

Food Plants Partner With Unions To Boost Competitiveness

MANAGERS AND UNIONS WHO THINK OUTSIDE OF THE BOX ARE PARTNERING TO IMPROVE PLANT COMPETITIVENESS. NEW WORK SYSTEMS ARE BASED ON MUTUAL TRUST AND RESPECT. • CHARLES E. MORRIS, MIDWEST EDITOR

Business partnerships may be common, but partnerships between corporations and labor unions are a fairly new — and relatively rare — development. A true partnership requires sharing both risks and benefits, and few corporate managers and labor leaders have been willing — or able — to overcome decades of mistrust and suspicion between the two camps. “The biggest issue is lack of trust, based on old habits and paradigms,” observes Wallace W. Graham, president of the management consulting firm W.W. Graham & Co. (Tempe, AZ) and a former Frito-Lay plant manager. “Unions

don’t trust labor/management relationships to get them the best contract, and management doesn’t trust unions to deliver what’s in the contract.”

Dr. Phil Bromley, principal of consulting firm The Belgard Group (Orlando, FL), concurs. “The biggest problem in moving from confrontation to collaboration is to establish trust, which takes a long period of time,” says Bromley. “You have to cross the abyss.” The abyss being the point where fundamental change must take place in the way people think, act and organize their work.

Graham and Bromley helped the Quaker Oats plant at Danville, IL, initially develop its team organizations as

part of a remarkable plant management partnership with Local 347 of the American Federation of Grain Millers (AFGM). (For more information about the Quaker Oats Danville plant, see *Food Engineering* March 1999.)

New work systems

The AFGM recognized in the early '90s that growing global competitiveness calls for labor/management partnerships to create a "new work system" as "the one strategy that combines appreciation for the abilities and experience of workers, respect for the importance of the union and a high probability of success."

Assisted by Restructuring Associates, Inc. (Washington, D.C.), the AFGM published "The Grain Miller's Role in Creating Labor/Management Partnerships For New Work Systems," a policy statement and guideline for local unions also known as "the blue book." (Editor's note: Effective January 1, 1999, the AFGM merged with the Bakery, Confectionery & Tobacco Workers International Union to form the Bakery, Confectionery, Tobacco Workers & Grain Millers International Union, or BCTGM).

According to the blue book, the major difference between new work systems and traditional organizations is the role of human resources. "New work systems seek to build commitment among employees by changing the way businesses are managed, and how labor and management relate to each other." A new work system is based on three elements: recognizing and treating people as a company's most valuable and enduring asset; recog-

Safety partnerships

A growing number of food plants are partnering with local unions and the Occupational Safety & Health Administration (OSHA) in Voluntary Protection Programs (VPP). Under a VPP, management agrees to operate an effective safety and health program which meets established criteria, and employees agree to work with management in implementing the program. When OSHA verifies the program as meeting VPP criteria, the agency removes the site from routine scheduled inspections (although it may investigate major accidents), and reassesses the site periodically to confirm VPP compliance.

Current Food Plant Sites & Status OSHA Voluntary Protection Program (VPP) (as of March 25, 1999)

SIC	Plant	Status ¹
2011	Aurora Packing Co., North Aurora, IL	Star
2013	Adair Foods Co., Kirksville, MO	Star
2013	Columbia Foods-Kraft, Columbia, MO	Star
2015	Tyson Foods, Monett, MO	Merit
2033	Tropicana Products, Ft. Pierce, FL	Star
2033	Tropicana Products, Bradenton, FL	Merit
2037	Tropicana Santa Monica, City of Industry, CA	Star
2041	Nabisco, Toledo, OH	Star
2047	IAMS Heartland, South Sioux City, SD	Merit
2047	Platte River By-Products, Grand Island, NE	Star
2048	PCS Phosphates, Buffalo, IA	Star
2051	Wenner Breads, Bayport, NY	Star
2092	Icicle Seafoods Barge, Dutch Harbor, AK	Star
2096	Frito-Lay, Beloit, WI	Star
2096	Frito-Lay, Monroe, WI	Merit
2099	Monsanto-Benevia, Manteno, IL	Star

¹ Star participants meet all VPP requirements and are reassessed by OSHA every three years. Merit participants have demonstrated potential and willingness to achieve Star status, are implementing plans to meet Star requirements and are reassessed by OSHA every year.

(Source: OSHA)

nizing and treating all employees as partners in the business; and involving all employees in the management of the business. "People are truly the key to optimizing and maximizing performance," says Thomas J. Schneider, president and CEO of Restructuring Associates. "Management must realize this; unions must realize this. Management must work cooperatively with labor in areas of performance improvement, training and safety to get meaningful results."

