Aeroplan, Canada’s premier coalition loyalty program, is owned by Groupe Aeroplan Inc., a leading international loyalty management corporation. Aeroplan Canada has its head office in Montreal, an office in Toronto, as well as two call centres, one in Montreal and the other in Vancouver.

BACKGROUND

- In 1984, Aeroplan began as a promotional tool for Air Canada’s business travellers. A year later more than 100,000 frequent flyers had enrolled in the program.
- In 2004, Aeroplan launched its new brand identity that positioned Aeroplan as its own entity outside of Air Canada and as the premier loyalty program in Canada.
- In 2008, Aeroplan Income Fund converted into a growth oriented, dividend paying global loyalty management public corporation called Groupe Aeroplan Inc.
- In 2009, Air Canada transferred its Montreal and Vancouver call centres to Aeroplan. As a result, over 800 agents belonging to the CAW union joined 350 other employees who were part of Aeroplan’s administrative staff. This transfer meant a major culture change for a number of employees who had previously been employed by Air Canada.
- Today, Aeroplan has more than 4 million active members who earn air miles through a growing network of over 75 world-class partners, representing more than 150 brands in the financial, retail and travel industries.

The 25th edition of the Excalibur Tournament was held on March 18 and 19, 2011, attracting competitors from 27 universities across Quebec and Canada. The seven finalist teams analyzed a real case study involving Aeroplan Canada. At the end of the tournament, the same case study was analyzed by a professor.
Aeroplan’s mission is to inspire loyalty among its members and partners, enrich the lives of its members and have a meaningful impact for its shareholders, partners and employees, as well as for the communities it serves. The organization’s culture is comprised of the following six elements:

- employee engagement
- knowledge sharing
- innovation
- customer centricity
- bias for action
- teamwork

Underlying this culture are the shared values of partnership, authenticity, strong opinions loosely held, simplicity – Brilliant Simplicity, inclusiveness, originality, and nimbleness.

In 2008, more than a year before Air Canada’s transition to Aeroplan, the call centre agents experienced the first indications of the culture change. For instance, they were introduced to the Aeroplan brand image and Air Canada posters were replaced by Aeroplan ones. At the time of the actual transition, the organization implemented a communication strategy explaining HR management changes, the corporate growth plan and post-transition changes.

Aeroplan’s growth plan targets the following five objectives: to be Canada’s preferred and most respected loyalty brand as recognized by its members; to build a winning network of customer and supplier relationships; to generate strong and sustainable cash flow growth; to be regarded as one Canada’s top employers; to be recognized as a leader and positive force in the community.

To achieve these goals, Aeroplan adopted a democratic management style, with a strong focus on employee participation, which means their opinions are encouraged, respected and taken into account in corporate decisions. It also developed an open-door policy to promote communication among employees and an enhanced focus on talent management. In this way, Aeroplan aims to foster employee engagement, motivation and collaboration.

**BREAKDOWN BY YEARS OF SERVICE**

- 42% of employees have five years of service or less.
- 13% have between five and 10 years of service.
- 29% have between 10 and 20 years of service.
- 16% have more than 20 years of service.

**SURVEY ON ENGAGEMENT LEVELS**

Every year since 2006, Aeroplan has asked its employees to complete a survey to measure their level of engagement. Up until last year, the survey was conducted by Illumina Research (formerly Environics). In 2010, at the request of senior management, Aeroplan decided to call on Aon Hewitt in addition to its usual supplier.
Management’s goal is to eventually be regarded as one of Canada’s top 50 employers, which is one of the five objectives set out in the company’s growth plan.

This was the first time the call centre agents had been asked to complete a survey since their integration with Aeroplan employees. In all, 996 employees (88% of the workforce), including close to two-thirds of the call centre agents, responded to the Aon Hewitt survey.

