

Case Study

Healthy Workplace Programs at Rideau Construction Bedford, Nova Scotia

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Table of Contents

Introduction.....	1
Employee Stress: Not a Problem at Rideau Construction	2
I. Introduction.....	2
II. The Company.....	2
III. Company Value Statements.....	4
IV. The Business Strategy.....	5
V. Linking the Business Strategy to People Management.....	6
VI. Human Resource Policies	6
VII. Structures for Communication and Employee Input	8
VIII. Dealing with Stress	10
IX. Measurements of Impact.....	11
X. Conclusion	12

Introduction

This case study is one of a series of twelve such studies conducted by the Canadian Labour and Business Centre during 2001 – 2002.

Issues of workplace health and wellness are an ongoing priority for the Centre, which is a joint organization founded on strong membership from the main workplace parties – business and labour. We believe that approaches which promote workplace health and wellness are in the best interests of both employers and workers – a clear ‘win-win’. In particular, in a period of anticipated growing skill shortages, those employers who pay attention to workplace health issues will have a competitive advantage over others in recruiting and retaining workers with much-needed skills.

The following case study reflects the Centre’s main objective in undertaking this work, namely:

- To identify the key features of the wellness initiatives in each workplace;
- To document the role of both management and unions/workers in managing these initiatives;
- To assess the relationship between the initiatives and the organization’s business strategy and ‘culture’; and
- To document the ways in which the workplace monitors the impacts of its health/wellness activities.

In short, the case studies are as much about the *process* of workplace wellness as about the *content* and *impacts* of individual workplaces’ initiatives.

Taken as a group, the full set of cases has been deliberately assembled to reflect, as widely as possible, a broad diversity of workplaces in terms of geography, sector, size, and union/non-union status. As a group, the cases are intended to tap the experience and practice of a variety of workplaces, in order to maximize the benefit from the case study work. Readers will note, as a result, that no two cases are alike, and that the lessons to be learned from each case vary considerably.

The full set of case studies will be available on the Centre’s website at www.clbc.ca, where they will be published individually. The Centre is also preparing a summary commentary on the cases, which will identify key common features – and important differences – among them. Finally, the Centre is developing a series of regional seminars at which some of the workplaces featured in these case studies will share their experiences. As they are scheduled, the seminars will also be listed on the CLBC website.

The Canadian Labour and Business Centre welcomes readers’ comments and questions, which may be communicated to the Centre at (613) 234-0505, or to info@clbc.ca

Employee Stress: Not a Problem at Rideau Construction

- *Rideau Construction Inc. is a general contractor located in Bedford, Nova Scotia. It is non-unionized and has 54 employees.*
- *The company's business strategy is to build long-term relationships with clients. For this strategy to be effective, a dedicated work force, with well-honed skills in construction management and people management, is essential.*
- *The company has not set up many programs to promote physical health and wellness but its approach to human resource management has had an important wellness effect: it has created a workplace in which employee stress is not an issue of concern.*
- *Many structures for communication and employee input have been set up, a very liberal leave policy is in place, and the owners have found a way to provide employees with the right combination of autonomy and support.*
- *Perhaps because it is a small firm, the company places little emphasis on a formal programmatic approach to promoting physical health and wellness. Evidence from employees and managers, however, suggests that at this point there is no compelling reason for the company to do so.*

I. Introduction

Case studies of workplace health frequently focus on the experiences of relatively large firms with a number of formal wellness and lifestyles initiatives, usually with an emphasis on physical health. The present study tells a somewhat different story. It is about a smaller, relatively young, company that has not set up many wellness programs, but has adopted an approach to human resource management that has kept stress levels, which could be very high considering the nature of the company's business, under control. While the firm's priorities have not included formal wellness programming, it is evident that the owners' philosophy of people management has, thus far, helped to prevent stress, anxiety and burnout from becoming serious problems in the first place. This, in turn, may have helped to obviate the need for structured remedial action.

