make decisions, and concentrate on work.

**Solution:** Coach employees in basic time management skills: Do only one thing at a time, stick to basics, break complex jobs into smaller tasks, and make to-do lists.

- Scenario 2: Denial of the event.

Once the initial shock wears off, people cope by acting as if nothing happened.

**Solution:** Avoidance doesn't work. Talk to employees, and help them face the reality of the change.

- Scenario 3: Sense of helplessness.

Employees feel powerless, question their roles within the organization, and sometimes get depressed.

**Solution:** Ask people who have undergone similar experiences to talk to your employees. It will help them realize that they're not alone and that other people have gone through the same ordeal and survived.

- Scenario 4: Time passes.

After a few weeks, most staff comes to terms with the change and its fallout (e.g., a friend who was let go, a move to less comfortable surroundings, etc.).

**Solution:** Help employees acknowledge their losses, making sure to listen when they do. Afterwards, they can let go and move on.

➤ Scenario 5: Readjustment.

Once they let go, employees can then get comfortable with the new environment created by the change.

**Solution:** Push for creativity within the new environment. Celebrate successes.

➤ Scenario 6: Lessons learned.

Confidence with the new situation opens employees up to assimilating and using new information.

**Solution:** Encourage the people who have made it to this stage to help along co-workers still struggling through earlier stages.

➤ Scenario 7: Embracing the future.

Once employees accept and are comfortable with the new realities, the process is complete.

**Solution:** Celebrate. Congratulate. Give folks credit for successfully riding out the waves of change.

These scenarios include some of the possible outcomes that downsizing might bring; we recognize that some other scenarios may appear. The message is clear though; a manager needs to keep in mind that not all people will respond well to change, especially when it means the loss of friends and co-workers. Many survivors may feel that their company treats its employees like numbers. So managers need to be attentive to his/her workers' morale so he/she can help their transition go as smoothly as possible.

### **3.3.5.1 ABC Initiative:**

The study did not show any specific effort to coach the survivors, but probably was due to the nature of the change. Here an entire division was outsourced. Therefore, the survivors were not directly related to the members of the organization exiting. They were not part of the same working unit. The efforts of ABC were limited to ensure that all the resources the other units needed were available in a timely fashion. To ensure there was a clear understanding of these needs Jim Taylor, the Director of Janitorial Services and Manager and the leader of this project, had constant meetings with the representatives of all the stakeholders. The complete involvement of Jim received very positive comments from all levels of the organization.

### **3.3.6 Monitoring and Evaluation**

Evaluating the success of attempts to influence morale during downsizing is not easy. In spite of the difficulties of evaluating the impact of specific responses on morale, organizations are using a range of measures to monitor some of the outcomes of morale. For example, staff turnover, absence from work and performance indicators (ex. customer service), is often monitored numerically.

Employee attitude surveys can be used both to identify variations in response within the workforce, and track changing perceptions over time. Managers need to understand how employees are feeling in their part of the organization as well as in aggregate.

Upward feedback is another way of collecting information on employee morale and response to initiatives. It can also be used as a starting point for improving relationships within teams in the wake of downsizing (Kettley, 1995).

#### **3.3.6.1 ABC Company Initiative:**

Once again, the ABC janitorial services outsourcing project did not leave anyone as part of the same working unit. To measure the motivation of the survivors was not feasible. Clean

Team Services, on the other hand, needed to have a very comprehensive induction program for the new staff that was going to work at any one of the ABC's locations. Resistance was expected; the level of it was going to depend on the conformity of the previous situation. Clean Team, as part of this induction program, made sure that these employees were aware of the potential resistance. The strategy they unfolded was to have a very open communication between Clean Team and ABC Janitorial managers to overcome any problems.

To measure the performance, ABC developed standardized quality evaluation forms across all locations. The evaluation forms not only allowed ABC to know if the contract with Clean Team was being followed but it also served as supporting evidence that the quality of the service had improved due to the initiative.

To measure the motivation of other stakeholders the ABC requested we include motivation questions in the questionnaires utilized during this study. Contradictory data was obtained. It is believed this is a consequence of the small sample size and the short timeframe that the new system has been in place.

