ONE TEAM, ONE GOAL: A QUALITATIVE ANALYSIS OF LABOR-MANAGEMENT PARTNERSHIP AT THE GENERAL MOTORS LANSING DELTA TOWNSHIP ASSEMBLY PLANT

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ABSTRACT

In the throes of the automotive industry’s collapse, General Motors (GM) and the United Auto Workers (UAW) agreed to a plan for making the company’s U.S. assembly plants more competitive through greater labor-management collaboration. The partnership between the union and the employer at GM’s Lansing Delta Township Assembly plant (LDT) serves as the prototype for the entire corporation. Through a case study analysis with some comparative case study components, this thesis examines why LDT’s labor-management partnership succeeds. The analysis uses data from twelve semi-structured, confidential interviews with key management and labor stakeholders, and a review of pertinent documents. This thesis finds that the development of mutual trust between management and labor during LDT’s bargaining, design, and operations phases enables the sides to collaboratively pursue a competitive operation while respecting their autonomous identities. This thesis provides insights into the latest developments in the relationship between GM and the UAW and suggests the implications of the partnership’s success at LDT for managers and union leaders.
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Introduction

As with many events in history, fundamental changes occur only after a crisis. The case of the United States (U.S.) automotive industry, particularly General Motors (GM) is no different. Rising gas prices and the meltdown in the financial sector in 2008 instigated a crisis in this industry and for GM as consumers began purchasing small, fuel-efficient vehicles with little profit margin and many would-be customers failed to find available credit (Bensinger, 2008; Vlasic & Bunkley, 2008). As a result, GM and the entire auto industry began to suffer deep sales declines and great profit losses in 2008. The losses continued into 2009 (Krebs & Visnic, 2009).

After attempts to counter the dramatic revenue losses through several aggressive actions, GM sought government assistance to get through a perceived economic downturn (Vlasic & Herszenhorn, 2008; Vlasic & Bunkley, 2008). With the precedent of government loans to Chrysler in the 1970s, GM asked Congress for a “…bridge to span the financial chasm that has opened before us…” (“Morici Statement”, 2008; “Wagoner statement”, 2008). Believing that GM and the other U.S. automakers suffered from self-made problems of poor business decisions, Congress declined to provide them with financial support after a series of hearings in late 2008 (Vlasic & Herszenhorn, 2008; Krebs, 2008).

GM ultimately found short term relief in former President George W. Bush’s decision to loan the company (and Chrysler) $13.4 billion from the Troubled Asset Relief Program (TARP) Funds in December 2008 (Krebs, 2008). Several conditions accompanied GM’s loan, including renegotiating its collective bargaining agreement with the United Auto Workers (UAW) to allow for more competitive U.S. operations (Krebs, 2008). In March 2009, GM reported its progress in improving the competitive standing of its U.S. factories. The Automotive Task Force created by
newly inaugurated President Barack Obama rejected the company’s viability plan and set the stage for the controlled bankruptcy of GM (Krolicki, 2009; Sandler et al., 2009).

The Automotive Task Force rejected GM’s plan upon concluding that the company failed to show it could be competitive when the economy rebounded. While GM’s plan for success included significant alterations to its business practices, its ability to succeed depended on making its manufacturing practices competitive. In the view of the Automotive Task Force, this required GM and the UAW to fundamentally alter their relationship by making a return to competitiveness the focus of their contractual relationship (Bailey, 2009).

The key, therefore, to GM’s ability to survive in the “new” auto industry that would come with an improved economy was collaboration with the UAW. GM’s future success is not a question of the color of their cars, leather seats versus cloth, four brands versus five; it is a question of GM and the UAW working together to build a car in an efficient manner. In seeking a model for labor-management collaboration, GM and the UAW turned to the ongoing labor-management partnership at its Lansing Delta Township Assembly plant (LDT).
Chapter 1

One Assembly Plant’s Role as a Model for a Corporation

Seeking to introduce practices that will allow its U.S. plants to build vehicles in an efficient manner, GM renegotiated its 2007 national agreement with the UAW. GM and the UAW agreed to pay, benefit, and work rule adjustments (2009 addendum, 2009). The most important and fundamental change, however, came through the provision on Competitive Operating Agreements (COAs). A COA contains recognized best manufacturing and work practices agreed to by a GM plant and its local union. These manufacturing and work practices allow the plant to carry out competitive manufacturing operations with the union’s consent and cooperation. GM provides a metric to assess the percentage of practices the plant and local union agreed to in negotiations (Confidential interview with GM Management Representative #1, 2010).

The parties amended their agreement on COAs by requiring all assembly plants to achieve a 93 percent rating on COA benchmarks by December 31, 2009. In deciding on the 93 percent benchmark to determine competitive practices, GM and the UAW turned to the Lansing Delta Township Assembly (LDT) plant. Past negotiations at LDT led to a COA with a 93 percent rating, a higher score than any other U.S. assembly plant (Confidential interview with GM Management Representative #1, 2010). Effectively, GM and the UAW agreed to require all assembly plants and local unions to adopt the practices of LDT. In choosing to model all US plants after LDT, GM and the UAW began their latest collaborative effort at improving the competitive standing of the company’s U.S. assembly plants.

At first glance, however, LDT does not appear to be the GM plant where one expects to find elite manufacturing processes and competitive work practices. The men and women who
build the vehicles and maintain the machines belong to UAW Local 602. In the congressional hearings concerning the auto industry bailout, numerous senators and congressmen pointed to GM’s union contracts as the cause of its problems. Additionally, while a relatively new (greenfield) facility (the first saleable vehicle came off the assembly line in 2006), LDT has an old (brownfield) workforce. The plant’s workforce has been steeped in traditional Fordist assembly plants throughout Lansing, Michigan, where “[w]orkers at the bottom of the corporate hierarchy learn[ed] to combat authority or accept it, not how to exercise it” (Chinoy, 1955, p.59).

The secret to LDT’s success as the most competitive GM plant in the U.S. lies in the partnership between the executive management staff and local union. This thesis will analyze the labor-management relationship at LDT to determine why it allows for a competitive operation while respecting the autonomous identities of both sides. Through a case study analysis utilizing twelve semi-structured interviews with key management and labor figures connected to the developments at LDT, the thesis explores the interactions between management and Local 602 at three critical moments: the bargaining phase (Chapter 3), design phase (Chapter 4), and operation phase (Chapter 5). Chapter 6 concludes the thesis with an analysis of why the labor-management partnership at LDT is successful and what its implications are for managers and union leaders.

**GM’s Continued Drive to Be Competitive**

Since the last part of the 19th century, when Panhard et Levassor (P&L) hand tooled automobiles to customers’ specifications, GM and other auto manufacturers have invested time and resources in a quest to perfect their manufacturing processes and make them more competitive. For P&L, auto manufacturing occurred in a craft-production system that linked numerous artisans (Womack et al., 1990). Looking at today’s enormous assembly plants, craft-
based production of the automobile seems like a figment of the imagination. The lean process utilized by LDT serves as the next step in GM’s evolving efforts to create a more competitive manufacturing process.

GM first found competitive success through mass production, a manufacturing process allowing for the “[c]omplete and constant interchangeability of parts and the simplicity of attaching them together” (Womack et al., 1990, p. 25). Mass production also allows an “…interchangeable worker”, at an unskilled or semiskilled level, to attach the interchangeable part (Womack et al., 1990, p. 28). As a result of dramatically lower labor costs and a faster production time, mass production enables the cost per unit to significantly decrease as the volume of production rises (Womack et al., 1990). The lower costs of mass production provided a competitive advantage over craft production.

While Henry Ford capitalized on the competitive advantage of mass production faster than anyone else with his enormous, integrated factories like the famed River Rouge plant, GM surpassed Ford and his offer of “any color as long as it is black” (qtd. in Tolliday & Zeitlin, 1987, p. 2) by providing a “car for every purse and purpose” (qtd. in Womack et al., 1990, p. 38). Under the leadership of its president, Alfred Sloan, GM used the advantage of interchangeable parts provided by mass production to market multiple brands differing in price and outward appearance. Sloan also introduced the model changeover, a yearly ritual of new styles and slight alterations that played on the US consumer’s desire for the latest and most fashionable. On the shop floor, GM further developed an interchangeable workforce by relying on seasonal layoffs, piece rates, and group pay (Tolliday & Zeitlin, 1987). By maximizing the use of interchangeable parts and further limiting labor costs, GM developed a competitive advantage over Ford and quickly became the leading mass producer of automobiles.
Apparent above is the importance of a cheap, interchangeable workforce in the business plans of Ford and GM. As workers became a factor of production, reduced to one simple skill set, they began to agitate. They opposed a system where managers constantly increased the pace of their work, arbitrarily decided pay and discipline, and unilaterally controlled working conditions. In response to this system, workers organized a union (Barnard, 2004).

The sit down strikes of 1937 against GM represented the seminal moment in the autoworkers’ quest for union representation. Eventually GM and the other U.S. automakers recognized the UAW as the exclusive representative of their hourly workforces (Barnard, 2004). Through many collective bargaining agreements in the following decades, autoworkers won steady increases in pay, benefits, and job security. But the most important result of collective bargaining was the say workers gained in work structure and working conditions (Katz, 1985). As a result, industrial relations became inextricably linked forever with manufacturing in the U.S. automotive industry.

Even after sit-down strikes won union representation, autoworkers at the different companies routinely turned to shop floor militancy to disrupt production for a variety of reasons, including: pay disputes, production speed-ups, and perceived unfairness in discipline. Managers continued various methods of management that for all intents and purposes ignored the presence of the UAW and their role as exclusive representative of the workforce (Lichtenstein, 1995). While one could find ongoing industrial relations in the major U.S. automobile companies, one would be hard pressed to find uniformity or stability.

In the 1948 and 1950 collective bargaining agreements, GM and the UAW agreed to a methodical approach for their relationship that suited the needs of mass production. In these series of agreements, the UAW won guaranteed pay raises in the form of cost of living
adjustments and an annual improvement factor along with fringe benefits that included a pension and health care coverage. In exchange for these gains, which equaled a twenty percent increase in an autoworker’s standard of living, GM secured industrial peace through control over long range planning, model changeovers, tool and plant investments, and shop floor discipline. Termed the “Treaty of Detroit” by the popular press, this agreement traded production control for economic security (Lichtenstein, 1995, p. 280).

Subsequent agreements furthered the basic thesis of the GM/UAW collective bargaining agreement with the enactment of an industrial jurisprudence process. GM and the UAW agreed to a grievance process and the arbitration of unresolved disputes over the interpretation and administration of the collective bargaining agreement. These mechanisms ensured industrial peace by providing a process of resolving disputes without resorting to work stoppages. They also institutionalized the universal notion that “…management acts, and workers and their unions grieve” (Kochan et al., 1994, p. 27).

From the Treaty of Detroit and its follow-up improvements came the traditional industrial relations system (Kochan et al., 1994). GM and the UAW maintained the traditional industrial relations system through collective bargaining agreements with the hallmark features of job controls, wage rules, and connective bargaining (Katz, 1985).

Job controls created a rigid job classification system with corresponding pay grades. This served to maximize the number of possible jobs in a facility and protect workers from the perceived arbitrary treatment of the supervisors in the days before union representation. As part of the job classification system, both national and local collective bargaining agreements promulgated explicit regulations covering seniority rights, shift preferences, and numerous job rights. Since disputes over the application and interpretation of these regulations were inevitable,
the job control system also led to the development of an expansive grievance process. From both labor and management’s perspectives, job controls ensured that the traditional industrial relations system would be adversarial in nature as disagreements over industrial canons flowed through a quasi-judicial process (Katz, 1985).

As the detailed descriptions of the various classifications in the job controls system dictated what each worker did and did not do, worker participation remained essentially absent. The companies paid workers to do the assigned job; the workers were not expected to suggest modifications to the design of a job to make it more efficient or improve the balance of tasks along a given portion of the assembly line. Job controls, therefore, created a workplace “…where management pays for the workers hands but is not interested in use of the workers’ minds” (Katz, 1985, p. 40).

Along with job controls, the collective bargaining agreements between the major automakers and the UAW also established a series of wage rules. These wage rules provide a formulaic response to the challenge of negotiating wages in multi-year agreements commensurate with rising costs without having to renegotiate pay rates every year. A cost of living adjustment (COLA) increased hourly wages at a rate that matched the national consumer price index. An Annual Improvement Factor (AIF), usually set around 2 to 3 percent per year, served as a real raise for autoworkers during the life of a contract (Katz, 1985).

In addition to direct compensation, the automakers and UAW enfolded fringe benefits into the wage rules. Formalizing the process of pay increases and fringe benefit additions allowed the automakers to account for compensation adjustments in their planning process and stabilized negotiations, while assuring UAW leaders that they could always bring a pay raise to their membership (Katz, 1985).
Of course, job controls and wage rules only work if all parts of an industry are playing by the same rules. Company A will not agree to automatic pay increases if Company B pays its workforce significantly less. In the same way, Company B will not agree to the costs and time commitments of a bureaucratic process like a grievance procedure if Company A does not face the same restrictions. All companies in an industry like auto manufacturing must face essentially the same obligations to neutralize any differences in labor costs. The union or unions in a given industry incurs the responsibility of seeing that this occurs; in the case of the automotive industry, that union was the UAW (Katz, 1985).

Connective bargaining served as the process that the UAW used to standardize wages and work rules across companies. Ulman defines this phenomenon as “…the negotiation of wages, fringes, and some work conditions between the company and one or more national unions, the latter connecting the company-wide wage settlements in an industry via pattern bargaining” (qtd. in Katz, 1985, p. 29).

This form of bargaining occurred in the auto industry on two levels: inter-company and intra-company. Inter-company connective bargaining maintained consistent wage rules and job controls across corporations, so that workers at GM and Ford receive similar COLAs and fringe benefits. Intra-company connective bargaining ensured that the same job classifications and similar work rules that define the job controls of a corporation are in place throughout the company’s facilities. This prevented a company from shifting production to different facilities and whipsawing the local unions (Katz, 1985).

