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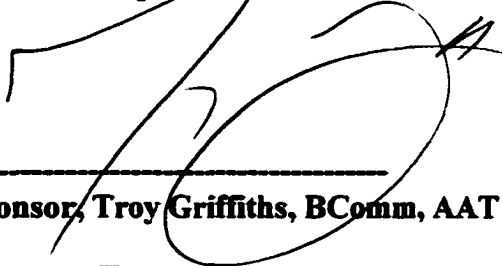
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B.Ed., University of Victoria, 1993

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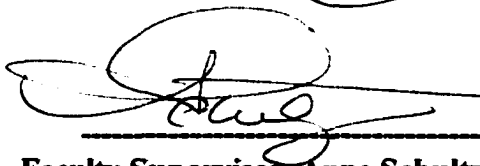the requirements for the degree of

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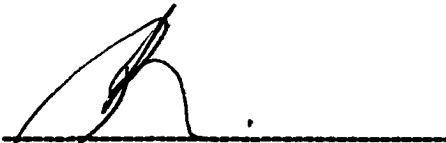We accept this thesis as conforming
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Faculty Supervisor, Anne Schultz, M.Ed.

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

The study addresses the challenges faced by many new high tech companies such as Vigil Health Management Inc. (VHM). VHM is currently operating as a very successful company with a bright future. VHM's employees are its most valuable long-term resource, especially in the competitive high tech industry where skilled employees are at a premium. Since the 1980's, 80% of small business that start up fail to last for 10 years (Clarkson, 1998). Analysts generally agree that employee retention is one of the greatest stumbling blocks for companies in the initial growth cycle. Therefore vital questions for VHM are:

"Do employees at VHM value their jobs? What can the company do to ensure that they value their jobs and will want to remain employed at VHM? Does the ownership, executive and the board of directors know what their employees value in work and can they provide that at VHM?"

The research was broken into the domains of:

- Small high tech industry
- Employee retention
- Leadership and human resources
- Employee motivation and organizational culture
- Learning organizations and system analysis for business stages of growth

Employees were asked to identify their preferences for the kinds of workplace that would attract and keep them. The data collected identified specific issues in the areas of:

- Defining the employee retention challenges at VHM
- Planned and unplanned turnover
- Pay/benefits
- Challenging work
- Company leadership
- Company culture

The research results include a summary of findings from the data, relevant organizational documentation and a review of current literature.
The study concludes that in order for VHM to retain its employees it needs to:

- Implement a new hire orientation program
- Create partnerships with employees
- Determine and define an appropriate leadership style
- Clarify compensation in regards to pay, stock options plan and the benefits package
- Monitor and steer the workplace culture

1. STUDY BACKGROUND

1.1   The Opportunity/Problem

The opportunity explored in the study addresses what Vigil Health Management (VHM) can do to ensure employee satisfaction and thus secure employee retention over the full period of the growth cycle. The research has shown that many factors, including money, lifestyle, time off, opportunity to learn, sharing in company success and the social atmosphere of the workplace contribute to employees staying with the company. Further, in a company such as VHM the novelty, informality and challenge of the initial growth phase is very high. This enhances the motivation and job satisfaction of employees. However, as the company grows, the novelty fades, the informality can become constrained by increasingly restrictive policies, and the challenges become less immediate. Sustaining employee satisfaction during this transition period is crucial to the long-term success of the company.

VHM's employees are its most valuable long-term resource. In the competitive high tech industry where skilled employees are at a premium, employee job-satisfaction and retention are critical to a company's sustained growth. Since the 1980's, 80% of small business that start up fail to last for 10 years (Clarkson, 1998). Analysts generally agree that employee retention is one of the greatest stumbling blocks for companies in the initial growth cycle. Therefore the vital questions are:

> **"Do employees at VHM value their jobs? What can the company do to ensure that they value their jobs and will want to remain employed at VHM? Does the ownership, executive and the board of directors know what their employees value in work and can they provide that at VHM?"**

By determining what employees' value in their jobs at VHM we would strive to attain a situation where people maintain their desire to remain with the company. The project would greatly benefit VHM by identifying and addressing employee needs by the year 2000. This would allow VHM to proactively address, monitor and adapt company policy with employee needs well into their future growth cycle. VHM wants to be in the 20% of companies that survive and flourish beyond the 10-year mark and employee retention is one of the factors that will allow this to happen.

1.1.1   The Impact/Significance of the Opportunity/Problem

A trend since the late 1980's has been for people to change jobs with some regularity throughout their careers; some by choice and others due to circumstances beyond their control (Buhler, 1998). From an organizational perspective, when a valued employee who has the experience and training that enables a company to be productive decides that they need to look for something new, it creates a hardship (Harkins, 1998). An unsatisfied employee who is in need of renewal causes another type of hardship. This person can undermine corporate culture, cause others to become discontented and be an overall detriment to the workplace (Buhler, 1998;

Sklar, 1997). Unplanned employee turnover, especially during the start up phase in a company's growth cycle, can be disastrous (Harkins, 1998).

Also, as we enter the Year 2000 the market for hiring skilled high tech employees has become very competitive (Harkins, 1998). In the case of VHM they will need to hire computer programmers, systems analysts, support analysts, project managers and hardware technicians as they continue to grow and expand. This is a growing problem that high tech companies will continue to face as the demand for these skills grows at a faster rate than people are being trained (Harkins, 1998). Retaining valued employees and attracting new employees who are in high demand has a huge impact on the ability of companies to do business as we enter the new millennium.

1.1.2 Potential Causes of the Opportunity/Problem

The high tech sector has been growing and changing at too fast a rate for traditional education programs to train enough workers to fill the employee demand (Sklar, 1997;Harkins, 1998). For example, during the 4-year time span it takes to earn a university degree, current technology will change many times over, thereby changing the demand for specific skills that employers require. Educational institutions, deliberate by nature, have a hard time reacting to the fast changing needs of the technological industries (Johnston, 1999).

Peoples' expectations of the workplace are also changing. Good pay alone does not ensure job performance and satisfaction as organizations that pay lower wages can still become destinations of choice for workers (Sklar, 1997; Dolan, 1996). Further, we see many examples of organizations losing resources to sick time, stress leaves and employee "burn out". Additionally, many of the younger people in their 20's and early 30's ("Generation X") seem to have a different perspective on how they view their work lives than people in their 50's (the "Baby Boomers") do, especially in the high tech fields (Caudron, 1998). People in those fields have choice, and often they choose workplaces that offer a fun atmosphere, quality of life considerations and opportunities for challenge (Dolan, 1996). At VHM we have the opportunity to determine what the people who work for this company value and keep that in mind as growth occurs. It is easier to make small adjustments as you progress than it is to make sweeping change once you are established.

1.2 The Organization

A new high tech company, Vigil Health Management Inc., is poised for rapid growth (projected sales of $50 million within the next 5 years) and intends to become a publicly traded business by the end of 2000. VHM currently is operating as a very successful company with a bright future. However, further strategic human resources planning have been recommended in an internal structure report to expedite the meeting of the goals laid out in VHM's Mission Statement (www.vigil-inc.com).

VHM owns the intellectual property rights and the world wide distribution rights (with the exception of Australia) for the Vigil Integrated Care Management System™. The system

works by monitoring a patient's room using censors that alert staff at a central computer if there are any potential problems occurring in the room. The room, doors and bed are wired with censors, but not the patient. In this manner, the patient receives more thorough care with a greater degree of independence (Appendix A).

VHM is growing and moving out of the start up phase of their business, which translates into an opportunity to address the human resources issues which may arise from this growth. Some of these issues include: communication in a larger company; staff expectations for challenge, promotion, compensation... being addressed as the company expands; executive management expectations of productivity and commitment being met in a changing work environment.

Currently there are thirteen people who work for VHM. Included in that number are the four senior managers, six full time staff and three contractors. The VHM staff is relatively young (the average age is 32 years) and inexperienced (for six of the thirteen staff members, this is their first career job). VHM has also grown quickly, moving from four staff members at the initial start up to the current thirteen in less than two years. There are also plans to add four more staff members early in the year 2000. To date four employees who were employed by VHM are no longer working for the company, which translates into a turnover rate of 4/17 or 23.6%.

2. LITERATURE REVIEW

2.1 Review of Organizational Documents

The VHM documents reviewed for the research include formal VHM publications, internal reports, a structure analysis and newsletters that can be found on the VHM web page (www.vigil-inc.com).

- Introducing the Vigil Integrated Care Management System™ brochure (see Appendix A)

- Organizational Structure Analysis (July 1999)

VHM recently (July 1999) completed an Organizational Structure Analysis in which the responsibilities of each employee were examined, evaluation as to where they were being used efficiently and suggestions to improve performance. In addition to providing analysis and suggestions for how to improve the organizational structure and defining of responsibilities, the following perceptions were highlighted of VHM's strengths and weaknesses (see Table 1).

Table 1- VHM's Strengths and Weaknesses (Zolbrod, 1999)

STRENGTHS	WEAKNESSES
• Employees (smart, dedicated & committed)	• Lack of documentation (policies & procedures
• Technology/product and technological base	• Product is in development
• Current stage in industry (leader)	• Challenge of dealing with growth/growing pains
• Board of Directors (guidance & direction)	• Organizational structure/infrastructure
• Serious when need to be	• New company (uncertainty, inexperienced)
• Quick and nimble; fast to react (problems/trends)	• Client support
• Corporate culture: open-minded/not constrained	• Capitalization; lack of cash
• Easy to talk to each other (help out)	• Too much to do with too few people
• Young, keen and flexible staff with new ideas	• Communication and clarity
• Aggressive marketing; clear vision	• Young staff (age)
• Good combination of managerial skills and styles	• Small
• An executive who knows his limitations	• Installation procedures still in their infancy

With regards to this project, the key strengths are the employees (smart, dedicated and committed), the open corporate culture and the good combination of managerial skills/styles. Likewise the weaknesses include the challenge dealing with growth/growing pains, communication/clarity and the lack of documentation (procedures and policies). These helped frame the issues that were explored through interviews, observations and analysis. These findings are incorporated into and play a part in the strategic human resources growth plans that reinforce the strengths and address the weaknesses at VHM.

- Mission/Vision Statements

VHM's Mission and Vision statements reflect the aggressive corporate strategies they hope to employ in the next 1-3 years (www.vigil-inc.com).

Mission statement: *Vigil Health Management Inc. is the leader in dramatically improving the quality of care available to the world's aging population.*

Vision statement: *Vigil Health Management Inc. will educate and lead markets. We will use vision, commitment and integrity to be an agent of positive change. We have a dynamic and vibrant culture where creativity and quality of life are fundamental.*

- Corporate Strategies (1999)

The initial strategy will be to "develop an efficient, value-added sales and distribution network in North America, followed by Asia and Europe, including consultation, implementation and training services" (Corporate Strategies, VHM 1999). The goal is for VHM to start this growth by maintaining its West Coast office in Victoria, B.C. while opening an additional East Coast office in Boston, Massachusetts by August 2000. Also of interest is the proposed corporate structure plan for August, 2000 which visually shows how the company should look with the West and East Coast offices running (see Appendix C).

- Strategic Competitive Advantage for Technology Partners (1999)

Further, VHM has a "Proposed Strategic Partners" plan (see Appendix D) to explore partnership opportunities for their product with pharmaceuticals, complimentary hardware producers (e.g. hospital bed manufacturers, wheelchair monitors, fire alarms, security systems and building management systems) and complimentary software producers (e.g. Medicare and Medicaid data submissions, patient information management systems, accounting and administrative systems, staff management programs). VHM's marketing strategy, with this plan, is to expand their nursing home dementia monitoring system into monitoring systems for residences, hospitals and corrections facilities.

- VHM News Releases (November 1998-June 1999)

VHM maintains an excellent web page (www.vigil-inc.com) containing news, information about the Vigil system and about VHM, frequently asked questions, information for potential investors, client support, trade shows and careers. Included are some important news releases and the quarterly newsletter VHM produces as Appendix I.

2.2 Review of Supporting Literature

The literature review section provides a sampling from what authors have said about the subjects imbedded in the VHM project. The research question has been broken down into its domains, areas of study that directly relate to the research subject. For the VHM project, the Researcher has chosen to focus on the literature in the following domains:

- Small high tech industry
- Employee retention
- Leadership and human resources
- Employee motivation and organizational culture
- Learning organizations and system analysis for business stages of growth

2.2.1 Small High Tech Industry

VHM falls into the B.C. industry categories of "business service industries", which include such activities as computer programming services, and "high technology industries", which invest a high proportion of revenues into research and development (Ministry of Small Business, Tourism and Culture, 1998). In B.C., the business services industries are experiencing job growth of approximately 5,000 positions per year while the high tech industries are adding approximately 4,000 new jobs each year (Ministry of Small Business, Tourism and Culture, 1998).

High technology in general has grown in B.C. in the last decade. "In every year since 1990, gains in the high technology employment (of B.C.) have exceeded those of the economy as a whole. Between 1990 and 1998 employment in the high technology sector increased at an annual rate of 7.2% compared to 1.7% increase in all industries." (Ministry of Finance and Corporate Relations & the Science, Technology and Telecommunications Division Information, Science and Technology Agency, 1999 pg.7-8).

Further, VHM fits into the "service industries" category of the high tech sector. This category accounted for most of the employment growth that took place in the high tech sector in B.C. as it experienced a 4.3% increase in workers for 1999 (Ministry of Finance and Corporate Relations & the Science, Technology and Telecommunications Division Information, Science and Technology Agency, 1999). This trend appears to be consistent throughout North America and globally as companies in these industries are needing to compete for a limited supply of qualified employees (Buhler, 1998; Dolan, 1996; Harkins, 1998; Vernon & Commander, 1998; and Josefak, 1999).

2.2.2 Employee Retention

"It is, and will remain, an employees' market. Companies aren't only having a hard time attracting employees- they're finding it difficult to keep them." (Harkins, 1998 pg.74). Vernon & Commander (1998) estimate that the number of vacant jobs in the U.S. information technology industry alone is nearly 350,000. With this being the case, many valuable employees are parlaying six to twelve months job experience into a significant pay raise at another company (Vernon & Commander, 1998). Further complicating this issue for companies is the fact that people are constantly being told that they can expect to change jobs every three to four years and that they will likely have five career changes in their working lives (Buhler, 1998). In Silicon Valley this problem is amplified as, for various reasons, employees often change jobs three to four times per year and the employee turnover rate for high tech companies is 25%, which is twice the U.S. national average (Business Week, April 19, 1999).

2-4

There are two types of employee turnover, planned and unplanned (Harkins, 1998). Planned turnover, as when someone retires or has to move on, generally is not a problem for companies whereas unplanned turnover can be devastating (Harkins, 1998). "This type of turnover is expensive. Recruitment alone can cost 50 to 60% of the first year's salary, and up to 100% for certain specialize, high-skill positions." (Vernon & Commander, 1998). Harkins (1998) adds that, "Unplanned turnover can cost as much as three to five times the annual salary of the individuals involved." (pg.74). These costs are comprised of the time human resources people and managers spend interviewing, the orientation and socialization process for new employees and the training expenses (Buhler, 1998).

Employee turnover also has qualitative impacts on the organization. "There are also non-financial costs of failing to retain employees. Workers will perceive their organization as less loyal and see fewer career opportunities for themselves...The company can in effect create a short term environment for employees...This often results in a downward spiral as trained employees leave for better opportunities." (Buhler, 1998 pg.24).

That said, most authors agree that the key to attracting and retaining valuable employees is not simply paying the highest salary (Buhler, 1998; Caudron, 1998; Dolan, 1996; Harkins, 1998; Josefak, 1999; and Vernon & Commander, 1998). Harkins (1997) states that employees generally leave their organizations for five reasons:

1. The confidence factor. Organizations often look like they are more out of focus when they are seen internally, rather than externally...When a key employee loses confidence and hope, he or she may begin to think the grass is greener in another company, where there seems to be more focus.
2. The emotional factor. When an employee leaves an organization, they often site lack of recognition, inadequate rewards and too little focus on their personal development as reasons to move on.
3. The trust factor. A feeling often expressed upon departure is: "There were too many broken promises and commitments were not kept. They were not loyal to me. Why should I remain loyal to them?"...A broken promise, whether implicit or explicit, breaks the underpinnings that support the trust paradigm.
4. The fit factor. Key employees who dedicate themselves to their organizations need to feel as though they fit- that their values and principles match those of the organization.
5. The listening factor. Key employees need to believe they are being heard...Failure to say exactly what is needed and expected of them becomes a hurdle that tires out employees, and ends in statements like, "It isn't worth it anymore."
(pg.75).

Retention can also be linked to employee dissatisfaction. If an organization is able to recognize and address the sources of employee dissatisfaction, they stand a better chance of retaining their people. Sklar (1997) cites three main factors for employee dissatisfaction:

1. They do not understand their pay scale and corporate compensation system.
2. Inconsistency in workplace culture.
3. The fact that not all technical people want to move into management positions, but those who do want the assurance that the opportunity (management and leadership skill training) is there.

2-4

The study from the Society for Human Resources Management quotes Josefak (1999) where employees were asked to rank key retention factors in their jobs. The main factors that attract and retain employees in today's market appeared to focus on balance and life concerns such as health care benefits, new hire orientation and open communication policies. Buhler (1998) cites training and development, career planning, job enrichment and empowerment as ways that companies can achieve higher retention rates of employees.

A further factor to consider is the demographics of the workforce. "The U.S. is aging; within 30 years 25% of the population will be over 60 (years of age). The graying of America is happening at a time when human intelligence is more valuable than ever and growing more so." (Dolan, 1996 pg.165). Attracting and retaining employees in today's market requires a shift in thinking from days past. "Picture the 1950's organization man: the man in the gray flannel suit...the slightly graying, neatly trimmed sideburns...slim leather briefcase, metal filing cabinets, rotary phones and time clocks. Picture order, predictability and sameness. Fast forward to 1998. Imagine an employee wearing a baseball cap and running shoes- at work. Picture office furniture on rolling wheels, meetings that take place on the Internet...computers, chaos and Koosh balls." (Caudron, 1998 pg.50).

Organizations must recognize the values of today's worker if they intend on attracting them. Harari (1998) identifies three essential features to woo and hold on to the best and brightest:

- Entrepreneurship. The company allows and even encourages people at all levels to experiment with new ideas...People are free to make fast decisions and take responsibility for them.
- An owner/businessperson mindset. People operate as if they own their own business and are treated accordingly in terms of job expectations and rewards. The fact is, businesspeople are held to much higher standards than are employees or managers. They are also paid differently...but to attract and retain the best you will need to seriously consider a meaningful equity-sharing plan as well...Companies such as Chaparral, Microsoft and Starbucks seem to understand this.
- A community with coolness and a cause. A company that is a fun, cool place to work, offering both a cause and an adventure will help attract the best and the brightest. People grow professionally and thrive intellectually in exciting work environments.
(pg.24).

For VHM to grow, it will need to retain the valuable people it currently employs and attract new hires. Using the context provided by the current literature on attracting and retaining employees, the VHM research will seek to understand their present situation and determine how they can better position themselves to move into the future.

2.2.3 Leadership and human resources

Leadership is a complicated field of study that has many facets, consequently a consensus has not been reached among authors defining what makes someone a good leader. Yukl (1998) has done a great deal of research on the various forms of leadership. Yukl (1998) has found that, "...leadership is defined in terms of traits, behavior, influence, interaction

patterns, role relationships, and occupation of an administrative posting...Most definitions of leadership reflect the assumption that it involves a process whereby intentional influence is exerted by one person over other people to guide, structure, and facilitate activities and relationships in a group or organization." (pg.2-3). Also, Yukl (1998) classified the types of leadership by using the variables emphasized in the theory or study:

- The Trait Approach emphasizes the personal attributes of a leader with the assumption that natural leaders are endowed with certain traits not possessed by others
- The Behavior Approach examines how leaders spend their time and compares the behavior of effective and ineffective leaders.
- The Power-Influence (Styles) Approach looks at the influence process between leaders and other people to analyze how power is exercised.
- The Situational Approach emphasizes the importance of contextual factors such as the nature of the work performed, the environment and the characteristics of the followers.
- Integrative Approaches suggest that the effectiveness of a leader is explained in terms of influence on the way followers view themselves and interpret events. In this situation effective leaders influence followers to have more optimism, self-confidence, and commitment to the objectives or missions of the organization.

(pg.8-11).

Leadership must exist in an organization for it to be successful. VHM is a modern company which requires modern leadership and the characteristics associated with it, such as: honest, forward-looking, inspiring, competent, fair-minded, supportive, broad-minded, intelligent, straightforward, dependable, courageous, cooperative, imaginative, caring and determined to name a few (Kouzes & Posner, 1995 pg.21). Modern leadership is based upon empowering others and drawing out the strengths of your people. "The old management paradigm assumes that the competency rests with the single agent who commands and controls the others. In fact, it rests with the interlocking behaviors of all the agents involved and in the environment supporting those behaviors" (Kelly & Allison, 1999 pg.160). The quintessential proponent of command and control leadership is Machiavelli (1469-1532) who recommended that leaders must consolidate power, crush all opposition and rule in an autocratic fashion in order to be effective leaders (Machiavelli, 1952). Most authors suggest that the command and control style of leadership is not the best way to keep employees satisfied in today's world, rather people respond to empowering, caring and shared leadership (Buhler, 1998; Harkins, 1998; Sklar, 1997).

Covey (1990) discusses leadership in terms of personal mastery or character ethic. "The Character Ethic is based on the fundamental idea that there are principles that govern human effectiveness-natural laws in the human dimension that are just as real, just as unchanging and unarguably "there" as laws such as gravity are in the physical world." (Covey, 1990 pg.32). Covey (1990) provides examples of these principles, such as fairness, integrity, honesty, service, excellence, potential, growth, patience, nurturance and encouragement (pg.34). Covey's work fits in with the concept of "values-based leadership" as extolled by other authors. "Moral and effective leaders listen to their followers because they respect them and because they honestly believe that the welfare of followers is the end of leadership (and not that followers are the means to the leader's goals)" (O'toole, 1996 pg.9).

The concept of servant-leadership, as introduced by Robert K. Greenleaf in his essay 'The Servant as Leader' in 1970 (Spears, 1995), stresses the need for leaders to focus on meeting the needs of others before their own and has been developed over the years by thinkers such as

management guru Max Depree and Larry Spears, the current executive director of the Robert K. Greenleaf Center in Indianapolis. "The 10 critical characteristics of the servant-leader include:

1. Listening: seek to identify and clarify the will of a group.
2. Empathy: strive to understand and empathize with others. People need to be accepted and recognized for their special and unique spirits.
3. Healing: many people have broken spirits and emotional hurts. Learning to heal, one's self and others, is a powerful force for transformation and integration.
4. Awareness: awareness aids in understanding issues involving ethics and values. It enables one to view most situations from a more integrated position.
5. Persuasion: reliance upon persuasion, rather than positional authority, in making decisions within an organization.
6. Conceptualization: nurture the ability to "dream great dreams".
7. Foresight: the ability to foresee the likely outcome of a situation.
8. Stewardship: hold the institution in trust for the greater good of society. It assumes first and foremost a commitment to serving the needs of others.
9. Commitment to the growth of people: the belief that people have an intrinsic value beyond their tangible contributions as workers.
10. Building community: building community among those who work in a given institution.