### **3.4 Downsizing is not the same as layoffs or decline.**

So far, we have discussed the managerial practices that should be in place to maintain motivation; practices that will help the survivors to cope with the pain produced by the process of downsizing. Some managers have confused the term downsizing with the layoff or decline processes. We argue, however, that downsizing is significantly more complex. It is pertinent now to point out that when a redundancy strategy is put in place the survivors might, if the preventive measures are not taken, end up having more work and more responsibility. Emotional exhaustion, a chronic state of physical and emotional depletion, results from excessive job demands and continuous hassles (Shirom, 1989; Zohar, 1997). Emotional exhaustion and such attitudinal and behavioural correlates as turnover intentions (Jackson, Schwab, & Schuler, 1986), work attitudes

(Leiter & Maslach, 1988; Wolpin, Burke, & Greenglass, 1991), counterproductive work behavior (Jones, 1981; Quattrochi-Turbin, Jones, & Breedlove, 1983), and job performance (Wright & Bonett, 1997).

Cameron, Freeman and Mishra in a four-year longitudinal study of organizational downsizing and redesign in thirty organizations in the U.S. automobile industry (2001) found that the most successful firms implemented not only workforce reduction strategies but also an organization redesign and systemic strategy; which are strategies used by firms to eliminate or reposition subunits or employees within the organization to alleviate work overload.

### **3.5 Conclusion**

In the relationship between employer/employee, rewarding motivation has evolved over the years; what once was an incentive used to increase motivation, today has been reduced to basic levels in this dynamic. This new reality, some scholars argue, has generated a new psychological contract that plays an important role during downsizing. According to the literature review, the expectation for a life-lasting job is no longer common and, therefore, the employees are more concern for their own personal development and less and less concern about maintaining the status quo within one organization. The implication for managerial practices is that once this new psychological contract is established with employees, downsizing initiatives might not be taken as such a betrayal of senior managers and consequently the feeling towards the organization will not be as strongly affected.

In the literature review a section of best practices is presented (Making the decision, Communicating the decision, Who stays and who goes? The important factors of fairness and Organizational Justice, Coaching the survivors Monitoring and Evaluation). These practices are intended to help managers to ease the downsizing process and create a better working environment after the storm has passed.

ABC Company efforts on outsourcing their janitorial services and their successful outcome are an empirical testimony of these practices being essential in any initiative of this kind. The ABC study, through interviews with the project team of this organization and the stakeholders of this process, clearly showed that to put the right people on the bus, clear and honest communication and a fair and just process are some of the vital elements that will drive success. They are still in early stages of this after-storm phase but it is clear, based on the results of the monitoring and evaluation strategy they set, that they did a number of things right. What is even more interesting is that the senior leadership team have shown a true interest in learning from the process in an effort to be able to replicate the experienced success; proof that this project will act as a stepping stone of knowledge for all other ABC managers trying to implement major changes, and succeed in the hazardous process of downsizing.

**SECTION 4: WHAT WE LEARNED  
FROM THE FIELD STUDY**

## **4.1 Introduction**

We found completing the Business 999 project to be a valuable experience. We have spent a lot of time this year reading about, learning about and discussing leadership and organizational change theories. This project gave us an opportunity to both use some of those skills for a client and reflect upon that experience.

In this paper we will focus on what we learned through the field study experience. First we will share some things we learned about the process of doing a field study: surveys and questionnaires, project charters, one-on-one interviews and project teamwork. Then we will discuss some general leadership learnings about communication and fairness.

## **4.2 Process Learnings**

### **4.2.1 Surveys and Questionnaires**

We learned a lot about surveys and questionnaires. In general, they are much more complicated than we had originally thought. Prior to the workshop this spring, none of us had developed surveys or questionnaires before. This field project was a great opportunity to apply some of the skills we learned in the workshop and gave us the opportunity to learn even more.

At first, we didn't clarify the goals of the questionnaires specifically enough with the client. Therefore we created a questionnaire that was much too long and complicated. After we got clear about the objectives of the questionnaire and clarified some of the common language used by ABC staff, our second draft was much improved. To save time in the future an important lesson we learned is the importance of identifying your goal, or the "question(s) to be answered" when designing a survey or questionnaire. Although this was discussed in the workshop, it really hit home when doing this project.