The age breakdown of employees who completed the survey is as follows:
- Under 30: 110
- 31 to 45: 497
- 46 to 50: 166
- 51 to 60: 194
- 61 to 65: 25
- 65 and over: 4

Source: Aon Hewitt final report

The survey’s main findings are presented below:
- According to the administrative employees, even though Aeroplan is not one of Canada’s top 50 employers, it still compares, for a first year, to the average Canadian company participating in the survey, and ranks slightly above North American and international organizations. However, the responses of the call centre employees to the survey were less favourable than those of the administrative staff.
- The Executive Committee’s efforts to communicate the company’s vision and strategy are seen as positive and have significantly improved over previous years.
- Employee engagement levels are similar for the various age groups, with the exception of those aged 51 to 60 whose level of engagement is higher than that of the other groups. In general, the engagement level of the administrative employees is slightly lower than that recorded in other years.

Table 1 – KEY ENGAGEMENT INDICATORS

<table>
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<tr>
<th>DRIVER STATEMENT</th>
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| 1 Managing Performance | a. The way we manage performance here enables me to contribute as much as possible to our organization’s success.  
b. The way we manage performance here keeps me focused on achieving this organization’s goals (Managing Performance). |
| 2 Work Processes | a. The work processes we have in place allow me to be as productive as possible. |
| 3 Resources | a. The tools and resources provided by this organization help me to be as productive as possible. |
| 4 Employer Reputation | a. This organization is considered one of the best places to work for someone with my skills and experience.  
b. Given the opportunity, I would recommend this organization’s products/services to potential customers/clients (Employer Reputation, Corporate Social Responsibility).  
c. The organization’s reputation helps us attract the best employees (Employer Reputation, Corporate Social Responsibility).  
d. My personal values are very similar to those of this organization (Intrinsic Motivation, Employer Reputation, Corporate Social Responsibility).  
e. We hold each other accountable for living by our organization’s values (Co-workers, Employer Reputation).  
f. Employees are treated fairly, respectfully and honestly in this organization (Corporate Social Responsibility, Employer Reputation). |
| 5 Career opportunities | a. My future career opportunities here look good. |
| 6 Recognition | a. I receive appropriate recognition (beyond pay and benefits) for my contributions and/or accomplishments. |
| 7 Work tasks | a. I truly enjoy my day-to-day work tasks. |

According to Aon Hewitt, to raise the level of employee engagement, the organization should focus on the one or two factors that have the greatest potential positive impact on this element.
The transfer of activities from Air Canada’s Montreal and Vancouver call centres to Aeroplan poses certain challenges to Aeroplan’s organizational culture. Our analysis begins with a review of the current situation. In a survey, Aeroplan employees had indicated that they appreciated certain aspects of their work such as good relations with co-workers, benefits, corporate social responsibility, and the support of managers. However, they felt that the firm could improve on areas such as performance management, employer reputation, work procedures, resources, career prospects, employee recognition and work tasks.

In order for Aeroplan to be classified among Canada’s 50 best employers within the next three years, the action plan must focus on improving certain aspects of the employees’ experience. The following is the analysis of the Aeroplan Canada case study presented by the winning team from the Université du Québec à Montréal School of Management, composed of Geneviève Robert-Huot, Cynthia Rozon-Lacelle and Gabrielle Ste-Marie Isherwood. The students were given one hour and a half to analyze the case study.

**YOUR MANDATE**
Aeroplan Canada has hired you as consultants to help the management team attain its objective of becoming one of Canada’s 50 top employers within the next three years.

1. Based on the information available, explain your understanding of the issues.
2. Prepare a concrete HR management plan for the Executive Committee that will enable the organization to attain its objective of becoming one of Canada’s top employers within the next three years. To perform this task, you must:
   - develop an appropriate and detailed approach by identifying two key drivers, supported by five actions in all aimed at raising the level of employee engagement to that recorded for employees of Canada’s top 50 employers within a three-year period;
   - Indicate the impact of your recommendations on HR management and on the organization.

Your plan must include specific actions, expected outcomes and a timeline.