(Spears, 1995 pg.4-7)

Kiechel III (1992) describes servant-leadership as, "The leader exists to serve those whom he nominally leads, those who supposedly follow him. He takes their fulfillment as his principal aim... The servant-leadership process works more like the consensus building that the Japanese are famous for. Yes, it takes a while on the front end; everyone's view is solicited, though everyone also understands that his view may not ultimately prevail. But once the consensus is forged, watch out: With everybody
on board, your so-called implementation proceeds wham-bam." (pg. 121-123). Opponents of servant-leadership argue that it is too slow for making decisions and that a problem exists if the group does not have common goals (Kiechel III, 1992).

Another approach to studying leadership is to look at the outcomes of leadership. "Using the concepts of complex self-organization, a business leader's goals are to:

1. Influence agent interaction and relationships in ways that satisfy employees in their natural tendency toward sense-making and collaborative behavior
2. Encourage emergent behavior that supports enterprise sustainability, growth, and evolution"

(Kelly & Allison, 1999 pg.160).

Further, leadership needs to be flexible and capable of growth. "The Peter Principle describes middle managers who have avoided failure by remaining in the same environment. They are often fooled into believing a single approach works everywhere, until they fail miserably. The steps to develop good leadership behaviors and business habits are:

1. Being a role model
2. Providing tools and opportunities for learning
3. Setting evolving policies

4. Verifying through a web of dialogue that policies are being followed
5. Measuring and rewarding the emergent behavior"

(Kelly & Allison, 1999 pg.160-162).

As VHM continues to operate and grow, it will require leadership that addresses the employees' and organization's needs. The literature suggests that this leadership should be supportive, shared and empowering allowing the employees and the organization to reach their maximum potential.

2.2.4 Employee motivation and organizational culture

What is corporate culture? "A company's culture is no more than a collective set of the beliefs and behaviors of its people." (Champy, 1997 pg.156). Case (1996) expands on corporate culture, as he states that, "Culture refers to the values, beliefs and attitudes that permeate a business. It defines what the company considers important and what it considers unimportant. If strategy defines where a company wants to go, culture determines how- maybe whether- it gets there." (pg.42). Pickens and Dess (1997) also define an organization's culture as,"...the shared values (what is important) and beliefs (how things work) that shape a company's people, organizational structures, and control systems to produce behavioral norms (the way we do things around here). (pg.35).

Why is corporate culture important? "Understanding how the culture of an organization impacts the bottom line and profitability of a company can be revealing. Companies can maximize their profitability by defining all of the elements of its culture, deciding if they like what they discover, assessing if their behaviors and actions are supportive of the culture, and conducting thorough assessments of candidates for employment to ensure they will fully embrace the culture of their new employer." (Bliss, 1999 pg.W10). Culture has a leading role in the success of a company and can frame how the people work together. "Culture wears many different hats, each woven from the fabric of those values that sustain the organization's primary source of competitive advantage. Culture sets implicit boundaries- unwritten standards of appropriate behavior- in dress, in ethical matters, and in the way an organization conducts its business. By creating a framework of shared values, culture encourages individual identification with the organization and its objectives." (Picken and Dess, 1997 pg.36). Furthermore, company culture can determine work practices as, "The fact is, powerful cultures have powerful effects on how a company's people work together. A successful corporate culture, however, is not some kind of black magic. It derives its power not just from abstractions but from specific practices that employees understand as symbolizing and representing culture." (Case, 1996 pg.46).

Culture becomes especially important in times of stress, which many companies have experienced in recent years. "In the 1990s business people seemed to survive and prosper only if they could cut costs beyond recognition, deliver unprecedented levels of quality and service, and develop relationships with customers so intimate they were almost embarrassing." (Case, 1996 pg.45). "The U.S. Department of Labour reports that over the last decade, nearly half of American businesses have downsized, causing tremendous stress for both their former and retained employees...In 1991 average Americans had to work the equivalent of roughly 200 hours more a year (that's 1 month!) in order to maintain the same standard of living they enjoyed in 1973. As a result, we have seen an increase in the number of dual-income families, more

people working longer hours, and record rates of moonlighting and extra jobs" (Levey & Levey, 1998 pg.227). Culture can also contribute to stress in an organization when the company's culture contradicts itself, such as when the terms aggressive, process oriented, technology driven, and risk taking are used alongside terms like laid back, family friendly, honest and innovative to describe a company's culture. "No one would consciously describe their company in contradictory terms. However, it probably would not take you long to think of an organization that openly says it's employees are empowered, yet the day to day operations have so much decision-making bureaucracy, one wonders how they ever get anything done at a profit." (Bliss, 1999 pg.W8).

Langerdorff Folan (1998) makes an interesting point that companies employing leadership, which allows and motivates communications and human resources departments to create winning cultures through strategic planning are in the minority as, "In fact, most people (and, therefore, most companies that employ them) play not to lose. This sort of culture is highlighted by: fear and anxiety, victim mentality, and compliance. Employees and leadership appear satisfied with the status quo. Few new ideas, products or processes come out of these companies and even fewer have any kind of effect on the marketplace. A culture that play to win, on the other hand, breeds trust, and rewards courage, growth and learning. It encourages and, more to the point, expects creative thinking, innovative problem solving, and high voltage results on a daily basis- not just during the occasional brainstorming session or strategy retreat." (pg.50).

VHM is a high tech firm that will be relying on "Generation X" or the "twenty-something" age group to be the bulk of their employees as this group of people, generally, has the training and background in this field. "Supervisors should learn how to motivate the twenty-something generation without using financial incentives. Doing so requires an acknowledgement that the values of this group, otherwise known as the Generation X, is much different from those of older people." (Bradford and Raines, 1996 pg.41). Corporate culture has a dramatic affect on employee motivation. "What has happened is that the traditional ways of working have been tossed out the window, at least in progressive companies, and employees have responded. Fancy that. It turns out workers like such things as flexible schedules, onsite daycare and the ability to express an opinion. Today, the corporations to work for are those in which managers and employees act least like you would expect them to act. And this is cool." (Caudron, 1998 pg.52). Bradford and Raines (1996) add that, "Taking a hard line with the twenty-somethings is unlikely to get you anywhere. Since we can't change these young people we need to be flexible in our own supervisory style. In the author's opinion, the successful supervisor will get to know those who work with him or her and what motivates them, then use that information to get the most from these individuals." (pg.43). Six psychological classifications and corresponding motivational approaches are:

1. The achiever combines materialistic values with a desire for challenge and greater visibility. Supervisors for achievers, the majority of twenty-somethings, need to set challenging goals and reward success.
2. The kinsperson values cooperation. The manager of a kinsperson needs to be helpful, supportive, soft spoken and protective, demonstrating that he or she can be trusted.
3. The loner believes in survival of the fittest. Those who supervise loners need to be tough but fair.
4. The loyalist is a believer in the traditional business pyramid. They are more likely to get along well with you if you are well thought of by the rest of the organization.

5. Involvers want to be partners with their supervisor and included in the decision making.
6. Choice seekers are motivated by the opportunity to work on their own and exhibit their creativity.

(Bradford and Raines, 1996, pg.43).

Organizational motivation can also be built into the partnership that employees feel with the company. "Real partnerships are made of more than words. They are made of actions, built up over time and proven through trust. The specifics may change from company to company, but the strategies for creating powerful partnerships are universal:"

1. Squash status barriers. Unnecessary status distinctions create low morale and marginal performance. To create partnerships, anything that artificially builds barriers between employees needs to be attacked. One barrier in particular is the number of management layers between the front line and top management, for the greater the distance between the CEO and the front line, the greater the perceived status barrier.
2. Open the company books. Open-book management, as the name implies, means opening the financial and operational statements to all employees. The intention is to teach everyone to read the company's financial statements and learn how their function contributes to the company's profits.
3. Pay for performance, not titles. Pay has traditionally been a function of the position you held in the company hierarchy, normally based upon such things as responsibility, the number of people who report directly to you, and the amount of budget you control. The result can be employees focussing more energy on how to get promoted than on how to add value to the company. Pay for performance can create long term partnerships with employees through initiatives such as pay for knowledge, gain sharing programs, team productivity incentives, and employee stock option plans. Employee commitment to company profitability and productivity increases when pay is directly tied to performance.
4. Share the bad times as well as the good times. Any successful business partnership is built upon a foundation of all parties equitably sharing both the good and bad times. Managers can share the burden in bad times, and then be prepared to share the bonuses in good times.
5. Serve the front-line partners first. For close to twenty years business experts have sung the praises of inverting the business pyramid. By placing managers at the bottom and front-line staff at the top, you demonstrate that a manager's key function is to support the front line staff.

(Harris, 1996 pg.45-49).

One of the five keys to creating partnerships between employees and the company that Harris (1996) makes is to "pay for performance" using incentive plans such as gain sharing programs and employee stock option plans (pg.47). "At last count 14 million people throughout the 15,000 U.S. companies now participate in some sort of stock-ownership plans. Research by those who are in favour of this particular business philosophy suggests that offering workers a piece of the rock increases loyalty, improves their work effort and aligns their interests with those of the company. Moreover, there appears to be a strong correlation between employee "ownership" and corporate profits." (Hays, 1999 pg.60). At VHM, as the company is relatively new with a solid potential for growth, the incentive and motivational factors contained in stock options is great. "A share of stock, after all, represents a legal right to share in a company's future

earnings- if a company does well, the stock is worth more and vice versa. Though employees in an "ownership culture" place a portion of their future earnings at risk, there's less emphasis on the frangible connection between job and salary, and more on the sort of benefits that can help reward and retain key employees- something all HR managers seek to achieve." (Hays, 1999 pg.61).

Not all authors feel that stock options are the best way to motivate employees. "The main problem with stock options is that they do not represent true ownership. While the option holder is entitled to all the glory that comes with upward price movements, he is protected from the downside of disappointment. This can have two negative effects. First, there is a huge incentive for option holders to take undue risk. Second, and perhaps more important, there is an incentive for employees to roam around. Try your luck at one job, and if the company's stock is stuck in the doldrums, move on." (Gurley, 1997 pg.172).

Instituting work/family strategies can also influence organizational culture and employee motivation. "The ever-changing values of tomorrow's workforce have created unprecedented demands for flexible, diverse benefits and policies. To be leaders and employers of choice, organizations are increasingly focusing on managing human capital." (Vincola, 1998 pg.70). Organizations, such as VHM, that plan to stay in business for a long period of time "...need to understand that while in the short term they may be able to improve results by squeezing more out of people, their longer-term survival depends on how they treat their employees. The stresses people are experiencing in organizations today are simply untenable, from the of view of both individual well-being and long-term organizational effectiveness." (Moses, 1997 pg.44). The literature states that to make work/family benefits work, they must fit into the company culture and management strategy. "To truly impact the work and personal lives of employees, organizations must stop viewing work/life benefits as an accommodation. Rather, they should look at the benefits as strategic business initiatives that drive culture change throughout the organization. A work/life strategy will be successful only when it's embedded in the culture of the company- it must be integrated into work practices and must be supported by a commitment from top management and training for managers." (Vincola, 1998 pg.71).

In order to implement any suggestions for organizational improvement, a culture must be built that expects innovation and change. "The most critical challenge facing human resources professionals in today's dynamic environment is facilitating major change in their organizations. Most companies mired in change make valiant efforts to manage it, but don't address the major culprit- their own organization's culture...Changes are overlaid onto the existing culture, which doesn't often support the change or may be antithetical to it." (Sherriton & Stern, 1997 pg.27). How does a company build a culture of constant change? "The leadership of the CEO alone, while critically important, is insufficient to build an expectation of constant change into the culture of an organization. Many change leaders must be identified, recruited, developed, trained, encouraged and acknowledged throughout the organization." (Bruner, 1996 pg.6).

Sherriton & Stern (1997) provide six steps for changing a corporate culture or a department subculture:

1. Needs Assessment- The first step is to gather and analyze data about the current culture, define the desired one and identify the gaps. Data is gathered through observation, reviewing existing documentation, interviews and surveys.

2. Executive Direction- Take management or the leadership team off-site, where they can address the results of the needs assessment. The retreat results in a variety of "products" which may include a philosophy, standards for success, role definitions, and other leadership decisions that will form and drive the new culture.

3. Infrastructure- Identify the systems, procedures and policies that have to be tweaked or instituted to fully support the new culture. Among others, the infrastructure addresses role expectations, accountability, rewards and selection systems.

4. Collateral Organization- Define how the new culture will be implemented. Will the organization make use of a steering committee, action teams, ad hoc groups or a subset of the leadership team to execute the change?

5. Training- Clearly define and implement any training of employees and managers necessary to ensure that role expectations for the new culture can be met.

6. Evaluation- Establish mechanisms to monitor the progress of the cultural change. Assess expected results defined by the standards of success developed during the executive direction step.

(pg.27).

Further, Bruner (1996) suggests that there are two critical success factors that need to be developed in individuals, managers and non-managers alike, who are charged with facilitating change initiatives. "The first factor is a finely tuned ability for them to see and understand the impact that they have on those around them. A clear awareness of the impact that one has on others provides an important human perspective that is necessary for any leader committed to courageous organizational action which makes a difference. It is only inside of this awareness that a leader can begin to acknowledge and manage the gaps between "leaderspeak" and the real world of organizational or departmental culture. The second success factor that is fundamental to our change managers' ability to thrive is the achievement of comfort with ambiguity. Rapid change means radically increasing levels of ambiguity- ambiguity that will be with us into the next century, regardless of what business we are in. Innovative organizational structures, for example, will not have all of the attendant problems worked out in advance. Excitement, however, truly can be found in the recognized opportunity to create one's own solution. Staff will increasingly encounter situations where they do not know what the next challenges are, let alone the range of possible solutions. Leaders are comfortable with this ambiguity and know when to refrain from trying to "fix it" or assign blame. Leaders avoid falling into the trap of "there's something wrong here" discussion. Tom Peters summarizes well when he says that the most successful managers in excellent companies have an unusual ability to resolve paradox, to translate conflicts and tensions into excitement, high commitment, and superior performance." (Bruner, 1996 pg.6).

VHM is not a highly bureaucratic organization at present, but it is growing and with growth often comes bureaucracy. "Downsizing, rightsizing, TQM, reengineering, restructuring. Over the past decade, hundreds of organizations have tried to transform themselves from inefficient bureaucracies into dynamic, customer-driven enterprises that can respond to new market conditions...The lessons of failed change efforts indicate that most companies do not fail for lack of strategic vision. Most fail for a lack of execution. They don't destabilize the old structure long enough for improvements to take hold, and they don't empower people by aligning rewards with desired behaviors. As a result, the inertia of bureaucracy proves too unyielding for a new culture to form." (Van Slyke, 1996 pg.73). Greengard (1998) states that, "...organizations usually run into three major cultural problems when adopting new initiatives. First, people don't like to share their best ideas. They believe doing so dilutes their standing in the organization, and can impede

their ability to get ahead. Second, people don't like to use other people's ideas for fear it makes them look less knowledgeable, and that they're suddenly dependent on others to do their job. Third, people like to consider themselves experts, and prefer not to collaborate with others." (pg.93).

"Profound change initiatives invariably lead people to a heightened sense of meaning and aspiration" (Senge et al, 1999 pg.488). VHM needs to consider the benefit changes, if done strategically using the concepts mentioned in this literature review, can have on the culture of an organization which in turn can positively affect productivity. This will especially be the case once VHM's culture matures and solidifies with time, for if it is left unplanned the company may experience stagnation or a culture that does not support the business vision.

2.2.5 Learning organizations and system analysis for business stages of growth

It has been found that organizations which strive to learn and evolve better meet their employees needs. Similarly, using systemic analysis to understand how an organization functions aids in identifying barriers to employees staying with the company.

As a growing small business, VHM has to be aware of its changes that will occur as the company evolves. This involves being a learning organization, or a company that "...is skilled not only in creating, acquiring and transferring knowledge and insights but also in modifying its culture whenever necessary to reflect new skills and ideas." (Goh, 1998 pg.15). Goh (1998) suggests that the key to a company becoming a learning organization is to empower employees to make decisions by providing the skills and information about organizational mission, strategy and values. "Shared leadership is a hallmark of learning organizations where managers act as mentors rather than controllers and involve employees in the decision-making process." (Goh, 1998 pg.15).

Suzanne Kelly (1999) has a slightly different view of learning organizations, as she states, "Your business comprises self-organizing systems whether you know it or like it. You can cut costs and improve profits dramatically by learning to work with these systems rather than against them" (pg.4). In her opinion all organizations are learning organizations, the challenge is to manage that learning to be productive. Both Goh (1998) and Kelly (1999) suggest that strategic management is necessary to steer the company into productive, rather than destructive, learning. Goh (1998) argues that learning organizations have the following core strategic building blocks:

1. Mission and Vision- clarity and employee support of the mission, strategy, and espoused values of the organization.
2. Leadership- leadership that is perceived as empowering employees, encouraging an experimental culture, and showing strong commitment to the organization.
3. Experimentation- a strong culture of experimentation that is rewarded and supported at all levels in the organization.

(pg.17).

Kelly (1999) expands on the idea of strategic management as one that utilizes and expands the strengths of those working in an organization. "The bottom line is that old-fashioned

bureaucracies- commanded and controlled by a few leaders-cannot respond to today's rate of change with the speed and precision of numerous coherent, intelligent, and self-disciplined agents who self-organize with integrity and overtly coordinate their co-evolution" (Kelly & Allison, 1999 pg.7). Kouzes and Posner (1995) suggest that this type of strategic management has an added benefit," ...as leaders foster collaboration and strengthen others, the constituents' assessments of the leaders' personal credibility, upward influence, and workgroup esprit de corps rise- as do constituents' own levels of job satisfaction and commitment." (pg.153). The goal of strategic management is to facilitate productivity and growth in the organization using your people. "When pilot groups succeed in sustaining profound change for some time, invariably, new aspirations emerge. These arise because of the increased competence, and confidence, but also because of increased reflectiveness. As pilot groups develop learning capabilities, they spend more time questioning basic assumptions, including assumptions about the nature of their business and marketplace...Sooner or later, these questions crystallize into new strategic ideas" (Senge et al, 1999 pg.492).

As VHM progresses through the three main stages of growth, that being an initial stage of entrepreneurial vision, then the need for management as jobs become defined and routines established, which in turn is followed by the requirement for governance (Clarkson, 1998). Entrepreneurs and visionaries want to do something because it is interesting and exciting, but after a business has achieved some success entrepreneurs face new challenges such as transferring the inspiration of the little enterprise into something larger, dealing with cash flow issues which inevitably accompany growth, and obtaining the legitimacy from the financial institutions and business world in general that you need to promote growth (Clarkson, 1998). Clarkson (1998) also talks about need for management stage where, "The growing business needs a manager, someone with a different set of skills to manage and sustain growth, skills that are distinct from those necessary to start an enterprise and promote a vision." (pg. 6). The third stage of growth, the need for governance, deals with how the company will preserve its vision, balance growth with risk and profitability, and hold management accountable without undermining its independence and flexibility (Clarkson, 1998).

Knowing your workplace and the systems at play can aid in the development of strategic plans. Morgan (1997) says that in times of change, plans and planning can be limiting as they impose rigidity on the workplace. This can create a target for political opposition and reduce the effectiveness of the desired changes. Strategic planning, in this case, may call for management to use what Morgan calls "strategic termites", a metaphor for a series of small initiatives that empower people to lead the company to immense building (pg.41). The small changes arising from the initiatives eventually build momentum and prepare the company for change from within. Building change from within an organization can be a very powerful strategic management technique, as it avoids the systemic trap in companies of, "The increased pressure from rapid change and global competition continually pushes business leaders *to do something*. And, so, we do more of what has worked for us in the past or try the new flavor-of the month management fad. Frequently, these actions disrupt the networks of experienced staff who have the knowledge, experience, and connections to make the business successful. Then, instead of increasing effectiveness, leadership actions cause everyone to reconnect and reinvent the wheel or go underground. Things slow down and leaders get impatient again, feeling the need *to do something more*. The question is "What will be more effective?"" (Kelly & Allison, 1999 pg.7).

Most authors recommend using a systemic analysis approach to identify where changes could facilitate the rise of an organization. Senge (1990) uses various archetypes to represent the

feedback loops which influence organizational systems. "One of the most important, and potentially most empowering, insights to come from the young field of systems thinking is that certain patterns of structure recur again and again. These "systems archetypes" or "generic structures" embody the key to learning to see structures in our personal and organizational lives. The systems archetypes-of which there are only a relatively small number- suggest that not all management problems are unique, something that experienced managers know intuitively." (Senge, 1990 pg.94). A Senge (1990) archetype that may be applicable to the VHM opportunity is called "Limits to Growth" in which. "A reinforcing (amplifying) process is set in motion to produce a desired result. It creates a spiral of success but also creates inadvertent secondary effects (manifested in a balancing process) which eventually slow down the success." (pg.95).

Diagram 1.
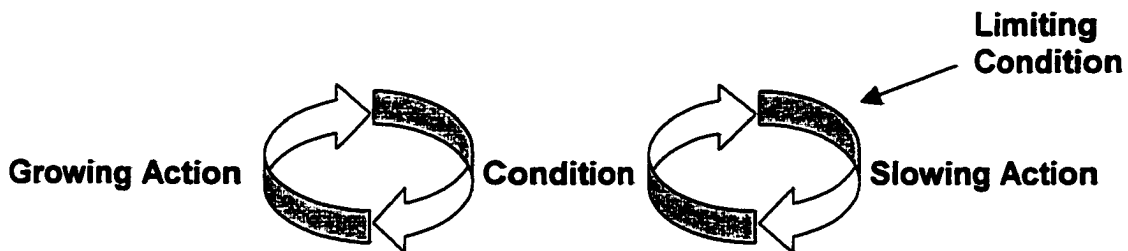
(Senge, 1990 pg.97).

The literature shows that often people will work extremely hard to build their business, while overlooking important details. Oshry (1996) examines "systems blindness" as the cause of many organizational problems, where people get stuck in their own job stresses or perceptions rather than looking at the whole of the system at work. Oshry terms this systems blindness as "spatial blindness" (1996 pg.3). The other systems blindness that Oshry notes is "temporal blindness...where we experience the present but are blind to the complex set of events that have brought us to the present. This blindness to the history of the moment is a source of considerable misunderstanding and conflict." (1996 pg.3).

Oshry is not alone in calling systems complex. Kelly (1999) advocates the use of "Complexity Theory" in systemic analysis, which basically states that in every organization there are many interrelating systems at work that influence what emerges. "Complexity science is the name commonly used to describe a set of interdisciplinary studies that share the idea that all things tend to self-organize into systems" (Kelly & Allison, 1999 pg.5). In other words, management must keep a check on the emerging results to determine how the systems are truly operating and where changes may be necessary. "If we don't know how we are doing, we'll never know what behaviors to repeat (or eliminate). The objective...is to make visible the way things actually work or don't work so that problems and bottlenecks are on the table and we can learn from our successes and failures" (Kelly & Allison, 1999 pg.124).

Kotter (1996) also refers to systemic factors at play when he discusses firms' strategic planning abilities. "To date, major change efforts have helped some organizations adapt significantly to shifting conditions, have improved the competitive standing of others, and have positioned a few for a far better future. But in too many situations the improvements have been

disappointing and the carnage has been appalling, with wasted resources and burned-out, scared, or frustrated employees...But a significant amount of the waste and anguish we've witnessed in the past decade is avoidable. We've made a lot of errors, the most common of which are these.

