

Aside...

Some unions are skeptical about mutual gains negotiation, fearing the choice of this approach signals weakness and heightens labor's vulnerability. Numerous other unions, however, use mutual gains in collective bargaining and on the shop floor because it seems critical to their long-run survival. Union leaders say this tool produces more workable contracts and enables them to do a better job representing members. ♦

To our readers:

The **Institute of Collective Bargaining** is expanding! Starting with this, our first issue of **ICB briefing**, a periodic newsletter will broaden the range of activities we now sponsor. We hope this effort to communicate with you on a more regular basis will stimulate greater dialogue among ourselves, our sponsors, and other interested constituencies.

If you would like to continue receiving the newsletter, please let us know. You may call (607 255-4380), write (Maralyn Edid, NYSSILR, Cornell University, Ithaca, NY 14853-3901) or e-mail (me16@cornell.edu). Please also indicate whether you would like to receive **ICB briefing** at your office or home and in hard copy or electronic format. (Don't forget to supply the appropriate address.)

Thanks!

Harry Katz
Maralyn Edid

Trying the Mutual Gains Approach to Negotiations

Think about your last round of collective bargaining. Were you satisfied with the process and the outcome? Did you arrive at innovative solutions to festering problems?

Now think about the quality of your labor relations. How big is the grievance backlog? How do the parties handle a crisis that affects the company and its employees? Do you enjoy the other side's trust and respect?

If you are struggling with the answers to these questions, chances are you are among the increasing number of American companies and unions who realize that the traditional model of labor-management relations is incompatible with today's rapidly changing environment. Deregulation, emerging competition, financial stress, new technology, changing leadership, and real or perceived loss of power by one side or the other are prompting more and more company-union pairs to reevaluate the way they do business.

The choice to adopt a mutual gains (a.k.a. win-win, principled, or interest-based) approach to labor-management relations rarely stems from an altruistic desire by either party to do the right thing. Tucson Electric Power Co. and Louisville Gas & Electric Co. both recognized that the advent of deregulation in the utilities industry was a powerful incentive to work cooperatively with their unions, locals of the International Brotherhood of Electrical Workers (IBEW). The Graphic Communications International Union (GCIU) regards joint programs with employers in the graphic arts industry, which is comprised of thousands of relatively small print shops, as key to both parties' ongoing viability. Champion International Corp., at its Sartell, MN, papermill, and Local 274 of the United Paperworkers International Union (UPIU) called in a mediator in 1991 to bring to a close what had been an intense and difficult round of collective bargaining. Then, with the third-party's help, the two sides negotiated a joint statement of principles that serves as the foundation for an ongoing cooperative relationship. (see Restructuring...page 3)

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Of course, many companies eager to transform their operations do so unilaterally. Without input from the union counterpart or from employees, management often slashes headcount, rearranges work processes, sub-contracts services, and imposes stringent quality programs. Other companies have learned, however, that joining forces with the union can be a distinct advantage. Joint efforts on cost containment, quality, and training assures demanding customers that they will get stability, technical competence, flexibility, and quick responses to changing market conditions.

The mutual gains strategy typically involves a process of mutual gains negotiation that is applicable for collective bargaining, contract administration, and day-to-day problem solving. The initial decision to embrace this tool may be one-sided, as it was for the IBEW, which has trained all international and local officers in mutual gains negotiation. The choice may precede or follow a related decision to set up employee participation programs at the plant and/or corporate level, as happened at several Georgia-Pacific Corp. sites, where workers are represented by the UPIU. Similarly, the decision may pre- or postdate a watershed event that sends the company and union into crisis mode.

At some sites, a simple change in personnel is enough to prompt the embrace of innovative bargaining tactics. Consider, for example, the hiring of a new chief executive at Tucson Electric who had a strong interest in employee involvement and the local IBEW's subsequent interest in bettering the relationship with management. Puget Sound Power & Light Co. recruited a labor relations

Aside...

What happens to foremen and supervisors in plants where work restructuring has occurred or is underway? Participants at the symposium cautioned managers and union leaders that ignoring this constituency is a sure way to undermine the change process. These employees should be trained in mutual gains negotiation and given roles or assignments where their new skills are in demand. As one management representative noted: "The maturity of our management organization is less than that of the union organization. As we unwind control mechanisms, mid-level managers need to find their self-worth in the organization."

manager whose charge was to turn around what both sides perceived as a "nightmare" relationship; her mission advanced quickly when two new IBEW representatives with the same agenda arrived on the scene.