**CASE STUDY – STUDENTS’ ANALYSIS**
**An engagement focus**

The following is the analysis of the Aeroplan Canada case study presented by the winning team from the Université du Québec à Montréal School of Management, composed of Geneviève Robert-Huot, Cynthia Rozon-Lacelle and Gabrielle Ste-Marie Isherwood. The students were given one hour and a half to analyze the case study.
on two improvement drivers, performance management and the employer’s reputation. The action plan will address not only these drivers but also other drivers as well as the issues that employees mentioned in the survey.

THREE MAIN ISSUES
To achieve its goal, Aeroplan must consider three main issues directly related to its targeted drivers. The firm will focus on engagement by first working on its performance management system. This in turn will enhance its reputation as a sought-after employer. Aeroplan must then harmonize its culture, because two cultures are now in conflict since the merger and are affecting the firm’s performance management system. The third issue is to develop the competencies of its employees and then validate these efforts through the performance management system. Working on these three issues will result in improving Aeroplan’s reputation as an employer. All the measures proposed in the five-step action plan support the above-stated goal by fostering engagement, harmonizing the culture and developing employee competencies, and will thus help place the firm among the top 50 employers in Canada.

FIRST STEP: COMMUNICATIONS
The firm should immediately establish good communications with employees and maintain them throughout the implementation and follow-up of the action plan. Aeroplan’s vision at the time of the acquisition must be communicated to the call centre employees. To accomplish this, the firm should hold meetings in Montreal, Vancouver and Toronto to remind employees of the firm’s goals and the values it advocates. It must highlight these values so that employees will remember and adhere to them. For instance, the values could be posted in workers’ lounges or on the intranet. Not only should they be known, but they should also be integrated in daily human resource management processes and practices, such as job postings and the performance appraisal system.

In its communications, the firm must also address the expectations generated by the employee survey in order to demonstrate that management takes the survey results seriously. Good communications will reflect the firm’s interest in its employees and help create a good work climate. The employees should be informed of the strengths and areas for improvement mentioned in the survey; at the same time, they will know about the efforts the firm is making.

The communications initiative must be carried out throughout the life of the plan. It is important to create a sense of urgency, explain the reason for the changes and present the plan’s rationale in order to overcome employee resistance.

Creating a change committee composed of managers and operations employees would be useful in helping strategize a new type of work organization and define priorities as well as training and performance management methods. The committee will be a vehicle through which the employer will receive feedback from employees regarding the changes.

SECOND STEP: WORK ORGANIZATION
Changes in work organization must be carried out within the first three months of the plan because they will have a direct impact on the employer’s reputation and performance management system.

The cultures at Air Canada and Aeroplan differ in their approach to work organization. For instance, the former Air Canada employees were union members and continue to share the union’s values. Further, there is a discrepancy between Aeroplan’s values and the way the call centre agents are managed. Aeroplan had invited these agents to take an engagement survey for the first time in 2010, but this invitation was unacceptable because the agents are managed differently, i.e. with tighter controls and more restrictive objectives, whereas collaboration and assistance tend to be advocated in the organization as a whole.

Changes to the organization of work will increase employee flexibility. These changes are brought about by establishing versatile work teams, especially in regard to customer service functions. Given that certain services dovetail (for instance, some customers buy airline tickets and pay them with their Aeroplan points), each employee must stay up to date on the services offered by Aeroplan and be multi-functional. To this end, a review of the employee’s autonomy and decision making authority must be conducted, especially to ensure the retention of young employees.

Each work team must be autonomous and aim for continuous improvement by ensuring consistent collaboration among
its members. Supervisors must become facilitators rather than controllers, particularly as regards call agents, who have been subject to tighter management.

THIRD STEP: TRAINING
The emphasis over the next three months must be on training, which must be centered on innovation and knowledge sharing, also for the purpose of improving customer service and developing the potential of the next generation. However, management styles and cultural differences by job class must be considered. The current management performance practices do not really focus on these aspects.

Reorganizing the work of call agents could include pairing them informally according to their competencies. Another interesting strategy would be to publish information capsules on the intranet, perhaps focusing once a week on one product, service, new partner or tip for improving customer service. The firm will also continue coaching the agents, which it had been doing fairly regularly, but this time it will be with a view to developing their competencies rather than for control purposes.