1. Allowing too much complacency: a high sense of urgency must be established in managers and employees to make change happen
2. Failing to create a sufficiently powerful guiding coalition: in most successful cases, the coalition is always powerful- in terms of formal titles, information and expertise, reputations and relationships, and the capacity for leadership
3. Underestimating the power of vision: to help direct, align, and inspire actions on the part of large numbers of people
4. Undercommunicating the vision by a factor of 10 (or 100 or even 1 000): without credible communication, employees' hearts and minds are never captured
5. Permitting obstacles to block the new vision: new initiatives fail far too often when employees, even though they embrace a new vision, feel disempowered by huge obstacles in their paths
6. Failing to create short-term wins: complex efforts to change strategies or restructure business risk losing momentum if there are no short-term goals to meet and celebrate
7. Declaring victory too soon: while celebrating the first win is fine, any suggestion that the job is mostly done is generally a terrible mistake
8. Neglecting to anchor changes firmly in the corporate culture: in the final analysis, change sticks only when it becomes "the way we do things around here", when it seeps into the very bloodstream of the work unit or corporate body

(Kotter, 1996 pg.3-15)

Another potential systemic dilemma facing VHM is what Oshry (1996) calls the "dance of the blind reflex" (pg.54). It is a model of a hierarchical organization, which VHM plans to be by August 2000 (see Appendix C, Proposed Organizational Structure), where there are top executives, middle managers, bottom workers and customers. "In the dance of the blind reflex:

1. Tops feel *burdened* by unmanageable complexity.
2. Bottoms feel *oppressed* by insensitive higher-ups.
3. Middles feel *torn*-they become weak, confused, fractionated, with no minds of their own.
4. Customers feel *righteously done-to* (screwed) by an unresponsive system.
5. None of the players see their part in creating any of the above.
(Oshry, 1996 pg.54).

Understanding the systems in the organization allows companies to find leverage points for fast and manageable change, which competitive companies must be able to do to survive. "The rate of change in the business world is not going to slow down anytime soon. If anything, competition in most industries will probably speed up over the next few decades. Enterprises everywhere will be presented with even more terrible hazards and wonderful opportunities, driven by the globalization of the economy along with related technological and social trends" (Kotter, 1996 pg.161)

Senge (1999) offers some suggestions for meeting the challenge of strategy and purpose:

- Use scenario thinking to investigate blind spots and signals of unexpected events

- Combine scenario thinking and explorations of organizational purpose
- Develop stewardship as an organizational ethic and practice (promote the welfare of all components of society whenever possible)
- Engage people continually around organizational strategy and purpose (involve people throughout the organization I developing a clearer view of options and constraints)
- Expose and test the assumptions behind your current strategy
- Focus on developing better strategic thinking and ethical thinking capabilities
- Learn to pay attention to subtle shifts in the sense of possibility

(Senge et al. 1999 pg.496-503).

This project is designed to do a systemic analysis of VHM's human resources while VHM is a small, streamlined company in the enviable position of proactively planning for their growth in today's economy. "The typical 20th century organization has not operated well in a rapidly changing environment. Structure, systems, practices, and culture have often been more of a drag on change than a facilitator. If environmental volatility continues to increase, as most people now predict, the standard organization of the 20th century will likely become a dinosaur... The winning enterprise of the 21st century will have:

- A persistent sense of urgency
- Teamwork at the top
- People who can create and communicate vision
- No unnecessary interdependence
- An adaptive corporate culture

(Kotter. 1996 pg.161-171)

The issues of employee retention, leadership and human resources, employee motivation and organizational culture, and learning organizations and system analysis for business stages of growth that the company is grappling with and seeking solutions to are reinforced by the external literature. It is clear that all high tech firms, such as VHM, are under pressure to increasingly respond to employee needs.

3. CONDUCT OF RESEARCH STUDY

3.1   Research Methods

3.1.1 Action Research

Action research is a natural process for understanding and resolving problems where the researcher wishes to go beyond the simple recording and analysis of events. Action research is defined as investigative study which has the "...fundamental investment in processes that:

1. Are rigorously empirical and reflective (or interpretive)
2. Engage people who have traditionally been called "subjects" as active participants in the research process: and
3. Result in some practical outcome related to the lives or work of the participants."
   (Stringer, 1996 pg.vxi)

The action research methodology follows a process to engage participants and produce results that can be implemented. Stringer (1996) presents the action research as a routine of:

Diagram 2.
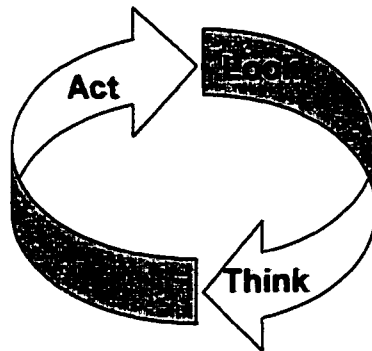
Look - Gather relevant information (Gather data)
      - Build a picture: Describe the situation (Define and describe)
Think - Explore and analyze: What is happening here? (Hypothesize)
      - Interpret and explain: How/why are things as they are?
Act   - Plan (Report)
      - Implement
      - Evaluate
(Stringer, 1996 pg.16)

Stringer (1996) remarks that other authors have different ways to frame action research, such as Kemmis and McTaggart (1988) who present action research as a process of: plan, act, observe, reflect. Of further note is the idea that action research is not linear as presented here, but rather a feedback loop where the cycle of "look, think, act" is repeated numerous times as

participants work through the stages of the research (Stringer, 1996). The three steps of "look, think, act" are viewed as recycling activities which continue to ensure positive effects for participants. Action research meets the quality investigation criteria, as, "Good research includes making observations, recording them fully, reporting on them in an understandable way and distributing the information to others" (Kirby & McKenna, 1989 pg.43).

Action research methodology relates to the research question of "what do employees of VHM value about their jobs" as someone's personal opinion on their workplace will be investigated that may in turn effect that very workplace. The idea behind action research is that involving the person or subject in the research will produce superior results, as they will be based in the actual situation under normal, everyday circumstances. This is why action research is appropriate for this project.

3.1.2 The Qualitative Perspective

The research needs to be shaped according to the perspective that will be the most valuable and provide the greatest insight into the research question. This project will predominantly use the qualitative perspective, which tends to focus on interpreting the participants words and drawing out patterns or understanding their reality (Palys, 1997). Qualitative research "...attempts to understand the many truths about reality. Such approaches tend to be constructionist: their adherents criticize quantitative researchers' detached, aloof stance" (Palys, 1997 pg.423). The main value of qualitative research for this project is that if the attempt is made to slot what people value into numerical categories, there is a risk of losing the essence of their responses. This project is also a human-centered project that is examining human behaviors and as such it faces issues which are fundamentally different from those of the researcher in the natural sciences (Palys, 1997). "As both social scientists and humans, social scientists are part of the very entity we seek to understand. The philosophy that expresses this view is known as phenomenologism...(which) maintains that any effort to understand human behavior must take into account that humans are cognitive beings who actively perceive and make sense of the world around them, have the capacity to abstract from their experience, ascribe meaning to their behavior and the world around them and are affected by those meanings" (Palys, 1997 pg.16). Therefore, to be phenomenologically sound this project must use qualitative research as its basis.

There will be occasional opportunities to use the quantitative research perspective, which attempts to quantify research into numerical findings for comparison (Palys, 1997), especially in looking at the employment factors of salary and time off, which are normally presented in numbers. If it is of value in certain circumstances to present the research in quantified form, then it will be presented that way, such as in the literature review where background information from other authors on this subject is provided, some of which has been written in numerical comparisons.

3.2   Data Gathering Tools

3.2.1 Interviews

One attraction of this VHM project is the fact that the company population is sufficiently large enough (12-15 people) to supply meaningful data, but small enough to allow all of the staff to be included in the research, including: salaried employees, contractors, management, executive management and the board of directors. The data collection method being used for this project, with the goal of performing action research and creating qualitative data, is the interview. "Interviews are a special form of interaction between people, the purpose of which is to elicit information by asking questions" (Kirby & McKenna, 1989 pg.66). "Interviews enable participants to describe their situation...the process provides a view of their views and perspectives, but also symbolically recognizes the legitimacy of their points of view" (Stringer. 1996 pg.62).

Kirby and McKenna (1989) describe the essential components of an interactive interview. the most crucial of which for this project are: forming clear questions that stay close to the research focus, a sense of equality between the researcher and participant, recognition of the investment made by all participants. accounting for yourself as you research. keeping the research process dynamic and changeable in response to new information and participants, and recognizing that collaborators are an essential component. Interviews are the most appropriate data collection method for this project as they produce data through interaction and involvement with the research participants that can then be analyzed using the qualitative perspective.

3.3   Study Conduct

3.3.1 Ethical Considerations

This project will be using human participants in this research study. As such the research methods will be following the Royal Roads University guidelines for using human subjects in research (1999), which state:

- Inform the participants they are part of a research project and what type of data is being collected.
- Describe to the participants how the data may be used and who will have access to it.
- Have participants sign a release form that acknowledges they are willing research participants and that they authorize the researcher to employ the collected data in support of the research project.
- Protect the confidentiality of all participants in either presentations, during analysis or in written reports.

(Royal Roads University, 1998 pg.5).

Similar guidelines for ethical conduct are also set forth in the Institute of Certified Management Consultants of Canada (1993). The code of conduct, which has been discussed with

the VHM project sponsor, is fair and helps to ensure reliable behavior. Palys (1997) refers to the dilemma social science researchers face when he quotes Schatzman and Strauss (1973) that the researcher "needs both strategy and morality. The first without the second is cruel; the second without the first is ineffectual." (Palys, 1997 pg.85).

3.3.2 Study Steps

The ten main interview questions (Appendix E) were formed under the guidance of the Project Sponsor. The questions sought employees' feelings on issues in the fields of employee motivation, retention of key people, workplace culture and leadership.

All staff at VHM, including part-time, full-time, management and contractors, was asked to participate via email. Interviews were scheduled and confirmed over email with eleven of thirteen people choosing to participate in the study. The research was conducted over two days where each employee was asked ten questions during a forty-five minute time period. The interviews were conducted off-site in order to provide a relaxed atmosphere and a sense of anonymity for the interviewee. The interviewees were also asked probing questions and points of clarification based upon their responses to the main interview question (see Appendix E for responses).

In summary, the study steps were as follows:

- Step 1- individuals were invited to participate in the study
- Step 2- employees are contacted prior to the to discuss the project purpose
- Step 3- individuals consented to the interview via email
- Step 4- participants were individually interviewed to draw out stories of opportunities they have had in the workplace setting
- Step 5- the findings were summarized and recommendations formed

4. RESEARCH STUDY RESULTS

4.1 Study Findings

The purpose of this project is to identify areas where VHM can position itself to retain the existing staff. The data collected from interviewing employees has been summarized into four topics:

- Pay/benefits
- Challenging work
- Company leadership
- Company culture

4.1.1 Pay/Benefits

4.1.1.1 Salary

VHM formally compensates its employees by paying a salary to employees which is based upon a forty-hour work week, offering them a stock options plan after one year of full time service and by providing a benefits package which is currently being developed. Of the three, the salary is the only factor that is clearly understood by all employees. There is a perceived shortcoming in salary payment as, at present, most employees feel that VHM is under the market median for salaries. Although the employees have the understanding that the company cannot afford to pay high salaries at this stage in its growth, there is an expectation that salaries will rise as VHM becomes more profitable.

4.1.1.2 Stock Options Plan

The four senior managers had a very clear comprehension of the stock options. Only two other employees felt that they fully understood how the plan operates. There was interest among all employees in sharing the company's success through staff ownership of VHM shares as they and most agree that having a stake in the company's profits is a workplace motivator that also builds loyalty to the business. Staff know of the existence of VHM's stock options plan, however at present the details are not advertised until individual employees make a point of asking management for details.

4.1.1.3 Benefits Package

The benefits package is in development, with the details being left to a senior manager to formulate. The other employees accept this stage of development and are under the

understanding that meetings will take place sometime in January or February of 2000, although at this time there are few details on what has been finalized. Most staff, to varying degrees, view the benefits of extended medical, dental, vacation time and pension plans as important and as an expectation of their workplace.

Benefits packages were of greater importance to those VHM employees that had children or had been in the workforce longer. The younger employees stated that a benefits package was desirable, but did not feel strongly about any specific areas of content. Four of the interviewees responded that they felt benefits were an automatic component of a job and had assumed that VHM already had a plan in place when they were hired.

4.1.1.4   Job Flexibility

The workday hours and task variety give the employees a great deal of job flexibility. Employees have input into their start/finish times and are given the freedom to work independently. Staff ranked this as the greatest informal work benefit at VHM.

4.1.1.5   Vacation Time

Most employees feel that two weeks per year of vacation time is adequate at the start of a new job, but after a few years they feel that four weeks per year is necessary. The other dilemma is that some personnel do not feel able to leave work and take time off as the infrastructure is not there to cover for them while they are away. A number of people have not taken vacation time since working for VHM and run the risk of burn out if they do not take time away from the job.

4.1.1.6   Office Socials

The employees like the office socials, but no one ranked that as a high priority for their workplace.

4.1.1.7   Location

Location was considered important with employees wanting to stay in Victoria, others wanting to work in a larger Canadian city or internationally.

4.1.1.8   Physical Space

Most of the employees appreciate VHM's physical space and other aesthetics, such as the new equipment, showers at work and flowers to name a few. The staff are supplied with snacks and beverages, which is considered by the executives to increase morale.

4.1.2 Challenging Work

4.1.2.1   Employee Background

For six of the thirteen employees, this job is their first "career" type of employment. While this indicates that much of the staff is young and inexperienced, it may also contribute to the energy and enthusiasm around the office as many of the tasks are new and challenging for the employees.

The vast majority of VHM's employees were known to management prior to being hired, through contacts with other employees, through University co-op placement prior to receiving a job offer and being recommended by acquaintances of management. There is also a fairly even split among those who were approached by VHM and those who searched out the company for their jobs. Just under half (five of the eleven employees interviewed) are entering the workforce upon completion of University degrees or programs, three were disenchanted with their previous workplaces and three left their previous jobs as they felt the technical attraction of VHM offered a better opportunity for them.

4.1.2.2   Attraction of High Technology Work

Working with high technology was an important attraction for employees at VHM as most view technical work as having great potential, in both high profits and for providing interesting work.

4.1.2.3   Major Work Challenges

The staff values the challenges, the people at work and the flexibility at VHM. The main challenges arise from the company being in a start-up phase of operation. The tasks are new and exciting to workers, the staff is given the freedom to work independently by creating their work and they are able to feel part of a new business that has a great potential for growth.

Employees would look for new work if they were no longer stimulated by the work at VHM and if they simply felt that it was time for a change to work in a new environment.

4.1.2.4   Opportunities for Career Advancement at VHM

All staff feels that there is opportunity for career advancement as the company grows and needs to hire more people, budgets become larger and more supervision is necessary. The majority of staff believe that current employees will be the first to be promoted into management as they have experience with the company and will have a greater knowledge of the product than new hires. Management responses differed slightly, for while they stated that current employees will likely fill management roles within the company, they may have to bring in more experienced managers and layer them into existing staff depending on the company's needs.

Currently, there is no formal management training being offered at VHM. Part of the rationale for this is that the budget does not exist for management training at this stage in the company's development. There were mixed responses as to the degree of leadership modeling by existing senior managers styles as they are all relatively new and inexperienced. VHM does have a very strong Board of Directors who are able to provide guidance to the management team. The general sentiment among staff was that you are not encouraged, but you are also not discouraged from entering management. Staff members are expected to pursue their own career and personal growth to provide value added endeavors for the company while, hopefully, addressing their own needs at the same time.

4.1.3 Company Leadership

4.1.3.1   Job Training

At present, VHM does not provide any substantial in-house job training for its employees. The main reason for this is that VHM currently cannot afford the cost of programs and lost employee time to run training initiatives. For the majority of employees this lack of job training is not a problem. The staff learns as they go and in many cases they are able to create their jobs as no one has gone before them. While there is some decent, especially in the more technical areas where it is not easy to learn and create for yourself (a technician mentioned that it took him/her four months to learn on their own what they could have been taught in one month), overall the staff are comfortable that they are able to perform their jobs based on previous education, work experience and their own creativity. In this manner the employees' jobs evolve naturally as they work at VHM.

In the future, VHM wants to increase in-house and off-site training for employees. Management feels that as the company grows and more people are hired, communication will become more difficult and the need to train new employees will become greater. They are starting to look at methods of training delivery, from face to face instruction to using the Internet or company Intranet to deliver courses and instruction.

4.1.3.2   Orientation Programs

New employees are not taught about VHM's corporate policies, given an office orientation session or informed of the work expectations. Currently this information is left for the person to discover on their own, which often makes for an uncomfortable transition into the workplace. Mention was also made that new staff should be given more detailed information about the VHM product and how it works. At present, employees are given information to read about the Vigil Health Integrated Care Management ™ system, which is insufficient for full understanding of the product. Most employees want a full understanding of the product in order to communicate intelligently with customers, support services, financing and co-workers.

4.1.3.3   Internal Communication

Formal communication at VHM is facilitated through various meetings. The whole staff meets weekly where each person reports "seven days back and seven days forward" to state what they have recently done and what they will be doing. Departments also have weekly or monthly meetings to discuss ideas and an Intranet is being established to put ideas into written form for staff to review. There is a monthly Board of Directors meeting in which all senior managers and the five members of the Board meet to discuss and finalize decisions. Some of these meetings are closed and others are open to the employees. At present most communication in the office remains word of mouth. Staff may not receive information, especially part time employees who may not be present when discussions take place.

The staff has many different perceptions of communication at VHM. Most like the weekly staff meetings and do find them informative, however many employees mentioned that the content of peoples' reports "seven days forward and back" are often not adequate to provide all necessary details of projects. This is partly due to the informal tone of the meetings, which people enjoy but find that it can hinder effective communication. The employees responded that they want to share their work and learn about what others are doing and the full staff meetings are a good beginning. Most department meetings are focussed on specific work, those involved in the particular area.

Employees mentioned that they do not have a great deal of communication specific to their jobs. Newer employees have received different messages from different people and had to discover who they should be approaching with their questions, as opposed to the company having a communication plan in place. Information is also quite centralized with senior managers and at times is even limited to only one person. Many staff feel that this issue needs to be addressed before the company grows and the communication becomes even more difficult.

4.1.3.4   Decision Making Process

While most issues are driven from the top down, staff perceive the decision making process to be, for the most part, very inclusive as departments or employees with expertise are consulted for their input. Management uses that input to make a decision, or presents a proposal

to the Board of Directors for larger resolution. The ultimate responsibility for decisions lie with the shareholders who are represented by the Board of Directors (although the CEO is currently the largest shareholder). The Board of Directors provides guidance on significant issues, such as the long-term strategy of the company, and does not manage the day to day affairs. Through this consultative process, most decisions are made known to staff in their formative stage, although some resolutions are announced without staff having input.

4.1.3.5 Leadership and Employee Retention

Company leadership has a great effect on people choosing to leave the workplace. The majority of employees see VHM as a career job where they would want to stay for the long term. A few of the staff indicated that their personal lives were not yet stabilized and therefore did not know where they may be over the long term, however none of the staff stated that VHM was a temporary job while they searched for other work.

4.1.4 Company Culture

4.1.4.1 Employees' Previous Work Experience

The people at VHM came to the company with a variety of past work experiences that have helped to shape their opinions and expectations of what should occur at the workplace. The aspects that were most appreciated in previous employment were having autonomy/independence to make decisions, getting along with coworkers or feeling like part of a cohesive team, and having a variety of the tasks that makes the work challenging. Conversely, the main factors that employees disliked in their previous workplaces were negative energy/people, a lack of flexibility in scheduling and limited mobility to change tasks or further their careers.

4.1.4.2 Defining VHM's Workplace Culture

The VHM culture is perceived to be energetic, hard working and fairly cohesive. There is some contradiction as to how "open" employees perceive the environment to be. While some find the office to be an informal place where conversation can flow, there are roughly an equal amount who feel that barriers are in place that limit interactions and are judgmental in nature.

The staff enjoys working with each other. The energy, enthusiasm and positive outlook of the staff is a valuable asset to the company. Additionally, most feel that management is approachable and open to input from staff, which is taken seriously and implemented in the majority of instances. It is difficult to state conclusively whether the energy of the staff causes management to be open to input or whether the openness of management energizes the staff to take a leadership role in the company.

During the interviews, VHM staff responded that the energy of the younger staff and working with technology on the cutting edge motivates them and makes for a good employment fit. The culture is professed to be "relaxed and casual", but in reality it is not. New staff are required to prove themselves by working long hours and putting in a great deal of effort, for being casual is initially frowned upon.

4.1.4.3   Challenges for the Company Culture

The employees are a fairly homogeneous group in terms of work ethic, humour, background and ambitions, which is good for the company, but is challenging for new employees to "fit in".

Also, in the interviews respondents said that VHM does not, in practice, concern itself with balance in employees lives, especially for management who find that they work long hours at the expense of their private lives.

4.1.5 Summary of Study Findings

People will stay because of external factors, such as the rewards and compensation that come from the job, and internal factors such as the more personal needs and values that people desire from the job. Employees stated that they might leave VHM for more pay, higher level positions and more responsibility. Another external drawing factor would be to work for a larger company with a proven record of success as it offers a greater degree of job security.

Many staff noted their need for growth within the company, either through increased responsibility by entering management positions or by being offered challenging jobs, as they become available. Further, employees expect to have pay raises/salary reviews that coincide with their long-term service and commitment to the company. Lastly, a number of employees want to have the opportunity to travel, especially if it can occur through work. The opportunity for travel and change is important to most employees, due in part to the fact that most staff are between 20-30 years old and want to have many experiences in their work lives.

4.2   Study Conclusions

The conclusions are also grouped into the following topics.

- Defining the employee retention challenges
- Planned and unplanned turnover
- Pay/benefits
- Challenging work
- Company leadership
- Company culture

4.2.1 Defining the Employee Retention Challenges at VHM

VHM's growth, which is essential for the company's survival, is dependent upon its ability to retain current employees and hire additional people as needed. The problem, or challenge, for VHM is that they operate in a market where skilled employees are in demand and the majority of those skilled people are from an age group that has some different mindsets than previous generations.

- "It is, and will remain, an employees' market. Companies aren't only having a hard time attracting employees- they're finding it difficult to keep them." (Harkins, 1998 pg.74).
- Vernon & Commander (1998) estimate that the number of vacant jobs in the U.S. information technology industry alone is nearly 350,000. With this being the case, many valuable employees are parlaying six to twelve months job experience into a significant pay raise at another company (Vernon & Commander, 1998).
- Further complicating this issue for companies is the fact that people are constantly being told that they can expect to change jobs every three to four years and that they will likely have five career changes in their working lives (Buhler, 1998).

It is a competitive workplace. In order to retain its people, VHM must consider that the staff is young, mobile and have various opportunities in their areas of expertise. All employees, to varying degrees, stated that they were open to pursuing new opportunities in their careers and the majority of staff members noted that they were just beginning their careers.

4.2.2 Planned and Unplanned Turnover

There are two types of employee turnover, planned and unplanned (Harkins, 1998). Planned turnover, as when someone retires or has a contract with a set completion date, generally is not a problem for companies as they know what is coming and have time to make the appropriate arrangements. Unplanned employee turnover is much more of a problem, especially if a key employee who is difficult to replace were to leave the company.

- "This type of turnover is expensive. Recruitment alone can cost 50 to 60% of the first year's salary, and up to 100% for certain specialize, high-skill positions." (Vernon & Commander, 1998).
- "Unplanned turnover can cost as much as three to five times the annual salary of the individuals involved." (Harkins, 1998 pg.74).
- These costs of unplanned employee turnover are comprised of the time human resources people and managers spend interviewing, the orientation and socialization process for new employees and the training expenses (Buhler, 1998).

