

2015 DON WOOD LECTURE IN INDUSTRIAL RELATIONS

# A Futurist's Look at IR/HR - Why it's Time to Start Over

**Peter Edwards**

*Vice-President Human Resources and Labour Relations*  
Canadian Pacific

November 6, 2015  
Queen's University  
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## About the W. Donald Wood Visiting Lectureship

This Lectureship was established in 1987 by many of Dr. W. Donald Wood's friends to honour his dedication to building the Queen's Industrial Relations Centre (IRC), internationally recognized for its outstanding research and continuing education programs, and for Dr. Wood's many contributions to the wider industrial relations community in Canada and abroad. The Don Wood Visiting Lectureship brings to Queen's University "a distinguished individual who has made an important contribution to industrial relations in Canada, or in other countries."

Known as "Canada's Dean of Industrial Relations," Dr. Wood was well-known and much appreciated for his work in bringing together academics and practitioners and closing the gap between the academic world and the professional practice of industrial relations (IR). This reflects the dual focus of his own experience. After serving in the Royal Canadian Air Force during World War II, Dr. Wood studied economics at McMaster and Queen's Universities and then at Princeton University, where he was awarded a scholarship and completed a Ph.D. thesis on white-collar unionism. He subsequently gained practical experience as Director of Employee Relations Research at Imperial Oil for five years.

Dr. Wood came to Queen's University as a professor of economics and served as Director of the Queen's IRC from 1960 to 1985. During this period, Dr. Wood built a world-renowned research and training institution, one that thrived while other industrial relations centres in Canada folded. He pioneered his continuing education program for human resources managers on employee-employer relationships. He helped shape public policy through his research and publications program, informing debate on key issues such as wage price controls in 1975 and surveying developments and trends in the IR field, and his participation on many federal and provincial task forces. He also assembled a remarkable IR library.

As Founding Director of the School of Industrial Relations at Queen's University from 1983 to 1985, he created and guided the early development of the new multi-disciplinary Master of Industrial Relations program, which continues as one of Canada's most respected programs in this field. Following his retirement in 1985, Dr. Wood ran the IRC's Continuing Education Program for five years, and led training seminars well into the 1990s. His talent for bringing together leading authorities from industry, unions, government, universities and consulting firms for programs enriched the education of IR students across Canada, and internationally. It continues to inspire those involved in IR education and research today.



## Peter Edwards

Peter Edwards was appointed Vice-President Human Resources and Labour Relations at Canadian Pacific in August 2010, and is responsible for the integrated function across North America.

Prior to joining Canadian Pacific in 2009 as Vice-President Human Resources, Peter held senior positions at Labatt Breweries / Interbrew, and Canadian National Railway. During this time, culture change and the high performance organization were part of Peter's mandate. From working on critically praised books on managing a changing railway (*How We Work and Why*, and *Change, Leadership, Mud, and Why*) to establishing individual employee performance scorecards for every one of the 18,500 unionized employees, Peter uses the gamut of OD, HR and LR to continuously reinvent the organizations.

In 2008, Wiley Publishing released a book co-authored by Peter, called *Switchpoints: Culture Change on the Fast Track*. The book was a Canadian bestseller, reaching the top ten business books in Canada in the Globe and Mail.

Peter holds an undergraduate degree and Master of Industrial Relations degree from Queen's University. Peter is the first Don Wood lecturer to be a graduate of the MIR program that Dr. Wood established. This fall marks the 30th anniversary of Peter's graduation from this program.

## A Futurist's Look at IR/HR - Why it's Time to Start Over

Today I want to ask you to participate in making changes. The things that worked before, may not work now and they definitely won't work in the future. We have to figure out what to keep, what to change, and what to get rid of – and we haven't got a lot of time.

If I want you to join this revolution, I have to convince you of four things. The first thing I have to convince you of is that there is truly a case for change. The second thing is what the future can look like. The third is your role, and the fourth is what you get out of it. If you don't have all those four elements of change, people won't change. If they can't see a reason to change, they don't change. It's basic Newtonian physics. Objects in motion tend to stay in motion, and they stay in exactly the same line they've always been on, and exactly the same movement and velocity they've always been on until you change it. I have to convince you there's a compelling reason for change.

### The Case for Change

What's different now than in the past? We've seen a lot of change in the past, we all have in our lives. In fact, the American poet Ogden Nash said, "I'm all for change but it's gone on far too long." Many of us feel that way. We've gone forth, we've done battle, and we've seen the enemy, and it is us, because we are the source of change. We are the reason for change. It's our voracious, insatiable appetite for the "new" that distinguishes the human species from so many others. Other species use tools, they have languages, they have emotions, but they don't constantly alter their environment on the basis that we do. They don't become so addicted to the change process that they get intolerant if it slows down.

