

Panel Presentation

Bargaining for a Competitive Future: The 2011 Negotiation between the UAW and the Detroit 3

Joel Cutcher-Gershenfeld

Dean and Professor

School of Labor and Employment Relations

University of Illinois, Urbana-Champaign

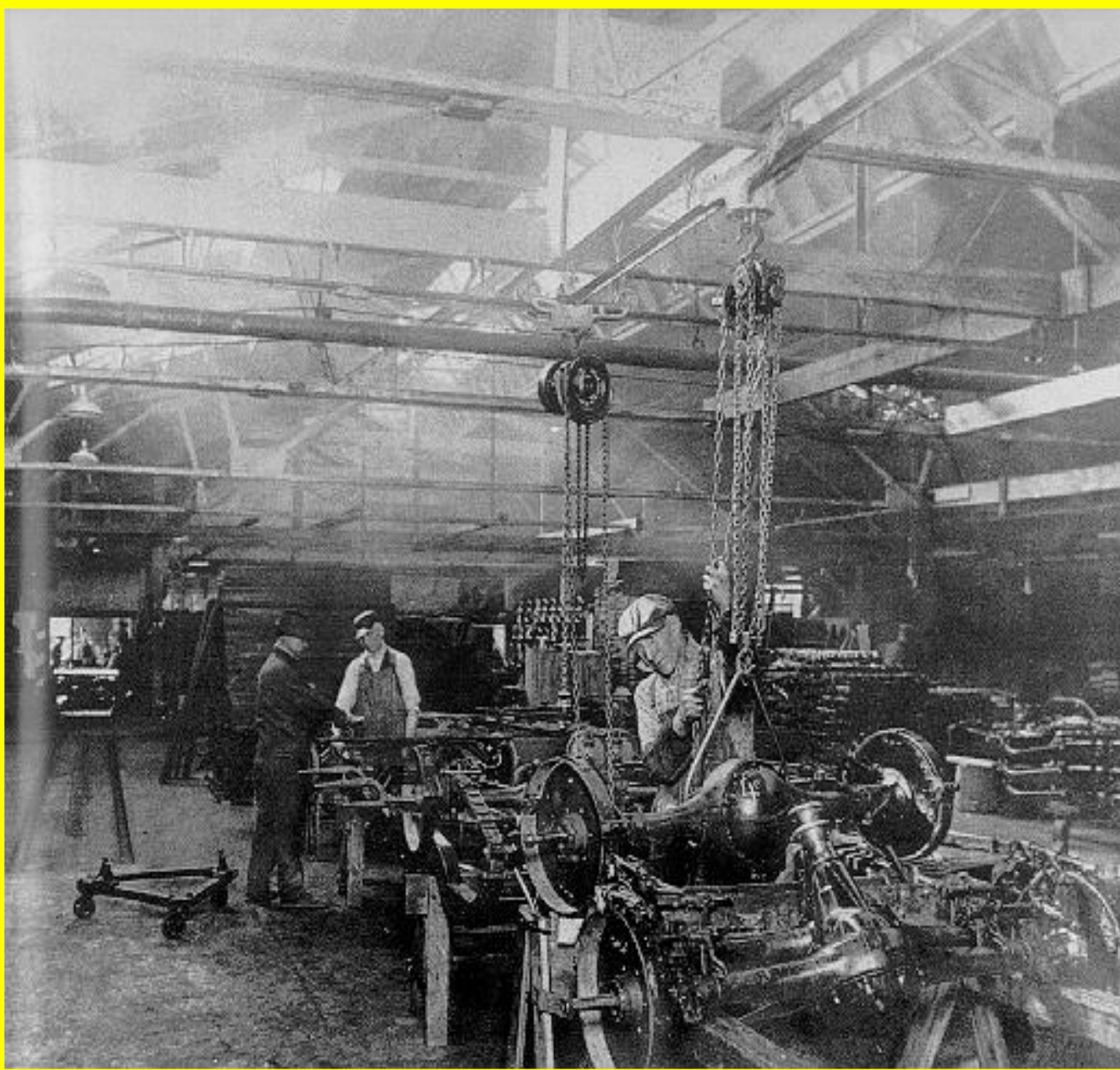
Center for Automotive Research

CAR Management Briefing Seminar