In the U.S. auto industry during the years following the Treaty of Detroit agreement, the UAW effectively maintained wage rules and job controls, hallmark features in the traditional industrial relations system, through connective bargaining (Katz, 1985). As time progressed,
however, connective bargaining became much more difficult as GM and the other U.S. automakers adjusted to developing environmental forces. Nevertheless, the features of the traditional industrial relations system remained the key mechanism in the GM/UAW relationship through the 1980s (Kochan et al., 1994). Elements of these features, particularly job controls, continued to exist in varying degrees in GM/UAW contracts up until the point of GM’s 2009 bankruptcy and subsequent push to make its U.S. plants more competitive (Confidential interview with Local 602 Union Representative #3, 2010).

New competition in the U.S. market, beginning in the 1960s, represented the main environmental force affecting GM and the other U.S. automakers. Foreign automakers, particularly Japanese firms such as Toyota and Honda, increased sales and quickly gained market share in the U.S. Many developments, most notably the oil crisis in the 1970s, contributed to Japanese firms like Toyota and Honda gaining market share. Their superior manufacturing process, however, provided a clear competitive advantage over GM and the other U.S. automakers (Womack et al., 1990).

Experts refer to the manufacturing process used by the Japanese as lean manufacturing. Developed by Toyota, lean manufacturing allows an automaker to produce many different products in a short time period, as the change in production tools requires far less lead time. In addition, lean manufacturing emphasizes eliminating waste and addressing quality concerns within the manufacturing process. Because of the short lead times, elimination of waste throughout the manufacturing process, and immediate concern for quality defects, lean manufacturing creates great cost savings throughout production. The cost savings generated by the efficiencies of lean manufacturing give its users, such as Toyota and Honda, a competitive
advantage. For this reason, experts regard lean manufacturing as today’s best practice for automotive manufacturing (Womack et al., 1990).

Lean manufacturing’s short lead times and constant concern for eliminating waste and improving quality does not occur automatically. The process requires worker involvement. Because management views production workers as experts in the jobs they perform, they expect workers to provide input and suggest improvements for assembling the vehicles and improving quality. In contrast to the worker’s role in the mass production system, production workers in the lean manufacturing system, though technically unskilled or semiskilled, focus on constantly improving the manufacturing process (Womack et al., 1990). They are not just an interchangeable part of production.

Toyota, as previously mentioned, developed the idea of lean manufacturing and its reliance on worker involvement. The company formalized its signature manufacturing process in the late 1940s, at a time it was faltering and in danger of complete collapse. Because of low demand for its vehicles, Toyota sought to lay off 25 percent of its workers. The union of Toyota’s workers agreed to the massive lay off in return for lifetime employment and a seniority-based pay scale with bonuses based on Toyota’s performance for the remaining workforce. Toyota agreed to this compromise with the understanding that its workforce and its union would need to constantly contribute to improving operations. Since this moment, Toyota continued to perfect its leading form of lean auto manufacturing, known commonly as the Toyota Production System (Womack et al., 1990).

Seeking to learn the Toyota Production System, GM established a joint venture agreement with Toyota. In 1984, the companies started the New United Motors Manufacturing Co. Inc. (NUMMI) in Fremont, California. While Toyota managers oversaw the plant’s
operations, UAW-represented, GM employees manufactured the vehicles and GM managers learned the specifics of lean manufacturing. The NUMMI experience transformed GM and the UAW’s understandings of worker participation. Labor and management realized the potential mutual gains available with lean manufacturing (Brown & Reich, 1989).

At NUMMI, labor (UAW) and management (GM/Toyota) instituted a collaborative relationship through contractual agreement. They agreed to work together by informally resolving grievances in an expedited manner, adding flexibility in job classifications, enhancing job security through a no-layoff pledge, and using a team-build approach. Under this collaborative approach, both productivity and quality reached unprecedented levels for GM at the NUMMI plant. These improvements resulted from increased employee involvement and fewer layers of management required by a team-build operation (Brown & Reich, 1989). With the improved performance, GM and the UAW realized the competitive advantage of collaborative labor relations in the manufacturing environment.

As a learning lab with a distinct separation from GM’s other assembly plants, NUMMI supplemented the first efforts at worker involvement in the company’s U.S. assembly plants. GM and the UAW first introduced Quality Work Life (QWL) programs in the 1970s with the intention of engaging its workers in efforts to improve the manufacturing process (Katz, 1985). After an initial period of limited, experimental QWL programs that differed from plant to plant, GM collaborated with the UAW to create a unified program in the first half of the 1980s. The two sides jointly introduced elements of the most successful QWL programs under the guise of the Quality Network at U.S. assembly plants in an effort to make the company’s manufacturing process more competitive (Weekley & Wilbur, 1996). The QWL programs and the Quality Network represent early efforts between the UAW and GM aimed at making their relationship a
competitive advantage through collaboration within the confines of the traditional industrial relations system (Katz, 1985; Weekley & Wilbur, 1996).

GM sought to further the competitive advantage of collaborative labor relations identified at NUMMI by creating Saturn, a brand new car company. GM collaborated with the UAW to develop and administer all aspects of Saturn’s business, including its lean manufacturing operations. Saturn’s goal was to manufacture a car with top quality and unsurpassed customer satisfaction while creating good jobs. Saturn achieved this goal and realized the competitive advantage of a collaborative relationship between management and labor. From 1992 to 1998, Saturn stood behind only Lexus and Infiniti, much higher priced brands, in customer satisfaction with its vehicles (Rubinstein & Kochan, 2001).

Saturn also redefined the role of an autoworker at GM. Under a separate collective bargaining agreement, GM and the UAW partnered together at every level of the business. This agreement expanded the two sides’ understanding of worker involvement. On the shop floor, workers sought to continuously improve the manufacturing process through self-directed teams. Off the shop floor, worker representatives participated in strategic decisions affecting the direction of Saturn (Rubinstein & Kochan, 2001). At Saturn, worker involvement became inherent in all levels of the company’s operations.

While successful at first, the innovative partnership of Saturn soon sputtered. New GM executives did not commit the necessary funds or new product lines required to build on Saturn’s accomplishments. As a result, Saturn’s performance in the market began to diminish and the worker’s pay suffered. Incentivized pay agreements representing the UAW’s role as a stakeholder in Saturn lost favor with the membership. In response, the UAW local representing workers at the original Saturn plant in Spring Hill, Tennessee, voted for a new leadership team
that supported a more traditional, adversarial relationship. (Rubinstein & Kochan, 2001). With the introduction of Saturn production at GM’s existing plant in Wilmington, Delaware, the company began to fall back into the folds of GM, a move made permanent by the workers’ vote in 2003 to re-enter the master GM/UAW contract (Ingrassia, 2009). The full-scale collaborative relationship at Saturn ended as it failed to provide a long-term competitive advantage.

The competitive advantage of the relationship between GM and the UAW did not die with Saturn. The drive by GM and the UAW to implement and master lean manufacturing in GM’s U.S. assembly plants continued even as Saturn’s success diminished. The next phase, beginning in the mid-1990s, focused on implementing a standard lean production system with worker participation and labor-management partnership in its U.S. assembly plants (Katz et al., 2002; Holstein, 2009). LDT represents the most successful attempt at doing so.

**Understanding LDT’s Success**

Understanding the success of LDT’s labor-management relationship begins with identifying what makes it different from previous industrial relations advances between GM and the UAW. As presented further in Chapter 2, this thesis utilizes a partial comparative case study analysis to note the differences between LDT and the three key industrial relations developments in GM’s continued drive to become competitive: the traditional industrial relations system, NUMMI, and Saturn. This brief comparison indicates that LDT’s labor-management relationship is different not because it adapts wholly new characteristics but, rather, includes elements of all three previous developments.

As this thesis makes clear, the elements of the labor-management relationship at LDT came together over time through three critical moments. Chapter 3 documents the interactions between GM and Local 602 at the bargaining phase, when the sides agreed to build a new, lean
assembly plant that moved away from the traditional industrial relations system toward greater worker participation and labor-management collaboration. Chapter 4 transitions to LDT’s design phase, where the plant’s executive management staff and Local 602’s shop committee not only collaborated on the design of the actual plant but also developed a relationship and defined the parameters of it. Chapter 5 documents the labor-management relationship during the initial part of LDT’s operations phase, where management and union worked through early challenges to their partnership, including exertion of the sides’ autonomous identities. Through their interactions during LDT’s bargaining, design, and operations phases, GM and Local 602 developed mutual trust in forming a partnership combining elements of both traditional and collaborative industrial relations system.

Chapter 6 concludes the thesis by discussing why the labor-management partnership at LDT succeeds. The chapter reviews why the mutual trust developed through three critical moments in the plant’s history enables GM and Local 602 to partner together in furthering a competitive operation while respecting the autonomous identities of both sides. The chapter also discusses the implications of LDT’s labor-management partnership for managers and union leaders and the limitations of the study. In doing so, this thesis contributes to the theory of labor-management collaboration reviewed in Chapter 2 and provides guidance for future research.
Chapter 2

Theory, Methods, and Data Collection

Theory

Structural and substantive alterations to collective bargaining in the 1980s forever changed the labor-management relationship in many unionized firms and industries. Both unions and companies realized that the nature of collective bargaining must allow the industrial relations system to be a part of a company’s success if the parties are to achieve mutual gains in a globally competitive environment. The stability guaranteed by the traditional industrial relations system discussed in Chapter 1 no longer proved sufficient in an era of globally expanding markets (Kochan et al., 1994).

In this environment, labor and management need to match the reduced costs of non-union competitors with productivity improvements or else face the possibility of relocating work. Early experiments with participatory programs, while limited, demonstrated that this was possible. Termed Quality of Working Life (QWL) programs, these initial efforts serve as the model for a new labor-management relations approach, one that is more collaborative than adversarial (Kochan et al., 1994).

Labor-management collaboration continues to progress from the early QWL programs. Covering both the service and manufacturing sectors, variations of collaborative programs are found in industries including automotive, electronics, forestry, petroleum, retail food, steel, and telecommunications (Verma & Cutcher-Gershenfeld, 1993). Between 25-33 percent of surveyed bargaining units reported the implementation of one of the practices linked to collaboration and part of transformative labor relations; nearly 20 percent of these respondents reported implementing two of these practices (Cutcher-Gershenfeld & Kochan, 2004). This compares to
36 percent of respondents to a 1985 survey reporting the implementation of a QWL or employee involvement program, with approximately 67 percent of workers participating in the programs (Kochan et al., 1994). Both union and management respondents from larger bargaining units (those over 250 employees) were more likely to use collaborative practices at the strategic tier of the employment model; this remains unchanged from a 1985 survey finding that large companies (59 percent of companies with 1,000 or more employees) were more likely to implement employee involvement programs than smaller companies (Cutcher-Gershenfeld & Kochan, 2004; Kochan et al., 1994).

Negotiated wage reductions were reported by only 11.4 percent of managers and 7.5 percent of union representatives; negotiated benefit reductions were reported by 21.4 percent of managers and 12.0 percent of union representatives. Between 18 and 25 percent of labor-management relationships reported contract language specifying worker input and approximately 10 percent of relationships negotiated the use of team-based work structures. Related to work organization, nearly 33-48 percent of labor-management relationships negotiated flexible work rules. Contractual employment security language, often tied to flexible work rules, was only reported by 26.7 percent of union respondents and 10 percent of management respondents1 (Cutcher-Gershenfeld & Kochan, 2004).

In all, labor and management, with some variation, revealed preferences for joint committees, flexible work rules, and worker input, while demonstrating less willingness to use team-based work systems, implementing performance-dependent pay systems, and agreeing to employment security guarantees. With all practices, however, both management and unions

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1 The authors speculate that reporting differences between union and management matched-pair survey respondents is related to the way the sides must report negotiation results to their given constituency, a factor that may indicate their ability to function with the collective bargaining agreement (Cutcher-Gershenfeld & Kochan; 2004).
engaging in some variation of integrative bargaining reported higher usage rates (Cutcher-Gershenfeld & Kochan, 2004).

The variation in programs across cooperative labor-management relationships leads researchers to note the differences with a variation in nomenclature. Though no uniform identification system exists, researchers generally regard instances where labor’s input remains limited to shop-floor issues as simply involvement. On the other extreme, instances where labor focuses only on broad issues of strategy, researchers identify the cooperation as corporatist. Not until labor’s involvement in decision making crosses all levels of an organization does the literature generally consider the presence of a labor-management partnership (Kochan et al., 2008). As this thesis tracks the labor-management relationship through LDT’s bargaining, design, and operations phases, it identifies the relationship between GM and Local 602 as a partnership and their interactions as collaborative.

Numerous studies focus on the connection between the various forms of labor-management collaboration programs and certain outcomes. Several researchers over the years studied the effect of collaborative efforts and worker participation on organization performance (for examples, see: Brown & Reich, 1989; Deery & Iverson, 2005; Katz et al., 1987). Other researchers focused their work on the impact of these programs on workers’ attitudes toward their jobs and elements of the workplace such as their relationship with supervisors (for examples, see Cooke, 1990; Fenwick & Olson, 1986; Leana et al., 1992). Still other research considered the role of unions and their impact on collaborative programs and worker participation (for examples, see Eaton & Rubinstein, 2006; Frost, 2000). While these studies are valuable to the research literature and vital to practitioners, they are limited by the variation in the collaborative programs in use.
In addressing the variation of programs in use, Batt and Applebaum (1995) researched the question of which worker participation form provides the best outcomes in a study surveying workers of various skill classifications in both the telecommunications and apparel industries. They found that self-managed teams benefited both employers and employees but with some variation. Employers reported higher quality, better performance, and improved organizational commitment among workers completing team-based work. Employees generally reported improved autonomy and greater job satisfaction, except in the case of customer service workers, for whom job satisfaction did not improve. Modules, a form of team work in the apparel industry, improved the job characteristics and job satisfaction of sewing machine operators but not enough to offset the increased stress associated with team work (Batt & Applebaum, 1995).

