

A C K E R M A N
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FORUM**

The industry publication dedicated to helping warehouse managers and their bosses improve productivity and manage more profitably with tips, comments and articles written by practicing professionals.

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Union Free and Staying That Way

By Curtis Greve

Editor's Note: Our guest author entered the consulting business after a career in retail as a vice president at WalMart and later as a division president at GENCO. Both companies have distinguished themselves as union free organizations. KBA

A major danger facing warehouse managers in the USA is becoming the target of a union organizing effort. Since the 2008 elections, labor unions have grown stronger than they have been since the early 1980's.

Unions have upped their game and are positioned for significant growth. Organizers are using Facebook and Twitter, and are designing web pages in support of organizing efforts within those businesses that have been targeted. The Teamsters, for example, have a site that enables organizers to design web sites in support of their efforts. Unions are leveraging technology and training field organizers, while they wait for the current administration to deliver its promises. The threat posed by unions to American businesses has never been greater than at the present time.

Whether or not the union ultimately wins, the costs of fighting a union campaign can be staggering. Conducting a campaign can run well into six figures, not including indirect costs from reduced productivity, decreased quality, increased customer issues, and indirect consequences of diverting the executive team from running the business.

Union election campaigns can cost more than money. Even campaigns that are won can leave scars that take a long time to heal. The losers often resent the winners. Customers affected by the election often acquire another provider as insurance, or simply go with the competition.

Taking pro-active steps to address staff issues and communicate with your team is the best way to stop events from spiraling out of control, and to avoid a union election. You must have policies and practices in place that make unions unnecessary, and train management teams to help avoid the risk from the start.

Why Unions Can Sell

One of the first things you will hear during a union campaign, is that people don't vote for unions, they vote *against* management. Employees vote for unions because they feel as though they are being treated unfairly. If they know that their managers behave in a fair, firm, and consistent manner, they will not vote for a union.

If employees believe that their manager plays favorites, disrespects them, or doesn't care about their concerns, they develop a mindset tailor-made for a union organizer. Employees will start comparing the organizer to their boss. While their boss ignores them, the union organizer will listen. While their supervisor diminishes their issues, the organizer promises to champion their concerns. Frequently, the organizer's background, ethnicity, and language are the same as the employees, while their boss's appearance and language differ.

Union organizers promise improvement, while managers often promise nothing. The organizer works to impress employees by taking them to nicely appointed union offices, introducing them to union power players, and discussing the many benefits of joining the brotherhood. It is easy to understand how some employees become attracted to the idea of joining the union.

For these and other reasons, more than 60% of the union elections held during the past five years were *won by unions*. Simply put, the majority of the people working for those companies thought they would be better off with union representation than working independently with their boss and company. Not only did they think they would be better off, but also they were willing to pay dues for the representation.

The Cost Of Membership

Payment doesn't stop with dues. Union employees also pay initiation fees, assessments, and face fines if they violate their union's by-laws. The by-laws and constitution of unions can be enormous. The Teamster constitution consists of more than 235 pages. By-laws and constitutions govern how union members must act and interact with each other. Because there are many rules that can so easily be broken, unions file twice as many lawsuits against their own members as they do against those companies that are supposed to be their enemies.

Staying Union Free

Keeping your warehouses union free is not only in your company's best interest, but also in the best interest of your employees. Employees should not have to pay dues in order to work. They should not need help and support from union business agents or grievance procedures if they believe that they have been mistreated. They should be able to talk with their manager, or anyone else on the

management team, and get the help they need. Managers who provide this support do not have to worry about union organizers.

How do you insure that your leadership team behaves properly? What steps can you take to make sure that everyone in your warehouse has the latest information? Here are three key components for maintaining a union free operation:

- Open Door Policy, supported by MBWA
- Sensing Sessions
- Union Avoidance Training

The Open Door Policy and MBWA

An effective open door policy enables your employees to appeal workplace decisions with which they disagree. If their boss makes a call that they believe is inappropriate, they can appeal it to their shift manager, facility manager, or higher. The Open Door Policy at Wal-Mart is a major reason why it maintains the largest non-union supply-chain workforce in the world.

Wal-Mart's Open Door Policy is well known and supported in every operation. The policy is reinforced continually through conversation with managers and employees alike. It is clear to all that retaliation is not tolerated. While employed by Wal-Mart, I recognized that the fastest way to get fired was to retaliate against an associate who had used the Open Door. Consider the old saying, "What you do speaks so loud I can't hear what you say." If you are not going to personally support an open door policy, don't have one.

Sensing Sessions

Many companies boast that "Our people are our greatest asset!" If your employees hear that, do they agree or do they laugh and roll their eyes? How do you show your staff that you really do care about them? Sensing sessions demonstrate your concern by helping you ascertain how your people really feel, what they really think, and what their issues really are.