Traverse City, MI

August 2011

The Big Picture



**Shop Floor, Auburn
Motors (circa 1905)**

*Source: Auburn & Cord
by Lee Beck and Josh B.
Malks, Motor Books, Intl.,
1996*

Limitations in the 20th Century Model: Tragedies of the Commons

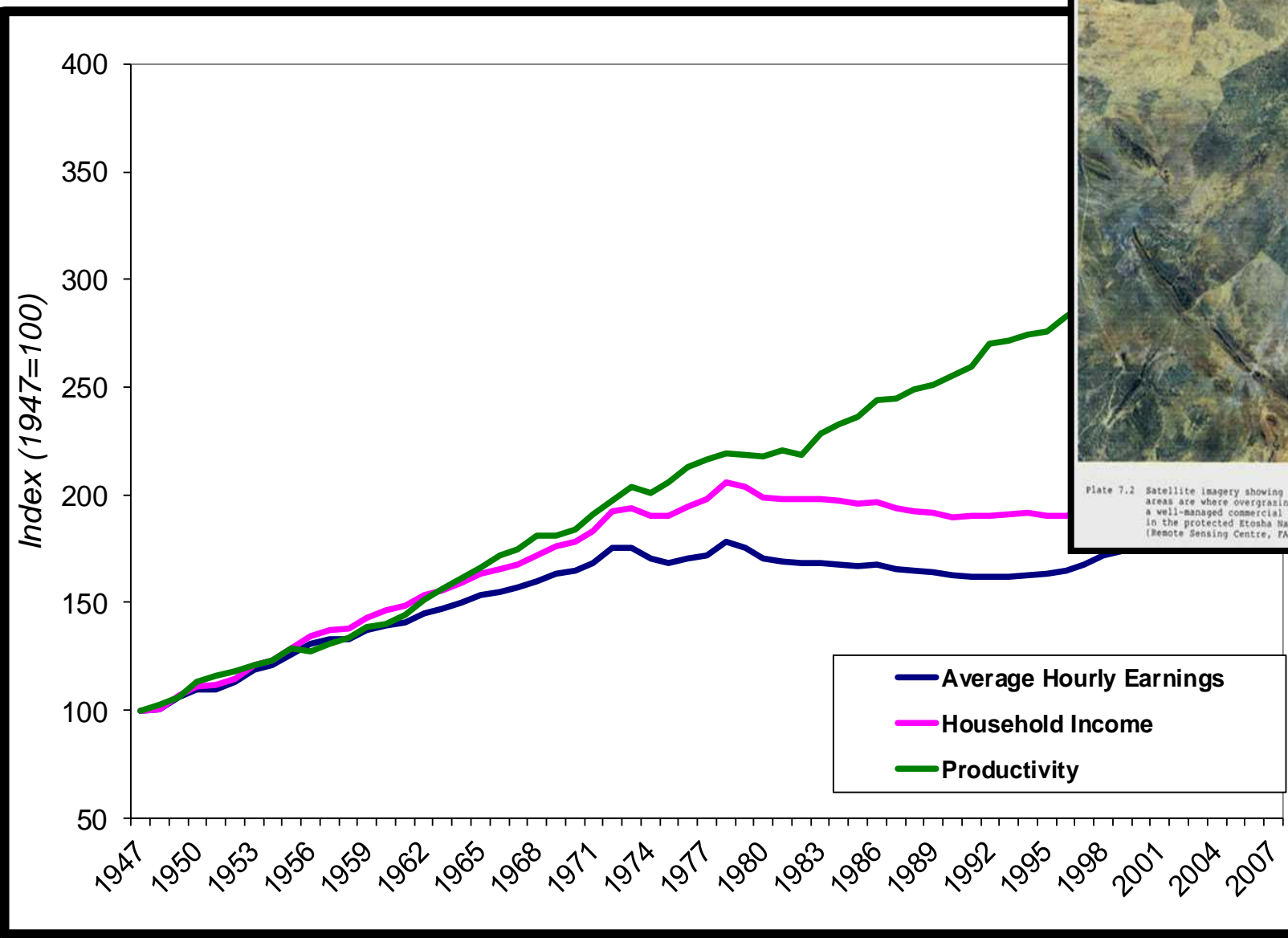
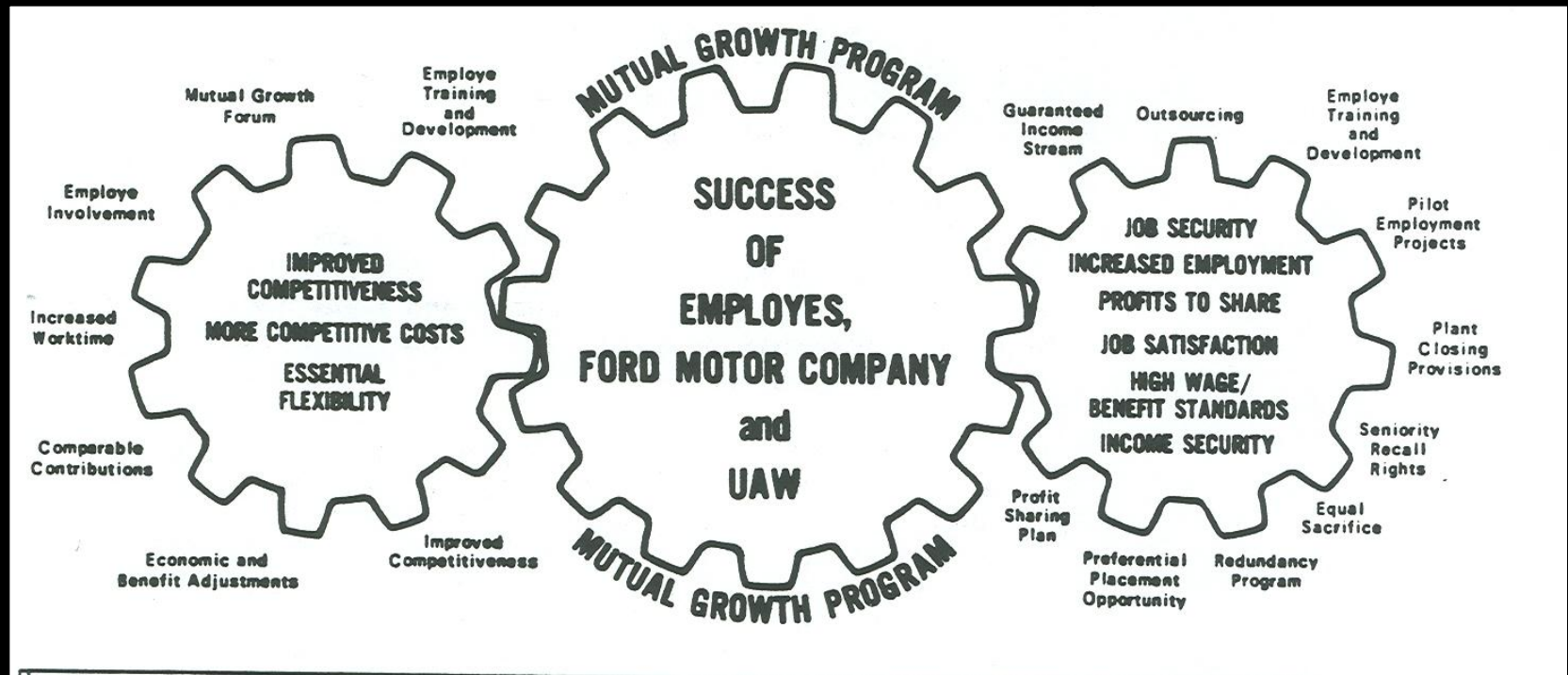


Plate 7.2 Satellite imagery showing overgrazing, Namibia. The dark areas are where overgrazing is controlled, at upper left on a well-managed commercial cattle ranch; and at lower right in the protected Etosha National Game Park (Remote Sensing Centre, FAO)

Norman W. Hudson, (1987), Soil Resources, Management and Conservation Service, Food and Agriculture Organization of the United Nations, Rome.