II. The Company

Rideau Construction is a general contracting firm incorporated in Nova Scotia in 1993. Headquartered in Bedford, just outside of Halifax, it was established, and is owned, by two individuals, both professional engineers. One is Chairman of the Board and President, the other is Vice President and Operations Manager.

The company has grown to become one of the province's largest, privately owned general contracting firms. Among the construction projects it has completed are 20 schools,

theatres, nursing homes, a water treatment plant, airport renovations, bank buildings, grocery stores, restaurants, government buildings, retail outlets, and shopping centres. The company has never laid off an employee because of a shortage of work, no mean achievement for a company in an industry that is very sensitive to economic downturns and in which seasonal slowdowns are common.

The company has 54 non-unionized employees. The work force consists of project managers, project coordinators, site superintendents, engineers, technicians, accountants, and administrators. There are no hourly employees. The average age of employees is 37. About 20 per cent of the employees are female, working mostly in the office but some are on-site. All employees work full time.

In 2001, the company's payroll was over \$2.3 million, plus 20 per cent in benefits such as Employment Insurance, the Canada Pension Plan, the company pension plan, and the company health plan.

The employees at Rideau Construction are well educated. In 1999, 38 per cent had some college or university education and 44 per cent had completed college or university. The company is very aware of the importance of training and education and provides about 20 hours of training per employee each year. In the fiscal year that ended on November 30, 2001, the company spent \$25,000 on employee training, an amount that it exceeded in the first 4 months of fiscal 2002. Although not a stated policy, the company will consider paying the tuition of employees pursuing a degree or diploma in a work-related subject at a recognized institution.

The company has experienced enormous growth since its founding, as the following table shows. Sales revenues in 2001 stood at eleven times their level in 1994, the firm's first year in business.

Table 1

Year	Sales Volume	% Change from Previous Year
1994	\$6,071,290	0
1995	23,109,371	+281
1996	31,815,511	+38
1997	23,795,997	-25
1998	26,605,665	+12
1999	51,545,507	+94
2000	47,504,791	-8
2001	68,684,301	+45

III. Company Value Statements

The two owners of Rideau have set out both a Mission Statement and a Vision Statement. The former reads: "To consistently deliver to our clients, projects built to the highest level of quality on time and within budget, always meeting or exceeding their expectations."

The Vision Statement reads as follows:

"To constantly be striving for better ways to build successful projects for our clients.

To maximize the potential of our staff in utilizing their knowledge and skills to maintain Rideau at the forefront of the construction industry.

To ensure all our dealings with clients, subcontractors, suppliers, consultants and our employees are always carried out with the highest integrity and in an exemplary business manner."

The company has also set out an employment policy which directly supports the above Vision Statement:

"Rideau Construction Inc. recognizes its greatest advantage is its people. To achieve excellence from every member of the team, we are committed to a work environment based on performance, trust and respect - an environment that values people for their skills and contributions.

The company and its employees will be guided by the following principles:

- ✓ Integrity
- ✓ Fairness
- ✓ Confidentiality for clients and other employees
- ✓ Individual Responsibility"

It is important to the owners that they create a company that their people are proud to work for. There is an ethical dimension in this objective, as indicated in the following comment of the Vice President:

"Our people are proud of the fact that we are recognized as a quality builder, that we are always competitive in our pricing, and that we get a lot of repeat business...Our employees are proud of the fact that we pay our bills on time and we don't have a reputation as a cut throat contractor who will do anything to maximize their profits. Employees are not put in situations that would jeopardize their morals or ethics."

IV. The Business Strategy

The business strategy of the company is to try to build long-term relationships with clients in order to get repeat business. For this reason, it prefers the design/build arrangement with clients.

In the traditional arrangement, an owner, say a government department, draws up very detailed specifications for the structure, solicits bids and selects the lowest bidder. Cost is virtually the only criterion used for bidder selection. In order to keep the bid as low as possible, a contractor looks for what is not in the specifications. If an item is not in the specifications, the contractor is not obligated to build it. This tends to cause considerable friction between contractor and owner because, while the owner has expectations as to the finished product, the contractor stays focused only on the contents of the specifications.