It was also more difficult to develop questions that are easy to understand and difficult to misinterpret. Both our sponsors and ourselves read the questions again and again to try and ensure clarity. We also had our academic supervisor review them. It took a number of revisions to finally come up with a question set that we were happy with. We believe this up front investment paid off. Very few questions were left unanswered in the questionnaire and no clarification questions were asked.

An additional piece of good advice we received from our academic supervisor was “if you can fit it on one page, you’ll probably increase your response rate”. We hadn’t even considered format and the changing perceptions of time commitment that may be impacted by different formats. Although this is logical, in a busy world people are more likely to look at a multiple page document and think, “I don’t have time for this,” whereas a one page document is less daunting.

#### **4.2.2 Project Charters**

Another valuable lesson we learned was how important it is to invest the time to create a detailed project charter. We had three multiple hour, face-to-face meetings with our client before the project charter was signed off. It was surprising how time consuming it was for our clients to transfer a base level of knowledge to us and for them to get clear on what they wanted. It appeared as though they really weren’t sure what they wanted at first and they just started by giving us lots of information. A big part of our first meetings were spent trying to establish a project with a reasonable scope. Investing our time in that process and ensuring we all understood the purpose and scope of the project was definitely worthwhile.

Numerous times throughout this project we had to come back to the charter when asked by the client if we were going to look at different issues. We did a fairly good job of defining a tight scope and setting clear expectations, but we still had areas that could have been improved.

About half way through the project we had to discuss “scope creep” with the client. Our sponsor, Jim, had suggested he thought it would be a good idea to put a questionnaire together for the Clean Team staff and also he had thought of a number of additional managers that he felt would provide valuable information. Although it is always difficult to say “no” to a client, having set the scope up front made it a whole lot easier. As a consultant, a clear purpose and scope would provide the ability to renegotiate price and/or timelines if the client felt strongly about adjusting the scope.

### **4.2.3 One-on-One Interviews**

Earlier in the year, we did get a taste of the benefits and challenges of doing one-on-one interviews in our leadership forum, however this project exposed a number of new learnings. We were exposed to the challenge of time management during interviews, the difficulty of ensuring all the pertinent details are captured from face-to-face interviews, and saw how time consuming content analysis is.

All of our interviews were booked for one-hour meetings. During the first few interviews we found ourselves letting the interviewee lead the process entirely. We asked questions but did not really “manage” time. After we realized how long some of the interviews were and how we were, in some cases, getting a significant amount of information that had nothing to do with our study, we decided to change our tactic. We changed how we opened the interview, letting the person know up front that we wanted to stick to the one-hour time limit to respect their time and if we got a little side tracked that we would be bringing them back to the key questions from time to time. This “stage setting” really helped. The second half of the interviews were not only quicker, they were of better quality.

We used a hand held audio tape recorder to capture the interviews. Although this was a useful tool to remind us of pertinent details, it was very time consuming to find the right place on

the tape and transcribe the important details. Melissa's group on the other hand utilized a tool we would use in the future, a digital recorder. This mechanism would allow the interview to be imbedded into a document as a wave file or to use software that allows you to more easily move forward or rewind to an approximate time in the interview. It is also possible to bookmark specific comments for future reference instead of having to capture them in writing or take the time to find them again on the recording.

#### **4.2.4 Project Teamwork**

Another learning involved the importance of roles, responsibilities and expectations for team members. The three of us, Oscar, Marti and Sheila, all have different backgrounds, skills and communication styles. We also come from different cultures, cultures that have different expectations about how people work together and how timelines are approached.

To improve the process in the future, we would recommend investing a little more time up front setting the goals for the team and getting clear about the expectations for each team member to improve the dynamics in the team.

### **4.3 Leadership Learnings**

We also had an opportunity to see the importance of some general leadership skills in the workplace, specifically communication and fairness in decision-making.

When we looked back at this project we reflected on how important communication skills are to the success of any leader. The change leader in this project had a mountain of challenges to make this project a success, but he managed to climb that mountain and get the team where they needed to go. One of the key skills that helped him get there was his ability to communicate effectively to all levels of the organization, and to connect with those people as individuals.