Once people experience the benefits of mutual gains negotiation, its adherents say, the incentives to continue using this approach are self-reinforcing. Nevada Power Co. and the IBEW use the mutual gains process to continuously negotiate memoranda of understanding to accompany the

existing labor contract. IBEW stewards at Louisville Gas & Electric quickly understood that clear statements of their long-run interests at early stages in the grievance procedure netted members better and faster results than the usual method of staking out hard and fast positions. First line supervisors at the utility were initially skeptical about the process but soon realized they had no choice: the only way they could provide satisfactory answers to top management's questions about the workforce was through the principles and techniques of mutual gains negotiation.

These themes and more were discussed at the Mutual Gains Negotiations Symposium, organized by the New York State School of Industrial and Labor Relations, Cornell University. The meeting was held in Ithaca on December 5 & 6, 1994 and attracted participants from about 20 companies and unions who had all been trained by ILR faculty in the mutual gains process. For more information about the training program call Shannon Armstrong at (607) 255-2125 or Cathy Mooney at (607) 255-4423 ♦ .

Related facts...

Several members of ILR's Extension faculty are in the midst of a research project designed to learn how trainees actually use the principles and techniques of mutual gains negotiation. To date, more than 3000 survey questionnaires have been sent out and close to 900 have been completed and returned. A quick and partial analysis of the data shows:

*70% of the respondents who say their worksites have embraced mutual gains negotiation report that other cooperative labor-management programs are also present.

*Success with the mutual gains process seems to depend on the site's labor relations context (i.e., the overall tone of labor-management relations, the nature of past contract negotiations and grievance handling, the type of problems each side faces in negotiations and contract administration, and the existence of other cooperative programs) and the use of facilitators during collective bargaining.

Reports

The Glass Ceiling Commission, created by the Civil Rights Act of 1991, is now electronically linked to ILR's Catherwood Library. All you need to obtain the complete text of research and policy papers prepared for the commission is a computer and the appropriate technology; the service is free of charge. If you have an Internet connection and a World-Wide Web browser, the address for ILR's server is: <http://www.ilr.cornell.edu>. You may also access the report through FTP or Gopher at address 128.253.61.155.

The 21-member commission is studying the invisible and artificial barriers that prevent female and minority employees from advancing through the ranks into managerial and decision-making slots. One paper available through the computer, "Successful Initiatives for Breaking the Glass Ceiling to Upward Mobility for Minorities and Women" (Catalyst, New York, NY), cites 70 corporate programs that focus on issues such as leadership and career development, succession planning, job rotation, mentoring, accountability, and workforce diversity.

For more information about ILR's World-Wide Web server, call Stuart Basefsky or Constance Finlay at the Catherwood Library, (607) 255-2184. For more information about the commission, call Gordon Berg at (202) 219-7342.

Alert...

The Dunlop Commission's final report is also available on the World-Wide Web at <http://www.ilr.cornell.edu> or through FTP and Gopher at address 128.253.61.155. ♦

Restructuring/Work Redesign

Four years ago, the Champion International Corp. mill in Sartell, MN. and United Paperworkers International Union (UPIU) Local 274 embarked on a joint mission to improve the company's economic performance. The parties negotiated a joint statement of principles that recognizes the UPIU's legitimacy and institutional integrity and the importance of working together to achieve positive results for all stakeholders. Labor and management at the corporate and international union level also established a joint forum for the exchange of ideas and bilateral learning in order to advance the change process and create a more satisfied workforce.

Employee participation and voluntarism are key to the cultural and operational changes underway. The process is employee driven and particular to each Champion location, where joint leadership teams oversee the change effort. Restructuring at Sartell follows the principles of socio-technical redesign, a time-consuming and resource intensive approach (up to 24 months from start to finish) that pays close attention to social processes and technical needs. Each piece of the change package is the product of a mutual gains-style negotiation between the UPIU local and management. Champion guarantees that no worker will lose employment as a result of the joint restructuring activities.

The redesign at Sartell is being phased in department by department. The effort begins with a request by employees to redesign their work unit. The joint leadership team approves the request and works with a joint design team to put boundaries around expectations and determine which contract issues may be off limits. From there, the design team runs an environmental, technical, and social scan and reports out to the joint leadership team. After that, the team devises preliminary plans and meets with key management officials to present ideas, raise issues, and answer questions. Once the go-ahead is given, the team seeks buy-in from the people affected by the proposed redesign. Given their consent, the team completes the design and meets again with top management for final approval or further modifications. The parties then establish a joint compensation analysis team to work out the pay implications. Finally, the entire package is submitted to the local membership for ratification.

