AC 2009-1429: A CASE STUDY OF REENGINEERING

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Abstract
Organizations undertake reengineering in a variety of ways and for a variety of reasons mostly centered on improving productivity and profitability. Reengineering has been implemented on a variety of scales including a department, a division, a company a business unit or a corporation typically with varied impact and effectiveness. This paper presents a continuing case study of reengineering by a contractor at a government owned, contractor operated (GOCO) facility in the Southeast. With the budgetary reductions associated with changing winds of politics and economics, the government agency’s management responded with contract language calling for reductions in manpower in order to limit long term exposure for retirement benefits. The case study is applicable for teaching various processes associated with engineering management and contains several components to broaden the student’s perspective and increase critical thinking skills. The case allows students to apply engineering management concepts across the engineering manager’s range of interest. The open ended problem solving approach in this case will provide a broader range of learning opportunities.

Introduction: Case Studies and Reengineering
Cases studies are designed scenarios that develop analytical and decision-making process skills in engineering students [8]. Engineering management (EM) instructors often use the case study method to deliver integrated concepts and knowledge within an illustrative, simple format, or story line, that may have very complex content. This combination of simple story line and complex content can be helpful in guiding the development of real problem solving skills within future engineers. Niewoehner [2] suggest that the case study offers an opportunity to broaden student perspective and increase critical thinking through the use of real, complex examples from business and industry. This teaching methodology is markedly different when compared to closed ended, formulaic questions often found at the end of a text book chapter.

“Case studies, in general, provide an avenue of addressing concrete real-world experiences without leaving the classroom.” [9]. The issue for instructors of EM curricular is gaining access to practical and useable case study documentation that can be used for single or multiple learning opportunities. Most case studies seem to be generated by either business or management schools and are subsequently adopted or adapted for use by EM instructors. Ideally, the case study should permit the EM student to directly consider the case in light of its EM lesson without the need to translate into EM language and concepts. The case study would thereby provide a more direct development of a broad range of understanding leading to critical EM related skill development. For the EM student, those skills should be developed in areas of particular interest for the aspiring engineering manager, i.e., the bridging between technology and the technology worker with the management and finance components of competitive business operations. With the growth of EM and a recognition of the need to graduate engineers possessing the harder (not softer) skills associated with managing and developing human capital, the challenge to develop students having real skills continues to grow. Case studies can provide a pedagogical process for developing these hard skills in engineering students. It is in that vein of reasoning this particular case study is offered. This case study describes the application of reengineering within a government-owned, contractor operated facility located in the southeast.

Reengineering is defined as “the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed.” [3]. The use of reengineering case studies in the classroom provides an opportunity
for the EM student to understand the integration of business and the theories and practices of engineering management [5]. According to Bandyopadhayay [4], reengineering requires the organization to examine its base mission and effect redesign of business processes in order to attain significant increases in performance. Business processes that are redesigned may include: governance and management structure, organizational culture and climate, quality initiatives, measurement of customer satisfaction and overall service delivery. These business process areas are core areas of the EM discipline as each have direct impact on the role of technology and the technology worker within the organization. These business process areas represent opportunities to affect the core competencies and complexities of any technology related business. When examining reengineering as a case study subject matter area, the EM instructor is afforded an opportunity to direct learning around a variety of analytical methods in examining the bridging of technology, finance and management.

The case study provided in the Appendix provides an instructional tool to guide students in developing critical thinking skills required to execute reengineering within an organization. The case is presented as a series of communiqués from the company president and is structured around a timeline of the events as they unfolded. This case considers a reengineering process undertaken by the Management and Operations contractor at the ([facility]) from 2002 until 2005. The [facility] is a US GOCO overseen by a government agency. Operations and management of the site are contracted to a private services provider. These providers are usually, a consortium of major construction and engineering firms. The communiqués in the case are a series of announcements from the management and operating (M&O) contractor’s president. For the time period covered by the case study, the M&O contract was managed by the [company], a subsidiary of the [parent org].

The issues addressed in the case are qualitative in nature and cover organizational structure, culture, finance and management. Table 1 provides a summary of issues that are addressed. The analysis of this case study, because of its construct as a series of company president letters (or proclamations based on perspective) represent a task that is compounded with the fuzzy application of principles versus the solid analytical tools associated with quantitative exercises. The case is presented in this matter with purpose. The challenge is that for every case study, multiple analytical tools maybe applied with quite different results. Each student, and instructor, may introduce bias to both the analysis process or the conclusions drawn based on their experiences or level of understanding of the story line, the context and the content.

Case Study Background

The [facility], a 310 square mile site, is located in the south eastern coastal area of the state of [state] in the United States. The processing facilities were built after World War II to produce nuclear materials for the nation’s nuclear deterrent. At the conclusion of the cold war, production facilities were shut down and staffing was reduced from a peak of near 24,000 to 13,000 at the end of the cold war. Environmental cleanup operations began in 1981. In 1987, the original constructor and operate contractor announced it would no longer operate and manage the site and [company] contracted to manage and operate of the site. In 2008, [company B] became the contractor for management and operations of the site. The following letters introduce the reengineering process undertaken at the Savannah River Site over the last few years.

The case (Appendix) begins with the August 22, 2002 communiqué. Portions of the communiqués have been redacted for brevity.
Table 1: Example EM Issues and Discussion Points for the Case Study

<table>
<thead>
<tr>
<th>Date</th>
<th>EM Issues</th>
<th>Date</th>
<th>EM Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/22/02</td>
<td>Morale, Productivity.</td>
<td>1/22/04</td>
<td>Regulatory compliance</td>
</tr>
<tr>
<td>9/12/02</td>
<td>Process operations</td>
<td>2/5/04</td>
<td>Trust</td>
</tr>
<tr>
<td>10/31/02</td>
<td>Procedures</td>
<td>2/23/04</td>
<td>Communications</td>
</tr>
<tr>
<td>11/7/02</td>
<td>Safety and Productivity</td>
<td>3/25/04</td>
<td>Scheduling</td>
</tr>
<tr>
<td>11/11/02a</td>
<td>Downsizing, Communications</td>
<td>3/31/04</td>
<td></td>
</tr>
<tr>
<td>11/11/02b</td>
<td>Planning</td>
<td>4/5/04</td>
<td>Operations management, planning, reengineering</td>
</tr>
<tr>
<td>11/25/02</td>
<td>Staff reduction</td>
<td>4/21/04</td>
<td>Benefits</td>
</tr>
<tr>
<td>12/10/02</td>
<td>Planning</td>
<td>5/3/04</td>
<td>Trust</td>
</tr>
<tr>
<td>1/6/03a</td>
<td>Moral and motivation</td>
<td>11/17/04</td>
<td>Employee involvement</td>
</tr>
<tr>
<td>1/6/03b</td>
<td>Operations Management</td>
<td>2/15/05</td>
<td>Community awareness</td>
</tr>
<tr>
<td>1/20/03</td>
<td>Operations</td>
<td>2/15/05</td>
<td>Communications, benefits</td>
</tr>
<tr>
<td>1/27/03</td>
<td>Downsizing</td>
<td>4/12/05</td>
<td>Scheduling</td>
</tr>
<tr>
<td>2/12/03</td>
<td>Reengineering, Morale, Communications</td>
<td>4/20/05</td>
<td>Communications</td>
</tr>
<tr>
<td>6/20/03</td>
<td>Contract work</td>
<td>6/21/05</td>
<td>Strategic planning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7/5/05</td>
<td>Reengineering</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7/18/05</td>
<td>Reengineering</td>
</tr>
</tbody>
</table>

**Application**

This case study provides a real example of how reengineering issues are addressed in a working organization. The case study addresses reorganization, restructuring, and redirection within a reengineering initiative. The student will also recognize that management was forced to respond to unforeseen reactions to implications that occurred as the reengineering effort unfolded based on the tenor of some of the messages. This is a real issue for the practicing engineering manager and one that is difficult to embed in management and engineering case studies.

For use in the classroom, the case study represents examples for teaching opportunities on a multitude of levels: 1) necessity for in-depth pre-planning any reengineering effort, 2) recognition of emergent issues when reengineering is undertaken, 3) the implications of the confounding of reengineering with workforce reduction plans, 4) the implications of the integration of budget reduction and reengineering, 5) the role of communications in reengineering, 6) the influence of hierarchical level on communications processes, 7) cognitive processes associated with the multi-disciplinary impact of organizational
reengineering, 8) lead to student understanding of the engineering process of problem solving using problem decomposition 9) the potential for missing important elements in major management initiatives [6]. Table 2 provides suggested discussion points/questions although this is not a comprehensive list. Readers are urged to contribute additional points and questions to the author to broaden the appeal for use of the case.

