Responding to Change in the Workplace: Innovations in Labor-Management-Government Cooperation

ASIA-PACIFIC ECONOMIC COOPERATION

BEST PRACTICES TOOL KIT

Prepared by the U.S. Federal Mediation & Conciliation Service, With the Support of the U.S. Department of Labor

February 2002

David Thaler, *Editor*
David Glines, *Contributing Author*
Jennifer Ortiz, *Contributing Editor*

FOREWORD

When this project, "Responding to Change in the Workplace: Innovations in Labor-Management-Government Cooperation" was first proposed at the 22nd APEC Human Resources Development Working Group Meeting in Brunei Darussalam, its proponents' goal was to have it serve as an important "bridge" in a multi-year initiative within APEC to promote Labor-Management-Government (LMG) Cooperation. The bridge is to help APEC move from raising awareness of the value of LMG cooperation to a new "capacity building" phase. By capacity building, we meant not only showing economies what others were doing in this area, but also teaching concrete skills in resolving labor conflict and in establishing institutions to do so. The hope is that participants in this next phase will go back to their home economies armed with valuable knowledge and skills to disseminate.

The first project of the multi-year initiative, "Successful HRD Practices in the Workplace: Contributions from Labor-Management-Government," which took place in June 1999 in Victoria, Canada, focused on raising awareness of successful economy-wide LMG practices within the APEC region and the accompanying benefits of such cooperation. The current project, the second one in the series, is also aimed at awareness raising, but it has a greater emphasis on the workplace itself as opposed to the broader-based economy-wide initiatives that were the focus of most of the presentations in Victoria.

The current project can be described as a "bridge" because its sharp focus on what actually takes place in the workplace itself, as opposed to economy-wide initiatives to promote LMG cooperation, moves it away from solely awareness-raising and more in the direction of capacity building. This is especially true of the last Chapter of this Tool Kit, entitled "How To Use This Tool Kit," which provides step-by-step guidance in launching a LMG cooperative initiative.

The next project in the series, entitled *Training for the Prevention and Resolution of Labor and Employment Disputes* -- a one-week training that will take place in mid-2002 -- is squarely focused on capacity building for government labor-relations practitioners. The project proponents also envision a fourth component to the series in 2003, focused on training for *private* sector labor-relations advocates to enhance their ability to develop LMG initiatives for both labor peace and organizational productivity.

So it is from this practical perspective, focused on building the capacity of organizations throughout the APEC region to improve themselves through improved LMG cooperation, that the reader should address this Tool Kit. In this regard, the final Chapter marks the crossing of the bridge from awareness-raising to capacity building in the ongoing APEC LMG initiative. It is the project sponsor's hope that practitioners will use the Tool Kit to as guidance in establishing LMG initiatives in their own organizations in a manner that is appropriate for their context. To those visionary promoters of labor peace and organizational productivity, as you cross the bridge, we wish you all the best "on the other side."[1]

David Thaler
Washington, DC
January 2002

---

[*]   Please note: We will use "Labor-Management-Government" (LMG) and "Labor-Management" interchangeably throughout this Tool Kit. While sometimes there is governmental involvement in an initiative as a third party neutral, a funder, or occasionally in a more direct role in the employment relationship (e.g., if it owns the enterprise), in most cases in this Tool Kit we stress the cooperative efforts of labor and management only, since their interests can conflict with one another's in a way that they do not conflict with the government's interests. (Although, as we will see, labor and management have many common interests.) Therefore the most interesting and challenging initiatives are those that bring labor and management together, while the government usually has an overriding interest in bringing labor and management together.

TABLE OF CONTENTS

APEC BEST PRACTICES TOOL KIT

INTRODUCTION[2]

Why is Labor-Management-Government (LMG) Cooperation an important topic to address in APEC? This is a fair question, considering the organization's traditional focus on hard economics and trade and investment facilitation. The answer does not lie solely in the connection between LMG Cooperation and the broad macroeconomic goals that APEC seeks to advance. Nor does it lie solely in the overall political and social stability that LMG cooperation promotes, which complements those macroeconomic benefits. Rather there is also a third, more humanitarian, dimension to LMG cooperation in the global economy: namely its potential to help workers take advantage of the opportunities afforded by the global workplace so that they may have more fulfilling and better paying work experiences.

As we will see in the pages to follow, these three benefits of LMG cooperation are not mutually exclusive of one another. We can emphasize the economic, social and political benefits of LMG cooperation at the same time that we state that this is all really about helping people realize their human potential in the workplace. Accordingly, below we will elaborate on the benefits of LMG cooperation in terms of: (1) economic benefits for both economies as well as organizations; (2) social and political benefits; and (3) how LMG cooperation helps workers to better realize their human potential.

---

[2]   By David Thaler, with the assistance of David Glines and Jennifer Oritz.

I.   ECONOMIC BENEFITS OF LMG COOPERATION

The economic benefits of LMG cooperation are clear: improved LMG cooperation means fewer strikes, with their associated enormous economic consequences. These economic consequences take the form of both direct costs, resulting from lost productivity of the people who are not working, and indirect costs flowing from lost economic activity such as reduced purchases and savings and investment on the part of both the employer and the workers. In addition, businesses and consumers that depend on a company that is stalled by a strike cannot add productivity to the economy, further multiplying the economic consequences. Thus, governments that invest resources in a mediation and conciliation service recoup that investment many times over in the form of the avoidance of strikes and their concomitant economic costs.

> **Governments that invest resources in a mediation and conciliation service recoup that investment many times over in the form of the avoidance of strikes and their concomitant economic costs.**

Above and beyond the direct and indirect costs of strike avoidance, improved LMG cooperation can make a huge economic contribution to an economy through the enhanced productivity of its workforce. LMG cooperation enhances productivity in at least two ways: (1) improved dialogue among workers and managers tends to result in the sharing of information and valuable ideas that make work processes more productive and efficient; and (2) when workers and managers have a good relationship, they spend less time in activities and behavior that negatively impact productivity such as open conflict, issue avoidance, gossip, complaints and grievances. As a result, they spend more time in productive activities.

Improved productivity in an economy brings several concomitant benefits. For one thing, improved productivity reduces the cost of the factors of production and as a result helps to keep inflation in check. In addition, stable inflation rates in a group of economies tend to have a stabilizing effect on exchange rates, thereby reducing exchange-rate risk and creating a more propitious environment for attracting investment capital.

While economic growth and international exchange rates are obviously influenced by a wide variety of economic, political and social variables that are beyond the purview of LMG cooperation, it is clear that a cooperative labor-relations environment is an important component of economic growth and development.

II.   SOCIAL AND POLITICAL BENEFITS OF LMG COOPERATION

At the risk of engaging in circular reasoning, we can also safely make the point that improved labor relations enhances overall social and political stability. A society that enjoys generally good Labor-Management relations is less likely to be polarized along ideological, economic and even ethnic lines. Consequently, that society stands a better chance of forging a consensus to confront other challenges it faces such as reducing poverty and making improvements in education, health care and other social indicators. As good labor-management relations tends to reduce the number of people that feel marginalized by the politics of the economy, it makes them more likely to promote their interests within the established political framework as opposed to other more radicalized means.

When labor and management partners reach out not only to each other, but also to the stakeholders in the wider community, as they did in the **Lapaday Agricultural and Development Corporation (Ladeco)**

(Philippines) and the **Atlantic Baking Group** (USA) cases, they form alliances that help the entire community in addition to the business itself. For example, in several cases from both the Symposium for this project and the APEC Victoria Colloquium on "Successful HRD Practices in the Workplace: Contributions from Labor-Management-Government" (June 1999), labor-management partners forged valuable alliances that promoted demand driven skills training, retraining for displaced workers, learning centers for pre-school children and, in the case of LADECO, a family welfare program consisting of nine activities – i.e., healthcare, nutrition and sanitation, responsible parenthood, cooperatives, housing, transportation, sports, values formation and income generation.[3]

In short, improved LMG relations encourage a healthy respect for the rule of law and improve social capital through greater civic participation. It is generally accepted that these factors in turn promote good government and foster the necessary collaboration for many desirable social outcomes that APEC Leaders have made their goal.[4]

III.   HOW IMPROVED LMG RELATIONS HELPS PEOPLE AT WORK TO BETTER REALIZE THEIR HUMAN POTENTIAL

Separate and apart from the economic, social and political benefits described above, LMG cooperation is important because it can be a vehicle to empower workers at all levels to provide input into work processes and thereby exert greater control over their working lives. Many of us spend

---

[3]   The Lapanday Development Corporation (LADC) Labor-Management–Government Cooperation Case Study (hereinafter referred to as "Lapanday"), at p. 5.
[4]   See, e.g., 2000 Bandar-Seri-Begawan Leaders' Declaration at paras. 7-8, 20; 1999 Auckland Leaders' Declaration under "Participation in Prosperity" paragraphs; 1998 Kuala Lampur Leaders' Declaration at paras. 24, 32. For a discussion of the connection between social capital and other social indicators, see also, Putnam, Robert, Bowling Alone: The Collapse and Revival of American Community, Simon & Schuster, Aug. 2001. (orig. June 2000)

the majority of our waking hours at work as well as a majority of our lives in the workforce. If a worker is stuck in a situation in which virtually all of his decisions are made and all of his time is apportioned by a manager, this means that he is spending much of his life deprived of the well-documented fundamental need for control. He is deprived of the ability to "create" in accordance with his values, talents and abilities and, as a consequence, enjoying the value of his creations. That worker stands little chance of realizing what Abraham Maslow referred to as "self-actualization."[5]

As we will see in the case studies to follow, improved LMG Cooperation allows people to take more control of their working lives and more fully realize their human potential than is possible in workplaces characterized by traditional top-down, assembly line, work processes focused on repetitive activity.

In particular, the workplace of the global, information-based economy, characterized by myriad ways of receiving, processing and communicating information, by its very nature requires a "human value added" in order to maximize the productive and efficient use of that information. In this workplace, if there is no human value added, a job will either be automated or eliminated. Machines can do rote, repetitive tasks well enough. Human

> **Improved LMG Cooperation allows people to take more control of their working lives and more fully realize their human potential than is possible in workplaces characterized by traditional top-down, assembly line, work processes focused on repetitive activity.**

beings are needed for the creativity and ingenuity that a machine could never furnish.

---

[5]   See Maslow, Abraham, <u>Toward a Psychology of Being</u>, Wiley, John & Sons, 3d ed.

This prospect of more satisfying work, and the reduction of monotony on the job, is an important promise of the global workplace. This is true in manufacturing as well as the service sector. Like their counterparts in

Machines can do rote, repetitive tasks well enough. Human beings are needed for the creativity and ingenuity that a machine could never furnish.

service sectors such as banking and information technology -- which are more obviously are based on receiving, processing and communicating information -- manufacturing workers also play an increasingly important role in ensuring quality, productivity and efficiency: while robots now insert rivets, it is up to people to think about designing processes to reduce the percentage of defects per million units produced, even if it is only within their particular part of the factory or production chain. (See, e.g., the case study on the **Harley-Davidson Labor-Management Partnership** from the June 1999 APEC Colloquium on Successful Practices in Human Resources Development in the Workplace: Contributions from Labor, Management and Government.[6]) It is this type of work that holds the humanizing, self-actualizing promise of the global workplace.

And if LMG cooperation is geared toward devolving decision-making to the lowest levels of an organization, it is a vehicle that can help workers satisfy their fundamental need to control what happens to them and to enjoy the value of their creations. It is more empowering for an automobile worker to have an established process to suggest changes to improve efficiency and safety, as opposed to simply following top-down rules. And not only is it more empowering for the worker, this front-line, just-in-time input

1998. (orig. 1962)
[6] The Summary Report, including all of the case studies, from the Victoria Colloquium is available on the World Wide Web at http://www.capi.uvic.ca/publications.html.

provides a more efficient car for the company's shareholders and for the environment and is also less likely to have manufacturing defects that reduce the car's safety.

When a worker has no discretion to deviate from a procedure where appropriate, or there is no established mechanism for her to provide valuable front-line input to alter that procedure if she deems it in the organization's best interests, the organization is taking a big risk: it is betting that the existing rule perfectly maximizes benefits such as safety, efficiency, and productivity. It is also betting that today's rule will anticipate tomorrow's challenges. If the organization bets wrong and the procedure remains inflexible, the organization is denying itself the benefit of the unique front-line input gained by the people who implement the rule. It is also denying its workforce of any incentive to make suggestions or, in appropriate cases, on-the-spot decisions to improve safety, productivity and efficiency. This inflexibility can be costly when your (now global) competitor implements a program of LMG cooperation and attracts your customers with higher quality, faster and cheaper service.

As we will see in the pages that follow, LMG cooperation is a win-win situation: workers feel more empowered to create value for the benefit of the organization, and the organization gets the unique perspectives and insights that can only come from the front lines. In such a manner, individuals, organizations and societies can best meet the challenges and take advantage of the tremendous opportunities afforded by globalization.

It is important to remember, however, that separate and apart from whatever humanizing changes the global workplace may offer to workers,

the fact remains that, in a global, highly competitive economy, the bottom-line is king: businesses will not develop programs of LMG cooperation, or otherwise incorporate workers' human creativity and ingenuity, unless those processes are "better, faster and cheaper." If a business's work processes are not better, faster and cheaper than those of its competitors, the business will lose out, whether the competitor is across town or across the world.

Therefore, not only is LMG cooperation entirely consistent with preparation for the intensely competitive environment with which many organizations must now cope, one could make a very strong case that LMG Cooperation is actually *essential* to an organization's competitiveness in the unprotected terrain of globalization. Therefore, there is no tension to resolve between economic success and the humanization of the workplace in the global economy through improved LMG cooperation. On the contrary, effective LMG cooperation can enable the APEC economies and the organizations and people within them to take advantage of the awesome opportunities provided by globalization: e.g., access to markets, technology transfer, trans-border partnerships and vertical integration, and access to capital and the best people from around the world.

The pages that follow detail principles that organizations can follow to best take advantage of the opportunities and avoid the pitfalls presented by globalization. They also contain examples of organizations that succeeded by following those principles, and have learned valuable lessons along the way.

BEST PRACTICE NUMBER 1

SUPPORT FOR LMG COOPERATION MUST COME FROM THE TOP[7]

A LMG initiative[8] will not succeed if it does not have the support of top-level management and labor representatives. Given their position of authority, discretion and leadership, top-level management and labor representatives often must play the role of catalyst in a LMG cooperative initiative, even though the initiative must ultimately have the support and involvement of the whole organization in order for it to be successful. As with most leadership challenges, it is paramount that management and labor leaders *truly believe* in the value of LMG cooperation and that they lead by example.

With respect to the management side of the equation, on a practical level this means that upper level management must not only support the initiative in word, but it must also support it through positive actions such as rewarding cooperative behavior, rewarding employee-generated innovation, and providing sufficient resources for the initiative.

> **Upper level management must not only support the initiative in word, but it must also support it through positive actions such as rewarding cooperative behavior, rewarding employee-generated innovation, and providing sufficient resources for the initiative.**

Most importantly, upper management must "practice what it preaches,"

---

[7] By David Thaler, with the assistance of Jennifer Oritz and Rebecca Walton.
[8] By "LMG Initiative," we are generally referring to any organized, concerted effort to unite representatives of labor and management in a cooperative endeavor to improve their relationship and also work toward the benefit of the organization. In the sense in which we are using it here, it usually refers to activity at the plant level, but if its focus is clear enough, such as in the Canadian Case Study on the *Steel Industry Worker Adjustment Program*, it can refer to activity that is sectoral or even national in scope.

frequently consulting with and even yielding decision-making authority to workers in appropriate cases. (For a more detailed discussion of devolution of decision-making, please see Chapter 4 of this Tool Kit.)

This initial component of success – i.e., management's sincere belief in the value of LMG cooperation – is more challenging than it may seem, requiring a "leap of faith"[9] on the part of managers who may be long accustomed to the idea that management has all the solutions and all the authority to implement them. The idea that workers may have more knowledge about certain aspects of operations or, at a minimum, better access to certain types of information and experience, is simply counter-intuitive to many managers who have thought and acted under the other assumption for so long. On some level, managers may view devolution of decision-making as a threat to their prestige and to their very status as managers. Others genuinely do not trust the capacity of subordinates, or may simply be afraid of the unknown consequences of doing so. In each of the above situations, changing the paradigm to accommodate LMG cooperation requires a fundamental "leap of faith."

A leap of faith is required not just on the part of management: labor representatives must similarly such a leap. It takes two to tango. If the top-level labor officials do not truly believe in the value of LMG cooperation and do not model cooperative behavior, it is unlikely that the requisite leadership will emerge among the rank and file workers.

> **Human resource and labor relations matters must be represented and given recognition by the top management as a key business and organizational concern.**

---

9   The drafters of the *Philadelphia Zoo* case study used the term "leap of faith" to emphasize that the managers and workers had to make the effort to improve relations despite the fact that both present circumstances and history conspired against them, and that they had no assurances of success.

In the Symposium case studies, we see that top managers and labor officials at several best practice cases demonstrated their joint-commitment to workplace collaboration. For example, at Thailand's **Thai Honda Manufacturing,** top-level management and labor officials sat on four standing joint labor-management committees (LMCs) and instituted numerous workplace policies designed to reduce barriers between managers and workers – i.e., a uniform company-wide dress code that applies to both workers and managers, and a reconfiguration of the layout of the factory so that workers work right alongside managers.[10] At Mexico's **Grupo Resistol**, management and labor leaders at the highest levels of the organization were involved from the outset in jointly developing mutual goals for the labor-management program along with objective criteria against which to measure those goals.[11] At Singapore's **Matsushita Refrigeration Industries**, top management consulted with the top labor representatives every step of the way in the development of their joint LM cooperative initiative, and further demonstrated its commitment by spending money to build physical facilities for joint and union activities and participating on a number of joint labor-management bodies.[12]

In the United States, at the **Atlantic Baking Group** top-managers have sat on a joint labor-management committee since the factory's inception,[13] and at **Miller Dwan Medical Center** top management has supported four

---

[10] *Labor Management Cooperation In the Face of Rapid Change in the Workplace: The Ultimate Roadway for Thailand Thai Honda Motors* (hereinafter referred to as "Thai Honda"), at p. 3.

[11] *Grupo Girsa: Cooperation Enterprise-Union: A Competitive Advantage* (hereinafter referred to as "Grupo Resistol"), at pp. 1-2; PowerPoint Slides 7-9, 12, 14-16, 24, 27-28, and 31 from the Project Symposium.

[12] Matsushita Refrigeration Industries (hereinafter referred to as "Matsushita") case study, at pp. 4-5.

[13] *The Atlantic Baking Group Labor-Management Committee* (hereinafter referred to as "Atlantic Baking"), at *passim*.

different LMCs that were established following *Interest Based Negotiations* (IBN) with all four of unions that are represented at the hospital.[14] (For a discussion of LMCs, please see Chapter 2. For a discussion of IBN, please see Chapter 6.) In Canada, with the crucial support of its labor counterparts, top management at Canada's **Ottawa Transpo** provided resources for a retreat and numerous site visits to build both sides' capacity for future cooperative relations.[15] Management and labor leaders also created numerous joint *Labor Management Committees* to resolve issues on an ongoing basis.[16]

At Korea's **Hankuk Electric Glass Company**, the highly personalized involvement of company President Sue Doochil was essential to the LMG cooperative program that ultimately turned the fortunes of the company around. President Sue met with workers on almost a daily basis, and "provided information to [the] employees as if they were the chief director so they would start to think and act as if they were the chief director." At one point he met with workers three times a day, after each shift, at 3:00 am, 9:00 am and 6:00 pm. President Sue also engaged in numerous joint problem-solving meetings with the workers that were designed to forge a common vision for the future of the company. The President even went as far as directly briefing workers' family members on the events of the company.[17]

Clearly, by showing such a personalized commitment to LMG cooperation, top-leadership at Hankuk Electric Glass provided the motivation and

---

[14] *Labor-Management Cooperation at Miller Dwan Medical Center* (hereinafter referred to as "Miller Dwan"), at pp. 9-11.

