

Mondi Group starts up "ECO7" in Poland



By MICHAEL FITZPATRICK

Employee engagement can help give a company a competitive edge while shedding a generations old mindset

PARTNERSHIPS WORK

When managers hears the term “labor problems” a picture often emerges of uncooperative employees, adversarial relationships, strikes, work slowdowns in the manufacturing process, and adverse impact on customers, overall goals, strategies, the ability to be successful and increased pressure from the competition. Whether the workforce is unionized or not, effective collaborative relations with employees is an imperative in today’s global economy.

Too often workers and management find themselves with seemingly competing interests. Indeed, where there is a union there seems to be an element of distrust with the company, and the management has the tendency to view the union as repressive or an obstacle to progress, increased performance, and profitability and in some cases the survival of the enterprise. The fact remains what is in the best interest of the organization usually is in the best interest of the employees. After all, the company is looking to expand and grow and therefore provide the job security employees enjoy with a successful company.

EMPLOYEES WANT INPUT

Why then, does there seem to be so much discord between unions and companies with particular respect to the manufacturing sector? One answer may be that the employees are looking for something far greater than just job security. I would submit that employees want skin in the game; they want input, to contribute and be active participants on the team. Employees do best when they are part of the process, especially when it is necessary to look at the business model and find ways to improve

performance to remain competitive. To survive, companies must continue to be innovative and differentiate from the competition. It is paramount to involve employees with the mindset of enhancing performance; that only happens if positive labor relations are in place. To achieve this, organizations must have a transparent leadership team that engages the workforce in strategic operational decisions.

It also requires the union and employees to think and execute progressively. All employees need to enter into partnerships with management to develop the goals and strategies necessary to deliver required results. This is much more than just carrying out orders of work; it mandates that the workforce be part of the problem-solving, solution-finding process. Workers tend to want the best for their company and to help improve the business but often are not allowed or given the tools for them to be successful. The result is an attitude that “I will work as directed” but no more. Some of these attitudes are embraced and reinforced by management that wants to make sure that their authority is not usurped. These mindsets and attitudes are deeply rooted, finding their genesis many years ago. If this was a win/lose game, who wins? Nobody wins except perhaps the competitors based down the street or in other countries adding to the trend of US jobs already being sent offshore.

THE SAME OLD STORY

Interestingly, the private sector union membership in the US is 7.5% down from more than 20% 20 years ago. Some would say that that is because people do not want to be in unions or there is little benefit to

union membership. The fact is after President Reagan fired thousands of air traffic controllers' during the PATCO strike in the late 1970s, companies took a different tact when unions attempted to organize; they fought back with their own campaigns that have been successful at deterring unions. At the same time, with some notable exceptions, unions continue to operate in the same manner that they did in the 1930s. This business model is based on dues collection, grievance administration, contract negotiation, and enlisting more members; as contrasted with a model based on understanding business goals and partnering with business to achieve those goals. These particular unions continue to conduct distributive bargaining, attempting to get as much of the pie as possible. On the other side of the table, the company is resisting improvements in the labor agreement citing low productivity, restrictive work rules, increased costs, global competition and other economic factors. So, we have been bogged down in a time when businesses clearly don't want unions and unions have not displayed a business model that willingly partners with firms in order to be successful.

Conversely there are unions and businesses that have discovered "interest-based bargaining" works well in today's economic climate. An interest-based bargaining process requires the labor force and management help each other solve problems objectively and to obtain agreements that are beneficial for everyone. For this to work, the union and company leadership must provide talented, experienced, skilled labor resources and be unwaveringly committed to the process. When they are, the process has been productive and successful. To be clear, there are unions and companies that work cooperatively with each other and are able to significantly improve productivity. Unfortunately for US industry, they are too rare, impeding our global competitiveness.