Table 2: Discussion Questions for Use With the Case Study

<table>
<thead>
<tr>
<th>Date</th>
<th>EM Issues</th>
<th>Discussion points</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/22/02</td>
<td>Morale, productivity.</td>
<td>When and how should employees be notified of pending change? What are the risks of the timing of announcing major change in an organization?</td>
</tr>
<tr>
<td>9/12/02</td>
<td>Process operations</td>
<td>What are skill mix issues (positive and negative)? How can they impact the acceleration of work?</td>
</tr>
<tr>
<td>10/31/02</td>
<td>Procedures</td>
<td>What are the positives and negatives of work procedures and administrative policies during reengineering? When/where should procedures be strictly enforced? When/where might they be relaxed?</td>
</tr>
<tr>
<td>11/7/02</td>
<td>Safety and Productivity</td>
<td>How are personnel safety and productivity integrated? Could safety programs impede productivity? What is the role of the engineering manager in safety policies and procedures?</td>
</tr>
<tr>
<td>11/11/02a</td>
<td>Downsizing, communications</td>
<td>What is the role of “targets” for downsizing? Is this memo believable when indicating that targets do not exist? What do you believe management is expecting this communique to accomplish? Do you think it served its purpose?</td>
</tr>
<tr>
<td>11/11/02b</td>
<td>Planning</td>
<td>What is the role of planning in the execution of reengineering? What is the impact of identifying “key management positions” to those not filling key positions? What would be a critical skill set for an engineering organization?</td>
</tr>
<tr>
<td>11/25/02</td>
<td>Staff reduction</td>
<td>What would be the impact of staff reductions in the Office of President staff on the whole organization? What is the significance of such a detailed announcement for the president’s staff?</td>
</tr>
<tr>
<td>12/10/02</td>
<td>Planning</td>
<td>The announcements indicate a new component to the reengineering effort on a monthly periodicity. Does this give you the impression that planning was complete and thorough? Why?</td>
</tr>
<tr>
<td>1/6/03a</td>
<td>Moral and motivation</td>
<td>The company employed ~11,000 people at the time of this communique. What would be the expected impact of this congratulatory note? Why? Do you believe it would have the desired impact?</td>
</tr>
<tr>
<td>1/6/03b</td>
<td>Operations Management</td>
<td>What does this communique imply? How would non-exempt employees react? How should they react?</td>
</tr>
<tr>
<td>1/20/03</td>
<td>Operations</td>
<td>Does this memo sound like management was surprised? Why? How can reengineering be conducted to minimize disruptions to operations?</td>
</tr>
<tr>
<td>Date</td>
<td>Topic</td>
<td>Question</td>
</tr>
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<td>-------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1/27/03</td>
<td>Downsizing</td>
<td>What is the company’s role in aiding outplaced employees? What is the impact on the company’s community relations? Financial position?</td>
</tr>
<tr>
<td>2/12/03</td>
<td>Reengineering, Morale,</td>
<td>Is it possible to reengineer without specific goals for productivity? Why? Are the statements “no specific targets” relative to personnel reductions convincing? Why? What would you do differently</td>
</tr>
<tr>
<td></td>
<td>Communications</td>
<td></td>
</tr>
<tr>
<td>6/20/03</td>
<td>Contract work</td>
<td>How much management influence should a contracting organization force on a contractor relative to operations management?</td>
</tr>
<tr>
<td>2/5/04</td>
<td>Trust</td>
<td>Earlier communiqués indicated no reduction targets. This communiqué indicates 300 layoffs? Is this consistent? Why? What is the impact on trust?</td>
</tr>
<tr>
<td>2/23/04</td>
<td>Communications</td>
<td>What is the purpose of this communications? Do you think it was effective? Why? What are some alternatives?</td>
</tr>
<tr>
<td>3/25/04</td>
<td>Scheduling</td>
<td>Who is really in control of this RIF? What is the impact of announced layoff delays for employees? Management? The responsible government agency?</td>
</tr>
<tr>
<td>3/31/04</td>
<td>Operations management, planning, reengineering</td>
<td>What is your reaction to this communiqué relative to leadership, management and emergent issues? Why?</td>
</tr>
<tr>
<td>4/5/04</td>
<td>Operations management, planning, reengineering</td>
<td>What other impacts than those that are found in this communiqué may need to be addressed during reengineering an organization? Why are these important? What is the impact on new hires should there be any?</td>
</tr>
<tr>
<td>4/21/04</td>
<td>Benefits</td>
<td>This communiqué represents a complete change in plan due to “delays”. How would managers feel in sharing this information with employees? How would employees react?</td>
</tr>
<tr>
<td>5/3/04</td>
<td>Trust</td>
<td></td>
</tr>
<tr>
<td>11/17/04</td>
<td>Employee involvement</td>
<td>What is a focus group? How can focus groups be used during reengineering? What are the advantages? Disadvantages? What is the impact on those not on a focus group?</td>
</tr>
<tr>
<td>2/15/05</td>
<td>Community awareness</td>
<td>What is the purpose of informing the community stakeholders of an impending RIF? Is this effective?</td>
</tr>
<tr>
<td>2/15/05</td>
<td>Communications , benefits</td>
<td>What is the purpose of an employee “hot line”? Is this an effective management communications tool? What is the role of severance in a RIF? Is this an effective management tool? Why?</td>
</tr>
</tbody>
</table>
| 4/12/05  | Scheduling                    | This communiqué seems to report another delay in the RIF? What is the impact on
<table>
<thead>
<tr>
<th>Date</th>
<th>Department</th>
<th>Topic</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>4/20/05</td>
<td>Communications</td>
<td>Morale? Should this information have been shared? Why?</td>
<td></td>
</tr>
<tr>
<td>6/21/05</td>
<td>Strategic planning</td>
<td>This communiqué indicates the contracting agency will compete the contract renewal, i.e., the organization conducting the reengineering may or may not be the contractor in the future. What does this mean for all parties relative to strategic planning?</td>
<td></td>
</tr>
<tr>
<td>7/5/05</td>
<td>Reengineering</td>
<td>Is it fair to stretch out a reengineering effort to achieve management goals for maximizing profitability (in this case award fee)? Why? What are the risks? What are the rewards?</td>
<td></td>
</tr>
<tr>
<td>7/18/05</td>
<td>Reengineering</td>
<td>The 60 day notice tells all employees of a pending RIF. It does not tell who will be laid off? Is this appropriate? Why?</td>
<td></td>
</tr>
</tbody>
</table>

The case is relates real experiences in reengineering. Employees of the M&O contractor received the communiqués via the company's email system. Little additional information was provided through line management. Line management, for the most part, received the same communiqués as all other employees with little additional information through staff discussion. Essentially, the executive staff managed the reengineering with modest to moderate input from the organization. While it is possible to subdivide the case relative to any of the application areas listed above, looking at the case in its entirety with the understanding this was a top-down process, provides students with an employee’s perspective. Additionally, with communiqués spanning three years, students are also provided a longitudinal view of reengineering. In that sense, the case might be presented as a semester long teaching tool that results in a final paper with supporting documents exploring the various facets of the case throughout the semester. Additionally, the instructor may point to additional implications of reengineering that the case minimally addresses such as employee morale, health care and other employee benefits or programs, and re-training. The company ultimately provided modest career counseling services for employees. Non-exempt employees were directed to the [State] Department of Labor while exempt employees were provided modest resume review services, job listing and use of telephones for employment seeking. These services were directed at the WFR process primarily.

**Reengineering Results**

From a teaching standpoint, pointed discussion questions focusing on specific components of the case and reengineering are provided in Table 2. A broader perspective would include the overall view of reengineering for this case and in general, i.e., whether reengineering can ever be successful if all parties to the reengineering effort do not find positive value. Reengineering’s bottom line seems to be some sort of workforce restructuring where someone or some group starts looking for a job. This is possibly a hard lesson for the engineering management student. It is a systems concept that actions always have reactions, repercussions as well as results. Since the case was developed, the responsible government agency has split the GOCO contract into two parts, i.e., the site is operated by two contractors. The company remains responsible for part of the operations of the site; however, a new contractor provides primary management and operations services for the majority of [facility]. A large portion of the middle management and first line supervision from the company remains in place across the [facility] from the time the case was developed for both portions of the current management and operations arrangement. What this means is that they transferred into the new contractor workforce. Was this a positive
reengineering result for the original contractor? In terms of risk reduction perhaps. In terms of potential for earning award fee, perhaps not. As with most issues in the discipline of engineering management, the results are not crystal clear, black and white. In terms of productivity, does an increase in productivity for the contractor described in employee per capita income with a lower overall return on investment justify the actions. It is a reasonable assumption that a dual contractor site was not a preferred result of the reengineering effort, but by an event timeline, ignoring causal relationships, that is what happened. It is a valid discussion in which engineering management students may engage themselves, their peers, their instructors and industry mentors.