In 1958, a guy named Jack Kilby invented the integrated circuit. You've probably never heard of Jack Kilby – he was working for Texas Instruments at the time. It was one transistor. What can you do with one transistor? Nothing, absolutely nothing, it has no impact. He said he proved an idea on a little piece of germanium that you could create something called a computer chip. That idea took off pretty quickly. In fact, only 11 years later, they landed on the moon with a collection of chips of 12,800 transistors. That was the Apollo guidance system for landing on the moon. What he did in a lab as a new employee led to just 11 years later, landing people on the moon. It was only 11 years from 1 to 12,800.

You've probably all heard of Moore's Law, but you may have forgotten what it means. If you reach into your pocket right now you probably have a cellphone. Do you know many transistors are in your cellphone? Take a shot. The Apollo guidance system was 12,800.

There are two billion transistors in the processor of your cellphone – just the processor chip. There's another 68 billion in the memory. Intuitively you knew that. If you stopped and you sat back for just one minute, you knew that. Why? Because the minimum specification for a typical phone is 68 Gigs. We've gone from, in 1958, one single transistor to about 68 billion. And if you have the upgraded version, then there could be over 100 billion transistors in your pocket that you can buy for just a few hundred dollars. Think about that transformation. Think about how the world has changed and your expectations have changed.

Have we in the social sciences made such progress? Have we even gone as far as Apollo has? Is what we do in industrial relations, in human resources, 12,800 times better than what we had in 1958? I don't think so. People will say that we haven't made the same amount of progress because there's a lot of stuff happening and it's pretty difficult, that people are complex. But I think that's a dodge. I think it's because we have not put the effort and discipline, on a broad basis, into what we do. Every day they think of a new way to do what they've done. I'm not sure that we do.

In fact what I am sure is that we learn things over and over again, and we love making exactly the same mistakes we made in the past. When I look at all the technologies that are coming at us, I know that we can't afford to make the same mistakes anymore. I see things coming at us like assisted driving vehicles, where the vehicle will help you park, and vehicles that will drive for you. When I speak to friends, they say, "That's a long way out." But it's coming from places we don't expect. It's not GM, it's not Chrysler, it's not Ford, it's Google that is designing a self-driving car. They're doing it. It's in Santa Monica, it's on the streets today, and it's driving. You know what they found out? It's better than we are at driving a car.

Some say this technology is still a long way out, that you cannot get this technology yet. But if you have a Tesla, a valid credit card, and a Wi-Fi connection, you can go into your garage at home, enter in your credit card number, and for \$2,400 you can download a driverless car. You can see a New York Times video where they did this.<sup>1</sup> They paid \$2,400, they downloaded the program, they went out on the highway, and the car took over. It's legal, and it's happening. We're not waiting for it

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<sup>1</sup> This video is available at: <https://www.youtube.com/watch?v=7ePLAtXerqI>

anymore. Everybody thought that Google was way ahead of everybody and then Tesla stood up and said, "No, we've already done it."

What does it mean? Where do you draw the line? Well, it means that the world could change with this one, single thing. Think about it. If you have a driverless vehicle, why can't you have a driverless truck? Why do you need a truck driver working in the middle of the night driving from Kapuskasing, Ontario to Thunder Bay? You don't. Let the truck do it, and the truck will do a better job. Why do you need an engineer in the cab of a locomotive when engineers fall asleep, when engineers get distracted, when an engineer may have had a fight at home and isn't really paying attention and can run a light and kill somebody? You don't. The technology could actually do a better job.

You may think that those investments are incredible, but that nobody is ever going to force a corporation to make that sort of investment. In the United States, by the end of 2015, railways are actually mandated that they have to be able to control every locomotive in their entire network from a distance. CP Rail isn't there yet, and they say they might give us one extension, and one extension only. By the time we've done that, which is in the next couple of years, we have to be able to prove that your railway and my railway can change locomotives, change cars, control those locomotives, and that we can do it from Calgary. I'm going to be able to stop a locomotive in Minneapolis from Calgary. I can already throw a switch in Montreal from Calgary. The people in Texas can control their interface to us at the border of B.C. and Seattle. Think about that. The technology's there. How long do you think it is before we go from two people to one person in the cab? Why would you have two when you could have a system that's more powerful?

You may think it will never happen, that the unions will stop it, or the government will stop it. Does anyone think that will actually happen? Has it ever worked in the past? It didn't work for the Luddites. You can smash the looms but they come back. You can say that the technology is not going to come in, but it will. It might not even be a major railway doing it, because there's something else happening. There's a movement out there that says, maybe railways have an oligopoly, and maybe we should let anybody be a railway. If you've got the money (\$2 million can buy you a locomotive) your company can buy five locomotives and a whole bunch of cars and decide to move your own grain or potash. You decide to move all the other things that you need, and you don't use us except for the track. If you're starting up and you don't have the old constraints of collective agreements, shops and technologies, what are you going to buy? You're going to get the new

stuff. It's happening, and when we try to slow it down it just goes around us, because the driverless car is here and it could change the world.

