ALAN'S DILEMMA

By

FRANKLIN RAMSOOMAIR * SIMON DESJARDINS **

* Candidate, Office of Mayor, City of Waterloo, Ontario.

INTRODUCTION

Alan Larkin stared at the phone in disbelief. Before he picked up, he had assumed that there would be good news from Kevin Daniels, the union head, telling him that the latest contract offer would either be endorsed, or that there were at least very close to a deal. Instead, he was told that the union felt that they could do better, and to call him when he had prepared an, “offer that would not be an insult to the membership.” Larkin sat back to determine his next steps. He wondered, “What did I miss? How could I have been so completely wrong, and now what do I do? I thought I had the best information possible, yet we were so far off. How?”

Background

Alan Larkin is the head of Human Resources for Brown Manufacturing Limited (Brown), a leading metal fabricating firm in Southern Ontario. He has been with the company for only one year, and has not bargained a Collective Bargaining Agreement (CBA) at this company before, but has had a great deal of experience in this field. Larkin was hired because of the strength of his labor relations skills as Brown knew that they would need to have another CBA bargaining session soon.

The International Brotherhood of Metal Workers, Local 625, represented the line workers at Brown. Their inaugural collective agreement was in 1974, and the union has had a somewhat turbulent relationship with the company for the past 10 years. At the end of each CBA term, there has been a strike of at least one week, with one lasting four weeks. Daniels has been at the helm of the union for five years now, overseeing two CBAs.

Brown's management had hoped that Larkin' experience would help to break this turbulent trend as every day of downtime costs the company a great deal of money in lost revenue. They felt that his style of being open during the entire bargaining process would lend itself to a quick resolution to the CBA bargaining sessions.

Introduction to the Bargaining Sessions

Approximately six months after joining the company, Larkin received official notice from the union that they were ready to begin negotiation of the next CBA, as the current agreement was set to expire within the month. This was expected, and Larkin had spent the past six months reviewing his new line of business, past CBAs as well as the economic climate for the last few years.

Daniels was preparing for the negotiations in much the same manner. His goal, as the leader of the union, was to ensure that he got the best possible collective agreement for the membership of his union. Daniels realizes that the economy is leaning towards a more service-based economy, but that manufacturing jobs still represent a great deal of the workforce.

The union's past animosity has stemmed from a reluctance to sacrifice its membership's interests during bargaining sessions, and Daniels felt very passionate about ensuring that his membership got the best deal. He was not terribly interested to hear what the company was saying about their bottom line, or the changing economic landscape.

First Negotiation Session

Larkin and Daniels met at 9am on Monday morning to begin the bargaining process. Since the two men had not met before, they took the opportunity to get acquainted with one another. However, due to their collective experience, neither man was naïve enough to assume that these pleasantries were so positive.

Daniels sat back and reflected on his notes from the management initial offer. His goal here was not to refute the initial position – that would be for the future bargaining sessions. He started off to calmly compare recent wage increases with the increased cost of living (Brown does not employ a COLA solution), and how the workers have had substantially less disposable income over the past two years since the last CBA was negotiated. From there, he laid out his requirements very calmly but with authority. He wanted to achieve a position of power over Larkin due to his experience and time with the company. He knew that he was the senior person present of the two men, and wanted to make sure that point was central to the discussions.

Both men took a moment to review their notes and to make sure that they had everything recorded properly. They agreed to wait until Wednesday morning to begin discussions.

Reflecting on the First Negotiation Session

On Tuesday morning, Larkin began to review the proposed CBA from the union. Aside from the actual content of the request, he was analyzing Daniels' negotiating strategy. While he admired Daniels' loyalty to his membership, he was annoyed that he did not even attempt to acknowledge any of the points made by Larkin to explain why the financial climate does not warrant a wage increase. Larkin wants to ensure that the best possible deal is struck. It is important to represent the best interests of the company as a measure of fiscal responsibility. It is, however, critical to put forth an offer that the union regards with respect as content employees are productive employees; increased productivity tends to increase efficiency which in turn lowers costs.

Daniels, on the other hand, was generally happy with the opening round. He felt that he obtained a position of superiority over Larkin – right where he wanted to be. Daniels wanted to use his experience (and therefore Larkin' lack of tenure with Brown) to get the best deal for the membership. He was not particularly interested in the fact that Larkin had a great deal of knowledge labor relations theory. Daniels felt that he knew the company better than Larkin would, and could bring a decisive victory for the union.