Stanfield, et al., [7] provide a process for administering a case study that is adaptable for EM courses and that can be applied to this case study involving assignment, team work, analysis and reporting, self-assessment, peer-assessment; and instructor and practitioner evaluation, detailed feedback and response. While applicable in most case studies, the nature of this case study particularly lends itself to an open, and possibly guided, dialogue for maximizing the opportunity for learning. While the length of the case may limit the amount of material in a specific discussion session, a guided format would provide an exploration of key issues the EM instructor wants students to gain experience with. The use of forensic analysis may be limited by the availability of additional resources; however, the use of critical thinking skills in the development of motive hypothesis underlying specific communiqués within the case would help the EM student in developing an appreciation for a systems approach and the action-reaction implications of culture changes.

Reference

9. Blind reviewer’s comment.
Appendix

August 22, 2002
To All [company] Employees:
Organizational Issues
I want to update you on several issues -- the accelerated cleanup of the site, the organization of
[company], and the management of our workforce -- all of which are connected, and all of which directly
affect each of us.
[redacted]
In the near future, we will be announcing some substantial organizational changes. The final structure is
still being developed, so I am not ready to make a specific announcement yet. The intent, though, is to
create an organizational structure around four focus elements: Closure, Operations, Support and Projects.
Certainly, this early and partial information will lead to a great deal of speculation, if not skepticism. I
would ask you to be both patient and open-minded while we continue to work out the details of this
structure.
Finally, I want to address the subject of workforce management. In February, we initiated a Workforce
Restructuring Plan to cover FY02-03. As you know, we had a successful series of voluntary [separation]
programs that were implemented earlier in the year.
We are about to enter the last phase of that process. As we move forward, I will be directing a serious,
critical look at many of the work processes that we have in place today, and the staffing we have devoted
to those processes.
Fundamentally, we have to ask ourselves how much of the work we do, and the process we have built up
to support that work, is really devoted toward the specific goal of getting mission activity safely
accomplished. I fully expect that when we ask those questions, there will be functions we decide we no
longer need to perform, or that we can reduce significantly. As a result of this process, we will reassign
people where appropriate, but I expect we will have a number of involuntary reductions.
At the same time, as we accelerate actual mission activity, we still anticipate hiring needs, particularly in
non-exempt units such as RadCon, operators, mechanics and multi-skilled technicians.
We are not working toward any particular staffing reduction number. Instead, we are trying to get the
right alignment of skills to move forward on our most pressing priorities on an accelerated timetable.
I recognize that not all of the above information is pleasant. I regret that, but I want to be candid with you
about the challenges we face. We have to make some difficult choices, but in the long term, those choices
will position the site for successful completion of our current missions, and accomplishment of the future
missions ahead of us.
[company] President
September 12, 2002  
Subject: Organizational Issues Update  
To All [company] Team Employees:  

Organizational Issues Update  

About three weeks ago, I provided you an update on staffing and organizational issues. I know that message has prompted a lot of rumors, so I want to elaborate on where we are today, even though we're not in a position to answer all your questions yet.  

- The senior staff is scheduled to meet off site on Friday and Saturday to work through a number of questions related to the organizational structure of the company. As I indicated before, we are looking to create an organizational structure around four focus elements: Closure, Operations, Support and Projects. This will be a difficult process, and we do not have it nailed down yet. We will take the time to do it right, and will provide more information as we go, although I would expect that to take a number of weeks.  
- Since we conducted our voluntary separation programs earlier this year, the senior staff has also been going through a continuing process to evaluate the work that we are performing today, particularly those tasks that do not relate directly to our accelerated cleanup objectives. Our objective is not to reduce staffing, it is to accelerate cleanup. That means that we need to accomplish more physical work; we can only do that by eliminating administrative restraints, and by concentrating on that work that adds the greatest value.  
- We do have some skill mix issues, particularly in the exempt workforce. At the same time, we are hiring. For example, we have just hired 18 additional RadCon inspectors who will report to work on Monday. In FY03, we are projected to have more funding than we had in FY02, which will support our accelerated cleanup goals.  
- I know that everyone is looking for certainty about numbers, dates and schedules. We just do not have those specifics yet, but we will provide them to you as soon as we do. You can be sure, though, that we will follow many of our past practices, including matching people to identified needs, before we identify any involuntary separations.  

I will continue to keep you informed as we go.  

[company] President  

October 31, 2002  
To: All [company] Team Members  

We have more success to report in the area of process and procedure changes as follows:  

[Redacted]  

Commercial Fire Systems Testing  

Effective immediately, we are transitioning to a commercial National Fire Protection Association (NFPA) testing approach using qualified personnel and NFPA check sheets. Facilities will still be expected to coordinate the work in accordance with other work management requirements; however, performing this activity in a purely commercial manner will free up resources that can be assigned to other priority activity.  

Immediate Procedure Change Approvals
Shift Operations Managers, or their equivalent, are authorized to approve Immediate Procedure Changes for maintenance work procedures and instructions (in a manner similar to the 2S Conduct of Operations process for operating procedures).

This authorization is valid only for those changes that are required to continue work, that do not change any safety or hazard mitigation requirements, that do not change any technical requirements, and do not require an Unreviewed Safety Question screening/review.

Work Process Procedure Changes

Effective immediately, the Facility Manager is the final decision authority on the inclusion of any non-mandatory reviews, approvals, inspections or hold points in Production Support/General Service (PS/GS) work instructions or procedures. Functional input into PS/GS work instruction and procedure is expected to be tailored to facility risks and worker skills.

The Facility Manager, along with his or her Engineering and QA functions, is expected to identify and remove unnecessary steps from existing work instructions and procedures not deemed necessary for safe and effective operations.

I recognize that the above changes may impact only a small percentage of people, but when fully implemented, the impact should represent a significant improvement in process for those who are directly affected by the change.

We are continuing to make good progress on identifying these types of issues, and there is still a great deal of positive change that can be accomplished without any reduction in our safety posture. I encourage you to continue to support this Process and Procedures Team effort to identify and remove low value work barriers. You may contact this team by sending an e-mail to "SME."

There are other changes soon to be made, and they will be the subject of my next communication to you.

[company] President

November 7, 2002

Creating a Safe Mission Essential Culture

In recent weeks, we have heard much feedback on the cultural barriers to embracing Safe Mission Essential work practices at [facility].

For the past ten years we have spent significant effort implementing and enhancing controls to prevent problem recurrence -- to the point that it can also be extremely difficult to accomplish our work. The overwhelming feedback from many is "I can safely and reliably handle more responsibility and be more productive if you would remove unnecessary barriers."

An excessively risk-averse mentality has, unfortunately, grown out of a number of good, well-intended practices. We must now establish Safe Mission Essential (SME) expectations for appropriate use of these tools. We are not asking, nor do we expect, any [company] team member to accept any responsibility or task he or she does not feel can be safely accomplished. Safety and Security remain our top imperatives and an overriding prerequisite to other actions.

To help us accelerate this cultural transition, we are implementing the following changes. These changes are the result of input from the Processes and Procedures Team, facility and functional managers, the First Line Managers Advisory Committee, the Employee Counselors and many others.
Site Policies and Procedures

The majority of our site policies and procedures were developed during a ten-year period when we were trying to make significant improvement in our Disciplined Operations, another cornerstone imperative that has made [facility] the best operating site in the complex. As such, the procedures have tended to reflect complex nuclear operations requirements as the expectation.

Graded approaches have been added in recent years, but are not uniformly understood, encouraged or implemented. In some cases, it even appears there is subtle discouragement from utilizing the Safe Mission Essential graded approach. In other cases, an extensive justification and approval is required to even implement the graded approach.

I am directing the functional area managers to change the focus and expectation of our site procedures to Safe Mission Essential work practices. The graded approach, consistent with facility hazards and worker skills, should be the clearly stated expectation. Additional controls beyond the recommended SME approach should be the exception and should be clearly justified. Instead of starting with the maximum controls and justifying less, we should start with the SME level of controls and justify more.

The Processes and Procedures Team, led by [employee name], will work with the functional program managers to implement the majority of these changes by Jan. 1, 2003. A team of functional area subject matter experts will be created and made available to facility and project teams to help with the transition implementation.

[Redacted]

We are committed to safely simplifying, decentralizing and delegating responsibilities and authorities down to the appropriate levels in the organization. We will continually seek and incorporate feedback from all levels and communicate frequently on the change process.

You are encouraged to continue use of the IDEAS program for new cost, schedule and productivity savings supporting accelerated closure and new mission objectives. A new e-mail account, "SME," has also been set up to collect feedback on these initiatives. Your input is very important for a safe and successful transition that maximizes the accomplishments of our entire team. Thank you for your continued support.

[company] President

November 11, 2002

To: All [company] Team Employees

Transition Update: November 11, 2002

I know there continues to be a great deal of rumor and speculation about future downsizing within the company. I can understand everyone’s concern about this topic, and everyone’s interest in being up to date with factual information. Unfortunately, there is a lot of misinformation and misinterpretation around this topic.

Here are some of the pertinent facts.

