PAC Resources, Inc.¹
A Case Study in Human Resources Practices

The Organization

PAC Resources is a small manufacturing company located in a mid-sized city in the upper Midwest. PAC manufactures high quality specialty components for the computer industry. The company was founded in 1994 by current CEO, David Dukakis. David had been a talented young engineer in Silicon Valley when the industry skidded downward in the early 90’s and he found himself out the door with little more than an entrepreneurial spirit and a small severance package. He left the west coast, moved back to his home state and using his severance package to finance PAC Resources, he started the company in small rented quarters in a nearly vacant strip mall. Early on he brought Cliff McNamara on board as Chief Finance Officer. David was smart enough to know that he had no head for figures, but Cliff did. Cliff was an old college buddy, a super accounting wiz and somebody David could trust to squeeze as much mileage as possible out of his severance money. It was a good match. Cliff managed the business and David was the idea man and designer of the specialty components whose patents are the backbone of PAC’s success. Today the low-rent strip mall is a part of company history and PAC Resources employs 835 full-time workers in its own contemporary facility built in 2002.

So far, PAC has not been significantly impacted by the latest downturn in the industry. Their market niche continues to be high quality, specialized equipment. They’re proud of their ISO quality certification achievement granted by the International Organization for Standardization and that all of PAC’s manufactured products continue to be “built in the USA.” David Dukakis believes this is what has kept his company in business while others in the industry have shipped jobs off shore or gone by the wayside.

PAC sells its own products and has a small customer base scattered throughout the US and the Far East, but this generates only a small percentage of PAC’s revenue. Eighty-three percent of PAC’s sales come from building original equipment specialty components for one manufacturer. This has proven to be a steady source of income for PAC, but now heavy reliance on one customer has become a significant source of worry for PAC’s management team especially as the word on the street is that sales of finished products are down for this customer and cutbacks are coming. If the rumor proves true, PAC will not escape unscathed. Consequently the push is on for belt-tightening within the organization and PAC has already instituted a hiring freeze and marketing and sales have been directed to increase their

¹ Pac Resources, Inc. as described in this case is an entirely fictional organization and any resemblance to actual individuals or organizations is purely coincidence and not the intention of the author.

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customer base. Canadian and European markets are currently being explored and there has been some interest, but there are yet no solid contracts and PAC employees are understandably jittery.

Though PAC has always been non-union, three years ago the organization went through a difficult period of employee unrest. There were complaints of poor management, inconsistently enforced policies and unfair practices regarding job changes and movement of employees within the organization. As a respected employer in the community, it was a significant public relations black eye when an anonymous employee wrote a scathing letter to the editor of the local paper. This brought in union organizers who passed out leaflets and circulated authorization cards. To address employee concerns, PAC responded with management training and reorganization of lower level supervisory positions. A “Talk-to-the-Boss” process was implemented company-wide whereby employees could bring issues to any level of management without fear of reprisal. It seemed to help. The authorization cards didn’t generate enough interest for an election and things settled down. But of course, unrest never goes away entirely. Employees have become cynical about “Talk-to-the-Boss” and, as David Dukakis calls them, “the union buzzards” never completely went away.

Certainly things have changed for PAC Resources from the old days of the store-front location and a handful of employees. David Dukakis remains the CEO, but he no longer manages the day-to-day operation of the business, spending his time instead at his family’s summer retreat on the Maine coast or in the Caribbean during winter months. Decision making is now primarily in the hands of Cliff McNamara who has been promoted to Senior Vice President and a second Vice President, Mark Schilling. Mark came to PAC eight years ago with an honors degree in Human Resources and a successful military career.

With a history that’s known only growth and strong revenue, it will be a major culture change for PAC to respond to the tightening economy and a possible decline in sales. In addition to the hiring freeze, Senior Vice President, Cliff McNamara has directed managers to cut waste and improve productivity across the board. Employees were reminded that every department would be affected and that nothing was sacred.

The Human Resources Department

Patricia Harris had been Human Resources Director at PAC Resources for eight years prior to her departure in 2007. The official word was that she had taken early retirement to spend more time with her family, but what everyone really believed was that Mark Schilling finally got fed up and gave her the boot. Of course, there was the official retirement party where everyone said how much they’d miss her, but really, most in the HR department raised a toast to her departure and gave a collective sigh of relief. Her management style, when she managed at all, was divisive. She had her favorites, especially Kathy Davis, PAC’s benefits coordinator, for whom no perks were ever too many. Consequently, the compensation and
benefits staff fared well under Patricia because it was Kathy’s area, but others in the HR department found Patricia to be unfair and abrasive even on the best of days.