Our field study and research paper emphasized the importance of perceived fairness. Many leaders consider fairness issues in good times, ensuring bonuses are distributed according to contribution, ensuring promotions are earned, etc., but this experience emphasized how critical it is during bad times as well, especially in times of downsizing. The survivors at ABC indicated they felt the janitors were treated fairly during the process and according to research on survivor syndrome; this will help maintain the morale of the remaining team. We realized how directly the treatment of those leaving impacts the remaining team.

#### **4.4 Conclusion**

In summary, this field project was a good experience and a good opportunity to apply a significant amount of the knowledge we gained throughout our year of study. We are certain the skills and knowledge we have gained will be useful in our future careers.

# APPENDICES

## Appendix 1 – Janitorial Questionnaire

The purpose of this questionnaire is to gather information on what went well, and what did not go so well during the outsourcing of janitorial services. We are MBA students specializing in Leadership and Organizational change who have been requested to help ABC learn from the janitorial outsourcing project. As a critical stakeholder, your observations and insight on how this change occurred is of great importance. Therefore, we would appreciate you taking a few minutes to answer these short questions.

Please check the square that corresponds to your opinion and respond the question as asked. Your anonymity will be respected.

- 1. I felt the outsourcing of janitorial services was necessary.**  
 Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree
- 2. I willingly embraced the outsourcing of janitorial services change.**  
 Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree
- 3. The outsourcing of janitorial services change initiative was communicated to me accurately.**  
 Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree
- 4. The outsourcing of janitorial services change initiative was communicated to me in a timely fashion.**  
 Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree
- 5. My manager was able to answer my questions about the outsourcing of janitorial services project.**  
 Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree
- 6. I was treated fairly during the outsourcing of janitorial services.**  
 Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree
- 7. In my opinion, the outsourcing of janitorial services seemed to be well planned.**  
 Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree
- 8. In my opinion, the outsourcing janitorial services have improved the quality of janitorial services.**  
 Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**1. I believe auditing janitorial services quality will maintain or improve janitorial services.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**2. I have confidence in Clean Team Services to meet the requirements of the janitorial quality audits.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**3. I am familiar with ABC Companies strategic plan.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**4. I understand how the outsourcing janitorial services align to the overall strategic plan.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**13. If you were implementing the outsourcing of janitorial services project, what would you have done differently?**

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**14. What would you do to improve the current situation with janitorial services?**

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## Appendix 2 – Supervisor Questionnaire

The purpose of this questionnaire is to gather information on what went well, and what did not go so well during the outsourcing of janitorial services. We are MBA students specializing in Leadership and Organizational change who have been requested to help ABC learn from the janitorial outsourcing project. As a critical stakeholder, your observations and insight on how this change occurred is of great importance. Therefore, we would appreciate you taking a few minutes to answer these short questions.

Please mark the answer that corresponds to your opinion and respond to the question as asked. Your anonymity will be respected.

**1. I felt the outsourcing of janitorial services was necessary.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**2. I willingly embraced the outsourcing of janitorial services change.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**3. The second-level management team was properly represented in planning the process.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**4. The outsourcing of janitorial services change initiative was communicated to me accurately.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**5. The outsourcing of janitorial services change initiative was communicated to me in a timely fashion.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**6. My manager was open to listen to my suggestions regarding the outsourcing of janitorial services.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**7. In my opinion, the outsourcing of janitorial services seemed to be well planned.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**8. In my opinion, the outsourcing janitorial services have improved the quality of janitorial services.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**9. I believe auditing janitorial services quality will maintain or improve janitorial services.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**10. I have confidence in Clean Team Services to meet the requirements of the janitorial quality audits.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**11. I am familiar with ABC Company's strategic plan.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**12. I understand how the outsourcing janitorial services align to the overall strategic plan.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**13. If you were implementing the outsourcing of janitorial services project, what would you have done differently?**

**14. What would you do to improve the current situation with janitorial services?**

## Appendix 3 – Second-level Management Questionnaire

The purpose of this questionnaire is to gather information on what went well, and what did not go so well during the outsourcing of janitorial services. We are MBA students specializing in Leadership and Organizational change who have been requested to help ABC learn from the janitorial outsourcing project. As a critical stakeholder, your observations and insight on how this change occurred is of great importance. Therefore, we would appreciate you taking a few minutes to answer these short questions.