The researchers also found a greater impact on employee attitudes and perceptions with on-line, team-based participation than with off-line forms of participation that only consider employee input as advisory. While not guaranteed in all instances, this study’s results suggest a greater improvement in the economic performance of companies and the quality of working life for employees with the use of team-based, on-line worker participation, rather than the more perfunctory, limited participation of off-line, non-team forms of participation (Batt & Applebaum, 1995).

Despite insight into the outcomes associated with different forms of collaboration and evidence about which collaborative practices lead to optimal results, labor-management relationships today adopt varying degrees of collaboration (Cutcher-Gershenfeld & Kochan, 2004). Multiple studies look at different relationships to identify what leads to the variation.

Verma and Cutcher-Gershenfeld (1993) presented antecedents for joint-governance from a review of nine case studies. This upper echelon of labor-management collaboration requires
explicit shared responsibility by management and labor, comes about after a crisis, and awakens both parties to a need for a new approach. However, a crisis of either minimal or extreme proportions will not lead either side to voluntarily collaborate. In addition, they deem relationship building and strategic bargaining to be “…a necessary but not sufficient condition for joint governance” (Verma and Cutcher-Gershenfeld, 1993, p. 228-9).

Rubinstein and Kochan (2001) tracked the progress of Saturn, a one-time autonomous company where GM and the UAW partnered at every level of the business under a collective bargaining agreement separate from the rest of the corporation. Representing perhaps the most advanced attempt at labor-management collaboration, the Saturn partnership centered on constant consensus decision making between management and union and a reliance on self-managed teams along the assembly line. GM and the UAW chose this full-fledged collaborative effort in an attempt to maximize the worker input and shared problem-solving principles of lean manufacturing.

Cutcher-Gershenfeld (1988) examined the growth of joint decision making between the Xerox Corporation and the Amalgamated Clothing and Textile Workers Union (ACTWU). Collaboration between the two parties began as an employee involvement program, grew into a joint decision making process with the issue of subcontracting, and institutionalized as a joint strategic planning program covering issues such as product development, plant design, and supplier relations. This partnership therefore experienced an incremental increase in the degree of partnership as more collaborative practices came into use for emerging issues.

Kochan et al. (2008) monitored the development of the Kaiser Permanente Labor Management Partnership to assess how an employer and multiple unions initiated, govern, and sustain a national partnership across multiple time zones in a decentralized organization. Like
with Saturn, this partnership serves as an experiment in the limits of labor-management partnership. To date, the researchers found that management and labor focused on methods of improved communication and solution-based bargaining to both improve health care delivery and develop a better labor relations climate. Because Kaiser and its unions initiated the partnership at the national level and required local management and unions to make adjustments accordingly, the degree of partnership varies drastically by location.

Like Kaiser, GM’s latest push for improved labor relations came in a national agreement with the UAW and left local management and union locals responsible for making the necessary adjustments. GM and the UAW however largely based their nationwide effort off the relationship at one of its assembly plants, LDT. This study analyzes the interactions between management and labor during LDT’s bargaining, design, and operations phases to understand why this relationship is successful. In doing so, it contributes to the research literature’s understanding of why labor-management relationships choose certain degrees of partnership.

**Methods**

To understand why LDT’s labor-management relationship is successful, this thesis presents a case study analysis with some comparative case study components. The case study analysis traces the process GM and Local 602 followed in forging a relationship through the bargaining, design, and operations phases that culminates in a model partnership for all of GM’s U.S. assembly plants. A case study analysis allows for an observation of not only what practices GM and Local 602 implemented throughout LDT’s three phases but also why they did so. Such an approach is consistent with previous qualitative studies of collaborative labor-management relationships (as examples, see Cutcher-Gershenfeld, 1988; Verma & Cutcher-Gershenfeld, 1993; Rubinstein & Kochan, 2001).
The case study analysis of LDT’s labor-management partnership includes a comparative case study component to identify characteristics differentiating the labor-management relationship at LDT from previous key developments in the history of the GM/UAW relationship. As mentioned in Chapter 1, U.S. labor law makes adaptations to terms and conditions of work a part of the labor relations process. The progression of GM’s relationship with the UAW mirrors adaptations to the company’s manufacturing processes toward a lean approach. Along this continuum of labor relations adjustments and related manufacturing changes stand several important markers noting key developments in the story of the GM/UAW relationship and its transition toward partnership.

This thesis compares LDT with three of the key developments in the GM/UAW relationship (the traditional industrial relations approach, NUMMI, and Saturn) along several variables to identify the unique characteristics of the labor-management relationship at LDT. As Table 2.1 indicates, the LDT relationship includes characteristics of both the previous traditional and collaborative industrial relations approaches. It is not simply a linear movement from the traditional industrial relations system to the polar opposite end of full collaboration. The labor-management relationship at LDT improves upon the previous developments in the GM/UAW relationship by allowing for collaboration to enable a competitive operation while respecting the autonomous identities of both sides.
Table 2.1 Comparison of three key developments in the GM/UAW relationship along distinguishing variables (Katz, 1985; Brown & Reich, 1995; Levander, 1994; Rubinstein & Kochan, 2001).

<table>
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<th></th>
<th>Adversarial/ Collaborative</th>
<th>Strategic Bargaining</th>
<th>Participation in Design</th>
<th>Consensus Decision Making</th>
<th>Local Strikes</th>
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<td>NUMMI</td>
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<tr>
<td>Saturn</td>
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<tr>
<td>LDT</td>
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By allowing labor and management to work toward the mutual gains of a competitive manufacturing facility while ensuring that both sides maintain their autonomous identities, LDT’s labor-management relationship hinges upon mutual trust. The following three chapters identify the path GM and Local 602 took to developing and utilizing that mutual trust in three distinct phases of their relationship. Chapter 6 concludes the thesis by identifying why the mutual trust enables a successful labor-management partnership at LDT. This chapter also addresses what implications exist for unions and management engaged in or seeking to engage in a partnership.

Data Collection

To support the case study analysis methodology, this thesis analyzes information gathered through twelve confidential, semi-structured interviews with key labor and management figures connected to the developments at LDT and a review of pertinent documents. Ten interviews occurred in person. Two interviews occurred during a phone call due to travel restraints. Throughout all of the interviews, participants answered a standard set of prepared

² The strike lasted for only two hours. Members of Local 2244 walked off their jobs during the plant’s second shift as the contract expired at midnight. GM and the union settled all outstanding issues before the arrival of NUMMI’s first shift employees at 6:00 am (Levander, 1994).
questions. When appropriate, participants answered follow-up questions intended to clarify previous answers or elicit further information.

The analysis also relies on information gathered from a review of pertinent documents, including LDT’s Platinum Agreement, correspondences between GM and Local 602, and confidential management documents related to LDT’s bargaining phase. The Platinum Agreement and official correspondences provides a narrative of each side’s demands during the bargaining phase and eventual outcome. The confidential management documents confirm specific dates and a timeline of events during the bargaining phase. The information from these documents supports the interview answers of management and union participants.
Chapter 3

Negotiating the Platinum Agreement

The path to a successful labor-management partnership between GM and Local 602 began in LDT’s bargaining phase. At the commencement of the bargaining phase, however, neither management nor union entertained the idea of a partnership. GM’s corporate leadership was looking at a number of potential sites for a new U.S. assembly plant, and Local 602’s membership still worked in Lansing’s Fisher Body plant, entrenched in the traditional industrial relations system. Not until GM presented Local 602’s shop committee with the opportunity to man a new, lean assembly plant did the two sides begin toward a path to partnership.

This chapter examines the importance of the bargaining phase in management and union’s efforts to forge a partnership based on mutual trust. It does so by first considering the theory of labor negotiations to consider the developments of the bargaining phase in light of entrenched practices. The chapter then considers negotiating trends in the auto industry to understand the environment in which GM and Local 602 negotiated the Platinum Agreement. From this point, the chapter details the events of the Platinum Agreement negotiations. The chapter concludes with an analysis of the bargaining phase’s importance to the development of LDT’s successful labor-management partnership.

The analysis reveals that from the bargaining phase emerged not only a transformation in the contractual relationship between GM and Local 602 away from the traditional industrial relations system and toward collaboration but also the development of mutual trust. While the contents of the Platinum Agreement are significant, the process of negotiating these fundamental changes aided the development of the trust between GM and Local 602 that represents the key to their partnership’s success. Distributive tactics by both sides forced management to gain the
buy-in of Local 602’s shop committee by using the negotiations to explain the importance of lean contract provisions for mutually-beneficial results. While ultimately accepting management’s demands of greater flexibility and less job protections, the union realized it could still protect the interests of its members within the confines of a collaborative relationship with management. These developments within LDT’s bargaining phase helped shape a relationship where GM and Local 602 collaboratively pursue a competitive operation while respecting each other’s autonomous identities, the reason for their partnership’s success.

The Theory of Negotiations

Walton and McKersie (1991) provide the most comprehensive theoretical explanation for the actions of labor and management during negotiations in the traditional industrial relations system. A process they define as “…the deliberate interaction of two or more complex social units which are attempting to define or redefine the terms of their interdependence” (Walton & McKersie, 1991, p. 3). Many dynamics exist below the surface of labor making demands and management providing a response. Their work reveals each side’s intention of protecting self-interests while achieving the best outcome for their shared relationship. These seemingly opposing desires result in management and labor combining collaboration and confliction in labor negotiations. Labor negotiations of the traditional industrial relations system therefore require a complicated set of subprocesses for negotiating terms both within and across parties (Walton & McKersie, 1991).

The subprocesses focused on interactions across parties occur mainly at the bargaining table. These subprocesses include: distributive bargaining, integrative bargaining, and attitudinal structuring. Distributive bargaining serves as the process for resolving conflicts of interest over subjects of bargaining deemed to be fixed-sum. Parties engaged in distributive bargaining
attempt to outduel each other by protecting information and engaging in aggressive tactics to limit perceived losses and extract perceived gains from the other side. In the traditional industrial relations system, distributive bargaining occurs frequently as the issues of wages, hours, and working conditions represent scarce resources. Integrative bargaining, in comparison, serves as a problem solving process where the sides work together to find common ground on issues. Along with distributive and integrative bargaining, parties engage in attitudinal structuring in an attempt to affect the nature of the relationship and influence how the parties perceive each other and their relationship together; doing so changes what results from negotiations (Walton & McKersie, 1991).

Along with what occurs between parties, each side addresses intraparty issues through the intraorganizational bargaining subprocess in negotiations. This subprocess represents the efforts of negotiators to achieve consensus within their own constituencies and guide their perceptions toward the issues and outcomes at the bargaining table. When engaged in distributive bargaining, for example, negotiators must present a unified stance; intraorganizational bargaining assures that this happens. How well each side manages these subprocesses and handles the forces between them affects the outcomes of negotiations and the resulting relationship between the engaged parties (Walton & McKersie, 1991).

The impact of these subprocesses does not end when the sides leave the negotiation table. Walton and McKersie (1991) observed that these bargaining subprocesses reveal themselves long after management and labor sign a collective bargaining agreement. As evidenced by developments between International Harvester and the UAW during the 1950s, the losing side in a distributive bargaining agreement can sabotage contentious contract provisions when the
parties go to administer the contract. Here the win-lose dynamic of distributive bargaining carried on beyond the bargaining stage as it was not adjusted by attitudinal structuring.

Conversely, efforts to stay away from the conflict associated with distributive bargaining may negatively impact the relationship that the parties seek to protect. The United Steelworkers and Inland Steel “…paid more attention to maintaining their image as a cooperative relationship than they did to the matter of maintaining labor efficiency and the competitive position of the plant” (Walton & McKersie, 1991, p. 371-372). The result of the sides protecting the superficial at the expense of the substance was a complete management overhaul, large layoffs, and draconian restructuring just to keep the Inland Steel plant functioning in 1962. Labor negotiations during the traditional industrial relations system must involve multiple methods and link the subprocesses for effective, successful results (Walton & McKersie, 1991).

Upon entering the 1980s, the theoretical framework presented by Walton and McKersie (1991) that dutifully predicted the negotiating behavior of actors in the traditional industrial relations system failed to account for the changes that resulted from shifts in the environment at the beginning of the 1980s. As Walton and McKersie (1991) themselves observed in the introduction of their book’s second edition, the neoliberal shifts in the economy and declining impact of strikes required an adjustment of their explanation for the behavior of each side in labor negotiations. Where unions once opened negotiations with their demands, management now presented their demands at the beginning and the union responded (Walton & McKersie, 1991). What once was predictable during the traditional industrial relations system became variable depending on the mindset of management (Walton et al., 1994).

As management began using collective bargaining as a means to an end in the competitive environment of the neoliberal era, the substance and structure of negotiations
changed. No longer were negotiations a process for the maintenance of a relationship with labor, but rather a process for achieving specific outcomes. These changes generally center on making a company more competitive for the global marketplace. Management in some situations decides they must escape or contain a union through negotiations. Other times management seeks to incorporate the union into the efforts of improving the company’s competitive standing. When this happens, management pursues a pattern of behaviors at negotiations meant to set the contractual framework for partnership (Walton et al., 1994).

In establishing this framework, the negotiating patterns of management center around two themes: forcing and fostering. Forcing, like distributive bargaining, incorporates aggressive tactics that “…constitute a more polarized form of hard bargaining” (Walton et al., 1994, p. 27). Used alone, forcing contains a union through a power advantage that allows for unilateral managerial control over work rules and the achievement of drastic economic concessions. If used too aggressively, however, forcing actions become ineffective as the union resists the implementation of any changes achieved with the tactic. Hoping to avoid this, management accompanies forcing with fostering actions that seek voluntary change in the relationship with labor by justifying the need for more competitive practices. Fostering indirectly achieves the same competitive improvements as forcing through engagement of the workforce. In recent years, management used fostering with a “…strategic purpose…” in an increasing amount of negotiations to gain the outcomes of increased worker motivation, better quality, improved productivity, greater problem solving, and higher trust that come from collaboration with the union and the commitment of employees (Walton et al., 1994).