VHM, at this time, is financially unable to deal with a great deal of unplanned employee turnover as they are in a growth phase where clients are being pursued but have not yet bought the Vigil Health system. Therefore, the company must rely on investor capital to finance their ventures for the time being.

The Senge (1990) archetype "Limits to Growth", in which factors of success can create by-products that act to undermine and slow that very success, helps to illustrate the dilemma of employee turnover.

Diagram 3.

Growing Action   Condition   Slowing Action   **Limiting Condition**
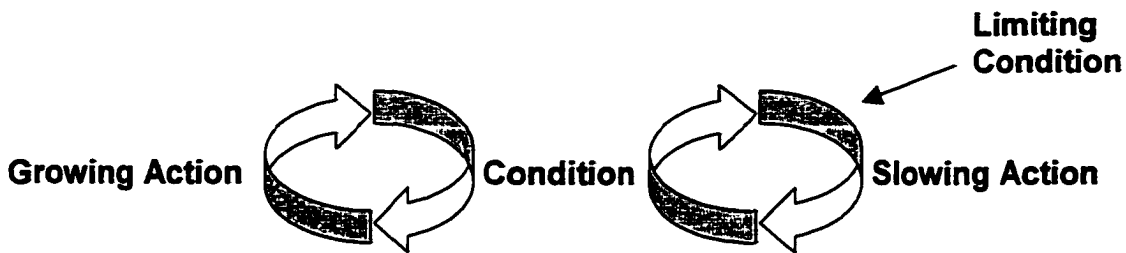
(Senge. 1990 pg.97).

If there is unplanned turnover the company will need to focus its limited resources on finding new employees. This is a slowing action as they will be unable to spend time on product development. which allows the competition to catch up and possibly take over the market. Employees in research and development would be unable to perform their jobs. stagnate or be ripe for recruitment by other firms.

4.2.3 Pay/Benefits

4.2.3.1   Salary

The employees understand how much they are being paid and the dates upon which they receive their pay, but bonus pay and raises are not as well clarified. VHM does not pay high salaries. in fact management is being paid approximately twenty percent below comparable companies. rather they rely on the Victoria location and the potential growth of stock in the company to attract and retain their employees. While wages are an issue. most authors in the field of attraction and retention of employees agree that the key to attracting and retaining valuable employees is not simply paying the highest salary (Buhler, 1998; Caudron. 1998; Dolan. 1996; Harkins, 1998; Josefak. 1999; and Vernon & Commander, 1998).

A potential source of employee dissatisfaction occurs when the employees do not understand their pay scale and corporate compensation system (Sklar 1997, pg.26). VHM uses full-time, part-time and contracted employees. All employees interviewed understood how they were being paid. when they received their pay and that their salary was based on an hourly wage over a forty-hour workweek. Management understood that they were being paid a salary based upon their position as opposed to an hourly wage. The company does not have a salary grid where employees know what each other are earning, rather positions are filled and salaries

negotiated by the individuals involved. This situation may change as more people are hired and norms are established for positions in the company policies. This leads to inconsistency in pay, which may lead to confusion, resentment and when people are recruited from the outside a situation may be set up to cause dissatisfaction by existing staff.

Further, presently VHM is able to pay lower salaries as its people comprehend the company's stage of growth and accept that the capital needed to pay large salaries does not yet exist. However, this is a short-term consideration and will likely change as the company either will become more profitable or will not show growth. If VHM's revenues increase the employees will expect to share in the profits, while if compensation remains below the market value over the long term people will feel underpaid and decide that it is in their own best interest to leave.

4.2.3.2   Stock Options

The interviews clearly stated that a strong motivating factor with staff at VHM is the potential to share in the success of the company as it grows. The precedent from other high tech firms, most notably Microsoft whose initial employees have made millions of dollars from investing in the future of that company, has created the environment where people are eager to obtain stock options.

VHM could do a better job on educating its employees about the stock options plans as less than half of the employees felt that they understood how it worked. The present plan, which is in the process of being changed and further developed as the details need to be thought through, is that an employee is entitled to purchase a fixed number of VHM stock options after working for the company for one year. The employees who understood the options plan had obtained the information from management through their own initiative, as opposed to management using the plan to attract potential employees and maintain current employees interest in the company's success. In a start up company that has great potential for future growth, the stock options or "employee ownership" plans can be a great way to attract people and keep them interested in the growth of the organization.

VHM appears to be a driven company where both management and staff are very focussed on production and having a strong work ethic. As such, VHM would be an ideal candidate for a stock options plan that is tied into "paying for performance". One of the five keys to creating partnerships between employees and the company that Harris (1996) makes is to "pay for performance" using incentive plans such as gain sharing programs and employee stock option plans (pg.47). "Research by those who are in favour of this particular business philosophy suggests that offering workers a piece of the rock increases loyalty, improves their work effort and aligns their interests with those of the company. Moreover, there appears to be a strong correlation between employee "ownership" and corporate profits." (Hays, 1999 pg.60). At VHM, as the company is relatively new with a solid potential for growth, the incentive and motivational factors contained in stock options are great. "A share of stock, after all, represents a legal right to share in a company's future earnings- if a company does well, the stock is worth more and vice versa. Though employees in an "ownership culture" place a portion of their future earnings at risk, there's less emphasis on the frangible connection between job and salary, and more on the sort of benefits that can help reward and retain key employees- something all HR managers seek to achieve." (Hays, 1999 pg.61).

Not all authors feel that stock options are the best way to motivate employees. "The main problem with stock options is that they do not represent true ownership. While the option holder is entitled to all the glory that comes with upward price movements, he is protected from the downside of disappointment. This can have two negative effects. First, there is a huge incentive for option holders to take undue risk. Second, and perhaps more important, there is an incentive for employees to roam around. Try your luck at one job, and if the company's stock is stuck in the doldrums, move on." (Gurley, 1997 pg.172).

4.2.3.3 Benefits Package

VHM staff do not have an in depth understanding of the benefits package. This may be attributed to the fact that at the time of the interviews the benefits package was in development. Employees did not state that they understood the process, content or had their own needs clearly defined. Management had a much better understanding, and felt that the staff had a much greater comprehension of the timeframe for completion, the process to obtain input from staff and benefit package content.

The interviews suggested that a communications gap exists between the managers who are forming the package and the rest of the staff. The managers believe that they have adequately polled and included staff wishes in the proposal, however the staff had very little knowledge about the content of the package, the process being employed to develop the package and, in many instances, staff had not even clarified or presented their own opinions about benefits to the managers.

Management should not mistake the lack of passion to mean that the benefits package is a trivial issue, for when a person needs help work benefits become a major issue. In fact, Josefak (1999) quotes a study from the Society for Human Resources Management where employees ranked health care benefits first, followed by new hire orientation and open communication policies, as the key retention factors in their jobs. The interviews showed that younger employees were unsure or unaware of what they considered of value in a benefits package, however those in the workforce longer had a much better idea of what they wanted included. Therefore there may be a misconnect between what employees understand and value and what management thinks they understand and value.

4.2.3.4 Employee Work Conditions

VHM can retain employees in today's market by addressing the issue of life versus work balance. The VHM vision statement reads in part that "... We have a dynamic and vibrant culture where creativity and quality of life are fundamental" (Vigil Health Management Inc., 1999). The challenge is to create jobs that people enjoy and want to spend more time at, while balancing other life concerns. This is typical of growing firms. Conflict may arise between long-term employees and new hires where excitement levels differ as well as previous experiences.

Instituting work/family strategies also influences employee motivation. "The ever-changing values of tomorrow's workforce have created unprecedented demands for flexible,

diverse benefits and policies. To be leaders and employers of choice, organizations are increasingly focusing on managing human capital. To truly impact the work and personal lives of employees, organizations must stop viewing work/life benefits as an accommodation. Rather, they should look at the benefits as strategic business initiatives that drive culture change throughout the organization." (Vincola, 1998 pg.70-71). Organizations, such as VHM, that plan to stay in business for a long period of time "...need to understand that while in the short term they may be able to improve results by squeezing more out of people, their longer-term survival depends on how they treat their employees. The stresses people are experiencing in organizations today are simply untenable, from the of view of both individual well-being and long-term organizational effectiveness." (Moses, 1997 pg.44).

4.2.4 Challenging Work

4.2.4.1 Promotion

A future issue at VHM is how the company will increase the number of management positions and who they will hire. Staff responses suggest that they think seniority with VHM will play a major role in who enters management or supervisory roles, while management stated that seniority will play a minor role and "fit" (hiring the "right" person) will be a much larger criteria. The possibility also exists that managers/staff with more experience and expertise may be brought in and layered into the existing hierarchy. which may cause dissention among those existing staff. This could negatively affect staff morale as new hires would have more status than those who helped to grow the company.

Sklar (1997) states that a main factor for employee dissatisfaction is the fact that not all technical people want to move into management positions, but those who do want the assurance that the opportunity (management and leadership skill training) is there (pg.26). Buhler (1998) cites training and development. career planning, job enrichment and empowerment as ways that companies can achieve higher retention rates of employees. Staff and management agree that VHM does not provide career planning and training at this time, however this may change as the company grows and such endeavors become financially feasible.

4.2.4.2 Job Flexibility

The staff ranked VHM's job flexibility, mainly in the start/finish times for the workday and breaks and in terms of task variety with the independence to work as they see fit, as a retaining factor. At present, employees are given a great deal of freedom to define the content of their jobs and how the jobs will be carried out, which was found to be a positive work practice by staff during the interviews. Also noted was the fact that while management felt that this system was working well currently, they anticipate forming a more structured work environment as jobs become better defined and new positions are added through company growth.

"What has happened is that the traditional ways of working have been tossed out the window, at least in progressive companies, and employees have responded. Fancy that. It turns out workers like such things as flexible schedules, onsite daycare and the ability to

express an opinion. Today, the corporations to work for are those in which managers and employees act least like you would expect them to act. And this is cool." (Caudron, 1998 pg.52).

VHM is expecting to grow and add more staff, including four additional people to its staff within the next six months. Harari (1998) writes that the key to attracting and retaining the best and brightest employees revolves around creating an entrepreneurial environment. People at all levels are encouraged to experiment with new ideas, make fast decisions and take responsibility for them. Further, developing an owner/businessperson mindset where people operate as if they own their own business and are treated accordingly in terms of job expectations and rewards can be attractive to employees (p.24). During his interview, the CEO at VHM expressed a desire for the staff to be entrepreneurial and take a leadership role in developing their own jobs while advancing the company. Further, the CEO stated that VHM makes decisions quickly and that he would like to see the decision making process become even faster by employees taking more responsibility for making decisions.

Management presented mixed messages along these lines during the interviews. On one hand, Management stated that they strive to be flexible and give employees independence in their jobs and that they would like to have staff taking even more responsibility and be able to make the decision making process faster than it currently is. On the other hand, the senior managers stated that they want a structure with more accountability from employees, especially as the workforce grows and the office becomes more spread out. Care must be taken as more employees are hired for jobs that become defined and bureaucratized, that a slowing process is not created (Senge, 1990) where decisions are more difficult to quickly make. The challenge for management will be to find a system that works for them, providing accountability without destroying the independent working environment.

4.2.5 Company Leadership

The management team at VHM is relatively young and inexperienced, and as such they are developing the leadership style for the company. The interviews suggest that the team is well read and forward thinking as they want VHM to be a cutting edge company with modern leadership and direction. They are also dedicated and work hard to model the commitment that is expected from all staff. This attitude fits with Goh (1998), who writes that successful organizations have the core strategic building block of leadership that is perceived as empowering employees, encouraging an experimental culture, and showing strong commitment to the organization (pg.17).

However, managers have displayed command and control leadership traits and are resistant to fully empowering the staff. "The old management paradigm assumes that the competency rests with the single agent who commands and controls the others. In fact, it rests with the interlocking behaviors of all the agents involved and in the environment supporting those behaviors" (Kelly & Allison, 1999 pg.160). Examples include all decisions flowing through management for final approval, financial transactions must be approved by management and managers working very long hours, partly due to the fact that they are overseeing all aspects of the business as opposed to delegating tasks to other staff to perform.

Authors in the field of leadership write that the best way to keep employees satisfied in today's workplace is through empowering, caring and shared leadership (Buhler, 1998; Harkins. 1998; Sklar, 1997). Management should follow their ideas about shared leadership where work and power is delegated to the staff member responsible for that job. Train the staff, provide them with the tools to perform their jobs and then trust that VHM has the right people making sound decisions to advance the company.

4.2.5.1   Leadership and Retention of Employees

Leadership at VHM will retain employees. There are current practices in place that are excellent tools for maintaining a motivated and interested workforce. Employees want to have continued input into decisions and be made to feel that they are part of the team. Time off for travel, family and other interests, are also keys to retaining the services of the current staff. Continued feedback from senior management regarding employee job performance and the initiatives that they undertake is important to staff.

Leadership at VHM can also be direct cause of employees choosing to leave. VHM must be careful to address employees' needs by realizing that people invest a great deal of themselves into their workplace. Harkins (1997) states that employees generally leave their organizations because of:

1. lack of confidence and hope, he or she may begin to think the grass is greener in another company, where there seems to be more focus;
2. lack of recognition. inadequate reward and too little focus on their personal development;
3. too many broken promises and commitments were not kept; and
4. not to being heard.
(pg.75).

Staff responses were optimistic regarding the direction of the company as the people feel that VHM will be successful. However. VHM is a visionary company with high expectations and is pursuing many avenues for growth, be that into other products, moving the location of the company or possibly changing ownership. When staff ideas do not come to fruition. VHM must be careful to deal with the employees disappointment in a caring manner. Communication must also be clear during the brainstorming and initial exploration stages of ideas so staff do not feel deceived if the end result does not match the initial description of an idea or plan.

Many issues from Harkins (1997) are related to leadership. VHM must determine and develop a constant style of leadership. As management develops their leadership style, they must keep in mind that different people respond to different styles of leadership. The interviews illustrate this point, as staff responses to questions varied, sometimes to opposite extremes. from person to person (see Appendix E).

This is an entrepreneurial company, which are often driven to change fast. This fast change runs the risk of leaving people behind. Management appears to be experimenting with styles at this point. The Organizational Structure reports (see Appendix B and C) suggest a strict hierarchy, yet the decision making process has a flat structure where all staff have equal input.

There is a formal office dress code, but the workplace interactions are very informal and casual. Staff and management are well read and informed about leadership styles and issues.

4.2.6 Company Culture

4.2.6.1 Employee Retention and VHM's Culture

The workplace culture at VHM affects how comfortable individuals feel at the office, or the fit factor. Key employees who dedicate themselves to their organizations need to feel as though they fit, and their values and principles match those of the organization. If they do not, they may choose to leave (Harkins 1997, p.g75).

The Senge (1990) archetype "Limits to Growth" in which factors of success can create by-products that act to undermine that very success illustrates how workplace culture can deteriorate.

Diagram 3.
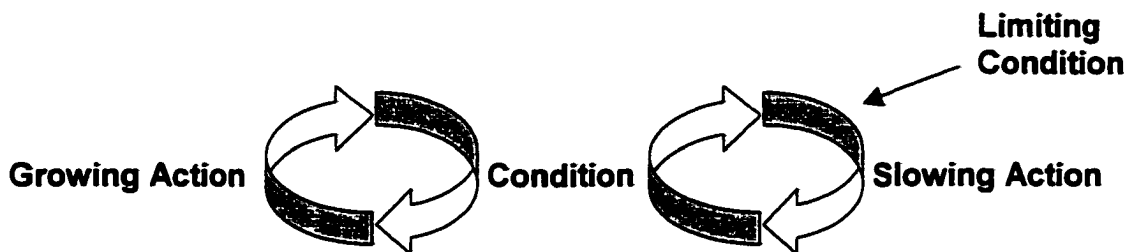
(Senge, 1990 pg.97).

An example using VHM's office culture has the growing action of jobs becoming better defined and people assuming roles within the company which then has the slowing effect of making the office culture more formalized with less carefree interaction and a hierarchical social structure based on positional power. The end condition may be an office culture that is no longer a retaining feature of the company and that does not increase the motivation at work.

The workplace consists of respect for each other, a strong work ethic and the equal contribution of all. Further, management is open to innovation, creativity and employee input as they look for ways to expand as a new company. There is also a fit in that employees feel comfortable with the quality product that is being developed and sold.

VHM employees are a fairly homogeneous group in terms of work ethic, humour, background and ambitions, which is good for the company but is challenging for new employees to "fit in". New employee's transition might be uncomfortable as the company grows and more

staff are hired. Further, the existing staff may not like the inevitable changes that will occur to the office environment and culture with a larger staff and the influences of new people.

> "Understanding how the culture of an organization impacts the bottom line and profitability of a company can be revealing. Companies can maximize their profitability by defining all of the elements of its culture, deciding if they like what they discover, assessing if their behaviors and actions are supportive of the culture, and conducting thorough assessments of candidates for employment to ensure they will fully embrace the culture of their new employer." (Bliss, 1999 pg.W10).

VHM also must focus their culture on success.

> "In fact, most people (and, therefore, most companies that employ them) play not to lose. This sort of culture is highlighted by: fear and anxiety, victim mentality, and compliance. Employees and leadership appear satisfied with the status quo. Few new ideas, products or processes come out of these companies and even fewer have any kind of effect on the marketplace. A culture that plays to win, on the other hand, breeds trust, and rewards courage, growth and learning. It encourages and, more to the point, expects creative thinking, innovative problem solving, and high voltage results on a daily basis- not just during the occasional brainstorming session or strategy retreat." (Langerdorff Folan, 1998 pg.50).

VHM has purposefully designed its office to be an attractive, modern workplace. The management team interviews and CEO interview also revealed that they have attempted to create a workplace culture to be professional yet open to informal communication and fun. Harari (1998) states that one of the essential features to woo and hold on to the best and brightest is to create a community with coolness and a cause. A company that is a fun, cool place to work, offering both a cause and an adventure will help attract the best and the brightest. People grow professionally and thrive intellectually in exciting work environments (pg.24).

4.2.6.2   Workplace Culture and Organizational Change

> "The most critical challenge facing human resources professionals in today's dynamic environment is facilitating major change in their organizations. Most companies mired in change make valiant efforts to manage it, but don't address the major culprit- their own organization's culture...Changes are overlaid onto the existing culture, which doesn't often support the change or may be antithetical to it." (Sherriton & Stern, 1997 pg.27).

As the company grows, organizational changes will affect the culture of camaraderie that currently exists at VHM. How does a company build a culture of constant change? "Many change leaders must be identified, recruited, developed, trained, encouraged and acknowledged throughout the organization." (Bruner, 1996 pg.6). All information currently flows through the managers, but they are feeling over worked and will eventually be unable or unwilling to maintain this practice. Office culture will be the first to suffer as the managers are very focussed on the day to day business of selling and developing the Vigil Integrated Care Management ™ system, requiring others to lead and steer the workplace culture issues. Further, the managers responded that, while they enjoy office socials, they feel that the burden of maintaining their role

in the company makes it difficult to fully participate in the off-time entertainment. Consequently, others will have to take over the leadership of the social activities if they are going to continue successfully into the future.

Workplace culture is not a simple issue that can be controlled by corporate policies or managerial decisions. "Complexity Theory" in systemic analysis, states that in every organization there are many interrelating systems at work that influences what emerges (Kelly & Allison, 1999 pg.5). While management will not be able to dictate workplace culture, it can be a contributing factor to the culture that emerges. "If we don't know how we are doing, we'll never know what behaviors to repeat (or eliminate). The objective...is to make visible the way things actually work or don't work so that problems and bottlenecks are on the table and we can learn from our successes and failures" (Kelly & Allison, 1999 pg.124).

4.3   Study Recommendations

VHM has experienced a great deal of initial success and the organization is ripe with optimism. The people are committed and willing to work long hours; the incentives being stock options, promotions and/or parlaying the experience into high paying jobs elsewhere. However, as VHM's initial start-up phases conclude and the work becomes routine, on the job motivation has a tendency to wane. Oshry (1996) states that "systems blindness" is the cause of many organizational problems, where people get stuck in their own job stresses or perceptions rather than looking at the whole of the system at work (1996 pg.3). VHM management must plan for the changing work conditions using systemic thinking to proactively deal with issues that can negatively affect the company.

Based on the data collected and the conclusions drawn from that data, the following recommendations are presented to assist VHM to retain its valued employees and ensure future growth and prosperity:

1. Implement a new employee orientation program
2. Create a partnership with employees
3. Determine and model a leadership style
4. Clarify pay and benefits packages
5. Create a workplace to support and meet employees' needs and continually monitor the workplace to ensure this occurs

4.3.1 Implement a New Employee Orientation Program

Although recruitment was not the focus of this project, the initial stages of hiring new employees should include a policy that addresses the "fit" of employees and accountability. VHM currently has an initial six-month probationary period. The recommendation is that this becomes a short-term contract to evaluate employees' performance before making the long-term commitment.

VHM will be hiring new people as they expand or need to replace existing employees. A successful transition for the new people depends upon the company's expectations being communicated in a clear and forthright manner through a proper new employee orientation program.

The orientation training can be delivered in a number of methods. The key content that must be communicated should include office conduct expectations, workplace culture, job requirements, corporate policies and employee accountability, benefits package, compensation package and information about the Vigil Integrated Care Management System™ and how it works.

4.3.2 Create a Partnership with Employees

VHM has the opportunity to create partnerships with the employees as the groundwork of providing an independent working environment has already been established. Staff want to take ownership of their work and part of VHM's success, through being involved in the decision making process and having the power to determine a part of their job duties. The partnerships can be enhanced through an employee coaching and development system, creating product teams, employee involvement in the company visions and values process.

Management has also stated a concern over the lack of accountability within the current system. It would be a mistake to bureaucratize the currently successful VHM workplace in the name of accountability. If VHM's hiring process is fine tuned to identify people who have the qualities needed by VHM to operate within their system of worker independence, then the accountability will occur naturally from the employee themselves. Further, the new employee orientation program can work to convey VHM's expectation of accountability. VHM also has a six-month probationary period for employees in which the company is able to evaluate the new person's fit into the company. This period can also take the form of a short-term contract of employment, which also enables VHM to evaluate a person's work before making the long-term commitment to them. Management needs to trust that the employees have as much of a stake in the success of VHM as they do and maintain the independent working environment, as it is a great asset for the company.

Harris (1996) offers more suggestions to facilitate the building of partnerships with employees.

"Real partnerships are made of more than words. They are made of actions, built up over time and proven through trust. The specifics may change from company to company, but the strategies for creating powerful partnerships are universal:

1. Squash status barriers. Unnecessary status distinctions create low morale and marginal performance. To create partnerships, anything that artificially builds barriers between employees needs to be attacked. One barrier in particular is the number of management layers between the front line and top management, for the greater the distance between the CEO and the front line, the greater the perceived status barrier.
2. Open the company books. Open-book management, as the name implies, means opening the financial and operational statements to all employees. The intention is to

teach everyone to read the company's financial statements and learn how their function contributes to the company's profits.

3. Pay for performance, not titles. Pay has traditionally been a function of the position you held in the company hierarchy, normally based upon such things as responsibility, the number of people who report directly to you, and the amount of budget you control. The result can be employees focussing more energy on how to get promoted than on how to add value to the company. Pay for performance can create long term partnerships with employees through initiatives such as pay for knowledge, gain sharing programs, team productivity incentives, and employee stock option plans. Employee commitment to company profitability and productivity increases when pay is directly tied to performance.

4. Share the bad times as well as the good times. Any successful business partnership is built upon a foundation of all parties equitably sharing both the good and bad times. Managers can share the burden in bad times, and then be prepared to share the bonuses in good times.