[15] *The Amalgamated Transit Union, OC Transpo and The Federal Mediation and Conciliation Service of Canada* (hereinafter referred to as "Ottawa Transpo"), at pp. 6-9.

[16] Id., at p. 8.

[17] *Survival in the Face of Crisis: Hankuk Electric Glass Co., Ltd.* (hereinafter referred to as "Hankuk Electric Glass"), at p. 3

security that the company needed in order to move forward and overcome its challenges.

A final example of the value of the support of top labor and management officials occurred at **The Philadelphia Zoo**. In 1998, labor and management representatives of the Zoo went away on a retreat[18] with the objective of jump-starting a program to improve labor-management relations. At the retreat both sides had to maintain an open mind in order to brainstorm ideas for how both they and the other side could improve labor relations at the Zoo. They also had to dedicate themselves to LMCs that thye had formed in order to follow up on the joint objectives that they had agreed to.[19]

The retreat was successful beyond the parties' expectations, resulting in improved relations, successful contract negotiations, and the foundation for future relations. Concretely, the retreat resulted in a new protocol for the use of mediation to resolve workplace disputes.   Following the retreat, the parties publicly demonstrated their enthusiasm for collaboration through a series of public presentations on it.[20]

Had top-level labor and management leaders not been involved from the outset, parties at lower levels could have expended great efforts to no avail. Since management controls the resources, its early and visible involvement is especially critical. It is often hard even to recruit people for

---

[18]   A "retreat" refers to an organization's taking both labor and management representatives off site, to a facility far removed from the worksite and its usual distractions, in order to focus their creative energies on the critical business of looking forward to improve labor-management relations. The retreat "Tool" is discussed more fully in Chapter 8 of this Tool Kit.

[19]   *A Leap of Faith: Labor-Management Cooperation at the Philadelphia Zoo: 1992-2000 (hereinafter referred to as "Philadelphia Zoo)*, at pp. 4-7.

[20]   Id., at p. 7.

a LMG effort if management does not demonstrate its support from the very early stages. Workers and middle managers may feel that it would be a waste of time to engage in cooperative efforts if upper management may not even entertain their recommendations. Sometimes they are not sure if they have permission from their superiors to devote time to it. Workers may even fear retaliation for their involvement. It is also important that upper management is present to contribute its own unique perspectives, not to mention that it often controls the bulk of the available resources and ultimately wields decision-making authority with respect to when and how the initiative will move forward.

For the above organizations, support by high-level officials was the first step for the implementation of change. In some cases, this was the result of a purposeful initiative by management officials. In other cases, high-level support was attained afterwards, a result of the inevitable trappings of change, requiring leaders to adjust in order to survive in an ever more competitive environment. In both situations, top-management had to provide financial support and other resources in order to make cooperation work, but ultimately the success of the initiative depended on the complementary support and efforts of the workers. Indeed, it does take two to tango.

BEST PRACTICE NUMBER 2

MAKE LMG COOPERATION A PERMANENT PART OF OPERATIONS[21]

If it is to succeed, LMG cooperation cannot be seen as a fad, a "flavor of the month" or another new management technique. LMG cooperation is not a technique; it is a belief in the value of collaboration that is reflected in the attitudes, the work processes, and indeed the very structure of the organization. To this end, it is essential that labor and management work together to establish permanent mechanisms to ensure the permanence of their collaboration and the benefits that it entails.

> **LMG cooperation is not a technique; it is a belief in the value of collaboration that is reflected in the attitudes, the work processes, and indeed the very structure of the organization.**

A permanent mechanism that is common in North America is called a **Labor-Management Committee (LMC)**, which was alluded to in Chapter 1. A Labor-Management Committee is comprised of workers and managers who meet periodically to discover, discuss and resolve ongoing issues or problems that affect the workplace. As was emphasized in Chapter 1, both top management and union leaders must be committed to the success of the LMC.[22]

---

[21] By David Thaler, with the assistance of Jennifer Oritz.

[22] It should be noted, however, that a LMC is not a substitute for collective bargaining. A LMC's focus is on maintaining and strengthening the labor-management relationship as well as the enterprise, but is not designed for handling the ultimate distributive questions that are the traditional focus of collective bargaining. While it is certainly possible for the parties to develop behaviors and negotiating practices in a LMC that make collective bargaining run more smoothly, the fundamental right to collective bargaining, as recognized by the ILO, implies a degree of independence of the trade union that may not be possible in the institutional collaboration that is implicit in a LMC.

An outside professional third-party neutral often facilitates the first several meetings of the LMC. At these initial meetings, the outside neutral helps the parties determine ground rules such as who will represent each side, where and when meetings will be held, procedures for introducing agenda items, who will chair the meetings, how the meeting will be reported to constituents, and general rules of conduct.

Equally important, at these first few meetings the outside neutral teaches and models good behavior such as brainstorming, active listening, respect for other points of view and allowing others to express their ideas free from judgment and criticism. The neutral may also work on more advanced techniques of problem solving and decision-making. (Please Chapter 6 of this Tool Kit for a more detailed discussion of these techniques.) Following the first few meetings, at a point the neutral deems appropriate, the parties begin to self-facilitate their meetings. They call the neutral back only when the LMC hits a particularly thorny issue.

At the **Atlantic Baking Group**, which is located near Pittsburgh, Pennsylvania in the United States, two different unions, the employer, two community groups and a federal government agency are represented on the LMC. The labor contracts specifically provide for the LMC'S operation. Funding for the LMC and for the some of the startup costs for the manufacturing facility came from federal, state and local governments. The group charter does not allow them to handle formal grievances, but keeps them focused on "product quality, production efficiency, customer service, business, morale, and the general environment and culture of the

company."[23]   The LMC is facilitated by a mediator and chaired by one of the representatives of a government agency, the Steel Valley Authority.[24]

Miller Dwan Medical Center in Duluth, Minnesota in the United States operates four different LMCs because there are four different unions representing workers at the hospital. All four committees share the same basic philosophy of prompt resolution of issues from open and respectful dealings, but each LMC has its own ground rules and operating style. Just a few of the issues they have successfully dealt with are:

- Deep-seated mistrust between management and the unions
- Sale of specialized service (e.g., dialysis)
- Job assignments
- Mergers
- Changing role of supervisors
- Safety Program and repercussions for failure to follow the program
- Identification of in-house competencies and job skills needed[25]

In Canada, LMCs operate with varying degrees of structure and formality, and the government may fund half the cost of a LMC up to a maximum of $100,000 (Canadian). In Quebec, long-term labor contracts led to ongoing productive dialogues within the LMCs. According to the case study on **Long Term Collective Agreements: New Approaches to Labour Relations in Quebec**, it was "as if the collective agreement remained open since the negotiations were settled through letters of agreement."[26]

---

[23]   Atlantic Baking, at p. 3.
[24]   Id., at pp. 4-5.
[25]   Miller Dwan, at pp. 9-10.
[26]   *Long Term Collective Agreements : New Approaches in Labour Relations in Quebec* (hereinafter referred to as "Quebec Labor Relations"), at p. 20. It should be noted again, however, that a fundamental ground rule for a LMC is that it is not a substitute for collective bargaining.

At two of the firms studied in Canada, **Sucre** and **Nortel**, joint committees meet on an ad-hoc basis for ongoing dispute resolution.[27] At another firm, **Alcan**, there are three different LMCs that meet on a regular schedule, five to six times a year.[28]

Outside of North America, the range of issues addressed by LMCs was as wide-ranging as their geographic dispersion. In the Philippines, there were 734 LMCs operating as of April 2001 according to the National Conciliation and Mediation Board.[29] LMCs actively seek out best practices with a recognition program called "The Search for Outstanding LMCs." [30] Industry Tripartite Councils administer the program with support from the government, unions and employers in the banking, garment, automotive, hotel and restaurant industries.[31] The most recent award winning LMC, the *Asian Transmission*

> *A Perspective on the Value of a Labor-Management Committee*
> **"The changes and flows of the process continue to confirm that relationships are fragile. Changes, no matter what they are, or where they take place, have an impact. Labor and Management must constantly re-evaluate and check that they are living up to their commitments as well as their interests. Communication is key and can never afford to break down."   Commissioner of Mediation, Barbara Lichtman-Tayar, U.S. FMCS.**

Corporation and its union, reduced the time spent in negotiation from months to mere hours.[32] Another LMC in the Philippine agricultural sector, **Lapanday Agricultural and Development Corporation**, included an extensive list of social welfare issues on its agenda in order to balance

---

27   Id., at pp. 18-26.
28   Id., at pp. 14-17.
29   *Case Study: The Role Of The National Conciliation And Mediation Board (NCMB) In Dispute Prevention And Settlement* (hereinafter referred to as "Philippine NCMB"), at p. 9.
30   Id.
31   Id., at p. 10.
32   Id.

external forces from the global marketplace with basic issues of survival for the workforce and the community.[33]

Several cases mention the importance of training for committee members. Training has included *Interest Based Negotiation (IBN)[34]* techniques, facilitation, interpersonal communications and group problem solving skills. Training and education may also take the form of site visits to other successful LMCs -- with unexpected and positive results: "by traveling and spending time together (to learn about cooperative programs like the one in Oakland, California), the individuals on both sides of the divide had an opportunity to get to know each other in a relaxed setting; an unfreezing of traditional barriers and distrust was the result."[35]

In Chile, the government has created incentives for the use of LMCs to help organizations enhance their training capacities. Firms that invest in training can claim tax refunds of 1% of wages. There is also a measure of compulsion, as Chilean firms with more than fifteen workers are required to have labor-management training committees with at least three worker representatives and three management representatives. Since the program's inception in 1988, the number of workers trained and the number of workers employed in Chile has steadily risen.[36]

The Philippines National Mediation & Conciliation Board also found it necessary to arrange for extensive training to the LMCs in its jurisdiction: "Some 553 LMC orientation seminars were conducted, benefiting 2,664

---

[33]   *The Lapanday Development Corporation (LADC) Labor- Management – Government Cooperation* (hereinafter referred to as "Lapanday"), at p. 5.
[34]   Sometimes IBN is referred to as *Interest Based Problem Solving (IBPS)*, and those terms will be used interchangeable throughout this Tool Kit.
[35]   Ottawa Transpo, at p. 5.
[36]   *Chile Case Study*, at pp. 4-5.

from labor and 1,239 from management, while there were 462 skills trainings conducted, benefiting 2,272 from labor and 939 from management."[37]

A LMC is but one example of a permanent mechanism for LMG cooperation. Other permanent mechanisms abound. For example, at Singapore's **Matsushita Refrigeration Industries**, labor-management cooperation is permanently institutionalized in not just one, but rather a series of standing bodies such as:

- *quarterly dialogue sessions* between top management and union leaders to discuss, among others, information on company performance and prospects, broad issues relating to skills training, workplace safety and health, as well as welfare and benefits and, finally, the implementation of key national initiatives and programs to enhance workers' employability, productivity and cost-competitiveness;

- *monthly HR management-union meetings* to discuss specific HR policies as well as grievances and workplace disputes;

- *monthly general morning assemblies with executives and union representatives* to discuss the company's financial status, quality results, as well as successful departmental projects;

- *workplace & welfare committees and other recreational events* to provide an added channel for labor-management collaboration and employee involvement in decision-making. As well as an added opportunity for social interaction between management, union and workers.[38]

As a result of a joint labor-management retreat designed to improve labor relations and help the parties reach a collective

> **Lesson: However cordial the relationship, labour-management conflicts are unavoidable. Hence a regular review of shared principles is needed.**

---

[37]   Philippine NCMB, at p. 9.
[38]   Matsushita, at pp. 4-5.

bargaining agreement (conducted by the *Canadian Federal Mediation & Conciliation Service)*, Canada's **Ottawa Transpo** resolved to undertake an ongoing cooperative approach to problems in the workplace. This approach entails a number of joint working committees, including the following:

- Operator Empowerment Committee - a group composed of operators, supervisors and superintendents which developed a Driver's Handbook to outline the responsibilities of the operators, the expectations of the Employer in delivering its service to customers and the support drivers can expect from the Employer;

- Maintenance Working Group - a joint team which developed a process for improving maintenance and reducing the contracting out of some maintenance tasks;

- Communications - a team which examined and improved internal communications at the workplace;

- Route Scheduling - a permanent committee to identify and correct suboptimal bus routes; and

- Community Marketing - a very successful program to use drivers to market the transit service to target communities. The parties believe that this program is one reason ridership numbers are on the rise after many years of decline.[39]

At Thailand's **Thai Honda Manufacturing**, labor management cooperation has been institutionalized through such permanent mechanisms as joint morning meetings called *Choreis*, an information board, on-air programs at the air-conditioned canteen, an annual meeting on the first working day of every year, and permanent standing committees on wages, welfare, labor relations, and safety and occupational health.[40]

---

[39]   Ottawa Transpo, at p. 9.
[40]   Thai Honda, at pp. 4-9.

It is not only process changes such as standing committees and the like that serve as permanent institutional mechanisms for LMG cooperation, but also physical changes. At **Matsushita Refrigeration** in Singapore, for example, they built a Union Room for union related activities and meetings.[41] At **Thai Honda** in Thailand, they built an air-conditioned canteen for joint labor-management activities and recreation. Thai Honda also restructured the work floor itself, having workers and managers work right next to each other, wearing the same uniforms.[42]

On a national scale, some governments have sought to protect their economies by establishing permanent tri-partite mechanisms to better prepare for change, such as the establishment of *Worker Adjustment Programs*. Worker Adjustment programs are typically designed to address temporary worker dislocation issues created by industrial level decline in an area that was dependent on such an industry. Such programs protect against economic devastation by preparing workers with job skills training to either transfer to another location or to another industry. For example, in Canada, the *Canadian Congress for Steel Workers* worked with local and international unions, the steel industry, and the Canadian government to develop its Worker Adjustment Program.[43] At the local level, various *Local Adjustment Committees* carried out implementation of the national Worker Adjustment Program. [44]

Also on a national level, in the Philippines a national *Labor Management Cooperation Council* encourages the bipartite social partners to thresh out

---

41   Matsushita, at p. 5.
42   Thai Honda, at p. 4.
43   *Canadian Case Study: Steel Industry Worker Adjustment Program* (hereinafter referred to as "Canadian Steel Industry"), at pp. 4-9.
44   Id., at pp. 4-8.

and resolve their concerns in a win-win manner (*See* Chapter 6 of this Tool Kit). The government merely serves as the facilitator in the relationship.[45]

In brief, permanent mechanisms to foster LMG cooperation come in many different forms, from plant level LMCs to national tri-partite labor market adjustment programs. Their common thread, and the most important point, is their very permanence. They must be able to survive changes in top union and management leadership. They must not be viewed as temporary fads promoted by one or the other side. Rather they must both reflect and promote a change in mentality that recognizes the valuable contribution of everyone in the organization, no matter where they stand in the organizational "hierarchy."

---

[45]   Lapanday, at p. 4.

BEST PRACTICE NUMBER 3

CREATE NEW CHANNELS OF COMMUNICATION[46]

New Channels of Communication

Innovations in LMG cooperation invariably open up new channels of communication, and vice-versa. In Canada, Chile, Indonesia, Mexico, New Zealand, The Philippines, Singapore, Thailand and the United States, the governments provided a legal framework, and sometimes funding, to encourage enhanced communication.

We have already seen one important vehicle for improving communication, *Labor-Management Committees (LMCs)*, which were discussed in Chapter 2. There were several other noteworthy examples from the APEC LMG Symposium: offices and meeting rooms that were redesigned with the intent of improving communication; formal and informal training that was used to enhance communication; and information exchanges that took place in venues such as quarterly and morning meetings, broadcast messages, newsletters, and bulletin boards. This section of the Tool Kit will describe the range of strategies that organizations implemented in order to foster improvements in Labor-Management relations.

The Architecture of Communication

When the architecture of communication is discussed, bricks and mortar may not be the first thought, but in at least two cases, room arrangement was a key to success. New channels of communication may be facilitated (or frustrated) by the physical layout of the firm. **Thai Honda** practices

---

[46]   By David Glines, with the assistance of David Thaler.

"One Floor Management" to open up the channels: "Without private rooms and partitions, all associates can see each other. Working tables are arranged face-to-face whether they are staff member's tables or the president's table."[47] Communication flows more freely as a result. Some organizations feel they must add meeting space so labor and management have a place to collaborate and communicate. At **Matsushita Refrigeration** in Singapore, for example, they built a Union Room for union related activities and meetings.[48]

Training as a New Channel of Communication

Training provides a channel to deliver new communication skills and new information. Participants often find training sessions to be a "safe" place to try out new behaviors, and new information may be easier to digest

> **Training provides a channel to deliver new communication skills and new information.**

when it is presented in a new environment, away from the office or shop floor. (Recall the success of the **Philadelphia Zoo** retreat that was discussed in Chapter 1.) It may also be helpful for management and workers to share the learning environment so that each can see the other in a new light and reinforce the idea that cooperation is a journey of discovery, made easier and more effective by mutual support.

The national strategy for more effective labor-management cooperation in **Chile**[49] included a primary focus on workforce training. APEC case studies from **Mexico**,[50] **the Philippines**,[51] **New Zealand**,[52] **Singapore**,[53]

47	Thai Honda, at p. 3.
48	Matsushita, at p. 5.
49	Chile Case Study, *passim*.
50	Grupo Resistol, at p. 3.
51	Lapanday, at p. 4.

Thailand,[54] **Canada**,[55] and the **United States (Atlantic Baking, Miller Dwan and Philadelphia Zoo)**[56] also mentioned training in business fundamentals and the skills necessary for cooperation. The case study on the **New Indonesia Industrial Relations System** explicitly highlights the need for training at the national level to empower the next generation of labor relations practitioners.[57]

All of the cases from the U.S. and Canada included training that was conducted by the economies' respective Federal Mediation and Conciliation Services. In one of those cases, the **Atlantic Baking Group**, a union training fund was established through a company benefit contribution of five cents per hour and another five cents per hour contributed by the union members. This served as a mechanism to fund craft-related workforce training.[58]

Morning, Monthly and Quarterly Meetings

Outside of the Labor-Management Committee meetings, most of the firms held other types of meetings to move information to the workforce and to provide opportunities for two-way communication. This channel of communication was so important to the survival of **Hankuk Electric Glass Company** in Korea that the President met with production line workers *three times a day*, at 3 a.m., 9 a.m., and 6 p.m.![59] Lunchtime roundtable discussions were also held at the **Philadelphia Zoo** so that many more

---

52   New Zealand Case Study, at p. 8.
53   Matsushita, at pp. 3-5, 8.
54   Thai Honda, at p. 9.
55   Ottawa Transpo, at pp. 4-5.
56   Atlantic Baking, at pp. 7-10; Miller Dwan, at pp. 7-9; Philadelphia Zoo, at pp. 4-6.
57   *New Indonesia Industrial Relations System: Promoting Freedom of Association and the Right to Collective Bargaining* (hereinafter referred to as "New Indonesia Industrial Relations System" at p. 10.
58   Atlantic Baking, at p. 4.
59   Hankuk Electric Glass, at pp. 2-3.

employees could participate in discussions that might affect them.[60]
Monthly and quarterly meetings were conducted at **Matsushita Refrigeration Industries** in Singapore. Matsushita's quarterly meetings had fairly broad objectives such as company performance, skills training and safety and health, while the monthly meetings were narrower in focus, allowing in-depth discussion of specific HR policies.[61]

Broadcast Messages

Thai Honda used a public address system was used to disseminate important news throughout the company.[62] Other firms commonly use the telephone system, email, the internet or an intranet to record and broadcast essential information to employees.