In the trucking industry, some might say it's insane to think that we could have trucks driving up and down the highways with nobody in them. But what about this... what if it's only at night between midnight and 4:00 am, and only on those secondary highways in the middle of nowhere? That's pretty reasonable, isn't it? Think what we can do for productivity. The driver can be sleeping in the back and we can go from 12 hours a day to 16, suddenly we just picked up a third in national productivity in the transportation industry. How can you say no?

The worst they can do is hit a moose, and it's going to have all sorts of sensors and all that other stuff. That will be how it starts. Then day by day and piece by piece, it will get to where we are, where we're going to go. Your cellphone proves it.

Cellphone technology was invented by Motorola.<sup>2</sup> Do you know that Motorola doesn't make these phones anymore? They're out of the business. They couldn't compete. They invented the technology then sold the rights and the name to other companies, and said, "There's no money in this." When they were inventing the technology, they sat in front of Congress and they talked about this technology. One of the Congressmen said, "This looks pretty dangerous if somebody were talking on a cellphone, while they were driving." The Motorola people said, "Nobody would do that; that would be insane." Who would ever let that happen? That's not what it's for. If you want to make a call you're going to pull over to the side of the road, then you will pick it up and dial. That's not the way it turned out. A few months ago Mr. Warren Buffett said, "You know why GEICO lost money last quarter? Cellphones – because people are texting and driving." If you want to text, then pay \$2,400, download the driverless car program into your Tesla, and let it do the driving.

There's already "fleeting" in ships. When you cross the Atlantic or Pacific, it's a pretty big, lonely place and one of the difficulties is getting crews. Now they've got systems where you can run three ships with essentially one crew. They take three crews to get out of harbour, then they form up in essentially a flotilla. The lead ship controls the other two ships, and they cross most of the ocean. Then they bring out some crews, they drop them on the ships and they take them in. For the several days or weeks in between, they don't need anybody on those ships except mainte-

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<sup>2</sup> For more information on Motorola's history, please see: <http://www.motorola.com/us/Motorola-History/Corporate-Motorola-History-Timely-Achievement.html>.

nance people, which they can move from the primary ship. That changes the world again. Think about all the jobs that used to depend on that.

I was talking with my wife and I told her that I see driverless cars coming, and when it does, I'd like to get rid of one of our cars. Why? Because I use my car for 24 minutes a day. My 12-minute drive into work and the 12-minute drive home. If there's such a thing as driverless cars, then I will get in the car in the morning. It can take me to work and it can go home and my wife can use it all day. It can come and get me at the end of the day. Now this sounds fantastical, maybe even farcical, but this technology is coming.

People want to be at the leading edge of this technology, not behind it. This change can fundamentally change demand for vehicles, because if we don't need two vehicles, now we've gone from needing two vehicles in a family to needing one. Even if you need a car for an appointment or meeting, then you can just get a "Cars2Go" and it can come and get you. If you listen to the Uber Corporation, guess what their plan is? Why do you think they're spending so much money on geo mapping and geo control? Because their next play, and one of the VPs basically said it, is not to worry about drivers. Why would you? Just have vehicles. Have the vehicle pick you up, have the vehicle drop you off, and have some other system to control it. I don't know if you ever Uber'ed – you enter your destination and it tells the driver where to go. It gives them a map. There's no choice – you follow this route to that house. It has all the latest information, traffic issues, road issues, weather issues, and it's feeding it to the driver.

That's one technology coming at us. Let's think of some of the others. I was concluding a collective agreement in February 2015 with Unifor, Canada's largest private sector union. We've made a lot of changes to our shops and the definitions of roles and responsibilities. It was actually a very progressive event, and I was quite pleased. As we sat and signed the collective agreement, I said to Brian Stevens and Jerry Dias, "You know this is the end?" They said, "Yeah." I didn't have to tell them what. These jobs will not exist in 20 years – they're machinists, they work CNC machines making specialty parts for the railway.

Have you heard of a 3D printer? A 3D printer takes an image, a plan for a part, then creates it out of fine injection, building it up from little droplets of the material that you want to make it in. It was really cute at first because you could make a whistle, or a mug. The technology took over and people found ways to make it better and better until some crazy person in the United States made a ceramic gun out

of it. That's not what we needed. Where is this technology going? Where can it go? The cost of 3D printers is coming down, like the cost of DVD players, colour printers, and everything else in the technology area. One day that could have a profound effect on parts in the shop production.

That day is today. In the Province of Quebec, in the aerospace industry they're licensed to produce precision parts on 3D printers. If they want a really intricate scaled part, what do they do now? They bring up the part, they program it in and the part is produced.<sup>3</sup> And it's better than what the person made before.

Jerry Dias told me about when he was in Europe, he went to a factory where they have two people working there producing the parts. They just make sure the machines continue to run. They don't even leave the lights on because they only go in twice a shift. Think about how that is going to profoundly change the world.

You can't stop it. You know why? Because even if CP Rail doesn't like it, even if we agree with our unions that we'll never go to that technology, it doesn't matter. Those guys I talked to about that are going to buy their own locomotives and run their own place, they're not going to build a shop with old technology. They're going to adopt the latest and greatest technology. We either change with or ahead of them, or we're out of the business. The world's going to change.