5. Serve the front-line partners first. For close to twenty years business experts have sung the praises of inverting the business pyramid. By placing managers at the bottom and front-line staff at the top, you demonstrate that a manager's key function is to support the front line staff.

(pg.45-49).

4.3.3 Determine and Model a Leadership Style

The management team should choose a leadership style that fits the mission, vision and values, articulate and model it for employees, and provide training that supports managers and supervisors being able to do this. Further, a management leadership development program that is appropriate to the stage of growth and resources should be implemented.

The training budget for off-site training needs to be clarified as to what types of training VHM will sponsor, how much the company is willing to pay for personal training and who will be eligible for what types of training.

4.3.4 Clarify Pay/Benefits Packages

4.3.4.1 Create Pay for Performance Bonus System with Input from Employees and Widely Communicate the System in the Organization

These are potential motivating factors that need to be made transparent for employees to understand and take advantage of them. A "pay for performance" (Harris, 1996) scheme where raises and bonuses are factored in to an employees performance evaluation, rather than being globally applied to all or being dependent upon the workers position/job title, would fit in well with VHM's office culture and the work ethic of the company. The recommendation is not to promote competition between employees for a limited sum of money, rather for the people who are producing and performing their jobs to be rewarded accordingly.

4.3.4.2 Advertise and Communicate the Stock Options Plan with Employees

VHM must advertise their employee stock options plan, which enables employees to purchase VHM stock at a set strike price after one year of full-time employment with the company. This policy can also be used as a selling point to attract new employees. Management needs to be comfortable with the final incarnation of the employee stock options plan as it is still evolving.

4.3.4.3 Staff Involved in All Stages of Determining VHM's Benefits Package

The recommendation is to more fully include VHM staff in the process before the benefits package is finalized. This could be accomplished through a special meeting, a focus group, or a small committee of three to five people representing all facets of the organization. Finalization could be done at a weekly staff meeting. The company runs the danger of rushing a decision due to time restraints in that meeting where other business must also be conducted or having the staff succumb to "group think" where people do not bring up their own initiatives for fear of straying from the crowd. The key questions to ask recipients of the package are:

- What are my current needs and does the package meet them?
- Will the package address my future needs as my life situation changes?
- Am I comfortable with the costs of the benefits, deductibles and procedures for claiming the benefits?

4.3.5 Create a Workplace to Support and Meet Employees' Needs and Continually Monitor the Workplace to Ensure that this Occurs

The recommendation is for VHM to encourage and facilitate, through time, funds or access to office communication tools, the planning of activities from a variety of individuals so that they all have the opportunity to take a leadership role in creating a effective workplace.

This can be accomplished through modifying the following steps as outlined by Sherriton and Stern. The strategic planning of organizational change by Sherriton and Stern (1997) utilizes a six-step approach for changing a corporate culture:

1. Needs Assessment- The first step is to gather and analyze data about the current culture, define the desired one and identify the gaps. Data is gathered through observation, reviewing existing documentation, interviews and surveys.
2. Executive Direction- Take management or the leadership team off-site, where they can address the results of the needs assessment. The retreat results in a variety of "products" which may include a philosophy, standards for success, role definitions, and other leadership decisions that will form and drive the new culture.

3. Infrastructure- Identify the systems, procedures and policies that have to be tweaked or instituted to fully support the new culture. Among others, the infrastructure addresses role expectations, accountability, rewards and selection systems.
4. Collateral Organization- Define how the new culture will be implemented. Will the organization make use of a steering committee, action teams, ad hoc groups or a subset of the leadership team to execute the change?
5. Training- Clearly define and implement any training of employees and managers necessary to ensure that role expectations for the new culture can be met.
6. Evaluation- Establish mechanisms to monitor the progress of the cultural change. Assess expected results defined by the standards of success developed during the executive direction step.

(pg.27).

Further, information is also becoming more and more centralized at the top. All business and office dealings flow through the full time managers, yet the information is not shared with the entire staff as it takes more time to ensure communication has taken place than the managers feel that they have available. This situation must be rectified as the people who do not have the information are excluded, which has a negative impact where staff feel that they are not integral to the work processes. VHM is improving their internal communication through the office Intranet, which is an excellent idea and should be implemented at the soonest possible date. Adding the Communications Officer duties to a job or forming a Communications Committee to take responsibility for the ongoing improvement to disseminating information would also be of benefit to the company.

Suggestions for management to achieve this recommendation are:

1. Facilitating upward communication through active listening in the senior team. This can be done to gather input from everyone using a systematic process.
2. Include and engage all employees in the strategic planning of the business.
3. Facilitate team learning and training, including knowledge sharing and frequent meetings.
4. Training in support skills for everyone in order to facilitate horizontal leadership.

5. RESEARCH IMPLICATIONS

5.1 Organizational Implementation

VHM is in the advantageous position of being in their start-up phase of business, which makes implementation of new ideas developmental as opposed to "change" focussed. Therefore. VHM is able to incorporate the recommendations into the evolution of the company's practices. if they so chose, without having to dissolve engrained traditions. However, to be successful the organizational change will still have to be planned and strategic to maximize the potential of the recommendations.

Organizational change, even in a relatively new company such as VHM, will have implications. Opposition to change, often a result of uncertainty, can be reduced if staff are consulted and become involved to open up the change or implementation process.

VHM has strong visionary leadership. The visionary characteristics. which are present in all members of the management team, inspire and motivate all aspects of the business to strive for the success that management enthusiastically believes is within reach. That vision revolves around product sales and the wealth of the company which is indeed exciting, yet the leadership at VHM must be conscious not to ignore the day to day office operations and the systemic factors at play in the company that will enable that success to take place.

The following suggestions are a guide to implement the study recommendations.

5.1.1 Implementing the New Hire Orientation Program

There are various methods to deliver the orientation training ranging from hiring a human resources trainer. contracting out as needed, using a mentorship program with an existing employee, providing classroom sessions, having on-line training materials or any combination of the above. The content essential to a successful program is the office conduct expectations. workplace culture, job requirements, corporate policies, benefits package, compensation package and information about the Vigil Integrated Care Management ™ system and how it works.

The organizational implications of this training will be a greater comfort level and introduction, factors that are currently lacking, for new employees and it will also provide the opportunity for existing employees to take a leadership role in the development of the company's personnel. The latter factor may also increase the current employees/trainers' expertise regarding the company's operation, for when a person is asked to teach they must learn the material in a new and often more thorough manner.

5.1.2 Creating a Partnership with Employees

A partnership with employees can take many forms. To make this recommendation work, management needs to continue on with many of the practices already in place at VHM, such as

empowering the employees to make work decisions independently, have flexible work hours and input into their jobs by creating tasks or assignments. This situation could also be expanded to further delegate decision making to a greater number of people through the formation of standing committees where all staff are encouraged to share in the planned growth of VHM. The implication of such a process would be a larger number of VHM staff feeling ownership of the company and taking greater responsibility in its success.

5.1.3 Determining the Leadership Style

The recommendation for VHM is for management to follow their ideas about shared leadership where work and power is delegated to the staff member responsible for that job. By training the staff to perform their jobs and giving them the responsibility to make decisions VHM will build competence in all avenues of the business. Responsibility includes accountability, so the staff must be willing to justify their decisions and be able to account for their actions.

If this recommendation is not implemented, VHM could become a very hierarchical and stratified workplace in both positional power and access to information. This would go against current thinking that endorses empowering staff in order to increase motivation, loyalty and excitement with the company.

5.1.4 Clarifying the Pay/Benefits

The recommendation for VHM to clarify the pay structure, stock options plan and benefits package has the implication of reducing uncertainty for the staff. At present the rewards system is somewhat arbitrary, which will inevitably lead to some members of staff feeling short-changed when their compensation does not equal that of another employee. Additionally, the stock options plan in a growing high tech firm such as VHM is a great attraction of potential employees and can act as a retainer of current staff. The plan has the additional benefit of countering VHM's lower salary structure for once the stock options plan is clarified. VHM can utilize it as an asset and advertise its existence.

5.1.5 Monitoring the Workplace Culture

Improving the organization's communication is central to VHM being able to monitor and maintain a positive and productive workplace. VHM is currently developing and extending their office Intranet to act as the main method of internal communication. This will have the effect of being able to send and store valuable information for employees to review regardless if they were present at the time of the decision. Further communications innovations should be explored, possibly through an individual or committee that would tap into the collective creativity of the company for ongoing improvement to VHM's communication structure. Possessing information is key to the other recommendations for staff to increase their responsibility and sense of ownership over their work.

Workplace culture is complex and emergent (Kelly & Allison, 1999), so the recommendation for management is to steer the culture at key times, for they cannot control the uncontrollable. Key times include resolving disputes in a fair and equitable manner, seeing the office through times of stress and periodically inquiring into staff perceptions about culture for where changes need to be made. If this is not done, negative factors in a workplace culture can become so ingrained that they are impossible to remove or correct.

5.2   Future Research

This report is based upon the qualitative analysis of action research in the retention and motivation of employees at VHM. The goal of the study was to provide VHM with insights into how they are viewed through the eyes of employees and management to facilitate change by VHM becoming a learning organization. The information collected was then compared to the current research on the subjects of employee retention, leadership and human resources, employee motivation and organizational culture and learning organizations and system analysis for business stages of growth. How will VHM move forward, considering that people are the company's greatest asset? How can VHM maximize its ability to retain the company's current employees and attract new hires? Can the lessons learned through this study on VHM be applied to other high tech start up firms in British Columbia, the rest of Canada or other areas of the world?

The process should not end here, rather it should be ongoing to measure staff satisfaction levels throughout VHM's life cycle. This can be done by periodically classifying and reaffirming employee needs. Lessons from the past are invaluable to correct the future path of the company, especially if proactive measures are taken to avert the pitfalls faced by contemporary companies. The successful companies of the future will be the ones who take a leadership role in recognizing and addressing the needs of their people.

6. LESSONS LEARNED

6.1   Research Project Lessons Learned

The use of interviews was critical for soliciting information, as the Researcher was able to verbally probe the subject for further clarification of ideas and more detailed responses. Also, one on one interviews provided the subjects with anonymity, as the only person hearing their responses was the Researcher and not co-workers or others connected to the company. Further, the interviews gave the subject the impetus to respond to every question, as opposed to deferring to another person for the answer. Limiting the interview times to forty five minutes per person proved to be effective as both the Researcher and subject were able to remain fresh and enthusiastic for that duration of time.

Take the time to properly introduce yourself, the topic, the purpose of the interview and be very open about any connections you, as Researcher, have to the project. Guaranteeing confidentiality and ethics will allow the subject to open up, thereby providing their true opinions and insights that are critical information for the project.

Take detailed notes, including nuances and clarifications of any gestures or facial expressions that convey an opinion without stating it. When writing up the interview results, normally at a later date, the notes are invaluable references to ensure the data is accurate. Further, the notes should include all information that was conveyed during the interview, without the Interviewer editing and omitting information that they deem irrelevant at the time of the interview as that data may lead to a conclusion that the Researcher did not envision.

Ensure that the interview questions relate directly to sections of the Literature Review. By linking the interviews to the Literature Review the Researcher deliberately bases the Project Conclusions on a relevant database of research in the field. This practice also provides a meaningful framework for the Project Conclusions to be written up in the report.

6.2   Program Lessons Learned

The following competencies were identified for demonstration during this project:

6.2.1 Required Competencies

1c. Provide leadership

The Researcher created this project at VHM after discovering a need while working on the company's policy handbook. He took the initiative to contact the company, arrange the project with the Project Sponsor and then approached the Project Advisor about working together. The Researcher has maintained a personal commitment to completing this project since

its inception in June of 1999 by meeting all deadlines set forth in the Project Milestones section of the Project Proposal and performing all tasks to the best of his abilities.

The interviews were thoroughly prepared, through communication with the Project Sponsor to arrange an interview timetable followed by emailing the interview subjects to form an exact schedule. Further, he contacted the Project Advisor and sent drafts of the interview questions, which were then refined, to ensure that they would collect the necessary information. The interviews were conducted in an ethical manner, as the subjects were informed of the project's purpose, the Researcher's background and the expectations for the information. Further, the interviews were conducted in a professional manner. The Researcher adapted leadership styles as necessary, for instance in drawing out information, and for presenting potential directions for the organization.

2b. Apply systems thinking to solution of leadership and learning problem

The interview questions were well planned to systematically compare findings in the literature review with the operations at VHM. Further, systems thinking was one domain in the literature review, which was then used to base conclusions and recommendations upon later in the report. The Researcher utilized Senge's (1990) "Limits to Growth" archetype, Kelly and Allison's (1999) "Complexity Theory" and well as Oshrey's (1996) and Covey's (1990) work on leadership in systems throughout the project from planning the Project Proposal to performing the interviews to writing the report. The project took into consideration the most strategic approaches within this particular organizational climate and identified underlying values in relation to the topic of study.

5a. Identifies, locates and evaluates research findings.

The Researcher identified a wide variety of findings from the current literature on the research domains of Employee Retention, Leadership and Human Resources, Employee Motivation and Organizational Culture, Learning Organizations and System Analysis for Business Stages of Growth. The findings were then effectively synthesized and related to the project outcomes in the extensive literature review.

This process of identification of findings, evaluation of the data and synthesis into the report was then repeated for the VHM staff interviews. Also, the Researcher was exhaustive in his efforts to ensure that the findings were reliable, by clarifying ideas with research subjects, looking to the Project Advisor for input and ensuring that the report indicates patterns of responses from the subjects.

5b. Use research methods to solve problems

The Researcher employed action research, using the steps of " 'look' to gather relevant information to build a picture and describe the situation, 'think' to explore, analyze, interpret and

explain the situation and 'act' to plan, implement and evaluate the findings" (Stringer, 1996 pg.16), to gather the data needed for this project. The Researcher investigated the action research method in the literature review and followed the guidelines set forth by Stringer (1996) and Kemmis and McTaggart (1988).

The qualitative perspective was also utilized by the Researcher, in which the participants words are interpreted to draw out patterns or understanding about their reality (Palys, 1997). Again, the method was examined by the Researcher and utilized to shape the findings in the project.

The interview data was analyzed and grouped according to the interview question initially. The next stage was to arrange the data into themes within the groupings. The study conclusions then identified organizational problems, which were then given possible solutions in the study recommendations section of the report.

7b. Communicate with others through writing

The final project report employed elements of insight, and experience to enrich the writing and advance valid arguments. The report is of a commercial publishable quality.

The Researcher used extensive written communication throughout the project timeline. During the summer residency of the Masters in Leadership and Training program (July to August of 1999) he completed the written Project Proposal which was accepted by his Residency Advisor and Project Advisor. Throughout the fall he has been in regular contact with both the Project Advisor and Project Sponsor via written email to discuss the progress of the project. Further, there has been extensive written communication with the VHM staff members to arrange interviews, explain the process and ethical considerations of the project.

The project has been written in strict accordance with the Royal Roads University style guide in the Major Project Handbook, from the Project Proposal to the Project Prospectus to the Major Project Final Report. The report was produced to be of publishable quality with proper punctuation, references, bibliography, chapters, headings and vocabulary that is relevant to the project and the Royal Roads University Masters in Leadership and Training program.

6.2.2 Elective Competencies

1a. Describe leadership styles and theories

The Researcher drew on a wide range of current literature as it applied to the project. That research was then applied to the Study Findings where VHM's leadership style was discussed in terms of command and control leadership (Machiavelli), servant leadership (Greenleaf), character-based ethics (Covey) and emergent leaders (Allison and Kelly). The Researcher was then able to base observations on leadership at VHM and make informed recommendations based on the literature.

3b. Provide consulting services to help organizations succeed

The Major Project was structured as a consulting service being provided to VHM by the Researcher. A good understanding of the current organizational context was required to effectively design the project. The interview questions were designed to be an organizational analysis tool, and this was explained to the interview subjects as well as VHM management so they would have a basis on which to understand and use the final report. The final report provides an analysis of data and literature in relation to the organization, providing specific suggestions for improvement.

4d. Evaluate learning innovations and determine appropriateness to new contexts

The Literature Review consisted of discovering and evaluating learning innovations from the current authors on the domains contained in this project. The Researcher then took great effort to determine which of the learning tools was appropriate to the VHM situation and therefore should be included in the Project Report. The organizational culture, traditions, values and peoples' needs at VHM were taken into consideration when determining the appropriateness of the learning tools to the VHM situation.

4e. Help others learn

Helping others to learn can be done in many ways; modeling, sharing information, guiding and facilitating learning experiences. The Researcher has attempted to help VHM learn by recommending such actions as implementing a new hire orientation program and clarifying the staff benefits packages, which in turn will help other individuals learn. Likewise, the report is available for all participants in the study to read and learn from. The intention is for VHM to become more effective as a learning organization, which will have a positive effect on employee job satisfaction, which in turn will increase the performance of the company. Also, the Researcher was able to effectively coach the participants through the research process, which took the form of interviews, and enable them to provide details about their experience within the organization. The completion of this action research study, involving collection of data and review of published literature has modeled the lifelong learning model for the company and its staff.

7a. Interprets oral communication

The completion of this study required positive communication skills. At various stages in the interview process it was necessary to be sensitive to the concerns and attitudes of the interviewees. In order to establish open communication channels where individuals felt comfortable to share diverse viewpoints, sensitivity and understanding had to be demonstrated.

The Researcher took great care to clarify his interpretation of what was being said by the project participants during the interviews. This was achieved through the constant asking of clarifying questions and reading back what was being recorded to ensure authenticity. He also was an active listener to the interview participants, which was accomplished by asking questions based upon their answers and clarifying his understanding of what was being said. The participants were ensured that their words would be treated in an ethical, confidential manner to facilitate free speech and honest responses.

The interview responses, which differed from person to person, were treated with equal respect and were included in the project conclusions to provide a broad base of information. In this manner, the different opinions were all valued.

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Appendix A
Vigil Integrated Care Management System™
Brochure

Advanced Technology IMPROVES DIGNITY AND EFFICIENCY

Today's leading care providers are designing facilities for the aged that are more like homes than institutions. They are striving for care models that are less intrusive, more effective and less expensive. These changing needs are the driving force behind the *Vigil Integrated Care Management System*, a software and hardware-based solution which supports a dramatic improvement in dementia care.

How Vigil Works The *Vigil* system continuously gathers data for each resident through an array of passive sensors and proprietary hardware. No electronic bracelets or tags are required. Based on the Vigil data, the system software identifies expected patterns of behaviour for each resident. Care providers use this information to refine and improve individualized care plans for preventative and proactive strategies. When a resident departs from their expected behaviour, Vigil sends a silent pager alert to the appropriate caregiver for immediate attention. This precision allows staff effort to be optimized. Residents experience less unnecessary interventions and more quality care when and where needed. Vigil can be integrated with existing perimeter security, communication and nurse call systems.

THE VIGIL CARE PLANNING PROCESS

INITIAL ASSESSMENT
Initial data-gathering period for each resident

MONITORING
"Vigilance by night"
"Security by day"
Data is gathered continually by Vigil

CARE PLANNING
Care plan is developed or updated

ANALYSIS
Data is analysed and ongoing care plan is evaluated
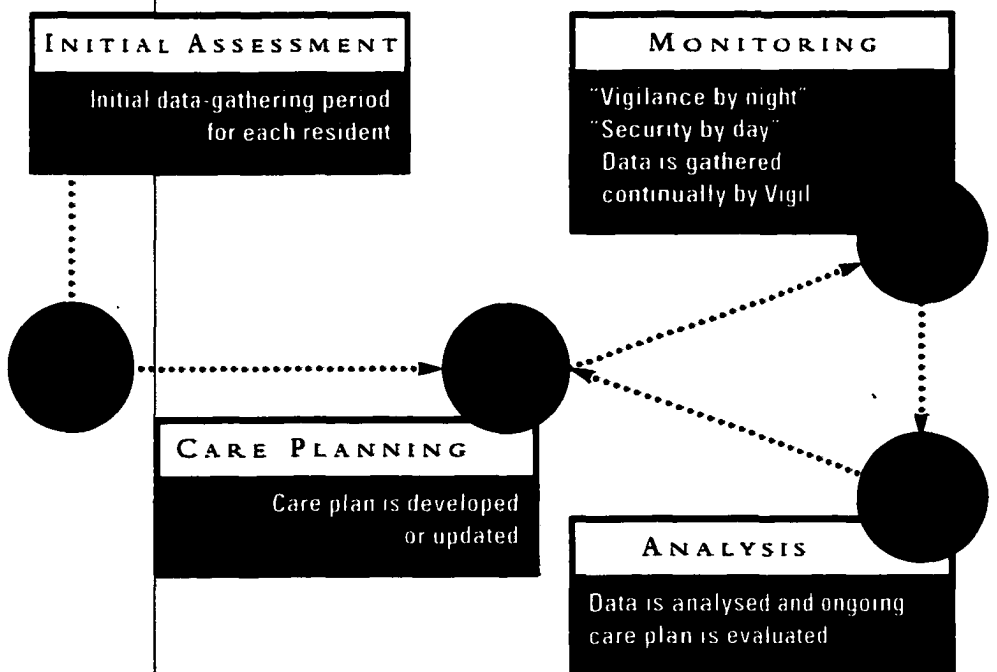
Pro-active care focuses resources Data analysis reports allow facility managers to allocate and schedule their resources effectively. Care plans can be pro-active, increasing the quality of care and creating real savings on staff scheduling, cleaning and maintenance costs.

PROVES DIGNITY

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institutions. They are
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by day"
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is evaluated

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ality of care and creating
maintenance costs.

How the *Vigil Integrated Ca*

INDIVIDUALIZED CARE AROUND-THE-CLOCK

including motion, bed-wetting and bed-exit sensors. The
pages are recorded for further analysis. Initially, care prov
They then set *Vigil* to allow acceptable activity and warr
avoid incidents altogether. This leads to a whole new l
intervention to manage incontinence.

DEVELOPING pro-active care plans help
through efficient staff scheduling redu
maintenance. By using the software to furn aly
cycles or pro are
effectively dire regi
are most need gil'
tinually record re
activity provid co
agement tool

Vigil enhances quality of care

Vigil allows Nurse Gill to give
more personal attention to Mrs
Duchamps when needed. Other
residents are left to enjoy their
privacy undisturbed.

Vigil improves resource allocation
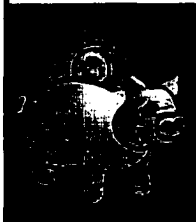
Vigil increases staff productivity
by directing care where and
when it is needed.

V 1

The Vigil Integrat
System comp
improving quality
costs ng t

Better information means better decisions

Vigil's reports allow Manager
Fernandez to dramatically
improve response time to night-
time wandering.

Interna

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...ated Care Management System works...

THE-CLOCK 🍴 Vigil collects data on residents' night-time activities by using sensors around the bedroom–
...xit sensors. The data is then directed to a central computer where a record of all alarm activity, sensor activity and
...itially, care providers use this information to develop a unique profile of each resident's normal nightly routine.
...tivity and warn of unexpected behavior. More importantly, they can use the detailed data to design care plans to
...a whole new level of individualized care—such as more independence at night for some residents and timely

...ire plans also helps to control costs
...eduling and reduced cleaning and
...re to further analyze facility demand
... or problem areas, managers can
...ively direct caregivers to where they
...ost needed. Vigil's data analysis con-
...ly records and reports total facility
...ty provide a comprehensive man-
...nt tool

Vigilance by Night 🍴 The vigilance function is used mainly at night to watch over residents. It records their activities, compares them with normal routines, and reports anything out of the ordinary to caregivers. Potentially troublesome situations are flagged immediately for caregiver attention. Intrusive routine checks are eliminated. To ensure staff safety at night, the *Vigil System* offers personal alarms that immediately call for additional assistance.