I have been on the management side of the table as the chief spokesperson for the company as the contract expired and handled negotiations midterm, as well. In addition, I have administered labor agreements for many years and I understand the process and how challenging it can be for the company and union to reach a mutually workable deal. I remem-

ber in 1990 one of my first labor management meetings referred to as a Standing Committee meeting. The meetings were held weekly to work through conflicts, grievances and in some cases arbitration. One of the union committee members asked if the company would be willing to route a water line to the barge crane where he worked so he could wash his hands before lunch. The company response: "Yeah. What have you done for me lately?"

The rhetorical question meant that the company was not going to say yes to anything it didn't have to for fear that the list of requests would grow and become unmanageable.

On another occasion, the mill needed to take some unscheduled down time. It had been the practice to lay off the papermakers while mechanics worked. An innovative thought was to use papermakers as mechanic helpers during this outage, which required a discussion with the union. The union standing committee chairman retorted: "What are you guys trying to pull?" implying there has to be some hidden motive. Based on the relationship, the union did not trust the company even when the subject was in the best interest of the workers. These feelings are often deep-seated and can be prevalent in both management and union leadership.

NEGOTIATIONS STILL DRAG ON

In the current uncertain economic climate, where one would think workers would have the incentive to settle a contract, we have seen a trend toward lengthy unsuccessful bargaining. With particular respect to the paper industry, it is not uncommon for negotiations to be ongoing for a year with no resolution. In some cases, workers continue to distrust management and the company's motives. Some of this is central to rising costs, especially health care and other benefit plans, but also reflects the manner in which management treats workers and communicates with them.

I was part of an organization in the paper industry that had the typical adversarial relationship with the union and employees. Recognizing the need for a dramatic change in delivering performance, a consulting firm, Team Development Group (TDG)

was hired to work with employees at all levels and to deliver a change management initiative that would streamline processes, increase efficiencies and reduce waste.

TDG's process — improving productivity, decreasing waste, lowering costs, and improving maintenance reliability — is grounded in employee and management engagement to meet or exceed performance goals. A design team was formed to integrate input on suggested changes. The team was cross-functional and facility-wide; its aim was to break down barriers that had thwarted the company's ability to be successful. This was accomplished by employee participation, transparent communication, and bridging barriers between workers and supervisors. In addition, the change involved eliminating the win-lose scenario between workers and management, with the message that it was an imperative to be successful together. On this platform, success resulted in increased productivity and improved maintenance reliability. With the union's buy-in, significant costly work rules were modified to allow for multi-skill, multi-function, and job combination measures. This had a tremendous impact on the operation.

IT'S GOOD BUSINESS

Positive labor relations just make good business sense. It allows companies to be successful; employees to be fully engaged in the business; reduces turnover; attracts high potential candidates; fosters positive morale; encourages employees to be innovative; and allows for the business to expand and drives performance improvements. Clearly, the benefits of positive labor relations go beyond the bargaining table or an organizing drive. It relates to the day-to-day operation of the facility, interactions with all involved in the manufacturing process, and ways to accomplish continuous improvement. Positive relations are built on experience and trust, with a balance between competing interests to attain the goals of both the working unit and the business. This platform removes the autocratic form of management, leaving ultimate business decisions with management where it should always reside, but also includes significant input from the workforce.

This is not management by consensus; rather a team environment with increased responsibility and accountability for all parties to maintain and sustain a successful operation.

I have visited numerous paper mills that are interested in developing new initiatives to improve performance and maintenance reliability but are unable to because of "labor problems." They do not have a workforce in 2010 that is cooperative enough to engage in new ideas to allow the firm to be successful. One of these managers actually lamented that the union leadership will not even converse with him. These facilities are unable to leverage improvement with their employees because of the relationship between the company and employees. It seems to me that the people in the best position to help identify possible performance improvements are employees. Why wouldn't you tap into this valuable asset? Those firms that partner with their employees to attain business and operational improvements will do well, and those that do not will struggle to compete with increasingly innovative and efficient competitors.

Although positive labor relations takes a commitment from management and the workforce alike to make it work, it's worth it; because this method of interacting and problem solving is extremely effective and it is what successful competitors have been employing for years. It works. **PPI**

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