
January 1996

Discussion after the Speeches of James Bennett and Harold Giles

Discussion

Follow this and additional works at: <https://scholarlycommons.law.case.edu/cuslj>

 Part of the [Transnational Law Commons](#)

Recommended Citation

Discussion, *Discussion after the Speeches of James Bennett and Harold Giles*, 22 Can.-U.S. L.J. 327 (1996)

Available at: <https://scholarlycommons.law.case.edu/cuslj/vol22/iss/44>

This Speech is brought to you for free and open access by the Student Journals at Case Western Reserve University School of Law Scholarly Commons. It has been accepted for inclusion in Canada-United States Law Journal by an authorized administrator of Case Western Reserve University School of Law Scholarly Commons.

DISCUSSION AFTER THE SPEECHES OF JAMES BENNETT AND HAROLD GILES

QUESTION, *Professor King*: Jim was talking about a real substantive revolution. I question the public's acceptance of the downsizing that has taken place. For instance, in the AT&T case, we saw President Allen laying off a lot of people and getting a big bonus himself. There was a lot of human hardship which did not sit well with the public in terms of the acceptance of Allen or his business. If you are going to have a revolution, you have to have public and human acceptance of it. I wanted to ask you to comment on that, particularly the human factor, the human acceptance of this whole new world. I accept your premise, but perhaps you would have some thoughts on that.

ANSWER, *Mr. Bennett*: I think the way it is handled depends on the individual company. There has been a lot said about making the case for change and then doing it in the professional and complete manner that Harold described for Bell Canada. I think that you put together the picture one company at a time. All that is sad, I think, even when it is done very well. I am afraid there are the casualties of this. There are sad stories that you read about in such series as the "Downsizing of America" which appeared in the *New York Times*.¹ It makes me cry to read it. I feel very badly about it.

And, as Norm said, I do not like doing this work. When we are asked to do it by clients who face the kind of circumstances that Bell Canada did, I am very, very ambivalent. I think the only thing that gives me some comfort is that it can be done better, and that if properly done, it is something that is a necessary part of this transition. I think everything that we see and read concerning the casualties of this transition are understandably very heartbreaking.

I guess if Bell Canada could have done it the way that Lincoln Electric did and never lay anybody off, they probably would have done it that way. That has not seemed to me to be a practical solution for companies that are threatened with extinction. And I suppose there is some comfort in the fact that, unless that transition is made, there would not be any jobs at all in some of these companies. But beyond that, I really do not have a very helpful or ennobling or energizing answer, because it is often awfully painful.

QUESTION, *Mr. Halpern*: Do you have anything to add to that?

COMMENT, *Mr. Giles*: Two things. One, we discovered an amazing factor when we did a survey of our customers about what had happened. Our customers thought about Bell's performance in provid-

¹ *Downsizing of America*, N.Y. TIMES, Mar. 3-9, 1996, at A1.

ing them with relatively low-cost, high-value, high-tech products and they were very positive. We have a tremendous brand image in Canada. Yet, in the process of asking them that question, they as customers brought up the word "but." We want you to do that for us, we want you to provide the lowest cost, highest value, highest technology product, BUT we are really troubled about this issue of laying people off. And, of course, our customer is, in fact, the general population.

This issue is one that reminds me of students who graduate and go to work for companies. One of the things that they do, which in Canada is somewhat annoying, but we all do it at that age, is to put an issue on the table for which you know there is no resolution. You just know in your heart that there is no resolution for it. The fact that we are going to remove a thousand people who are in middle-management jobs has no resolution. That is going to happen. I firmly believe the question pertains to timing and how this wave of concern will in fact pass. It will pass because creativity will insert itself here among us all, and we will find solutions not to stop downsizing or restructuring, but to have an ease of transition much greater than what it is right now.

COMMENT, *Mr. Bennett*: I think what people really object to is retrospectively changing the deal in the contract, so to speak. It is like a physician who worked very hard and went through the penance; the four years of medical school, the internship, and the residency, angry that the health care industry has been changed. They did not decide to go into practice and pay the high price only to find health care evolving the way it has evolved.

I think the same point is true with the new contract; the new gives and gets with the people who get hired hereafter. If the revolution is going to continue, it is because the original understanding when you go to work at a place is different from what it has been.

I think the people who really feel cheated and by whom the equity is most questioned are those who believe that they came here to work and if they did what you wanted, they would have their jobs. Now you are telling them they do not have them. There is not a heck of a lot you can say or do to make up for changing the deal and changing the contract in the compact with your people in midstream. I think that it is a matter of professionalism and equity and money and retraining, and so forth. But for those who lose out on that, I think in some ways, there is not much of an answer.