The Vigil Integrated Care Management System is a comprehensive solution for improving quality of care and reducing costs in long term care facilities.

Unexpected behaviour is flagged immediately

Mr Armstrong left his room at 2.12am. This was an unexpected event. Vigil immediately notified the appropriate care provider via a silent page.

Vigil improves incontinence management

With the help of Vigil, Mr Franklin's care plan includes a timely toileting program. This ensures Mr Franklin experiences the minimum of discomfort.

Residents aren't disturbed unless it's necessary

Mrs Chan got up at 1.42am, went to the bathroom and went back to bed at 1.51am. This is normal behaviour. Vigil logged the event but no staff intervention was required.

External Security

With Vigil's fail-safe perimeter locking system, Mr Sikorsky's attempts to leave the grounds have been effectively contained.

Internal Security

Cleaning rooms, storage rooms and staff-only areas are secure from Mrs MacDonald's persistent curiosity.

HERE'S WHAT VIGIL WILL

DO FOR YOU...

Improved quality-of-life for residents

- *Preserves residents' independence, privacy and dignity*
- *Supports individualized care plans that are easily updated*
- *Contributes to a calm, home-like environment that does not agitate residents*
- *Supports effective incontinence management*

Cost-effective solutions

- *Frees care providers from constant monitoring*
- *Improves resource management*
- *Can reduce staffing costs*
- *Pro-active care plans reduce cleaning costs*

Safety and peace-of-mind

- *Provides 24 hour security for individuals who wander*
- *Ensures peace-of-mind for the resident's family and friends*
- *Reduces care provider stress*
- *Offers personal safety alarms to ensure staff safety*

Quality management tools

- *Provides evidence of staff contact with residents*
- *Allows ongoing analysis and research from easy-to-read charts, graphs and reports*
- *Improves quality control - addressing concerns of both family and regulators*

Vigil offers more

- *Easy-to-use, Windows-based software*
- *Seamless integration with existing nurse call,communication and perimeter security systems*
- *No need for electronic bracelets or tags*
- *Vigil pager alerts can be prioritized*
- *Vigil automatically contacts alternative care providers if response time breaches designated parameters*

A SUCCESSFUL TRACK RECORD

IN JUST SIX YEARS, *Vigil* has been installed in over 35 facilities in Australia. Its success comes from a demonstrated ability to promote better dementia care at a lower cost. Right from the start, healthcare professionals have been integrally involved in *Vigil's* development. ⏹ *Vigil's* evolution continues to be guided by the help of dementia care experts who are people who recognize that a home-like environment fosters a new level of independence and care. These experts want a care system that is non-intrusive, customizable and cost-effective. ⏹ *Vigil* has achieved widespread recognition in Australia. This success has generated significant interest in the Vigil Integrated Care Management System from prominent international long term care providers.
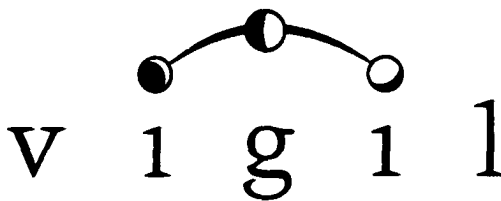
Vigil

HEALTH MANAGEMENT

Vigil Health Management Incorporated
Toll Free 1-877-850-1122
Email info@vigil-inc.com
Website www.vigil-inc.com

Appendix B
Vigil Health Management Organization Chart

Vigil Health Management
Organization Chart

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                         Board of Directors
                                |
                          PRESIDENT & CEO
                                |
 ┌──────────────┬──────────────┼──────────────┬──────────────┐
MARKETING &   PUBLIC RELATIONS/  FINANCE &      RESEARCH &
BUSINESS      INVESTOR RELATIONS/ OPERATIONS     CLINICAL
DEVELOPMENT   HUMAN RESOURCES                    APPLICATIONS
                                |
                 ┌──────────────┴──────────────┐
             OPERATIONS                  FINANCE &
                                         ADMINISTRATION
       ┌──────────┬──────────┐       ┌──────────┬──────────┐
  Information  Project    Training   Corporate   Accounting
  Systems     Management  and Ops    Finance     & Admin
      |
  Client Support
```
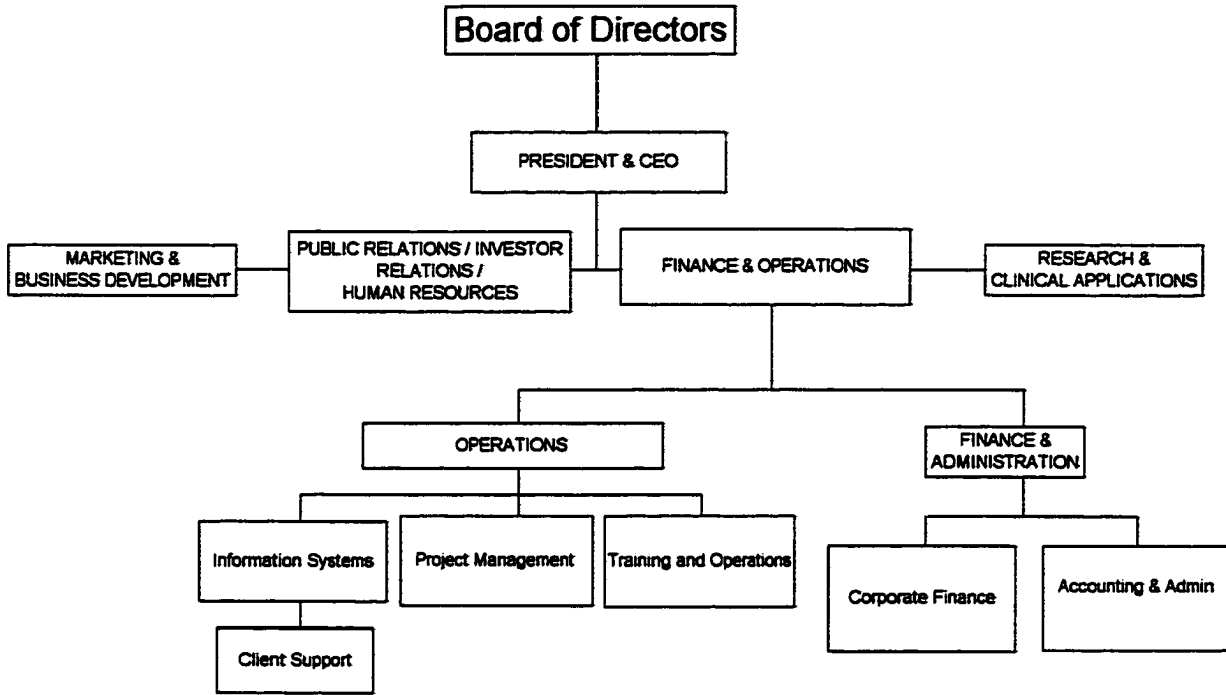
Appendix C
Vigil Health Management
Proposed Future Organization Chart

Vigil Health Management
Proposed Future Organization Chart

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                              ┌──────────────────┐
                              │ Board of Directors│
                              └──────────────────┘
Legal & Corporate Affairs    Advisory Panel  ┌──────────────┐   Policy Committee   International Executive Committee
                                             │President & CEO│
                                             └──────────────┘
                                             ┌──────────┐
                                             │  C.O.O   │
                                             └──────────┘
```

WEST COAST				EAST COAST			

WEST COAST

- FINANCE
  - Controller
- BUSINESS DEVELOPMENT
  - Communications
  - W. Coast Sales Manager
    - Sales Team
- OPERATIONS
  - W. Coast Project Team
    - Training
    - Information Systems
      - Support
- RESEARCH
  - Product Development

EAST COAST

- FINANCE
  - C F O
    - Accounting & Admin
      - Controller
    - Corporate Finance
- BUSINESS DEVELOPMENT
  - V.P., Business Development
    - Marketing
      - Communications
        - Client Services
    - E. Coast Sales Manager
      - Sales Team
- OPERATIONS
  - C.O.O
    - E. Coast Project Team
- RESEARCH
  - C S O
    - Patent
    - Product Development
- HUMAN RESOURCES
  - Director, H.R.
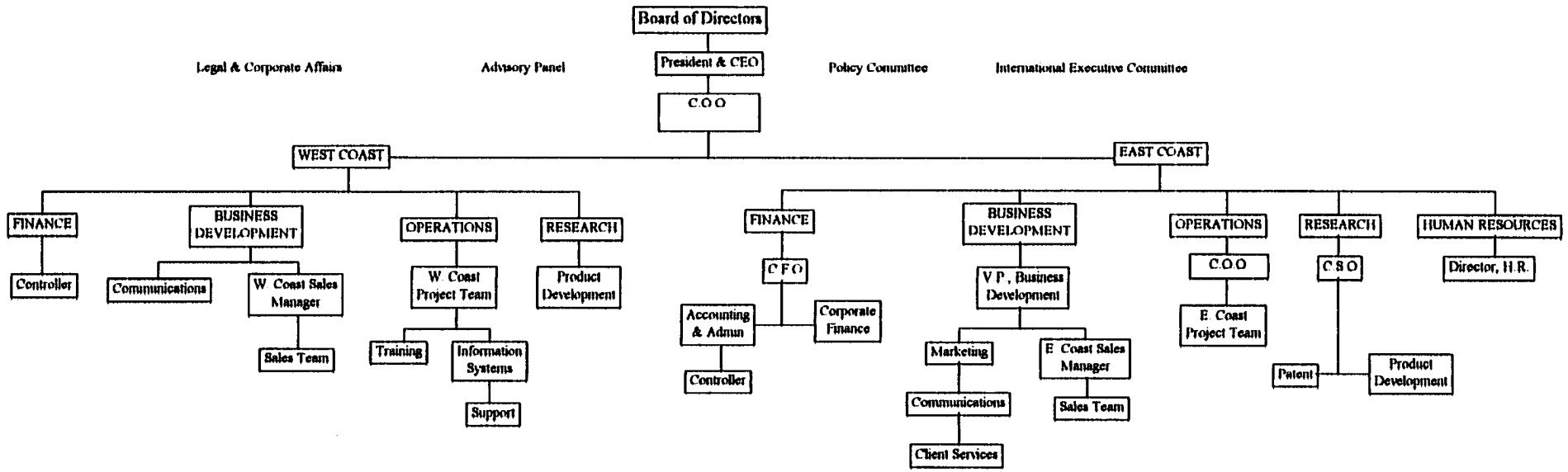
Appendix D
Proposed Strategic Partners

v i g i l

health management inc

Pharmaceuticals
Physical (Arthritis)
Behavioral (Dementia, O B D , etc)
Clinical Trials

Complimentary Hardware
Bed Exit Sensors
Bed Agitation Sensors
Wheelchair Sensors
Incontinence
Nurse Call
Tags/Bracelets/Implants
Perimeter Security
Disposables

Complimentary Software
Patient Information Management Systems
Prospective Payment Software
Accounting and Administrative Systems
HR Management
Point of Contact/Sale

Equipment

Hospitals

Nursing Homes

Pediatrics

Spinal Cord Injuries

Dementia (Residential)

Livestock

Staff Management

Facility Based

Organic Brain Disorders

Dementia (Commercial)

Corrections

Community Based

vigil

Intellectual Property Licenses

Market Expansion Strategies

Appendix E
VHM Interview Questions and Responses

VHM INTERVIEW QUESTIONS

1. What were the factors that you have valued in previous jobs? What did you dislike about previous jobs?

The VHM staff valued:

- Belonging to a "team", communication with people in authority, being given feedback, being given the full scope of tasks
- Openness, ethics, energy, company having goals
- Autonomy in workplace, prefer smaller company versus a large corporation
- Freedom to make decisions without a great deal of bureaucracy, working with good people/staffs
- Variety in jobs
- Good pay, interesting work, the potential upside of small companies that may grow
- Independence (having broad parameters and then going for it), variety in tasks as it is enjoyable to do different things
- Ability to work autonomously, flexible hours, responsibility
- Autonomy, decision making, challenging work, flexible work environment (hours and tasks), also did not mind bureaucracy
- Lateral movement, autonomy, ability to change course when you decide

The VHM staff disliked:

- Dealing with the public, having tight schedules for the work day (i.e. breaks, lunch times...)
- monotonous tasks, had an awful supervisor who yelled at people and did not recognize good work
- glass ceiling where there is limited upward mobility, stress from responsibility
- lack of flexibility, negative people, lack of energy
- "redneck" culture, lack of education (he was the only one with a degree)

2. What made you choose VHM when you were originally looking for a position?

- He/she had recently completed their University education and knew an employee already at VHM who informed the person of an opening and set up an interview with management. The person did not know about VHM previously, but was able to view the web site to gain information about the company. They did not have previous experience for their job and were not specifically looking for this work.
- They were approached by VHM and asked if they wanted their position. They were unhappy in their previous employment and the job at VHM was exactly what the employee had learned in school and what they wanted to do. They like working with young people, in a new company, and that the company has a great deal of growth potential.
- Upon finishing their degree, this employee searched VHM out. They analyzed growth areas and found that VHM fits into the growing areas of health care and high technology. The

employee preferred the small, entrepreneurial firm that is VHM where they can learn about key functional areas of business.

- A professor at the University of Victoria recommended them to apply for a project sponsored by VHM. The project evolved into a co-op work term, which then grew into a full time job after the employee's studies were finished. They were not searching for this job specifically, but chose to work for this company.
- Through friends, this person made contact with a VHM employee and was told of a job opening. They had finished a one-year computer information technology program at the University of Victoria and fit the technical background for the position at VHM. They wanted a smaller company, such as VHM, to gain experience and be able to grow with.
- He/she took a co-op job with VHM through the University of Victoria after discussing the possibility with a friend who had previously completed a co-op work term at VHM. The initial job was mainly "cold calling" potential clients and was not what the employee desired over the long term, however they are now doing marketing and business planning which is the what they are looking for in a long term job.
- This person was unhappy with their previous employment situation and sought to make a change. They received an offer from a larger computer consulting firm and VHM. The VHM job looked interesting and was a small company with a strong upside potential. so they chose to work for VHM. The salary at VHM is adequate, but not attracting, yet there is incentive for earning substantial dollars through VHM stock options if the company succeeds. The employee was looking for the type of work that they perform at VHM.
- This staff member holds a degree in clinical medicine and has recently completed an MBA degree at the University of Victoria. They became involved with VHM by performing a marketing study during the inception of the company and chose to stick with it. The motivation is to move from medicine into the business field.
- This employee was dissatisfied with their previous employment and received a telephone call from VHM management who had heard of her/his availability through mutual friends. The opportunity of working for a new company was intriguing and VHM management sold them on the job. The decision was made very quickly and they were wary of the lack of job security with VHM.
- VHM management at the inception of the company approached this person. They were well suited for the job at VHM and was specifically looking for this type of position. although they were not looking for this particular job at the time. The attraction was the possibility to be involved in technical work and the managing, creating and leadership opportunities.
- This person was looking for change and chose to create a new opportunity. They felt that VHM was a technically sound process and an interesting intellectual endeavor. The combination of consulting and technological work was very attracting and sold them on the idea.

3. How well do you understand and agree with VHM's compensation (pay and benefits)?

- VHM is currently in the process of developing and implementing an employee benefits package. This is due to be completed in January to February 2000.
- The stock options plan states that employees have the option to buy shares after one year of full time employment at VHM. The strike price at the time of granting is always the cost to employees and the number granted are fairly arbitrary, although there is a Board of Directors imposed maximum.

- Management states that there are additional bonus plans being discussed and will change in the future. The CEO stated that he felt most employees are being paid at 20% below the market median, but the position of the company puts a limit on salary expenditures. Some other benefits he mentioned that help to cover for that are such things as flexible work time as staff makes their own schedules, children can be brought in (although I did not find any facility for this at present), using brand new equipment, guide your own career, shower facilities at work and fridge is stocked with beverages for socials.
- Contractors are paid for hours worked at VHM and are not included in C.P.P., holiday time or pay, overtime and other deductions or benefits.
- Regular employees salary and benefits? Part time vs. full time?
- Management salary and benefits?

- This staff member feels that they do understand their compensation and benefits at VHM. Vacation time and medical/dental plans were very important benefits to this employee. Job flexibility was not as important, although the flexible environment at VHM is appreciated as you can put in the eight hours per day at varying times and the diversity of tasks is interesting. They felt that the flexibility at VHM is a result of having lots of work to do in varying fields with few people. The value of stock options depends upon the pay structure as less pay needs more options and higher pay requires less options as compensation. This person would like to share in the profits through stock options as they see VHM as having growth potential, although the point was made that stock options provide more incentive to people in management roles as their jobs relate more directly to the profitability of the company. This person considers the compensation at VHM to be inadequate and low for the job. The employee also values the casual dress and, although it is not a high priority, does enjoy the staff social events.
- This staff member feels that they do understand their compensation and benefits at VHM. This person considers vacation time and job flexibility (time and job flexibility) to be the most important benefits. Medical and dental plans are important while employee stock options are more of a "throw-in" benefit. The employee considers working with young, fun staff who are mostly the same age with lots in common to also be of value.
- This staff member feels that the pay was communicated adequately by VHM. Although they blame themselves for not asking, the medical/dental plan situation was never told to them. Also, the stock options plan has not been discussed by VHM and the employee has not yet pursued the issue. Job flexibility (eight hours per day regardless of start/finish time and tasks in job description) is the most important element in their job at VHM. Medical/dental plans are important, although not a key factor at this point, and are thought of as more of an expectation. The idea of employee stock options partly drew this person to VHM as they have the potential to share in the success of the company. They are undecided about vacation time and how much of it would be adequate.
- This staff member feels that they do understand their compensation and benefits at VHM. The employee feels that incentive schemes were a focus when they were hired and were a good idea for them as they see this situation as a young company with potential so they are working for the future payoff rather than present salary incentives. The flexible workplace makes up for some formal benefits that are not yet being offered for this employee. They feel comfortable with the stock options plan where you have the option to buy stock after one year of full time employment at VHM. The medical/dental plans are somewhat important, but not a pressing issue for this person and they do not have any strong opinions about vacation time. They also appreciate the atmosphere at work as the people get along and there are some social activities.

- This staff member feels that they do understand their compensation and benefits at VHM. They have informally heard about the stock options plan, but have not been told about it by VHM. Likewise with the benefits package as there has been some informal discussions and a formal meeting is forthcoming. The medical/dental plans are very important to this employee, particularly as they have a family to care for. The job flexibility, especially the variety of tasks being performed, is an important motivator. The stock options/company ownership idea is becoming more important to this person as this is feeling more like a long term "career job" and they feel that it would be worthwhile to share in the success of the company. This, however, is not a daily motivating factor for this individual. Vacation time is reasonable at VHM currently and emergency time off is available. They also feel that the staff socials are nice but not important to them, probably due to family commitments.

- This staff member understands their pay scale, but does not know anything about the benefits plans at VHM. They feel that this may be because they are a part time employee, for if they were full time they would want to know more, but they do feel that their pay scale is fair at present. Vacation time is the most important benefit for this person as they would like to travel and take breaks from work. Although two weeks vacation time per year is acceptable when starting with a company, they feel that four weeks per year would be needed overall. They like the flexible work hours and variety of tasks at VHM and see that as important. Also, this employee is interested in VHM stock options and would like to be involved if they were full time and eligible. Medical/dental plans are seen to be important and an expectation from a workplace, although at the present time they have not given this issue much thought. Rather they view health care as something in which they will become more interested in the future. The social atmosphere is nice to have, but not exceptionally important to this person.

- This staff member feels that they do understand their compensation and benefits at VHM. They attribute this knowledge to asking for clarification about stock options and compensation. The pay was considered fair when this employee started, but now they feel that they are underpaid as demand for their work in software development, in-house and customer support has jumped. They would rank job benefits in order of importance as salary, medical benefits (especially as they have a family to care for) without a deductible, job flexibility (especially having variable start/break/finish times), vacation time and further opportunities for job training. The social activities are fun, but not important mainly due to family commitments.

- This senior manager feels that they completely understand their compensation and benefits at VHM. The pay and stock options plan is especially well understood. In order of importance, this employee ranks job flexibility (time and tasks), employee stock options/company ownership plans, vacation time and then medical/dental plans. The staff social events are not important to this person, mainly due to having a family and the associated time commitments.

- This senior manager feels that they completely understand their compensation and benefits at VHM. They feel well paid for their original job description, but now the pay is low as the responsibility in the job has increased. A compensation survey has confirmed this feeling of being underpaid for the job, although the employee understands the situation at present that the company cannot afford to increase salaries. There is a timeline, however, for a raise due to personal financial obligations. The stock options plan for employees is important as it does compensate this person for lower pay. Vacation time is very important, and at present it is lacking for this person as they have taken only one week off in the past year and a half. This year they will be able to take off two to three weeks, yet the job does not stop while they are away so it may be difficult to take the time. They like the flexible work hours, but are finding

there is too much variation in their tasks and would like more continuity. Medical/dental plans are important and this person enjoys the social atmosphere and activities at VHM.

- This senior manager feels that they completely understand their compensation and benefits at VHM. The employee feels underpaid, but states that the pay is fair considering the stage of the company's growth puts constraints on VHM's ability to increase salaries. The employee stock options are the most important benefit as it is the "golden ring" which motivates this employee due to their participation in the company's success. Job flexibility, time and task variation, is also considered to be very important for this employee. Further, they consider vacation time to be very important, but they find it difficult to take the time away as the work does not stop. Three weeks is considered adequate and four weeks is ample for this person. Medical/dental plans are important and seen as a given for workplaces by this employee. The social workplace culture is also valuable and as management this person encourages it, but limits participation and does more with other senior managers as they feel somewhat compromised in the larger group activities.

- This senior manager feels that they completely understand their compensation and benefits at VHM. This person feels that their compensation is fair considering the present position of the company. He/she feels the stock option plan is important and that it is very strong. Job flexibility is also important, especially the hours. He/she would like to focus on their strengths rather than doing a wide variety of tasks. As a senior manager he/she feels that it is important to spend time with the staff, although they tend to socialize more with the other managers. Vacation time is considered a luxury for him/her but sees that others could burn out. Medical/dental plans are not considered important at this time.

4. Discuss VHM's workplace culture in terms of consistency. Does VHM's culture practice what it preaches?

- The work culture is very open as you are able to state your opinions without intimidation. VHM is also open to ideas and innovation. As a manager, he/she feels that they have had to become more controlling and less open as the organization has grown larger for work ethic issues have become harder to manage informally in a relaxed style. The area in which VHM does not "practice what it preaches" is how employees are encouraged to have balance in their lives. Work is dominating his/her life and this is becoming more so as the company grows. The CEO also has moments of inconsistency where he will act in a dictatorial style as opposed to the collaborative style that is normally used.

- The workplace culture is at a very important stage as it is not yet stable and could fall apart for, although he/she is positive, the feeling exists that the business may fail. At present there is a unified feeling among staff on the common goal of selling more beds as the people care that the company does well. The culture aligns with this employee's values and feels more motivated than ever before because he/she likes his/her job.

- The culture at VHM has energy, is fairly relaxed as there is not strong deadline pressure and is open. A level of professionalism is expected in your product and there is a strong work ethic, both of which fit into his/her values. The balance between self motivation and workplace motivation also exists.