Sensing sessions are monthly meetings between randomly selected employees and an executive, usually outside of their reporting structure, to seek answers to the following three questions:

- What do you like about working here?
- What don't you like about working here?
- If you owned the company, what things would you try to change?

Answers to these questions often identify issues previously unknown by management. The key to making the sessions successful, however, is taking action based on the information and suggestions. In the absence of action, employees will stop participating because they have proof that nobody cares. Not taking action on issues brought up in sensing sessions will have the same effect as not supporting an open door policy. Morale will drop, accidents will increase, productivity will fall off, and you will find yourself in a labor situation spiraling out of control. Before you know it, you will be receiving a letter setting a date for your own union election.

Once identified, action must be taken to address employee concerns before they result in trouble. Many elections during the past five years could have been avoided if

the companies had made the effort to identify employee issues early on, and taken action to solve them.

Sensing sessions tell management what employees really think. That information provides the basis for improving operations and reducing risks from unions.

Union Avoidance Training

The most critical component for maintaining a union free organization is having a well trained leadership team. It is important to remember that most current front line managers have no experience with unions. They have no idea what they can and cannot say to employees concerning organizing activities. It is likely that they do not even know the company's stance on unions. Because of this lack of experience, some managers naively have helped employee efforts.

Companies that do not train their leadership teams in union avoidance are at risk. Your team must know the signs of union activity within your workforce: How to avoid hiring "salts," what can and can't be said to employees about organizing; the standard responses to union questions; and, most important, how to conduct themselves to avoid **unfair labor practices charges**. These charges could result in various fines and penalties, up to and including forced union recognition.

While there is no replacement for a comprehensive union avoidance training program, every manager in a supply chain organization should at least master "TIPS," an acronym for what your team cannot do or say to employees concerning unions and organizing efforts that may be going on in their facility. "TIPS" is an acronym for the following rules:

- T – You cannot *Threaten* employees for supporting a union.
- I – You cannot *Interrogate* employees about any union-related activity.
- P – You cannot *Promise* any reward if workers stop supporting unions.
- S – You cannot *Spy* on employees, go to union meetings, or similar acts.

To keep your workforce union free you must have a trained leadership team that works with your people. You need the policies, procedures, and practices in place that promote open, two-way, communications. Finally, you must monitor operations to confirm that both employees and managers are following policy. Operations that incorporate these practices will remain union free, because their employees will not see a benefit to joining a union and paying union dues.



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KEN'S COMMENTS

Oil, Geography, And Logistics



When the price of a barrel of crude oil reached \$140, supply-chain managers recognized that plans made during the days of cheap oil might need to be revised. Some who moved manufacturing offshore to enjoy cheap labor found that the total cost of delivering finished product to the American market no longer was attractive.

Logistics decisions are based on the presumption of predictable transportation costs. When unexpected conditions create significant changes in the cost of transport, those decisions must be reviewed. When delivery costs are sufficiently low, manufacturing can move halfway around the globe to take advantage of low labor costs; but, transport costs may easily cancel the advantages of cheap labor. We have seen this happen in recent years. One outcome is managements willingness to pay higher labor costs for a manufacturing source that is closer to the market. Could these sources be in Latin America?

Since these changes will influence the location of consolidation and distribution centers, warehouse operators would be wise to follow the trends closely.

WAREHOUSING TIPS

Is The Flexible Workforce A Growing Trend?

In one warehouse that we visited, the majority of hourly workers and some of the office workers were temporaries supplied by a staffing service. The operator had two reasons for using staffing service workers. First, they were less expensive than the total cost of a permanent employee; second, in a population with a high percentage of immigrants, the staffing service assumed the responsibility for having properly documented workers.

There is a popular impression that workers provided by a staffing service are inferior. Their wages nearly always are below average, and when unemployment is low the best workers will take higher paying jobs. But the reverse could be true during times of high unemployment. At such times excellent workers may see the staffing service as a gateway to an attractive permanent job.

Many staffing services offer a “temp to perm” service that permits a client to promote a worker from staffer to permanent employee, after paying the staffing services fee. When unemployment is high, working with a staffing service may be a better alternative than no work at all.

Strategic Planning – A Continuous Process

Much has been written about corporate strategy and the planning process. We are guilty of producing some of it because we believe that a company with no strategy is like a boat without a rudder. Yet, it is essential to remember that strategic planning is a process that does not end with the draft of a plan.

Too many plans end up as dusty documents on the bookshelf. The corporate environment changes over time, and no strategy is effective forever. The strategic plan widely applauded five years ago may now be in urgent need of revision.

If your business situation has changed substantially, does your plan need to be revised? How often should the plan be critically examined? The mantra of the 1970s was “If it ain’t broke, don’t fix it,” but in the current turbulent economy, many business models appear to be badly broken, and the time is right to revisit the strategic plans.