Newsletters

The *Open Communication Room* is the title of **Hankuk Electric Glass's** bulletin that is published every Tuesday and Friday. "Special emphasis was placed in this newsletter on communication between employees and management, and the president provided space for information

> **The Importance of Communication**
> **"The dissemination of information about the company to employees is essential for improving labor productivity and developing cooperative industrial relations."** *Dr. Chan Young Hur, Korean Labor Institute.*

sharing, and the exchange of opinions," according to Dr. Chan Young Hur.[63] Other organizations have used a response form in their monthly newsletters that can be used by employees to suggest operational

---

[60]   Philadelphia Zoo, at p. 6.
[61]   Matsushita, at pp. 4-5.
[62]   Thai Honda, at p. 4.
[63]   Hankuk Electric Glass, at p. 3.

improvements. Lots of white space and judicious placement of graphics best draw readers into newsletter text.

Bulletin Boards

Thai Honda used bulletin boards to open new channels of communication. "There are the labour union's boards and the company's boards at Thai Honda. Due to mutual trust, the information can be released on the boards without any approval from the Human Resources department. No problems have occurred so far," said officials.[64] According to experts, it is important to remember several guidelines to maximize the effectiveness of bulletin boards:

- Material should be current. Put someone in charge of periodically discarding old notices.
- Include a mix of information that is interesting and useful to employees.
- Placement is important. Mount the boards in high-traffic areas and organize material by topic area.
- Color, charts and graphics will attract readers.
- Keep them neat. A cluttered bulletin board is not easy to read.

As is the case with most types of relationships, whether they are nation-to nation or person-to-person, communication is key. New methods of communication along the lines described in this chapter are a crucial ingredient for success, and an indispensable part of this Tool Kit.

---

[64]   Thai Honda, at p. 4.

BEST PRACTICE NUMBER 4

DEVOLVE DECISION MAKING TO THE FRONT LINES OF THE ORGANIZATION[65]

Labor-management cooperation works because, at its ideal stage, it instills an "owner's mentality" in workers at all levels of an organization. A worker with an owner's mentality, like the actual owner of the enterprise, has an economic and indeed a personal stake in the success of the enterprise. She wants the business to succeed because its success is tied to her personal success. She has an economic incentive to make the organization run as efficiently as possible and to create innovations that will help it grow in the face of competition.[66]

Separate and apart from the question of financial incentives, in order for a worker to have such an owner's mentality she must have a voice in the

> **A worker with an owner's mentality, like the actual owner of the enterprise, has an economic and indeed a personal stake in the success of the enterprise.**

operation of the enterprise. Why bother to make a suggestion to improve quality or efficiency when management does not even listen? Even if management would be receptive to workers' input in a general sense, many workers will make the extra effort to innovate only if there is a sufficient incentive and there are mechanisms in place to actively encourage and consider their suggestions.

As we have seen in places throughout the previous three chapters, while labor-management cooperation has the potential to create substantial

---

[65]   By David Thaler, with the assistance of Jennifer Oritz.

[66]   See , e.g., Slater Robert, <u>Get Better or Get Beaten; 29 Leadership Secrets from GE's Jack Welch</u> (2d ed.), McGraw Hill 2001, at pp. 111-114; Frieberg, Kevin & Jackie, <u>Nuts!: Southwest Airlines' Crazy Recipe for Business and Personal Success</u>, Bard Press 1996, *passim*.

economic benefits, many organizations have a very difficult time navigating the cultural change that is required to make it work. Many managers instinctively fear the consequences of "letting go" without considering the consequences of *not* letting go. An organization that does not provide a voice for its workers – indeed devolving many decisions to them – is doing itself a disservice in several ways:

(1)   by having managers make all decisions, it is denying itself the invaluable input of those who do the front-line work on a daily basis and are consequently most familiar with its challenges and pitfalls and ways to overcome them;

(2)   even if management somehow "gets it right" through top down decision-making, circumstances and conditions change, and front-line workers are in a unique position to both detect and react to change; managers ignore front-line workers' input at their own peril;

(3)   denying workers a voice and a measure of control over their own work processes is so disempowering and non-self-actualizing[67] that many workers are bound to become alienated from their work and revert to a minimalist work ethic: putting in the minimal time, effort and thought into a job and, in effect, doing just what is expected by the boss and no more. Such behavior, if widely engaged in, places the enterprise at an extreme disadvantage relative to companies whose workers provide greater input.

It is ironic that phases of production that have traditionally been considered to be "lower level," are actually much *closer* to the heart of the work product -- whether it is a production part at the end of an assembly line or customer service at a retail location.

In the APEC region, several bold companies have greatly benefited from making the leap to devolution of decision-making to lower organizational

---

[67]   See the Introduction at pp. Section III.

levels. For example, Mexico's **Grupo Resistol** has developed an extensive program to both motivate and give decision-making power to work groups at the production level. Their compensation is tied to their results as well as the competencies that they develop.[68] The **Atlantic Baking Group** in the United States was designed from its inception to have a shallow management hierarchy with extensive responsibility entrusted to its hourly workforce.[69] In **Chile**, the government has encouraged the formation of *Bipartite Committees* that are explicitly empowered to make decisions concerning training within firms.[70]

To see the functioning of devolved decision-making in practice, it is useful to look at the **Harley-Davidson** motorcycle company in the United States. Harley-Davidson's labor-management partnership was featured at the first APEC LMG event, the APEC Colloquium on "Successful HRD Practices in the Workplace: Contributions from Labor-Management-Government" (Victoria, Canada, June 1999).[71] The following excerpt from that case study, describing various layers of workers that have been given formal decision-making authority, conveys a flavor of devolved decision-making in action:

> The first layer of decision-making falls within the four Process Work Groups (PWGs) [which are organized according to skill and function: Fabrication; Paint; Assembly; and Future]. Groups of workers, called Natural Work Groups (NWGs), are responsible for decisions at the "floor level" and are essentially self-directed. Within the NWGs the work of building motorcycles gets done. Specific tasks are planned and organized, the parts and supplies provided, and the shared decision-making on quality, output, safety checks, and communication is done. A collection of NWGs and

---

[68]   Grupo Resistol, at p. 3; See also, Grupo Resistol PowerPoint Slides
[69]   Atlantic Baking Group, at p. 3.
[70]   Chile Case Study, at p.5-6.
[71] The Summary Report, including all of the case studies, from the Victoria Colloquium is available on the World Wide Web at http://www.capi.uvic.ca/publications.html.

support employees (roughly 15 in each NWG) make up the PWG.

The second level of decision-making is the Process Operating Group (POG), which is a smaller leadership group among the PWG made up of the Process Leader, steward, and a member of each NWG along with a support employee. The POG accepts the decision-making role in the PWG. It is responsible for assuring delivery of the parts/products and services for that particular manufacturing process, on schedule and within budget. In the POG, the work of the NWGs is coordinated with other NWGs within that particular Process Operation. POG representatives share production information with the NWGs, other POGs, PWGs, and NWGs throughout the factory. POG stewards, with a working knowledge of the Agreement, shepherd the partnership and resolve issues with their Process Leaders.[72]

Consistent with the lingo that has developed with the advent of *High Powered Work Organizations*, the Harley-Davidson Labor-Management partners assigned a "level" that they hoped to attain with each element of shared decision-making. In the Harley-Davidson program, there were three levels:

(1) D1: Unilateral – Management or Labor retain sole discretion to make decisions;

(2) D2: Unilateral, but with prior input from the other party(ies)

(3) D3: Joint Consensus – Each side has veto power over the decision.[73]

At the formation of the Harley-Davidson partnership, the partners developed a table that assessed where they were with respect to each type of decision, as well as their eventual goal. In all cases the desire was to

---

72   Harley Davidson Case Study, http://www.capi.uvic.ca/publications.html, at p. 6
73   Id., at p. 4.

go from more unilateral to more consensus-based decision-making. The following is an excerpt from their table: [74]

TYPE OF DECISION-MAKING	NOW	GOAL
Education/Training – Focus: Education and training will be primarily work-related. • Joint needs assessment • Targeting audience • Curriculum design • Priorities/sequencing • Instructors/materials/methods • Implementation plans • Train the Trainer • Use ALL resources	Some 1s and 3s; mostly 2s	3s

Production Scheduling – Focus: Scheduling of new model introductions, motorcycles and power train production, and current and noncurrent parts production impacts our daily work lives and decisions regarding these effects will be shared. As an example:
    • Annual build schedule [move towards type 2 decision]
    • Sub-annual period schedules [move towards type 2 decision]
    • Effects of the above [3]
       o Hours of work
       o Overtime
       o Crew size
       o Shifts
       o Support staff by shifts
	Mostly 1s	2s and 3s

Subcontracting – Focus: partners will jointly determine all subcontracting decisions that involve in or our sourcing of work directly related to hourly employees	1s and 2s	3s/2s
Technology Integration – Focus: Continuously improve the company's competitive capability through the	Some 1s; mostly 2s	3s

---

[74]   Excerpt provided courtesy of the International Association of Machinists and Aerospace Worker's Office of High Performance Work Organizations, in conjunction with the Harley Davidson Case Study.

application of appropriate technology, such as:
 • Systems
 • Processes
 • Process of Technology Selection
 • Implementation, which . . .
    ○ Enhances people, processes, and organizational effectiveness
    ○ While addressing the possibility of worker displacement		

As we can see, the devolution of decision-making does not occur for its own sake. Rather it is part and parcel of a comprehensive program to draw upon the knowledge and talent of all workers and managers to reach clearly defined objectives.

Not all organizations are ready for this type of change, and in all cases the decision of what goals to seek, and how to use devolution of decision-making to reach them, is one that must be made with great planning and care. To this end, enterprises often find it valuable to undertake a formal organizational assessment prior to developing modified decision-making processes that devolve some decision-making authority to front-line workers.[75]

The case study from **Chile** provides an example of a large scale "assessment" in the form of a multi-stakeholder dialogue. In that case study, the stakeholders undertook a formal review of the various organizations' social dialogue structures before they created the program to build firms' capacity for devolved decision-making. Once the small firms and their workers began to engage in the new dialogue, a consensus developed that, if greater reliance was going to be placed on workers closer to the front lines of production, they would have to be equipped with

---

[75] See, e.g., Atlantic Baking Group, at pp. 4-5.

greater job skills for this increase in authority. As a result, the need for job skills training programs was recognized and a methodology was developed on that basis.[76]

A similar multi-stakeholder approach was adopted in Quebec, Canada, one that also reflects the trepidation with which some of the parties entered into the process of consensus building toward devolved decision-making:

> . . . (T)rade union groups were in favor of new organizational forms if these were accompanied by a consensus-building approach. They saw in it a path that led to an increased autonomy for employees in the performance of their duties, thus promoting versatility and occupational training and improving the union's participation in the life of the institution. Furthermore, in the companies themselves the local unions were often divided between caution and the wish to be involved in the organizational changes proposed by management. However, this shift towards work relations adapted to more efficient organizations required to call into question the traditional model of work relations existing between labour unions and employers. Consensus building was increasingly seen as an "economical alternative" that could benefit both parties.[77]

In sum, the various initiatives to promote devolved decision-making that we have seen in this chapter were motivated by the belief that empowering people to take initiative at all levels of the organization was good for the bottom line: the more that workers had an "owner's mentality," the harder and smarter they would work for the good of the business. Along with this realization, however, was the recognition that "imposing" devolved decision-making on an organization is an oxymoron. A program for devolved decision-making must be agreed to and jointly developed by workers and managers so it can take into account both

---

[76]   Chile Case Study, at pp. 6-8.
[77]   Quebec Labor Relations, at p. 8.

parties' interests as well as maximize the amount of information and creative power that will go into the new program.

To maximize the chances of success, there should be training for both workers and managers prior to the devolution of decision-making. Even though workers likely have a good intuitive knowledge of how to modify work processes to make them more efficient and productive, they often do not have experience in operationalizing that intuition into decisions that feed back into work processes. Managers, for their part, often need training to help them with the managing the process of "letting go," to develop their own intuition regarding which decisions they should keep for themselves, which they should devolve, and the various degrees of devolution that are appropriate.

In addition, both managers and workers often need additional training in communication as well as conflict management and conflict resolution that are the inevitable growing pains of a program to devolve decision making to front-line workers. Many organizations, pleased with the benefits of input, creativity and enthusiasm from all workers that results from a program to devolve decision making, feel that the growing pains are well worth it. As they say in the world of physical fitness, "no pain, no gain."

BEST PRACTICE NUMBER 5

REDUCE STATUS BOUNDARIES BETWEEN MANAGEMENT AND WORKERS[78]

This chapter discusses a helpful means to the end that is the focus of LMG cooperation: a workforce that is incentivized, listened to and empowered to improve efficiency, productivity and quality so that it takes on an "owner's mentality." The "means" that we are referring to is the reduction of hierarchical or status barriers between managers and workers. This Tool in the Tool Kit flows logically from some of the Tools that we have discussed thus far: improved communication, permanent mechanisms for cooperation and devolution of decision-making authority all imply a relationship that is on a more equal footing than the traditional relationship between workers and managers that was discussed in the Introduction.

This being said, we are still mindful that there are cultural aspects of this question that should not be ignored. The APEC region contains a rich panoply of cultures that have differing norms of deference to hierarchy. Some of the economies' cultures are more amenable to a breaking down of the formality and deference involved in traditional relations between managers and workers. In other cultures, deference to authority and seniority form an integral part of human interaction that is encompassed in not only norms of behavioral deference but also in terms of norms of more subtle verbal and physical interaction. In fact, the idea of respect for

---

[78]   By David Thaler, with the assistance of Jennifer Oritz.

authority and seniority is incorporated into some cultures' written and spoken languages.[79]

A Tool Kit such as this one is non-prescriptive in the sense that the techniques that it recommends may be "taken out" and utilized at the discretion of the person working with it, in a manner that is appropriate for the context in which he or she is operating. With this in mind, below we will describe a few of the ways in which companies in the APEC region have reduced hierarchical boundaries between managers and workers. The companies have reduced the hierarchical boundaries in order to positively impact the bottom line: if their workers feel more listened to and generally more valued, it is more likely that they will adopt an "owners' mentality," which is always good for the bottom line.

> **If workers feel more listened to and generally more valued, it is more likely that they will adopt an "owners' mentality," which is always good for the bottom line.**

Thai Honda Manufacturing has instituted several innovative policies so that workers would feel valued and empowered to take as much initiative as possible to make the plant more competitive. For example, as we have already seen, all people in the factory -- workers and managers alike --wear white uniforms so it is not possible to distinguish between workers and managers simply by looking at the way they dress.[80] In the same vein, everyone who works at Honda all over the world, including Thai Honda, is referred to as an "associate" whether they are an employee or a manager. According to the case study "no "employees" or "employers" exist in the Honda family.[81]

---

[79]   See, e.g., the discussion by Shigeru Miyagawa of the Massachusetts Institute of Technology on politeness and honorific markers in the Japanese language at http://www-japan.mit.edu/articles/JapaneseLanguage.html#styles.
[80]   Thai Honda, at p. 3.
[81]   Id.

As we have also seen, Thai Honda has even incorporated the idea of equality into the physical layout of the plant. Pursuant to its *One Floor Management* policy, there are no private rooms or partitions. All associates can see one another. Working tables are arranged face-to-face, whether they are staff member's tables or the president's table.[82] The case study describes the working philosophy that underpins One Floor Management:

1. It ignores a working hierarchy so that communications between management and staff occur conveniently and continuously. There is no secretary or any other formal barrier.

2. It creates down-to-earth behavior by the management. There is no arrogant management at Thai Honda Manufacturing Co., Ltd., so the management has to study hard to understand basic problems before managing.

3. It provides a spirit of cooperation both in individual working behavior and a team spirit in the workplace. All associates are inevitably socialized to this *esprit de corps* either formally or informally. The face-to-face working table layout enhances this attitude. If a severe problem occurs, leaders who sit together can immediately know of and promptly solve that problem.[83]

In addition, the increased channels of communication at Thai Honda that were discussed in Chapter 3 (Create New Channels of Communication) also imply a lowering of status barriers through the recognition that workers are equal partners with management and therefore must receive abundant, timely and accurate information if they are to contribute all they can to the plant's competitiveness. Thus, the morning *Chorei*, the Information board, the on-air programs presented at the air-conditioned canteen, and the annual meeting for all 3,000 associates at the plant are

---

82   Id., at p. 4.
83   Id., at p. 3.

all designed to inform workers as equal partners in the success of the organization.

Similarly, at the **Matsushita Refrigeration** Manufacturing Plant in Singapore, the quarterly dialogue sessions, the monthly Human Resources-Union meeting, various labor-management committees (i.e., for safety, the canteen and recreation), and the several procedures in place to promote information sharing all strive to empower workers by putting them on an equal footing with management.[84] It is one thing to tell workers that they are valued, it is quite another to dedicate resources to setting up the structures to actively promote and reap the benefits of such equality.

As yet another example, the **Hankuk Electric Glass Company** (HEG) Plant in Korea chose to implement an "open book" management philosophy. As a result, management began to provide daily briefings on the status of the company so that the workers could be as informed as possible in the wake of severe economic troubles facing the company.[85] In this way the workers could truly be partners. In addition, in order to maximize their "open book" management style and create confidence in company operations, HEG released a bi-weekly newsletter that was sent to the families of their workers. Previously, only top officials were such important information. Thereafter, everyone in the company was made to feel like part of the "management" team and this improved the workers' perspective of their contribution to the company and relayed a message of value to all employees.[86] Mentally, the status barriers between high level officials and workers on the assembly line began to diminish, which

---

[84]   Matsushita, at pp. 4-5.
[85]   Hankuk Electric Glass, at pp. 2-3.
[86]   Id.

enabled them to focus their energy on the main issue at hand: job security and the corporate survival of HEG.

In effect, all of the mechanisms for improved communication, the permanence of labor-management cooperation, and the devolution of decision-making authority that we have seen so far reflect and contribute to a lowering of the status barriers between workers and managers. As the practitioners that use this Tool Kit go out and develop their own programs of labor-management cooperation, it behooves them to take a moment to think about how they might lower the status barriers in a manner that is appropriate to the cultural context. This should not be thought of as an end in and of itself, rather a means to the end of having a workforce that is incentivized, listened to and empowered to improve efficiency, productivity and quality so that it takes on an "owner's mentality."

If we were to advocate lowering status barriers as an "end" in and of itself, it would take us into a normative territory that is outside the scope of this Tool Kit and in any event too culturally contextual to be of any use as a generic principle. Instead, irrespective of social considerations, the Tool of lowering of status barriers should be thought of as a technique that is prudent from a business perspective in light of the self-actualization principle that was alluded to in the introduction: workers that are made to feel important will take a pride in their work that will enhance their creativity and personal value added. This is good business by anyone's definition.

BEST PRACTICE NUMBER 6

THINK IN TERMS OF INTERESTS, NOT POSITIONS[87]

Labor-Management cooperation is all about creating possibilities, unshackling organizations from the constraints of their history and their standard operating procedures. The global economy demands no less: organizations that cannot quickly adapt and adjust to their customers' demands will be undermined by their competition.