- The culture at VHM is fun, energetic and people are serious when they need to be. In this manner the culture is simultaneously loose and tight. The culture is emergent, but with design such as the open office space and celebration of success and failures by management. He/she would like to see more risk taking and arrogance among the staff to make decisions and

stretch your decision making abilities to be as entrepreneurial as possible in a managed environment.

- The workplace culture is professed to be "relaxed and casual", but in reality it is not. A new person needs to prove themselves by working long hours and putting out a great deal of effort before they can relax, for being casual is initially frowned upon. The workplace consists of respect for each other, a strong work ethic and the equal contribution of all, which aligns with this employee's values. Also, there is constantly a great deal of work to do, which taps into his/her motivation as he/she feels that down time equals wasted time.

- Management has professed ideas about creating an open atmosphere that has a "come in and do your work" feel. The reality is that open, fun communication is discouraged as VHM has developed a very formalized communication process where you often need to schedule a meeting with someone in order to talk. Further, the meetings take on a very formal tone, even though the office is supposed to be very open in design. More communication is needed, be that vertical or horizontal, where people are talking to each other. Also, VHM wants fun but does nothing to encourage it. Employees are supposed to have a good sense of humor, but they do not see that modeled or displayed by management. Overall the culture is de-motivating.

- He/she has seen improvement within the organization's culture over the past year. The atmosphere is friendly and deadlines/appointments are not stressful as management does not tend to pass on their stresses to the staff. The atmosphere is even and consistent. The culture fits his/her ethics of working long and hard to produce a good product. VHM's people work eagerly to fix, support and show dedication to their clients. Further, the good produce and staff tap into his/her motivation.

- The work environment is relaxed, as exemplified by the informal interactions of staff and the loose dress code. The organization is "flat" as there is participation in decision making from all staff. Further, management is open to innovation, creativity and employee input as they look for ways to expand as a new company. He/she is happy with the culture as it feels comfortable at work and fits his/her values. There has been an improvement in his/her duties at VHM as their present job is motivating, whereas his/her past duties at VHM were not motivating.

- VHM is open to innovation and creativity, especially as the company grows larger, for people are allowed to make mistakes and innovate in order for VHM to stay ahead of competitors. There is a fit with VHM's culture and his/her values as they feel comfortable with the work atmosphere and product.

- VHM is flexible, allows people to have independence and is small in bureaucracy. Management is open to innovation and creating and there is a reasonably flat hierarchy. The energy of the young staff and working with technology on the cutting edge taps into his/her motivation and makes for a good "fit" regarding working atmosphere.

- VHM's culture is fast, fun, hard working, flexible and adaptable. This culture is mostly consistent, although the flexibility and fun do not always happen. He/she feels a fit with this culture and their values. Management is open to innovation and creativity as decisions are mostly collaborative with some top-down resolutions. He/she feels that the culture will constantly change the number of employees grow. While the culture does not motivate him/her, they do not find it de-motivating such as some other work cultures. He/she feels that the culture is the foundation of an organization and as such it must be managed.

5. What do you like about working for VHM?

- He/she likes the opportunity for personal career advancement and the potential of the company itself, despite the risk of VHM failing or being replaced if the company becomes too successful. He/she also enjoys their coworkers ninety percent of the time.
- He/she likes the people and the fact that they are working at the beginning or start up of a new company.
- He/she likes the people they work with, the ability to go to all senior managers and have them be open to and value your input, the flexibility of having some choice in daily tasks, the size of the company and energy at work. To date VHM has lived up to his/her expectations.
- He/she likes the potential of VHM as the company has room to grow and grow with. For themselves, the job is not dead end as there are new challenges every day.
- He/she likes the future opportunity as the potential profits could be high to enormous. The staff is friendly and easy going. Management also gives him/her the freedom to work independently as they provide parameters and then leave him/her alone to do the work. He/she also enjoys being in on the start up of the company and feeling like a "beginning cog" at VHM.
- He/she likes the fresh, new challenges every day where people find ways to do new tasks. In their case, his/her daily tasks have become quite stagnant. He/she also likes the flexible scheduling where they are able to start early or late and take a longer lunch to work out at the gym or do other tasks.
- He/she likes the work environment as they enjoy the VHM staff and having input into decisions. At other jobs he/she feels that they might be considered too low in the hierarchy to have any influence on decisions. He/she also likes the size of the company.
- He/she finds the office environment sterile at present, but feels that it will mature. The showers at work were a nice feature that he/she finds attracting. He/she likes the fact that management values staff opinions, often deferring back to them, and stands behind the people. The atmosphere is dynamic, young and contains interesting ideas. He/she also feels that the work in important which makes him/her feels good.
- He/she likes the independence at work and the variety of tasks.
- He/she likes the people, the challenge and the adventure at work. He/she feels that they need to mature as a company while staying young at heart.
- He/she, as management, likes being able to keep people entertained, motivated and learning. He/she also enjoys their personal learning and development at VHM.

6. What training did you receive for your present position at VHM, when did you receive it and how was it delivered?

- He/she has an Economics background and VHM has sponsored their completion of the Canadian Securities course. Other educational opportunities are also being offered, the problem is finding the time to take more courses, especially initially when they did what was needed at VHM and had to learn on the job. He/she would like to take public relations education and improve his/her skills. There is some confusion as to VHM's training budget and how much they will pay for further education.
- He/she felt prepared to do their job without any additional training from VHM due to previous job experiences and college classes in bookkeeping and accounting. He/she was

able to learn as they went and felt that as a new company this was a common scenario for their coworkers.

- He/she received a general job description through working at VHM as a co-op student and a half day workshop, but no other training from VHM. They were the first person to perform their present jobs, which required them to often "fly by the seat of their pants". He/she feels that the present stage of the company requires people to jump in and act independently as VHM does not provide much training and everyone is busy with their jobs. For some people the lack of training is not a problem while others need more direction. Personally, this employee enjoys being able to create his/her own ideas as opposed to following someone else's.

- He/she feels that their Medical training and MBA provided an adequate background for their work at VHM. VHM has also allowed this employee to be self-directed, with VHM sponsorship, to find problems and solve them. In this manner they have been able to gain technical expertise in software design and learn about health care facility design and architecture. He/she feels that VHM's training will grow as the company grows and focus the training needs on tasks being performed such as customer service, technical expertise and people management.

- He/she was approximately eighty percent qualified to perform his/her job when they were hired and learned the other twenty percent on the job. He/she received no formal training and feels that it took him/her four months to learn the skills on their own that would have taken one month to learn with formal training. They are now being sent to some seminars and given books to read, which fits into this employee's desire to be trained rather than learning on the fly. He/she does realize that in a small company, such as VHM, cost and time restrictions prohibit many training initiatives.

- This employee had a Bachelors of Commerce degree prior to working for VHM. He/she was satisfied with the amount of information that VHM provided about the company. He/she was not trained by VHM to do their daily job, although they did work with the previous person performing the job for two afternoon orientation sessions, and that was not necessarily a problem as the job evolved naturally. The orientation process at VHM is not strong as the corporate policies were not explained, rather they had to be discovered.

- He/she came to VHM with a Bachelor of Commerce degree which prepared him/her for their present job. They did receive some external training from VHM for their initial job when they were first hired. He/she feels that more time needs to be spent on training new employees on the basics of office orientation and what is expected of employees.

- He/she came prepared to perform their job, although they could have used some training on new programs being used. The employee has been able to choose their own training path and VHM has supplied adequate funding. He/she feels that adequate support and encouragement for training has been supplied by VHM.

- The employee has a Bachelor of Commerce degree. He/she did not feel that they needed training from VHM to complete his/her present tasks. However, more training is needed on new staff orientation as to office expectations and how things are done at VHM. Further, VHM needs to provide more information about the Vigil Health System and how it works so employees are able to sound informed to clients and when garnering services for their jobs. At present employees are given some information to read about the product, whereas a question and answer session would be far more enlightening.

- This employee feels that his/her education (Bachelor of Commerce and CMA), past work experience and learning on the job each account for thirty-three percent of their preparation for the job at VHM. He/she feels that they have a strong training program at VHM and that it

will grow to include more external and internal passing of knowledge either through in-person courses or over the Internet.

- He/she learned on the job while utilizing some past job experiences. He/she would like to see more training in the company, with VHM paying for employees' development.

7. Does the opportunity exist for you to grow with the company? What path is there for you to enter management, if you desire, or to increase your level of responsibility with VHM?

- He/she would like to grow the company to do $100 million per year of business within the next five years. He/she also wants to encourage the "right" people to enter management so they rise in accordance with the company's growth. He/she feels that seniority counts towards promotion within the company to a minor extent, as current management will hire below them. Further, he/she feels that the good people that VHM currently employs will attract other talented people which is positive for the company.
- He/she does see future management potential at VHM, although it is too early to tell if VHM will survive and how well it will fare as a company. He/she has been told that that more responsibility and management will come after they spend more time with the company and as VHM grows. Further to that, he/she has also been told by VHM management to pursue his/her own growth at VHM as they will not do it for him/her. He/she is comfortable with this situation.
- This employee wants to pursue a management position and feels that the potential exists with VHM. This is a big reason he/she has chosen to stay with the company. VHM provides management training by example rather than formal educational opportunities. He/she has had previous management experience and does not feel the need for formal management training.
- At present VHM is a small company, so he/she feels that they will receive a staff of technical people depending upon the growth of the organization. The tasks and responsibilities have become clearer and better defined at VHM as time has gone on and he/she feels supported to make steps with the company. At present he/she feels part of a team in their department and likes the collaborative effort rather than the strict hierarchy.
- Management is one of his/her goals and feels that there is opportunity for that at VHM as the longer he/she has been with VHM the more important tasks they have been given. Further, as the company grows, so does his/her opportunity to enter management positions. VHM does not provide much management training or guidance as you are given a job and left to do it.
- The employee wants to be given more responsibility at VHM and grow with the company. Ideally, they would like to be on equal footing with the current senior managers. While management aspirations are not necessarily promoted, upward mobility is also not discouraged at VHM.
- He/she feels that there is opportunity to grow within the company in management positions as it becomes larger, for more supervision and bigger budgets will be required. He/she would like to see an international focus for growth and would like to personally explore opportunities in that area with VHM.
- He/she feels that there is still opportunity to grow with VHM. At present his/her position picks up other tasks that need to be addressed, so as new people are hired he/she is able to further define their job and focus. He/she wants to be management and it has always been a goal.

- He/she believes that there is opportunity for advancement at VHM as the company is so young and there is a great deal of work to be done. As sales increase operations will require more staffing and those who have been with the company and know the system will have a much greater impact. Management is a goal of this employee. He/she does not see management training or mentoring being provided at VHM, partly due to the fact that those in management do not have enough experience to model. Fortunately, VHM's Board of Directors is very experienced and has provided management with some good models. This employee does not feel encouraged to go into management as there is somewhat of a "dog eat dog" feel at the office in that regard.
- At this point he/she does not wish to increase their responsibility at VHM. He/she did state that their opinion might change in five years, but overall they do not feel very ambitious as he/she does not feel that they would be good at management. Although he/she would not pursue a management job, if offered a position they might accept it. VHM does not encourage or provide management training at present, but in his/her opinion the company is too new to be able to venture into that avenue.
- He/she feels that his/her job will change, encompassing more and different responsibilities as VHM grows. Currently he/she feels that VHM is top heavy with the management versus staff ratio looking much like an inverted triangle. In this manner, he/she feels that at VHM people are able to grow with the company, but will not have the opportunity to "climb the company ladder". In the future, as the company grows management will potentially be brought in and layered over top of existing staff as VHM will need greater experience to operate as a larger company. VHM is not a company that promotes people based upon seniority. He/she feels that the result will be a management versus staff ratio that looks like a diamond with a few senior managers, many middle managers and fewer staff underneath.

8. How do you feel about the communication and decision making process at VHM?

- Departments also have weekly or monthly meetings to discuss ideas.
- An intranet is being established to facilitate communication.
- There is also a monthly Board of Directors meeting in which all senior managers and five members of the Board meet to discuss and finalize decisions. Some of these meetings are closed and others are open to the employees.
- Most communication is word of mouth around the office, which some people miss out on, especially part time employees.
- VHM uses a system of weekly staff meetings where each person reports "seven days back and seven days forward" to state what they have recently done and what they will be doing.
- Feels the weekly staff meetings and monthly department meetings are effective communication to keep all involved and up to date on other employees' jobs. Most communication is still word of mouth, although he/she that it is effective and everyone has a sense of what is going on. The decision making process consists of management taking input from employees and ultimately making all decisions which the Board of Directors then passes or rejects. He/she is under the impression that the final decision making power lies with the Board of Directors. Decisions are most often made known to the employees during the forming process or occasionally they are announced once completed.
- He/she received mixed messages from different managers and employees at the start of their employment at VHM until they were able to take the time to sit down with the people in their department or the manager they most often deal with and decide where they should be going.

He/she feels the weekly staff meetings are a great way to receive information and likes their informal tone. It has also helped his/her communication that he/she now knows who to see for certain types of information. The CEO makes most decisions and is often at odds with the other senior managers during decision making, which usually provides balance in the decisions. Employees are asked for their opinions and input on decisions, and are able to make some decisions solely on their own.

- He/she feels that communication is going to be a struggle as the company grows. At present, knowledge is very centralized in the top people, sometimes even one person, and employees are often not informed of decisions until they stumble upon them. He/she feels that a more formal communication process is needed to correct this situation. Also, the weekly staff meeting does not cover all points that people need, as the informality of the present meetings leaves details out. Email is beginning to be used for general office and personnel issues, but it still needs to be developed and improved.

- He/she feels that the internal communication could be VHM's biggest flaw, although it is improving. The decision making process is slow by design, yet compared to larger companies it is very fast. Departmental teams are empowered to make decisions, generally after they confer with management. The Board of Directors concentrates on the long term strategy with the CEO having the ultimate decision making power.

- He/she is well aware of the weekly staff meetings and monthly department meetings. Most communication is verbal with some email usage. He/she would like to know more about all work issues as they affect his/her job, especially when he/she is lacking information. He/she is involved in their own department's decision making and feels comfortable as the department usually acts as a team.

- He/she feels that the communication is good, but could be better. Establishing the intranet will help as often he/she feels lost when they currently are not made aware of decisions. He/she likes the decision making process as employees are allowed and encouraged to contribute their expertise.

- The employee said that communication is through weekly staff meetings, some email and mostly by word of mouth. He/she feels that the decision making process is mostly good at VHM, although the CEO occasionally "jumps the gun" by overestimating the capability of the product. When this happens, he accepts the reality of the situation by listening and hearing what is being said.

- He/she said that communication at VHM is mostly through word of mouth, which causes problems if you are not there to hear information as you will miss it. He/she noted that a culture of more formal meetings is being developed through the weekly staff meetings, department meetings and senior manager monthly meetings.

- At present, he/she felt that communication was mostly ad hoc. VHM has introduced their web site to employees, but it is not well used currently. Although he/she is in a knowledgeable position and has a very good understanding about what is going on, they recognize that others must ask if something is not known. The senior managers have impact on decisions, but the CEO makes the final decision. He/she feels the decision making environment is more open than in their previous jobs as big decisions receive sound discussion. The managers will also go to specific departments for expertise, although not all of the ideas are accepted.

- He/she feels that communication can always be improved and that they are working on it at VHM. The process is moving from informal to formal through the weekly staff meetings, small group meetings and the intranet system which is in development. The decision making process consists of staff and management working together with most issues being driven from the top to down the hierarchy. The ultimate responsibility for decisions lies with the

shareholders who are represented by the Board of Directors (although the CEO is currently the largest shareholder), to management to staff. Effectively, the Board of Directors provides guidance on significant issues and do not manage day to day affairs.

- The communication at VHM is good in terms of passing on strategy or when situations arise that need attention. This employee does not receive much communication from the company or other employees as his/her job is very task oriented and they are left to themselves. The decision making process always is finalized through management, but they consult departments for their expertise on issues.

- The communication at VHM is good in terms of passing on strategy or when situations arise that need attention. This employee does not receive much communication from the company or other employees as his/her job is very task oriented and they are left to themselves. The decision making process always is finalized through management, but they consult departments for their expertise on issues.

9. What would entice you to leave VHM?

- higher pay and more responsibility
- More pay and the career opportunity to be able to focus on his/her own needs rather than focussing all of their time on VHM's needs.
- if he/she was to become dissatisfied with the job or management, were offered something closer to home or wanted to try something new. He/she would not be enticed to leave by pay. Raising children may also be a reason to leave, although there are no family plans at present.
- Once he/she feels that they have learned all they can from VHM, for a location change out of Victoria or if he/she is not stimulated from the job on a daily basis. Higher pay could be an attraction to work elsewhere, although at present it is lower than the other factors as evidenced by the fact that he/she had five other job offers that paid higher salary than VHM, but chose to work for VHM all the same.
- An even bigger opportunity, although that is hard for him/her to imagine. That would consist of better salary, options, positional power and flexibility.
- Higher pay and compensation, such as an attractive stock option plan, from another company. The security of a more established company with more of a guarantee of success that has already gone through the growing pains would be attractive, although it is exciting to be a part of VHM's growth.
- Lack of communication and not feeling like part of the VHM team might cause this person to leave. A hostile work environment, if their salary was not reviewed or if they were offered a higher salary elsewhere and if the company were to fall into a financial downspin would also cause this employee to leave.
- The company will outgrow him/her or collapse. There are no other enticements as he/she feels that VHM is three to four years away from being worth $10 per share.
- A big salary elsewhere, an offer from a more stable/developed company and having the chance to work internationally would be enticements to leave. This employee would also like to move to Vancouver eventually.
- A high cash salary would be the most compelling enticement to leave. He/she would like to work a little less than they presently are, but the job is interesting and the hours are good.
- An offer from a larger company or a consulting company offering a senior position would be an enticement to leave. In this manner he/she would be using the smaller company, VHM, as something of a stepping stone. Also, money is a factor as being offered more of it elsewhere may cause him/her to leave.

10. How do you view your future at VHM and what could VHM do to ensure that you stay with the organization?

- This person sees themselves staying at VHM for the long term. There will be changes as the company grows and new positions, depending upon VHM's success, which will provide opportunity for personal growth. To retain his/her services, VHM must be flexible with time off and holidays and offer more pay to go with long term service.
- He/she feels that if the company is successful, he/she is successful. They will want to stay with VHM to see the success through by identifying talent, raising capital for operational cash and research/development and selling the software.
- He/she came in with the attitude of working at VHM for one year and then looking for other work, but now they will see how it goes and take it year to year. Nothing in his/her life is looked at as permanent at this point. The challenge level will be a big factor in VHM retaining his/her services, as when the job is not challenging he/she will probably look elsewhere for work.
- He/she is very positive about their employment at VHM and looks upon it as a "career job". If things continue to go well at VHM, he/she will stay.
- He/she is unsure about the future as they will be graduating in April of 2000 and want to take some time to travel. At the moment VHM does not have a specific position for him/her, rather they are being given various tasks to do which leads to the employee being unsure about their future. The opportunity to travel through work would be a big enticement to stay.
- They find it difficult to see their future at VHM, but to have them stay with the organization VHM must keep him/her involved and make them feel like part of the VHM team.
- He/she is optimistic about their own future and that of the company. Movement into a senior management position and higher compensation in salary and options would ensure his/her remaining with VHM.
- He/she is optimistic as VHM has a good product and is a market leader, which puts them in a strong position for growth. He/she wants to be in senior management, specifically in the business strategy area where he/she could be involved in charting the course of the company.
- Challenging work will keep him/her at VHM. Higher compensation and more flexibility with time off to travel will also be large factors in whether he/she stays with the company.
- He/she feels that VHM will outgrow his/her expertise within the next three to five years, although he/she is willing to stay with VHM if it continues on its same course as present. A retention factor will be the work week, as once he/she has their own family they will not be able/willing to put in the long hours that they currently are.
- He/she likes the Victoria location and would likely leave if the company were to re-locate. He/she also has a positive view of the future and if the present trend continues he/she would be content to move up and grow with the company in her own personal role. Continued feedback and the opportunity to fill senior roles are also important to this employee.

11. Any other comments?

- He/she is very content with their job at present. They like the physical environment as you are able to talk with co-workers and the workspaces are pleasant.

- The energy in VHM's work environment and being part of the company's growth is what sold him/her on the job.
- VHM is generous to the staff in terms of paying for some dinners, having the office stocked and honouring employees' requests. This is a positive for staff morale.
- This employee would like to leave Victoria. He/she likes the physical space, the new equipment, showers at work, flowers and other aesthetics at VHM.
- VHM's office space is nice, but the physical environment is not especially important to this employee.
- The company can absorb a great deal of your time with the rewards of increased stock value being somewhat nebulous. Life priorities are an issue as he/she has a family to spend time with and wants to travel. Also, the location is very important as Victoria is a desirable place to live.
- He/she is mobile to move with VHM as Victoria is not a factor. The physical environment could be more comfortable, notably in the office area as there is a lack of space.
- He/she appreciates the flexibility and compassion at VHM for his/her life situation.
- The employees are a fairly homogeneous group in terms of work ethic, humour, background and ambitions which is good for the company, but is challenging for new employees to "fit in".
- The physical work environment is very important and should not be underrated. He/she is happy with VHM at present. The Victoria location is also very important to this person.

Appendix F
Major Project Assessment Form

Royal Roads University
Master of Arts in Leadership and Training

Major Project Assessment Form

Assessor:

Name:

Date:

Completion Instructions:

1. Each RRU graduate candidate requires a written and numerical assessment to be completed by his/her Project Sponsor and Faculty Supervisor, upon completion of his/her major project. This form is divided into five sections and lists the competencies to be reported upon during the assessment.
2. You are asked to provide a rated assessment of each observed competency. The competencies are described in Sections Three and Four of this form. The rating scale for each competency goes from 1 to 5. One (1) is considered an inferior rating, two (2) is a below standard rating and three (3) is the minimum standard required by all graduate candidates. A rating of four (4) indicates a superior rating and five (5) is an outstanding rating.
3. There are two sections which employ the rating scales: Required Competencies (Section Three) and Optional Competencies (Section Four). Sponsors and supervisors must rate each Required Competency. Sponsors and supervisors may choose to rate the Optional Competencies if they observed their graduate candidate demonstrating any of these competencies during completion of the major project.
4. Project Sponsors and Faculty Supervisors are also asked to provide a written report of no more than one page describing their assessment of the graduate candidate during project completion. The written assessment is contained in Section Two. The written assessment should give specific examples of any inferior (1) and outstanding (5) ratings.
5. Section Five – Optional Comments, provides an opportunity for the sponsors and supervisors to identify other issues about the structure, conduct, administration or assessment of the major project. This section does not have to be completed.
6. The completed form should be returned to: Gerry Nixon, Program Director MALT, Royal Roads University, 25005 Sooke Road, Victoria, BC V9B 5Y2. The form can also be faxed to Gerry at (250) 391-2608.

SECTION ONE: Project Background and Assessment

RRU MALT Student:

MALT Project Title:

Project Sponsor:

RRU Faculty Advisor:

OVERALL PROJECT ASSESSMENT

Final Assessment (Circle One)	**Acceptable**	**Acceptable with Minor Revisions**	**Major Revisions Required**	**Rejected**

SECTION TWO: Written Assessment (Please attach a separate sheet if additional space is needed.)

The written assessment should be used to support superior or inferior ratings with one or more specific examples or instances which illustrate the performance.

SECTION THREE: Required Project Competencies (A response is required for each competency.)

1c. Provides Leadership: (Circle one appropriate statement.)