COMMENT, *Professor King*: I would add that it is also important from the standpoint of the selfish company which has stakeholders. You have customers, you have a public, you have regulators to deal with. From the selfish standpoint, it is important that it be made as easy as possible.

QUESTION, *Mr. Halpern*: It is certainly very commendable to deal with the casualties, if you will, as Bell Canada has done. The more

that can be done to ameliorate that, the better that is.

We talked inferentially, or we heard inferentially, about survivors; those who are still in the organization, and their attitudes. But the nagging question that keeps coming up that nobody seems to address is the loyalty issue. Of what value is, was, or will be loyalty? Is loyalty of an employee to an employer worth anything, or is it something that, with the new paradigm, does not mean anything?

ANSWER, *Mr. Giles*: It goes to the heart of this contract issue that Jim talked about, and I think it varies depending upon the type of job that an individual performs. So I do not think there is a one set edition to this situation.

But within my own experience, certainly going back a decade and it is coming true to form in the past year at Bell, without a doubt, at the professional level, there are individuals who come into or who have come into the company over the years from a university or from a community college-type program who have had a sense of loyalty. This loyalty was attached to the fact that the option of leaving or staying with a company never was in question, that the loyalty tended to be with the company on the basis of exercising that professionalism. This element of exercising this professionalism is one which drives loyalty. And as long as you can continue with that element within the company, I think that that can be the base from which to operate in substituting three things: job design, leadership, and ownership. However, ownership may not be just money. It is a question of how much freedom you give a person in exercising that professionalism. How much accountability do you hold a person to, and how much responsibility goes with that individual when things change? This has always been there. That is not a new element. Professionalism is something that has been around since day one. It is only by putting it in that perspective and exercising the freedom to be a professional, instead of exercising the freedom to be an employee, that I think, places it at the heart of the issue. It is not going to be easy to do, but that is a personal view.

COMMENT, *Mr. Bennett*: I was just going to recount an anecdote from McKinsey's way of doing things. It may end up being more the definition of loyalty, which I think is to ask for and expect loyalty while someone is there, getting back to the point of the contract, but not loyalty in the expectation of continued employment.

For our professional staff, McKinsey hires about a thousand people a year, and we lose roughly 600. We have in our culture the idea that unless someone becomes a partner in six years, they must leave the firm on their own, or by our making that decision. Out of every ten people who join the firm, only two end up being partners, one out of five, with another half of those failing to become senior partners after twelve years. So we have never had employment security as part of our contract. What does have to do with it are other parts of the contract:

the professionalism, what we expect while they are with us, and what we give them. This includes great training, which we think provides them with the opportunity to work elsewhere. I think loyalty is still going to be extremely important, but the definition of what the individual gives and what the company will get back in exchange for that loyalty will be a very different one. It will not be based on employment that is secure for an extended period of time.

COMMENT, *Mr. Powers*: One thing that downsizing has done is poked a hole in the notion that employees are part of a corporate family. As this person said, families do not lay people off. And it is probably a good thing that we realize that most of us are members of one or two families, and the organization that we work for is not one of those. We have a relationship that can involve loyalty, but we should not expect the kind of care and consideration from our employer that we get from our family.

QUESTION, *Mr. Langmack*: I wanted to tell Jim and Harold that they should not feel badly. Many of these people who you laid off, after being well-trained and who are essentially fine employees, creative employees, are finding other jobs, which are sometimes better than the jobs you have to offer them.

I know GE laid off all of their engineers over here at 152nd Street. They started their own company. They manufacture machinery which they need our input in. We make machinery for them, and we work together. These fellows are the happiest bunch of guys with whom our engineers work, and they left GE. But they are so happy now, I do not think you could get them back to GE.

Out of these 40,000 people who left AT&T, I will bet you at least half, if not more, are back working at a job which is creative, is satisfying, and they are making money. So do not feel so bad.

COMMENT, *Mr. Giles*: Just one statistic for the Canadians in the group; of the 5,000 people who left Bell in 1995, 3,000 of those retired because they were over 55. Of the 2,000 who did not retire, eighty-five percent of those have jobs. Of those eighty-five percent who have jobs, seventy percent say their happiness is equal to, or better than, what it was at Bell in the last two or three years.

COMMENT, *Mr. Langmack*: This is the revolution Jim is talking about. This is the change, this is the paradigm.

COMMENT, *Mr. Halpern*: One of the things that you probably observed in the packages that you received is that practically all of the printed material describing the subject are only about ninety days old. So this has escalated in the last several months, partly because of political reasons and partly because of AT&T's dramatic announcement. So we are at a higher level of awareness now than I think we ever have been before.