In February 1994, the AFL-CIO Committee on the Evolution of Work — representing 31 labor unions — essentially endorsed AFGM's position with a report entitled "A Labor Perspective on the New American Workplace — A Call for Partnership." The report calls for government to provide a legal framework which encourages labor/management partnerships; for management to recognize the right of workers to representation through unions of their choice; and "for labor and management to surmount past enmities and forge the kind of partnerships which can generate more productive, humane and

democratic systems of work organization."

Betty Crocker: new plant with new work system

General Mills started exploring new work systems — known then as "high-performance work systems" — in the late 1980s, recalls Mike Kiss, assistant human resources manager and labor-relations representative at General Mills' Betty Crocker plant in Toledo, OH. These systems focused on four areas:

- Knowledge: providing people with the training and business knowledge needed to make good decisions and solve problems;
- Information: giving people at all levels the information needed to make decisions and solve problems in areas such as competitive performance, business plans and strategies;
- Empowerment, to make decisions; and
- Rewards, for solving problems and making good decisions.

A benchmark study conducted by General Mills at that time revealed that the Betty Crocker plant at Toledo, built in the early 1950s, was at risk of losing its future competitiveness. The plant makes cake, muffin and frosting mixes plus ready-to-spread frostings, and is staffed by members of AFGM Local 58. General Mills (GM) also operates a breakfast cereal plant at the same site, staffed by the same union.

To boost the Betty Crocker plant's competitive position, GM considered a large capital expenditure combined with a new work system to complement the expenditure. "Since we're a unionized plant, and work systems are an aspect of collective bargaining, we weren't going to succeed unless we brought the union into close partnership to explore new work systems," Kiss says.

Plant managers and union officials first toured several unionized Midwestern manufacturing plants with new work systems, then developed a tentative model for Betty Crocker. One of the most difficult decisions the partnership confronted was to separate pay scales in dessert operations from cereal operations, covered at the time under a single labor contract. "When you compare salary structures, for example Pillsbury with Kellogg, there's a fairly big difference between the cereal business and the



UFCW employees at the Hunt-Wesson vegetable oil plant in Memphis, TN, partnered with management to create a "new work system" and win the state's 1994 Employer/Employee Partnership Award. (Source: Memphis Commercial Appeal)

dessert business," Kiss points out. "The benchmark study told us that, to be competitive, we needed to pay people according to what the dessert market warrants, not the cereal market."

Separating the business units under two labor contracts required a vote of the union membership. In January

1991, all Toledo GM employees — about 900 strong — gathered for two days at the Toledo Convention Center, where General Mills management and AFGM leaders "painted the picture...of what we needed to be competitive, and asked for their initial vote to continue pursuing a new work system allowing for separation of the two bargaining units," Kiss continues. After a positive vote, a smaller union/management group continued designing a competitive work system that would help convince General Mills corporate management to build a new Betty Crocker facility at Toledo rather than elsewhere. Result: "Project Phoenix," a new Betty Crocker plant which arose like the mythical bird next to the former plant (now the ingredients and materials warehouse) and started-up in 1993.

Today, the Betty Crocker plant at Toledo is guided by two manage-



Early in the evolution of participative management, workers identified issues, and made recommendations for improvement. Progressive companies allowed self-directed work teams to move issues to resolution. Ownership is achieved when people at all levels participate fully in important business issues. (Source: The Belgard Group)

Poultry Protest

While a few food manufacturers are partnering with unions to address various issues, problems concerning working conditions, ergonomics, health and pay continue to plague the meat packing and poultry processing segments of the industry. As shown below, several hundred members of the United Food & Commercial Workers (UFCW) rallied February 26 at Kentucky Fried Chicken (KFC) headquarters in Louisville, KY, to demand that KFC endorse a Code of Conduct for its poultry suppliers that would provide poultry workers with a living wage, safer working conditions, stronger safety provisions and the right to organize.



(Source: United Food & Commercial Workers)

ment/union teams: a design team composed of a team leader from management and six elected union people, and a leadership team composed of the plant manager, a team leader, and six elected union representatives. The design team “reviews ‘hard-copy’ work rules and day-to-day issues, develops a ‘road map’ on how to handle those issues, and makes decisions by consensus,” says Joe Carron, systems engineer and interim plant manager. “The leadership team is more strategic” in the sense of moving the work system forward. “We’re here to look to the future, to make sure that we’re heading in the right direction...and don’t get off course,” adds Doug Beehler, the plant’s senior union committee member and a member of the leadership team. The plant currently employs about 138 people, including 121 union members.

In addition to their regular jobs, several union representatives hold positions traditionally held by management and function as resources for the production teams. Examples: safety coordinator; training coordinator; sanitation coordinator; and a scheduling coordinator who schedules labor for the entire plant. Production teams, each guided by a team leader from management, are organized by production and packaging line. These teams are empowered to shutdown a line for safety or

quality reasons, to resolve manufacturing issues at-line, and call on outside resources (such as vendors) when needed, says Beehler. Team leaders facilitate team decisions, and champion their teams in resolving plantwide issues. A business-communications team keeps employees informed of monthly plant performance and corporate financial results.