Management plans its negotiating tactics based on the desirability of specific outcomes and feasibility of achieving them. Desirability refers to the priority of substantive concessions
and management’s urgency for developing a collaborative relationship with labor. Feasibility
represents management’s expectations of how receptive or resistant a union will be toward
management’s substantive proposals. An assessment of each side’s bargaining power determines
the feasibility (Walton et al., 1994).

When management proposes dramatic changes in negotiations, the degree of a strike
threat provides the most important test of the feasibility to implement the changes. In recent
times, the calculus for this decision favors management because of previous success overcoming
strikes with the use of replacement workers. In established labor-management relationships,
however, the nearly equal bargaining power of the respective sides often allows management to
push for changes in the social contract but not enough to implement unilaterally. The desirability
of more competitive practices and the limited feasibility of implementing them without involving
the union lead management to pursue a combination of forcing and fostering strategies in
negotiations (Walton et al., 1994).

Along with changes in substance, negotiations in the recent past experienced a change in
structure. Labor negotiations previous to 1980, the ones explained by Walton and McKersie
(1991), occurred periodically only at the institutional level with limited communication between
sides. In most instances, the negotiations were centralized at the industry or company level. This
structure no longer exists today for many companies and unions. Negotiations now are a part of
continuous interactions between management and union, often as part of a living agreement.

Individual level negotiations gained importance in recent times as management seeks to
tie individual commitment with institutional collaboration. Management and labor now also
negotiate in a decentralized manner, with industry negotiations pushed to the company level and
company level negotiations pushed down to the plant level. These shifts in the structure of labor
negotiations alter the sides’ frame of reference and bargaining power in a way that positions management to use negotiations for implementing the practices and processes required of the business strategy. Whether those negotiations lead to containment or collaboration is the choice of the parties (Walton et al., 1994).

**Negotiation Trends in the Auto Industry**

The shifts in the structure and substance of labor negotiations include those occurring inside the U.S. auto industry. In the same industry credited with creating the standard bargaining compact of the traditional industrial relations system, recent negotiation proposals focus on creating competitive advantages for the companies. Faced with the pressure of foreign automakers and the presence of more efficient assembly plants owned by “transplants” such as Toyota and Honda, the management of GM, Ford, and Chrysler push for less burdensome pay and benefit arrangements and the implementation of lean work practices in an attempt to overhaul the basic tenants of the Treaty of Detroit. In response to the demands of management made at negotiations, the UAW attempts to limit the impact of these changes in the social contract on their membership with the limited bargaining power retained in today’s global marketplace. Since the early part of the 1980s, negotiation trends in the U.S. auto industry exemplified the strategic negotiations patterns that make collective bargaining a tool for improving the economic performance of a company (Katz et al., 2002).

The U.S. automakers and UAW were one of the first actors to negotiate collective bargaining agreements in the midst of global competition and a hyper-competitive market since the introduction of neoliberal policies in the beginning of the 1980s. Faced with a poor economy and a surge in imports from Japan and Europe, U.S. automakers lost market share and employment declined by 29% from 1979 to 1982. Since this time, automakers from Europe and
Japan steadily gained market share as they increased production in new U.S.-based assembly plants. After a period of moderate success during the 1990s with the sales of SUVs and lightweight trucks, U.S. automakers again faced setbacks in terms of sales and employment. In the first years of the new century, all three U.S. automakers struggled to readjust U.S. assembly plants operating at overcapacity in order to remain profitable. Throughout the twists and turns of this turbulent, competitive environment, negotiations at GM, Ford, and Chrysler focused on making the companies more competitive through changes in the relationship between management and labor (Katz et al., 2002).

Systematic change in the relationship between management and labor in the auto industry began with the previously discussed trial run of QWL programs at GM plants. Over time, the QWL programs served as the basis for lean manufacturing programs introduced in the 1990s and today at GM that include labor-management collaboration and worker involvement (Weekley & Wilbur, 1996; Holstein, 2009). The growth of participation programs at GM represents a recognized awareness among the UAW and all U.S. automakers of the competitive advantage created by lean manufacturing techniques modeled after the Toyota Production System, particularly the collaborative relationship between management and labor. To achieve a similar competitive advantage, the U.S. automakers used decentralized, plant-level bargaining to negotiate flexible work arrangements, greater worker involvement, and the greater use of modular production, a build system that shifts work to suppliers (Katz et al., 2002).

Using data and interviews from GM’s Lansing Grand River Assembly plant (LGR), Block and Berg (2009) model the economic incentives for labor-management collaboration in the auto industry’s decentralized, plant-level negotiations. Because parent companies do not guarantee product allocation in a multi-plant setting and use it for leverage in negotiations, local
management holds an incentive to engage the union in collaboration on cost-reduction programs and processes that lead to future work assignments (Katz et al., 2002; Block & Berg, 2009). The presence of employment security guarantees and the opportunity for product allocation incentivizes local union officials to agree to cost-reduction programs in negotiations to guarantee work for the union membership.

For both local management and union, negotiations serve as the means to receiving the product assignment that continues work for the employees at the plant. From the perspective of strategic negotiation theory, therefore, the desirability of continued work and the feasibility of collaboration to make the necessary process and practice adjustments influences both sides in the auto industry to engage in negotiation tactics creating “…competitiveness and labor cost reductions not through wage and benefit reductions, but through productivity improvements…” (Block & Berg, 2009, p. 77). Even with the economic incentives described in this joint-responsibility model, variation in the extent of labor-management partnership exists among plants in all three U.S. automakers (Katz et al., 2002).

Saturn represents the most expansive labor-management partnership negotiated in the U.S. auto industry. After a joint union-management committee (named the “Committee of 99”) reported the results of its global best practices study, GM and the UAW signed a Memorandum of Agreement in 1985 stating the intention to develop a small car company with labor-management partnership throughout it. This agreement also called for increased worker participation in decision making, team-based production, flexible work rules, performance-related pay systems, and consensus decision making between management and union throughout the organization. With approval granted by GM’s Board of Directors in 1985 to proceed with the development of Saturn’s production facility in Spring Hill, Tennessee, management and union
transferred the principles of the original Memorandum of Agreement into a collective bargaining agreement exclusive to the labor-management partnership at Saturn, representing “… the pinnacle of the transformation of the traditional industrial relations system that began with tentative experiments with QWL…” (Rubinstein & Kochan, 2001, p. 38).

Though intended to serve as a learning laboratory for labor-management relations in the auto industry, Saturn failed as an independent company operating under a separate collective bargaining agreement (Rubinstein & Kochan, 2001). While unsuccessful as a car company (and ultimately as a brand), Saturn affected negotiations in the auto industry from the point of its inception. All three U.S. automakers focused throughout the 1990s on implementing common lean production systems at their assembly plants based on globally-recognized best practices. Similar to the work of the “Committee of 99”, management and labor officials at GM, Ford, and Chrysler negotiated agreements with policies inherently based on partnership meant to complement the lean production principles of flexible, team-based work arrangements and worker involvement, like the one at LDT discussed below (Katz et al., 2002). As Chapter 4 will discuss, Saturn provided a lesson for both management and labor on what to include and what not to include as part of new labor-management partnerships.

The LDT Platinum Agreement

GM and UAW Local 602 did not negotiate the LDT Platinum Agreement in isolation from developments within the company. Negotiations at LDT emerged out of a greater management strategy at GM developed in the 1990s, thereby tracking the changes Walton et al. (1994) identified as occurring to basic labor negotiations theory. Yellowstone, an internal think tank at GM, devised basic principles for the operation of new U.S. plants. Out of Yellowstone came the basic proponents of Competitive Operating Agreements (COAs) and related
performance objectives, referred to as “imperatives and enablers” (Confidential interview with GM Management Representative #4, 2010). Negotiations of the LDT Platinum Agreement centered on GM’s efforts to implement a COA at its newest U.S. assembly plant.

The beginning point for GM’s efforts to change the very nature of its relationship with the UAW and improve the competitive standing of its U.S. assembly plants occurred across town at LGR with UAW Local 652. Previous to the existence of LGR and LDT, Local 602 and Local 652 both contributed to the Lansing-based small car assembly operation. Local 602 built car bodies at the Fisher Body plant on the west side of Lansing. Across town, Local 652 completed the build out of the Pontiac Grand Am and Oldsmobile Alero at Lansing Car Assembly (LCA). Because of Local 652’s reputation for greater cooperation with management, GM approached Art Baker, Local 652’s shop chairman, with the first opportunity for a new assembly plant in the U.S. (Confidential interview with GM Management Representative #2, 2010).

GM’s offer of a new assembly plant and, as a result, new product came at a price for Art Baker and the Local 652 shop committee. They needed to agree to the first iteration of a COA at GM and obtain ratification from their membership in order for GM’s Board of Directors to approve the tentative plans. While agreement meant fundamental changes in the relationship between GM and Local 652 with the shift to less job control, fewer skilled trades classifications, and the introduction of GMS and its team-based work organization, Art Baker’s reputation for cooperating with management and Local 652’s history as a more passive membership came through: Local 652 agreed to a COA, and GM pursued the construction of LGR as Fisher Body continued to supply car bodies for the last few years of LCA’s existence (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #2, 2010).
Soon after agreeing to build LGR, GM sought another new U.S. assembly plant (with a COA governing the labor-management relationship). GM’s manufacturing leadership sought to reward Art Baker by building the new facility in Lansing and staffing it with an expanded Local 652 membership. UAW leaders at Solidarity House objected to this plan because of the large number of workers on layoff or soon to enter layoff status at other UAW locals. GM management, therefore, needed to find another local to staff the next U.S. assembly plant. Like the agreement with Local 652, however, GM intended to build an assembly plant at a location where the local union agreed to an updated COA. Local 602 at this point represented one of several locals contending for the next assembly plant and the accompanied future product allocation (Confidential interview with GM Management Representative #2, 2010).

In order to earn the new assembly plant, Local 602 first needed to agree to a New Product Allocation Memorandum of Understanding. GM began discussions on the memorandum of understanding with the union on June 2, 2000. Local 602 knew at this point that GM planned to cease production at Fisher Body and its membership would soon enter layoff status. Agreeing to the product allocation memorandum of understanding and its mandatory performance targets for a new plant represented the only guarantee of work for Local 602’s membership in the foreseeable future. Because the production allocation memorandum afforded no room for adjustment or compromise, management believed, “This was not a negotiations really, this was ‘This is the price it is going to cost to get a new plant here, are you willing to pay for it or not’?” (Confidential interview with GM Management Representative #2, 2010). Sensing GM’s inflexible position on the memorandum, Local 602’s shop committee signed the product allocation memorandum of understanding on June 6, 2000, after a week of discussions.
Negotiating the Platinum Agreement represented the next step for Local 602 and GM’s local labor relations staff in Lansing, who corporate leaders tasked with the role of conducting the negotiations. By signing the memorandum of understanding, both management and labor “…fully committed to take the necessary actions to assure the targets are met” (New product allocation, 2000). Fulfilling this commitment began with negotiating the Platinum Agreement, a COA intended to transform the labor-management relationship. The product allocation memorandum of understanding dictated the adjustments to the traditional labor-management relationship necessary to do this.

One manager involved with the negotiations recalled:

The guideposts were pretty narrow. [Management negotiators] had to stay well within the framework of what the product allocation memorandum said [we] had to have…[the corporation] said you had to have a provision in your local agreement that says you will not allow people to shift preference more than once a year, you will not allow people to

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**Product Allocation Memorandum of Understanding: Performance Targets**

**Hours/Car**
- 14.7 hours per vehicle (hourly and salaried)
- Average operator loading of 55 min/hr.
- Achieve 65% value added content

**Manufacturing Costs**
- Meet $1,163 car assembly Plant equivalent cost

**Quality**
- JD Power Initial Quality Survey Score ≤ 100 PPH
- 85% Direct Run Rate
- $1,150 IPTV Warranty (3 year warranty)
- $458/car Lifetime Warranty and Policy Cost

**Figure 3.1** Performance targets agreed to by management and labor in the New Product Allocation Memorandum of Understanding (New product allocation, 2000).
transfer more than once year. Those were absolutes; they had to be in there. (Confidential interview with GM Management Representative #4, 2010)

The Local 602 shop committee entered negotiations knowing GM wanted the union to agree to a collective bargaining agreement meeting the exact requirements of the production allocation memorandum to fulfill its obligations to the memorandum of understanding (Confidential interview with Local 602 Union Representative #2, 2010).

Negotiations for the Platinum Agreement began on May 23, 2000. To reiterate the importance of the COA, the labor relations staff told the union’s bargaining committee, “You have to have these [contractual parts]. If you do not get 100% of these things, this will never go before the strategy board and you will not get this plant built” (Confidential interview with GM Management Representative #4, 2010). Despite management’s aggressive presentation of their bargaining demands, Local 602’s shop committee failed to find them non-negotiable and refuted management’s efforts to force agreement. The union sought to protect many of the previous gains made in its relationship with GM that defined the traditional industrial relations system (Confidential interview with GM Management Representative #4, 2010; Confidential interview with Local 602 Union Representative #2, 2010).

The shop committee fought particularly hard during negotiations to maintain the numerous job classifications and associated pay grades (Confidential interview with Local 602 Union Representative #2, 2010). This fight over job control proved particularly quarrelsome in the domain of skilled trades, where the shop committee, particularly the skilled trades committee person, carried on a legacy at GM for bitterly protecting the distinct classifications of maintenance workers. Indeed, reducing skilled trades classifications remained an unresolved issue going into the final hours of negotiations. The union’s bargaining chairman agreed to all of
management’s demands on the issue at this point knowing it was critical to winning the new plant (Confidential interview with GM Management Representative #4, 2010).