Pretty depressing speech so far, isn't it? But I've only started. We've wiped out the trucking industry, we've wiped out the parts manufacturing machinists – they're all gone. What about the hotel industry? Has anybody ever heard of Airbnb? With Airbnb, you can go online and pick up an apartment in most major cities in the world – and you can do it at a low rate. It's now an extraordinarily viable proposition and there are over 20,000 rooms in New York City on Airbnb. That's a few hotels. Those hotel jobs in New York City, as they are in Toronto, are unionized jobs. They're Unifor jobs. They're gone and they're never coming back. In fact people tried to stop them. In the city of San Francisco there was a big movement and there was a local plebiscite where they held a vote where to say you can't rent your house or apartment for more than 75 days a year, because you're not running a hotel. That sounds pretty reasonable, doesn't it? The unions gave money to support that initiative. The public was behind the initiative, but Airbnb won.<sup>4</sup> Now there is no restriction. That's changing that dynamic as well. The low-skilled, but sometimes reasonably well-paying hotel jobs, are disappearing. Not entirely, but some of them.

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<sup>3</sup> For more information, please see: <http://www.newswire.ca/news-releases/a-french-leader-in-additive-manufacturing-for-the-aerospace-sector---fusia-sets-up-shop-in-greater-montreal-515130381.html>

<sup>4</sup> For more information, please see: <http://www.cnn.com/2015/11/04/voters-reject-anti-airbnb-measure-in-san-francisco.html>

So now we've taken care of hotels too. I can go through industry after industry and tell you all the threats that are coming. They won't all happen, but some will. Some of them are more profound than anything you can possibly imagine. If you've been following the news and you read the science journals, you'll know that there's been a recent experiment done called Bell's Theorem.<sup>5</sup> Bell's Theorem says that if you change the rotation of a single electron in an atom, that all the other electrons will change the same rotation simultaneously regardless of the distance. What they did is they took an atom, they pulled off the electron, they put in a little diamond case, and they walked over to another building 1.3 kilometers away. They changed the rotation and all the other electrons dutifully went the other direction.

I sat down with my IT people and said to my head of IT, "Have you read the latest on the Bell's Theorem?" I put it in front of him. He looked at it and said, "If they can perfect this, that changes everything in this department. We no longer need fiber optic, we no longer need satellites, we no longer need Wi-Fi, we no longer need security, because all I need to do is put an electron here and I put the rest of the atom in British Columbia and just change it back and forth. It's just a digital switch going back and forth, just like you have now, it's a binary operation. Once they get that figured out then there's no need for wires, there's no need for satellites, there's no need for fiber optic, and the world changes again." Think about the jobs that go to support that now.

We are living in transformative times. We've had changes like this in the past, but there's just so many technologies coming together. There's 70 billion of them in your pocket that you didn't even know about, 2 billion in the core processor alone. The changes that we're seeing will never go backwards. Think about your television, what's the latest innovation? Voice control. If you buy the new Apple and you want to turn your television on, you say "Hey Siri, turn the TV on." Click. "Hey Siri, where is Gilligan's Island?" Click. That's what it does. Operating a remote control is going to be a lost skill in a few years. Why? Because everything will be voice response, and it will be just another step in what we see as generally a deskilling in the world. There's going to be a real bimodal distribution of jobs – the highly skilled and the manual labourers – because we haven't found a way to replace a shovel yet – and the rest seems to be going away. Now that has a lot of implications for unions because unions have built their bases on, "I'm going to get you a big job with a big company with a big pay and all these great benefits." They made a lot of money doing that and being very successful at it. The companies define themselves in those relationships as well, but that's changing. How do you do that if your industry disappears?

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<sup>5</sup> For more information, please see: <http://www.nature.com/news/quantum-spookiness-passes-toughest-test-yet-1.18255>.

If you're running a taxi drivers union, which they have in certain cities, and Uber comes in, you can't fight that. It went around you. The technology changed. The fight used to be that the city would argue with the cab companies about the crappy cabs, the cab companies would argue with the city about badges or medallions for how many cabs could be out there, and the employees would argue with the cab companies about how much they got paid. That all changed because somebody else said, "We're not going to play that game," and they went around them. That industry was changed by somebody from the outside redefining the industry.

Apple redefined its industry from the outside and everybody had to change. Tesla is redefining its industry. Google is redefining several industries. How do unions organize? How do companies organize? Are the things that we're doing now the things that can take us into the future? Sure. There's a lot of change, and it might be a little bit scary, but it's inevitable. If you're on a rollercoaster or you're standing on an edge and you're going to jump off into the water... just jump because looking doesn't make the water closer. Enjoy the ride, and let's figure out what things we have to do to prepare for that.

## The Status Quo in HR and Labour Relations

There's a lot of things we have in place today that have helped us in the past – they've been very, very successful. Our system of collective bargaining has been very successful. Our system of labour relations and government has been, by and large, very successful. But we've got to get over some of the arguments that we continue to have. The Rand formula is not the end of the world– get over it. Union representation is not evil – get over it. All these things that we seem to have to fight, time and time again, are distracting the companies and unions from the things we have to change if we are going to prosper in the future.