With approval from Mark Schilling and Cliff McNamara, Patricia and Compensation Manager, John Culbertson had established a merit bonus plan early in Patricia’s tenure at PAC. Though Patricia continued to champion the bonus plan as a success in accomplishing objectives and controlling costs, it has been a bone of contention across the organization and particularly within the HR department. The bonus plan required everyone to have annual performance goals. Patricia allowed John’s compensation and benefits staff to set their own goals, but for everyone else in the department, Patricia alone set the goals with no input from those expected to carry out the activities. The result was a lot of hard feelings and perceived inequity that continues still. There is grumbling that, even with Patricia’s departure, things never change. Kathy still off loads most of her work to others and is never dependable for project completion, yet she and her area receive top tier bonuses year after year. Even John Culbertson seems to look the other way. Others in the HR department feel that their work is not supported by management and that there is very little feedback on progress toward goals. For them, bonuses, if paid at all, are based on unknowns controlled arbitrarily by John. As a result, the HR department is rife with animosity and there is little cooperation across functional areas. Certainly things couldn’t get worse.

With Patricia gone, Mark Schilling promoted Ben Trudeau, PAC’s manager of Safety and Security into the director’s position even though Ben had only been with PAC for one year prior to his promotion. Though Ben had reported directly to Patricia, his good track record at Safety and Security had kept him underneath the radar of many of the problems in the HR department. As manager of Safety and Health he had focused primarily on increasing PAC’s wellness activities. Establishing an active wellness team across the organization, he became the most visible member of the HR department and with his positive up-beat attitude many throughout the company thought of him as the organization’s “cheerleader.” Best of all, his management style was the polar opposite of Patricia’s. Where she micromanaged and criticized, Ben believed in encouragement and self responsibility. Mark thought Ben could bring a breath of fresh air to the HR department and he gave Ben free reign to make the changes necessary to turn the department around.

When Ben moved into Patricia’s old office, he set a big jar of candy on the desk and invited everyone to stop by and “chat” with him whenever they wanted. Of course Kathy was first in the door.
Human Resources Director: Ben Trudeau

Human Resource Development / Manager: Kellie Stephens

Compensation and Benefits / Manager: John Culbertson
    Benefits Coordinator: Kathy Davis

Staffing / Manager: Kim Wong

Safety and Security / Manager: Jose Vasquez

Employee Relations / Manager: Steve Wilson
Human Resource Development

The HRD area is managed by training director Kellie Stephens who supervises two other employees; one additional trainer and an administrative assistant who coordinates the logistics of PAC’s training programs. Recognizing the continuous dynamics of the high tech industry, PAC Resources has been a strong supporter of employee development. With approval of the immediate supervisor, PAC encourages employee attendance at training seminars and tuition reimbursement is available for college level courses that are related to the employee’s job assignment. In-house training is conducted regularly to ensure all employees are up-to-date on sexual harassment and safety procedures. Other training is made available as the need arises. Whenever possible training programs are developed and facilitated by in-house staff but when that is not practicable, a request for proposal is generated and PAC hires outside facilitators.

Since the labor problem a few years back, Kellie has been aggressively training management employees with particular emphasis on skills for first line supervisors. Kellie wants to see improvement in people skills and consistent implementation of PAC policies across department lines. Unfortunately her efforts are not universally well received. Some managers grumble that HR just gets in the way and ties their hands when dealing with difficult employees. All too often Kellie hears managers say, there’s the “classroom way” and then there’s the “shop floor way.” She sees training for PAC managers as an ongoing process.

Last year’s strategic planning process identified knowledge management as an area for organization wide improvement. PAC has a history of individuals working within their individual silos with little communication across functions. Hoping to bridge the gap and encourage collaborative exchange, Kellie established communities-of-practice where individuals could come together for problem solving and exchange of ideas. Her first community-of-practice group consisted of individuals from research and development, engineering and production staff. A number of other communities have been established since. More informally, Kellie has encouraged “Snack and Chat” meetings on Friday afternoons, where any employee could drop by for a snack and to talk about their work.