GM and Local 602 reached a tentative agreement on the Platinum Agreement after three weeks of negotiations on June 7, 2000. Contained within the Platinum Agreement were contractual provisions representing dramatic changes to job classifications, work organization, seniority rights, and sourcing. These changes reduced the number of job classifications to two: production and maintenance. They also introduced a team-based work organization and a limitation on employee-initiated transfers of shifts and jobs to once per year. In addition, the union agreed to a “Performance Maintenance Partnership” allowing non-skilled, production workers to perform routine maintenance and the elimination of lines of demarcation between different trades. The union agreed to sourcing permissions allowing the subcontracting of twenty-nine support “initiatives” (i.e. janitorial services, landscaping, utility maintenance) and the delivery of supplier-assembled components (Lansing epsilon, 2000). The shop committee’s tentative agreement to these contractual provisions created the fundamental adjustments in the contractual relationship between Local 602 and GM necessary for the corporation to invest in a new assembly plant. Only ratification by the union membership remained before beginning the design phase of the then-unnamed new assembly plant.

Local 602’s shop committee originally scheduled a ratification vote by its membership for August 1, 2000. On June 12, 2000, however, the union notified management of its intention to indefinitely delay the ratification vote until GM resolved three ongoing issues at the Fisher Body plant. While the tentative Platinum Agreement prevented the carryover of existing issues to the new plant, it remained silent on the issue of settling current disputes. The union leveraged GM’s desire for a signed COA (the Platinum Agreement) to resolve outstanding issues as the
corporation prepared for a groundbreaking ceremony celebrating the new assembly plant in Lansing the following week. Their plan paid off as GM agreed on September 14, 2000, to settle the outstanding issues in exchange for a commitment from the union to hold a ratification vote on the Platinum Agreement (*Timeline comparison*, 2000).

With the outstanding issues connected to the Fisher Body plant settled, the union set a ratification vote for October 5, 2000. Local 602’s bylaws divided the ratification vote into skilled and other than skilled worker classifications. In the October 5 election, the other than skilled members voted to ratify the Platinum Agreement, while the skilled workers did not. The skilled workers’ refutation of the Platinum Agreement demonstrated their resistance to new contract language that would significantly impact their jobs (*Timeline comparison*, 2000; Confidential interview with GM Management Representative #4, 2010).

In response to the failed ratification vote, both sides agreed to reexamine several contentious issues regarding maintenance work. This second look gave the union an opportunity to further craft the contract language regarding skilled trades workers. Ultimately, GM agreed to write clarifying language on five contract provisions covering overtime determination, seniority, and subcontracting. The clarifying statement for the subcontracting provision proved especially important for the union as it allowed Local 602 to make a business case for keeping work in house each time GM proposed subcontracting it (*Statement of clarification*, 2000). Satisfied with the adjustments GM made, the union’s skilled workers ratified the Platinum Agreement on October 24, 2000 (*Timeline comparison*, 2000). When combined with the earlier other than skilled worker ratification vote, the skilled worker ratification vote provided a 53% approval rate for the Platinum Agreement, a less than stellar margin (Confidential interview with GM Management Representative #4, 2010).
Analysis

The negotiations of the Platinum Agreement between GM and Local 602 represents the first critical moment in the labor-management relationship at LDT. Local 602’s decision to sign the product allocation memorandum gave the union an opportunity to secure future work through a new plant assignment. Negotiations over the actual Platinum Agreement created a COA with the contractual provisions necessary for the operation of a lean assembly plant, what one manager termed the “philosophical” part of manufacturing (Confidential interview with GM Management Representative #4, 2010). Analyzing the negotiation of this “philosophy” in light of the changing theory of labor negotiations provides insight into why GM and Local 602 proved successful in forming a partnership at LDT based on mutual trust, thereby enabling collaborative pursuit of a competitive operation while respecting the autonomous identity of each side.

GM’s decision to make the union’s agreement to the product allocation memorandum of understanding a mandatory prerequisite for future bargaining set the tone for negotiations of the Platinum Agreement. By dictating nonnegotiable performance targets, the memorandum of understanding pushed any future negotiations in a direction that would inevitably change the very nature of the traditional labor-management relationship. Instead of simply maintaining industrial peace through quid pro quo tradeoffs between the two sides, both management and labor needed to commit to improving the economic performance of the plant through better productivity, quality, and cost control. Signing the product allocation memorandum of understanding before negotiations made this a settled fact going forward. Deeming these performance targets “imperatives”, the memorandum of understanding stated that GM and Local 602 “…are fully committed to take the necessary actions to assure the targets of met” (New product allocation, 2000).
With the “imperatives” decided, GM and Local 602 needed only to negotiate over their “enablers”, the provisions of the COA (Lansing Epsilon, 2000). Entering the Platinum Agreement negotiations days after signing the nearly nonnegotiable memorandum of understanding provided an environment conducive to the use of a forcing strategy. As previously stated, a forcing strategy relies on distributive bargaining tactics to mandate management-sponsored changes in the labor-management relationship (Walton et al., 1994). GM firmly believed the promise of future work and the threat of it going to other UAW locals put it in a strong position to force changes in its relationship with Local 602 during these negotiations. Management’s negotiators expected the union’s bargaining committee to accede to the flexible work rules and reduced job classifications that the company wanted in this new contract (Confidential interview with GM Management Representative #4, 2010).

Local 602’s bargaining committee was well aware of GM’s attempts to force them into contractual provisions changing the nature of their relationship.

One member of the union’s bargaining committee recalled:

Management was really pitting one union against the other. ‘Well, if you give us a better contract maybe you will get this car, you give us a better contract, maybe you will get this car.’ They wanted to say, ‘You give up this, you give up this.’ They were going around in a circle and never really telling anybody what car they would get or committing to getting a car. (Confidential interview with Local 602 Union Representative #2, 2010)

To combat management’s whipsawing, Local 602’s bargaining committee worked closely with regional and national UAW staff members. The local informed the staff of developments in their negotiations, and the staff reciprocated with information from other local negotiations. Said one member of the union’s bargaining committee, “You called them to see what was going on over
there and over there because they knew, so you know what to do [in your negotiations]”
(Confidential interview with Local 602 Union Representative #2, 2010).

The union’s ability to recognize GM’s forcing strategy and effectively counter it changed
the tenor of negotiations. Management negotiators needed to develop a fostering approach in
explaining the need for the proposed contractual changes, from the reduction in job
classifications to the increased flexibility of maintenance work. Fostering represents the form of
strategic negotiations theory built around integrative bargaining techniques (Walton et al., 1994).
In making the case that GM needed adjustments in its relationship with the union, the
management negotiators inherently implied the need for the union’s involvement in making a
new plant successful. GM underscored this point with the concessionary response to the Fisher
Body plant issues presented by the union in an effort to continue along with the Platinum
Agreement. Management sent a signal to Local 602 saying “we cannot do this without you.”
Reaching an agreement to the new contractual provisions of the Platinum Agreement
transformed the relationship between management and labor, not because it proffered new work
rules, but because it required buy-in from Local 602.

The ability of negotiators to reach agreement on a contract that one manager admitted
was “radical” and “represented a significant change from the way we had our operated our plants
before” came from the relationship between the two sides (Confidential interview with GM
Management Representative #4, 2010). As previously stated, GM’s corporate leaders tasked the
local relations staff with the responsibility of negotiating the Platinum Agreement. Over the
years of working at Fisher Body, these managers gained the trust of Local 602 leaders from the
years of working together; as Kochan et al. (1994) note, trust is an important element for the
transformation of the traditional industrial relations system. This same type of trust between the
parties would not be present in negotiations with corporate labor relations staff from outside Lansing.

The managers also held a vested interest in a new Lansing-based assembly plant. Having grown up in the area, raised families, and lived here for many years, most members of GM’s bargaining committee maintained strong community roots. While GM maintained a corporate wide negotiation strategy built around whipsawing local unions into the best possible agreement without much regard for the final location of the plant, Lansing’s local labor relations staff held the same incentive as union officials to reach the best possible agreement. Like Local 602’s bargaining committee, they desired to continue working in Lansing. The mutual interest for a new plant lent credibility to management’s demands in negotiations. The union’s negotiators understood that local managers did not demand new contract provisions in the Platinum Agreement as a desired gain but, rather, as an essential element for procuring future work, both for management and labor.

The shared destiny of the management and union negotiators and trust that a lean plant led to mutually-beneficial results is present in the format of their agreement. The provisions of the Platinum Agreement provided the “enablers” for achieving the “imperative” target goals of the product allocation memorandum of understanding (Lansing epsilon, 2000). Unlike traditional contract language, the provisions of the Platinum Agreement simply stated needs; they did not fully define the processes for achieving the needs. As an example, the Platinum Agreement provision concerning a team-based work organization stated, “Work will be performed by teams with the full operational requirements of the People Support System implemented according to the GM Global Manufacturing System” (Epsilon discussions: Item #10, 2000). Such a format created results-based negotiations focused solely on making the new plant competitive, not
centered on getting the most from the other side or gaining an upper-hand in the relationship. Focusing on results imparted a vision of the future mutual gains associated with a globally-competitive plant on both parties.

Along with demonstrating the benefits of collaboration, the bargaining phase also presented the reality that the sides could maintain their autonomous identities. Much to the chagrin of management, Local 602’s shop committee used the negotiations to settle outstanding issues at the Fisher Body plant. The events surrounding the failed ratification vote proved that Local 602 could still advocate for the interests of its membership even while it pursued a collaborative relationship with GM. While harming relations with management temporarily, the union’s success in addressing concerns at Fisher Body and seeking clarification on maintenance work at the future plant proved important in establishing the mutual trust between GM and Local 602 that they could collaborate while keeping autonomous identities.

GM and Local 602 left the bargaining phase with agreement on a new “philosophy” toward working together to build cars. Though the union’s membership ratified the Platinum Agreement by only a three percent margin, far from a mandate for Local 602’s leadership to collaborate with management, the negotiations served an important role in developing mutual trust between the two sides. Management earned the buy-in of the union’s shop committee by focusing on the importance of lean processes for the plant’s future success. The union meanwhile learned that it could continue to protect the interests of its membership. These developments in the bargaining phase began the growth of mutual trust between GM and Local 602 that they could collaboratively pursue a competitive operation while maintaining autonomous identities.

As a practical matter, though, the Platinum Agreement for the new Lansing-based plant provided only an outline of the nuanced contract language necessary for day-to-day operations.
Fleshing out the details for the different provisions of the Platinum Agreement became the work of the design phase. As the next chapter shows, the design phase also served as the second critical moment in the development of mutual trust between GM and Local 602.
Chapter 4

Building a Plant and a Relationship: The Design Phase of LDT

While the Platinum Agreement negotiations established a COA for the new assembly plant and began the growth of mutual trust between management and labor, GM and Local 602 agreed to only the basic contractual requirements for a lean manufacturing facility. The Platinum Agreement failed to provide a detailed description of the practices and processes for use in operations. For an effective and productive operation, management and labor needed to put the “…flesh on the bones…” of the Platinum Agreement’s provisions in order for LDT to succeed (Confidential interview with GM Management Representative #4, 2010). This occurred during the design phase of LDT.

The design phase serves as the second critical moment in the development of mutual trust between GM and Local 602. As this chapter details, GM and Local 602’s efforts at developing a trusting relationship in the design phase culminated in the collaborative planning of LDT’s policies and processes. Just as important, however, the design phase serves as the backdrop for efforts by the plant’s executive management staff and Local 602’s shop committee to develop a trusting relationship and establish the parameters for it. Management and union further developed mutual trust through the design phase by explicitly focusing on the development of their relationship in joint activities and trips. In this sense, the design phase served as the time where GM and Local 602 not only planned the plant’s layout and operations but also designed the plant’s labor-management partnership.

GM gave every indication that it would start designing LDT immediately after Local 602’s membership ratified the Platinum Agreement in late October 2000. The company assigned the Epsilon product platform (mid-size sedans) to the new assembly plant, announced that
construction of the plant would begin in 2002, and named Steve St. Angelo plant manager for the new facility (Confidential interview with GM Management Representative #4, 2010).

St. Angelo started preliminary discussions with Local 602’s shop committee, the same members from the Platinum Agreement negotiations, about designing the new plant and fleshing out the details of the Platinum Agreement’s new provisions. Original plans included joint trips to evaluate the production systems at assembly plants around the world, especially in Europe, to assist with designing the processes such as manpower movement, team-based work organization, etc. Local 602’s shop committee began holding design contests in an effort to involve the membership in the development of various parts of the workplace and make workers feel that the new plant is theirs (Confidential interview with Local 602 Union Representative #2, 2010).

Soon after these initial developments, however, GM indefinitely delayed construction of LDT. The company decided to build the Epsilon platform at another assembly plant. Lansing would still manufacture another platform, but GM set no definite timetable for its development. The Platinum Agreement converted into a “shelf agreement” with this decision, ready for use whenever GM decided to build an assembly plant in Lansing. In the meantime, the cessation of production at the Fisher Body plant continued without any promise of new work (Confidential interview with GM Management Representative #4, 2010; Confidential interview with Local 602 Union Representative #2, 2010).

The decision to halt the construction of LDT and stop the design phase created turmoil for the labor-management relationship as it brought the progress of transformation to a standstill. One manager involved with the Platinum Agreement negotiations recalled, “It gave us an opportunity to go back [to the traditional relationship]. We didn’t lose any knowledge. We didn’t lose any technical capabilities. But from the standpoint of momentum and a sense of urgency,
[we regressed]” (Confidential interview with GM Management Representative #4, 2010). This delay negatively affected the attitudes of both salaried and hourly workers, who came to see the plant as an entitlement and became less concerned about creating a competitive assembly plant (Confidential interview with GM Management Representative #4, 2010; Confidential interview with Local 602 Union Representative #2, 2010).