The things that I've experienced over my career and the things that I've tried have led me to believe that we've got ourselves trapped in a pattern of behavior that has worked. And because it has worked, we're going to keep doing it. If you're running the taxi system and Uber comes in, if you don't change, you will find the world has changed around you. If you've decided that you're going to continue to run these manual lays in the machine shops and that's what your union and management have decided to do through your conflict, then the world will still change around you.

We've got to think about these things from a society standpoint. Don't think about it just as a labour leader or a company leader or an academic, think about it as a citizen of Canada or the world. What are we going to do for the people that can't manage it?

There are so many good tools that we already have that my colleagues in different organizations are not using. I recently talked with students about Walton and McKersie's model. It came out decades ago, but it's still good and relevant, and it helps. But most of my colleagues have never heard of it and don't understand the principles behind it. We have to get the discipline other functions have. We can handle all the changes that are coming. We can handle all the technologies that will come. We can even handle a population statistic that just keeps living.

Since I've been working, we've had to adjust the mortality tables of our pension plan twice, and every time we've done that, it's created a continuing and significant burden to the organizations because people are living longer – and that's a good thing – but you have to think about how you're going to fund that, and how you're going to explain to people the value and the benefit of that. If you want to get people motivated, you have to get people understanding the process, you have to explain these things to them and we're not doing it well.

## Changing the Collective Bargaining Process

One of the areas that will require profound change is collective bargaining.

If you go to Tokyo, Japan, you can ask the concierge to get you tickets to the Kabuki Theater. It's Japanese theater that's been around for centuries and it's become a very ritualistic and stylized process. The production has five stages. It used to be, until recently, an entire day in length, because they thought it was a massive process. It started out very slow, very, very slow, and it sped up a bit, and then it sped up, and all of a sudden there was a big rush of activity, and the fifth phase was the resolution.

The ritual theater of Japan and collective bargaining in Canada have so much in common. Let me tell you how it's worked in the companies that I've been in. While we've occasionally done it differently, generally speaking I find it goes this way in big corporations. First, the memo comes out from somebody in human resources or labour relations to all the managers. Bargaining's coming up, we need to know the issues. Send us the issues. You get zero responses, or maybe one or two. Then

you send another memo, and no responses. Then you run this up the ladder. When the CEO sends out the same memo, all of a sudden you get a flood. Now you've got 300 issues, and they're the same ones that have been there since Pontius was a Pilate. We prioritize them, we cost them, and we develop language. On the union side, they do the same thing. We create these expectations.

The next thing is the tiger suits have to be taken out of storage, they have to be dry-cleaned and pressed. We put them on. "This time we're going to show them." Both parties say exactly the same thing. "We're not backing down this time, we're going all the way." We start negotiations, and we plot it. We say it's going to take three months or six months, and we're going to do it in this city or that city, and we're preparing the press releases and the feedback to employees. At a point in time in history this process was necessary to get the job done.

I'm just wondering if that's the way we need to do it today?

My labour relations people had given me a plan for the next year and they said, "We've got it all worked out. We've got the hotels booked in six different cities. We've got six collective agreements to solve, the earliest one we should be able to do six, six and a half months, this one's going to take eight months... We've got this team on this and that team on that..." It was exciting. We were preparing for battle. It looked like Normandy. It was going to be quite the thing.

As you might know, I'm a little different, and I got bored with this. I said, "I don't want to do that anymore." They said to me, "Well, you don't have to come to all of them, just come to the key ones." My response was, "Why don't we just call them up and we'll send them a letter and tell them what we think?" And so I did. I sent them a letter which said we'd like to get together and bargain, and not wait until later. Here's our demands. First one is we think is that everybody should get a wage increase. We'd like a longer term collective agreement, but everybody should get a wage increase. Our second demand was every time we put up the dental plan to the provincial schedule, we'll do that with the drug plan too. And a waiting period for new employees doesn't make sense anymore, because we're trying to attract people, so why don't we just drop that? We went through our five or six demands, and each of those were what some people would call gives.

The response from some of the unions was, "Are you kidding? Are you serious?"

I responded with, "I am very serious. You know you're going to get a wage increase,

we're doing well. Why would I try to pretend anything else?" They said, but we're supposed to fight it from you. You're supposed to say minus two, and then we say eight, and we settle around three.

I was frustrated, and I pointed out that we can do this differently. Why do we have to do it that way? I said, "Here's the deal, I've done that because I'm done. We've got to do it differently. I don't want to meet you in a hotel, and I don't want to stay out for months. I'm tired of that. I don't want to do this for months because I don't think it's productive. Why don't we meet in the hotel right next to our office? We'll take two days. You bring two people and five demands. I'll bring one or two people and five demands. If we get something, great, if we don't, meeting never happened. But let's do it."