The Second Meeting

Larkin and Daniels met, as agreed, on Wednesday to begin negotiation of the CBA. This meeting began with Daniels reiterating his position that the union was demanding a great deal of concessions from the management, and with Larkin defending his position of not being able to offer much.

While Daniels would not acknowledge it, he was impressed with the caliber of bargaining exhibited by Larkin – his information was largely accurate, albeit viewed through light favorable by the company. He maintained his demeanor through the negotiation session and attempted to appear as a source of knowledge as to the company's situation rather than a hard-line negotiator.

The two men continued to discuss the more salient details of the CBA for a few days. They eventually came up with a list of items that each would want to take back to their various stakeholders to see what the effects would be. Daniels would have to check with his strategy committee to ensure that he was getting what they all felt would be the best CBA. Larkin would have to check with a myriad of his peers to ensure the same.

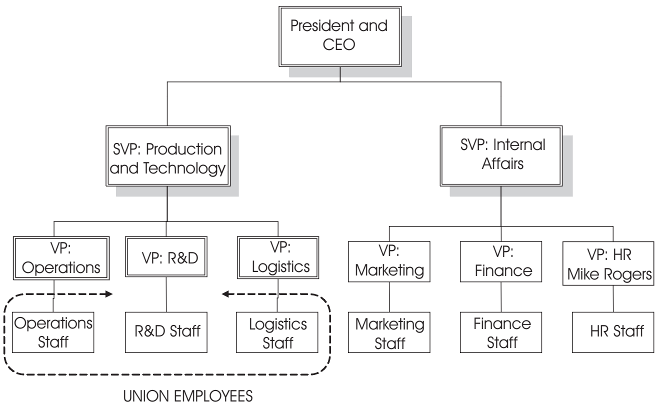
Meeting with the Stakeholders

Daniels took the ideas to his strategy committee made up of employees from the three different areas of the company that had unionized workers: production, logistics and research and development. He wanted to see how the proposed concessions would affect workers in those areas. Fortunately, since he had a member of each of the effected teams present, he was able to get a very quick indicator of how far he would give in to Larkin, and how much he would continue to demand.

Larkin, on the other hand, had to schedule a few meetings with the various VPs that had employees effected by this. In addition, the finance VP needed to be consulted to determine the fiscal viability of the solution. These meetings took time to set up, and eventually caused some tension with the bargaining process as Larkin would have to postpone or outright cancel some negotiating sessions with Daniels as he would not have all of the required information to take back to the table with him.

Eventually, Larkin was able to bring Daniels the company's initial offer. The offer was constructed based on feedback

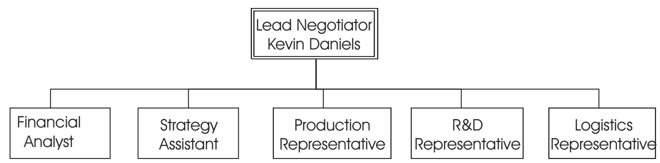
Appendix 1. Organizational Chart



and requirements from Brown's core management team. Larkin believed it to be largely fair to the management, but it was not the final offer that the company could afford. Never did he believe that he would get such a negative reaction from Daniels.

He pondered on the dilemma about how to react.

Appendix 2. Union Strategy Team



ABOUT THE AUTHORS

Dr. Franklin Ramsoomair is a Member of the Editorial Advisory Boards of the "Journal of Internet Research" and the "Journal of Campus Wide Information Services". He conducts research and consults to firms on the traditional areas of Management and Human Resources, but integrates the experience with leading edge methodologies and techniques which make extensive and productive use of the Internet. His experiences encompass training in cross cultural management techniques, with extensive use of the Internet as a tool for communicating. He also teaches and manages areas of traditional human resources management including, but not limited to: The Internet in Education Conflict Management Perception and Attribution Politics in the Organisation Compensation. He has won six major teaching awards from various organizations in different parts of the world, three "Outstanding Paper" awards and most recently, he has been presented with the award for the "Outstanding Reviewer of the Year" by the Emerald Literati Society in the United Kingdom. Besides teaching and consulting, he is currently working on creating and implementing a radio and television station for his university.

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