As for the call centre supervisors, now acting as facilitators, training must be adapted to support their appropriation of their new role. For example, specific management training could help them improve the versatility of their work teams. The call centre supervisors would also be trained in coaching, recognition and performance management, three concepts that were mentioned in the survey.

FOURTH STEP: PERFORMANCE MANAGEMENT
This step, which would be carried out between the sixth and 12th month, is important not only because employees mentioned their dissatisfaction with regard to performance management, but also because the organization is in a growth period. In addition, there should be a review of the competencies acquired by employees during their training.

In view of the new work organization methods, Aeroplan must implement a policy that allows it to evaluate not only its work teams but also individual performance. The employees who took the survey mentioned that their appraisals did not relate their performance to the success of the organization; they should therefore be given constructive feedback that helps them feel that they are contributing to the firm’s success. According to the new policy, they will be given organizational objectives, which must be SMART, i.e., simple, measurable, achievable, realistic and timely.

Obviously, positive behaviour should be recognized when it is observed. The recognition could be tied to remuneration such as a salary increase, but non-remunerative recognition may be just as important.

Aeroplan must also continue to record calls, not as a coercive measure but to gauge the quality of the customer service its employees are providing.

FIFTH STEP: SOCIAL ACTIVITIES
Lastly, Aeroplan must not neglect the social aspect of work. During the second year, it should organize social activities to strengthen team spirit as part of the new work organization pattern that the firm has implemented. All job classes should be placed on an equal footing during these activities.

Social activities could be organized by region according to the interests of employees and other considerations. Since Aeroplan is a socially responsible enterprise, why not organize related activities such as planting trees or holding fundraisers? Such activities will no doubt foster employee engagement and harmonize the organizational culture.

FOLLOW-UP
Follow-up and control will be carried out during the third year of the plan. Aeroplan will measure the results of its investments and the achievement of its objectives. It would be especially important to find out how much employee engagement has grown and the extent of employee satisfaction with the changes. The harmonization of the culture will be measured by the rate of employee participation in social activities and employees’ commitment to the company’s values. The increase in competencies, manifested in the level of customer service offered, will indicate the achievement of training goals.

In implementing the above five-step action plan, Aeroplan will be working on two drivers, performance management and the company’s reputation, and rise to the ranks of Canada’s 50 best employers within three years.
Creating a high engagement culture at Aeroplan

Aeroplan has experienced significant change recently, not least being the integration of 800+ unionized call centre agents formerly employed by Air Canada into its workforce in 2009.

Aeroplan is to be commended on its handling of the employee transition and rebranding from Air Canada to Aeroplan, which included a detailed communication strategy outlining the growth plan and expected HR management changes. Management also appears to be extremely dedicated to responding to employee concerns and increasing engagement, as evidenced by the extensive employee surveys regularly conducted since 2006, as well as the organization’s commitment to becoming one of Canada’s top employers.

However, such a large-scale organizational culture change has its pitfalls, such as different engagement levels between administrative employees and call centre agents. Aeroplan’s high involvement management strategy and its HR practices are misaligned, and there is a perceived lack of fit between employees’ and Aeroplan’s values. Accordingly, and to enable the organization to achieve its employee engagement objectives, the two most critical areas to be immediately addressed are improving its performance management system and its reputation in its employees’ eyes.

First, the organization should ensure that corporate and HR strategies are completely aligned with actual HR practices, and that the HR practices actively support the organization’s mission and values. Building a culture based on teamwork, collaboration, and inclusiveness requires breaking down hierarchical structures, either real or imagined. Tighter performance management policies for the call centre agents are creating rifts between occupation groups. One way to reduce the negative consequences of being “monitored” and encourage teamwork would be to pair newer employees with more senior employees via a mentorship program focused on improving quality and efficiency of customer service.