In January of this year, we asked DOE-SR to give us the authority to conduct Workforce Restructuring in FY2002-2003. That request, which DOE approved, is still in effect. In our request, we said "we ([company]) anticipate an excess of up to 800 personnel" during that 2002-03 time period. That was our best approximation at that time.
As you know, we have eliminated approximately 550 positions this year through early retirement, voluntary separation and involuntary separation. That has led a number of people, both inside and outside [company], to assume that we have a remaining firm "target" of 250 positions. That has been reported in the media, and it is an incorrect assumption. The figure 250 is significant only as it relates to DOE notification and our initial restructuring request. In parallel with this elimination of positions, we have filled over 100 new positions, either through hiring or through transferring people to more critical jobs.

I have said before - and I continue to emphasize - we are not working toward a particular staffing number. I know that many of you would prefer the certainty of a fixed number and a firm date, but we have neither. There are a number of ongoing activities that are looking at the size, structure and alignment of the organization. Some of those activities will continue to identify work that is not contributing to the safe acceleration of our mission activities. As that happens, we'll have to deal with the personnel impacts as we go. In the best case, that will mean transferring individuals to a vacancy. In the worst case, if the skills of the individual do not match the needs of a vacant position, it could mean staffing reductions.

Generally speaking, our past Workforce Restructuring activities have been treated and viewed only as large-scale events, sometimes affecting hundreds of people at a time. While that Restructuring process has achieved the necessary results, I think that we and DOE agree that it has not been an ideal way to manage the business. Workforce issues are better dealt with in a timely "ebb and flow" manner as those issues arise.

My goal is for every person to be performing work that has a clear priority for the site. And it is apparent that everything we do today has been defined, at some point and by some standard, as a priority. But it's also clear that as a normal part of the business cycle, priorities change. As they change, we must make informed decisions and move on. That may result in a series of reductions that are much smaller than what we are accustomed to seeing, but are much more reflective of how a typical business responds to changing conditions. We have requested the authority to conduct additional such reductions as early as this month. I anticipate no such "ebb and flow" reductions in December, but I would not rule out any such activity either before December or after the first of the year.

I hope that all of the above information better clarifies the situation.

[company] President

November 11, 2002
Transition Update: Employee Movement - November 11, 2002

Since I announced our new organizational realignment in August, many of you have been wondering how and when we will begin moving employees into the new structure. The purpose of this message is to share information with you about the processes that we will use to place people in the new organization.

DIFFERENT PROCESSES FOR DIFFERENT POSITIONS

We are not developing any new processes in order to implement this reorganization. Instead, we will use a variety of existing people movement strategies to fill positions at different levels of the organization:

Management Appointment

In any reorganization effort, a first priority is to define key management positions throughout the new organizational structure. Staffing of these positions is critical to the success of the organization, and the majority of them will be filled by management appointment. As I communicated earlier this month, acting Business Unit and Area Project managers were appointed to assist us in transitioning our current organization to the new structure. At the Business Unit level, acting managers include:
Additionally, those positions that report through the Office of the President, along with the [company R&D] Director, have been or will be staffed using the management appointment process. Final appointments will be made as soon as possible, recognizing that outside candidates are also being evaluated for selected key management positions.

Limited Competitive Selection

In most cases, additional management positions will also be filled through the management appointment process. These include all management positions reporting directly to a Business Unit Manager. However, in some cases, we may want to consider a small pool of highly qualified candidates. In this case, the management team will identify individuals who we agree should be considered for a position, conduct interviews with these nominated candidates, and select the manager based on the results of a competitive interview process.

Competency-Based Posting System

In looking to staff middle-management positions, I anticipate that we will use the above-mentioned processes to fill many of these. There may also be a number of positions that are appropriate for sitewide posting. In that case, we will utilize the established Competency-Based Posting System (CBPS) and invite interested employees to self-nominate for consideration.

Functional Mapping

The majority of non-management employee moves will result directly from the realignment of our people around the new functional organization structure. The organizational mapping team has developed a proposal for moving groups and individuals from the current organizational structure to the new one. Based on their recommendations, most employees will be moved as part of the overall functional mapping process. This team is very close to finalizing their initial recommendations, and I will be sharing the results with you in a separate communication in the near future.

FILLING THE TALENT GAP

At the same time that we are moving people to the new organization, we must continue to assess critical skill needs across the organization and fill talent gaps at every opportunity. We are trying to get the right alignment of skills to move forward on our most pressing priorities on an accelerated timetable. To accomplish this difficult task at the site level, we have tasked our Program Managers to identify all talent gaps directly related to accelerated closure activities.

Obviously, as these gaps are identified, we will realign resources to fill them, as well as continue to identify positions that are not in direct alignment with our closure mission. In response to skill excesses found in some areas, some of the talent gaps will be filled by reassigning employees within the organization. Some positions may be posted through the sitewide Competency-Based Posting System, and some may be filled through outside hires.

As I have communicated earlier, we are not working toward any particular staffing reduction number. As we finalize the reorganization, we will have a better idea of where we stand with respect to talent gaps and the best way to fill those positions.

TIMELINE FOR PEOPLE MOVES

I am convinced that we can effectively implement the new structure by the end of this calendar year. To that end, we will strive to staff all management positions by the end of November and finalize the remaining changes by the end of December. Other placement actions that result from resource realignment and/or workforce restructuring will follow early in the new year.

[company] President
November 25, 2002
To: [company] Team Employees
Staffing and Transition Update

The following is an update on where we are with several staffing and transition items.

I had previously indicated to you the possibility of small reductions in force during the month of November. This is to inform you that as of today, we have concluded such an involuntary reduction affecting less than 20 people. A significant percentage of the reductions to date have come from functions that will report directly to the Office of the President. In fact, the staffing reviews and the personnel reductions from Office of the President functions are the first to be complete.

Also in November, we identified over 100 personnel moves that will transfer people from support or administrative organizations into direct closure or operations work. That is a positive development in support of our goals -- specifically, in support of accelerated F Canyon deactivation; accelerated TRU waste shipment; and increased deactivation and decommissioning of buildings. I look forward to additional such moves.

Further, I know there is a great deal of anticipation about appointment announcements in relation to the new [company] organizational structure. We have finalized most of our initial decisions, and will make an announcement next week about individuals who will report to Business Unit Managers.

Once this transition is complete, I am optimistic about the new organization's ability to meet our needs, and about the work that has to be done in the next several years. I appreciate your patience as we continue to reshape and refocus the organization, and I appreciate your continuing focus on the safe performance of your day-to-day job responsibilities.

[company] President

December 10, 2002
To: [company] Team Employees

Today, we are announcing the next tier of managers reporting to the four new Business Units.

While this tier of managers will not officially assume their new positions until after January 1, they will immediately begin their own process of helping work through our reorganization to ensure a smooth transition into the new organization. In the coming weeks, we will announce other management assignments as we work toward a new organizational structure and a new focus for the company.

The Acting Directors of the Business Units, our Transition Manager, and our designated teams have been working diligently to bring us this far through the reorganization process. You should know that all those involved are carefully analyzing a great deal of input and assessing our business needs to ensure we make the best decisions possible.

At this time, directors of the Business Units are still Acting Directors. We are still interviewing several external candidates, and will make no permanent appointment announcements until we are ready to announce the leadership of all four new Business Units. We are also continuing to interview candidates for the F Area Closure Projects Manager, and have designated an Acting Manager until that interview process is complete.

Separate from these new business units, the following managers and their functions make up the Office of the President:
These individuals will continue to report to me.

The functions of the Strategic Planning and Mission Development staff are still under review. Until a final decision is made, those personnel will continue to report to the Office of the President.

The organization and personnel being announced today are not anticipated to change. However, it must also be noted that until the full organizational mapping is completed, selected elements or managers could change. My goal is still to finalize the complete organizational structure and all managerial assignments in early January.

I’ll continue to keep you informed as we work through the reorganization. Please read the attachments below to see the new management structure to date. [Attachments removed for brevity]

[company] President

January 6, 2003a

To: All [company] Employees

For those of you who are just returning from the holiday break, welcome back.

Today, January 6, is the first day of operation under our new organizational structure. I would like to thank everyone involved for the hard work that got us to this point. However, we have a long way to go to achieve the level of focus and efficiency that was intended in this reorganization. We know that there are many things that still need to be "tweaked" as we identify issues that were not addressed during the first phase of this action. I ask for your continued patience and input to your management as we work through any open issues in the implementation phase of this new organization.

As we begin 2003, I wanted to share some additional thoughts with you about the continuing [company] transition. I have made a brief video you can view on your computer by clicking on the icon below or go to a television set on site and tune to channel 25.

I hope you all had a safe holiday season, and are ready for the challenges of the New Year.

[company] President

January 6 2003b

To: All [company] Employees

Management Policies, Requirements and Procedures System

As a result of the reorganization we have just completed, I am authorizing all site personnel to continue to work under the guidance and requirements of our current procedures while changes are made to align organization and position titles, and reporting relationships.

Accordingly, effective January 6, interim policy MP 1.2, "Management Policies, Requirements, and Procedures System" in [company]-1-01, Management Policies, will be issued to formally grandfather the
existing system of policies and procedures to ensure that the site continues its exemplary record of compliance with statutory requirements and customer commitments.

Following the issuance of the interim policy, all company-level policies and procedures, source and compliance documents and various program-specific procedure manuals will be assessed by their owners and subject matter experts. [company]’s collection of policies, procedures and manuals will be revised as needed to reflect our new organization, projectized approach to doing business and safe mission essential operating philosophy. This process is targeted to be completed by April 2003. Assistance will be available from Management Standards to ensure the successful completion of the assessment.

[company] President

January 20, 2003

To: All [company] Team Employees

Shift Schedules

Now that we have begun to operate in our new organizational structure, it is obvious that we put together organizations that have numerous different shift schedules. Some of those schedules fit together well and some do not. This is a good opportunity to take a company-wide look at the issue of schedules.

In the past decade, we have enacted a number of alternatives to the traditional five eight-hour shifts. We now have 36 different shift rotations. Some, like the 9/80 shifts, were enacted, primarily, to address "quality of life" issues. Other alternative schedules, like 4/10s, were enacted, primarily, to enable project managers or facility managers to execute work most efficiently. Clearly, those objectives -- enhanced quality of life and efficient project or facility operation -- remain today, and we want to achieve both. If, however, the combination of schedules that exists today does not represent the best way to meet our mission requirements, then I would expect us all to recognize that some change may be appropriate.

As a starting point, I am asking the business units to do the following:

- Evaluate, by February 1, moving all 9/80 shift personnel to a single 9/80 shift (either AA or BB). There are some organizations within [company] that have already found such a move to be most efficient.

- Assuming 5/8s and a single 9/80 shift as our core day shifts, evaluate, by February 17, what other shift alterations may best meet the priorities of projects and facilities as they are now aligned.

If you have input related to establishing a single 9/80 core shift, I encourage you to provide that input to your manager. There may be legitimate, unforeseen business and/or personal impacts; we certainly need to understand how we would address each of them as we evaluate any change.

The Area Project Managers and Department Managers are responsible for collecting the input they need to make an appropriate justification for utilizing any shifts other than core shifts on their project. Within each project, I would expect a thorough discussion and evaluation.

After February 17, we should have enough information to decide on a path forward and an implementation schedule for the company.

I want [company] to continue to offer alternatives that provide you with a reasonable amount of time away from work. Also, as I’ve said before, I want [company] to focus with a sense of urgency on accomplishing the field and project work that’s most critical to our joint success. We should meet both objectives in the best manner possible.

[company] President
January 27, 2003

Resume Project Reminder

Last September, the Resume Project was implemented by [parent org] to establish a database across the DOE complex of [parent org] employees. The resume database should prove to be particularly helpful at a local level to [company] managers as they realign personnel to meet the site’s accelerated cleanup priorities. In the past, there has not been a single resource that contains employees’ work experience and skills. In order for the system to provide the greatest benefit, it is important that all employees participate in the process. At this time, only about 700 employees have submitted their resumes. Although in past weeks there have been some system problems, the problems have been resolved and it is working well now.

For those of you who have not yet visited the Resume Project, we encourage you to do so. It is easier now than ever to access. A link on the HR home page [Redacted] has been set up, so you can access the Resume Project web site at any time. It is also available through the following internet link:

[redacted]

Take a look at the Resume Project web site, fill out your profile and send your resume. The process is simple and user-friendly, and online help is available. Now you can save your work and come back to it later.

If you complete your profile, you can receive a $20 gift certificate (usually within minutes) that is redeemable at the company store. Although accessing the Resume Project and updating your resume on your computer at work is allowable, employees cannot access the company store or otherwise redeem the $20 gift certificate from their workstation computer.

Many of you wanted to be able to attach your word-processed resume so that it would be nicely formatted when someone looked at it. Now you can (Microsoft Word format only at this point in time). If you already completed your resume using the older software and want to take advantage of this new feature, just log back in and choose the "resume" tab. When the resume screen comes up, choose "edit," scroll to the bottom and attach your resume using the "browse" button. Then save your work.

When you access the system, you will be required to create a user ID and password. This is not an [facility] system. To protect site-specific sensitive information, your [facility] Computer user ID and [facility] password are not to be used. If you have already created your profile on the [parent org] Resume Project using your [facility] information, you should modify it using an alternate user ID and password.

Thanks for submitting your resume. Using our employee strength to the greatest advantage in support of DOE missions is very important to the [parent org].

[company] President

February 12, 2003

There's a lot going on this month, and there are a number of major topics that I know are of interest to you. This communication will give you a status report on at least four such topics.

Staffing

It has been just over two months since my last written communication with you about staffing issues.

As you know, we completed staffing reviews of the Office of the President functions in late 2002. That resulted in the successful movement of people to higher priority work (more than 250 persons), and
selected involuntary reductions (fewer than 50). Staffing reviews for other business units are well underway. Beginning with Field Support Services, these reviews are scheduled to wrap up between late February and early March.

I expect these staffing reviews to lead to a similar result -- redeployment of people to higher priority work, along with a small number of personnel reductions. Again, we are not working to any particular number of reductions. We are trying to assure that (1) we are sized appropriately for today's mission; (2) we are applying scarce resources to the site's highest priorities; and (3) we are best positioned for tomorrow's missions.

While our key business driver is redeployment, not reduction, I would repeat something I have tried to emphasize before. I know that where reductions are concerned, people want a sense of certainty, a fixed number and a fixed date. At this point, I do not have either a number or a date, and I recognize that this may not be what you want to hear. I would say, though, that the rumors I have heard -- particularly those that predict hundreds, if not thousands, of job losses -- are wildly exaggerated, and are not based on any information or direction from my office. I still consider [company] to be in a period of “ebb and flow,” reducing staff in relatively small numbers when skills do not match mission needs, while hiring or transferring people to meet individual project skill requirements. Particularly in regard to reductions, I will let you know if anything causes that picture to change.

**Shift Schedules**

We've heard a lot of feedback on possible shift schedule changes, and we're on track to make a decision and if required, determine implementation plans later in February. Any implementation of a significant change would likely not come before April.

**Contract**

During February, we will be having intensive discussions with DOE about the work scope to be accomplished, and the acceleration that can be achieved, between now and 2006. We've already put some ambitious proposals before the Department, and I hope that by the end of the month we will have agreement on priorities for the duration of this contract period. That will certainly help us focus on where we need to apply resources.

**Budget**

The current Congress has just received the administration's proposed FY04 budget, which includes slightly more than $1.7 billion for programs at [facility]. Significantly, DOE has committed to seek level funding for the site through FY06. That would provide a level of predictability that will enhance our ability to plan and execute work.

There is obviously a lot that will be happening over the next four to six weeks. I know all of us will be glad to get these major reviews and changes behind us and concentrate on execution of our missions. I appreciate your input into the decision process and will continue to keep you informed as individual decisions are reached. As always, please maintain your focus on safety and security during these times of distraction.

[company] President

June 20 2003

To: All [company] Team Employees

Today, DOE and the [company] Team of companies are announcing a renegotiated contract that will more fully support the site’s accelerated cleanup program. This modified contract continues our commitment to reduce risk while moving quickly and safely to complete many of our Environmental Management missions.

This contract term runs through September 30, 2006, with the potential for an extension of up to two additional months depending on the successful performance of the project. It addresses only the work we perform for DOE’s Office of Environmental Management (our largest customer); our National Nuclear Security Administration (NNSA) missions are unchanged.

Much of what we will do between now and the end of 2006 goes hand in hand with our recent reorganization effort focusing on closure projects and adopting a Safe Mission Essential philosophy for performing work. We have made a number of commitments between now and 2006 that will be very challenging, but they are within our capabilities to perform safely. In fact, the safe performance of work is still our number one commitment.

For about the next week or so, we have several contract implementation items to finalize with our DOE customer. Once that’s complete, I will have much more information to share with you related to the organization, staffing, scope, schedule and other details pertinent to the contract. For now, I am pleased to have reached this agreement, so that we can better focus on what work we have to perform between now and 2006.

[company] President

January 22, 2004

To: All [company] Team Employees

Workforce Restructuring Notice

In accordance with Section 3161 of the National Defense Authorization Act for Fiscal Year 1993, affected workers must receive notice of the beginning of formal Workforce Restructuring actions. This communication serves as such notice and applies to all [company] full-service employees.

We have requested approval of an FY2004 Workforce Restructuring Program that calls for the reduction of approximately 300 positions this fiscal year. While that plan has not received final DOE approval, we are proceeding with this notice as part of the administrative requirements associated with such an action. As soon as DOE approval is received, you will be advised of the plan’s primary components and how you may provide comments.

I would ask that all of you be particularly understanding of the stress and distraction that job losses can cause for everyone, and of the importance of treating fellow employees with respect and dignity. Further, I would ask everyone to maintain your focus on the task at hand and work safely. As I have stated previously, the best thing that you can do for yourself and the site as a whole is to continue to demonstrate the strong performance of this workforce in safely accomplishing every mission assigned.

[company] President
February 5, 2004

To: All [company] Team Employees

2004 Workforce Restructuring Approved

Today, [company] received DOE approval of a Workforce Restructuring (WFR) Plan for FY04. This general notice applies to all [company] employees.

As I told you in an earlier message, the Restructuring Plan calls for the separation of 300 positions this fiscal year. All 300 positions will be under an involuntary separation program. Our intent is to take the necessary steps to complete the process and to provide individual 60-day notification to affected employees the week of March 22. The reduction will include all job categories – management, exempt and nonexempt. Detailed information on the benefits available will be discussed with affected employees by their managers.

This reduction is a result of skill mix issues as we continue to see modified mission needs due to accelerated cleanup and evolving program requirements.

This WFR program will include a substitution provision through which people may volunteer to be separated from the company under certain circumstances. To get more information on this provision, go to [company intranet], Human Resources, 2004 Workforce Restructuring Program, or click [link is disabled].

DOE guidelines on Workforce Restructuring call for a stakeholder comment period, which will commence today and continue through Feb. 19. You may provide comments on the 2004 Workforce Restructuring process via the "RESPONSE" email account. Through this process, we will try to provide additional communications to address questions and generic issues.

As a related item, we are committed to continue efforts to maximize the full utilization of [company] full service employees, including:

- replace the use of subcontracts where feasible;
- aggressively find ways to use site resources to address field work needs; and
- maximize opportunities of [company] Team employees for employment within our parent companies.

In the near future, we will communicate more on these actions and other initiatives to maximize existing site employee skill utilization in our evolving environment.

I know this is a difficult period, but I ask you to stay safely focused on your tasks and responsibilities. I'll continue to keep you informed as this process continues.

[company] President
February 23, 2004

To: All [company] Team Employees

Subject: Workforce Restructuring Update

In various communications to you about workforce management issues over the last several months, I have committed that I would keep you informed as we progress. That continues to be my intent.

I know there are a number of questions, rumors, etc. about workforce issues that circulate every day, not only to me but to other members of my staff. Most are good, legitimate questions.

The following is an effort to deal with some of the most common questions about workforce management that have been asked by employees in the past several weeks – some come via the RESPONSE e-mail account, while others have been raised via meetings in various Business Units. While I can’t cover every question (some have been very specific, and are more appropriately addressed individually), I will cover some of the big topics that are most pertinent.

**When is the layoff going to take place?**

Affected people (300 total) will be notified the week of March 23. As with our most recent reductions, people will be asked to leave the site on the day they are notified, although they will be paid for an additional 60 days.

**Will unfilled vacancies count toward the 300?**

No, the 300 will reflect actual reductions in headcount.

**Why was there no Early Retirement Incentive (ERI) offered? Will there be another Early Retirement Incentive between now and the end of the contract in 2006?**

Because of the added impact an Early Retirement Incentive would have on projected pension funding obligations, it has been determined an ERI is not a viable option at this time.

It’s too soon to say what may happen with future ERI offerings, since there are a number of factors we can neither predict nor control. We will have to treat each fiscal year separately, and, as Workforce Restructuring plans are necessary, they would cover only a single fiscal year based on the work scope and funding for that year.

As you all know, we’ve been fortunate to have been able to offer Early Retirement opportunities on several occasions in the past. Each time, we have tried to stress that the offering of an ERI (or any other separation benefits package) in a particular year is not a guarantee that a similar offering can be made in the future.

**Considering the cost of severance packages, vacation payoff and other elements, does this 300-person reduction save us anything in FY04 dollars?**

No, because of the timing, this year’s reductions actually cost about $2 million. Remember, however, that this reduction is a result of mission change and skill mix issues, not FY04 funding.

**What’s the possibility of a furlough?**

There aren’t any active plans for a required workforce furlough.

**Will there be raises in March?**

Yes, our merit increase plan is continuing as scheduled.

**You have mentioned that we have a skill mix issue. What skill disciplines or experience are we lacking? What skill(s) do we have too many of?**
In a broad sense, all of our job ladders fall into one of six categories: Administrative, Operations, Technical, Engineering, Projects, and Management. That’s true for exempt, SOP and non-exempt jobs.

In each of those six categories, and in all of our Business Units, we have cases in which people’s skills are not being applied directly to the accomplishment of mission work, or where tasks are being performed that are not as high a priority as they once were.

In the short term, one of the things we are lacking is a sufficient number of people whose skills relate directly to the D&D program. That is particularly true of D&D field work, where I expect we will be frequently moving people from projects we complete to projects that are next in line.

**Will there be any excess of non-exempt employees during this Workforce Restructuring?**

There have been some identified excesses within certain units; however, we have identified a number of non-exempt vacancies as a result of subcontractor replacement activities. We are identifying units where excess has been identified, and will begin entry-level testing this week (the week of 2/23). We expect that as subcontracts expire, we will be moving excess non-exempt employees immediately.

Even with the above subcontract vacancies, we still expect some number of non-exempt reductions.

**How will the movement of people occur during the restructuring program? Am I in a precarious position working for a program that is losing scope?**

Dennis Thompson is leading a team that is establishing a method for the rapid redeployment of people. Your management has been provided with greater definition of exactly how that process will work, and you will be hearing much more about it as well.

Mobility is directly related to your skill set and your flexibility. If a person has skills we can use elsewhere, that person is a good candidate to move to a different priority assignment.

**What’s the layoff impact on subcontractors?**

There’s not a fixed answer to that, but there certainly will be an impact on subcontractors as well as full service employees. There are several cases in which [company] has been and will continue to be redeploying people who have the capabilities to perform work that is currently being subcontracted.

**Do you think giving notification of the reduction (specifically, the approved Workforce Restructuring Plan) at 4:45 p.m. on a Thursday afternoon was reasonable?**

That timing certainly was not our preference. Our commitment, however, was to make such an announcement and move forward as soon as possible after receipt of an approved plan, regardless of the timing. We’ve also tried to provide as much information as was reasonably possible, including an earlier 120-day notice, so that this would not come as a surprise.

**What happened to the resource plan that was to discuss needs by skill category? Will that be published?**

We had previously intended to publish such a plan, detailing skill needs by specific job category over a three-year period.

That plan was conceived based on a set of assumptions that have continued to change rapidly. Instead of a firm baseline, we have had a number of substantial variables to deal with. As just one such example, unresolved legal action in Idaho has significantly affected high level waste program actions throughout the DOE complex, including here at [facility].

That being the case, such a three-year document would be potentially very inaccurate. At worst, it could give you a misleading picture relative to your job, or could prompt you to make a bad decision about your career.

For those reasons, we no longer plan to publish such a document.
Will [parent org] openings be posted to give site employees an opportunity to pursue other opportunities within the company?

Yes. That website is available through [company intranet]. Go to Human Resources; External Postings; [parent org] [redacted] Employment Opportunities. The other partner companies are also available at this [company intranet] location.

Several months ago, there was a resume database generated to assist in skill mix placement to other facilities around the country. Is this database being used?

Yes, it is. [parent org] is pursuing and securing work around the world, and people from [company] are being identified through the Resume Project and tapped for that work. If you know of a specific assignment that interests you, and you’re willing to move, you should contact your HR rep., and he or she will see that you are considered.

[company] President

March 25, 2004
To: All [company] Team Employees

Workforce Restructuring Update

In earlier communications to you, I have indicated that we have intended to conduct the involuntary separation of 300 persons sometime during this week (the week of March 22-26). Because this process is still under review and discussion with the Department of Energy, our schedule has been delayed by several days. The scope of the reduction is unchanged.

I know this is disruptive to all of you; we are working hard to resolve this and move forward.

[company] President

March 31, 2004
To: All [company] Team Employees

Workforce Restructuring Update

As you know, for several months we have been engaged in discussions with the Department of Energy over our Workforce Restructuring plan for FY04.

While our overall Workforce Restructuring Plan has been approved, we continue to respond to questions that must be resolved before we can take any additional actions, including involuntary separations. Although I believe we will satisfactorily answer the questions, it’s now clear to me that this won’t be accomplished any sooner than the week of April 12.

I regret that this has been, and continues to be, such a disruptive experience. We are working very hard to get through this process, and to see how we may improve it for the future.

[company] President
April 5, 2004
To: [company] Team Employees

Update on Absorbing Subcontracted Work

This communication is being provided to keep you apprised of ongoing activities associated with the absorption of subcontract scopes of work. The following information and attachments help fill in more of the detail of the scopes of work for janitorial support, furniture moving and grounds maintenance.

A graded approach is being used to ensure an adequate level of service is provided in each of these functional areas. The individual scopes have been evaluated, prioritized and the service levels aligned with safety, security and operational requirements.