**In 1980 Ford lost \$1.5 Billion and \$1.0 Billion in 1981
 Several plants had closed and more were announced
 Hourly employment was down 46%
 In January 1982 Ford opens bargaining with UAW early . . .**



THE MUTUAL GROWTH PROGRAM PROVIDES AN INTERRELATED, CONTINUOUS SYSTEM THAT INTERLINKS

CONTRIBUTIONS + SUCCESS + GROWTH

IN AN ONGOING COOPERATIVE FRAMEWORK PROVIDED BY THE COLLECTIVE BARGAINING AGREEMENT AND SUPPORTED BY THE MUTUAL GROWTH FORUM, EMPLOYE INVOLVEMENT AND EMPLOYE DEVELOPMENT.



The specific duties and responsibilities of the district committeeman in utilizing the time available pursuant to Paragraph (19e) are to be negotiated locally and will involve participation in joint activities which are designed to: enhance the quality of life in the work environment; facilitate joint union - management sponsored training, skill development and health and safety programs; and improve the quality of the product and the effectiveness of plant operations. ■

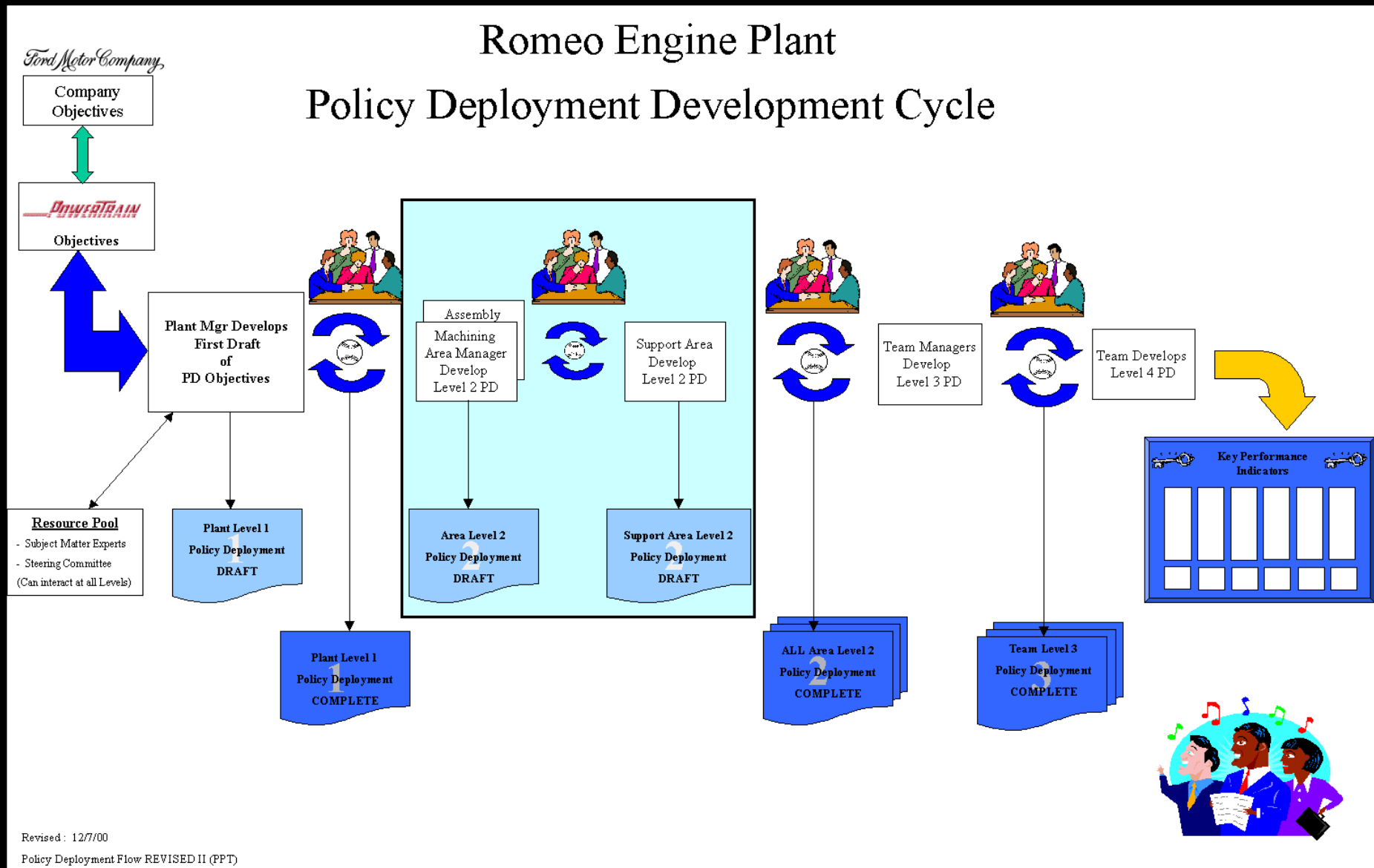


Transformation Framework



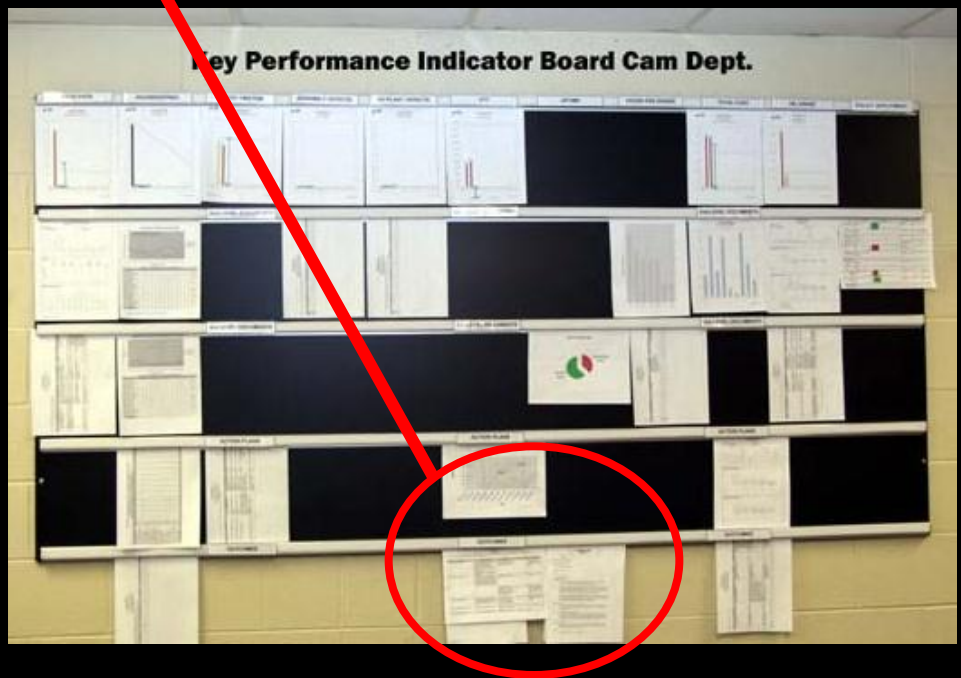
The 1990s

Strategic Level → Workplace Level

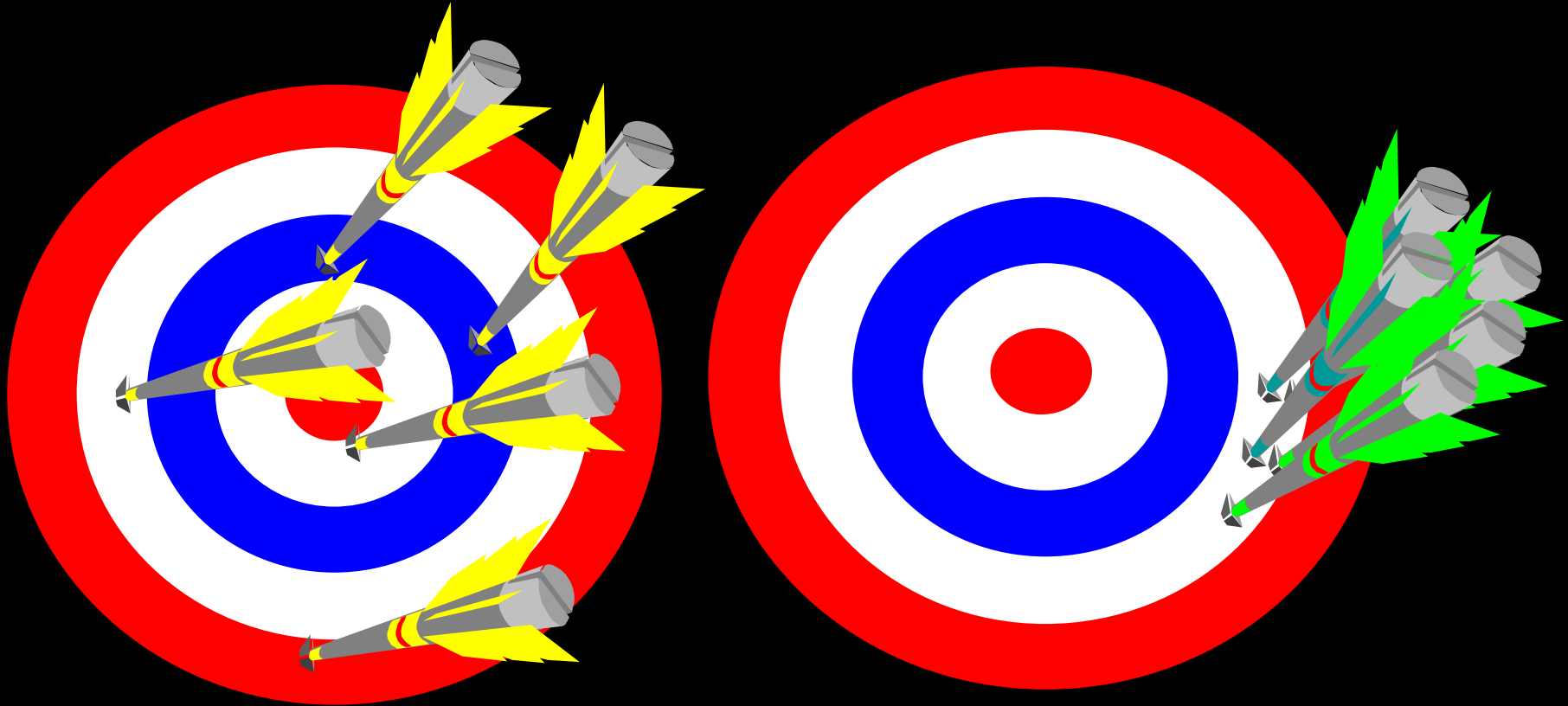




**Workplace Level →
Strategic Level**



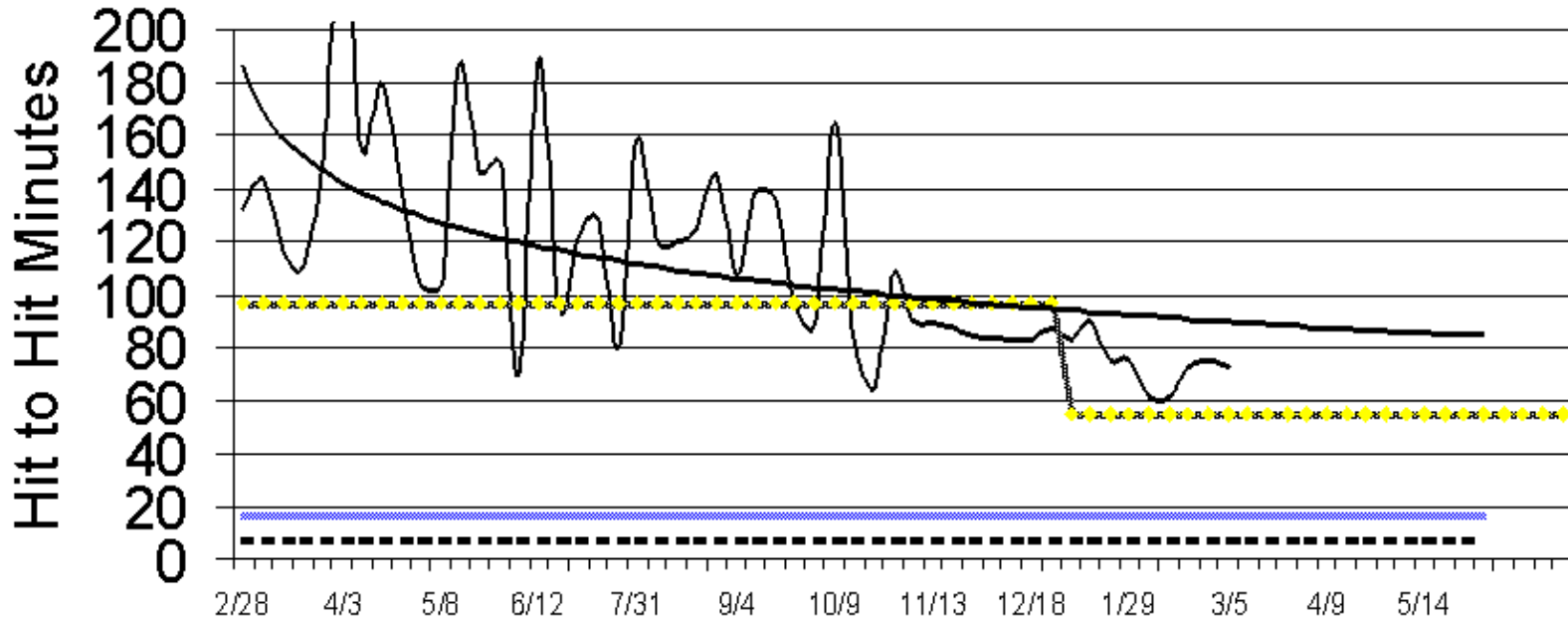
Core Concept: Stabilize before you Improve, Workplace and Collective Bargaining Levels



*Which player did better in this round?
Who will do better in the long run?*

Workplace Level → Collective Bargaining

Stamping Plant Hit To Hit Performance in Single Production Line





Manufacturing Safety Council Charter (selected parts)

PREAMBLE

This is a living document that may only be changed by consensus of the Manufacturing Safety Council.