Big Bangs Versus Easy Wins

Managers are searching for quick and positive ways to improve their companies. Particularly at a time when many businesses are struggling, the urge to find a “big bang” is understandable. However, improvements in warehousing normally involve many little things rather than a single big thing. It is best to encourage your staff to look for small improvements that can be made rather than emphasizing the big ones.

Some warehouse operators use the flex force to control peaks and valleys of seasonal operation. The permanent workforce is large enough to cover the valleys, and staffers are used to handle the peaks. As a result, permanent staff rarely are subject to lay off.

A flexible workforce is sometimes used as a technique to avoid the threat of unionization. If the workers actually are not employed by the warehouse, the union organizer cannot get a contract with the warehouse operator.



Using Measurements To Manage Costs

Total warehousing expense might be compared in four ways:

- As a percent of sales
- As a dollar cost per order filled
- As a cost per unit filled
- As a cost per line failed

Most operators would not use all four measurements, but it makes sense to use at least one. Warehouse wages and/or administrative expense might also be compared in the same four ways.

Vested Outsourcing

By Kate Vitasek, with Mike Ledyard and Karl Manrodt, ©2010, 198 pages, Macmillan.

A portion of this work was the July, 2009 feature story of this newsletter. For those involved in outsourcing, or selling to those who outsource, this book should be required reading. The authors described a relationship in which both parties have a stake in the maintenance of a partnership, and explained how it works. They devoted a chapter to each of five rules to transform outsourcing as follows:

- ① Lay the foundation
- ② Understand the business
- ③ Align the interests
- ④ Establish the contract
- ⑤ Manage performance

Each chapter provides the reader with detail about how this is done. For example, listed in the chapter about performance management are the reasons why outsourcing arrangements sometimes lead to trouble.

The first is placing more emphasis on setting up the contract than managing it. Second, service providers fail to deliver on promises. The third is unrealistic expectations on either or both sides. The next is inexperience, which also can come from either side.



Pay For Performance

By Susan Lacefield, *DC Velocity*, Feb. 2010, pg. 42.

The theme of this article is that payment to logistics service providers should be based primarily on their performance. Kate Vitasek was one of the interview sources for this article, and some of the ideas are from her book, *Vested Outsourcing*. Six suggestions were made to take outsourcing to the next level:

- Continuous improvement requires continuous attention
- Tackle the KPIs right away
- Pay your service provider to solve problems, not put a butt in a forklift
- Make sure that there's something in it for the provider
- Commit to the long-term
- Have a third party review your contract



Can A Marketing Campaign Really Boost The Profile Of A Logistics Company?

By Mike Westaway, *Focus*, February 2010, pg. 45.

Redhead International, a British logistics service provider, launched a marketing campaign using paintings by Picasso, Warhol and Dali to promote its freight solutions. Sales inquiries for freight services have grown by 50% since the launch of the campaign.

10 Ideas To Master Diagnosing and Solving Problems

By Mark Taylor, *Parcel*, December 2009, pg. 12.

This article is about leadership, a refreshing change from the technical articles in most trade publications. Included are the following ideas:

- Declare that you have a problem. The worst problems are the ones you don't know about.
- Separate fact from fiction. When people are upset, problems get blown out of proportion.
- Identify what is happening
- Determine the cost and implications
- If you are stuck, who can you talk to about this? Know where you can get help.
- Is this a recurring problem? Check this only after the situation has diminished.
- Do you need a system to prevent recurrence?
- If yes, design, and execute the systems.
- Determine what lessons were learned.



Improving Warehouse Profitability In Difficult Times

By Chris Carey, *Material Handling Management*, December 2009, pg. 15.

The author outlined steps for improving profitability. Measuring performance is the first. Each task for processing the business must be evaluated, and productivity presented as units per hour. Daily forecasting is the next step. Ask customers to report their next day activity. How many units will you be receiving, and how many will be shipped? The third step is to determine customer profitability. Provided in the article is a brief program to help accomplish that.



The Dynamics of Storage Media

By Mary Aichlmayr, *Material Handling Management*, Aug. 2009, pg. 25.

Storage media, the racking and shelving used in the warehouse, are fundamental components of inventory management. There is a trade-off between selectivity and high density. Single deep storage racking offers the ultimate in selectivity, but higher density will be achieved with double deep racking. Pushback racks and flow racks offer even higher density. Pick modules combine rack systems with conveyors to provide superior space utilization. Specialized storage racking includes portable racks, sometimes called bedstead rack because it resembles a four-poster bed. This rack can be set up and moved to any part of the warehouse. Awkwardly shaped materials, such as piping and lumber, are stored in cantilever racks. Each of these storage media is designed to serve a specific purpose and need.