Suspension of the plant’s development also sparked significant personnel changes for both labor and management. Local 602’s membership voted every single member of the shop committee bar one out of office. One member of that shop committee recalled, “Here we were, we told them we gave up a lot of things, and then all of a sudden [the agreement] gets shelved [and] your plant is closing” (Confidential interview with Local 602 Union Representative #2, 2010). In addition, Steve St. Angelo left Lansing for another project, leaving the local management group, like the union, with few carryovers from the Platinum Agreement negotiations (Confidential interview with GM Management Representative #4, 2010). When construction of a new Lansing plant did continue, the loss of people familiar with the Platinum Agreement negotiations left both sides starting from scratch in creating a partnership.

GM eventually assigned the new Lambda product platform (small SUVs) to LDT and moved ahead with the construction of the plant in 2003, three years after signing the original New Product Allocation Memorandum of Understanding with Local 602. In addition, the company named Randy Thayer the plant manager, making him responsible for overseeing design phase. Thayer soon thereafter hired Geoff Weller as the Assistant Plant Manager and Dave Elliott as the Personnel Director, filling the first roles of the new plant’s executive staff. Opposite them stood Local 602’s new shop committee, chaired by Steve Bramos (Confidential interview
with GM Management Representative #4, 2010; Confidential interview with GM Management Representative #9, 2010; Confidential interview with Local 602 Union Representative #1, 2010).

**Designing an Automotive Assembly Plant**

Designing an automotive assembly plant involves several simultaneous undertakings covering the vehicle assembly process, the layout of the manufacturing facility, and the development of the plant’s personnel policies. The plant manager coordinates the development of the separate functions as each undertaking interacts with the others. These undertakings proved to be much more complicated at LDT than the design phase of other plants because the Lambda product platform was not previously in production. “It was a brand new product all the way from the tires to the roof…” (Confidential interview with GM Management Representative #9, 2010). People involved in LDT’s design phase needed to develop the assembly process of a new product, develop an efficient manufacturing process for the new product, and detail the policies and practices that allow the workforce to do it.

A bill of process declares how each shop (ie. body, paint, general assembly) of the assembly plant will build the car. It determines what parts of the car like an instrument panel come to the assembly plant as a module and what parts the workers assemble piece by piece through the in-plant assembly process. Based on these determinations, the bill of process decides basic issues such as how many work stations to include along the assembly line and where to place the buffers that allow one part of the assembly line to move while another part is stopped (Confidential interview with GM Management Representative #6, 2010; Confidential interview with GM Management Representative #7, 2010; Confidential interview with GM Management Representative #8, 2010). GM created a standard bill of process in the past decade for use at its plants across the world to increase its flexibility in moving product around the world. As such,
LDT’s bill of process generally followed the corporate template (Confidential interview with GM Management Representative #8, 2010).

Connected to the bill of process is the bill of equipment, which determines the approach to building the car. It supports the bill of process by dictating the tooling and processes to use along the assembly line. GM worked to make a fairly standardized bill of equipment in all of its plants. “The way [a worker] put the urethane on the glass and presented it to the operator, whether you are in Rüsselsheim, Germany, or Lansing, Michigan, it is essentially the same process” (Confidential interview with GM Management Representative #8, 2010). Like with the bill of process, therefore, LDT’s bill of equipment also followed the base plan of the corporate template.

Despite the standardized bill of process and bill of equipment, the design group needed “…to package the building and the process laid out [by the template]…” based on the line speed and work content required by the vehicle, variables specific to a given plant (Confidential interview with GM Management Representative #8, 2010). These plant-specific variables handed LDT’s design group the leeway to impact the layout of the shop floor. Decisions on the layout of the shop floor range from how to setup the various work stations to what type of conveyer system to use throughout the plant (Confidential interview with GM Management Representative #7, 2010; Confidential interview with GM Management Representative #8, 2010). As this chapter discusses later, the union contributed to these decisions through the contributions of its leadership and rank-and-file members.

Along with the design of the vehicle manufacturing process, the design group developed the plant’s various policies and practices. This important part of the design phase covered a wide range of issues, including the facilities layout, cafeteria services, shop rules, manpower
movement, team structures, clothing policy, etc. The Platinum Agreement provided a framework to start with but needed the LDT design group to fill in the details of provisions that it only referenced in passing. This allowed the management and union “…lots of room on the paper to play” (Confidential interview with GM Management Representative #1, 2010). Indeed, the development of the plant’s policies and practices allowed for the greatest degree of collaboration between management and labor during the design process.

Creating a Collaborative Relationship

As previously noted, worker participation and labor-management collaboration plays an inherent role in lean manufacturing. LDT’s senior managers expected no difference in their plant; said one of them, “One thing we worked hard on was to have an organization of inclusion, where we expected and wanted everyone to participate, and create an environment where they felt comfortable doing that” (Confidential interview with GM Management Representative #8, 2010). To incite this ethos of inclusion, the senior managers actively sought a collaborative relationship with Local 602 during the design phase (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #8, 2010; Confidential interview with GM Management Representative #9, 2010). The senior managers “…wanted the workforce to know that the union was really into this together. They did not just sign an agreement and decide to figure out ways to go back to the old way. They had bought in” (Confidential interview with GM Management Representative #9, 2010). While a bit skeptical, Local 602’s shop committee welcomed this opportunity to have management “…not only ask our opinions but listen to them” (Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010).
The first steps toward a collaborative relationship began with the senior managers’ offer to include the Local 602’s shop committee members in the selection process for the remaining open executive staff positions. Depending on the open position, an appropriate member of the shop committee participated in the candidate interviews, asking questions and assessing the candidate’s responses (Confidential interview with GM Management Representative #8, 2010; Confidential interview with GM Management Representative #9, 2010; Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010).

Though management did not give the union representatives an official vote, the committee members influenced the final hiring decisions through their observations of the candidates’ approaches to “…the people side of the business” (Confidential interview with GM Management Representative #9, 2010; Confidential interview with Local 602 Union Representative #1, 2010). The union believed this limited role in the selection process provided the best way to influence the selection of candidates, cognizant of potential issues that could develop should managers learn that the union previously voted not to hire them (Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010). When interviewing candidates for the remaining executive staff positions and, later, the plant’s salaried staff and assessing their potential for furthering the inclusive environment sought at LDT, senior managers and union representatives often found themselves to be in agreement on the best candidates (Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with GM Management Representative #8, 2010).
Around the same time, Local 602’s shop committee also selected its own candidates at the beginning of the design phase to serve as pilot employees. These employees filled appointed roles allowed by the national GM/UAW agreement. Shop chairpersons often appoint friends and political allies to these positions. Like the senior managers, however, the Local 602 shop committee sought to bring a different ethic to the selection process, a point noticed by the executive staff. They focused on finding people with the necessary skill sets to make meaningful contributions to the development of different procedures from training to team leader selection. These employees, numbering near twenty, complemented the union’s shop committee in the design phase by participating in the design of the shop floor layout and the development of plant policies and procedures (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #8, 2010; Confidential interview with Local 602 Union Representative #1, 2010).

Despite selecting the initial members of the LDT design group from each side, the relationship between senior managers and union members involved in the design phase remained cautious. With the three year delay between the Platinum Agreement negotiations and the design phase of LDT, most members of both management and labor neither participated in the Platinum Agreement negotiations nor were particularly familiar with each other (Confidential interview with GM Management Representative #8, 2010; Confidential interview with Local 602 Union Representative #1, 2010). While excited about the opportunities of new work and a new plant, union members remained leery about venturing from the comforts of the traditional industrial relations system into the collaborative environment of a lean production system (Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010).
Likewise, the management staff held varying degrees of experience in lean manufacturing facilities (Confidential interview with GM Management Representative #6, 2010; Confidential interview with GM Management Representative #7, 2010; Confidential interview with GM Management Representative #8, 2010). Both sides needed to build relationships with each other in order to create the environment for the high level of collaboration desired during the design phase.

Cognizant of the importance of trust for a long term working relationship, senior managers and union leaders made conscious efforts to build their personal relationships outside of work. A memorable example of their efforts includes renting a private boat for a dinner cruise along the Grand River in Lansing. One manager recalled, “We spent four hours to get to know each other on a personal basis, their interests and what makes them tick” (Confidential interview with GM Management Representative #9). In addition, GM provided organizational development specialists that took the leadership group of both sides through a series of team building exercises “…before [the leadership groups] talked about team building anywhere else” (Confidential interview with GM Management Representative #1).

Besides building trust with each other, the two sides worked to build trust in the lean manufacturing process they would implement at LDT. Soon after the initial efforts at building relationships, the executive management staff and union shop committee travelled to Mexico to tour four GM plants using GMS, the corporation’s lean manufacturing process. At these plants, they witnessed salaried and hourly workers utilizing “GMS at a level that was significantly higher than [what they previously experienced]” (Confidential interview with GM Management Representative #9).

One manager on the trip described what the Lansing contingent saw in Mexico:
They saw small teams working together. They saw business plan deployment on the shop floor. They saw standardized work at a much higher level on the shop floor. They saw a layered audit process that was far better than what they were accustomed to at Lansing Car Assembly. They saw plants that had significantly higher quality and throughput numbers than Lansing Car Assembly. It is sort of like going to Mecca in a way. (Confidential interview with GM Management Representative #9)

Experiencing the “ultimate model” of the manufacturing system agreed to in the New Product Allocation Memorandum of Understanding and Platinum Agreement served as an impetus for the LDT design group’s work (Confidential interview with Local 602 Union Representative #1; Confidential interview with GM Management Representative #9; Confidential interview with GM Management Representative #1).

The trip to the Mexican plants also served a secondary purpose of strengthening the relationship between the members of the LDT design group as managers and union leaders naturally bonded throughout the visit. “At the end of the day we wanted to have a team, not only salary and union…When you are in a foreign country…[the group bonded] a little bit more just because of the language barrier, culture, and things of that nature (Confidential interview with GM Management Representative #8, 2010). During the factory tours, managers walked with their union counterparts and discussed what they saw occurring in front of them and what they wanted to bring back to Lansing (Confidential interview with Local 602 Union Representative #1, 2010). By the end of their time in Mexico, therefore, the management group and Local 602 shop committee left for Lansing knowing the caliber of manufacturing system they wanted to implement at LDT and trusting that they could work together to design it.

Upon returning from Mexico, the sides expanded their efforts to build trust in each other and lean manufacturing by completing GMS training together. All of the LDT design group, not just the executive staff and shop committee, participated in the training as a group. While people
from both sides held varying degrees of previous familiarity with GMS, completing training together provided every person the same level of knowledge about the processes and procedures that they needed to develop and implement during the design phase (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #8, 2010). The training also further broke down perceived barriers between management and union, enabling the sides to work more closely together (Confidential interview with Local 602 Union Representative #1, 2010).

The official process of developing a collaborative relationship culminated in the development of a plant mission statement. This exercise allowed management and union leaders to commit to paper the partnership they sought to forge during the design phase. As such, the mission statement represents the “…the first focus and the first discussions about what [the LDT design group wanted] to do, what [the LDT design group wanted] this plant to look like and what [the LDT design group wanted its] legacy to be here” (Confidential interview with GM Management Representative #1, 2010).

LDT Mission Statement

"Building on our heritage, we commit to building the world's finest vehicles in an environment that supports and empowers our team members."

Figure 4.1 The LDT mission statement written by management and labor during the initial stages of the design phase.

Improving Upon Best Practices

The LDT design group utilized several resources during the design phase, seeking to identify the best practices in use at the moment that could be adopted into the development of the
plant. In developing LDT, the design group “…was not necessarily creating a new wheel or reinventing the wheel, [the design group] was just duplicating something that other people did, maybe not in totality but bits and pieces” (Confidential interview with GM Management Representative #4, 2010). To learn what other people were doing at the time, the design group consulted with manufacturing experts, visited assembly plants operating with GMS, and distilled the lessons from previous experiments in lean manufacturing. From these resources, the LDT design group improved both the plant’s operations and labor-management relationship.

Internal experts at GM assisted the design group’s early manufacturing and vehicle engineering efforts. They led the previously discussed GMS training and worked with the design group’s subcommittees focusing on the different areas of the plant. Among other areas, the experts’ advice informed the design group’s decisions regarding plant layout and tool placement. GM’s organizational development specialists aided the development of LDT’s team-build work organization. The assistance of the experts from within the corporation allowed LDT’s design group to use the company’s newest manufacturing concepts and learn from people familiar with the company’s operations around the world (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #8, 2010).

The LDT design group also visited several assembly plants using GMS to learn about their experiences with the lean manufacturing system. Along with the visit to the four Mexican assembly plants, the design group frequently met with LGR’s staff since they designed GM’s most recent, lean U.S. assembly plant. During these visits, managers and union leaders shadowed their counterparts to learn about different aspects of GMS while seeing it put into action. These site visits additionally provided both managers and union officials at LDT the opportunity to
inquire about suggested improvements and future challenges. The LDT design group ultimately patterned many of the processes and systems it implemented into the new plant’s operations from the assembly plants it toured (Confidential interview with GM Management Representative #8, 2010; Confidential interview with GM Management Representative #1, 2010; Confidential interview with Local 602 Union Representative #1, 2010).

Along with the present resources of company experts and assembly plants, the LDT design group benefitted from the lessons of previous forays into lean manufacturing and labor-management partnerships. Several managers with the LDT design group completed assignments at NUMMI, the joint partnership between Toyota and GM designed to train GM’s employees in lean manufacturing (Confidential interview with GM Management Representative #1, 2010). Another manager spent considerable time at CAMI during the time it operated as a joint venture between GM and Suzuki. He brought that plant’s focus on “…the simplest solutions…” and reliance on worker-driven problem solving to the development of LDT’s lean manufacturing processes and procedures (Confidential interview with GM Management Representative #5, 2010).