In order for an organization to generate the necessary creativity and adaptability required in this environment, it must focus on new ways of problem solving and communication. Phrases like "we've always done it this way," "top management won't go for that," or "you're invading someone else's territory" are phrases that are still extremely common in organizations. These ideas sap workers' energy and creativity and stop their ideas before they even get off the ground. In terms of the process of negotiating a collective labor contract, those ideas impose a rigidity on the parties that inhibits an organization's ability to motivate its workforce to continuously improve and adapt to the global economy.

More innovative organizations in the APEC region have embraced some form or another of a formal process for empowering employees and stimulating their creativity. This process is called *Interest Based Negotiations (IBN)*.[88] While the term grew out of the literature on the art and science of negotiation, its principles now apply to virtually all forms of

---

[87]   By David Thaler.
[88]   In this Tool Kit we will use IBN interchangeably with IBPS, or *Interest Based Problem Solving.*

relationship building and work processes – – from nation-to-nation relations, to the workplace, and even to family relationships. For the purpose of explaining the underlying theory, and because of the importance of negotiations to labor-management Relations, we will retain the term *Interest Based Negotiations (IBN)* but will discuss it in several contexts beyond the realm of negotiations.

A. What is Interest Based Negotiations?

Interest Based Negotiations refers to a process by which the parties openly exchange information concerning the *interests* that they need to satisfy (i.e., "We need to keep production costs low enough to compete in the market.") and then engage in joint problem solving to develop several means of satisfying those interests. Contrast that with traditional negotiations, according to which parties demand inflexible, absolute *positions* (i.e., "We must keep production costs low by cutting wages 30%.") and then use power-based or rights-based arguments to satisfy those demands. (i.e., "We will cut 30% of the workforce if you do not agree to take a pay cut, and the law permits us to do that after the collective bargaining agreement expires at midnight Tuesday"; or "If you keep pressing your demand we will go out on strike, and the labor law statute protects our right to do so.")

While traditional negotiations may seem to reflect the reality of workplace negotiations and are still in wide use in workplaces throughout the APEC region, they often hurt organizations because the parties overlook options that can satisfy both parties' interests and help the organization move forward and improve. This point can be illustrated by the following simple parable. There were two bakers in a bakery who were very competitive

with one another, always trying to outdo one another by making treats that were more delicious than the other's. One day, they were fighting over the only egg that remained in the bakery. Both bakers felt that the egg was rightfully theirs, and they took it for granted that they could not share the egg, as it is seemingly a quite indivisible object. As they continued to fight over the egg, it slipped to the ground and was shattered into many fragments. At that moment one baker exclaimed, "Now I will not be able to use the yoke of the egg to make my delicious yellow cake!" The other baker exclaimed, "Now I will not be able to use the white of the egg to make my delicious white angel cake!"

Instead of two cakes, the bakery now produced zero cakes. Obviously, if they had just been able to communicate they would have discovered that they could both bake their delicious treats with the same egg, one using the yoke and the other using the white. Because of their non-communication, the two bakers couldn't even coordinate well enough to buy more eggs! In fact, they even held back on suggesting the purchase of more eggs because they didn't want to tip off their "competition" as to what they were planning to bake!

Yes, this tale is simple, but it does make a valuable point: unless organizations become better at communicating to articulate common goals, and exchanging information on the interests that workers and managers must satisfy in

> **Unless organizations become better at communicating to articulate Management and Labor's common goals, and exchanging information on the interests that workers and managers must satisfy in order to accomplish those goals, tremendous inefficiency and loss of productivity will result.**

order to accomplish those goals, tremendous inefficiency and loss of productivity will result. This type of communication is simple to explain in

theory but hard to achieve in practice. Many organizations struggle with power-based threats and demands to satisfy positions. Workers and managers do not stop and think about working together to satisfy everybody's interests to the benefit of the organization.

B. The Elements of Interest Based Negotiations

While in this Tool Kit we are interested in the broad applicability of IBN to labor relations as whole – and not just negotiations – it makes sense to pause and explain the five components of IBN, both because of the importance of the negotiation process to labor relations, and also to see the role that the principles can play in developing parties relationships.

1. Component No. 1: Identify Issues

It may seem an obvious point, but the first task in a negotiation is for the parties to get a handle on just what is at issue. This is a step that should not be ignored or even taken for granted. If the parties do not take this step, the negotiations can become unwieldy as the parties change or add to the issues according to the ebb and flow of negotiations. In addition, negotiations that do not have clear issues risk degenerating into acrimonious affairs that focus too much on the difficulties on the past, or on personality differences between the parties. This is the basis for the old IBN adage: "focus on the problem, not the people" and the oft heard exhortations of the IBN facilitator for the parties to be forward-looking as the negotiations proceed.

2. Component No. 2: Exchange Interests

Following the delineation of the issues, in IBN the parties then exchange their interests. In contrast to an issue, which is *what* you care about, an interest is *why* you care about an issue. An interest should be contrasted with a *position,* which is an inflexible demand that represents only one way to satisfy an interest. As we will see, IBN is about the parties working together to develop many ways of satisfying an interest. The following are some examples of interests as opposed to positions:

POSITION	INTEREST
We want ten bonuses of $1,000 apiece given out at the end of every quarter.	We would like some incentives for doing our jobs particularly well.
We want all employees to document what they are doing at all times throughout the day, in fifteen-minute blocks.	In order to structure our incentive program to meet our mission, our business needs to have accountability from its employees.
We want to have the right to work at home two days a week.	We want flexible work arrangements in order to better balance our work and family responsibilities.
Employees are not permitted to telecommute unless there are special circumstances, such as illness.	Given the current technology that the business can afford, the business cannot properly service its customers by having its employees work from home.

The benefit of focusing on interests instead of positions is that, as was the case with the bakers and the egg, there are often ways to satisfy both parties' interests with one solution. For example, in the first two examples above, the company can develop a results (not time) based accountability system by which it determines a bonus on a sliding scale. In the second

two examples, perhaps the business can use the savings from the reduced need for office space in order to invest in technology to enable workers to telecommute.

The process is not always so cut and dry, and there are not always sufficient resources to implement every option to satisfy both parties' interests. However, the process of engaging in this type of dialogue builds the parties' relationship and gets their creative juices flowing in a positive direction. Those factors make it more likely that the organization will have good enough relations to design a program to adapt and thrive in the global economy.

3. Component No. 3: Brainstorm Options

Brainstorming is the process of a group focusing on an interest and generating options to satisfy that interest, with at least three important ground rules: (1) there is no criticism of the ideas as they are generated; this creates an environment in which people are uninhibited and therefore free to be their most creative; (2) the focus is on broadening the options on the table rather than looking for a single answer; and (3) the parties try to search for options that satisfy both parties' interests. Brainstorming works best when all participants sit next to each other, with the participants on the different "sides" randomly distributed, facing a flipchart, a screen or a blackboard.

The process of brainstorming options is truly one of the most liberating for an organization, but it is also difficult to achieve. It requires professionalism and a maturity that is difficult to achieve in many organizations. The element of non-criticism of ideas implies a breaking-

down of hierarchical barriers that many organizations find difficult to realize. (See Chapter 5.) The suspension of the tendency to find "the" answer to a problem runs counter to the culture of many organizations that are focused on quick and immediate results. The race to "the" correct result that many organizations are used to often precludes creative out-of-the-box solutions that might seem strange at first, but which may actually be modified into something workable with the benefit of the input of others in the group. Finally, the idea of searching for *mutual* gains is counterintuitive to many people, unless the organization has done a lot of work to align workers and managers with a common vision and objectives. (See, e.g., Chapter 8.)

If an organization can incorporate brainstorming into its usual work processes, the benefits can be enormous in terms of obtaining the benefit of the input of each and every worker. In this way ideas can be adopted that otherwise would never be possible in the context of hierarchical, top-down decision-making.

4. Component No. 4: Evaluate Options According to Objective Criteria

Once the options have been "brainstormed," the group is now ready to evaluate them and adopt them according to objective criteria. This is critically important to the IBN process and to collaborative and efficient workplace processes in general. In the absence of objective criteria, options may be adopted based on power or simple persuasion, both of which are likely not conducive to satisfying the parties' interests. At a minimum, the group risks adopting an inefficient or unfeasible solution that can do more harm than good.

A group develops objective criteria through the use of the brainstorming technique described above. Common examples of objective criteria are:

- Equity
- Efficiency
- Cost
- Feasibility
- Applicable Law
- Productivity
- Consistency with Organizational Culture
- Politically Sellable

Taking into account objective criteria keeps the IBN process on track when, at the point of actually deciding on a concrete course of action, all of the benefits of the parties' prior good work are at risk of being subverted by power imbalances or other forces that are not geared toward satisfying their interests.

5. Component No. 5: Decide on Plan of Implementation

Finally, in order to move forward in adopting the options, a group should think about how they will be implemented. This is not to say that the group has to engage in a detailed discussion of every step required in implementation. Rather it is to ensure the integrity of the IBN process by making sure that there are individuals or groups empowered to implement the options adopted by a certain milestone dates. If the parties do not take this step, they risk compromising the IBN process and the numerous benefits that they stand to enjoy from it.

C. How Have Winning Organizations Incorporated Interest Based Negotiations and Principles Into Their Work Processes?

While several of the organizations in the case studies formally incorporated IBN training into their LMG initiatives, it is likely that others informally

applied IBN's principles through their encouragement of information sharing and frank, open dialogue among workers and managers. We will consider both cases in turn.

1. Initiatives That Formally Incorporated IBN and IBN Training

Ottawa Transpo in Canada, faced with years of bitter and damaging labor relations, formally incorporated IBN into its program of joint labor-management initiatives. For Ottawa Transpo, the challenge of negotiating the 1999 collective bargaining agreement using IBN marked the true test of whether the various joint labor-management initiatives that it had implemented during the late 1990s had been successful. The Canadian FMCS conducted a joint IBN Skills Workshop for the parties an hour away from its headquarters, requiring participants to stay there for three days. General staff stayed for two days, and the IBN negotiating committees from labor and management stayed an extra day to complete a comprehensive collective bargaining simulation. According to the trainers:

> The training was extremely successful and had a huge impact on the relationship. Senior managers, bus drivers, supervisors, and mechanics all shared the same training, food, and accommodations and socialized together in the evenings. Managers and line employees were able to share and discuss their visions for the future of the company and many were surprised to learn that they were not dissimilar.[89]

Even though the pace of IBN at first seemed slower than in traditional negotiations – mainly because the information-sharing and the joint development of options to satisfy mutual interests takes time – in the end the IBN negotiations took less than half the time that traditional negotiations had taken in the past at Ottawa Transpo.[90]

---

[89]   Ottawa Transpo, at p. 7.
[90]   Id.

In the United States, **Miller Dwan Medical Center** has made significant improvements upon years of contentious labor relations through the use of IBN. One by one, the facilitator from the U.S. Federal Mediation & Conciliation Service conducted IBN training for union and management bargaining committees for four different collective bargaining agreements with four different unions. In each case the parties, with much hard work and great effort toward attitudinal change, overcame years of acrimonious relations and set the course for the future using IBN. Commenting on the fourth and final contract, the mediator writes:

> Finally, it was time for the real test of Interest Based Bargaining. Was it possible to use such a process when the chief spokespersons for MDMC and the United Food & Commercial Workers (UFCW) local union had such a contentious history with each other that involved deep-seeded personality conflict? Since the FMCS mediators who did the [IBN] training were well aware of the history of the relationship between MDMC and UFCW, the training was geared towards listening, understanding and team building. At the outset, ground rules were created based on [IBN], and they prepared a plan for how the parties would move to traditional bargaining if the [IBN] approach did not succeed. In addition, the Federal Mediator who facilitated the bargaining obtained an agreement from the parties to follow the process and not take short cuts. Not only did the parties arrive at an agreement based on consensus, but they dramatically improved their relationship. As they began to resolve issues through the [IBN] process, their trust increased and their relationship with each other greatly improved . . . [The IBN process allowed] two parties who were blindsided by previous history and personality conflict among party members to re-focus their interests back towards their respective goals and the needs of their members, a process that resulted in a successful, voluntary agreement.[91]

---

[91]   Miller Dwan, at pp. 8-9.

Also in the United States, labor and management representatives from the **Philadelphia Zoo** used the IBN process to articulate common goals and successfully reach a collective agreement despite not only years of difficult labor relations, but also numerous recent changes in the respective negotiating teams.[92] As was the case with Ottawa Transpo and Miller Dwan Medical Center, the mediator prepared the parties by training them in IBN techniques prior to the negotiations.

Finally, in Canada the Quebec Ministry of Labor has developed a capacity to train parties in IBN as a means of supporting the recent emphasis on long-term collective agreements. With training in IBN from the Quebec Ministry of Labor, **Nortel Networks** was able to reach a multi-faceted 10-year labor agreement with its union,[93] and **Alcan** used the same process to reach an 18-year framework agreement and five-year collective contract with its unions.[94]

2. Initiatives That Informally Incorporated Principles of IBN Into Labor Relations

Aside from the more formal IBN initiatives described above, all of which took place in North America, there are several excellent examples from elsewhere in the APEC region that utilized IBN principles even though they were not conceived of as part of the formal IBN process. For example, the numerous new channels of communication at Singapore's **Matsushita Refrigeration Industries**[95] are entirely consistent with the principle of information sharing that is included in the IBN rubric. Similarly, in Korea's **Hankuk Electric Glass Company**, the *Open Communication Room*

---

[92]   Philadelphia Zoo, at pp. 6-7.
[93]   Quebec Labor Relations, at pp. 23-26.
[94]   Id., at pp. 14-17.
[95]   Matsushita, at pp. 4-5.

instituted by the company went a long way to forging a common vision for the union and the management based on their common interests, as did the institution of joint and quarterly meetings. [96]

Thailand's **Thai Honda Manufacturing, Inc.** also has instituted *One Floor Management* to lower the formal barriers between labor and management, and has established several joint Labor-Management Committees to share information and jointly solve problems as they arise.[97] Finally, the Labor-Management cooperation program of Mexico's **Grupo Resistol** emphasizes the exchange of information and joint development of objective criteria with a view to providing for mutual benefits.[98]

While none of the initiatives in this second category embodies the IBN process in its entirety, it is not important that they do so. The value of IBN lies not in the formality of its process, but rather in the general applicability of its underlying principles to foster better relations in a wide variety of contexts. In fact, it is the adaptation of those principles to the different economic, social and cultural contexts that provides the most fertile ground for the innovations that this Tool Kit is attempting to foster.

---

[96]   Hankuk Electric Glass, at p. 3.
[97]   Thai Honda, at p. 3.

BEST PRACTICE NUMBER 7

GET HELP FROM A THIRD PARTY NEUTRAL[99]

As we have seen, good labor-management relations are often not possible based on intuition alone. They require effort, discipline, objectivity and a long-term view that is difficult to achieve given the many divergent interests between labor and management. In a great majority of cases, it is helpful to have an outside third-party to initially bring the parties together, teach them the skills and processes that have worked to improve relations in other contexts, and then keep the process on track.

In the case studies, we see the use of third-party neutrals in several places. Where the case studies focus on economy-wide initiatives, we see the increasing use of government agencies to provide mediation and conciliation services. (Please see the case studies from **Canada**, **Indonesia**, **New Zealand**, **Philippines** and the **United States**.) These governments have realized the tremendous economic, political and social benefits to improved labor relations and the excellent return that mediation and conciliation services provide for the public's investment.

A. What Services Do Third Party Neutrals Provide?

Above and beyond the specific services she provides, a third-party neutral must serve as the visible advocate for labor-management cooperation in an organization. She must be its principal cheerleader and facilitator. She must "sell" the process to both sides, emphasizing the benefits for each.

---

[98] Grupo Resistol, at p. 2; Grupo Resistol PowerPoint Slides at at http://www.gnzlz.com/case_studies_in_bp.htm.
[99] By David Thaler.

She must have relentless energy, gaining a multi-faceted understanding not only of all the issues affecting the relationship, but a sense of the history behind them as well. She must display leadership and at the same time empower new leaders to take her place, and make the cooperative programs she is launching eventually become self-sufficient. She must stay abreast of developments internal and external to the organization, and keep track of them in case they threaten the relationship that she has worked so hard to engender among the parties.

Above and beyond serving as the moral and spiritual force in favor of LMG cooperation in an organization, third-party neutrals perform concrete functions that we will detail in the three sections to follow.

1. Facilitator of Communications

Simply put, parties with divergent interests find it easier to engage in problem solving with the assistance of a third-party. This is not surprising. Third parties, among other things:

(1)   offer important logistical support by scheduling discussions and providing appropriate locations for them;

(2)   ensure that all parties have a chance to be heard and that one side is not silenced by differences in power, position, or persuasive ability;

(3)   establish ground rules to keep discussions civil and focused on the problem at hand;

(4)   assist the parties to express their interests, exchange information, jointly problem solve, and set up mechanisms for the timely implementation of agreements; and

(5)   incorporate discussions at the table into written and signed documents.

While the above functions are among the most basic performed by third-party neutrals, it is important to emphasize that third-party assistance comes in a wide variety of forms ranging from most facilitative/least adjudicative to least facilitative/most adjudicative. Since the field of Alternative Dispute Resolution (ADR) is still evolving, the processes described below sometimes come with different names, or processes with the same name have different descriptions in different contexts. Therefore it is not important to match the correct name with the correct ADR process, but it *is* important to have an intuitive grasp of the range of ADR services from most facilitative/least adjudicative to least facilitative/most adjudicative. With that in mind, the following is a sample of ADR services performed by third-party neutrals:

(1)   Facilitation: In facilitation, the third-party neutral simply provides logistical support, helps parties "break the ice" to get down to substantive discussions, stay on track, and record the discussions. Facilitation is generally performed in groups greater than six people, so the techniques of a facilitator apply mainly to large-group dynamics.

(2)   Mediation:[100] In contrast to a facilitator, a mediator takes her intervention one step further and actively works with the parties to jointly problem solve and reach a concrete agreement. This active intervention is harder to sustain as the number of people at the table rises.   With higher numbers of people, a mediator may have to employ the techniques of a facilitator, or break the group up into smaller committees in order to work at the level of detail required.

---

[100]   In some economies, the terms "mediator" and "conciliator" are used interchangeably, while in other economies the two terms take on different meanings. This Tool Kit will treat the terms as synonymous.

(3) Early Neutral Evaluation: An Early Neutral Evaluator is a facilitator who is also an expert in the subject matter at hand. The Evaluator gives his opinion as to which party is more likely to legally prevail on the issues in dispute, and uses this information as pressure points to encourage parties to reach an agreement using mediation techniques.

(4) Non-binding Arbitration: In a non-binding arbitration, the arbitrator listens to the legal arguments of both sides, examines evidence, and then renders an opinion that the parties are not obligated to follow, but which they can use in negotiations.

(5) Binding Arbitration: In binding arbitration, the parties present their case to a subject matter expert who renders an opinion that the parties contractually agree to abide by. An arbitrator's opinion is enforceable in a court of law except in the rare circumstance in which an arbitrator has somehow violated the law, abused her discretion, or acted arbitrarily or capriciously.

(6) Mediation/Arbitration ("Med-Arb"): The parties present their case to a mediator, who works with them to reach an agreement using mediation techniques. If no agreement is reached, then the mediator renders a non-binding or binding opinion. The advantage of med-arb is that the parties must be as forthright as possible, and not hold any arguments or evidence "in their pocket" because at the same time the are working with the mediator to reach an agreement, they are also trying to influence the outcome of an arbitration.