Janitorial Support

The initial shipments of vacuum cleaners and sweepers have arrived on site and are being distributed through Facility Administrators. Additional vacuum cleaners and sweepers are on order. Refer to Attachment A for a generic service schedule. [Author’s Note: Employees were expected to clean their own offices and common spaces. Equipment was needed to support this policy.]

Furniture Moves

The current subcontract for furniture moving ended in March. A full furniture moving service will not be possible until resources are available. Therefore, a limited number of moves will be made during April. Given the new service levels, all personnel and furniture moves are to be aligned and prioritized in conjunction with other site initiatives. Site housing personnel will prioritize moves. Refer to Attachment B for more information.

Grounds Maintenance Work

Grounds maintenance will commence in mid-April and will increase as site resources are made available. The initial focus will be on critical needs. Attachment C provides information associated with the prioritization and services of the grounds maintenance work.

Facility Administrators

Most of the administration of the above services is now coordinated by the Facility Administrators. Attachment D provides the most current list of these individuals. If you have information to revise the list, please call [redacted]

The Solid Waste and Infrastructure Strategic Resources Team will continue to be staffed over the next several weeks. During this period, critical scope identified for moving and janitorial services will receive first priority. We anticipate staffing to be complete and services performed in each of the functional areas by the end of April.

Resource Allocation Team

April 21, 2004
To: All [company] Team Employees

Policy and Practice Changes

Over the past several weeks, we have announced a number of changes primarily intended to help us close a funding gap for the remainder of this fiscal year. Those changes -- in areas such as non-labor spending
targets, government vehicle usage, copier management, janitorial services, subcontracted work and others -- should be reasonably well known by now.

Today, we are announcing several changes to current policies and/or practices. In each case (as noted below), the change is driven by at least one of the following factors: Budget closure for FY04; good business practices and cost effectiveness; and/or special circumstances.

Implementation dates vary due to changes in system requirements. The changes are as follows:

The following change is driven by closure of the remaining gap in the FY04 budget.

**2004 Vacation Utilization**

To help close the budget gap for the remainder of the fiscal year, each employee is requested to use at least 75 percent of his or her calendar year 2004 annual time bank allotment by Sept. 30, 2004, the end of the fiscal year. For example:

- An exempt employee with 15 years of service earns 192 hours of time bank time for 2004. This employee is requested to use at least 144 hours by the end of the fiscal year (75 percent of 192).

This does not reduce the amount of vacation time available to you, nor does it reduce the current maximum time bank carryover limits. Instead, it will help to reduce the amount of our current budget set aside to fund future vacation liability. Further, it reinforces the fundamental intent of our vacation policy -- to provide you with time to take a sufficient break from work each year. You will need to work with your manager to coordinate and approve your scheduled time off. If you believe you have a legitimate hardship case or an exceptional circumstance, you should discuss your situation with your manager and HR representative.

The above, if met by all employees, represents $10 million that can be spent this fiscal year and not set aside to fund future (after Sept. 30) vacation liability.

This practice of using 75 percent of one's annual time bank allotment applies to this calendar year and represents a significant action that each employee can take to assist in the closure of the FY04 funding gap. After that time, it will be evaluated for possible future implementation.

Further, I would call your attention to the existing policy on part time work schedules (available in the 5B Manual, Procedure 2-3). If you are interested in a part time work schedule, and your job is reasonably suited to a part time work schedule, you should discuss your interest with your manager.

The following four groups of items are all changes made primarily on the basis of good business practices, and our ongoing commitment to cost effectiveness.

**Work Schedule Changes**

- Extended Work Schedules (E-1, E-2 and E-3) will be eliminated. The limited number of exempt employees currently working these schedules will be notified by their managers of their schedule reassignment, with the change effective May 1.
- Absence Relief compensation will be eliminated. Assignment of SGL 34 and 35 employees to fill in for absent shift employees will be managed by schedule adjustment that does not include paid overtime hours. This change will be effective April 26.
- Line managers are being asked to review the assignment of all personnel on shifts, and ensure those assignments are appropriate for continued safe execution of current missions and responsibilities. The review should include not only the total number of personnel assigned to a specific shift, but also determine if an alternate shift might provide satisfactory support while increasing efficiency. General criteria have been developed for use during this review to ensure consistency across all site facilities.
Overtime Changes

- Non-exempt overtime will be paid after 40 hours have been worked in a work week versus the current policy of payment outside of schedule. Overtime outside of schedule worked within a day or week will be paid at regular time until a 40 hour week has been worked. This change is effective May 10.
- Exempt employees (excluding SOPs) eligible for ad hoc overtime (grades 33 and below) must work 50 hours per week prior to receiving overtime pay. This change also applies to FLMs who work overtime. Overtime must be pre-approved and scheduled in four hour blocks or more. This change will be effective April 26.

Shift Schedule Paid Lunch

The 30 minute lunch period for employees on shift schedules will be paid only when actually worked. If a shift schedule employee (non-exempt or SOP) is required to work any time within the lunch period, the lunch period will be paid. This change will take effect the week ending May 2 for weekly-paid employees, and May 1 for monthly-paid employees.

Pay Stub Distribution Change

Pay stubs will no longer be mailed to active full-service employees' home addresses. Pay stubs will be available through PeopleSoft ePay from a desktop computer. They can either be printed at work or e-mailed to a home computer. This change will take effect for pay starting in May. The current direct deposit process will remain unchanged.

Prior to that time, further communication will address how to access the ePay system to view, print or e-mail your pay stub, and alternate options for those employees who do not have computers or printers.

The following action is taken due to a special circumstance.

Compensatory Time

The compensatory time bank will be frozen for SGL 34 and above. Effective immediately, SGL 34 and above can neither earn nor take compensatory time. Employees in SGL 33 and below will still be able to earn or take compensatory time.

This action is necessary due to a currently outstanding audit issue relative to this policy. Once this audit issue is resolved, the policy will be reviewed relative to the frozen time and any necessary changes.

I am sure that you may have specific questions concerning the implementation of these changes. If so, feel free to direct your questions to the Response e-mail account. From that feedback, we will develop Q&A messages, as necessary, on the most prevalent questions prior to the implementation dates.

The above decisions were made after lengthy review and discussion. We would not make them if we did not feel they were appropriate for the safe, efficient operation of the business.

Further, I would add that we review, annually, our pay and benefits practices for competitiveness with local and national industry. Our most recent reviews indicate that our fundamental benefits practices -- general pay, health benefits, vacation policy, etc. -- remain both competitive and appropriate, and, contrary to numerous rumors, no changes are being proposed in these benefits.

As a company and as a site, we are continuing to transform the way we do business, and the cost of our doing business. I recognize that change can be difficult, and I appreciate your patience and cooperation as we continue through this process.

[company] President
May 3, 2004
To: All [company] Team Employees

Workforce Restructuring Announcement

After completing its review, the Department of Energy has approved a portion of [company]’s proposed FY04 Workforce Restructuring request. Specifically, DOE has approved the release of those persons who have chosen to volunteer. We will begin notifying those persons today.

[company] and DOE did not reach agreement on other elements of our proposed plan. Because of the disruption to you that this lengthy process has caused, we have decided not to pursue this Workforce Restructuring proposal any further in FY04.

Certainly, this has been a long process, and we will continue to talk with DOE on how we can more quickly reach agreement on future Restructuring requests. I regret the distraction this has caused for all of you, but I am pleased to report that this issue is behind us for now, and that we can devote all our attention to the safe performance of the missions at hand.

[company] President

November 17, 2004
To: All [company] Team Employees

Workforce Management Team Recommendations Announced

Earlier this year, I formed a team of management, human resources, professionals and nonexempt personnel to look at the current nonexempt policies and practices. Their goal was to conduct a comprehensive review of nonexempt staffing and reassignment processes to determine possible enhancement or modifications that would provide the flexibility needed to align our resources with the site’s changing priorities.

The challenge included developing effective recommendations to meet today’s changing business environment while maintaining the key components of our current seniority system. Balance of the site’s business needs and the concerns of our affected employees has been a significant driver of the team’s efforts.

Throughout the process, the team and I have tried to keep you informed and involved in their progress. More than 60 focus group meetings were held across the site, which were attended by approximately 700 employees. The focus group input was an essential element of the process and provided a broad range of ideas and concerns for consideration. Written reports of each focus group meeting were considered by the team and played an important role in their final proposal.

Our management team has carefully reviewed the Workforce Management Team’s proposed recommendations. We are satisfied that the process was wide-ranging, thoughtful and fairly considered the needs of our employees while meeting the expectations of the business case for our company.

Attached is a brief explanation of each of the 23 recommendations proposed by the team. It is important that you keep in mind as you review these recommendations that each item cannot necessarily be considered as a stand alone item. Several of the recommendations are interrelated and dependent on implementation of the others. The changes being proposed represent an effective balance; the
recommendations not only allow for more timely reassignment of personnel but also increase worker empowerment and reinforce the company’s commitment to our seniority system. Proceeding with these recommendations will equally benefit all members of the [company] community. That is why we think it important to provide the level of detail included in the attachment accompanying this letter.