In a design/build arrangement, the owner establishes some minimal conditions and invites bidders to submit designs. Because the contractor has much more scope in designing the structure, the contractor ends up working more closely and cooperatively with the client and can offer services and features that appeal to the owner. "What you do there," says one of Rideau's owners, "is you build a relationship with the client." Approximately 50 per cent of Rideau's business is now done through the design/build arrangement.

Paralleling its focus on its client relationships, the company also makes a point of being attentive to the needs of the sub-contractors, or subs, that it engages. Upon establishing the company, the owners set out consciously to deal with sub-contractors in a different way. For general contractors, the subs are extremely important. With no tradespeople of its own, a general contractor must rely on the subs to do quality work and get it done on time and within budget. In the approach adopted by the owners of Rideau Construction, the subs are to be treated fairly, honestly and respectfully. In the words of one Rideau employee, "You don't just...treat your subs like garbage, or that's what you're going to get back."¹

An example of this new approach has to do with how sub-contractors receive payment. Normally in the construction industry, the general contractor gets paid every 30 days. The sub-contractors expect to be paid shortly thereafter. However, many general contractors keep the money for another 30, 60, sometimes 90 days, leaving the subs in a very difficult position. The policy of Rideau Construction is to pay its subs within a week of receiving payment from the owner. As a result, sub-contractors are very happy to work for Rideau Construction and to do high-quality work in order to get additional business from Rideau.

¹ Linda Strowbridge, "Do the right thing," Atlantic Progress, May 2000, p.43.

V. Linking the Business Strategy to People Management

The link between Rideau's business strategy and its approach to human resource management was explained by the Vice President in a recent speech to a business audience:

"At Rideau we recognize that the most valuable asset we have is our people...In actual fact we do not have anything else that someone starting a construction company tomorrow could not go out and purchase. That is with the exception of a few building techniques and trade practices that we have developed but are by no means secretive. Everything else we have, our office building, furniture, computers, software, site trailers, and tools could be duplicated tomorrow by anyone committed to do so. ***Our success is totally dependent on our people and the relationships they have with our company and our clients.***" [Emphasis added.]

In other words, for the company's business strategy to work, a dedicated work force, with well-honed skills in both construction management and people management, is required. To get such a work force, the owners pay considerable attention to the hiring phase. According to the Vice President,

"It all starts by hiring the right people. We look for people that have the skills that we require or at least we can see that they have the ability to learn them. People who have good attitudes, who we believe will be hard workers, and who we think will interact well with our other employees. We also look for some competitiveness in their attitude. The attitude of an employee affects their performance and the performance of the people around them. Rideau has a good mix of experience and youth. We hire a fair amount of young people directly from school and invest the necessary time and financial commitment to allow them to develop into valuable employees."

The company's interview process is a long one and it is not unusual for a prospective employee to be interviewed four times by different managers. When the owners do hire someone, their expectation is that the employee will remain at the firm for a long time. They do not hire people for 1 or 2 contracts or on a short-term basis. They regard it as "a failure" on their part if an employee decides to leave or has to be let go. When the owners come across an exceptionally qualified and suitable individual, they will hire the person even if they have no real need for another employee at that time. In their view, it is better to adopt this approach rather than let such a person go to the competition.

VI. Human Resource Policies

Compensation and Benefits

The company pays the industry average. Because all of its employees are on salary, no overtime is paid. However, the annual performance bonuses given to employees on a discretionary basis are considerable by any standard. On average, bonuses are 20 per

cent of the employee's salary, but it is not unusual for an employee to receive a \$25,000-\$30,000 bonus. About 20 per cent of the company's pre-tax income is paid out in bonuses. According to one employee interviewed, it is very rare for companies in the Nova Scotia construction industry to give bonuses.