2. Trainer in Cooperative Labor-Management Techniques

As several case studies demonstrate, one of the most important services that a modern third-party neutral performs is to train parties in cooperative labor-management techniques and related negotiation skills.

Under the rubric of cooperative labor-management techniques, we include methods to help organizations develop workers that have a greater

personal stake in the quality, productivity and efficiency of their work. This is the "owner's mentality" that we have alluded to in several places in this Tool Kit. While at first blush this may seem to be a one-sided management initiative, upon closer examination we see that it involves empowering workers way beyond what many organizations are comfortable with. In order to get to the point where much of an organization's workforce has an owner's mentality, workers need to be trusted with the freedom to create, a mechanism to incorporate their input, and appropriate incentives for going beyond what is called for in their job description. As was discussed in the introduction, it is this type of empowerment that stands to provide the most humanizing force for working life in the global workplace.[101]

For example, as we saw in Chapter 4, third-party neutrals have helped many organizations to establish mechanisms for empowering workers by devolving decision-making power to the lowest levels of an organization. This is counter-intuitive to many organizations. A third-party neutral can

> **A third-party neutral can be immensely helpful in assisting an organization to achieve the necessary paradigm-shift to empower its workers and thereby reap the great benefits of doing so.**

be immensely helpful in assisting the organization to achieve the necessary paradigm-shift required for it to trust its workers enough to empower them in this way and thereby reap the great benefits of doing so. Part and parcel of this paradigm-shift is training in methods of non-threatening communication, Interest Based Negotiations, and policy and process changes that an organization can make to lower the barriers to productive interchange between workers and managers.[102]

---

[101]   See the Introduction, at Section III.
[102]   See, e.g., Miller Dwan, at pp. 7-9; Harley Davidson Case Study, http://www.capi.uvic.ca/publications.html, at *passim*.

Even for organizations that are not quite ready to devolve too much decision-making authority to their front-line workers, third-party neutrals perform important training to improve the labor relations climate. For example, third-party neutrals train labor and management representatives in the legal and institutional framework of their relationship – i.e., the applicable labor law, the institutions responsible for enforcing and resolving disputes under it, and some of their most important rights under it.[103] Such training gives parties a road map upon which to base a more formal, objective and respectful relationship. Third-party neutrals also train labor and management representatives in techniques for improving cooperation and communication within that framework.[104]

Third-party neutrals also help organizations align the goals and objectives of workers and managers alike, and engage in strategic planning based on their common goals and objectives. While there is no doubt that their interests diverge in many cases, their interests also converge in many cases. Third-party neutrals can use their dispute resolution skills to foster the type of interest-based discussions that are conducive to alignment of goals and of strategic planning.[105]

In the next sub-section, we will see that third-party neutrals also provide consulting and technical assistance to labor and management in order to institutionalize mechanisms to carry out their strategic planning and resolve disputes on an ongoing basis. And once those mechanisms are in place, they provide ongoing training in methods to make them more effective. For example, in the **Atlantic Baking Group** case study,

---

[103]   Quebec Labor Relations, at pp. 12-14.
[104]   See, e.g., Atlantic Baking Group, at pp. 9-10.
[105]   Philadelphia Zoo, at pp. 4-7.

Commissioner Robert Ditillo conducted a diagnostic assessment with the Atlantic Baking Group's LMC to help its members determine the areas of group dynamics and interpersonal communications that they needed to work on in order to make their LMC more successful. Following the assessment, Commissioner Ditillo conducted a two-day workshop on the following modules:

1. Effective Planning
2. Effective Meetings
3. Group Problem Solving
4. Consensus Decision Making
5. Effective Communications
6. Understanding Self and Others
7. Interpersonal Skills
8. Group Dynamics & Shared Leadership[106]

Finally, and most importantly related to their third-party mediation work, third-party neutrals often provide training in negotiation techniques that are more likely to produce an agreement: namely IBN techniques. A common practice is to provide joint training to negotiating committees from both sides just prior to negotiations.[107] This provides an important bonding experience between the parties, which sets a positive tone for negotiations. It also makes it more likely that the parties will still have a grasp of the interest-based techniques and a conciliatory attitude when they sit down at the bargaining table.

3. Consulting and Technical Assistance to Establish Permanent Mechanisms for Labor Dispute Resolution

---

[106] Atlantic Baking Group, at p. 9.
[107] See, e.g., Miller Dwan, at pp. 7-9; Ottawa Transpo, at pp. 4, 7-8; Philadelphia Zoo, at p. 7; Quebec Labor Relations, at p. 16.

In addition to just training labor and management representatives, more and more third-party neutrals are working with organizations in a consulting capacity to institutionalize the cooperative processes that they either establish through negotiations or incorporate into their joint Labor-Management training. We have already discussed various joint committees and mechanisms for information sharing and feedback that have been made permanent by the organization. Third-party neutrals work with parties to set up such mechanisms, training them in how to start and maintain them. In many cases they actually facilitate the first few meetings, modeling good behavior and techniques as well as making sure that the relationship does not fall apart before it has a few successes under its belt.[108]

In other cases, the Third Party Neutral serves as a consultant to help set up an informal dispute resolution system within the organization. In these cases, he helps the organization set up intake procedures, criteria for when conciliation is appropriate, ethical guidelines for both conciliators and parties, and appeals procedure, and a procedure for processing complaints about conciliator misconduct. In addition, the Third Party Neutral will advise the organization on how to best internally promote the program so that all workers and managers understand what it entails, trust it, and feel comfortable using it.

In some cases, an organization's cooperative initiative is too ambitious to be dealt with by just a committee, and a more extensive "partnership" is established. A partnership involves an agreement between the highest union officials and the highest levels of management in an organization to

---

[108]   See, e.g., Miller Dwan, at p. 9; Quebec Labor Relations, at p. 17.

change the organizational culture for their mutual benefit. It involves periodic high-level meetings, several ongoing smaller committees, as well as mechanisms for evaluation and feedback on the success of the initiative. These types of initiatives require a high level of intervention on the part of the third-party neutral.[109]

On the sectoral level, organizations such as the **Canadian Steel Trade & Employment Congress** and the **Garment Industry Development Corporation** promote cooperation between labor and management to promote common interests such as demand-driven training, worker readjustment, health and safety, and the economic well being of the sector.[110] These organizations, which in effect are the third-party neutrals, play a vital role in facilitating dialogue so that the parties can advance their common interests.

Finally, on the economy-wide level, organizations such as the Philippine National Mediation & Conciliation Board,[111] the Korean National Labor Relations Commission,[112] the Federal Mediation and Conciliation Services of both Canada[113] and the U.S.,[114] and the New Zealand Mediation Service,[115] serve their constituents generally free of charge. While all of them provide dispute resolution services of the kind described in Section (A)(1), above,

---

[109]   See, e.g., the Kaiser-Permanente Labor-Management Partnership, highlighted at the June 1999 APEC Victoria Colloquium on Successful Human Resources Practices in the Workplace: Contributions from Labor, Management and Government, at http://www.capi.uvic.ca/publications.html, at p.4; See also Matsushita, *passim* and Thai Honda, *passim* (Numerous committees, policies and structures Developed based on underlying principles of labor-management cooperation.)

[110]   Canadian Steel Case Study, *passim;* See also, Garment Industry Development Corporation Case Study, at http://www.capi.uvic.ca/publications.html.

[111]   See the NCMB Case Study.

[112]   See the Korean NLRC Website at http://nlrc.molab.go.kr/nirc/main.htm

[113]   See the FMCS Canada Website at http://labou-travail.hrdc-drhc.gc.ca/sfmc_fmcs/message/index.cfm/doc/english

[114]   See the U.S. FMCS Website at www.fmcs.gov

[115]   See the New Zealand Case Study, at pp. 6-8.

they also provide training and institutional consulting services to varying degrees. In recent years, there has been an increased emphasis on training programs, not just to resolve but also to prevent labor-management conflict and to institutionalize those preventive mechanisms.[116]

While, clearly, there are numerous benefits of calling upon the assistance of a third-party to improve the labor relations climate within an organization, it should be emphasized that without a willingness to collaborate on the part of labor and management, even the most skilled mediator will not be able to create peace. Thus, in the end it is not a matter of technique or strategy to create labor peace, rather it is a matter of the willingness of both sides to collaborate for mutual benefit. If organizations can call upon third parties for assistance in channeling their preexisting willingness into concrete actions, they will have utilized one of the most valuable Tools in this Tool Kit.

---

[116]   See, e.g., Atlantic Baking, at pp. 9-10; Lapanday, at p. 4; Ottawa Transpo, at p. 4;

BEST PRACTICE NUMBER 8

GO OFFSITE TO TRAIN AND RETOOL[117]

Offsite Training Enhances Effectiveness

LMG cooperation is best built on a foundation of understanding and trust. Training is a good place to build that foundation. Offsite training, in a neutral environment, creates an opportunity for people to participate and learn new skills without the distractions or psychological "baggage" that often interfere when the training is held at the work location. No telephones intrude. Interruptions can be controlled and minimized. Away from the office, participants can dress informally, shedding some of the inhibitions or status distinctions that may get in the way of open communication, fostering a more relaxed atmosphere. There is a greater sense of "we are all in this together," if they take meals and breaks together, rather than hurrying off to the office or shop floor to check on things. Several of the APEC members spoke of training, and particularly offsite training, as one of the keys to successful change.

For example, **Ottawa Transpo** transformed a historically bitter labor-management relationship by organizing joint labor-management training in principles of in *Interest Based Negotiations (IBN)* at a remote location. The training was conducted by the *Canadian Federal Mediation and Conciliation Service*. In addition, Ottawa Transpo organized joint trips to organizations that had successfully navigated several of the challenges that it currently faced in order to observe successful practices.[118]

Philadelphia Zoo, at pp. 4-6.
[117]   By David Glines, with the assistance of David Thaler.
[118]   Ottawa Transpo, at pp. 6-9.

As was mentioned in Chapter 1, **The Philadelphia Zoo** laid the groundwork for a change in a difficult labor-management relationship through a retreat at which it had the *U.S. Federal Mediation & Conciliation Service* conduct a *Relationship-by-Objectives* program. (Please see the discussion later in this Chapter.) **Miller Dwan Medical Center**, while it did not conducted training offsite, was able to change a contentious history between the hospital and its four unions, in one case involving a deep-seated personality conflict, through training in *IBN*.[119] The **Atlantic Baking Company**, **Alcan**, and **Nortel Networks** also were able to promote agreement and improve their relationship with the help of training from their respective mediation services and other stakeholders.

This Chapter of the Tool Kit highlights the most important elements of successful training. Adult learning principles, ground rules and a few examples of training designs are featured along with the importance of needs assessment before the training

Adult Learning Principles*

It's a myth that learning capacity dwindles as a person ages. Adults learn in ways that are different from the ways that children learn, primarily because adults have more experience to "filter" new information. The "learning filter" of experience is like a double-edged sword with both positive and negative aspects because you may be able to frame new information with old experiences, but experience may also interfere with new information being assimilated. That is why is it important to follow these principles in training.

---

[119]   Miller Dwan, at pp. 8-11.

1. **Adults must want to learn**. If there are likely to be barriers to motivation, the trainer is wise to remove them. For instance, if trainees do not understand the purpose and need for training, they may not be as open to the new skills and information. Establish a friendly, open atmosphere that is conducive to learning. Motivation to learn can be increased if the learning is problem-centered or if it appeals to personal gain or growth. When the conditions are right, adults seek and demand learning experiences.

2. **Practical applications are important.** Adults may not be as accepting of new information as children so theories must be supported with examples. Asking participants how they can or will apply the information may also lead to new applications as they build on each others' ideas.

3. **Adults learn by doing.** They will be looking for practical applications and the trainer can coach them better if s/he can see how they expect to apply the knowledge and skills. Retention will be directly affected by how well participants initially learn the material and the degree of usage of the information.

4. **Realistic problems are a great starting point**. The **Hankuk Electric Glass Company** case presents a good example. In that context, the need for new behaviors was a matter of survival within the context of their financial situation. While it is not always possible or necessarily desirable to provide that level of realism, it is usually possible to tailor learning experiences so they are similar to real-life.

5. **Past experience affects adult learning**. In the context of labor relations, this may mean that training in the same room where there were heated negotiations may stir strong emotions. That is one reason why it is suggested to train off-site when that is practical. The trainer may want to surface past experience, including the emotional component, so the trainees have an opportunity to distinguish between past experience and the present situation and the new information and skills.

6. **Varied methods work best**. While people may tend to favor one learning style or another, we all learn through a combination of visual, auditory and kinesthetic means. By varying the methods, all of the styles can be accommodated. Demonstrate the concepts you are teaching during the training.

7. **Adults want guidance, not grades.** Competition distracts from the learning objectives in most cases. While most schools tend to separate learners by grades, the purpose of adult learning is to keep the group together and advance them as a whole. The degree of difficulty should be set high enough to challenge participants, but not at a level so high that they become frustrated by information overload. When "debriefing" exercises, focus on what was done right. Rather than asking what went wrong, ask what might have been done differently and why.

*Adapted from Delian Corporation's "Eight Principles of Adult Learning" and from the US FMCS guidelines for adult learning.

Ground rules

Effective groups go through predictable stages of growth. Every group will have its own personality, but there are a few principles that most experts agree will help the group to maximize its potential. In the beginning of a group's life, goals and roles are most important. As the group matures, a code of conduct, or ground rules is very useful. As members vie for control and influence, it is helpful to have a mechanism such as ground rules to prevent unnecessary conflict and help the group stay on track. Explicit ground rules, created by the members, can be used to change destructive norms and clarify expectations for all members. Some ground rules that have been used by APEC members:

1. *The program belongs to you, and its success rests with you.*
2. *Enter into the discussion enthusiastically.*
3. *Give freely of your experience, but don't dominate the discussion.*
4. *Confine your discussion to the problem, its causes and effects.*
5. *Say what you think.*
6. *Only one person should talk at a time. Avoid private conversations while someone else is speaking.*
7. *Listen alertly to the discussion.*
8. *Be patient with other members.*
9. *Appreciate the other person's point of view. Check your understanding of the other's viewpoint by paraphrasing what you hear, and ask them if that is accurate.*
10. *Be prompt and regular in attendance.*

11. *Do not use any statement or action during the training as an action for a grievance or any other work action.*

If the group takes time and energy to assess its process periodically, ground rules take on a life of their own, encouraging productive behaviors in all sorts of group work beyond the context of training.

Training and Topics to Consider

Topics for training that were useful to some organizations in the case studies included:

- Company strategy and finances
- Customer needs
- Interest-Based Bargaining
- Brainstorming
- Consensus decision making
- Listening skills
- Problem solving skills
- Facilitation
- Group dynamics and shared leadership
- Evaluating decisions
- Changing role of supervisors
- Stewardship skills
- Data analysis
- Presentation skills
- Relationships by Objective
- Computer skills
- Gender and other diversity related topics
- Effective planning
- Effective meetings

While this is not a fully comprehensive list, it provides a decent range of the skills and topic areas that may improve the quality of cooperation. More in-depth treatment of some of these training topics is available from the United States Federal Mediation and Conciliation Service.

Effective training design takes into account adult learning principles as well as a range of learning styles. Some people learn by best with visual

representations to support the material, others rely on hearing the information, or reading. Most of us need the opportunity to process new information and try out new skills. The best training design will combine visual aides, some lecture, and multiple activities with discussion to meet the range of visual, auditory and kinesthetic learning styles.

One of the training programs mentioned by APEC members was RBO, or Relationship by Objectives. The design for that program is presented here, purely for illustrative purposes so the reader may see how a well-designed training program is laid out.

Sample Training Program: Relationship by Objectives (RBO)

I. Prerequisites for the program:

Prerequisites include a formal agreement by participants to:

- Abide by the ground rules of the program.
- Participate in all aspects of the program.
- Share costs of the program (optional).
- Not to use any statement or action during the program as an action for a grievance or any other work action.
- Follow through on the developed action plans.
- Participate in an RBO follow-up session.

NOTE: The program should <u>not</u> be conducted if the parties are less than one year away from contract negotiations. The program has the most impact when conducted following a contentious round of negotiations.

II. RBO Program Agenda

The RBO Facilitator Handbook is intended to be used as a template in designing the program. The third-party neutral should establish the agenda, which normally spans two and half or three days. The sections

will be lengthy. Timing will depend on the complexity of concerns that are raised by the parties, the severity of labor-management problems, and the skill levels of the participants.

Although the agenda will vary somewhat to meet the needs of trainees, a typical agenda for RBO looks like this:

- Overview of the agenda
- Purpose of the program
- Purpose and role of the facilitator/mediator
- Introductions/icebreaker
- Ground rules
- The RBO process and expectations
- Identifying viewpoints, concerns and conflict
- Skills building
- Transforming viewpoints and concerns into actions
- Developing an action plan
- Planning next steps (and checking progress)

III. Facilitator Handbook Structure

The *Relationship-by-Objectives Facilitator Handbook* is designed specifically to enable the facilitator to guide participants through the process of relationship building. The handbook is composed of two volumes:

- **Volume One** contains information to assist the facilitator to develop sessions that cover the basic principles and procedures of Relationship-by-Objectives. This information begins with a brief module overview, instructor notes, and a list of module sections. Each section is a complete lesson plan with learning objectives, speaking points, proposed activities, and list of materials required.

- **Volume Two** contains blackline templates for transparencies and handouts that correspond to the sections in each module. All transparencies and handouts are numbered for easy linking with the instructional material in Volume One.

The trainer can create a participant handbook by providing to the participants copies of the agenda, transparencies, and handouts. A sample cover for the Participant Handbook is included in Volume Two of the Instructor Handbook.

IV. Organization of Modules in the Facilitator Handbook

The program is divided into modules that are intended to lead the group through the processes of:

- identifying problems,
- outlining possible solutions, and
- action planning

in order to improve the labor-management relationship. Each module begins with a title page, which includes an **Overview** (A summary of the content of the module and a listing of sections within the module), **Facilitator's Notes** (A basic summary of items that the facilitator should be aware in presenting the module) and **Key Concepts and Terms** (A listing of concepts and terms that are covered in the module)

Each module contains *sections* that concentrate on a specific aspect of the process. The sections provide the general content, suggested presentations, recommended activities, and titles of pertinent videos and other resources. In terms of the handbook, each section has the following guides for the facilitator:

- **Purpose:** A statement of the overall goal of the section.

- **Objectives:** Statements of individual aspects that the participant should learn from the program.

- **Materials/Equipment Needed:** A list of audio-visual equipment, activities, and materials needed to conduct the sections.

- **Facilitator Notes:** A statement of considerations relating to the content, facilitation of activities, or other issues that should be addressed when presenting the section.

- **Set-Up:** Presented in a script or bulleted format, this segment presents introductory comments to set the stage for the section; establishes concepts, premises, and terms relevant to the section; and sets the tone for the section.

- **Activity:** An exercise or discussion that is designed to convey a specific set of skills and provide participants with an opportunity to practice specific skills. The activity usually includes:

- **Activity Set-Up:** An introduction for the activity that informs participants of the purpose of the activity and sets the tone for the activity.

- **Directions:** A set of instructions that is given to the participants, so that they understand their roles and responsibilities in executing the activity.

- **Facilitating the Activity:** A segment intended to guide the facilitator in conducting the activity so that the appropriate points or concepts are conveyed as part of the activity.

- **Processing the Activity:** A reiteration of the purpose of the activity, and an opportunity for clarifications of any aspect of the activity.

