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Workplace of the Future: Article Submitted to the Commission on the Future of Worker-Management Relations

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Workplace of the Future: Article Submitted to the Commission on the Future of Worker-Management Relations

Comments
Includes the agreement between AT&T and CWA beginning on page 6.

Suggested Citation
Workplace of the Future

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In 1992 bargaining, AT&T, CWA, and IBEW agreed to cooperate in creating a Workplace of the Future. This will involve CWA and IBEW representatives in planning at three levels: the workplace, business unit, and corporate human resource oversight. In this paper, we shall first describe the reasoning leading to the agreement, next its provisions, and finally our plans to implement it, including difficulties we will face and must overcome.

The Purpose

AT&T has been undergoing a profound transformation since divestiture in 1984. From a national monopoly, a utility organized in traditional functional and hierarchical bureaucracy, it is transforming itself into a global company of product and market oriented business units in highly competitive markets. Success depends not only on producing easy-to-use communication and computing products and services, but also on empowering frontline employees to provide the quality customers demand.

This transformation requires changes not only in corporate strategy, but also work roles and processes, measurements, training, and management style. For example, the following describe the kinds of elements that transform the workplace to succeed:

<table>
<thead>
<tr>
<th>TODAY</th>
<th>TOMORROW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurements internally focused, quantitative</td>
<td>Customer focus and satisfaction are primary goals; measurements are quantitative, qualitative</td>
</tr>
<tr>
<td>Customer interface and issues go “up the ladder” for resolution; supervisor is the problem solving authority</td>
<td>Employees are empowered to satisfy customers and resolve issues, alone or via work teams; manager is coach and mentor</td>
</tr>
<tr>
<td>Rigid work processes centrally determined</td>
<td>Flexible work systems, self-directed and local variation</td>
</tr>
<tr>
<td>Fragmented, narrowly defined jobs</td>
<td>Self-directed teams with clearly defined goals and broadly defined jobs</td>
</tr>
<tr>
<td>Top-down centralized planning</td>
<td>Interactive planning, both top-down and bottom-up</td>
</tr>
<tr>
<td>Technology deployed to reduce responsibility and skill required, repetitive, unfulfilling</td>
<td>Technology deployed to benefit customers; impact on employees planned for. Technology designed to be better tool for worker to satisfy customer</td>
</tr>
<tr>
<td>Employee trained to perform discrete tasks</td>
<td>Employee educated to understand company goals, systems, customer needs</td>
</tr>
<tr>
<td>Competitive, adversarial relationship between management and unions</td>
<td>Joint planning/problem solving relationship; focus on customer and employees; recognition of union values and needs</td>
</tr>
<tr>
<td>Pay based on specific job content</td>
<td>Pay components could include skills, team or individual performance, profitability, etc.</td>
</tr>
</tbody>
</table>
The unions are committed to AT&T's competitive success which is essential for employment. Furthermore, most of AT&T's domestic competitors and some of its global competitors are non-union companies. We recognize that many of AT&T's managers believe that the presence of the union limits their flexibility. For these managers, the image of the union is one of conflict. This does not have to be the case. Unions can add value by helping to create the workplace of the future, and it is in the interest of company, unions, and employees to make this happen.

Our evidence for this view comes from twelve years of experience with union-management cooperation to improve quality of products and services and quality of working life. This cooperation led to a number of successful pilot programs in which union-management cooperation strengthened trust and teamwork, leading to improved products and customer service. But these programs did not last for a number of reasons. Key leaders from both management and union were transferred, or they retired. Reorganizations wiped out programs. Inability to reach contractual agreement in 1986 caused distrust and further undermined cooperation. Disagreements due to interpretation of the 1989 agreement have kept us from moving in a positive direction.

Furthermore, pilot programs were encapsulated. They were not brought into the main stream. What happened at the workplace was disconnected from the planning taking place at the level of business unit or individual leadership.

Workplace of the Future is designed to make use of what we have learned from the pilot programs and to strengthen our relationship. It will give unions a meaningful voice in decisions that affect its members' jobs and facilitate the transformation of traditional work systems to customer responsive work systems. By developing a union role in business unit planning, we can also establish more meaningful decentralized relationships that will facilitate the shaping of the next contract.

Provisions of the Agreement

We start out with principles that establish mutuality in terms of joint activities and recognition that management has an obligation to provide access to all information necessary to participate in a meaningful way to union representatives who participate in Workplace of the Future. The agreement states:

a) The Unions and management must mutually agree on roles and responsibilities, objectives and goals, how the relationship will be described and communicated, the substance and providers of training, and other key issues.

b) The Unions shall select all Union representatives who participate in the various components outlined below.

c) The Unions shall have access to information needed to participate in a meaningful way in the process as jointly defined by the Company and the Unions.

d) At each component level, the Company and the Unions may jointly agree to appoint special task forces to address specific issues and to make recommendations.

The agreement then describes the four components needed to implement Workplace of the Future.

Workplace Models will encourage Local Union officers and AT&T managers to identify and develop new approaches to managing change in the workplace. These cooperative efforts should be viewed and leveraged as models for transformation. The models will be focused on quality, customer satisfaction, quality of work life and competitiveness in the marketplace, thereby protecting and enhancing employment opportunities within AT&T.

Workplace models will be jointly defined by the Company and the Unions and changes will not be implemented unless jointly agreed to by the parties.

This will require a radical transformation in the roles of managers, occupational employees and Union leaders to initiate, sanction and encourage new methods of working together to achieve customer success. The parties understand that significant changes in leadership behavior - both management and union - have to occur to make the agreement a success.

Workplace models would include, but not limited to (1) employee participation initiatives, (2) self-managed/self-directed team environments, (3) continuous quality improvement efforts, (4) flexible, highly-skilled work environments, (5) information sharing, and (6) Union involvement in the development of new systems of work organization.

Business Unit/Division Planning Councils will be formed by the Company and the Unions to:

The Company recognizes that gaining employee involvement and commitment to the Workplace of the Future model, which targets customer satisfaction and market flexibility, requires the Company to be sensitive to employees' needs regarding employment security.
- design "ideal futures" for specific marketplaces to achieve customer satisfaction, quality of work life, employee professionalism, and development of cooperative work styles,
- support pilots to assist employees in achieving customer satisfaction and marketplace success, improve quality of work life and expand employment opportunities,
- invest in employees through education, support and leadership styles,
- influence decisions that determine production technology, work organization, job content and employment.

This process will facilitate participation by the Unions in business decisions regarding the development and deployment of new technologies and work structures which will help achieve the goals of enhanced service quality and employee job satisfaction.

The Company recognizes that gaining employee involvement and commitment to the Workplace of the Future model, which targets customer satisfaction and market flexibility, requires the Company to be sensitive to employees' needs regarding employment security. This is an appropriate issue for business Unit/Division Planning Councils to address in their assessment of business unit market conditions, planned technological changes, and future force management requirements. It is not the Company's intention for employees to be negatively impacted by workplace innovations resulting from employees' ideas.

This requires that management and the Unions be committed to a relationship where information is openly exchanged, problems are solved mutually and cooperatively, critical differences are accepted and accommodated, agreements are developed in good faith and commitments are honored.

Joint training, jointly designed, will be essential to develop common understandings, describe business strategies, and develop union expertise in new technology.

The Constructive Relationship Council (CRC), established in 1989 bargaining and consisting of four (4) members (two Company, two Union) from each of the national bargaining committees, will continue to function to review programs and pilots that relate to contractual agreements. Any question or issue which may arise in the Planning Councils may be brought to the CRC for resolution.

The CRC will continue to meet periodically to review progress and, as appropriate, to approve specific cooperative ventures or trials that relate to the contractual agreement.

A Human Resources Board will be formed to review key human resources issues worldwide and provide input to the Executive Committee of AT&T. Specifically, the Human Resources Board will:

- leverage the "best practices" that most effectively engage and develop people to uniquely position AT&T with its customers and be competitive in every dimension (e.g. leadership styles, education/training, employee involvement and communication, self-directed teams, reward and development processes),
- address the needs of employees and treat them as "whole persons", i.e., as members of families, communities, and Unions,
- address external systems that impact AT&T's ability to be competitive (e.g. education, health care, environment).

The Human Resources Board will be comprised of AT&T executives, a Union leader from the CWA, and IBEW, and potentially, distinguished leaders in the field of human resources from outside the Company and the Unions. The Unions and AT&T shall agree on the choice of these distinguished leaders.

The Human Resources Board will address broad, strategic, global human resources and business issues within the context of the external environment over long range time frames. In contrast, the Workplace Models will deal primarily with customer employee and technology issues in the workplace in short tactical time frames.

The key components can be viewed as the inverted triangle with customers at the top.
Conceptually, the Workplace Models, Business Unit/Division Planning Councils, CRC and Human Resources Board can be distinguished from one another by considering two dimensions; timeframe and focus. In general, the timeframe dimension addresses whether the component is oriented towards short term versus long term planning cycles. Likewise, the focus dimension considers the breadth of issues (broad versus specific) which will be addressed by the component on a routine basis.

The following chart illustrates the two dimensions. For example, the Human Resources Board will address broad, global human resources issues within the context of the external environment over a long-range strategic planning timeframe. In contrast, the Workplace Models will deal primarily with customer, employee and technology issues in the workplace within a shorter, more tactical timeframe.
With these distinctions in mind, it is useful to also consider the ways in which information will tend to flow between these four components. Building on the different blocks illustrated, these flows can be diagramed to describe how the different components will work together.

**WORKPLACE OF THE FUTURE**
**INFORMATION FLOWS**

The information flow between the Workplace Models and the Business Unit/Division Planning Councils is shown as a solid line. These activities will be developed interactively. On the other hand, the information flows between the other components are shown in dotted lines; information may flow between the various components, as appropriate (e.g., shared learnings).

**Next Steps**

We have agreed to start with 3 or 4 business units (AT&T has 22) where executives have expressed interest in creating business planning councils. We recognize that it will take time to develop Workplace of the Future and we do not expect to be finished by the next bargaining in 1995. We also know that many managers and union officials are skeptical about our ability to implement these agreements. They have grounds for skepticism. We need to build trust by our accomplishments. The best way to do that is to begin in those business units where the leadership believes that union cooperation can significantly improve competitiveness and where the trust level is strong enough to get a solid footing.

In this contract, we have also agreed to a set of values that will govern our relationship, including attempts by the unions to expand organizing efforts within AT&T. If we can combine these values with successful cooperation in transforming the workplace, both company and unions will be strengthened.

In conclusion, the purpose of *Workplace of the Future* is to:
- involve the unions in constructive human resources planning and problem solving, and
- to transform AT&T into a company that is focused on customer satisfaction, and
- to strengthen employment security, drive fear out of the workplace and further employee learning and empowerment.

While change is threatening, we understand that in the current, highly competitive, constantly changing markets in which we are engaged, we cannot afford to maintain the traditional union-management relationships and workplace roles. *Workplace of the Future* is our jointly designed effort to transform our respective roles and insure our mutual success.

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*John Wiley & Sons Publishers*
WORKPLACE OF THE FUTURE

AT&T, CWA and IBEW recognize that AT&T's business of tomorrow will be characterized by intense global growth and competition. In order to meet this global challenge and to respond to the desire of the Unions for a meaningful voice in decisions that affect its members' jobs, AT&T, CWA and IBEW agree to institute this innovative model, the WORKPLACE OF THE FUTURE, to facilitate greater participation by the Unions in human resource and business planning, benefit AT&T's market position and transform our traditional work systems to customer responsive work systems.

The parties share the goals of establishing a world class, high performance organization and protecting employment security through market success.

The parties agree to the following principles to ensure success of the WORKPLACE OF THE FUTURE:

a) The Unions and management must mutually agree on roles and responsibilities, objectives and goals, how the relationship will be described and communicated, the substance and providers of training, and other key issues.

b) The Unions shall select all Union representatives who participate in the various components outlined below.
c) The Unions shall have access to information needed to participate in a meaningful way in the process as jointly defined by the Company and the Unions.

d) At each component level, the Company and the Unions may jointly agree to appoint special task forces to address specific issues and to make recommendations.

AT&T and the Unions agree to develop the four components listed below in order to implement the WORKPLACE OF THE FUTURE:

1. WORKPLACE MODELS will encourage Local Union officers and AT&T managers to identify and develop new approaches to managing change in the workplace. These cooperative efforts should be viewed and leveraged as models for transformation. The WORKPLACE models will be focused on quality, customer satisfaction, quality of work life and competitiveness in the marketplace, thereby protecting and enhancing employment opportunities within AT&T.

Workplace models will be jointly defined by the Company and the Unions and changes will not be implemented unless jointly agreed to by the parties.

This will require a radical transformation in the roles of managers, occupational employees and Union leaders to initiate, sanction and encourage new methods of working together to achieve customer success. The Company will provide training and opportunities to management to make this transition, as appropriate.
Workplace models would include, but not be limited to (1) employee participation initiatives, (2) self-managed/self-directed team environments, (3) continuous quality improvement efforts, (4) flexible, highly-skilled work environments, (5) information sharing, and (6) Union involvement in the development of new systems of work organization.

2. BUSINESS UNIT/DIVISION PLANNING COUNCILS will be formed by the Company and the Unions to:

- design "ideal futures" for specific marketplaces to achieve customer satisfaction, quality of work life, employee professionalism, and development of cooperative work styles,

- support pilots to assist employees in achieving customer satisfaction and marketplace success, improve quality of work life and expand employment opportunities,

- invest in employees through education, support and leadership styles,

- influence decisions that determine production technology, work organization, job content and employment.

This process will facilitate participation by the Unions in business decisions regarding the development and deployment of new technologies and work
structures which will help achieve the goals of enhanced service quality and employee job satisfaction.

The Company recognizes that gaining employee involvement and commitment to the WORKPLACE OF THE FUTURE model, which targets customer satisfaction and market flexibility, requires the Company to be sensitive to employees' needs regarding employment security. This is an appropriate issue for Business Unit/Division Planning Councils to address in their assessment of business unit market conditions, planned technological changes, and future force management requirements. It is not the Company's intention for employees to be negatively impacted by workplace innovations resulting from employees' ideas.

This requires that management and the Unions be committed to a relationship where information is openly exchanged, problems are solved mutually and cooperatively, critical differences are accepted and accommodated, agreements are developed in good faith and commitments are honored.

Joint training, jointly designed, will be essential to develop common understandings, describe business strategies, and develop union expertise in new technology. The make-up of planning councils will be determined by management and the Unions. The Unions shall select the Union representatives. Union representatives shall participate on company paid time.
3. The CONSTRUCTIVE RELATIONSHIP COUNCIL (CRC), established in 1989 bargaining and consisting of four (4) members (two Company, two Union) from each of the national bargaining committees, will continue to function to facilitate the leveraging of Workplace Models and Business Unit/Division Planning Councils. Any question or issue which may arise in the Planning Councils may be brought to the CRC for resolution. The CRC may also initiate the formation of special task forces to address specific issues. Special task forces shall slice across all appropriate corporate entities to involve the most appropriate group of problem solvers as determined by the CRC.

The CRC will continue to meet periodically to review progress and, as appropriate, to approve specific cooperative ventures or trials.

4. A HUMAN RESOURCES BOARD will be formed to review key human resources issues worldwide and provide input to the Executive Committee of AT&T. Specifically, the Human Resources Board will:

   . leverage the "best practices" that most effectively engage and develop people to uniquely position AT&T with its customers and be competitive in every dimension (e.g. leadership styles, education/training, employee involvement and communication, self-directed teams, reward and development processes),

   . address the needs of employees and treat them as "whole persons", i.e., as members of families, communities, and Unions,
address external systems that impact AT&T's ability to be competitive (e.g. education, health care, environment).

The Human Resources Board will be comprised of three (3) AT&T executives, one Union leader from the CWA, one Union leader from the IBEW, and two distinguished leaders in the field of human resources from outside the Company and the Unions. The Unions and AT&T shall agree on the choice of these distinguished leaders.

The Human Resources Board will address broad, strategic, global human resources and business issues within the context of the external environment over long range time frames. In contrast, the Workplace Models will deal primarily with customer, employee and technology issues in the workplace in short tactical time frames.