The company believes that "a complete and comprehensive benefit package is essential in attracting, retaining and motivating outstanding employees..."² It, therefore, provides a competitive health, dental, life, and disability insurance program, as well as a retirement plan. The company pays 100 per cent of employees' prescription drug needs. It contributes 4 per cent of employee salaries to a pension fund, a figure matched by employees, and it provides investment advice in preparation for retirement.

The company provides vacation time with pay to all employees, and it insists that all employees take the vacation time that they are entitled to. During the first year of employment, an employee gets 1 vacation day for each month of service, up to a maximum of 10 days. After 6 years of employment, an employee is entitled to 20 vacation days. Employees who get married are entitled to an extra week of vacation for a honeymoon.

Work-life Balance

Flextime is not a formally stated policy but it appears to be practiced by employees at all levels. The company also acknowledges that employees will have to be absent from work on occasion and its policy is to grant leaves of absence, with pay, when sufficient notice and flexibility have been provided.

Because the company is small, human resource issues can be addressed in an informal way and approaches can be tailored to meet individual needs. For example, one employee, considering retirement, was given an indefinite leave of absence to think about his decision. Another employee, with a son who was moving to Toronto, was given the keys to a company truck, as well as time off, to help his son settle in. A third employee received a \$1,000 gift certificate upon getting married.³

Health and Wellness

The company has established an injury- and accident-free workplace as its goal, and it has largely achieved it. Since the firm's founding, there have not been any serious injuries to any of its employees or the employees of the sub-contractors. No employee has ever filed a short-term disability claim. The company has a Safety Officer, who at the present time is also a Project Manager, and joint health and safety committees exist at all construction sites.

² Rideau Construction Inc., Employee Handbook, p.4.

³ Linda Strowbridge, "Do the right thing," p.4.

The company sponsors a number of physical activity events, such as, golf days, ski days, curling evenings, annual dragon boat races, a hockey team, and it will pay for 50 per cent of the annual membership fee, up to a maximum of \$200, for any employee wanting to join a fitness organization. The offer extends to immediate relatives of the employees. Thus far, about 10 employees have taken advantage of the company offer.

The company does not provide child care assistance and an employee/family assistance program has not yet been established at Rideau Construction. The company is considering offering a weight control program.

VII. Structures for Communication and Employee Input

Communication is a very high priority at Rideau; both owners value employee input and employer-employee dialogue. As a result, many vehicles to encourage and facilitate information-sharing and employer-employee communication have been established within the company, as follows:

- The owners maintain an open-door policy, and the company is still small enough that employees can easily and quickly transmit their views to the owners and senior managers. Indicators of a rigid hierarchy are non-existent.
- A corporate newsletter is regularly published to provide both staff and clients with information on the company and its projects.
- The company organizes quarterly meetings, open to all employees, to explain workplace policies and business plans, and to give employees an opportunity to raise concerns and advance ideas and thoughts. These quarterly meetings emerged from the felt employee need for more information on the company's intentions and priorities. As Rideau's Vice President explains,

"People want to be communicated with. A few years ago, we started formal employee performance evaluations and we gave our employees an opportunity to tell us what they liked and didn't like about Rideau and what they would like to see Rideau improve at. The thing that we heard consistently was that they would like to be more aware of the 'big picture' of what was going on at Rideau. Everyone was well aware of their own activities and the activities of the others around them that they were working with, but they also wanted to be made aware of any upcoming initiatives that senior management may have and what direction we were heading in."

- The two owners conduct an annual performance review of every employee. During these reviews, they interview each employee and invite him/her to respond to 4 questions: How are you doing? What can we do to help you in what you do? What do you think is right with the company? And what do you think is wrong with the company? At these sessions, employees are free to raise other concerns and questions, both personal and work-related.

- A couple of years ago, the owners established an Advisory Board to solicit employee input and to encourage staff involvement in company activities. This Advisory Board operates like a board of directors and consists of 10 members, which include the 2 owners, the Chief Financial Officer, the Senior Site Superintendent, a representative of the clerical staff, the company's Chief Estimator, and two Project Managers. Issues pertaining to the work environment and to business operations are discussed by the members of this Board.