MISSION

The mission of the Manufacturing Safety Council is to define and drive the Safety Operating System to deliver world-class safety results.

PURPOSE

The purpose of the Manufacturing Safety Council is to Define, Monitor, Measure, Analyze, and Improve Continuously (DMAIC) the Safety Operating System (SOS), including:

- Define system/standards
- Analyze data
- Control the Safety Operating System
- Measure conformance; Measure results
- Improve continuously

ACTIVE MEMBERS

VP North America Manufacturing
Manufacturing Director, Stamping
CAW H&S Coordinator, FOC
Managers, Occupational Health & Safety
Manufacturing Director, ACH
Manufacturing Director, Transmission
Labour Affairs Planning Manager, FOC
Director, VO Manufacturing Engineering

Manufacturing Director, Car Assembly
Manufacturing Director, Engine
Company Co-Chair, NJCHS
Executive Engineer, PTO Manufacturing Engineering
Manufacturing Director, Truck Assembly
UAW Co-Chair, NJCHS
Director, Occupational Health & Safety
Director, MP&L

RESOURCE MEMBERS

Subject Matter Experts, as appropriate
UAW International Representatives, NJCHS
Ford Land
Ford Customer Service Division (FCSD)

Regional Safety & Security Managers
Ford Safety Engineers, NJCHS
Research & Engineering (R&E)
UAW International Representatives, Servicing



Collective Bargaining Level: 2007 UAW-Ford Negotiations

... I recall a meeting with Bill Ford, and he said that effectively the future of Ford Motor Company as an institution hinged on the outcome of these negotiations. . . . The first thing we decided on was utter transparency and information sharing with the UAW."