The design group gleaned “…what not to do…” from the experiment in labor-management partnership at Saturn (Confidential interview with GM Management Representative #1, 2010). Senior managers and Local 602 shop committee members agreed early on not to adopt Saturn’s consensus decision making approach because of its slow nature and tendency to inject politics into operations decisions. While both sides valued the inherent partnership and worker participation of lean manufacturing, they believed management and labor ultimately maintained distinct roles in the process (Confidential interview with GM Management Representative #1, 2010; Confidential interview with Local 602 Union Representative #1, 2010). The lessons from
these previous experiences at GM provided the LDT design group with the opportunity to improve upon the company’s most current practices in lean manufacturing and labor-management relations.

**Designing LDT**

Following time spent by management and labor developing a collaborative relationship and visiting other assembly plants, the LDT design group set about planning the operations for its own plant. While construction began on the actual building, the group set about its work in an old administration building on the site of Lansing Car Assembly. Here managers and union representatives took to planning the layout of the plant’s different shops, deciding production processes, and writing policies and procedures. One literally monitored the progress of the group’s work on the walls as tentative plans lined the building’s hallways for all to see (Confidential interview with GM Management Representative #1, 2010).

Senior managers delegated the design group’s numerous objectives to a series of committees based on area in the assembly plant, technical considerations, and degree of control. Outside of meetings related to salaried personnel issues, they invited and expected the union to fully participate in all of the meetings and activities of the design phase. A Quality Council consisting of the plant’s executive staff and Local 602’s shop committee served as the central steering committee throughout the design phase. It met weekly for status updates on the design efforts and to make necessary decisions. Subcommittees discussed and developed processes and policies specific to their given domain and reported to the Quality Council. The Quality Council divided specific tasks amongst a number of subcommittees that reported back to it. The subcommittees consisted of both salaried and hourly personnel (Confidential interview with GM
Issues assigned to subcommittees ranged in nature from seemingly simple to complex. Some committees focused on “…how facilities are to be arranged, how cafeteria services will work. Will [the plant] include a fitness center? How will the office layout work? What will be the plant’s dress code, plant rules, norms, and policies?” (Confidential interview with GM Management Representative #1, 2010). Other committees focused on more technical issues such as the arrangement of work stations, the layout of a particular area in the assembly plant, and the structure of work teams (Confidential interview with GM Management Representative #5, 2010; Confidential interview with GM Management Representative #8, 2010). Every issue required the full consideration and attention of the appropriate committee, no matter the perceived level of importance, in order to provide an optimal operating state when the plant started production (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #8, 2010; Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010).

Management, union representatives, and hourly launch employees contributed equally to the subcommittee work. The managers and union representatives on the committees jointly developed the agendas and facilitated meetings. When considering the various issues, the managers, union representatives, and hourly workers provided input based on their viewpoint and experience (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #8, 2010; Confidential interview with Local 602 Union Representative #3, 2010). The different viewpoints, particularly from the hourly worker perspective, often brought issues to the surface that radically changed the
committee’s decision or direction on an issue. As one union leader noted, “[Management] came to us for information. [The union and its members] were the expertise (Confidential interview with Local 602 Union Representative #3, 2010). Other times, however, management considered the union’s input but decided to go another direction” (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #8, 2010).

The design group’s decision making regarding the plant’s dress code policy exemplifies the importance of every issue and the influence of both union and management.

As one manager described:

Our intent when we first got in there was to have uniforms…We planned to use a standard uniform…The union had no interest in clothing that was not union made in the U.S. [The union] brought a lot of things to light, as the voice of the [workforce], that we on the salaried side had not envisioned about what [the workers] wanted and would be the most functional on the shop floor…When it was all said and done, we ended up with what I believe is a $1 million to $1.5 million price tag to implement the clothing policy. We jointly as a group came to the same conclusion that despite all the effort and work we put in, we do not need this stuff. We are going to go everybody can wear blue jeans. We are going to meet safety standards and wear appropriate clothes, but we are not going to wear uniforms and go to that expense. (Confidential interview with GM Management Representative #1, 2010)

Through the combined wisdom of managers and union representatives, the design group saved the plant over a million dollars in potential costs while finding a way to break through the perceived division between union and management (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #6, 2010).

Forging the specific details of GMS’s team-based work organization represented another important collaborative policy decision made by union and management. As a team-build production system reduces the number of managers and improves in-process quality control, it
represents the crux of a lean manufacturing operation. This work organization, however, also serves as a significant departure from the job control that Local 602’s membership came to enjoy in the traditional industrial relations system (Confidential interview with GM Management Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010). While corporate policies dictated the general framework of the GMS team-build production system, management and Local 602 needed to define how the plant would organize the teams on the shop floor, select team leaders, and operate intra-team functions (Confidential interview with GM Management Representative #1, 2010; Confidential interview with Local 602 Union Representative #1, 2010). LDT’s ability to move beyond the traditional industrial relations system depended on how management and labor addressed these issues.

The union and management ultimately designed a progressive set of policies establishing teams for both production and maintenance workers. Unlike at other plants where seniority determined team leaders, LDT required candidates to complete a series of tests on their own time before interviewing with a joint union-management selection committee. This committee selected the team leaders based on merit. The team leader committee also could de-select poor performing team leaders who could not benefit from additional training. In addition, the sides agreed to policies that put team members in charge of problem solving (Confidential interview with GM Management Representative #1, 2010; Confidential interview with Local 602 Union Representative #1, 2010). The decision to embrace a fully team-build work structure enhanced worker participation and supported collaboration between labor and management.

Worker participation in solving line-side issues began during the design phase with the configuration of work stations. GM’s engineers built “mock ups” of parts of the assembly line that included tooling, parts racks, and the Andon system. Hourly launch employees looked
through these simulated work stations seeking to assess how they would function from both the perspective of production and maintenance work. The hourly employees made improvements to the layout in several ways including the size of the Andon light, the height of the Andon cord, and the position of the racks from the assembly line to create a work station template for a given area in the plant. The hourly employees also examined the groups of work stations together to decide at which stations along the line different parts of assembly should occur to create the proper line balance. In completing this work, the hourly launch employees enjoyed near autonomy to set up the work stations to their liking so they could assemble the cars in the best possible manner (Confidential interview with GM Management Representative #5, 2010; Confidential interview with GM Management Representative #7, 2010; Confidential interview with Local 602 Union Representative #3, 2010).

The LDT design group ultimately made hundreds of decisions over the course of the design phase. They covered a host of issues ranging from the layout of the offices to the placement of group rooms on the assembly plant floor. Along with developing procedures and processes, the design group penned numerous plant policies ranging from team member responsibilities to a smoking policy. While the sides did not always agree on the final decision, the plant’s management collaborated with Local 602’s shop committee and members throughout the entire process (Confidential interview with GM Management Representative #1, 2010; Confidential interview with Local 602 Union Representative #1, 2010). Both labor and management wanted LDT’s jointly-crafted policies, practices, and procedures to create the foundation for an inclusive plant environment that enabled long-term, sustained success (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #8, 2010; Confidential interview with GM Management
Analysis

LDT’s design phase represents the second critical moment in the development of mutual trust between GM and Local 602 that allows the two sides to collaboratively pursue a competitive operation while maintaining autonomous identities. In this phase, managers, union representatives, and hourly workers brought the plant to life through the collaborative design of practices and processes and the development of procedures. Through these efforts, management and labor developed a sense of trust as the sides began their working relationship beyond the bargaining table. Analysis of the design phase reveals that management and labor not only planned the plant’s operations at this moment, but also their own relationship.

The need to complete the details of the Platinum Agreement first brought management and labor together during the design phase. As previously discussed, the Platinum Agreement provided only a skeletal framework of the minimum policy requirements that were unsuitable to operate a plant with. The design phase served as an opportunity to complete the details of the various provisions. When presented with this opportunity, the senior managers went beyond simply finishing the work of negotiations and instead treated the Platinum Agreement as a living agreement. The design group added necessary provisions to the agreement, while eliminating unhelpful language (Confidential interview with GM Management Representative #9, 2010). The decisions to rework the Platinum Agreement allowed management and the union to move beyond the forced corporate mandates of the Platinum Agreement negotiations and collaboratively create policies based on the input of both sides.
Breaking free of the corporate mandates of the Platinum Agreement presented the opportunity for GM and Local 602 to move beyond the traditional labor-management relationship. The original senior managers wanted to do this as part of their planned efforts to create an inclusive plant environment conducive to the participation and partnership of lean manufacturing. Realizing, however, that their limited relationship with the local’s leadership hindered attempts to make such a change in the standard relationship at GM, the senior managers made an important decision to begin the design phase with a focus on developing its relationship with the union.

In developing a relationship with Local 602’s shop committee, the senior managers emphasized interactions that did not appear in the collective bargaining agreements or official correspondences, thus building the informal or “off-the-record” relationship with the union. (Confidential interview with GM Management Representative #8, 2010; Confidential interview with GM Management Representative #9, 2010).

One senior manager commented:

The bigger piece of it was the stuff that was not in the agreement, all the social interaction that needed to go on to make sure the workforce knew the union was really into this together. They did not just sign an agreement and decide to figure out ways to go back to the old way. They had bought in. (Confidential interview with GM Management Representative #9, 2010)

Management and union attended to the social interaction through informal relationship building activities including the dinner boat cruise and trip to Mexico that facilitated personal relationships between members of the two sides (Confidential interview with GM Management Representative #8, 2010; Confidential interview with Local 602 Union Representative #1, 2010).
Along with developing closer personal relationships, senior managers and union leaders clearly defined their respective roles and established the boundaries of their working relationship at the beginning of the design phase. Senior managers sought the union’s involvement in decision making but did not want to adopt the consensus decision making approach of Saturn. They wanted to avoid the slow pace and political implications of elected union leaders approving each and every decision (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #9, 2010). Interested in a “…voice, not a vote…”, union leaders welcomed this arrangement as it allowed them to pursue the common objective of a successful assembly plant while preserving their role as advocates for the workforce (Confidential interview with Local 602 Union Representative #1, 2010). Defining the stipulations for the union’s involvement and input early on cleared a path for a more effective design phase, both from the perspective of GM and Local 602 (Confidential interview with GM Management Representative #9, 2010; Confidential interview with Local 602 Union Representative #1, 2010).

The senior managers’ willingness to provide the union access to all aspects of the design phase from the very beginning played an important role in the process’s effectiveness. Outside of meetings concerning salaried personnel decisions, the union enjoyed an open invitation to all meetings and design initiatives, including the “visioning trip” to Mexico (Confidential interview with GM Management Representative #8, 2010; Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010). “It was not business planning done in a back room by a bunch of managers. Planning was done out in the open…for everybody to see” (Confidential interview with GM Management Representative #1, 2010). As a result of this access, Local 602’s shop committee influenced
numerous design decisions, including the decision to bring work back into the plant that management intended to outsource (Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010).

GM also benefitted from Local 602’s full access to the various design phase initiatives. The union leaders’ observations and insight into proposed ideas represented one such benefit. “[The executive management staff] was able to see problems brought to the surface much quicker before they fester and become more severe problems. We could react quicker and fix things that were going to potentially come up by involving [the union]” (Confidential interview with Local 602 Union Representative #1, 2010). The union’s increasing familiarity and comfort with lean manufacturing represented another benefit as Local 602’s shop committee participated in the visioning trip to Mexico and cross-town conversations with LGR. The trip to Mexico served as “…an opportunity to say, ‘They can do it, we can do it.’ [The senior managers] wanted to show them ‘Hey, [GMS] works.’” (Confidential interview with GM Management Representative #8, 2010).

As significant as the executive management staff’s decisions were during the design phase, the union leadership’s actions during this phase served to build a partnership. In accepting senior management’s offer to participate in LDT’s design phase, Local 602’s shop committee became accountable to its membership for LDT’s lean manufacturing system and corresponding policies. As elected officers, the committee members faced potential political consequences in the next election if the membership disliked the transformed work environment and labor-management relationship. This reality gave the shop committee an incentive to take a politically-safe position and limit any changes to the traditional work process. Instead, however, the shop committee chose to collaborate with management in designing a competitive assembly plant,
believing it to be in everyone’s best interest (Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010).

In carrying out the work of the design phase, Local 602’s shop committee chose to put substance in front of rhetoric. All committee members attended two large annual industry conferences focusing on new best practices to become educated in lean production. The shop committee brought its understanding of the auto industry to its involvement in the design phase, presenting business cases to support its input and suggestions (Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010).

The executive management staff noted the union’s knowledge, as one senior manager commented, “[The union’s] business sense really contributed to making some very good business decisions that allowed [LDT] to ramp up faster with higher quality” (Confidential interview with GM Management Representative #8, 2010). These business decisions included keeping work in the bargaining unit proposed for subcontracting and even returning work previously destined for outsourcing (Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010). The shop committee’s informed involvement in LDT’s design phase made possible such positive outcomes for Local 602’s membership.

Along with a reliance on informed involvement, Local 602’s shop committee committed to merit-based selection procedures for important personnel positions. As previously mentioned, the committee selected hourly launch employees based on the skill sets and expertise they brought to the design process, instead of choosing friends and political allies within the membership (Confidential interview with GM Management Representative #1, 2010;
Confidential interview with Local 602 Union Representative #1, 2010). Given the hourly employees’ influence on the design of work stations, selecting the most capable employees went a long way towards creating the best line-side layouts, a factor benefitting both workers and the company (Confidential interview with GM Management Representative #5, 2010).

In addition, the union decided to make team leader selections on the basis of demonstrated ability. As the crux of the team-build work structure, team leaders would play an important role in the plant’s success. The union’s decision to make the position a challenging responsibility, rather than the seniority-based entitlement of other plants, served the common goal of making LDT a successful plant (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #9, 2010; Confidential interview with Local 602 Union Representative #1, 2010). Through these efforts to improve LDT’s operations, the union’s shop committee developed a collaborative relationship with management through its commitment to obtaining mutual objectives.