We went in, we had some coffee and we signed a deal. It went like this: "Here's what we can do, this is what we can give you. If it's a three-year deal, it looks like this. If it's a five-year deal, it looks like this. If it's longer, then it looks like that. You're going to have a great deal." We went back and forth. The union said, "We can have this, we have that. Could you do this?" We said, "Yeah, we could do that." It was two days. After the first day and I said to my labour relations guys, "You guys have it here, now you've got to get down to that part that I really don't enjoy which is writing up the language." They got in and they exchanged language and all the usual stuff was done. Then we came back and we had a lovely dinner. We went out and we had a vote on it – 94% in favour. A two-day negotiated deal, five years in length, was settled well before the end of the collective agreement.

It was basically getting back to basics and stripping everything else away. We were open and honest and speaking from the heart. We had to set the context and create the case for change. We could do all this old stuff, we could spend easily \$300,000 or \$500,000 in negotiations – it's not hard by the time you stay in a bunch of hotels and travel to a bunch of different cities. It gets pricy. I said, "I can take all that money and put it in your pocket which is where I'd rather put it, and I can make the changes you want."

After we signed the deal, my labour guy told me, "Yeah, but that's a wimpy union." It was the Steelworkers – the United Steelworkers of America – not known to be a wimpy union. He said, "Well, you can get with it one, but you can't get it with others." Now this was management to management issue, because the labour relations people didn't get it. They were thinking if they weren't in negotiations for six months, what are we going to do? The union people were thinking, if I'm not fighting management, what am I going to do? Who am I? What am I?

Guess what some of my management said? "The best vote is 50% plus 1, because that means you didn't give them a dollar more than you have to. That's the way you do it, 50% plus 1. The best deal is when both parties are unhappy." I said, "Does that work in marriage? We are trying to have a relationship with these people that has to go on for years and years and years, and you think the effective way to do that is to have them pissed off at us? The best deal is one that they love and one that we love. I am very happy with our deal."

It was a change of mindset for people that were built on conflict. A negotiator at the union told me, "I was worried every day because I'd done something nobody had done before. My reputation, my job was on the line. The union members might reject it. If they reject it, I'd have to quit. I'd have to resign." They didn't, they loved it.

When my labour people told me, "You can do it once, but you can't do it twice." I suggested we try International Brotherhood of Electrical Workers (IBEW) next - it's the largest union in North America. We brought them in and they said, "Well, we heard about your deal. I don't think we're going to do anything like that, Peter." I said, "Well, why don't we just meet in a hotel, just for a couple of days? If it doesn't work, it doesn't work." The same thing happened again, they came out with a deal they loved. The five-year deal was approved with a 90% vote.

Then we did it with the Teamsters. We'd had trouble with the Teamsters in one of the other units and we still do, we just don't get along, and there's a lot of reasons behind that. These are the people that maintain our tracks. They said, "Well, we've got all these issues and we're brothers with the other Teamsters and solidarity and this and that." We got a five-year deal. Their ratification rate was 97.5%. The union leader didn't even go out and sell it, he said, "I don't have to, this is a great deal." In fact when he did, he said, "I could be elected mayor today." That was an interesting one because our labour guys had already tried to bargain with them. They spent a month in a hotel and then they stopped negotiating because thought they weren't going to get anywhere. They thought there would be a strike. We just called them up, said, "Let's do the two days." We did the two days and it worked.

Forward again to our rail traffic controllers who had previously gone on strike with the running trades. I continued to diminish my role in the process. I came in and spoke for four hours, and then said to my head of labour, Myron Becker, "Myron, it's a five-year deal, that's what we're doing. You've seen what we can do. You know the parameters. Go get it." I set the stage and I bowed out. They met the next

day and I didn't hear anything. After a day and a half I was getting worried because it had gone on too long. The next morning he called me and said, "They won't go for the five-year deal. They want all the good stuff but they don't want the five-year deal." I'm said, "Myron, I told you, don't have this conversation with me. You either get the three-year deal or you get the five, but they can't have a one-year deal." As it turns out, they wanted a six-year deal. Myron said, "They think five is good, but six is better and they want a couple more carrots. They want a few more changes." We got a six-year deal, with a ratification vote of 94%. Total length of negotiation was three days.

Can you do this every time? Maybe you can't, maybe sometimes the issues are too complex, maybe the economics don't work, but why wouldn't you do it when you can? I can guarantee that if we had not put a stake in the ground and said we're going to do it differently, we would have done it the way we did it every other time. It would have taken months and we would have met in hotels and we would have talked about proposals that we both knew were never going to go anywhere. We tried to change the relationship by saying, it can be different.

In the Queen's IRC programs, when we are teaching collective bargaining, the ability of people to slip into roles is so amazing. We take management people and we put them in union roles, and they can dig in like a union and we see union people dig in into a management role. This has been proven in psychology that people can do this. But you can do it differently. You can make a choice about how you're going to approach it in the future, whether you're a student, whether you're an academic, whether you're in a union or just a person that's asking questions about the process. Why are you doing it like that? Do we have to do it like that?

