

Unions vs. Management – Who is the “Bad Guy”?

It is a common belief among union members that conservatives are the union member's worst enemy. Conservatives are on the side of big business, and anyone on the side of big business is against unions. Union leaders want every company to be unionized. They believe that only the unions can protect the workers from greedy companies that want to exploit them. That is what they believe and anyone that says anything different is misrepresenting the truth, which is a fancy way of saying that whoever says that is a liar.

The first time that I worked as a productivity consultant for a unionized company, I was told by management that there was a very good chance that my presence there would not be good news to the workers and that I might experience some “hostility”. As it turned out, that concern never manifested itself into reality and the workers that I dealt with were my strongest supporters.

What I have found by working for management and with union workers is that each of them can bring a company down if they go beyond what they are designed to do. It is the job of management to make decisions that accomplish two basic goals: Make money and create a productive work environment. The word, “Productive” is often misconstrued by management. They are quite often lazy when it comes to orders vs. headcount.

When orders start coming in large numbers, management will go into a hiring frenzy. They do this because they don't want to take a chance on missing out on market share. The window of opportunity, especially for new product lines, can be very small and management is myopic when it comes to dealing with growth. They treat hiring and firing, as well as layoffs as a simple and effective method of dealing with the ups and downs of business.

The problem with this approach is that, while it is simple to just shuttle workers in and out, it is not the most effective way of dealing with growth. The most effective way of dealing with growth is to ensure that productivity precedes growth, or at least is in concert with it. Companies start up as mean and lean and find a way of becoming slow and fat. It is only after the metamorphosis that they call in people like me to help them find the way.

I often like to use the Navy Seals as an example of what growth should look like. To make this example simple, I will just say that if at any time it is decided that more Seals are needed; do you think that they will just hire a bunch of regular sailors and call them Seals? No, what will happen is that the “ramp up” will require that the new Seals be as good at their jobs and just as tough as the men preceding them. Growth will happen, but it will be accomplished the correct way and with no loss of productivity.

Unions were created to ensure that the workers got a fair deal with management. They work to improve the financial status of the worker now, and in the future when they are ready for retirement. Their strength is in their numbers because management cannot take advantage of a few workers without facing retaliation from the membership. To avoid strikes which would be devastating to the company, management often gives in to the demands of the unions.

Strike avoidance sometimes pays off for the short term but comes back to cause problems later. The problems created later could be enough to sink a company. The sinking will be slow in most cases but

very certain. Some examples of this can be seen today with the problems being experienced by GM and Chrysler. I know this to be true because I visited a Detroit plant about 10 years ago looking at setup reduction accomplishments there that related to the auto paint process. Essentially, the visit involved learning how they accomplished the changing from one paint color to another in less than a minute without removing the paint head.

I observed during that visit that there were new rules that were initiated by the unions to disallow certain tasks from being completed by anyone other than the person assigned to that task. In short, it meant that there could be no assistance given to a person by anyone not currently “certified” as qualified to do that task. The word “currently” is important here because it meant that even if a person was perfectly capable of doing the task, meaning that he or she had experience in that area but had moved on from that job to another that may have paid more; if he or she was not presently assigned to that task, they could not help. If an employee at a single person station was missing, the line stopped because nobody else was allowed to move from their job to help fill the void.

If the importance of this ruling is not apparent to you, it is because you do not understand the concept of the integrated work team (IWT). In an IWT workplace, everyone can do any job, including the foreman or lead. What this means is that workers “fold” to cover or assist an employee that is suddenly missing or overloaded with work. It is based on the belief (and truth) that an integrated work team will ALWAYS outperform a group of individuals.

Here is the problem with this concept when it comes to unions: Unions are dedicated to providing more jobs for their members and integrated teams require fewer employees. In the minds of the UAW leadership (at that time), productivity was trumped by job security. Ironically, it was rules like this that helped to ensure the lack of job security over time.

If unions stick to ensuring that their members are paid fairly and enjoy fair benefits, they provide a useful service. Paying fair wages and benefits to employees is not what brings a company down. Every job has a different value to the company. A single engineer is worth more to a company than a single assembler and is paid more for the increased value that the engineer brings to the table. The worth of an individual is directly proportional to the training involved to prepare oneself for the job. Experienced engineers are worth more than rookies and talented rookies with excellent grades are preferred to those that struggle in school.

The same is true with laborers. Talent and knowledge and the ability to perform are more valuable than inexperience and the amount of training required to “learn the job” and do quality work is important to a company. If you can hire someone off the street to do a job with little or no training, that job is not as valuable to the company and the worker will be paid less because they are easily replaced.

Every job is important, but one cannot exchange the word “important” with the word “value” when it comes to individual contribution and worth. The total work force is every bit as important to the company as the engineering department, but each can be overloaded with too many people and overpaid, and as such, will be more costly to the company than they should be. When an individual’s pay exceeds the worth of the contributor, the company will lose money. If that condition continues and/or worsens, the company could find itself in serious trouble.

Many companies put more value on their executives than they are worth. This is apparent in the amount that some companies are giving with their bonuses and salaries. They are paying exorbitant amounts to executives that often make decisions that could be made by a student. They hire too many

people when their product is hot and then find out later that they have to let them go. They don't place a lot of importance on productivity although they are very good when it comes to understanding buzz words.

I visited a company whose plant manager proudly boasted of having set up electronic Kanbans. When I asked how the upper and lower limits of the Kanbans were determined, I was faced with a blank stare. Their "Kanbans" didn't have upper and lower limits, which meant that they weren't Kanbans; they were merely product queues that were not controlled or monitored. He had no idea what Kanbans were, but sure knew how to pronounce the word.

When I told management at another company that they had too much WIP on the floor, the plant manager sent out a memo to all department heads to "Reduce the WIP immediately". He had no idea how that was going to happen, but with this promulgation, it would solve the problem. He had no clue how it would be done, and it didn't dawn on him to ask.

It is understandable that when the unions see management like this being paid such exorbitant bonuses, that they have a tendency to ask for more even if more equates to excessive. Unions need not be a problem to a company if they stick to their primary role and not get involved in a negative way with issues involving productivity. It is much better to work in a company that is lean and productive long term than to be paid more for the short term or to work for a company until you are close to retirement and then find that you no longer have a job.

The situation with many companies today is sad and it didn't have to be that way. We live in a country that is based on free enterprise. Those that find a better product and a better way of producing and marketing that product will prevail and those that start out with a good product and lose their way will eventually fail. That is the way it has been in the past and that is the way it will continue to be. A great product only saves you as long as you are the only company offering that product. Eventually, someone else will find out how to take away your market share.

The government bailouts will not save any company that is not productive even if that company has a good product. It will only delay the demise. Eventually, someone out there will find a better way and bring that better way to the market and not need government help. It is important that both company and union management come to the realization that workers and management either work together or fail together.

Cheap labor isn't the ultimate answer because it creates a false reliance. Paying fair wages is not a deterrent to company success as long as the word "fair" is properly defined. Bad management and greedy unions the real killers. Fortunately, both can be enlightened and can turn failure into success by entering into agreements that work for both the employees and the company. If this had been done long ago, do you think that we would still have the mess that we have today?

Finally, some of the companies that I have visited have had the best wages and benefits in their industry and were not unionized. Still, the company was in trouble. I point this out because the lack of productivity in any company can bring it down in a competitive environment. There is a tendency to blame the unions for putting companies out of business and that tendency isn't always fair. Poor management can accomplish it as well – and as quickly.

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