To increase information exchange with employees working off-site, an idea blog was added to PAC’s intranet where staff could share information about their successes and failures working on various projects. At first people were reluctant to comment and it took some time before people were willing to share their knowledge and ideas. Kellie had not anticipated how proprietary some individuals would be about their work methods. Progress has been made and with increasing postings, the blog is becoming a source of ideas and information sharing. To manage the volume of information generated by the blog and to make it easier for more staff members to use the system, Kellie has put in a budget request to add enhanced knowledge software to the intranet.
In an effort to capture knowledge that might be leaving the organization, Kellie has worked with Steve Wilson to beef up the exit interview process. Departing employees are encouraged to talk informally about their career with PAC and to pass on information other employees need to know. There has been some success here, but as expected not all exit interviews generate a positive exchange.

As part of recent directives to “tighten up” for increased results, HRD has been tasked to update and improve PAC’s performance management system. In addition, the organization is looking closely at all training expenses and Kellie has been asked to identify the return on investment for all programs. Kellie worries particularly about her management training program and feels certain that tuition reimbursement will fall under the ax.

Safety and Security

With Ben’s promotion to HR Director, management of safety and security has fallen to his assistant, Jose Vasquez. Jose is a recent college graduate with a degree in ergonomics. He came to PAC as an intern during his senior year at Collegiate U. and Ben was so impressed with Jose’s attitude and enthusiasm that he hired him on right after graduation. Jose has worked with Ben on wellness activities and has conducted safety training, but his real forte is his on-going ergonomics audit. PAC has had high instances of worker’s compensation claims particularly claims based on carpal tunnel syndrome and Jose expects that his emphasis on ergonomics will help alleviate the problem. His goal is to check every workstation in the organization and either approve or recommend ergonomic changes. He has developed an elaborate data base for tracking the project.

Besides ergonomic concern, PAC has an active wellness program. In partnership with a local hospital, PAC conducts an annual on site health fair providing employees with free immunizations and a free and voluntary health risk assessment. As maintaining a healthy weight and not smoking are especially important, PAC reimburses employees for 50% of the cost of weight loss programs and smoking cessation programs. PAC also maintains an employee assistance program.

Mark Schilling has asked Jose to take on a greater role in risk management. Mark is concerned about the rising rate of worker’s compensation claims and he has asked Jose to conduct a job hazards analysis and report the results to him identifying which jobs, departments and which people are most likely to incur a worker’s compensation claim. From that information, it is expected that Jose will work with the finance department to come up with a cost saving risk allocation plan.

Unfortunately, Jose’s ergonomics audit has become so involved that he is seldom available for anything else. He is either out in production, checking workstations or mired in spreadsheet tracking. Jose has created an extensive spreadsheet to track the results of the
hazard analysis that Mark asked for, but so far, little else has been done and the completed analysis was due on Mark’s desk last Friday.

With his short tenure at PAC and his focus on ergonomics, Jose seems ill prepared to manage the entire safety department. Ben knew this when he assigned the position to Jose, but with the hiring freeze, he couldn’t go outside the organization and there was no one else with the safety background needed for the position. Ben felt sure that if he worked closely with Jose, he could keep safety and security on the right track.

Staffing

Kim Wong has managed staffing at PAC since the early years when the company was less than 100 employees to today’s burgeoning employee base of 835 full-time employees. Kim runs a tight ship and manages the department with only one other recruiter and an administrative assistant who maintains all job postings including a telephone employment hotline and the company’s job line website. Kim is well respected across the organization for his strict adherence to ensuring equity in hiring and job placement that goes well beyond the requirement of equal opportunity.

Kim recently completed an aggressive hiring drive at major universities, hiring several new engineers and CAD specialists. These new hires barely squeaked in before the hiring freeze, but now with the downturn in sales, the atmosphere has changed dramatically. PAC’s staffing department has known only hiring. They have never had to plan for a layoff. Kim worries that a layoff of newly hired employees will seriously harm PAC’s reputation in the community making future recruitments difficult when the economy gets better.

Kim has received a confidential memo from Mark Schilling and Ben Trudeau requiring a 10% reduction in labor cost by the end of the fiscal year. He wonders if there is some way to cut labor expenses while saving as many jobs as possible. He worries too, about loss of talent and how the company will retain the knowledge of long time employees. He’s got some cost saving ideas but it certainly won’t be 10%. Kim feels certain there will be a reduction in force. A few managers will be delighted, they’ve all got some bad apples they want to get rid of, but how is he going to ensure the layoffs are equitable and non-discriminatory. This is not going to be good for morale and he dreads the backlash when word gets out.
Compensation and Benefits

PAC pays at market rate and conducts a salary survey every three years to ensure they remain competitive. Both practices have served PAC well over the years even with the burgeoning growth of full time employees and an increasingly complex compensation system. Two years ago, manager John Culbertson, restructured the compensation system by broadbanding 14 levels of salary grades into a far simpler system of five levels. John expected some resistance as there are always people who hate change, but he hadn’t anticipated the outcry from some that claimed it was nothing but the loss of promotion levels and a manipulation of the system. He’s spent a lot of time since educating staff on the system and in the two years that have passed the resulting outcry has quieted some, but there are still claims of salary compression. John knows there are managers who have abused the system using the higher salary ranges for rewarding their favored few regardless of performance or longevity. He concedes the new system isn’t perfect though it is simpler to administer, but now he spends more time worrying about results than he ever did in the past.

The merit bonus plan had been Patricia Harris’s baby. She thought it was a good way to link compensation to actual results and it was a key element of compensation in the early years when Dukakis wanted to encouraging innovation and creativity. Maybe it was effective early on, but now John sees it as an expensive give-away that creates employee anxiety. He has complained to Mark Schilling that it’s not working and ought to be scrapped. “Whatever they get,” he says, “it’s never enough. They’re always dissatisfied. I don’t know why we bother.”

Employee benefits are another issue. As benefits have become increasingly more expensive, every piece of the package has been under scrutiny for cost effectiveness. PAC offered fully paid health coverage to all full-time employees from the very first until 2006 when double digit premium increases necessitated a change. Laying their cards on the table, PAC conducted information sessions with employees to ensure they understood the costs of insurance and the financial health of the organization. Cost cutting was a given, the question was what to cut. An employee survey was conducted to determine what cuts would be most acceptable to employees. The focus was to determine if employees were willing to accept less health coverage but continue with insurance fully paid by PAC or did they prefer to pay a portion of their premium and maintain the same benefit coverage as in the past. It was a contentious discussion before the decision was made to maintain coverage with employees paying a part of the premium. The employee paid share has risen every year since, with grumbling that it is nothing but a cut in pay.

In spite of some grumbling, John thinks employees do well with PAC’s benefit package. PAC supports retirement savings by matching the employee’s contribution to their 401K accounts at 50% of the employee contributions up to a maximum contribution of 5% of the employee’s annual salary.
Paid time off is available as paid vacation time and paid sick leave. After one year of full time employment, or the equivalent, employees receive 10 days of paid vacation leave and sick leave benefits accrue at the rate of 12 hours (1 ½ days) per month worked. Both unused vacation time and sick leave time can be carried over from year to year. Vacation time carryover is limited to a maximum of 10 days while accrued sick leave can be carried over from year to year with no maximum ceiling.

And those are just the major benefits. There are some other nice perks as well. Kellie Stephens lobbied hard to get McNamara and Dukakis to agree to a tuition reimbursement for college courses that are work related. In spite of few employees using the reimbursement, John has always thought the benefit sent a positive message to employees that PAC supports educational development. Some employees work flexible schedules and some telecommute a few days weekly wherever it’s appropriate to the job. And Jose in safety manages the wellness activities and then there’s employee assistance. Overall, John thinks it is a good benefit package, but he knows change is coming.

The memo from Mark Schilling indicates that all compensation practices are on the table for discussion and that some significant changes would be forthcoming. With the bonus system in place, annual base salary adjustments have been kept low, generally at a 2 – 2 ½% increase. John suspects a salary freeze is in the making and he braces for the repercussions of disgruntled employees and some loss of PAC’s best players as their specialty skills are lured away by higher paying competition. He wonders if Dukakis and Schilling really understand how important it is to stay competitive in this industry.

**Employee Relations**

Steve Wilson has his hands full managing employee relations. There is always the union issue and Steve’s belief that “once employee dissent sets in it never goes away,” seems to be well founded. He knows there is still an undercurrent for unionization and he fears any process of cost cutting will turn the undercurrent into a landslide.

Steve continues to send out the message that PAC wishes to remain non-union and is willing to listen to employees and address their concerns. A comprehensive employee survey was conducted by an outside firm shortly after the unionization attempt. It asked employees to comment on a variety of issues including their perception of management, PAC’s compensation policies, career opportunities and equity; and of course, their overall level of job satisfaction. Some changes were made as a result, mostly enhanced communication efforts and not actual policy changes. Since compensation was an issue, more information was made available to employees regarding the compensation system. Specifically, employees received a comprehensive chart identifying the salary grades and corresponding job titles. The compensation staff answered questions, the idea being that if people understood the compensable factors and the logic behind the system, they would perceive less inequity.
Things had quieted down a bit, but Steve knows compensation equity is always a bone of contention.

A second issue that came out of the employee survey was the institution of “skip-level” interviews whereby employees could bring forth issues to managers two levels up. In other words, employees could discuss things with their “boss’s boss.” Most managers were not fully supportive of the idea and Steve suspected some felt threatened by the idea of their subordinates going “around them” to talk to the boss. He’d heard some grumbling but he didn’t think it was much concern as few staff members actually took the initiative to talk with management.

The survey also pointed out some specific criticism of the HR department for lack of communication with employees. Employees said that when they brought problems forward, HR simply did not listen and did not respond. It really hit close to home when HR was called on the carpet. One employee response was particularly troubling to Steve as the employee indicated they had reported sexual harassment to HR twice, the first time HR didn’t respond at all and the second time HR’s response was that the employee should “focus on their work and stop complaining.” Steve couldn’t imagine anyone in HR responding with such a statement, but he couldn’t ignore the allegation and he felt like they had dodged a bullet as there had been no other harassment complaints. But he knew he had to do something. He instituted a hotline to HR that was available 24/7 either on-line or by phone for employees to ask questions and report concerns. It was for anything of concern, not just harassment. He called it “HR Answers” and subscribed to a call center in India to answer and track the calls so the service could be available to employees at all times.

Steve’s latest project was to develop employee involvement teams. It was a hard sell as Mark Schilling was against the process, claiming it gave employees too much latitude. But the teams worked well for a while. Employees had a forum to be heard and some good suggestions were generated for productivity improvements. Steve monitors the teams with kid gloves. He knows it’s a precarious situation between management and staff and he thinks he’ll never be comfortable to turn his back and let them run on their own.

Steve has worked with Kellie Stevens in planning and facilitating the training programs for all managers. They have particularly concentrated on discrimination and harassment. He hopes the training will forge a closer link between line management practices and HR. All too often he’s found himself untangling the mess created by a manager who inappropriately disciplines an employee without regard to policy and with no input from HR. He wants supervisory personnel to understand the complex responsibility imposed by their position between management and staff and he wants to see consistent implementation of policies across departments at PAC. So far, understanding and consistency are a long way off. Sometimes he thinks managers are just not paying attention.
Steve knows things are about to change and he’s worried how things will wash out in the end. He’s been told to work closely with Kim Wong to formulate a plan for reduction in force and he wants to ensure all decisions are appropriate and nondiscriminatory. He knows some managers are looking for any excuse to get rid of their union agitators.

He’s meeting tomorrow morning with team leaders. He’s gotten word from Mark Schilling that all actions coming out of the employee involvement teams must be passed by Mark for approval.

90 Days Ago –

The following e-mail was received by Mark Schilling.

PAC Resources, Inc.

To: Mark Schilling / Vice President
From: Ben Trudeau / Director, Human Resources

Mark –
I just got word that I am needed at a family emergency in Kentucky. I’m already packing and the moving van is scheduled for pick-up. Friday will be my last day at PAC Resources. I’m sorry to leave so suddenly, but it just couldn’t be avoided. Best regards to you and all the staff at PAC.
Currently –

In spite of the hiring freeze, a quick but thorough selection process has been conducted and you have been hired as PAC’s new Director of Human Resources. You’ve come to PAC with an HR degree from a well respected university and with several years of experience as an HR generalist in a large organization. This is an outstanding career opportunity for you. You will be a member of PAC’s management team and this is a chance for you to make a real difference in the organization. Congratulations on your new position and welcome to PAC Resources.

It’s your first day on the job. You hang your diploma on the wall, arrange a few personal mementos on your desk and settle into Ben’s old chair. Right away you notice Ben’s in-basket is overflowing. You reach for the top file, open the bulging folder and start to read the stack of e-mails Ben printed out before he left.

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PAC Resources, Inc.

E-MAIL #1

To: Mark Schilling; Vice President
   Ben Trudeau; Human Resources Manager

From: Cliff McNamara; Senior Vice President

It has come to my attention that our sales numbers have been misrepresented for the last two quarters. A number of unconfirmed sales that were anticipated for January were pre-booked into our accounting system between September and December of last year. These sales were entered without signed purchase orders or confirming contracts. Most of them have not come to fruition and this has significantly inflated our sales totals for the last fiscal year. As you know, pre-booking of sales without confirmation is strictly a violation of company policy.

First – I want an immediate accounting of all bonuses paid to the sales staff. Any bonuses paid on fictitious orders must be returned to the company and disciplinary action will follow for those involved.

Second – As our staffing forecast is based on sales numbers, this would indicate PAC has a surplus of labor. The hiring freeze may not be sufficient. As you can imagine – Dukakis is furious!
PAC Resources, Inc.

E-MAIL #2

To:  Ben Trudeau / Director, Human Resources

From:  Cliff McNamara / Senior Vice President
        Mark Schilling / Vice President

Ben – I know you have already put in place a hiring freeze, but considering the news that has come out of sales, we believe that will not be enough. You are directed to design a comprehensive plan for reducing labor costs across the board. You should plan for a 10% reduction in labor force by the end of this fiscal year. We have scheduled a meeting with you for the afternoon of the 31st to go over your plan and finalize decisions.
PAC Resources, Inc.

E-MAIL #3

To: All Staff

From: Cliff McNamara; Senior Vice President

As with each of you, I too have watched the national economy turn downward and I have worried over reports of declining sales in our industry. The business news is greeted with increasing concern each time we hear of yet another company that moves jobs off-shore and shutteres its U.S. facilities. Throughout all, PAC Resources has remained steadfast in our policy of American made products and it is the quality of our workforce that has garnered our success. Each of you is to be commended for the good work that you do.

However, we must recognize that business cannot be sustained today with policies of the past. We must be proactive in anticipating change that is to come. Though the company remains healthy, PAC’s revenue has been flat for the last two quarters and sales projections indicate a downturn going into the new year. This necessitates cost saving measures throughout our organization. Mark Schilling and I will be meeting with all department managers to determine specific goals and plans for the future. All departments will be involved.

With a downturn in sales there will be significant cuts in staffing expense as the hiring freeze has not sufficiently reduced our labor costs. We cannot continue to build and stockpile inventory without sales volume. Effective immediately, all areas of the organization will plan for a 10% reduction in cost. I know this will be a difficult time for all of you, but know that this is for the health of the organization and not a reflection of the quality of your work. As in the past, we will work together and the good work that you do will sustain us during these difficult times.
E-MAIL #4

To: John Culbertson / Manager, Compensation and Benefits

From: Kathy Davis / Benefits Coordinator

Hey John – I just got back from vacation today and I wish I could say I had a great time and that I was well rested and ready to hit the ground running, but unfortunately I was sick for ten days of my two week vacation. What a bummer and a lousy way to burn up all my vacation time! Since I have unused sick time available, can I change the ten days of vacation to ten days of sick leave so I can take a vacation when I’m not sick? Thanks for doing the paperwork for me!

Ben,

I’m sending this on to you because I don’t know what to tell her. Do we have a policy on this?

John
PAC Resources, Inc.

E-MAIL #5

To: Ben Trudeau / Director, Human Resources  
From: Steve Wilson / Manager, Employee Relations

Hi Ben,

Hey sorry to bring all these problems to you when I know you have your hands full with the pending staff reduction, but we had another issue with Gary Stephens on the production floor this week. You know he's hot under the collar most of the time – he gets production out of his staff, but he certainly has issues as a supervisor. I don't think he’s learned even one thing from all the management training Kellie’s group has provided. He had a run-in with Lon Jeffers yesterday. I guess he and Lon really got into it – a real shouting match. In front of the whole shop, Gary fired Lon, marched him right over to his locker, dragged out all his personal stuff and hauled it out the front door. Granted, Lon’s kind of a bad apple and having him gone might be for the best. But I had a call this morning from some junior lawyer at Ness, Terry and Smith, said they were representing Lon in his employment lawsuit. I thought you’d want a heads up.

Hey – look at the bright side – one less person to downsize!

PAC Resources, Inc.

E-MAIL #6

To: Kellie Stephens / Manager, Human Resource Development  
From: Ben Trudeau / Director, Human Resources

Kellie – As you know, upper management is looking for areas to cut costs. In light of Steve’s memo regarding the termination of Lon Jeffers, it looks like the supervisor’s aren’t getting much benefit from your management training program. I hate to be the bearer of bad news, but Cliff McNamara has management training on the chopping block. If you want to save your training programs, you need to get a report to Cliff that demonstrates a clear ROI for training expenditures. Better get to it ASAP before your whole department disappears.
PAC Resources, Inc.