The success of management and union’s efforts to develop their relationship during the design phase hinged on the foundation created for a sustained partnership. With this in mind, the executive management staff and Local 602 shop committee developed structures to promote collaboration (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #8, 2010; Confidential interview with GM Management Representative #9, 2010; Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010). The arrangement of the plant’s offices represents their efforts.

In many assembly plants, the plant manager works in a closed door office with access guarded by an administrative assistant. At LDT, all of the salaried and hourly employees with
“desk jobs” work in an open environment of four foot high cubicles clustered by function to promote communication and teamwork. Directly next to the plant manager sits the shop committee chairperson (Confidential interview with GM Management Representative #1, 2010).

In collaboratively developing such policies and practices such as the plant’s office arrangement in the design phase, GM and Local 602 furthered the development of the mutual trust that enables the success of their partnership. Collaboration in planning the policies enabled both management and labor to fully support the lean manufacturing procedures needed for a competitive operation. As part of planning the plant’s physical aspects, management and union developed a closer relationship while establishing its limits. Management retained the right to run the business, and the union protected its role advocating for its membership. This important step allowed for a partnership between GM and Local 602 to pursue a competitive operation while allowing each side to maintain their autonomous identities.

Of course, GM and Local 602 established such an arrangement at a moment free of the daily production pressures and demands. The next chapter examines the early parts of the plant’s operations phase, the third critical moment in the development of mutual trust between the two sides. In examining the interactions between GM and Local 602 during the beginning of LDT’s actual day-to-day operations, the chapter explores how the sides confirmed and supported the mutual trust development present in the plant’s bargaining and design phases.
Chapter 5

The Operations Phase: The Labor-Management Relationship at LDT Today

Plant design and construction were finished in 2005, and LDT’s management and union transitioned to the operations phase. Representing the third critical moment in the development of mutual trust between GM and Local 602, the operations phase included training of the full workforce, ramping up production of non-sales vehicles, and continuing production. During the initial parts of this phase, the mutual trust developed so far between management and labor were put to the test as the sides navigated through real time production demands and the daily administration of the Platinum Agreement (now recognized as the LDT local agreement). With unplanned downtime costing GM $6,000-7,000 a minute, management needed to ensure adequate productivity and protect quality as recent trainees quickly started working on the line. While Local 602’s shop committee shared the objective of successful plant performance, they now were forced to address the day-to-day workforce issues that accompanied implementation.

As this chapter makes clear, the early events of the operations phase confirmed and supported the mutual trust previously developed between GM and Local 602. In training classes, the plant’s workforce learned lean manufacturing and its many advantages from both managers and union leaders. When corporate decision makers changed LDT’s shift schedule, management and union worked side by side to address the many issues caused by the uncertainty. The mutual trust even lasted through Local 602’s month long strike that appeared to be targeted at a dispute with a GM supplier. These developments in the early stages of LDT’s operations phase demonstrate that the mutual trust formed between GM and Local 602 allowed the sides to collaboratively pursue a competitive operation while maintaining autonomous identities.
Challenges during the Operations Phase

GM’s manufacturing executives ordered LDT to begin production with three shifts in order to meet analysts’ predictions of strong demand for the plant’s product. To do so required the plant to hire nearly 3,000 employees, many of whom came from the Fisher Body plant in late 2005 and other traditional GM assembly plants. While these workers knew how to build cars, they came to LDT unfamiliar with GMS and its focus on worker participation, having always worked in a traditional labor-management relationship (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #9, 2010).

Exposing the new employees to GMS and the close labor-management relationship created during the design phase posed the first challenge facing LDT’s executive management staff and Local 602’s shop committee. Their ability to achieve the shared goal of a successful plant through worker involvement and labor-management partnership hinged on the buy-in of the workforce. LDT’s design group prepared for this challenge by developing a training regimen with jointly taught classes. All three shifts of new employees at LDT learned about lean manufacturing principles including the need for worker participation from managers and shop committee members. In these classes, the workforce saw that both management and union believed in GMS and shared a spirit of collaboration. By allowing the whole workforce to see that “…[LDT] is a different place, [management and union] do work together…”, the joint training encouraged acceptance of the lean manufacturing processes and collaborative policies developed in the design phase (Confidential interview with GM Management Representative #9, 2010). As much as the GMS training at LDT taught technical skills for working in a lean manufacturing environment, it also focused on the need and desire for partnership between labor
Soon after LDT prepared to staff for three shifts, however, the plant experienced a period of drastic swings in its production schedule which sowed uncertainty among its workforce. With three shifts of employees prepared to begin production, GM adjusted its demand forecast and cut back to two shifts, requiring the plant to layoff the entire third shift. Following the very successful launch of the plant’s latest product, the Buick Enclave, GM reversed its previous decision and ordered LDT to return to three shifts of production. After six months of production on three shifts, slackened demand and a national hiring agreement between the corporation and UAW led GM to again cut back to two shifts. At the same time, over 1,500 employees retired through two attrition programs (Confidential interview with GM Management Representative #1, 2010; Confidential interview with GM Management Representative #9, 2010; Confidential interview with Local 602 Union Representative #1, 2010).

The instability and uncertainty related to the frequent staffing adjustments created a wave of discontent among the hourly workforce. Several union members called for a return to the traditional labor-management relationship just as the executive management staff and Local 602’s shop committee were working to carry out their partnership through the day to day action of actual production. With the shop committee facing an upcoming election, the union leadership’s close relationship with management represented a political liability. Despite electoral concerns, the shop committee promoted GMS and the need for collaboration between labor and management in the competitive environment of the auto industry. The committee members’ efforts to show the importance of a collaborative relationship paid off as the membership voted to retain the entire committee. The election results vindicated the
collaborative efforts to date and strengthened the partnership going forward as it gained the official endorsement of the union’s full membership (Confidential interview with GM Management Representative #9, 2010; Confidential interview with Local 602 Union Representative #1, 2010; Confidential interview with Local 602 Union Representative #3, 2010).

Another important development early in LDT’s history occurred in April 2008 when Local 602 went on strike. While ostensibly labeled a strike over local issues, observers tied the four week work stoppage to the ongoing strike at American Axle, a UAW-represented parts supplier (Durbin, 2008). By intentionally seeking to harm the plant’s performance, Local 602’s strike posed a serious challenge to its partnership with the executive management staff. Remarkably, senior managers believed the strike made little impact on their relationship with the union. They understood that while the union could never say so publicly, the strike was part of a greater strategic effort by the UAW to force a settlement at American Axle. One manager noted, “It was not our strike…between the high demand for our vehicles and having an open agreement, [LDT] became a nice candidate for a sympathy strike” (Confidential interview with GM Management Representative #9, 2010).

**Analysis**

The operations phase represents the third critical moment in the development of mutual trust between GM and Local 602. In this phase, labor and management worked side by side to promote the plant’s success by jointly training an entire workforce in the various aspects of lean manufacturing and pushing through the challenges of staffing uncertainties. The sides also handled the potential disturbance of Local 602’s local strike by recognizing the strike’s purpose addressed issues external to LDT. Through these events during the early parts of the operations phase, GM and Local 602 confirmed and supported the mutual trust developed during the plant’s
bargaining and design phases. Continuing the development of mutual trust through the operations phase allows management and union to collaboratively pursue a competitive operation while respecting the autonomous identities of each side.

By entering the operations phase, LDT’s management and union joined their counterparts across GM in addressing the challenges related to day-to-day operations. In addition to the typical challenges, however, the plant’s executive management staff and Local 602’s shop committee needed to train a full workforce in the methods of a new operating process. While many of the first workers were experienced car builders, they did not come from plant environments with lean processes encouraging collaboration between management and labor. The joint training sessions served to not only teach the technicalities of lean manufacturing to the workforce but also to demonstrate the unity and cohesion between management and union described in LDT’s mission statement and developed in the bargaining and design phases. In doing so, GM and Local 602 encouraged the collaboration and involvement needed for a competitive lean manufacturing facility through the mutual trust they presented to the plant’s entire workforce.

GM and Local 602 also faced an early challenge to the furthering of unity and cohesion between management and the workforce with a series of staffing adjustments. While not the fault of local managers, the series of corporate decisions to adjust the number of shifts at LDT created a great degree of uncertainty among the workforce. Such uncertainty could push a union away from collaboration and back toward an adversarial relationship with management as it sought to protect jobs for its membership. Local 602 maintained the mutual trust with management by not jumping to such an extreme. The union continued to work with the executive management staff to implement the lean manufacturing practices required for a competitive operation.
In the same way, the plant’s executive management staff maintained its mutual trust with the union when Local 602 carried out a month-long, local strike. As previously mentioned, many experts linked the strike to the UAW’s ongoing work stoppage at American Axle, a GM supplier. Local 602’s sympathy strike represented the essence of organized labor as the union stood in solidarity with its brethren. In recognizing that Local 602 stopped production at LDT as part of a strategy for winning concessions at American Axle, the plant’s executive management staff, though unhappy, remained committed to collaborating with the union on issues affecting the plant. Management’s decision to do so confirmed the mutual trust previously developed with the union and allowed for a relationship where GM and Local 602 collaboratively pursue a competitive operation while respecting each side’s autonomous identity.

Along with addressing challenges unique to LDT, the executive management staff and union shop committee collaboratively handled the conflicts that arise through the daily administration of both the national GM/UAW collective bargaining agreement and LDT’s local collective bargaining agreement. Such conflicts over contract administration and the efforts to address them are a part of the labor-management relationship at every GM assembly plant. Comparing the rates and types of grievances at LDT with all of GM’s assembly plants provides insight into how well labor and management work together and, therefore, the degree of mutual trust they have in each other.

The grievance rate indicates the amount of disputes arising during the life of a contract and the degree to which the sides cannot address the disputes informally (Katz, 1985). LDT’s grievance rate in 2006 stood at 0.2 percent and climbed relatively high to 8.2 percent in 2007. These rates contrast with an average grievance rate of 1.77 percent in 2006 and 33.9 percent in 2007 across all twenty-one GM assembly plants in the U.S. (Grievance and discipline summary,
Unfortunately, the short time between LDT’s start in late 2006 and the instability created by the onset of the auto industry crisis in 2008 makes it difficult to ascertain a clear understanding of these figures.

An understanding of the types of grievances present, however, reveals that GM and Local 602 continued to effectively work together through the challenges facing their partnership at LDT. At GM plants with traditional labor-management relationships, health and safety issues and work content complaints typically result in large numbers of grievances each year. Despite new equipment and robotics throughout a three million square-foot facility, management and labor at LDT entered few disputes over safety standards. In addition, the sides have not addressed a single Paragraph 78 grievance concerning job content and work overload in the plant’s existence (Confidential interview with GM Management Representative #1, 2010). The absence of these types of grievance cases demonstrates the importance of the trust forged between management and labor through LDT’s bargaining and design phases; thereby, enabling a partnership where the sides work effectively together as issues arise during the operations phase.

In navigating through several challenges, small and large, during the early years of LDT’s operations phase, GM and Local 602 continued the development of mutual trust. The sides furthered their mutual trust by jointly training the plant’s workforce in the principles of lean manufacturing and demonstrating the essence of collaboration. In addition, the union stuck to their commitment of a competitive plant even when shift adjustments created uncertainty amongst its membership that led to calls for an adversarial relationship with management. At the same time, LDT’s executive management staff maintained its trust in the union as the plant returned to production following a month-long, local strike that occurred in solidarity with
striking workers at a GM supplier. And as the grievance rates content suggest, the mutual trust between management and union at LDT allowed for the effective resolution of disputes related to the daily administration of both the national and local collective bargaining agreements. In furthering their mutual trust during the earliest portions of the plant’s operations phase, GM and Local 602 collaboratively pursued a competitive operation while respecting the autonomous identities of each side.
Chapter 6

Conclusions, Implications, and Limitations

Through revisions to their national collective bargaining agreement, GM and the UAW aimed to increase the competitive standing of the company’s assembly plants through a greater degree of labor-management collaboration between local management and union. In these efforts, the two sides held up the labor-management partnership at LDT as the prototype for what they desire in these new, more competitive relationships. As the previous pages detail, the relationship between the plant’s executive management staff and Local 602’s shop committee did not succeed by accident. Mutual trust developed through interactions during LDT’s bargaining, design, and operations phases enables GM and Local 602 to collaboratively pursue a competitive operation while respecting the autonomous identities of the two sides.

This chapter concludes the thesis by reviewing the importance of the interactions between GM and Local 602 in each of the plant’s three critical moments for developing the mutual trust that allows the labor-management partnership at LDT to succeed. It begins by first examining the importance of the Platinum Agreement’s format and the negotiations over it during the bargaining phase. The chapter then goes on to discuss why during the design phase the collaborative planning made not just for a better facility and manufacturing system, but also for a better labor-management relationship. From there the chapter moves to the early parts of the operations phase, where GM and Local 602 worked through challenges that ultimately sustained their previously-developed mutual trust. The chapter ends with a discussion of what implications the success of LDT’s labor-management partnership holds for managers and union leaders engaged in or seeking to engage in partnership and considers limitations of the study.
Conclusions

The development of mutual trust began in the bargaining phase before either side even knew the name of the future plant. GM presented Local 602’s shop committee with a new product allocation memorandum of understanding and contract demands that formed the “imperatives” and “enablers” for a lean, competitive assembly plant. The union needed to agree to both elements in order to staff the new facility and secure future work. The contents of the two documents contained contractual provisions that moved the labor-management relationship beyond the traditional industrial relations system.

While quickly signing the new product allocation memorandum of understanding, Local 602’s shop committee fought for many of the protections it held in the traditional system. In seeking the union’s acceptance of their contract demands, management negotiators (members of the Lansing-based labor relations staff) presented the importance of such provisions as flexible work rules, reduced job classifications, and team-build work organization for the future plant’s competitive success. By demonstrating to the union’s bargaining committee that their demands enabled the mutual success that came with a competitive operation, GM gained the early trust of the union.

As described in Chapter 3, however, the union did not simply sign-on to the provisions of the Platinum Agreement. