

**EMPLOYEES - THE FORGOTTEN STAKEHOLDERS:
COMMUNICATION FACT-FINDING TRIGGERS MANAGEMENT ACTION**

Charles A. Hundertmark, APR
Employee Communication

Jack Hoopes, APR
Division Manager, Communication

Kaiser-Hill Company, L.L.C
P.O. Box 464
Golden, CO 80402-0464

ABSTRACT

At the Rocky Flats Environmental Technology Site (RFETS) the Department of Energy's contract reform efforts have paid dividends to taxpayers by substantially increasing the rate of progress toward closure of this former nuclear weapons production facility. At the same time, the motivational impact of performance incentive payments is offset by a multi-year planned reduction in size of the core work force. Demotivating influences of work force reductions, outsourcing, and benefit plan changes emerged during communication and organizational development research in 1997 and have led to changes communication on the site and efforts to develop programs to counterbalance job security concerns.

BACKGROUND

In July 1995, Kaiser-Hill Company, L.L.C., became the first integrating management contractor at the Rocky Flats Environmental Technology Site (RFETS) northwest of Denver, Colorado. The new contract form was an outgrowth of the U.S. Department of Energy's contract reform initiative designed to shift from the production orientation embodied in the management and operation (M&O) contract structure. The new contract structure is performance-based providing incentives to the contractor for maintaining a focus on the work that must be done to accomplish the safe clean up and closure of the facility. Kaiser-Hill's performance-based contract with the DOE provides that the company will earn most of its fee for completion of negotiated performance measures. To share incentives with employees, Kaiser-Hill included in its winning proposal a formula for allocating a portion of performance fee to employees. At the same time, the winning contract strategy called for a sustained reduction of core work force and increasing use of specialized subcontractors to perform work at market costs.

During the first three and a quarter years of the contract, the Kaiser-Hill Team has been highly successful in completing performance measures directed toward the mission of safely cleaning up and closing down the Site. At the same time, the DOE and Kaiser-Hill Company developed plans to reduce the projected time required to close the site. From the 70-year closure timeline anticipated when the Kaiser-Hill contract began, a new timeline was developed mapping a route to close the site by 2010. In Fiscal Year 1997, the 2010 closure goal was developed into a detailed baseline closure plan. DOE and

Kaiser-Hill management believes this accelerated closure plan can be tightened even further to close by 2006 if sufficient cost reductions and additional efficiencies can be developed. To reach this ambitious goal, it is likely that a high performance work environment must be achieved or approximated.

INTERNAL RESEARCH

In mid-September 1997, the Kaiser-Hill Communication Division conducted an employee survey to assess information flow within the Kaiser-Hill Team. The Team comprised Kaiser-Hill Company and four primary subcontractors: DynCorp of Colorado, Rocky Mountain Remediation Services, Wackenhut Services, L.L.C., and Safe Sites of Colorado. The survey was adapted by the Communication Division from a communication audit conducted by the University of Cincinnati Center for Environmental Communication Studies at the DOE's Fernald (Ohio) facility. Items in the survey were developed based on existing internal communication channels and issues identified from previous informal research.

The survey was made up of five sections, four of which were designed to measure gaps between information needs and information satisficing. The fifth section gathered information about access to communication channels, trust, and demographic factors. The first four sections of the survey, comprising 50 items, measured respectively flow of information to employees on specific topics, flow of information to management from employees by information category, originating sources of information, and communication channels through which information was received.

For each item in the four core sections, respondents were asked to identify the amount of information needed and the amount received (or sent). Responses were marked on a five-point Likert-type scale ranging from "Very Little" to "Great Deal." Surveys were distributed to approximately 3850 Team employees, all of the employees of the five companies. Approximately 875 surveys were returned, and 850 usable surveys (22% of the surveys distributed) were entered into a database for analysis. Analysis provided three types of information: amount of information needed, amount of information received (or sent), and size of the gap between need and sufficiency.

Analysis disclosed that gaps were relatively low (less than 1.5) for information sent to management, sources, and channels of communication. The greatest gaps between information needed and received were in the Site Information Topics section (see Figure 1). The two largest average gaps, 2.4 or greater, were for the topics "My Future After Closure" and "Management Decisions Affecting My Job." The lowest gaps concerned information on safety issues, indicating respondents were generally satisfied with the level of safety information they received. The communication audit reinforced data surfaced through a National Safety Council survey in the same time period and earlier small scale telephone surveys. Uncertainty about job security was a significant factor among employees, and a potential demoralizing factor.

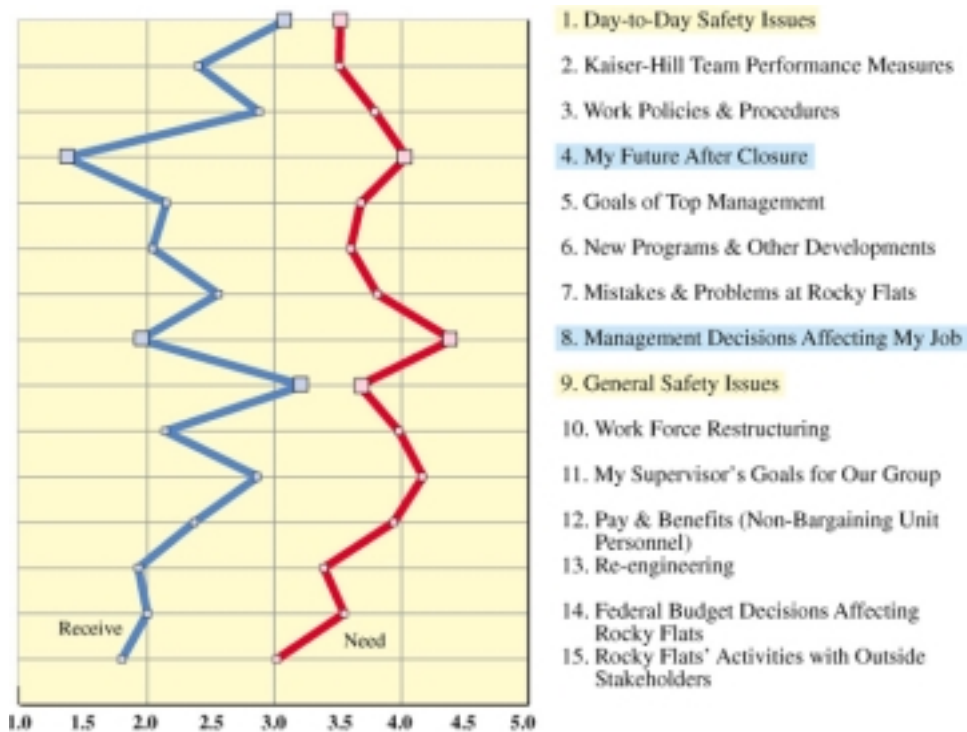


Figure 1: Site Information Topics

BASIS OF CONCERN

Perceived job stability is a basic motivating factor for most employees. People affiliate with organizations to increase predictability in their lives. A 1997 study of employee attitudes conducted for Ketchum Public Relations found that self-esteem, satisfaction and job and financial security were the core values held by hourly workers. This contrasts with accomplishment of objectives and advancement of careers that drive managers and executives (1). Similarly, Gellerman notes that the majority of employees are motivated by survival and comfort factors, including security, more than by the achievement and power factors that motivate managers (2).

Pfeffer identifies employment security as one of seven high performance management practices along with selective hiring, self-managed teams and decentralization, extensive training, reduction of status differences, sharing information, and high and contingent compensation (3). The Kaiser-Hill Team is well positioned to deliver high performance from the perspective of a contingent compensation package tied directly to achievement of organizational performance measures. These performance measures are communicated widely in the work place and are believed to be an important factor in the Team's completion of a high percentage of performance measures each year. Even the Kaiser-Hill Company agreement with the United Steelworkers of America, Local 8031, provides for a bonus to Steelworkers based on proportion of performance measures completed.

With an incentive compensation program in place, a key challenge for the Kaiser-Hill Team became the development of strategies to mitigate the potential drag on performance

improvement that might result from the demotivating influence of job insecurity. The traditional solution to the issue of employment stability is to develop organizational policies that minimize the need to resort to layoffs. Developing a high performance organization based on management practices that build employee loyalty is one such policy approach. The Kaiser-Hill Team, however, was limited in its ability to apply this approach due to the mission of closing down Rocky Flats and a contract that calls for subcontracting an increasing proportion of work.

To address this challenge, Kaiser-Hill took two approaches, the first aimed at using communication strategies to meet the information need uncovered in the communication survey, and the second aimed at increasing predictability of job transitions, providing support for transitions, and offering incentives for retention of key skills through project completion.

COMMUNICATION ENHANCEMENTS

In addition to the communication audit, the Kaiser-Hill Communication Division conducted two focus groups during 1997 in conjunction with plans to redesign the Site newspaper. The focus group discussions centered on two different mock-ups of a Site newspaper. A number of variables were selected for manipulation between the two newspapers. For example, one version was printed in newsletter format and the other in newspaper format. One used shorter average article length than the other. And article topics and style were manipulated. Focus group participants were allowed time to read both versions of the newspaper, then were led in a facilitated discussion. Participants were also asked to mark the point at which they stopped reading a particular article.

Focus group participants generally indicated a preference for shorter articles over longer articles, and marks on the mocked up newspapers tended to indicate that most readers who started reading longer articles did not finish them. One of the few exceptions was a somewhat long article on a former Rocky Flats employee who successfully started a business after leaving employment at the Site. The article was widely read and was generally read to completion. Focus group discussion indicated that readers found information about successful transitions away from Rocky Flats salient.

Based on results of the communication audit and the newspaper focus groups, the editorial policy for the Site newspaper was modified to include regular treatment of topics relating to career management. During fiscal year 1998, the employee communication program supported a management communication effort to address the issue of career security. The communication actions proceeded concurrently with the aggressive development of incentives to smooth the work force transitions while continuing to retain essential job skills.

The audit also pointed out the need for strengthened face-to-face communication among managers and employees. In response, Kaiser-Hill Communication personnel worked with the Kaiser-Hill CEO to adapt a series of employee forums, called Town Hall meetings. Convened quarterly, the Town Hall forum brought about 100 randomly selected employees together with the CEO to discuss issues. Based on the research

findings, the Town Hall agenda was adapted to introduce greater employee involvement in agenda setting, thus ensuring that the CEO was addressing topics of greatest interest to employees. Complementing the Town Hall forum was a quarterly Team Managers Meeting, which convened to top 150 managers from the Kaiser-Hill Team companies. The research suggested the need for the introduction of dialogue opportunities in the agenda for this forum. The current direction of the agendas for these meetings is toward greater participant interaction and dialogue.

EMPLOYEE RETENTION AND TRANSITION INITIATIVES

During 1998, the Kaiser-Hill Team developed proposals for a series of initiatives to accomplish three related goals:

- assist the Site in attracting and retaining employees with skills critical to the closure mission,
- obtain heightened commitment to closure, and
- assist employees in preparing for employment elsewhere as the Site continues to downsize and, ultimately, close.

The initiatives were designed to accomplish those goals while allowing the closure project to continue to

- minimize the cost and schedule of a safe closure
- minimize the impact of necessary transitions on the work force and community, and
- operate closer to commercial standards.

The proposals that emerged entail three categories of incentives: benefit program enhancements, monetary rewards, and career assistance.

Some of the proposed initiatives require DOE approval while the Kaiser-Hill Team can implement others. Initiatives in the latter category are being developed as resources permit. The following summarizes key initiatives under consideration.

- Enhancements to the salaried employee pension plan have been proposed to help minimize impacts of a lay-off on longer service employees and increase the effectiveness of the pension plan in attracting and retaining employees. Proposed changes include a lump sum option and simplified formula for calculating the benefit.
- Sharing of performance fees with employees will continue to be an incentive for employees to remain with the project so long as their skills are needed. For employees with skills identified as critical to closure and key project employees, an additional incentive payment is under consideration. The incentive would be tied to an agreement specifying performance required and duration. The incentive would be payable upon completion of the term of the agreement contingent upon successful performance.
- Educational assistance is currently available to Team employees for studies related to job responsibilities. In addition, financial support is offered to Cold War Warriors separated under an approved Voluntary Separation Payment Program (VSPP).

However, employees might feel more secure about a future career transition if they could access benefits to train for a new career while currently employed.

Consideration is now being given to providing support for education in a new field as an advance against future VSPP educational benefits, or against future separation pay entitlements.

- Also under consideration is a plan to allow employees to access funds that would be part of a standard severance payment to hire a professional career counselor. This would be offered as a supplement to a Career Assistance Center already available on Site and professional counseling available at an off-Site Career Assistance Center.
- Kaiser-Hill Team human resources professionals are currently planning to develop a network of Denver Metropolitan Area employers. They will coordinate projected separation time frames for Rocky Flats employees in specific skill categories with requirements of the employers in related categories.
- Manpower forecasts by job category are currently being developed. Based on those projections, current employees will be required to create individual transition plans. Assistance will be available from the off-Site Career Assistance Center. Individual transition plans will restore a degree of control over the transition to the employee.

An important element of the retention and transition initiatives program will be communication of the overall program and specific elements as they become available. The awareness among employees that senior management is sensitive to the employment stability issue and is attempting to address the issue is potentially as important for productivity and safety as the program itself. Because the closure project mission inherently leads to a decreasing work force and changing skill mix requirements, Rocky Flats cannot offer the kind of job security which was historically associated with the production years at the Site. By providing employees with tools to manage their transition away from the Site and making transition support available, however, the Kaiser-Hill Team hopes to provide a level of confidence and predictability which will allow employees to focus on the Site mission. At the same time, incentives for key employees and employees with critical skills will assure that the accelerated closure time line can be maintained.

SUMMARY

As a result of data surfaced through informal and formal communication research, Kaiser-Hill Team is seeking ways to restore the stake of the forgotten stakeholder - the employee. Research resulted in a number of improvements in communication channels including increased effectiveness of the Site newspaper, elimination of two less effective channels, and strengthening of oral communication channels such as Town Hall meetings and Managers Meetings. More importantly, research resulted in both communication and programmatic initiatives designed to address employment security concerns in the work force. Enhancing worker confidence in future employability is an essential element in developing the high performance organization needed to deliver accelerated closure of the Rocky Flats Site.

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