Keeping that in mind, I would like to ensure that every employee with an interest in these recommendations has the opportunity to comment. Now that we can provide you with more detailed information to consider, please provide any feedback you may have to the Workforce Management account in Lotus Notes. Just type Workforce Management in the To: line of a Lotus Notes message. The window for feedback will run through Nov. 29. Although we can’t answer each message individually, your input will be reviewed and considered before any final decisions are made. We will also provide Q&As based on questions and input received in the Workforce Management account.

Again, thank you for your interest and careful consideration of these proposed changes. It is my intent that any changes to the nonexempt policies are clearly understood, fair and consistent to all of us.

[company] President

February 15, 2005

To:   To All [company] Team Employees:

**Workforce Restructuring Plan**

We have received Department of Energy approval of the Workforce Restructuring Plan. With that approval, we can now move ahead with the implementation.

A required component of workforce restructuring is a period of stakeholder comment, which begins today and will continue through Feb. 22. We will place the Business Case Summary on the [facility] external web site [Redacted] and will receive external comment via that mechanism. That information and other related documents that are part of our Workforce Restructuring Plan will also be available on [company intranet] under Human Resources, 2005/2006 Workforce Restructuring Program for site employees. Both websites will be available early this afternoon.

As part of stakeholder feedback, we will review and consider comments and feedback from the various information channels that are available for your use, such as the Response email account, a WFR Hotline that will open tomorrow, workplace meetings, and the internal and external website.

Once the stakeholder comment period is completed, a one-week Self Select window will open for anyone who wishes to volunteer to be separated from the company.

More information on the schedule, components of the Plan, forms for the Self Select Program, Hot Line Information and frequently asked questions and answers will be communicated separately in the very near future.
I recognize that there has been much discussion about this issue, both in the workplace and in the community, particularly within the last day. Our intent is always that you hear this kind of information from me, but only after we're absolutely certain we have all the necessary sign-offs to move forward. As of this morning, I'm satisfied that we have that authorization, and that accounts for the timing of this message. I appreciate your patience with the process.

I will continue to keep you advised as we proceed.

[company] President

February 15, 2005

2005/2006 Workforce Restructuring Program Information

As mentioned in the Workforce Restructuring Program approval announcement earlier today, the following is more detailed information on the components of the program that will begin immediately.

Employee Hot Line Open

A WFR Hot Line phone bank will be staffed beginning early this afternoon through Thursday, Feb. 17, with operating hours from 8 a.m.-4 p.m., to answer WFR-related questions you may have. The Hot Line phone number is 5-3761. If the lines are busy, leave a message with your name and number, and your call will be returned. You may also contact your HR representative for information. Please keep in mind, not all questions can be answered by the Hot Line personnel (e.g., pension information, FEP questions, detailed schedule information). However, they will do their best to provide the requested information.

[company] Job Postings Suspended

Beginning immediately, all exempt and nonexempt movement will be frozen except for movement deemed to be critical to business needs. Any activity that is in progress will be completed, but no new movement -- including new competency based postings -- will be allowed until this period of workforce restructuring is completed.

Schedule Information

Although final schedule information is not available at this time, the key components and projected dates of the schedule are:

- 2/15: Stakeholder Comment Period opens; Hot Line opens; Job Postings suspended
- 2/22: Stakeholder Comment Period closes
- 2/24: Self Select window opens
- 3/4: Self Select window closes
- 3/10-11: Self selects notified of approval or denial
- 3/18-21: Self select Benefit Meetings
- Mid-April: Involuntary separation employee notifications (60 day notice)
- Mid-May: Self selects off rolls
- Mid-June: Involuntarily separated employees off rolls

As additional scheduling information is available, it will be promptly communicated.
**Self Select Program**

The Self Select Process is an option being offered as part of the 2005/2006 WFR Program. It is an opportunity that allows employees to volunteer for consideration for the Involuntary Separation portion of the WFR. All [company] Team full service employees are eligible to apply. Acceptance is at the discretion of the [company] Management Team; however, every effort will be made to make the program available to all who apply. Additional details and necessary forms are available on [company intranet]; Human Resources; 2005/2006 Workforce Restructuring Program.

**Pension Estimator Program**

A number of employees have asked for current pension estimates in order to make decisions on the Self Select option and to better understand their pension benefits that are available as a result of involuntary separations.

In response, an electronic Pension Estimator Program has been developed as part of Human Resources eApplications that will enable employees to calculate their own pension estimate.

[redacted]

If you have any questions, call the [redacted].

April 12, 2005

To:  [company] Team Employees

**Workforce Restructuring Update**

As you know, we are continuing discussions with the Department of Energy over our Workforce Restructuring Plan for FY2005/2006.

While the overall Workforce Restructuring Plan has been approved, we continue to respond to detailed questions from DOE that must be resolved before we take any additional actions, including involuntary separations. Although I believe we are close to satisfactorily answering these questions, it's clear that our current schedule (which called for involuntary separation notifications this week) will be delayed.

We will continue to work through this process, and will advise you as soon as we have additional information on the schedule for future plans.

[company] President

April 20, 2005

To:  [company] Team Employees

**Workforce Restructuring Phase Approved**
We have received approval from DOE on the first phase of our Workforce Restructuring activity, and will proceed with the release of 177 people. The goal is to complete this process by the end of the week.

As in past reductions, our practice calls for those persons to be immediately reassigned away from the site for 60 days. At the end of 60 days, severance benefits become available.

This is always a stressful and distracting event for any company; I would ask everyone to be particularly sensitive to this situation as you go about the safe performance of your week's activities.

[company] President

June 21, 2005

To: [company] Team Employees

**Request for Information Document**

Last Friday, DOE published a Request for Information Document, the first significant step in the long process toward award of the next [facility] operating contract. As you know, the current [company] contract expires at the end of September 2006.

A Request for Information is a mechanism through which DOE seeks industry input, and seeks to identify any questions, issues or concerns that potential bidders may have prior to the issuance of a Request for Proposals. DOE proposes to meet with interested company representatives in July; there is no published timetable for the issuance of a draft Request for Proposals.

While there's always speculation about what strategies DOE may want to pursue in a future contract, there won't be much specific information until later in the process.

We expect to participate actively in this exchange of information, and to compete aggressively for continuing work at [facility].

[company] President

July 5, 2005

To: [company] Team Employees

**Workforce Restructuring Update**

It has been several weeks since my last written communication to you on Workforce Restructuring, and I want to provide you information on our current status.

As you will recall, our Fiscal Year 2005-06 Workforce Restructuring program includes three phases, with Phase Two proposed to take place prior to the end of this fiscal year. Our plan would be to notify the affected approximately 400 persons sometime in July. The July notification process would be generally consistent with our previous practice, with impacted employees receiving a required 60 day notice.
We would expect the conclusion of this program – Phase Three – to take place in 2006. The specific schedule has not been established, and the total reduction will be no more than 800. The exact number will depend on a variety of factors including individual project progress, DOE directed scope changes, and other variables. As with previous reductions, the business plan will be updated and will be the basis for determining which functional areas would be affected.

Many people have asked why we have chosen to stretch this program over the course of a year, suggesting that we might all be better served by a one-time event. Our original business case called for work projects to reach final completion at various intervals throughout the year. That is taking place, even as there have been areas where work scope has had to be modified. Since administrative and support functions should be sized to support a particular level of project activity, reductions in those areas are also tied somewhat to project completion. While this is not how most of our prior Workforce Restructuring activity had been carried out, this is a more realistic way to manage our Environmental Management missions as they exist today. Where we can redeploy people to other priority jobs, we will always try to do so, but, we can’t staff for work that’s not available.

This is certainly not a pleasant part of the business, but one that must be worked through as our site missions evolve. As always, we will continue to keep you informed as additional information becomes available.

Let me close with an urgent request. Over the last several weeks, we have seen an upturn in safety events and injuries. The root cause of many of these events has been a lack of attention to details and requirements. I urge everyone to make an extraordinary effort to focus on the tasks at hand and the safe performance of those tasks. The safe performance of work is not an option, but is an expectation and requirement because your safety and health and those of your coworkers are at stake. Again, I urge each of you to stand back, assess your own focus and take appropriate action to refocus, take timeouts, and use all the tools available to achieve our very real goal of an injury free workplace.

[company] President

July 18, 2005

To: [company] Team Employees

Workforce Restructuring Announcement

We have received Department of Energy approval to proceed with Phase Two of our previously announced Workforce Restructuring Plan. With that approval, we can now move ahead with the implementation.

Phase Two covers approximately 400 positions. Notification of those affected individuals will begin immediately. Consistent with our past practice, those employees will receive 60 day notices, at which time they will leave the site. Each will also receive a more detailed packet of information regarding separation benefits.

I would ask you all to be particularly sensitive to this situation as you go through the safe performance of your work week.

[company] President