- **Wrap-Up:** Presented in a script or bulleted format, this section provides a basic recap of the purpose, objectives, and concepts presented in the section.

V. Instructional Guidelines

A third-party facilitator (neutral) with specific knowledge of the history and current state of the labor and management relationship in the organization

should facilitate the program. Neutrals should tailor the program to meet the unique circumstances of the client, based on the facilitator's knowledge of the situation, current state of labor/management relations, and a broad understanding of the union and industry. In light of the intensity and volatility of both the content and the audience, it is recommended that a team of neutrals conduct the program. The division of responsibilities for this team should be based on the strengths of individual neutrals and the unique circumstances of the situation. However, certain responsibilities should be covered:

- Logistics of the program
- Session facilitation
- Timekeeping
- Maintaining lists of concerns and objectives
- Final preparation of the Action Plan
- Computer/word-processing
- Trouble shooting

It is important to remember that the program requires substantial word-processing time and the agenda should be arranged to allow for the typing of lists generated in the activities.

VI. Optional Cost-Sharing Agreement

A cost-sharing agreement between the union and management should be developed and signed prior to the program. Parameters for determining the costs include:

- Participants paid at straight time (No overtime)
- Participants receive mileage expense
- Clerical/word-processing person available on demand during the program
- Cost of the program location
- Food/refreshments
- Lodging expense

VII. RBO Program Location

It is strongly recommended that the program occur outside the work environment, preferably in a retreat setting. At a minimum, the program environment should include:

- Large meeting room with movable furniture and enough space to conduct group exercises.
- Two breakout rooms for concurrent sessions.
- Meeting room for facilitators.
- Overhead projector and screen.
- 6 to 8 reams of paper
- Photocopier, computer (laptop), printer
- VCR and monitor.
- Flipcharts (8 pads) and 4 easels
- Masking tape and push pins
- Note pads
- Broad tip markers in red, black, blue, and green (6 of each color)
- Three-hole punch, stapler/staples, and paper clips
- Folders, pens, pencils, nametags, table tent name cards.
- Binders for final document

NOTE: Secretarial/word-processing support should be made available on demand throughout the RBO program.

VIII. Needs Assessment

Careful assessment of what is really needed will save time and energy in the long run. Questionnaires, observations and interviews are commonly used to assess training needs.

Conclusion

Training provides a channel to deliver new communication skills and new information. Participants often find training sessions to be a "safe" place to try out new behaviors. New information may be easier to digest when it is presented in a new environment, away from the office or shop floor. It may also be helpful for management and workers to share the learning environment so that each can see the other in a new light and reinforce the idea that cooperation is a journey of discovery, made easier and more effective by mutual support.

Ground rules are likely to change or enhance productive norms. These norms are likely to carry over into other group activities on the shop floor or offices. This "ripple effect" is a strong argument for the use of ground rules within the context of training and beyond.

Thorough assessment of training needs and professional design of the training will yield the best results. A well-designed training session takes into account a range of learning styles and will include a combination of lecture and activities with plenty of time for the participants to process the learnings and determine how they will apply the new information and skills. Evaluation of the training should be considered during the design phase so that improvements can be made during and after the training is implemented.

As with all aspects of LMG cooperation, off-site training is a process of continuous improvement, with both sides learning a little bit more each time from their mistakes. This brings us back to the importance of strongly committed leadership on both sides as well wise guidance from the third-party neutral. With the wisdom and optimism provided by quality

leadership, the organization can maintain the patience to reap the enormous benefits that can occur when workers and mangers have been trained to think in a new way. Once that has occurred, the sky is the limit to what they can achieve together.

BEST PRACTICE NUMBER 9

BUILD ALLIANCES WITH OTHER STAKEHOLDERS[120]

Stakeholder analysis is fundamental to any strategic planning process. Stakeholders may hold the keys to success, or they may present insurmountable barriers if they are ignored. Building alliances with stakeholders is often an important ingredient of successful LMG collaboration. In fact, even in its narrowest, most bipartite sense, including and satisfying the interests of stakeholders is the essence of labor relations.

In labor relations, a few of the obvious stakeholders are the union professionals, union members, management representatives, and

> **"The motivation behind the partnership must be the creation of a larger economic pie to benefit (all) parties."– *Matsushita Refrigeration, Singapore***

government officials. Though it may not be as obvious, other stakeholders such as the financial community, customers, trade associations, competitors or local community organizations can be involved as allies with management and labor to improve the business. At the APEC symposium, several examples emerged that illustrate the promise and pitfalls of using stakeholders as allies. This section will highlight the learnings from those examples.

At the APEC Symposium, organizations from The **Philippines**, **New Zealand**, the **United States** and **Korea** contributed case studies that illustrate the promise and a few of the potential pitfalls of building alliances beyond the scope of more traditional labor-management cooperation.

---

[120]   By David Glines, with the assistance of David Thaler.

Philippines: Alliance of Community, Police and Academics

"Plantations, like the Philippines' **Lapanday Agricultural and Development Corporation (LADC)** are communities, not just discrete, indifferent business entities. The LADC experience suggests that all stakeholders – owners, management, labor force and their families, the community, and the local government together with the police, should act as one community because their survival depends on the survival of the plantation. The "peace and order" problem at the LADC plantation-communities and the challenges posed by globalization rallied labor and management of LADC to work together in new ways that required sacrifices from both ends."[121] Survival was defined on very basic levels -- supervisors were threatened with bodily harm for disciplining workers, a manager was killed, and factors in the global business environment threatened to exterminate the firm. An alliance with the union was initially viewed as dangerous because of fears that workers were protected and supported by the communist party and urban guerrillas.[122]

Lapanday's *Labor Management Cooperation Committee* (LMCC) built important alliances. The LMCC reached out to the government, academia and to the community. Government technical assistance to the LMCC resulted in projects in the areas of healthcare, nutrition, sanitation, parenthood, cooperatives, housing, transportation, sports, values formation and income generation. A prestigious graduate school, the *Asian Institute of Management*, was invited to teach problem solving and labor-management cooperation models to union and management leaders. Plantation owners provided workers and their families with "playground, church, school, and sports facilities and support related activities because

---

[121]   Lapanday, at p. 6.
[122]   Id., at pp. 2-3.

the lives of the workers and their families revolve around the plantations."[123] Since then, negotiations for collective bargaining agreements were expedited by the LMCC and the company continues to account for 33% of the Philippines' total banana exports to Japan.[124]

Alliances in New Zealand

Collective bargaining in New Zealand recently changed from a highly centralized, national-level structure to one in which individual enterprises must bargain with employees and unions. The new framework created by the Employment Relations Act of 2000 goes beyond the good faith obligation that applies to employers and unions to include good faith obligations for all parties involved in employment relationships such as:

- Employers and other employers,
- Unions and other unions,
- Unions and members, and
- Employers and employees.

Within this changing legal framework, several initiatives were launched, including free mediation services, best practice guidance, a monitoring and evaluation program, and consultative committees to represent a range of community interests. These consultative committees, or advisory groups, are alliances that involve people from the Maori and Pacific peoples, youth groups, academia, employers and unions. According to the APEC case study, "This ensures that Government policies capture the needs and

---

[123]   Id., at p. 4.
[124]   Id., at pp. 2, 7.

issues faced by the participants in the labour market and by the wider community."[125]

Business interests in New Zealand commented, "while consultative committees have considered a wide range of issues, there are dangers in involving representatives of various community groups in such discussions. Though such people may be very well-intended, it is often the case that they have little real appreciation of the imperatives under which enterprises operate and the effects that undue legislative intervention can have on employment creation."[126] In other words, participants may need some preparation so that they can contribute effectively. Part of that preparation may take place when the allies share all of their different viewpoints to develop a common understanding of the issues they face. Part of that preparation may need to include basic business concepts, economics and group process skills.

The United States' Atlantic Baking Group: An Extraordinarily Innovative and Complex Partnership Between Labor, Management, and the Public Sector

"One entity couldn't have done it by themselves," said Robert Ditillo, a Commissioner of the US Federal Mediation and Conciliation Service (FMCS).[127] Government and non-profit agencies played active, important roles in the re-birth of the **Atlantic Baking Group**, a start-up business producing snack crackers for the highly competitive private label market in the United States and Canada. Alliances with these community stakeholders added a whole new set of powerful competencies to a

---

[125]   New Zealand Case Study, at p. 6.
[126]   Id., at p. 8.
[127]   David Glines' Interview of Commissioner Ditillo, July 2001. (Hereinafter the Glines Interviews will have the format "Glines [last name] interview, July 2001.")

traditional labor-management committee and opened the door to both public and private funding.

Jim Crawford, of the *Steel Valley Authority* (SVA), plays a unique role on the [Atlantic Baking Group](#)'s labor-management committee. Crawford is not affiliated with either management or labor, but plays the role of facilitator, guiding the group process and lending his expertise when it is needed. "We couldn't have done it without the Steel Valley Authority. Jim acted as a quarterback throughout the process and also helped us with grant applications," said Bill Cagney, business manager for one of the unions, the Operating Engineers (IUOE), at the bakery.[128] Crawford helped with the FMCS grant application that funded start-up costs for the labor-management committee. After the APEC symposium, the Bakery's LMC was successful in obtaining a Department of Labor training grant for almost a million dollars, again with Crawford's assistance in the grant-writing process.[129]

> "The SVA is a unique public authority created by union, community and religious leaders. SVA works directly with the United Steelworkers of America (USWA) and others to build support for regional investment funds through the Heartland Labor Capital Project, a broad-based, U. S.-Canada working group that supports worker-friendly investment vehicles and local development funds." *Working For America Institute, High Road Report, July 2000.*

But Crawford and the SVA are not the lone community allies on the LMC. The Bloomfield-Garfield Corporation (BGC) is another active player from the community, lending its expertise in community development and providing links to local political leaders and to sources of public financing. "It remains a team effort here," said Crawford. "Everyone has to maintain a certain level of autonomy, pursuing team goals with the team, but still

---

[128] Glines Cagney Interview, July 2001.

pursuing your own (individual) goals," he added.[130] "Those differences become a strength. The art of it is to allow each entity to stay focused on their own agendas, while at the same time keeping the big picture in mind."[131] When Nabisco began to close the bakery, it became a very public and dramatic process. Good jobs were highly valued in a region that had lost more than 100,000 jobs in the steel

"The Steel Valley Authority has a history of intervening and finding buyers willing to keep plants running, talking management into reinvesting in the plant or helping employees create an ESOP (employee stock ownership plan) to keep the company in business. The SVA has helped to protect close to 8,000 jobs in Western Pennsylvania since it started 15 years ago." *Pittsburgh Business Times, August 11, 2000.*

industry. At one point, nine different city councils and the mayor of Pittsburgh were contemplating the use of "eminent domain," a legal Tool that allows the government to take over private property in the US. Elected officials were debating the best ways to keep jobs at the bakery.[132]

For most start-up companies, the prospects of political complexities overlaying the normal problems of running a business would be daunting. In this case, because the Atlantic Baking Group had established strong alliances with the community, this potential vulnerability was turned into a strength. "The group is maintaining continuity and integration with the government/public service sector by creating ongoing roles for the SVA and BGC in the daily life of the group. This helps insure the group's discussions do not become isolated from the broader community and that trusted yet objective third parties are available to consider and help resolve internal disputes. The SVA and BGC serve the group, however, only through the continuing mutual request of management and labor that

---

129   Id.
130   Glines Crawford Interview, July 2001.
131   Id.

they do so."[133] With help from these powerful allies, the Bakery was able to convince another local non-profit to contribute $10,000,000 toward the "bricks-and-mortar" costs of the start-up. Private investors saw the tangible support from the community and agreed that the company was a good investment, adding more funding to the venture. The public sector got a relatively secure investment collateralized by the real estate, and private sector funding could be focused on running the business- the strategies needed to be successful in our highly competitive global economy.[134]

According to another union representative on the committee, Tom Christ of the Bakery, Confectionery, Tobacco Workers and Grain Millers Union, trust was the key to success. "I'm happy we all sat down and got the bakery rolling again. We still fight over things like the cost of medical benefits, but we've learned to work together, to trust. It can be hard to decide when to fight and when to cooperate, but the outcomes have been good for the communities and good for the workers."[135] The reservoir of trust may gain importance as the bakery struggles to turn a profit, continuing the delicate balance between benefits for the community, union members, and the highly competitive demands of the industry. Bill Cagney noted, "It's working much better now than at the time of the conference. Labor-Management Committee effectiveness training (provided by the Federal Mediation and Conciliation Service) is on our schedule. It's the best thing I have done in other similar situations and I am really looking forward to it. I have seen people get disenchanted and quit. It may not work the first

---

[132] Id.
[133] Atlantic Baking, at p. 6.
[134] Glines Crawford Interview, July 2001.
[135] Glines Christ Interview, July 2001.

time or the second time, but you have to keep working at it . . . And that takes trust."[136]

In a world where plant closings destroy communities, neither management nor labor may have access to all the information, or enough resources to avert catastrophe. In the Atlantic Baking Group example, government and non-profit agencies stepped in as allies, bringing new insights, additional skills and valuable resources to give new life to an old bakery.

Family Alliances in Korea

Through newsletters and meetings, the **Hankuk Electric Glass Company** reached out to the workers' families. As we have seen, its new president, Suh Doochil, implemented an "open book" management policy that extended to families. Two times a year, there were special newsletters and meetings for workers' families.[137] Better understanding of the firm's financial problems made family members more likely to support their loved ones who chose to sacrifice weekends for a year, working seven days a week. As more and more information was shared, employee attitudes changed and they were better able to improve operations and productivity.[138]

List of Possible Allies

Beginning with some of the stakeholders identified at the APEC Symposium, here is a list of potential allies who may be able to accelerate or support successful labor-management relations:

---

[136]   Glines Cagney Interview, July 2001.
[137]   Hankuk Electric Glass, at p. 3.

- Union and management officials,
- Supervisors,
- Local community organizations, e.g., churches, non-profits,
- Employees and their family members,
- Investors and financial institutions,
- National government organizations, e.g., mediation services, departments of labor,
- Local government and quasi-government agencies and their officials, e.g., city councils, police, regional development corporations,
- Educational institutions,
- Trade associations and industry councils,
- Creditors,
- Customers,
- Suppliers,
- Stockholders,
- Competitors,
- Courts of law,
- The business community,
- Political groups,
- Media.

Whether and how to build alliances with these stakeholders is a strategic decision that comes from an exploration and analysis of how they might be helpful. A general rule for deciding whether and how to involve them: i*f the stakeholder can affect your business or will affect your ability to implement strategy, find a way to include their perspective.* The examples from the APEC Symposium make it clear that early investments in alliances can pay big dividends over the long term.

---

[138]   Id.

BEST PRACTICE NUMBER 10

GROUND YOUR INITIATIVE ONLY IN THE MOST SOLID MANAGEMENT PRINCIPLES, AND "SELL" IT THAT WAY[139]

As has already been emphasized in several places, if LMG cooperation is not good for business it will not last. Very few people would quarrel with the idea that there is an inherent "good" in promoting labor peace and in making the global workplace into a more humanizing one[140] – separate and apart from any economic benefits it may bring. However, if a LMG initiative does not ultimately have a positive bottom-line impact it will likely be ignored, discarded, or the business will close because a competitor will figure out how to use all of its workers to make a better, faster, cheaper product.

For this reason it is crucial that, in launching a LMG cooperative initiative, both top management and top union officials work very hard to do two things: (1) "sell" the program both inside and outside the organization in order to emphasize that it is not just a "feel good" initiative but it is also vital to the health of the organization for very sound business reasons; and (2) above and beyond the realization that LMG cooperation is good for business, the initiative must also be enhanced by the most sound and rigorous methods for maximizing profits and growing the business in the most cost-efficient manner.

With respect to the first task of "selling" the initiative, Chapter 1 discussed how important it is for top management and union officials to visibly put all of their energy and enthusiasm in support of it. We will re-emphasize that point here, but also build upon it by adding that top management and

---

[139] By David Thaler.

union officials should also emphasize how vital the initiative is for the economic well being of the company. Workers and middle managers are more likely to go along with an initiative if they are convinced that it will help preserve their jobs or increase their salaries. This is an extension of the Interest Based Negotiation principles that were the focus of Chapter 6. And it is not enough to just convince workers and middle managers that the initiative is worthwhile: top management and union officials must also work hard to effect a *culture change* in the organization. The goal should be to create a culture based on mutual trust, free and open communication, joint problem solving, and continuous improvement. Collaboration should be second nature to everyone.

The more that collaboration becomes second nature, the easier it will be to employ sound and rigorous methods for maximizing profits and growing the business in the most cost-efficient manner in the context of the LMG initiative. A good example to follow in this regard is Mexico's **Grupo Resistol**. At Grupo Resistol, every aspect of labor and management's collaborative program is measured against strict, objective criteria, and the focus of every aspect of the labor-management cooperation is on global competitiveness. This idea is embodied in the very Vision Statement of its labor-management initiative:

> To achieve success in making the companies of GIRSA into ones that are focused on quality, productivity, profitability and competitiveness, via the involvement of all stakeholders, and taking the leadership to establish a model for the process of change, modernization and technical adjustment of Mexico's Petrochemical Industry.[141]

---

[140]   Please see the Introduction, at Section III.
[141]   Please see PowerPoint Slide 9 from the Project Symposium at http://www.gnzlz.com/case_studies_in_bp.htm

To this end, the watchword at Grupo Resistol is "measure, measure, measure." Thus, the organization has formal performance measurement systems in place for, among other things: (1) the adaptability and speed of answers to operative demands; (2) quality, as measured by defect rates; (3) organizational structure; (4) competitiveness; (5) use of technology; (6) administrative procedures; (7) training; (8) environmental practices; (9) health and safety; (10) working conditions; and (11) wages.

Over the last three years Grupo Resistol has kept enthusiasm for the initiative alive by tracking and reporting on its success. The organization understands that no less is required in the global economy, as its vision statement reads "To have only the strictly necessary and best workers, with the best quality of life for them."[142] Grupo Resistol's reward for holding its labor-management initiative to such high standards is a long series of national and international awards for innovative business practices, and even one award for best environmental practices.[143]

Indeed, Grupo Resistol is an example of an organization that has not made its labor-management initiative separate and apart from its operations, but rather part and parcel of them; in effect infusing LMG cooperation into the organization culture and practices at every level. The same can be said for **Thai Honda Manufacturing, Inc.,** which has consciously instituted a series of changes in policy and practice that has infused labor-management collaboration into every aspect of its operations, even to the point that labor and management sit across from one another in the same

---

142   Id., at PowerPoint Slide 23.
143   Id., at PowerPoint Slide 39 .

work area.[144] The company maintains high standards through periodic evaluations of its labor-management initiatives.[145]

Hankuk Electric Glass Company in Korea is an example of an organization that has had to infuse its labor-management collaborative initiative into all aspects of its operations in order to survive a profound economic crisis. According to the case study, in the wake of the crisis the company "provided information to its employees as if they were the Chief Director, vested in the company's results [so that they] would participate in thinking of ideas to overcome any obstacles." At one point the company President met with the workers three times a day. In these joint meetings the mangers and employees engaged in joint problem solving and decision making related to quality, production, wages and other industrial relations issues.[146] The case study shows the benefits that flowed from this improved communication: "upon realization of the company's operations and its value, the attitudes of employees changed and the production rate increased drastically."[147]

Undoubtedly, Hankuk Electric Glass President Suh Doochil has fulfilled both parts of the equation for managerial success with a labor-management cooperative initiative: "selling" the program both inside and outside the organization while emphasizing its urgency for the health of the organization, and also implementing the efficient and effective methods to enable the company to survive economically. Through his energy and inspiration and the excellent response from the workers and managers, Hankuk turned its fortunes around through such innovations as:

---

144   Thai Honda, at p. 4.
145   Id., at p. 8.
146   Hankuk Electric Glass, at p. 3.

- restructuring the equipment line into a "total in-line" system, so that completed products could be forwarded to the next process without waiting in storage, thereby reducing the loss time as well as the cost of processing and protective devices needed by employees on the assembly line;

- commencing production of more valuable quality by implementing a change from small/mid size TV glass to the production of mid/large size glass;

- meeting the increased demand for computer monitor glass by concentrating on its production; and

- developing new technology so that the company did not have to rely on overseas technology and could reduce the financial burden incurred from the royalty on imports.[148]

While it may seem obvious, the importance of sound management practices in the context of LMG initiatives cannot be overemphasized. As these initiatives often begin with a lot of fanfare, good will, and political correctness, in the end they are management techniques just like any other, designed to maximize the efficiency, profitability, productivity and growth of the organization. This idea can sometimes get lost in the excitement of the kick-off, or in the urgency of a crisis. Indeed, incorporating the highest standards of *traditional* management could be the most important Tool in the Tool Kit for success with the other more *cutting-edge* management initiatives.