Board members also chair special committees. At the present time, there are 6 committees: Quality Management; Marketing and Communications; Education; Safety; Technology, which deals with office computer technology; and Building Technology, which deals with construction-related technology. Each committee is comprised of some Advisory Board members, employees, and, occasionally, experts from outside the company.

The establishment of the Education Committee, chaired by a senior Project Manager, represents a formalization of the company's training and education effort. It has assumed substantial importance at the company. Recently, the Committee surveyed staff to determine interests and needs and it is presently searching out instructors and experts to provide the training. In the survey, the vast majority of the 40 topics identified were related to the "hard" skills of construction management, such as heating, ventilation and air conditioning systems; project scheduling; and controls. Only a small percentage had to do with the "soft" skills. Virtually all of the topics were related directly to the requirements of the employees' jobs. Significantly, there were no requests for courses on stress management, smoking cessation, nutrition, yoga, or other wellness and lifestyle issues.

The Safety Committee is comprised of Rideau's President, a Project Manager, the Chief Estimator (the chair of the committee), an Estimator, the Quality Manager, and three Site Superintendents. Among its key priorities is safety training (First Aid, WHMIS), promoting awareness of safety issues and ensuring company compliance with the provincial legal requirements.

- The owners also bring together their project managers for weekly meetings. These meetings review projects, encourage the exchange of ideas on building techniques and ensure that optimal use is being made of the sub-contractors.
- The owners recently instituted regular, quarterly meetings with the company's 15 site superintendents to review progress on the various construction projects. According to the Vice President, part of the reason this practice had not been undertaken much earlier (given the importance that the owners attach to communication and the strategically important role of the site superintendents) had to do with logistics: a number of the site superintendents were in distant locations, making attendance at meetings somewhat difficult.

VIII. Dealing with Stress

One might expect stress to be an issue among the employees of Rideau Construction. After all, the industry is a very competitive one, slowdowns are common, the economy of Nova Scotia is not one of the country's more robust ones, the staff often work 10 or more hours a day, and tight deadlines are frequent. In addition, the nature of the work demands that employees be alert and careful in doing their jobs. If they are not, and mistakes are made, the result could be very costly, both in human terms and financial terms.

When asked, some interviewees did indeed note that the job has its stressful moments. One of the owners acknowledged that he probably feels more stress than he shows. One site superintendent, who pointed out that the time allotted for projects has been getting shorter and shorter, stated flatly that, "We do go through a lot of stress during the year..." and he acknowledged that, "In our business, we can get burned out very easily."

Generally speaking, however, despite the pressures, stress does not appear to be a serious mental health problem at Rideau Construction. Perhaps the most convincing evidence that it is not is the exceptionally low turnover rate. As stated earlier, the company, on average, loses only about 1 employee per year. In addition, none of the staff interviewed referred to stress as a concern. Stress management courses were not mentioned at all in the Education Committee's survey of employee training preferences. And social functions, e.g., company parties, are always very well attended.

Several reasons present themselves in explaining why stress is not a pressing issue at Rideau.

First, the company has been doing very well, so well that, as already pointed out, it has never laid off an employee because of a shortage of work. As a result, employees feel very secure in their jobs. In addition, while the company pays only at the industry average, its benefits and bonuses are quite generous. This combination of job security and attractive compensation and benefits contributes to overall economic security.

Rideau Construction can also be described as a family-friendly workplace. Although the company does not offer a child care or elder care program, it does give employees the freedom to alter their work hours, and employees can get the necessary paid leave to deal with family issues. As a result, employees experience relatively little stress in trying to discharge their responsibilities at work and at home.

In addition, as mentioned earlier, the company insists that employees take the vacation time to which they are entitled. This, plus the owners' willingness to grant paid leave to employees, helps to prevent employee burnout.