1	2	3	4	5
Failed to exhibit leadership & personal commitment during project completion.	Occasionally exhibited leadership & personal commitment during project completion.	Consistently exhibited leadership & personal commitment during project completion.	Exhibited leadership & personal commitment to project completion that exceeded all expectations.	His/her exemplary leadership style & personal commitment were the prime reason for successful project completion.

Comments:

2b. Applies systems thinking to solution of leadership and learning problems. (Circle one appropriate statement.)

1	2	3	4	5
Failed to employ effective strategies & problem solving techniques and seldom took appropriate action when necessary.	Occasionally employed effective strategies & problem solving techniques and sometimes took appropriate action when necessary.	Consistently employed effective strategies & problem solving techniques and always took appropriate action when necessary.	Exhibited strategies & problem solving techniques which were new and innovative and took action before they became full-blown problems.	Was a role model strategic planner and problem solver that others wished to emulate throughout the completion of the project.

Comments:

5a. Identifies, locates and evaluates research findings. (Circle one appropriate statement.)

1	2	3	4	5
Failed to identify relevant research or produce an adequate literature review.	Identified some relevant research materials, but was unable to evaluate their application to the project. Literature review was not well presented.	Identified relevant research and determined how their findings could be employed during the conduct of the project. Produced an adequate literature review.	Identified a wide variety of research from a large number of domains. Effectively synthesized research findings and related it to project outcomes in an extensive literature review.	Same as 4 plus, actively discussed research materials with others and helped clarify understanding and interpretation of all materials.

Comments:

5b. Uses research methods to solve problems. (Circle one appropriate statement.)

1	2	3	4	5
Failed to identify and implement an appropriate research design methodology based on the research questions/issues.	Identified an appropriate research design methodology based on the research questions/issues, but FAILED to correctly implement the research approach described in the project report.	Identified and implemented an appropriate research design methodology based on the research questions/issues.	Identified and implemented an appropriate research design methodology based on the research questions/issues and applied systematic research methods when new or unexpected problems arose.	Same as 4 plus, demonstrated flexibility, high ethical standards and developed innovative but workable solutions that were founded in the research findings.

Comments:

7b. Communicates with others through writing. (Circle one appropriate statement.)

1	2	3	4	5
Failed to effectively communicate results of the literature review, conduct, findings and recommendations in the final project report.	The information contained in the final project requires some interpretation and verbal explanation to be understandable.	The recorded information in the final project report was accurate, clear and written in a coherent manner.	The final project report effectively communicated its findings by using appropriate language, conforming to style guides and academic conventions and used the literature review to craft arguments and recommendations.	The final project report employed elements of insight and experience to enrich the writing and advance valid arguments. The report is of a commercial publishable quality.

Comments:

SECTION FOUR: Optional **Project Competencies** (Circle one)
(Note: This section is customized for each candidate based on their learning agreement)

1a.	Describes different leadership styles and theories, differentiates between them and between leadership and related roles, activities and constructs.

- Employ these distinctions, as evidenced by reports form others and their own written report, as they exercise leadership.
- Accurately and correctly interpret the literature on leadership and management.
- Employ compelling and reasoned arguments supported by the literature, research data and other qualitative observations.

N/O	1	2	3	4	5
Not observed	Not effective & Not consistent	Somewhat effective & somewhat consistent	Effective & consistent	Very effective & always Consistent	Extremely effective consistent & innovative.

3b. Provide consulting services to help organizations succeed.

- Identify circumstances in which organizational analysis skills are required in the workplace.
- Apply organizational analysis skills in their problem solving and action planning phases of the major project.
- Provide, where appropriate in the duration of his/her major project, advice and help to organizations.
- Select and effectively apply proven analytical tools which are relevant to the issues being examined.
- Identify and measure organizational performance indicators to establish a benchmark for the study.

N/O	1	2	3	4	5
Not observed	Not effective & Not consistent	Somewhat effective & somewhat consistent	Effective & consistent	Very effective & always Consistent	Extremely effective consistent & innovative.

4d. Evaluate learning innovations and determine appropriateness to new contexts.

- Evaluate the applications of new learning innovations (such as the learning organization, community practices, rapid prototyping, etc.) in relation to the defined needs of the organization being studied.
- Ensure that the evaluation results address issues related to organizational and individual culture, values, traditions, human considerations and social issues.

N/O	1	2	3	4	5
Not observed	Not effective & Not consistent	Somewhat effective & somewhat consistent	Effective & consistent	Very effective & always Consistent	Extremely effective consistent & innovative.

4e. Help others learn.

- Identify poor or unacceptable performance/attitudes of team members and other participants affected by the study and select appropriate training or non-training interventions, which will have a positive effect on their performance/attitude.
- Implement effective learning activities and programs to facilitate the achievement of the major project goals.
- Coach others through the research project process.

N/O	1	2	3	4	5
Not observed	Not effective & Not consistent	Somewhat effective & somewhat consistent	Effective & consistent	Very effective & always Consistent	Extremely effective consistent & innovative.

7a. Interprets oral communication.

- Interpret an accurate reflection of what is being transmitted.
- Listen effectively.
- Interpret accurately non-verbal communication.
- Respond to verbal/non-verbal communication as is relevant to the context.
- Confirm and qualify information.
- Validate freedom of speech.
- Listen attentively.
- Interpret, clarify, contribute to and influence communication.
- Compare different viewpoints.
- Be respectful of and value different opinions.

N/O	1	2	3	4	5
Not observed	Not effective & Not consistent	Somewhat effective & somewhat consistent	Effective & consistent	Very effective & always Consistent	Extremely effective consistent & innovative.

Appendix G
Letter to VHM Staff

November 1, 1999

To Whom It May Concern:

I believe that Troy mentioned my project at the last VHM staff meeting. My name is Jeff Rowan and I am a student at Royal Roads University completing my thesis for a Masters degree in Arts with a Leadership and Training focus. The thesis/project is using VHM as a case study for "how does a start up firm retain and maintain employee satisfaction through the stages of growth?" I need your help to complete the research.

I would like to book you for a 30-45 minute interview where we can meet and discuss 10 questions that I have for you. If you were involved in Emma's interviews this past summer at VHM, I am taking a different tangent and the questions are different. All responses are confidential and will in no way be linked to your job reviews or shared with VHM management. To this end I have signed a contract with Royal Roads University ensuring this confidentiality is maintained.

As a very small incentive, I would like us to walk over to the coffee shop near Future Shop (Pistol and Burns), buy you coffee and conduct the interview in that atmosphere so we can get out of the office.

Are you available on Tuesday, November 9th at

Please confirm with me at: Jrowan@cowichan.com or phone me at 250-748-1468.

Thanks and I will talk to you soon,

Jeff Rowan

Appendix H
VHM Project Interview Schedule

VHM Project Interviews Schedule

Tuesday, November 9/99	Employee Name	Confirmed (Yes or No)
9:00-9:45 am		
9:45-10:30 am	Nicola Chalmers	Yes
10:30-11:15 am	Jacquie Brennan	Yes
11:15-12:00 pm	Cliff Duncalf	Yes
Lunch		
1:00-1:45 pm	Andy Lafontaine	Yes
1:45-2:30 pm	Christina Stevens	Yes
2:30-3:15 pm	Cam Ross	Yes
3:15-4:00 pm		

Tuesday, November 16/99	Employee Name	Confirmed (Yes or No)
9:00-9:45 am		
9:45-10:30 am		
10:30-11:15 am	Theresa Taaffe	
11:15-12:00 pm	Nicole Sheppard	Yes
Lunch	Troy Griffiths	Yes
1:00-1:45 pm	Jason Swanson	Yes
1:45-2:30 pm	Harry Kuiack	
2:30-3:15 pm	Stacy Kuiack	Yes
3:15-4:00 pm	Stacey Revell	Yes

Appendix I
VHM News Releases

BACK

V i g i l
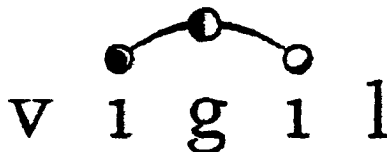
News Releases

STATE OF THE ART SOFTWARE COMPANY STARTS UP IN VICTORIA

For Immediate Release
Tuesday, November 10, 1998

Victoria, B.C. - The most common form of dementia, Alzheimer's disease, will afflict over 12 million people worldwide by the year 2000. Vigil Health Management Inc. was established in Victoria to bring the future of dementia care to the worldwide market.

For the last six years, Vigil software has been providing superior solutions to the unique resident monitoring challenges in a growing number of installations in Australia. In fact, the Vigil Integrated Care Management System is the most successful resident monitoring system in the world. The Vigil software has the ability to change the culture of long term care; it provides a more humane method of treatment, which in turn leads to more content residents. Vigil is nearing completion of an international showpiece facility located in British Columbia.

CEO Stacy Kuiack, has an extensive and proven track record in the complex environments of the electronics and data/telecommunications industries. Mr. Kuiack is currently in negotiations with long term care projects in Ottawa, Dallas, Boston, Washington DC and Florida.

-30-
(Backgrounder)

Contact: Nicola Chalmers, Senior Manager (250.383.6900)

3335-V Oak Street
Victoria, British Columbia
Canada V8X 1R2

Phone: (250) 383-6900
Fax: (250) 383-6999
Toll Free: 1 877 850-1122
Email: info@vigil-inc.com

http://www.vigil-inc.com/newsrel01.htm

8/6/99

vigil

Newsletters

Volume No. 1   **Issue No.1**   **December 1998**

Contents: A Society For All Ages | Vigil In Florida

Juan De Fuca Priory

As Vigil Health Management's (VHM) first North American facility, the Juan de Fuca Priory, nears completion, interest continues to build among healthcare professionals.

Marilynne Convey, Manager of Residential Services at Juan de Fuca Priory traveled to Australia in 1996 as part of a continuing education project. Australia's long-term care industry is several years ahead of its North American counterpart. The participants in the project were given the opportunity to tour facilities built using the latest concepts in dementia design. These facilites used the Vigil Integrated Care Management System (Vigil). The Vigil system facilitated the implementation of key components of the Australian philosophy of care. Primarily, a more home like environment and improved quality of life for residents.

Caregivers have always been faced with the problem of monitoring residents without the cognitive ability to work the nurse call system, at night, with few staff.

Caregivers would come up with inventive ideas such as pinning call buttons on residents, however the resident would regularly pull the button off. In Australia, dementia expert Tricia Shields worked with Vigil engineers to design a system that solved many of these problems. Vigil's sensors worked independently without the noise or distraction common with previous systems. Vigil is exciting to caregivers because it provides a more humane method of treatment, which in turn leads to more content residents.

The members of the continuing education project returned from Australia committed to installing Vigil in the Juan de Fuca Priory, and in doing so improving the quality of care provided to residents. Completed by the end of 1998 and occupied in February of the new year, the $9.8 million Juan de Fuca Priory on Goldstream Avenue is a world leader in care for the aged and facility design.

Back To Top

A Society For All Ages

The International Year of Older Persons 1999 was officially launched by the United Nations (UN) on October 1, 1998 in a effort to draw attention to the "the situation of older persons". The official launch will be followed by a full scale international launch January 1, 1999.

The two most prominent topics are those of active ageing and caregiving. By active ageing the UN refers to the potential for continued social or economic contributions to the community by the elderly. Caregiving will become an increasing problem as more women enter the workplace and the number of elderly increase. The conflicting goals of family care of the elderly, and equal opportunities for women in the workplace will be discussed at two meetings with a view to developing policy. The International Year of Older Persons features an extensive calender of events and conferences.The UN would like to promote the goal of multigenerational citizenship, where every age group contributes to society and consideration is given to the needs of all age groups. Where the provision of suitable care within the family home or in a long term care facility ensures the independence and dignity of the elderly.

The International Year of Older Persons hopes to develop policies to ensure the well being of the elderly across the world. While the developed world has had some time to deal with the "demographic time bomb" countries such as Tunisia will see the percentage of the population over 65 double in as little as 15 years. The social and economic systems must be put in place to manage the changing demographics.

Further information on the International Year of Older Persons can be found at the UN website:
http://www.un.org/esa/socdev/iyop/index.html

Back To Top

Vigil In Florida

Health Care Holdings (HCH) have requested VHM install the Vigil Integrated Care Management System in their Heritage House facility in Sarasota. Sarasota is located on Florida's West Coast approximately one hour south of Tampa and two hours from Orlando. Sarasota is a laidback city reminiscent of Florida's Southeast Coast twenty years ago.

While the town itself may seem suggestive of a past era, HCH is working with the University of Southern Florida to research dementia and its management, in an effort to provide innovative new solutions. It is HCH's interest in improving standards of care and taking advantage of new technology that made Vigil the natural choice in behavioural software.

Back To Top

http://www.vigil-inc.com/nwsltr01.htm

3335-V Oak Street
Victoria, British Columbia
Canada V8X 1R2

Phone: (250) 383-6900
Fax: (250) 383-6999
Toll Free: 1 877 850-1122
Email: info@vigil-inc.com

Vigil

Newsletters

Volume No. 1   **Issue No.2**   **March 1999**

Contents: Four Step Process | Strategic Advantage in Texas
Special Alzheimer's Living | Tradeshow Corner

Canada's Best

The second largest private long term care provider in Canada, Central Park Lodges (CPL),has requested that Vigil Health Management (VHM) install the Vigil Integrated Care Management System into one of their facilities. Upon successful completion of this facility, Vigil will be integrated into a further 1500 CPL beds.

Bill Dillane, the COO of CPL, has many substantiated reasons why the Vigil Integrated Care Management System is so important to their company. Vigil offers consistency of care, the preservation of residents' dignity and privacy, and a strategic advantage.

With Vigil, Central Park Lodges will have access to reliable documentation of caregiver response times, security and safety data, as well as the ability to develop incontinence management strategies. With Vigil's Integrated Care Management four step process, CPL will be able to save time and money while increasing its already high standards of care.

Back To Top

Vigil Integrated Care Management Four Step Process
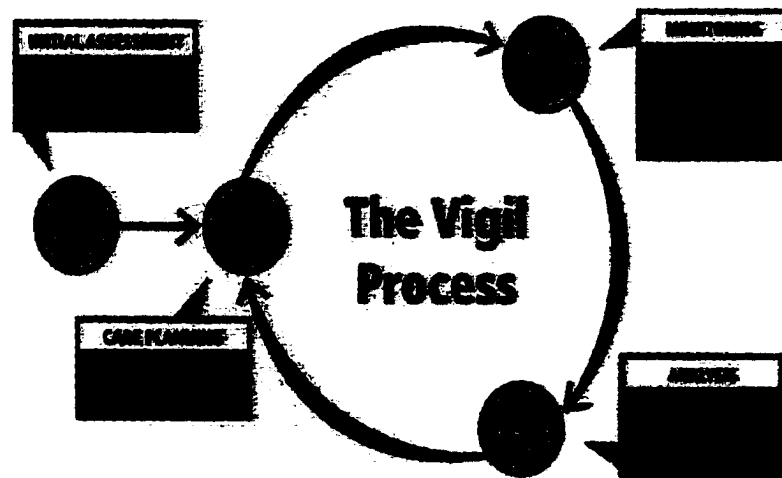
Strategic Advantage in Texas

Vigil provides the Heritage House of Sarasota with a strategic advantage in one of the world's most aggressive aged care markets", said Bill Filippone, President & COO of Health Care Holdings(HCH).

As the Heritage House in Sarasota, Florida is just finishing its install of the Vigil Integrated Care Management System, Health Care Holding's St. Joseph Gardens Facility in Fort Worth, Texas is in its final stages of proposal.

St Joseph Gardens is a Heritage Geriatric Center of Excellence; it includes 146 Alzheimer's nursing care beds and an Alzheimer's Research and Training Center. We look forward to being a part of this Centre of Excellence.

Special Alzheimer's Living

Primrose Special Alzheimer's Living who provides specialty care strictly for seniors with dementia, have asked VHM to set forth a proposal for a 84 bed facility in Sacramento, California.

Primrose is a cutting edge provider who offers services and support for Alzheimer's and dementia. They have designed an environment that promotes the independence and dignity of individuals with memory impairment and with the Vigil Integrated Care Management System, they will be able to bring their vision to a new level.

The Vigil system will allow Primrose to offer a safe and secure environment without the use of tags or bracelets. The caregivers will only be notified if a resident does something beyond the expectations that have been set.

Primrose is an innovative leader in Alzheimer's and VHM is pleased to be given the opportunity to join their mission to provide a better quality of life for those with dementia.

Tradeshow Corner

There are many tradeshows and conferences in the Long Term Care Industry to choose from this year. We thought it would be beneficial to list a few that VHM has selected and will be either attending or exhibiting at.

April 18-20
ALFA Conference
Wyndham Anatole Hotel
Dallas, Texas

May 26-29
CGNA

http://www.vigil-inc.com/nwsltr02.htm

CGNA
Fantasyland Hotel
Edmonton, AB

Sept.16-19
Health Care Design Symposium
Boca Raton, Florida

Sept.27-29
AHCA 50th Annual
Honolulu, Hawaii

Oct. 25-27
AAHSA 38th Annual
Chicago, Illinois

If you have any questions about the Vigil Integrated Care Management
System and/or you would like to have meeting, we will be in these cities on
these dates. If you would like to contact us, please do not hesitate to call toll
free: 1-877-850-1122.

Back To Top

3335-V Oak Street
Victoria, British Columbia
Canada V8X 1R2

Phone: (250) 383-6900
Fax: (250) 383-6999
Toll Free: 1 877 850-1122
Email: info@vigil-inc.com

Vigil

Newsletters

Volume No. 1   **Issue No.3**   **June 1999**

Contents: Vigil in Japan | Ralph Bodine to Chair VHM Board
Diagnosing Alzheimer's Disease | HCH expands in Sarasota
Tradeshow Corner

Vigil in Japan

The changing demographics and ever increasing aged population is not a
North American phenomenon. The drive to develop the infrastructure to
support this growing demographic group is occurring throughout the world.
Japan is moving very rapidly from having one of the youngest populations
amongst the leading industrial countries to having one of the oldest. The
Benesse Corporation, founded in 1955 as Fukutake Publishing Co. Ltd.,
assumed its current name in 1995 and has previously centered its business on
educational operations. In recent years, to complement Japan's changing
demographics; the company has diversified into the long-term care market.
The organization now owns two nursing homes in Okayama Prefecture and
Tokyo; another new home is to be opened in Kanagawa Prefecture in July
this year.

The first two group homes, named "Kurara", have 9 residents of whom the
majority requires long-term care services. The new facility to be established
in Kanagawa Prefecture will provide long term care to 47 residents. The
company makes it a policy to keep its facilities small; thereby ensuring senior
residents receive the highest quality of care in a comfortable, home-like
environment. The corporate philosophy is to support people, from the very
young to the elderly, in leading fulfilling lives; to this end the Vigil Integrated
Care Management System is well suited to their needs and goals.

The Benesse Corporation, located in Saginuma, Japan, has invited VHM to
meet with them to begin arrangements for a Vigil installation. Stacy Kuiack
and a representative from the Australian development team, Bob Williams,
will be travelling to Japan in July. The Benesse Corporation was initially
introduced to the system in Australia; when they toured a number of long-
term care facilities utilizing the Vigil system.

In addition to inviting Stacy Kuiack to Japan, representatives of the Benesse
Corporation and Matsushita Panasonic visited Victoria, BC to tour the Juan
de Fuca Priory's Heritage Woods installation.

"VHM could not have hoped to find a more successful established firm to
facilitate our entry into the Japanese long-term care market." Stacy Kuiack,
President & CEO.

http://www.vigil-inc.com/nwsltr03.htm

Ralph Bodine to Chair VHM Board

VHM announced the appointment of Ralph Bodine as Chairman of the Board in April. Ralph Bodine, an existing board member, will replace Stacy Kuiack as Chairman thereby allowing Stacy to focus his attention on the development of new and established international clients.

Ralph Bodine is currently Chairman Emeritus of Sunkist Growers Inc., and President and CEO of Bodine Produce Company. His past positions have included Chairman of the Board with Sunkist Growers Inc. and Chairman of the Board of the Fruit Growers Supply Inc. The appointment to the Vigil Chair will take effect immediately.

Diagnosing Alzheimer's Disease

The present method of diagnosing alzheimers, a process of elimination of other possible conditions, is approximately 90% accurate. At the present time the only way to confirm a diagnosis of Alzheimer's disease is through autopsy.

A Canadian company Synapse Technologies Inc., has developed a serum diagnosis of Alzheimer's Disease. It will not provide a one-stop diagnosis; however, when added to existing assessments it will help to increase the accuracy of the diagnosis.

The test measures the levels of the iron binding protein P97 in the blood. The theory being that there is a link between Alzheimer's Disease and increased levels of the protein.

Another traditional test for Alzheimer's Disease takes the form of a spinal tap. The risks in such a procedure has meant that doctors will rarely use the test. The P97 test only necessitates an examination of a small sample of the patient's blood

HCH Expands Sarasota Installation

Health Care Holding's Chief Operating Officer Bill Filippone has committed to a further 23 rooms having the Vigil Integrated Care Management System installed. The additional 23 rooms are dual occupancy; this means the increase in rooms effectively triples the size of the original sale.

The Sarasota Facility will be utilized as a continuum of care Alzheimer's Facility and Geriatric Center; in addition, it will contain an Alzheimer's Research and Teaching Center associated with the University of South Florida School of Medicine.

"Vigil provides the Heritage House of Sarasota with a strategic advantage in

http://www.vigil-inc.com/nwsltr03.htm

one of the world's most aggressive aged care markets", Bill Filippone, President & COO.

Back To Top

Tradeshow Corner

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Health Care Design Symposium
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Sept.27-29
AHCA 50th Annual
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AAHSA 38th Annual
Chicago, Illinois

If you have any questions about the Vigil Integrated Care Management System and/or you would like to have meeting, we will be in these cities on these dates. If you would like to contact us, please do not hesitate to call toll free: 1-877-850-1122.

Back To Top

3335-V Oak Street
Victoria, British Columbia
Canada V8X 1R2

Phone: (250) 383-6900
Fax: (250) 383-6999
Toll Free: 1 877 850-1122
Email: info@vigil-inc.com

BACK
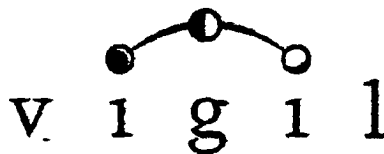
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News Releases

Vigil Expands Victoria Operations

For Immediate Release
JJune 28, 1999

Victoria, B.C. - Vigil Health Management (VHM), is pleased to announce
the expansion of its Victoria Operations. The new premises will provide
VHM with a site for the distribution of the Vigil Integrated Care
Management System throughout North America and Asia. VHM's new
location will effectively triple the available space allowing the company to
meet increasing demand. VHM is also actively searching for a US office in
the Boston area to facilitate service to East Coast and European Clients.

Vigil Health Management produces a behavioural software and hardware
solution for long-term care facilities. The Vigil Integrated Care Management
System utilizes a series of sensors to provide data to a central computer and
silent pagers. The data is then used to develop care plans and identify and
summon assistance for residents when necessary. VHM currently has
installations in Canada, the United States and Australia.

As of July 1, 1999 our new address will be:
3335-V Oak Street
Victoria, BC
V8X 1R2
Tel: 250-383-6900
Fax: 250-383-6999
(telephone and fax will remain the same)

-30-

Contact:
Nicola Chalmers, Senior Manager
Vigil Health Management Inc.
250.383.6900
nchalmers@vigil-inc.com

<

3335-V Oak Street
Victoria, British Columbia
Canada V8X 1R2

Phone: (250) 383-6900
Fax: (250) 383-6999
Toll Free: 1 877 850-1122