Right now when we argue and we spend six or eight or 12 or even 18 months arguing about things, the world is changing around us at a velocity that we talked about earlier. If we don't start reacting to the other issues and the other things we need to do, our fight will be terminal. We can change it. You've seen what we can do. All those ratification levels were ones that had never been seen in those unions. They had never had those lengths of agreements, and they had never considered the briefness of the process possible. The world can change, and it wasn't expensive, and it wasn't hard. It started with a simple letter saying we'd like to do things differently.

## Tough Negotiations and Unusual Tactics

It won't always be that easy. We have one union where there is no possibility of a deal. There is no relationship, and I still haven't figured out why.

When I worked in the brewery, all people worried about was whether we went on strike or not – the government didn't care. But, the government tends to care when it's the railway. You get lots of calls from the Federal Mediation and Conciliation Service (FMCS) and you get lots of calls from the Minister of Labour.

We had a strike with a union a number of years ago. I told the Minister of Labour, who was Lisa Raitt at the time, that a strike was coming. The next time it came around, I told Minister Leitch that it was going to happen, when it would happen, why it would happen, and that there was nothing we could do about it. She said, "Well, you know, I think you're being a little pessimistic, Peter. You've got all these other unions, you've got two Teamsters groups, you've got all these high ratifications." I told her it wasn't going to work with this group.

We had conciliation with FMCS. Their top people were there, because this was important. I wasn't planning to go, but Minister Leitch called me and convinced me that I should be there, at least to set an example. I went, and I sat there on a Monday morning and I said to the conciliator that I just didn't think we were going to get anywhere. She said, "Well, if we all have an open mind, if we can all give a little, we'll make a breakthrough this week." I said, "I'm all for open mind, I'm all for giving a little, but there is no possibility." We went back and forth a bit and I said, "Look, if it works I'll stay here all week. But if not, I've got people here that can go through the motions." She told me I was being very negative.

I did the following. I took out a piece of paper and I signed my name and I put the date, then I handed it to my number two in labour. "Myron, just sign there." He looked at me and said, "What are you doing?" Then I handed it to the FMCS conciliator and said, "Take that to the union. Tell them whatever they write on that in the next hour they can have." She said, "Are you serious?" I said, "Yeah. Whatever they want. I'm an officer of the company, I can bind it. Go ahead."

She took it running to the next room and then she came back an hour and a half later with a blank piece of paper. She said, "I went in there and I told them about it and they were excited and they were laughing, and then they started talking about what they were going to put on it. Then they started yelling at each other

and after an hour and a half they said they wouldn't take this pressure from the company."

I got a call from the head of FMCS who said, "You didn't." I had the same call from Minister Leitch. She said, "There really isn't any chance for a deal, is there?" I said, no, there isn't.

I'm not advocating that you do this, it was not a smart plan. I'm not really sure in retrospect why I did it, but I was fairly confident that no matter what, I could not get a deal with them. It was a dramatic move, but again, I would not recommend it. FMCS still has that sheet.

The other person I forgot to tell was our CEO, Hunter Harrison. He called me and said, "I heard that you did this... Did you really? What if they signed it?" I said, "I was pretty sure they wouldn't." Then other union leaders heard, and Jerry Dias who is the head of Unifor called me and asked, "Did you really do that? Why won't you do that with me?" I said, "Jerry, because you'd write on the front, and the back, and on the side. You will never see a blank piece of paper from me."

It doesn't mean I would change anything else that I did with anyone else, because I realized that we had to change the context that we're working in, the bargaining relationship. We can work with together. Will there be conflict? Yes, we still have it. We still have things we fundamentally disagree about between union and management, union and union, management and management, and with the government and the way we approach things. That has to happen, and that's good. That stress is a crucible that produces wonderful things.

This other union, I haven't figured it out yet, but it will come. What have we learned from it? We've learned that you have to change and I've learned that the sciences can bring a lot to the social sciences. We've talked about the changes that are coming, what the world looks like today in negotiations, the Kabuki Theater and how it can be different. But how can you measure it?

## Change is Never Impossible

I used to work for CN Rail. CN was the worst railway in North America. We were really bad. The attitudes in the management and the relationships with everybody were so corrosive and depressing that there didn't seem any way out. We went in, and in 10 years we went from the worst, to the first. No one would disagree that today CN is still, most of the time, first. I went over to CP, which at one time had

been in the middle, but was then the worst. In fact, when the second worst guys were having their worst day and we were having our best, we weren't even close. We were the least reliable, we were the slowest, and we were the costliest. We had a negative free cash flow of \$574 million - half a billion dollars more went out in a year than came in.