E-MAIL #7

To: Steve Wilson / Manager, Employee relations
From: Dick Remington
Production Foreman

Hey Steve – I don’t know what’s the matter with people these days. The rumor mill is crazy and I know everybody’s nervous about possible layoffs, but we’ve got some real bad apples down here on the production floor. Steve Welch and his gang are stirring things up with the unions again. He’s getting quite a following and there’s a bunch that meets in the cafeteria at lunch and the talk is they are calling in the union to get out here again with the authorization cards. Attitudes are terrible, product damage is up and production’s hitting the skids. I’m trying to put a stop to it – I changed everybody’s lunch schedule to break up the group and I transferred Steve to a different shift. Frankly I’m looking forward to some good layoffs. You’d think they’d listen up and think about what’s good for them.

PAC Resources, Inc.

E-MAIL#8

To: Steve Wilson / Manager, Employee Relations
From: Dick Remington
Production Foreman

Hey Steve – Some guy in a suit was here today – said he’s legal counsel for the union. Gave me a bunch a lip-service about switching around employee lunches. Said it was an unfair labor practice. I told him to get his fanny outta here. I’m the boss; I can make out lunch schedules any way I want and besides we aren’t even a union shop. Can you believe the nerve of those guys?? He also said something about your employee involvement teams, but I don’t know what he was talking about. He said he’d be around to see you later. I just thought I’d give you a heads up. When do we start the layoffs?
E-MAIL #9

To: Kathy Davis / Benefits Coordinator
From: Mary Lou Flanagan
        Supervisor / CAD design

Kathy,

As you must be aware, Tracy Peters in CAD design went on approved family medical leave on the first of last month. Somebody in your department messed up the paperwork and put it through as a termination instead of FMLA leave. She should have continued to get her regular salary as PAC policy allows her to use sick leave and vacation pay under FMLA but because it was a termination, her salary was cut off. As she has direct deposit, she didn’t even know it was cut off until her checks started bouncing. Now she has overdraft fees, she says her credit’s ruined and her mortgage company is threatening foreclosure. She is hopping mad and I don’t blame her. She wants the mix up fixed right now and she wants all the fees reimbursed and you need to do something about her credit score and her mortgage company. She says she’ll get an attorney if need be. It’s crazy, why would anybody think she was terminated, she’s my best CAD designer!

To: John Culbertson and Ben Trudeau,

Hi John and Ben,

I’m forwarding this on to you - I don’t know how this happened but it looks like we’ll have to do something about it. It must have happened while I was on vacation. Thanks a bunch!

Kathy Davis
PAC Resources, Inc.

E-MAIL #10

To: Jose Vasquez / Manager, Safety and Security
CC: Ben Trudeau / Director, Human Resources
From: Maury Peterson
   Production Supervisor / Team #3

Hey Jose,

You know we’ve got Jerry Andrews out on worker’s comp for a back injury, but the scuttlebutt is that it’s not a PAC injury. Bill Peters went fishing with Jerry last weekend and after a few beers, Jerry tells Bill he hurt his back moving his sister’s refrigerator. The guys on the floor think it’s a big joke. Seems everybody, but management knows that old ankle injury that kept Jerry off work a few years back, was a motorcycle accident and not a pallet that fell in the warehouse. I suggest you cut off his worker’s comp and put him at the top of the reduction list.

PAC Resources, Inc.

E-MAIL #11

To: All employees
From: Cliff McNamara; Sr. Vice President
       Mark Schilling, Vice President

In light of the economic difficulties we are all experiencing the following actions will become effective immediately. In addition to the hiring freeze already in place, compensation paid to all hourly and salaried employees will remain at the current level until further notice. Accrual to the merit bonus system will end at the close of this quarter and the bonus system will be eliminated at the end of this fiscal year. All travel expenditures will be strictly scrutinized and must be approved by Cliff McNamara’s office. All equipment purchase orders will be delayed by 90 days and must then be approved by the office of Cliff McNamara. Tuition reimbursement is discontinued, effective today.

In light of the importance of health care and retirement savings to the wellbeing of employees, PAC will, for the present time, continue its current level of employee health insurance coverage and PAC’s contributions to employee retirement accounts. We are hoping these efficiencies will get us through these difficult times and sincerely appreciate your understanding and cooperation.
PAC Resources, Inc.