---

[147]   Id.
[148]   Id., at pp. 4-5.

PUTTING THE BEST PRACTICES INTO ACTION

HOW TO USE THIS TOOL KIT[149]

As we have emphasized previously in this Tool Kit, when launching a LMG initiative the "Tools" described should be adapted to the particular context – i.e., cultural, social, legal, physical and economic -- in which the initiative will take place. For this reason in this Tool Kit we have avoided use of the word "replicate," as replication is inappropriate and unlikely to succeed if the context is different from where the Tool was first successfully applied -- and it always is. In addition, replication is also a limiting concept in that by its very nature it implies an uncritical subservience to something that someone else has done somewhere else.

In the same vein, limiting consideration of Best Practices to just the ten described in this Tool Kit would also chill the creativity, sensitivity and flexibility that is so critical to the success of a LMG program. We have chosen each of these ten Tools either because it is in some sense among the most fundamental or because it appeared frequently in the Best Practice case studies. In all candor, however, limiting the discussion to these ten is to some extent arbitrary. This is an important point, since LMG cooperation requires the creativity, imagination and commitment of capable individuals in order for it to even have a chance to succeed. Therefore, we do not envision that practitioners using this Tool Kit will limit themselves to the parameters of these ten Tools, but will instead use these Tools to generate their own ideas that can succeed in their own context.

---

[149]   By David Thaler.

With the above considerations in mind, it is our intent that this Tool Kit serves a useful baseline for labor relations practitioners who want to develop their own innovative LMG cooperative programs. It is thus useful to take a step back from the Tools themselves and focus conceptually and sequentially on the steps necessary for a successful LMG program that have the most applicability cross-culturally. If practitioners can successfully navigate the following steps, the chances of success are on their side.

- **<u>Step One</u> – Articulate For Yourself A Clear Vision Of Where You Want To Go And How You Plan To Get There**

- **<u>Step Two</u> – Approach The Key Players**

- **<u>Step Three</u> – Agree With The Key Players On The Structure and Process for the Initiative**

- **<u>Step Four</u> – Make Sure The Initiative Is Sustainable And Flexible**

We will elaborate on the elements of each step below.

> **STEP ONE – ARTICULATE FOR YOURSELF A CLEAR VISION OF WHERE YOU WANT TO GO AND HOW YOU PLAN TO GET THERE**

In order to inspire others to act you must have an idea of what you want them to do. This does not mean that you have to have an *exact* idea, only a roadmap. In fact, consistent with what we have said above, constraining the stakeholders by thrusting too rigid a vision on them risks chilling the initiative and creativity and enthusiasm that is indispensable to a successful LMG program. Nonetheless, it is important to engage in some

self-reflection at the outset of the initiative. In doing so, you might want to address the following questions.

Why are you promoting a LMG cooperative initiative? What problem will it address?

LMG initiatives generally arise from necessity. They almost never are the product solely of the desire for a "feel good" measure. LMG initiatives arise from threats to the stability of the organization and to job security. These threats can be the product of many different factors: e.g., sudden and intense competition (either domestic or international); changes in the regulatory or legal environment; sudden changes in consumer preferences; loss of a formerly reliable customer base; a sharp increase in the cost of inputs; or political or economic instability in the economy. In some cases, the threat to the organization arises from strife caused by poor labor relations, separate and apart from factors in the external environment.

Though it may seem an obvious point, in order to sell the initiative to the key stakeholders, it is very important to be crystal clear on why your proposed initiative is worth the considerable effort and resources it will require.

How do you plan to address this problem through LMG cooperation?

Match the method to the solution. That is, think through the nature of the problem that your initiative seeks to address and tailor your initiative so that it best addresses that problem. Causation should be clear. For

example, the organization's problem may be that its competition has designed a process to produce its goods faster and at a cheaper price. The short-term response may be a joint committee of the most insightful and creative front-line workers and managers that is charged with developing a method that matches or hopefully surpasses that of the competition. The long-term response might be to set up an ongoing consultative mechanism – e.g., in the form of a Labor-Management Committee (LMC) of the type discussed in Chapter 2 – to continuously monitor cost, quality and efficiency and ensure that the organization does not fall behind the curve again. The LMC can also be supplemented by other Tools in the Tool Kit such as **New Channels of Communication**, **Devolution of Decision-Making**, and **Interest Based Negotiations** principles. In addition, an experienced Third Party Neutral can be brought in to guide the LMC in its early phases.

The important point at this stage is to clarify for yourself how the LMG initiative that you are proposing will produce the desired result.

What are the forces in favor of and against the success of the initiative?

As was emphasized in Chapter 10, a LMG initiative cannot succeed if the proponent(s) do not sell it to the affected stakeholders at the outset. The stakeholders must "buy in" to the idea. To determine where and how to focus your energies in this regard, it is useful to conduct a "force field analysis." A force field analysis is a visual representation of the positive and negative forces at work when moving toward a goal. To reach the goal -- in this case the establishment of a LMG cooperative initiative -- the

positive forces must be strengthened and the opposing forces persuaded to buy in.

A useful visual Tool is to create a "T" table listing the positive forces (those helping to create a LMG program) on the left side of the page, and the negative forces (those opposing and potentially weakening a LMG program) on the right side of the page, as in the following example:

Positive Forces (people)	Negative Forces (people)
Union Leadership	Old Line Faction of the Union "Rank and File" Membership
Chief Executive Officer	Vice President for Human Resources
Chief Financial Officer	Middle Managers
Shareholders	Chief Engineer
Vice President for Public Relations	

It is not important that you be able to fully assess every possible supporting or opposing force. They will become apparent soon enough, but the better prepared you are, the more likely you will be able to galvanize your support base and persuade your potential opposition. Importantly, from the beginning you should also keep in mind Chapter 1's admonition to ensure the support of top-level union and management leadership, without which the initiative is almost definitely doomed to failure.

***How* will you galvanize support from those likely to be in favor of the initiative and persuade those who might be against it?**

Remember the crucial acronym, WIIFM (What's in it for me?). This is an extension of the Interest Based principles that were discussed in [Chapter 6](#). More concretely, emphasize the benefits of LMG cooperation in terms of how it will help the interests of the people you are trying to persuade to support it.

For example, consider the case of the middle managers that are afraid that their decision-making authority and control over their units will be diminished if the initiative involves devolution of decision-making. In response to their concerns, you may tell them that LMG cooperation actually tends to *increase* accountability all around. They will get more and better information about what is going on in their units, and will be able to make better decisions accordingly. The only sense in which they may lose some "control" is if front-line workers are allowed to make on-the-spot decisions concerning efficiency and quality. Remind the middle managers that devolving appropriate decision-making authority to front-line workers enhances their enthusiasm for their work because it allows them ability to "create" in accordance with their values, talents and abilities.[150] Such enthusiasm tends to inspire the maximum effort that any rational manager wants, in terms of quality, efficiency and productivity (or however the incentives are structured). If a manager would rather have control, as opposed to enthusiasm and effort that produces enhanced quality, efficiency and productivity, he or she may not be the best manager for the job.

To more concretely address the middle managers' concerns, however, it might be prudent to include a mechanism that provides for their subsequent review of front-line workers' decisions and the ability to

overturn them if they do not meet specified criteria such as increasing quality and efficiency. Another safeguard would be to carefully delineate the types of decisions that front-line workers can make according to the D1-D3 framework that was discussed in Chapter 4.

In the early planning stages of your initiative it might be useful to conduct an initial *interest analysis* for the key stakeholders. An interest analysis is your best assessment of the interest(s) that each stakeholder will be trying to protect and further as the organization decides on whether to embark on a LMG initiative. Your interest analysis might look something like this:

Stakeholder	Interest(s)[151]
Traditional segment of union "rank and file" membership	Avoid change that may require them to learn new skills in order to remain relevant to the organization; avoid elimination of jobs due changeover to quicker, more efficient or more capital intensive production methods
Vice President for Human Resources	Avoid becoming irrelevant in the wake of a breakdown of the traditional system of job classifications or through alteration of the traditional incentive structure
Middle Managers	Avoid reduction of decision-making authority and control over their units
Chief Engineer	Avoid a compromise of the integrity of the manufacturing design process that could result if too many workers can alter it; avoid loss of control

---

[150]   Please see the discussion of Abraham Maslow's hierarchy of needs in the Introduction at Section III.

Once you have identified the parties' interests, it is not too early to begin thinking how one might address those interests. However, it is critical to let the parties themselves have a major role in crafting a solution to address their interests. It is much less likely that they will buy into something that you propose, especially if they feel threatened by the LMG initiative in the first place. Nonetheless it is helpful to come to the discussion armed with some food for their thought that they can, through joint Interest Based Problem Solving, operationalize into solutions that meet their interests. This step is called a *Preliminary Analysis of Solutions.* (PAS).

Stakeholder	Interest(s)	Preliminary Solution
Traditional segment of union "rank and file" membership	Avoid change that may require them to learn new skills in order to remain relevant to the organization; Avoid elimination of jobs due changeover to quicker, more efficient or more capital intensive production methods	Ensure adequate training with sufficient time to become trained; do not penalize those who are slow to learn; reward those who learn new skills
Vice President for Human Resources	Avoid becoming irrelevant in the wake of a breakdown of the traditional system of job classifications or through alteration of the traditional incentive structure	Give the Human Resources VP a significant role in developing the structure for modifying the job classification system to accommodate the LMG initiative, if it is necessary at all; same idea for the incentive structure
Middle Managers	Avoid reduction of decision-making authority and control over their units	Increase accountability of front-line workers to middle managers; build in a review process by middle managers
Chief Engineer	Avoid a compromise of the integrity of the manufacturing	Give the Chief Engineer a prominent role in

---

[151]   The interests of the "negative" forces are listed here for illustrative purposes. It would also be prudent to list the interest of the likely supporters of the initiative in order to galvanize their support and keep them on board in case problems arise.

design process if too many workers can alter it; Avoid loss of control	determining which decisions would be appropriate for front-line workers; make front-line workers in essence "gatherers" of important data about the work process that can feed into the Chief Engineer's future decisions

Finally, as a general rule it is important to remind the various stakeholders that not all of their interests are mutually exclusive of others', that in fact there are many mutual interests that can arise from a LMG cooperative program. Looking for mutual interests is one of the most helpful habits for workers and managers to develop and can mark the development of a true cultural change in the organization. For this reason it is also helpful to list the parties' mutual interests:

MUTUAL INTERESTS

- Greater profitability
- A more pleasant work environment
- Greater job security
- A more enthusiastic and fulfilled workforce
- Clearer procedures that do not chill initiative or morale

Now that you have your game plan in mind, it is time to go out and sell the initiative.

STEP TWO – APPROACH THE KEY PLAYERS

How to get the key stakeholders' attention?

As was alluded to in Chapter 9 (Build Alliances with other Stakeholders), in a more narrow sense in Chapter 1 (Support for LMG Cooperation Must Come From the Top), and in the previous section, at the outset of a LMG initiative it is crucial to "sell" the initiative to key stakeholders. They must come to conceive of it as "their initiative."

While the last section dealt with your own internal strategizing for this process, this section deals with the actual process of mobilizing the stakeholders. As any good businessperson knows, it is hard to be a good salesperson without also being good at marketing, i.e., getting your message across. There are various ways to do this, but in all cases it is good to build *top-down* support.

By top-down support, in the context of a LMG initiative it makes sense to approach top management and union leaders (and appropriate government officials if the government is to be involved), explain to them your assessment of the problem and how the LMG initiative that you are proposing is tailored to address the problem. Emphasize the *urgency* of developing this initiative in order to address the problem. It would also be appropriate to address your preliminary assessment of interests and how some of those interests might be addressed through joint Interest Based Problem Solving.[152]

As is the case with all sales situations, your enthusiasm and your genuine belief in the value of your product are paramount. The desired goal of

---

[152] It should be noted that Interest Based Problem Solving (IBPS), while quite intuitive once it is learned, is also a highly refined skill that often must be imparted through formal IBPS training. A significant number of Third Party Neutrals are qualified IBPS trainers.

such initial consultations with top officials is to get them to agree to sit down to a meeting to organize the initiative. That meeting will be discussed in the next subsection.

Once top-down support is assured, it is also helpful to build *bottom-up* support. By generating bottom-up support, we mean informally disseminating ideas throughout the rank and file workers in the organization as well as middle managers. In this regard, if you are able to count on a cadre of confidantes and strong supporters of the LMG initiative (preferably bipartite or tripartite), it would be helpful to have them go back to their units and informally spread good publicity concerning the numerous benefits of LMG cooperation. Get the rumor mill going, but in a positive way. Have them encourage people to start thinking about how LMG collaboration can meet their interests. You will not be able to win over everybody in this way, as there are always doubters and people who thrive on conflict, but you will hopefully create enough of a consensus to get the initiative off the ground and sustain it as it develops.

A word about sequence: it is generally wiser to first approach top management and labor officials to get their buy in. If for some reason they do not buy in, and the rank and file like the idea, there is a risk of actually making labor relations worse. As with the medical profession, labor relations practitioners must remember to "first, do no harm." However, the proponent of the initiative should not put her instincts entirely to the side. In some circumstances it may be possible to use bottom up pressure to convince top management and labor officials to buy into a LMG initiative. Whether that is the case depends on the particular circumstances in an organization.

How to organize the key stakeholders once you have their attention

Now that you have the buy in of representatives of your key constituents (i.e., labor, management and government officials with authority to represent their constituents[153]), you should arrange for an initial meeting to incorporate them as partners in moving the initiative forward. As was illustrated by the cases discussed in Chapter 9, if there are other stakeholders from the community that may influence the success of the initiative, they should be included as well. It is important to "let go" to some extent at this meeting and let the group take ownership of the process. It is crucial that all key stakeholders leave the room feeling that they have been heard and that their concerns will be addressed through this process. If you are too intimately associated with the interests of one side, you might consider working with a Third Party Neutral to get the initiative off the ground.

This initial group that meets may be referred to as the *Steering Committee*.

At the first Steering Committee meeting, the parties should develop of "road map" of where they want the initiative to go. Basic elements of action planning will suffice. An effective action plan will clearly define a task to be completed by someone in the group, state "by whom" it will be completed, "by when," and may have some milestones where appropriate.

---

[153] The importance of frequent and comprehensive communications with constituents cannot be overemphasized. Many Third Party Neutrals have had the experience where management representatives agreed to something that was not approved by top management, or where union representatives agreed to something that was not ratified by the members. In both cases, the agreement was totally undermined. As with collective bargaining, there is a similar danger that improper communication can undermine the most well intentioned LMG initiatives.

The following chart shows these basic elements of an action plan and their applicability to a LMG Initiative.

TO DO	BY WHOM	BY WHEN	STATUS[154]
Finalize list of representatives on Steering Committee to develop the structure and process for the initiative	Carol	March 1	
Develop agenda for the second meeting of the Steering Committee, including possible issues for the initiative to address or resolve and possible structures and processes for it to do so	Nigel	March 15	
Hold second meeting of the Steering Committee: assign a small working group consisting of at least one person from each stakeholder to develop a formal structure and process for the initiative, consistent with the guidance provided by the Steering Committee (e.g., an LMC and devolved decision-making, supported by an offsite retreat, training in Interest Based Problem Solving, and implementation of rules to reduce status boundaries and produce other cultural changes)	Linda (Third Party Neutral)	April 1	
Small working group communicates with Constituents to obtain feedback as the initiative progresses; meets off-line as needed	Small Working Group	April 1-May 15	
Hold third meeting of the Steering Committee. Provide feedback on the work of the small working group	Linda (Third Party Neutral)	May 15	

---

[154] The status will be filled in at subsequent meetings.

|			
Communicate with constituents to obtain feedback as the initiative progresses. Stakeholders meet off-line to iron out any differences concerning the structure and process of the initiative	All parties	May 15-June 15	
At fourth meeting of Steering Committee, small working group proposes formal structure of initiative to Steering Committee	To be determined at April 1 Meeting	June 15	
Steering Committee obtains approval of initiative by constituents	All parties	July 1	
At fifth and final Steering Committee meeting, the Steering Committee designates members of permanent structure that is empowered to launch initiative		July 1	

Of course, the action plan can be modified as time goes on. For example, someone can be assigned the task of assessing the resources for the initiative at the May 15 meeting. Another person can be assigned the task of obtaining survey data to assess the receptivity of middle managers and the rank and file workers with respect to certain issues. The important point is to have a process that is open, flexible and by which everyone can feel that they have been heard. In the end the goal is the launching of the initiative itself.

STEP THREE – AGREE WITH THE KEY PLAYERS ON A STRUCTURE AND PROCESS FOR THE INITIATIVE

The above sample action plan takes us from the initial Steering Committee meeting right up to the launching of the initiative itself. In this section we

will take a step back, to the part of the action plan that involves the work of the "small working group." The small working group has the crucial task of developing the "meat and potatoes," or the substance of the initiative. This section will examine what structure and process the small working group might consider as it develops it proposed initiative, and will serve as a brief as a review of some of the Tools from the Tool Kit.

To illustrate the flexibility of LMG cooperation, we will consider it from the perspective of three different time lines: (1) *immediate problems* that are so pressing that there is no time for small working group acting pursuant to a formal action plan; (2) *ongoing issues* in the organization that can be dealt with through LMG cooperation; and (3) the desire to effect a *culture change* in the organization to enable it to mobilize labor and management over the long term. Accordingly, the Tools from the Tool Kit below can be placed on a continuum of their applicability ranging from immediate crisis to long-term culture change.

Immediate Crisis	Ongoing Issues	Long-Term Culture Change
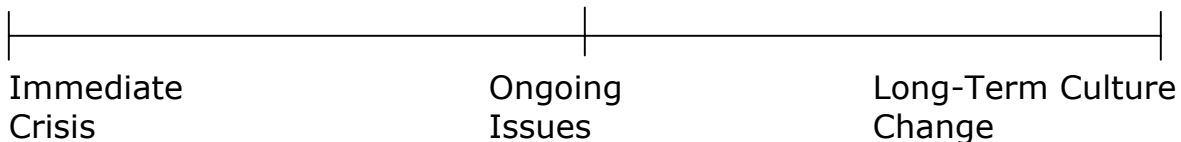
For purposes of this discussion, it is not important that we pigeonhole each Tool into one particular category. As we will see, an **LMC** can be used to address an immediate crisis but is more often used for ongoing relationship building. **IBN** or **IBPS Training** can be used to enhance parties' ability to communicate effectively or it can be used to effect a long-term culture change. The same can be said for **Going Off-Site to Retrain and Retool**. **Lowering Status Barriers**, for its part, falls squarely in the category of long-term culture change.