Marty Mulloy, Ford

Work Group Process in 2007 UAW-Ford Negotiations

Start Up: Confirm working group membership, meeting logistics and establish simplified charter

Scope: Use charter to identify issues to be addressed by the working group – what is and is not “in scope”

Potential Standardized Process:

- 1. Opening and Shared Vision:** Define the issue, including opening statements and resolutions, and develop a shared vision of success
- 2. Joint Data Collection:** Jointly assemble, prepare and analyze background data
- 3. Analyze Underlying Interests:** Analyze the interests of Labor, Management and other Stakeholders – what is at stake for each
- 4. Generate Options:** Brainstorm options, particularly options that build on the data and the identified interests
- 5. Negotiate Agreements:** Where appropriate, negotiate agreements or potential elements of agreements
- 6. Main Table Calibration:** Provide periodic updates and a final report to the main table
- 7. Anticipate Implementation:** Anticipate implementation, including recommended communication/training plans and sustainment

Calibration: Schedule periodic main table reports

What is at stake in 2011?

- Maintaining and growing jobs
- Cost/compensation structure
- Fostering innovation and continuous improvement
- Balancing pattern bargaining with specific circumstances
- Viability of alternative ownership arrangements
- Collective bargaining as an institution
- The future of the industry

Growing Jobs and Cost Structure

- **Jobs**

- Ford has created 2,200 jobs since the 2007 agreement
 - New UAW jobs from insourced work, primarily laid off employees
- GM reversed the closing of Lake Orion, preserving 1,500 jobs, and is building a new electric motor plant
- At GM and Chrysler all previously laid off workers with recall rights who want to come back have been recalled

- **Cost/Compensation**

- Continuous Improvement: Entry wage, Health care, Work rules
- Potential Innovation: Variable pay



Innovation and Pattern Bargaining



Scenario A	Lead	Pattern	Pattern
Scenario B	Lead	Pattern	Arb.
Scenario C	Lead	Arb.	Arb.
Scenario D	Pattern	Lead	Pattern
Scenario E	Pattern	Lead	Arb.
Scenario F	Pattern	Pattern	Lead
Scenario G	Pattern	Arb.	Lead

Yellow=Least Likely; Red=Most Unstable; Green=Greatest Potential for Innovation

Ownership Arrangements and Future of the Industry

- Ownership matters:
 - Family-owners
 - Stockholders
 - Venture capitalists
 - UAW VEBA
 - US government (temporary)
 - Foreign owners – stockholders, governments, keiretsu/cheobol
- Market context: Labor Markets, Product Markets, and Financial Markets



Collective Bargaining as an Institution

In 1951 George Taylor warned . . .
. . . the successful use of collective bargaining was dependent upon union and the management voluntarily giving reasonable weight to the broad public interest. . . . A general “ganging up on the consumer” would be incompatible with the development of collective bargaining as a socially desirable institution.”

George Taylor, “National Labor Policy,” in that Annals of the American Academy of Political and Social Science, 247 (March, 1951): 185-194.

A 21st Century Auto Industry



Plate 7.2 Satellite imagery showing overgrazing, Namibia. The dark areas are where overgrazing is controlled, at upper left on a well-managed commercial cattle ranch, and at lower right in the protected Etosha National Game Park. (Remote Sensing Centre, FAO)

Norman W. Hudson, (1987), Soil Resources, Management and Conservation Service, Food and Agriculture Organization of the United Nations, Rome.

From Tragedies of the Commons to . . .
Valuing the Commons