Please check the answer that corresponds to your opinion and respond to the question as asked. Your anonymity will be respected.

**1. I felt the outsourcing of janitorial services was necessary.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**2. I willingly embraced the outsourcing of janitorial services change.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**3. The supervisory team was properly represented in planning the process.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**4. The outsourcing of janitorial services change initiative was communicated to me accurately.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**5. The outsourcing of janitorial services change initiative was communicated to me in a timely fashion.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**6. My manager was able to answer my questions about the outsourcing of janitorial services project.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**7. I had the knowledge to answer my teams' questions about the outsourcing of janitorial services change initiative.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**8. The project primes for the outsourcing of janitorial services project were willing to consider input from the second-level management team when creating the implementation plan.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**9. In my opinion, the outsourcing of janitorial services seemed to be well planned.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**10. In my opinion, the outsourcing janitorial services have improved the quality of janitorial services.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**11. I believe auditing janitorial services quality will maintain or improve janitorial services.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**12. I have confidence in Clean Team Services to meet the requirements of the janitorial quality audits.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**13. I am familiar with ABC Company's strategic plan.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**14. I understand how the outsourcing janitorial services align to the overall strategic plan.**

Strongly agree    Agree    Neither agree nor disagree    Disagree    Strongly disagree

**15. If you were implementing the outsourcing of janitorial services project, what would you have done differently?**

**16. What would you do to improve the current situation with janitorial services?**

## **Appendix 4 – Interview Guideline**

### **a) Generalities**

- Could you tell us a bit about your contribution to this project?
- When did you start actively participating?
- What were your instructions?
- How was your performance going to be measured?
- How would you rate your participation (non-important, important or very important) to the change initiative?

### **b) Strategic alignment**

- ABC Company has set, as part of its overall strategy, a number of points which will help it move towards its vision

In your opinion how did this change initiative fit into the overall strategy? More importantly, did you take in consideration the any of these points during the planning and implementation of the change?

**c) Every change initiative needs great leaders to inspire and motivate the personnel; and consequently, accomplish the intended change. Please tell us a bit about the leadership style used in this change initiative.**

- Was the vision of “what success looks like” communicated?
- What was your own vision of success?
- Where you empowered to develop activities you felt were necessary for success?

- Did you receive support from higher authorities when needed?
- Were you able to visualize all the resources you would need?
- Were those resources provided those in timely fashion?
- Were you expecting resistance?
- What was your strategy to overcome this resistance?
- Were monitoring procedures designed and established that would track progress or problems that occurred?
- Did you have the capacity to demonstrate consistent sustained support for the project?

**d) There exists a belief that what we focus on becomes our reality. Thus, it is helpful to share stories to create synergy and momentum.**

- Did you have knowledge of any change initiative similar to this one that was successful?
- If so, did you use it to motivate those that were going to be affected by the change initiative?

**e) It is very important to identify your stakeholders as well as supporting and resistant groups to minimize failure in any change initiative.**

- Were you able to identify your stakeholders? Who were they? Did you miss any?
- To the best of your knowledge, what were their expressed needs and issues?
- What was their level of involvement?
- In which group(s), were the majority of your efforts focused on?

**f) Commitment and risk prevention.**

- Could you tell us a bit about the strategy you used to create commitment to the change?
- What risks did you consider before the change?
- Which one(s) appeared?

**g) Creating resilient teams.**

- As part of the leadership team, how did you communicate the change to your managers?
- Did you do anything to prepare them for the change?

**h) Competencies, support and performance measurement.**

- Were you able to identify the competencies you needed to successfully complete your part of the change? What were they?
- Were these competencies available? Did you have to develop them?
- Were you fully supported to get these competencies or to develop them?
- How did you measure the performance of those who were part of the change?

How does this measure align to the companies' performance management strategy?

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