That's not sustainable, and our published credit rating was BBB-. If that doesn't mean anything to you, it means we were tied with Greece. That's not a good thing. Our competitor was an A rating, and we were BBB-. We couldn't borrow money. Our borrowing costs were four times what theirs were. We had the market say to us, we don't want your tenure bonds - we'll take some of your five, but you're getting it for 7 ¼ %, when interest was about 2%. We were trying to run a railway on credit cards and it wasn't working. If you talked to the external consultants, which both parties brought in from the outside, they said, "If you work at it over a decade, you can go from 82 where you are to maybe 76, but it's going to be a lot of investment, it's going to be this, it's going to be that."

Instead, we went from an 82 down to 60 which nobody ever thought could be done. Nobody ever thought could be done in the time we did it in.

Most of our failures are a failure to dream, to believe that we can be bigger than we are. I found that at CN, I found that at Labatt, and I found that at CP. When we set big dreams and we bring people together behind a vision, when we recognize people and treat them in a reasonable fashion, you can make that happen. That doesn't mean it's all hugging and kissing. You will always have elements of your organizations where it doesn't work. Our job is to try to make the other elements work, whether it be union or management.

## Conclusion

When I hear the professors talk at Queen's, I know that the tools we need to move into the future are here. When I go to my colleagues in different companies, very few are using these tools in a consistent fashion. When I get into the depths of their HR and LR organizations, I find a vacuum of knowledge, discipline and process. If we want "that seat at the table", if we want to be driving our agendas in our organizations, we have to show that we can add value in a measurable way, and we have the tools to do it. Professors like those at Queen's can help us in the academic world, the people in the union world can help us, and the people in the business world can help us. We need to start talking a lot more. We need to improve the velocity at which we talk, because all those other changes are coming.

Despite all the things I've said, the future is actually a bright place. The only limit is what you say to yourselves.

Change is coming and it's coming from a lot of directions. It's a little bit scary, but it's also very exciting. Never in the history of time have we held such promise in our hands. It changes the way we act with each other, and it changes the way we drive. We have institutions that have worked for us in the past that have some applicability in the future, but we've got to change them.

I appreciate the time that we've had here today, and I just want to reflect on the Queen's motto, which is probably prophetic. The translation of the Queen's motto is *wisdom and knowledge shall be the stability of thy times*. Never is that more applicable than it is today. Wisdom and knowledge will bring us the stability that we need as organizations, as unions, as schools, and as a society.

It was an honour to be invited, a humbling, humbling honour to be invited to be the W.D. Wood speaker. Don Wood was a wonderful man. Don Wood, Pradeep Kumar, Don Carter, Carol Beatty and others did so much to help me and the early Queen's Masters of Industrial Relations classes succeed.

Whoever you work for, whatever you do, the time is now. I'm excited about the future. I've enjoyed being here with you. Thank you very much.

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## Listing of Don Wood Visiting Lectureship presenters, 1987-2016

The Don Wood Visiting Lectureship brings to Queen's University "a distinguished individual who has made an important contribution to industrial relations in Canada, or in other countries." These are the recipients of the Don Wood Visiting Lectureship in Industrial Relations and the title of their public lecture:

**John Dunlop (1987)**

Harvard University

*Industrial relations: Old and new*

**John Sexton (1989)**

Université Laval

*Are Quebec labour relations so different?*

**John Fryer (1990)**

National Union of Provincial Government Employees (NUPGE)

*The Canadian labour movement in the 1990s: Challenges and opportunities*

**Thomas Kochan (1991)**

MIT

*Innovations in industrial relations and human resources: Prospects for diffusion*

**Nancy Adler (1992)**

McGill University

*Human resource management in the global economy*

**Lee Dyer (1993)**

Cornell University

*Human resources as a source of competitive advantage*

**Robert M. McKersie (1995)**

MIT

*Labour-management partnerships: Promise and challenge*

**Harry Arthurs (1996)**

York University

*The new economy: The demise of industrial citizenship*

**Paula Voos (1998)**

Rutgers University

*Changing labour markets: Implications for industrial relations*

**John Crispo (1999)**

University of Toronto

*Looking backward and forward: Can industrial relations stand the test of time?*

**Francine Blau (2001)**

Cornell University

*The gender gap: Going, going... but not gone*

**Leo W. Gerard (2003)**

United Steelworkers of America

*Globalization and North American Integration: Implications for the Union Movement*

**Linda Duxbury (2004)**

Sprott School of Business, Carleton University

*Issues in the Workplace: Standing Still is Not an Option*

**Basil "Buzz" Hargrove (2006)**

National Automobile, Aerospace, Transportation and General Workers' Union of Canada (CAW-Canada)

*The Current State and Future Prospects of Labour Relations*

**George C.B. Smith (2007)**

CBC/Radio-Canada

*Strategic Negotiations: Perspectives from a Road Well-Travelled*

**Dr. Richard Freeman (2008)**

Herbert Ascherman Chair in Economics at Harvard University

*A New Role for Labour in Financial Crisis?*

**The Honourable Warren K. Winkler (2010)**

Chief Justice of Ontario

*Labour Arbitration and Conflict Resolution - Back to our Roots*

**Peter Edwards (2015)**

Canadian Pacific

*A Futurist's Look at IR/HR - Why it's Time to Start Over*



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