E-MAIL #12

To: Kathy Davis / Benefits Coordinator
From: Angelina Sanchez / Accounting Supervisor

HI Kathy,

You know Amy Alverez in accounting has been taking MBA classes at the university using tuition reimbursement. She’s already enrolled in class for this term on a program we approved last fall. We’ve paid her tuition reimbursement in the past and she told me yesterday she would be turning in another reimbursement form at the completion of this term and she expects it to be paid as she was enrolled before the cancellation of the policy. Her reimbursement is $1395. I’m assuming its ‘ok.’

PAC Resources, Inc.

E-MAIL #13

To: Angelina Sanchez / Accounting Supervisor
From: Kathy Davis / Benefits Coordinator

Re: Tuition reimbursement for Amy Alverez

Sorry Angelina – No can do! I checked with Cliff McNamara and he said “No way!” The reimbursement benefit has been cancelled, effective immediately.
PAC Resources, Inc.

E-MAIL #14

To: Kathy Davis / Benefits Coordinator
From: Angelina Sanchez / Accounting Supervisor

Re: Tuition reimbursement for Amy Alverez

Kathy,
I passed your message on to Amy and she was pretty huffy about it! She said Cliff had approved Tom Schneider’s reimbursement and he’s in the same MBA class as she. You know Tom – he’s the manager over in Design. Amy said you couldn’t discriminate in benefits – if one gets it, it has to be available equally to all. I don’t know where that comes from, but she acts like she knows everything since she’s been taking these classes.

PAC Resources, Inc.

E-MAIL #15

To: Angelina Sanchez / Accounting Supervisor
From: Kathy Davis / Benefits Coordinator

Re: Tuition reimbursement for Amy Alverez

Wow! Now Cliff’s hopping mad! He said he didn’t have to reimburse anybody after the policy had been cancelled. He said he’d pay her $500 and that’s all she’s going to get – she can take it or leave it. Besides he said PAC doesn’t need an MBA at her level in the company.
PAC Resources, Inc.

E-MAIL #16

To: Kathy Davis / Benefits Coordinator
From: Angelina Sanchez / Accounting Supervisor

Re: Tuition reimbursement for Amy Alvarez

Cliff’s not the only one that’s mad – you should have seen Amy! She said if her choice was to take it or leave it, she’d leave it. But I don’t think we’ve heard the end of this.

PAC Resources, Inc.

E-MAIL #17

To: Ben Trudeau / Director, Human Resources
Jose Vasquez / Manager, Safety and Security

From: Mark Schilling / Vice President

Re: Wellness Activities

I’ve gotten word from Cliff McNamara that the budget committee is about to ax PAC’s wellness program. I know you both feel strongly about wellness, but it doesn’t seem appropriate in this climate to pay people for fitness activities or to stop smoking. You know Cliff’s attitude has always been that wellness is just a lot of expensive “fluff” anyway. If you want to save the wellness program, you’ve got a hard sell. You need to convince the budget committee that there is a real return on investment for wellness activities.

Cliff is also looking at health insurance coverage for non-smokers only. Seems the company could save on premiums if our entire workforce was non-smokers. He is considering giving our smokers 90 days to quit or lose their health insurance. Can we do that?
PAC Resources, Inc.

E-MAIL #18

To: Ben Trudeau / Director, Human Resources

From: Steve Wilson / Employee Relations

Re: Pending Lawsuit

Hi Ben – It looks like we’ve got a bad one here. I have attached a copy of the letter I received from the law firm representing Beth Simmons. You remember Beth; she’s that girl who used to work in design. I thought she left PAC to go back to school, but I guess not. Looks like she’s got a chip on her shoulder. Her attorney claims she reported sexual harassment twice and nothing was done about it. In fact he says, somebody in HR told her to “stop complaining.” I can’t imagine who would say such a thing, but looks like we’ve got to answer for it. He also claims when our HR people ignored her, she called our HR Answers hotline and all she got was somebody in India that she couldn’t understand and who didn’t help her at all.

I don’t expect this to amount to anything, but the attorney wants to meet with us. I suspect they’re trying to strong-arm us for a settlement. When are you available? We should keep this off Mark Schilling’s desk if possible. Agree?

In the HR Director’s office:

Frowning, you close the file and set it back on top of the in-basket. Obviously, there’s a lot of work to be done here. There may be more to PAC Resources than you thought.