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Events

The long-awaited report on labor law reform by the Dunlop Commission will be the primary topic of discussion at the next ICB meeting, scheduled for Thursday, April 13, 1995 in Washington, D.C. The program will feature MIT professor Thomas Kochan, a member of the commission, and key congressional staff. We will also discuss the employment and labor legislative agenda of the new Congress and the innovative agreement recently signed by Levi Strauss & Co. and ACTWU.

The meeting will be held at The Embassy Row Hotel, 2015 Massachusetts Ave. N.W. from 9:00 am to 3:00 pm. If you plan to attend, please contact Jackie Dodge at (607) 255-6693.

Negotiators Try Something New

Contracts of four or more years duration are often found in the following industries:

printing
paper
maritime
fabricated metals
primary metals
retail
mining

Source: Bureau of National Affairs, Collective Bargaining Negotiations and Contracts, Basic Patterns: Clause Finder

Key Bargaining Issues — 1994

health care cost containment
retiree income
family life and work
cooperative labor-management programs
legal services plans
job security
lump sum payments

Source: Bureau of National Affairs, Collective Bargaining Negotiations and Contracts, Techniques and Trends: Current Settlements

Collective bargaining is rarely static, as labor and management negotiators know all too well. A quick overview of current fashions in recent contract settlements shows a range of new approaches to some old and some emerging problems.

Representatives of labor, management, and government, and members of the ILR faculty, met in New York City on November 3, 1994 under the auspices of the **Institute of Collective Bargaining (ICB)** to discuss highlights of what could be emerging trends in contract negotiations. For example, joint decision making at all levels, from the shop floor to the board of directors, was a key feature of recent agreements between the United Steelworkers of America and several large steel producers. The United Mine Workers have embarked on a “positive change process” with the coal industry and secured a commitment from employers that laid-off workers are entitled to 60% of whatever new jobs are created. NYNEX Corp. and the Communications Workers of America signed a 52-month memorandum of understanding with rich incentives for early retirement and voluntary severance as a way to coax more than 16,000 employees off the payroll. Navistar International Corp. and the United Auto Workers agreed to a joint committee on insourcing and to divert savings from lower new-hire rates into retiree pensions.

Contract duration is also growing longer. The tobacco industry has signed a 10-year agreement, Xerox Corp. and the Amalgamated Clothing and Textile Workers Union recently settled on seven years, as did the The New York Times Co. and The Newspaper Guild. Cummins Engine Co. and the Diesel Workers Union (DWU), the featured case at the **ICB** meeting, bargained an 11-year contract that expires in 2004. Cummins was eager to institute a team-based work system and was willing to provide job security for the 3000 DWU members in exchange for their cooperation in the restructuring. The parties chose the 11-year time frame because all DWU workers active when the

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Faculty Notes

Following is an extremely brief description of research in progress by a sample of ILR faculty. For more details, call directly at the telephone numbers provided.

KATE BRONFENBRENNER: employer behavior in certification elections and first contracts — implications for labor law reform (607) 255-7581.

TOVE HAMMER: industrial democracy; leadership effectiveness in local unions. (607) 255-5496.

RICK HURD: labor law reform; union strategy. (607) 255-2765.

ROBERT HUTCHENS: testing theories of long-term contracts; demand for older workers. (607) 255-2749.

GEORGE JAKUBSON: health care research. (607) 255-4546.

WILLIAM SONNENSTUHL: generating criteria for evaluation of member assistance programs. (607) 255-3118.

ROBERT STERN: organizational implementation of the Americans with Disabilities Act. (607) 255-3048.

LOWELL TURNER: politics of work reorganization; social partnership as an organizing concept for industrial relations reform in the U.S. (607) 255-2279.

Sources

Along with the story of the 1983 strike by Arizona copper miners comes an analysis of how labor relations evolved during the 1980s and how labor law was fundamentally reinterpreted by public acceptance of management's decision to hire permanent replacements. Jonathan D. Rosenblum. *Copper Crucible*. (Ithaca, NY: ILR Press, 1994) 264 pages. Paper \$16.95, cloth \$38.

In 15 separate pieces, 23 contributors analyze labor relations trends in a variety of American industries. The relationship among these developments and whether or not they represent lasting change are discussed throughout. Paula B. Voos (editor). *Contemporary Collective Bargaining in the Private Sector*. (Ithaca, NY: ILR Press, 1994) 462 pages. Paper \$29.95. Of related interest is *Catching the Wave: Workplace Reform in Australia* by John Mathews. (Ithaca, NY: ILR Press, 1994) 376 pages. Paper \$21.95, cloth \$45.

As the social contract between labor and management changes, so does the theory and practice of labor-management relations. The authors explain their theory and provide a set of testable propositions along with 13 case studies drawn from three industries. Richard E. Walton, Joel E. Cutcher-Gershenfeld, and Robert B. McKersie. *Strategic Negotiations: A Theory of Change in Labor-Management Relations*. (Boston, MA.: Harvard Business School Press, 1994) 376 pages. Cloth \$35.