Technical training is conducted on-the-job and based

on a skill-block system, where technicians can earn higher pay when they are certified to higher skill levels through written tests and by demonstrating their expertise. Multi-skilled support technicians, who comprise the 13-person maintenance team, qualify as journeymen through a four-year apprenticeship

program (including technical college training) as defined by the U.S. Department of Labor. Capital projects are managed by the engineering group, with operator input concerning equipment design.

Betty Crocker’s new work system has contributed to continuous improvement. Since plant startup in 1993, production volume has doubled with no increase in head count, says Carron. Although Project Phoenix represented a substantial technology investment, increased capacity “also reflects the increased efficiency of our people,” he added.

As compared to traditional work systems, Beehler observes, Betty Crocker’s new work system “made a large difference in the labor climate. Ever since Project Phoenix, management and union have worked together in designing the new work system, and the group effort continues,” raising the level of trust.

Hunt-Wesson: partnership boosts productivity

The Hunt-Wesson vegetable oil refinery at Memphis, TN, and its employees in Local 515 of the United Food & Commercial Workers (UFCW) turned confrontation into collaboration and achieved the Employer/Employee Partnership Award from the Tennessee Department of Labor in 1994.

“During the ’80s, there had been things like wage freezes, take-backs, layoffs and two-tier wages,” recalls

The Partnership Model

Performance	=	Security	+	Governance	+	Rewards
<ul style="list-style-type: none"> • Flexibility • Engagement • Organization of Work, Processes and Technology 		<ul style="list-style-type: none"> • Employment • Income • Union • Managers 		<ul style="list-style-type: none"> • Scope • Structure • Decision Making • Appeals • Values 		<ul style="list-style-type: none"> • Pay-for-Skills • Performance-Based

Issue Resolution System

Interest-Based Negotiations

Shared Strategic Vision

Business Understanding

Labor/management partnerships explicitly address the needs, concerns and benefits accruing to the partners, depicted as an equation. (Source: Restructuring Associates)

Plant Manager J. R. “Ray” Carroll, who has managed the plant since 1986. After enduring a seven week strike in late 1988 early 1989, plant management and union leaders created a joint committee which functioned as a problem solving group. “We were reasonably satisfied with that process, but we recognized that we had to take it a step further,” says Carroll.

After investigating innovative work systems, management and union leaders agreed to redesign the workplace. The workforce was first “rightsized” to minimize layoffs. “We invest a lot of training in our employees,” says Carroll. “When you have involved, committed, well-trained workers, they don’t stay committed very long if you lay them off just because of a downturn in the business.”

With assistance from Restructuring Associates, managers and union leaders formed a plant advisory committee to deal with plant issues; organized self-directed work teams; redesigned pay scales; developed training programs; and established a pay-for-skills system.

The plant advisory committee consists of half management, half union representatives, “not all department heads and union stewards,” Carroll continues. “We have a cross section of line and staff people, and union rank-and-filers on the committee.” Self-directed work teams — 10 in production, two for maintenance — are guided by “team advisors” rather than supervisors. Production teams schedule personnel while management schedules production. “Management’s role is to provide them with the training, the tools, the materials and the products they need to meet their production schedules,” says Carroll. “So the teams operate relatively independently to meet the needs

of the business.” Production teams have authority to shutdown a line if there’s a quality or safety issue. The engineering department handles capital projects, but solicits operator advice concerning equipment design, installation, accessibility, maintenance and operation.

Initial training conducted jointly by Hunt-Wesson and Restructuring Associates included team organization, problem solving, communications skills and meetings management. Technical training is based on hierarchical skill blocks, with simpler tasks at the bottom and increasingly difficult tasks. Production teams conduct their own training within the team. Each of the plant’s three departments — processing, packaging and maintenance — has its own training and certification committee which tests individuals in each skill block. The certification process includes both written and demonstration aspects. When qualified in a higher skill, the individual earns extra pay. “Cross-training gives us substantial flexibility to meet production demands without layoffs,” Carroll observes. Training in computerized process control is conducted mainly on-the-job, with training programs incorporated in the software. Some skills require training at local technical institutes; employees who take outside courses are reimbursed for expenses. “Training is a shared responsibility between the individual and the team to insure that the team has employees who are adequately trained for the team’s mission,” says Carroll. Teams manage job rotations to maintain individual skill levels. A joint union/management interview team, supported by the plant’s human resources department, participates in hiring new employees “and that has worked very well for us,” adds Carroll.

The success of Hunt-Wesson’s new work system at the Memphis plant has been measured in continuous improvement, Carroll reports. Some results since 1988:

- Productivity, measured in cases per labor hour, up 70 percent;
- Cost of converting raw materials to finished product down 30 percent;
- Inventory turn over more than 200 percent;
- Substantial reduction in absenteeism, accidents and grievances.

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