How to stop the bleeding: what problems are so pressing that they need to be dealt with immediately?

An organization does not always have the luxury of time required for a full-blown action plan of the nature described above. Sometimes crises arise in the form of a physical disaster, a sudden and severe economic crisis provoked by a specific event, or simply a financial crisis that has not yet been dealt with, where massive layoffs and the closure of the plant are an imminent possibility. In such cases, an organization would be wise to call in a **Third Party Neutral** and set up a *Labor-Management Committee (LMC)* to deal with the crisis.

While a LMC may not produce all the answers or have all the resources to resolve a crisis, it is a helpful Tool not only to obtain different perspectives from within the organization, but also to manage the crisis politically so that it is not made worse through internal strife. A LMC can provide a critical mechanism through which workers may be heard and management may clear up any misunderstandings in the wake of a crisis. And once a crisis has hopefully passed, within a LMC the parties can start to develop some long term mechanisms to both prevent and weather future crises. That would bring the LMC closer to the second group of mechanisms to be described below: mechanisms to deal with ongoing issues in the organization through LMG cooperation.

Upkeep for the relationship: dealing with issues that arise on an ongoing basis

The vast majority of LMG initiatives are not to address immediately pressing crises, like those described above, or to effect a long-term culture

change throughout the entire organization, like those described below. Rather most LMG initiatives deal with ongoing issues concerning the relationship of labor and management and the impact of external factors on that relationship.

Communication is the key to successfully dealing with problems on an ongoing basis. That is why virtually all of the Tools in the Tool Kit are ways of helping the parties to improve their communication skills or their mechanisms to communicate. For this reason at the top of the list we have to put **New Channels of Communication**. In this category we can include: (1) a LMC; (2) changes in the physical infrastructure of the workplace that facilitate bipartite communication (e.g., **Thai Honda's** *One Floor Management)*; (3) training programs such as the *Relationship by Objectives* program that was conducted by the Third Party Neutral by the **Philadelphia Zoo**; (4) periodic meetings such as those used by **Hankuk Electric Glass** and **Matsushita Refrigeration Industries**; (5) broadcast messages and bulletin boards of the type used by **Thai Honda**; and (6) newsletters such as **Hankuk Electric Glass's** *Open Communication Room*.

Of course, a New Channel of Communication will be more meaningful if it is incorporated within the rubric of a broader initiative to **Make LMG Cooperation a Permanent Part of Operations** such as a formal LMC. Even though they do not contemplate the same type of relationship building that is the focus of an LMC, standing committees of the type established at **Matsushita Refrigeration Industries** and **Ottawa Transpo** also qualify as permanent mechanisms for labor-management cooperation. At the national level, entities such as the Philippines' National *Labor Management Cooperation Council* are invaluable permanent mechanisms to promote LMG communication on a broader scale.

Another mechanism to enhance parties' ability to communicate effectively on an ongoing basis is training in *Interest Based Negotiations (IBN)*, which is sometimes called *Interest Based Problem Solving (IBPS)*. Utilizing the Tools of IBN (i.e., identify issues, exchange interests, brainstorm options, evaluate options according to objective criteria, and decide on plan of implementation), **Ottawa Transpo**, **Miller Dwan Medical Center**, the **Philadelphia Zoo, Nortel Networks** and **Alcan** were able to reach agreements that better satisfied the parties' interests and improved their relationship over the long-term. They were able to overcome the tendency to state demands in terms of inflexible positions, which almost always produced stalemates or "horse trading" that left both parties unhappy in the end. By heeding the advice to **"Think In Terms of Interests, Not Positions"** the parties in these organizations were able to understand one another better and set the course for a more productive relationship in the future. Interest Based Problem Solving even set the stage for a long-term culture change of the type to be described in the next section.

Radical reconstructive surgery: effecting a culture change in the organization

Moving along the continuum, some organizations utilize *IBN* or *IBPS* training not just so the labor and management partners can better talk to one another to solve ongoing problems, but also to effect a culture change throughout the organization. Notably, **Ottawa Transpo**, **Miller Dwan Medical Center**, and the **Philadelphia Zoo** were able to effectively shift their relationship from conflict to cooperation.   Note the following passage from the **Ottawa Transpo** case study, summarizing the results of the joint IBN training:

Another valuable lesson was that respect was paramount for success. For the process to work, the input of every individual at the table must be treated as valuable and important.   The effort to understand group members' views cannot be interrupted by insults, rudeness or even negative attitudes. If a solution was abandoned, it had to be because it did not meet the criteria set by the whole group. Group members found it necessary to constantly remind themselves not to get embroiled in discussions about past history and to resist the temptation to assign blame for mistakes of the past.   The unofficial three Ps were: polite, positive and professional.[155]

The **Philadelphia Zoo** and its unions were especially committed to improving a contentious relationship in the wake of great change and challenges, so F.M.C.S. Commissioner Barbara Lichtman very purposefully utilized the Tool referred to as "**Go Off-Site to Retrain and Retool**" in Chapter 8.   As we saw in that case study, following the *Relationship-by-Objectives* retreat the parties left the meeting with an explicit commitment to treat one another with trust and respect and to make a concerted effort to build and maintain a positive and harmonious labor-management relationship.[156] This commitment signified the beginning of a culture change at the Zoo and has helped the parties to sustain their relationship throughout the many subsequent challenges they have faced.

While following the *Relationship by Objectives* program the labor and management partners at the Philadelphia Zoo were quite pleased and optimistic that the labor relations culture would change, they have found that a culture does not change overnight as a result of a program along the lines described in Chapter 8. Such programs should be thought of as a jump-start but not a magic wand that produces instantaneous change.

---

155   Ottawa Transpo, at p. 8.
156   Please see the Philadelphia Zoo's PowerPoint presentation

Instead, organizations have found that they had to effect culture change over a long period of time through a combination of training, policy changes and in the long-term a change in the work process.

An example of a series of policy changes designed to effect a culture change is at **Thai Honda Manufacturing**. As we saw in Chapter 5, Thai Honda's *One Floor Management* is a comprehensive program designed to effect culture change through a series of policy changes and changes to the physical infrastructure of the plant.   For example, all people in the factory -- workers and managers alike --wear white uniforms so it is not possible to distinguish between workers and managers simply by looking at the way they dress. In addition, everyone who works at Honda all over the world, including Thai Honda, is referred to as an "associate" whether they are an employee or a manager. According to the case study "no "employees" or "employers" exist in the Honda family. Thai Honda even incorporated the idea of equality into the physical layout of the plant. There are no private rooms or partitions. All associates can see one another. Working tables are arranged face-to-face, whether they are staff member's tables or the president's table.
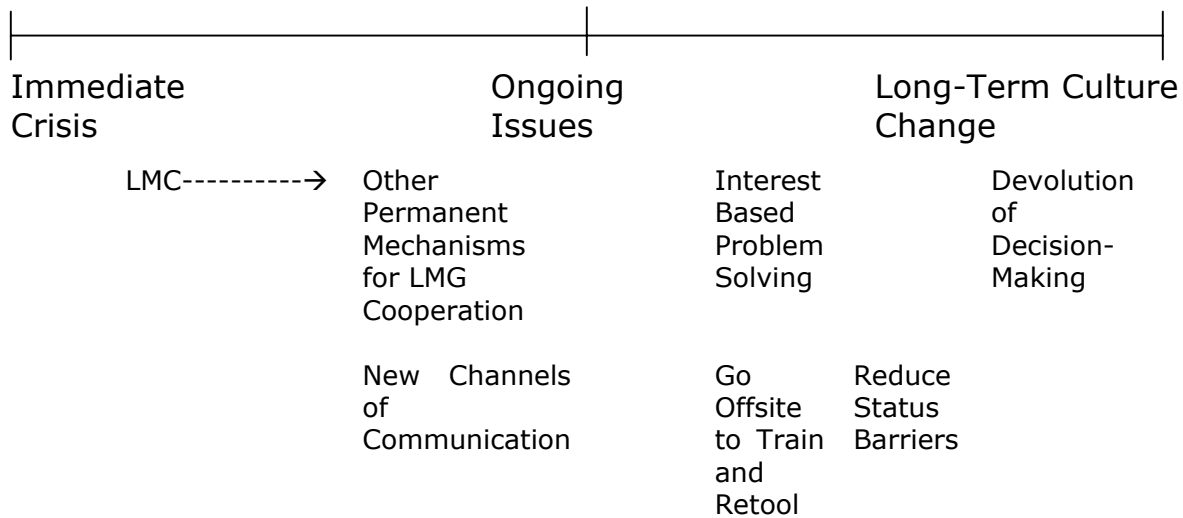
While in the Tool Kit many of the case studies involved LMG initiatives that promoted the **Lowering Of Status Barriers** as a means to the end of improved labor relations, **Thai Honda Manufacturing** was the one in which the parties most directly addressed the issue. However, several of the other Tools in the Tool Kit such as **Creating New Channels of Communication**, **Thinking In Terms of Interests, Not Positions** and **Going Offsite to Train and Retool** by their very nature assumed a Lowering Of Status Barriers. The very act of communicating more frequently and through multiple channels implies a more respectful

relationship, especially in those cases in which the parties engaged in joint problem solving techniques (IBPS). The joint training initiatives highlighted – most notably by **Alcan**, **Atlantic Baking**, **Miller Dwan Medical Center**, **Nortel Networks**, **Ottawa Transpo,** and the **Philadelphia Zoo**, and their respective unions, were squarely focused on promoting dialogue in the context of an equal relationship.

There is no greater example of a lowering of status barriers and a culture change than in organizations that have **Devolution of Decision-Making** to front-line workers. Mentioned in the Tool Kit were **Grupo Resistol**, the **Atlantic Baking Group,** the **Chilean Bipartite Committees, Kaiser Permanente** and, most notably, **Harley Davidson**. These organizations have taken the biggest "leap of faith" in delegating some authority to their workers but they have not done so without careful planning and preparation. They have also not done it simply as a morale booster. Rather these organizations decided that it was good for business to empower and incentivize people closest to the action to make decisions to improve quality, efficiency and productivity.

The above organizations, and others that have devolved decision-making authority to front-line workers, have undergone challenges in doing so and are still in the learning process. In no cases can it be said that there has been a 100% culture change. However, all have made a start and a few are well on their way. The world is watching too, as several of them including the **Atlantic Baking Group**, **Grupo Resistol**, **Harley Davidson** and **Kaiser Permanente** have won awards for their efforts and have been asked to make presentations in many venues in addition to APEC symposia.

Based on the above discussion, we can elaborate on our continuum to place some of our Tools in the following order:

Immediate Crisis	Ongoing Issues	Long-Term Culture Change
LMC----------→ Other Permanent Mechanisms for LMG Cooperation	Interest Based Problem Solving	Devolution of Decision-Making
New Channels of Communication	Go Offsite to Train and Retool	Reduce Status Barriers

Note that four of our Tools absent from the continuum. **Support for LMG Cooperation Must Come From The Top** and **Build Alliances With Other Stakeholders**, both alluded to in the discussion under Step 1, above, are Tools that are critical in launching and sustaining an initiative but are not initiatives in and of themselves. **Get Help From A Third Party Neutral,** and **Ground Your Initiative in Only The Most Solid Management Principles, And "Sell" It That Way** are critical to the ongoing management of an initiative, but also are not initiatives in and of themselves so are likewise not included on the continuum.

As was mentioned in Chapter 10, organizations should be wary of treating a LMG initiative purely as a morale booster and not a concrete program that has to be actively managed at a high level, just like any other program. Any initiative that is not both treated and presented as such will fail to convince skeptics and, more importantly, those in charge of funding it, who tend to look at concrete results. It will also fail to model the kind

of behavior that you want the partners to engage in. Needless to say, a poorly managed LMG initiative will likely meet the same fate as any other poorly managed initiative. With that in mind, let's look at some ways to manage an initiative so that it is sustainable and flexible.

<div style="border: 1px solid black; text-align: center; font-weight: bold;">

STEP FOUR – MAKE SURE THE INITIATIVE IS SUSTAINABLE AND FLEXIBLE

</div>

So far in this chapter we have discussed: (1) the importance of having a workable vision in your head of what the initiative will look like and how you will sell it; (2) the process of selling the initiative within the organization and helping the key stakeholders take ownership of it and get it off the ground; and (3) what the initiative might look like, and how you might base your choice of Tools on the need(s) you are trying to address. This fourth and final section looks at how the initiative might be best sustained once it is off the ground. It would be a big mistake not to give some thought to this at the outset.

What Could Go Wrong?

Whenever one is trying to effect change, there are bound to be pitfalls. In any organization there are vested interests opposing change. Change requires resources such as time, effort, money, know-how and political capital, just to name a few. This section will examine several potential pitfalls. Its goal is to build up your intuition about how to react to these and the numerous other things that could go wrong.

People may simply disagree, or be unable to work cooperatively. In such cases it behooves the proponent of the initiative to suggest the guidance of

a Third Party Neutral who can help the parties talk in a calmer, less personalized and more interest-based fashion. Third Party Neutrals have experience in difficult contract negotiations, where economic issues abound. Most are very well equipped to navigate the issues of a LMG initiative, drawing upon their experience from collective bargaining.

Old habits die hard. The parties are simply used to treating each other with hostility. Training is in order. The parties should be trained on the numerous benefits of working together and in the communication and conflict management skills necessary to do so. Not everybody will be able to be converted that way, but if you build enough of a majority in favor of the initiative the better chance it has of flourishing.

Workers accuse the union leadership of getting too close to management. This is a common occurrence. The way to deal with this is to stress that labor-management cooperation is in no way a substitute for collective bargaining, and their interests will be represented as vigorously in that forum as ever before. In addition, stress that, far from selling out to management, a LMG initiative is a chance to establish a regular dialogue on matters of importance, a dialogue that would not otherwise be possible.

People lose interest in the initiative. If there truly are no pressing issues between labor and management to deal with, and the company is operating at peak performance, then it's OK for people to lose interest. Remember, LMG initiatives are not just "feel good" measures.   They meet concrete needs. If there are no concrete needs you should not promote it for the sake of its self-perpetuation. However, there are likely no organizations that are in such a state of utopia. All organizations have issues. As we have repeatedly emphasized, the main point is to narrowly tailor the initiative to resolve concrete issues. If it becomes too expansive

and unwieldy, it will be criticized as wasteful of many resources. More to this point, people will lose interest in it, and rightly so. Once you are sure that a problem assists and that your initiative can remedy it, any promotional efforts that you might make have a greater chance of succeeding.

The initiative fails to produce its intended results. In this global, competitive economy, it's tough out there! There are many factors in an organization's external environment that it cannot control and that challenge it day after day. We have listed them before: e.g., sudden and intense competition (either domestic or international); changes in the regulatory or legal environment; sudden changes in consumer preferences; loss of a formerly reliable customer base; a sharp increase in the cost of inputs; or political or economic instability in the economy. And there are others. The way to deal with this complaint is not to let the LMG initiative become a proxy for the performance of management itself. Management's job is to make strategic decisions to help the organization respond to threats and take advantage of opportunities. That does not change in a LMG cooperative program, nor do external conditions. What can change, though, are the resources that the organization has to confront its challenges. LMG cooperation adds another, invaluable resource to the mix available to management: the ingenuity, know-how and support of the people who carry out the work of the organization. So an effective way to respond to this complaint is to invite the people complaining to contribute their know-how to resolve the problem, As an added bonus, it is an opportunity for these critics to have their own interests dealt with at a high level.

The well runs dry: LMG initiatives can cost a lot of money in certain circumstances – i.e., when there is training, an off-site retreat, or numerous meetings on company time. Sometimes there are full-time staff members devoted to the initiative. The way to deal with this is to make your best, most realistic cost projections and work with those funding the initiative to include them in the budget allocations. Emphasize the economic benefits to those who hold the purse strings. If possible, use statistical forecasts to project those economic benefits. To economize, use existing company resources (e.g., meeting space). If your economy offers Third Party Neutrals free of charge, take full advantage of the many services they offer. In all cases, ensure that funds for the initiative are handled with the utmost integrity, and arrange for internal accounting mechanisms to ensure such integrity and to be able to respond to any inquiries.

The "founding fathers" of the initiative leave. Even if you plan on lifetime employment with your organization, you will not be there forever. Some great initiatives have fallen apart because their main proponent has left the organization. The way to deal with this issue is to let others take ownership, get credit and become publicly associated with the initiative as early as possible. This way, there is no cult of personality that is irreplaceable. More concretely, you should start undertaking *succession planning* as early as possible in the initiative to ensure a smooth transition if key players leave.

How Will You Know Something Has Gone Wrong? Is It Too Late?

A core principle of good management is evaluation. Unless there are mechanisms in place to periodically measure the initiative's performance,

there is a real risk that problems will suddenly surprise you after it is too late to do anything about them. With that in mind, it is advisable to establish mechanisms to measure the existence of the problems discussed in the previous section.

Some of the potential problems are attitudinal – i.e., workers believe that the union leadership of getting too close to management, people blame the initiative for things it cannot control, people have not changed and made their attitudes more collaborative, people lose interest. In those cases measuring changes in these attitudes is a matter of developing effective survey instruments and administering them periodically. A note of caution, though: survey design is a highly technical and refined science, so if there are funds, it would be wise to have the assessment conducted by an outside professional.

In the case of funding resources, it would be wise to internally audit the management of the initiative's funds on a continuous basis and to have an outside audit conducted at appropriate periodic intervals as well.

In the end, an evaluation can be a big help to an initiative, and can very often provide useful feedback, as long as the initiative's goals are made clear and measurable – i.e., reducing the number of grievances filed, reducing the length of contract negotiations, increasing the number of issues resolved informally, improvements in productivity, efficiency or quality traceable to devolution of decision-making, improved attitudes concerning labor relations, as measured by surveys of a random sample of employees and managers. However, the proponent of an initiative should be strategic about when to request an evaluation. If the evaluation is done too early, before all key stakeholders have been won over or before it

has produced measurable results, it could have a harmful effect on support for the initiative.

How to keep up morale and encourage further innovation?

Finally, if an initiative is going to effect a long-term culture change, as was discussed above, it is going to need constant nurturing and cheerleading from its proponents, hopefully bipartite or tripartite. The goal is not just to sustain your initiative, but to have others make it their own, take it to the next level, and further innovate. To this end, an initiative's proponent should be its principle advocate. This means frequently talking with others about it to shore up its support, and also using the (hopefully) several **New Channels of Communication** that are available (e.g., e-mail, bulletin boards, committee meetings) to promote it. As was discussed above, it should be promoted as the high-quality initiative that it is: well planned, well staffed and evaluated to show measurable results. There should also be ample opportunity for bottom-up feedback up to the initiative's leadership. It is very important to model good behavior by allowing ample opportunity for all of the affected stakeholders to communicate their interests to you concerning the initiative on an ongoing basis.

* * *

On that note, we will model good behavior by inviting readers to submit to us any comments, questions and, most importantly, your ideas and stories about creative innovations that have moved the field of Labor Management Government Cooperation to the next level. Stop by the project's website at www.gnzlz.com and click on the "comments and questions" link within the Tool Kit link. And best of luck to you as you set out to change the world, one workplace at a time.