Here we learn about the history and nature of labor-management partnerships in American companies, the role of unions in this new environment, and the legal issues (i.e., the Electromation decision) surrounding these developments. John R. Phillips. *The Future of Labor-Management Cooperative Programs: A Sensible Perspective*. (Chicago, IL: CCH Inc., 1994) 180 pages. Paper \$35.

See Videos...page six.

Negotiators...continued from page 4

contract was ratified will be eligible to retire by the end of this period.

Labor and management experimented with longer-term contracts in the early 1950s but retreated with the onset of a (Korean) war-induced economic boom. During the 1990s, the environment has proven relatively stable and prompted renewed interest in extended agreements. Inflationary fears have abated and many companies and unions have finally settled into a committed and mature relationship. At numerous sites, the two sides are anxious to build partnerships, minimize adversarialism, and use the contract as a framework, or guide, for managing contingencies. ♦

Bargaining Activity in 1995

Union and management negotiators will be busy this year. According to the Bureau of Labor Statistics, contracts covering 35% of private sector employees who work under "major agreements" will expire or reopen in 1995. Industries to watch: construction, communications, retail trade, railroads, aerospace.

The calendar is even heavier for state and local governments, where 56% of the workers under contracts covering 1,000 or more employees will be involved in contract talks. The bulk of the state-level bargaining will occur in New York, California, Florida, and New Jersey; almost half the affected municipal employees work in New York City, Chicago, or Los Angeles.

Critical bargaining issues:

- Job security • Downsizing: early retirement, voluntary quits
- Health care costs • Training

In Case You Wanted To Know

The **Institute of Collective Bargaining (ICB)** is affiliated with the New York State School of Industrial and Labor Relations at Cornell University. It brings together professionals and practitioners from industry, labor, government, and academia who are grappling with the challenges of international competition and a domestic economy in the throes of restructuring. The ICB was created to advance our common understanding of current issues in labor relations and to facilitate a fair and equitable adjustment of the collective bargaining process.

The ICB is involved in a variety of activities, including briefings, seminars, conferences, and research. In past years, our meetings have featured discussions on win-win bargaining, unusual contract settlements, work teams, health care cost containment, employee ownership, and legislative developments. We have cosponsored international conferences on work restructuring in the United States and Sweden, and on the potential ramifications of NAFTA. During the 1995-1996 academic year, our meetings will be linked to ILR's 50th anniversary celebration.

For more information about ICB activities and becoming a financial sponsor, contact anyone listed on page six.

Restructuring...continued from page 3

Since 1992, three departments at Sartell have completed their redesign, three are in process, and another is about to begin. Harvey Westervelt is manufacturing support manager at Sartell (612) 240-7242, Will Sawyer is manager of corporate employee relations and based in Oregon (503) 639-1949, and Marvin Finendale is UPIU's international representative (715) 392-1869. ♦

Sources, continued

Videos

Empowering the Workers. (PBS. 1993. 30 minutes. VHS.) Employees are gaining more control over management decisions in many organizations, and the companies featured here have learned that worker empowerment saves time, reduces absenteeism, and boosts quality.

Skills Crisis. (PPBS. 1993. 30 minutes. VHS.) Learn how innovative companies and unions are developing programs to educate workers.

Workforce Diversity. (PBS. 1993. 30 minutes. VHS.) Visit American companies that are actively committed to accepting and encouraging diversity in the workforce.

Working Together: Saturn and the UAW. (Merrimack Films. 1994. 30 minutes. VHS.) In this video, workers, union officers, and line managers explain how they handle labor problems and make decisions on work issues.

For information about the ILR Audio-Visual Center Library, contact Bob Julian at (607) 255-4405. ♦

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Publications

If you want to know what CEOs have to say about restructuring and new work systems, you can find out in *The Smart Workplace: Developing High-Performance Work Systems*. The publication is the culmination of a two-year project involving the Dept. of Labor and the National Association of Manufacturers (NAM). Executives participating in the study identified the key components of change as: management of change; role of unions; barriers to building trust; incentive systems; external resources; return on investment. For more information about the project or to obtain a copy of the report, contact: Publications Coordinator, NAM; 1331 Pennsylvania Ave. NW; Suite 1500, North Tower; Washington D.C. 20004-1790. Phone 1-800-637-3005, fax 202-637-3182 ♦ .

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ICB briefing is published by the

Institute of Collective Bargaining,
271 Ives Hall, Cornell University,
Ithaca, NY 14853-3901.

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