

STRAIGHT TALK ABOUT UNIONS

By Scott Culberson and Aaron Styles

TRUTH NOT SO FUNNY

Often in conversations with plant managers of unionized plants, the union is identified as a barrier to continuous improvement and world-class performance. In fact, early in their “Lean Journey,” after many false starts in their own operations, one US automaker made the decision to focus on deploying Lean in their supply chain instead of their own plants, citing the union as the reason for the change in strategy.

“A company gets the union that it deserves.” - François Michelin

When we hear leaders blame the union for their inability to deploy Lean, we chuckle inwardly because we understand the truth in the above quote. Not that it is funny, because it clearly isn't. Rather, we recognize the irony of the depth of misunderstanding that leads to such a conclusion. You see, a union is not a *cause*, but as Mr. Michelin has observed it is a *result*. As such, it must be recognized as a *symptom* of the problem and not the *problem* itself.

I think most can agree: unions are expensive for all involved. For the laborer, the union charges dues, but that is the least of the costs. The greatest cost is vested in the fact that the value that the individual brings to their employer plays almost no role in their compensation and opportunities for advancement and development. This is a great thing for a low performer, but not so great for a high performer.

For the employer, the cost is also substantial. Most labor contracts have complicated rules regarding division of labor into trades. Many have benefits and retirement provisions that are expensive to administer and out-of-line with the marketplace. Promotions and development opportunities are determined by rules that ignores who is most qualified. The provisions of union contracts almost always result in lower productivity. It isn't a surprise that the union contract is seen as an obstacle to improvement. But to be fair, management has the contract they negotiated. If the union is an obstacle, management is complicit in its creation.

HANDS OR PROBLEM SOLVERS

A single paradigm is at the root of the problem: the “pair of hands” mentality. The union views its members as a “pair of hands.” How else would they ever come up with the concept of seniority? The basis for this concept is the notion that the only thing that distinguishes one employee from another is how long that employee has been with the company. It totally ignores problem solving ability, willingness to improve, teamwork, work ethic, attitude and adaptability. As such, it discourages employees from engaging in problem solving and continuous improvement. An organization that promotes distribution of opportunity solely on the basis of seniority obviously does not have the best interest of the high performer at heart.

Management also embraces the “pair of hands” mentality. Most employees have been trained that their opinions don't matter, are not collaborated with in problem solving, and are not engaged by management to identify improvements. What enterprise is without problems or opportunities for improvement? What enterprise has enough resources among their professional staff to solve all known



problems and leverage all known opportunities? Yet a vast, untapped resource typically stands wasted and atrophied in most enterprises. Enterprises lack the imperative to train, coach, provide resources and remove barriers to enable all employees to engage in these activities.

We have observed that the most often-used strategy to deal with a union is appeasement. The thinking behind this strategy appears to be: “If we just give them X, they will be satisfied and start to be reasonable.” However, this ignores a foundational principle. The union has to always be seen as delivering value to its membership. Therefore, the union is never going to stop asking for concessions, never stop asking for more benefits, never going to stop asking, effectively, to raise the cost of labor without increasing its value. When you give them X, they will soon thereafter ask for Y. The two most common endings to appeasement are bankruptcy and off-shoring. Neither of these alternatives is attractive to labor, management or unions. Different countermeasures are clearly needed, guided by the foundational principle of Respect for People.

UNDERSTANDING PRINCIPLES

Respect for People begins with the understanding that people expect more from their career than just a paycheck (this is especially true for the generations born after 1967). They want to be developed and they want to contribute and have influence on decisions. Next, we understand that the person doing the job is often or typically (my mind went to the exceptions) the expert on that job, not the engineer who designed it. The engineer will tell you how it *should* work, the operator will tell you how it actually *does* work (or doesn’t work). So the solution begins with changing how management thinks about labor, which results in some significantly different behavior, described below.

Involve operators in problem solving and continuous improvement activities. Go to the “gemba” (i.e. where the work is being performed) and see for yourself what is happening. Ask the operator why the problem exists and what can be done to address it. Ask the operator how the process could be improved. Coach the operator in effective problem solving and continuous improvement methodologies. Use the Socratic Method to teach. Implement flow and visual management to bring problems to the surface. Provide time and resources to participate in problem solving and continuous improvement activities. Remove barriers. Ask for solutions instead of giving them. Hold operators accountable for following standards and delivering solutions in the planned timeframe and with the planned results. Be hard on problems and easy on people, meaning that we assume first that management has reneged on their responsibility to provide materials, information, tools, machines, methods, and instructions that work, rather than immediately blaming the operator when results do not meet expectations. Provide a path for a high-performing employee to advance from operator to executive. Recognize high performance and reward it with compensation, promotion opportunities and personal development. Grow leaders from within.

If management creates the environment described above, where is the need for unions? While the environment is easy to describe, creating it involves a great deal of hard work and, for most, the path to take is not clear. LMSPI’s [team of veteran consultants](#) has the experience and capability to lead your enterprise on that Journey.