Mentorship programs, if well designed, can contribute to employee retention and socialization. The relatively higher engagement levels among one of Aeroplan’s most senior age groups may have a positive impact on newer employees if mentor pairings are carefully selected. Further pairing of administrative employees with call centre agents for selected job rotation would help all employees understand the challenges and obstacles of each position, and identify potential for process improvements. It may also help reduce any lingering “us versus them” post-merger mentality. Autonomous, self-directed work teams, whereby supervisors merely become team coordinators, may also be more effective in organizing and monitoring work under a high involvement strategy.

Second, Aeroplan’s high involvement approach to managing its workforce includes a strong focus on employee participation and input into corporate decision-making. However, there is no mention of involving the union, which represents most of the workforce. Unions are often sceptical of employee participation schemes, seeing them as attempts to increase employee workloads and circumvent the union in providing employees with a voice in the workplace. The best way to ensure that Aeroplan benefits from employee involvement is to ensure buy-in from the CAW, as union support is crucial to success. Actively seeking union input into design and implementation of employee involvement initiatives will help build and maintain a good working relationship with the union. The union may also be an excellent resource, providing critical information about what employees value. It can also be another effective communication channel between employees and the organization, alerting management about concerns before they become major problems.

Third, it must be recognized that call centre work can be tiring, redundant and frustrating. Survey respondents have indicated that they don’t truly enjoy their day-to-day tasks. Aside from providing employees with more autonomy over how they handle customer service.
service calls, little can be done to enrich the job to ensure high intrinsic motivation. There are also likely few opportunities for advancement within the call centre itself, as evidenced by concerns expressed in the survey over the future career prospects at Aeroplan. Therefore, the organization should focus on developing intrinsic motivation through fostering employee pride. Corporate social responsibility initiatives are effective tools to improve an employer’s reputation, and thus its ability to attract and retain excellent employees, particularly those in Generation Y who seek to contribute to society through their work. Survey results show that Aeroplan’s employees highly value corporate social responsibility, which is directly aligned with Aeroplan’s mission to have a meaningful impact on the communities it serves. These initiatives do not necessarily have to be costly, and should be integrated into the organization’s business and HR practices to ensure they are viewed as authentic.

For example, Aeroplan may want to offer groups of employees paid time off for volunteer work for several hours a month. Specifically, mixing administrative staff with call centre agents would help build teamwork and remove artificial distinctions between the groups. Encouraging employees to engage with their co-workers outside the workplace may also foster innovation and knowledge sharing. Aeroplan may also want to audit the environmental impact of its products and services, and of its global partners. Being perceived as environmentally responsible may increase employees’ tendency to recommend Aeroplan’s products and services to friends and family. Embedding environmental goals and metrics into group-based incentives would present employees with challenging opportunities to “green” the workplace. Directly asking employees what types of social responsibility initiatives they value and how Aeroplan could integrate them into current work processes would also fit with the organization’s current values and its high involvement strategy. Increasing employee pride and identification with the values will encourage intrinsic motivation by making it more enjoyable to come to work each day.

Fourth, employees have indicated that they don’t feel they receive recognition beyond their regular compensation for contributions and accomplishments. Corporate social responsibility is tied to environmental and social initiatives in the community, but it also includes making sustainable investments in employees. Since Aeroplan is a loyalty reward company, it would fit with the organization’s mission to reward loyal employees as well. For instance, those who reach certain seniority milestones or who go that “extra mile” in customer service could be offered free Aeroplan miles. Group-based rewards rather than individual incentives would be highly advisable and more supportive of a collaborative culture.

Finally, Aeroplan should also ensure it communicates the results of the engagement survey to all employees, be transparent about its plans to address the concerns raised, and outline an action plan with realistic timelines order to remain accountable. These recommendations may require a re-statement of management’s commitment to the high involvement model, and HR policies and practices may need to be examined in terms of alignment with this strategy. If employees ultimately feel there is consistency between what the organization says and what it does, and these values fit with employees’ personal values, Aeroplan will be well within reach of its goal of becoming one of Canada’s top employers. At the very least, the result will be a more committed and highly engaged workforce.