Rideau's Chief Financial Officer credits the careful hiring process for the absence of negative, as opposed to positive, stress at the company. As mentioned earlier, the owners pay considerable attention to who they hire, the objective being to ensure the "right fit" between the employee and the job, and between the employee and his/her colleagues. With the right fit, the stress that results when an employee is dissatisfied with his/her

duties or in constant conflict with associates does not emerge. Moreover, it appears that the company has hired people who have the personal wherewithal to deal adequately with their own stress.

Noteworthy, too, is the fact that the employees by and large are well educated. Education tends to be empowering, a confidence-builder, and, because it opens up opportunities, the people at Rideau probably do not feel the vulnerability - and the stress - that those who are not as well educated may feel.

Finally, the company's small size seems to work in its favour. Small organizations tend not to be as alienating as large ones could be. However, size, by itself, does not determine whether or not an organization will be an alienating and unhealthy place to work. Small organizations, too, can be managed in a rigidly hierarchical and an authoritarian manner. It is the leadership style that would seem to be the key factor. At Rideau Construction, the egalitarian leadership provided by the 2 owners has created a workplace atmosphere in which high-trust relations can prevail. Both owners are approachable, function in an informal manner, and prefer to lead by example. They are also very aware of the importance of open and direct communication and have established a number of employer-employee communication channels. As well, they seem to have found a way to provide employees with the right mix of autonomy and support. A deficiency of either can be a serious stressor, and the owners are aware of how high-trust relations depend on having that right mix, as indicated in this comment of the Vice President:

"Our employees like the trust that we put in them. We typically let them do their job with little interference from management but as much support as they require. We allow them to make decisions and we support them in their decisions. And every decision made is not the correct one. In those instances we certainly advise them of our concerns but we continue to support them and move forward collectively. We never ridicule or downgrade an employee in public or in front of their colleagues."

All of these characteristics of the owners' leadership style have created a relaxed work environment that is healthy, productive and in which issues can be dealt with quickly.

IX. Measurements of Impact

The owners' approach to human resource management has had its intended effect. According to Rideau's President, "The word in the industry is that we've got the best people. The best people want to come and work here." The company's employee turnover rate is very low, despite the long days that employees frequently work. On average, it loses only about one employee a year.

In addition, in 2000, Atlantic Progress magazine sponsored an employee satisfaction survey of several firms in Atlantic Canada and named Rideau Construction the best company in Atlantic Canada to work for. The company not only ranked first overall, but it also topped the list for every topic measured, including management practices, working

environment, job satisfaction, and pay and benefits.⁴ For one of Rideau's owners, "...it is an honour that we are very proud of...it is an accomplishment that is more meaningful than being recognized as a top 101 Company or some of the other recognitions that we've received."

In 2001, the magazine ranked Rideau the second best company in Atlantic Canada to work for.

Since its founding, the premiums that the company pays to the Nova Scotia Workers Compensation Board have declined, although they started to go back up in 1999 as a result of a Board decision to increase its rates. No Rideau employee has ever filed a claim with the Board.

Table 2

Year	WCB Premium per \$1,000 of Payroll
1994	\$6.12
1995	6.12
1996	5.53
1997	4.77
1998	4.64
1999	4.91
2000	5.22
2001	5.00
2002	5.00

X. Conclusion

The preceding has briefly described how a small, Nova Scotia general contractor, Rideau Construction Inc., has managed to keep stress from becoming a serious health issue among its employees. It, first, gave some basic details on the company and set out its guiding value statements. It then outlined the business strategy and pointed out the link between the business strategy and the company's approach to human resource management. The sections thereafter showed why employee stress and burnout have not yet become concerns at the company.

The owners' approach to people management works. This has been demonstrated most clearly by the firm's employee retention record and the employee satisfaction survey

⁴ Ibid., p.43.

which led to the firm's designation as the Best Company in Atlantic Canada to work for in 2000 and the second best in 2001.

As a small firm, Rideau has not placed a high priority on establishing a comprehensive wellness program. Perhaps there is room for a more formal focus on promoting healthy lifestyles, especially since an important resource already is in place at the company: the Quality Manager is university-trained in physical education. At this point, however, there appears to be no obvious and compelling reason to do so.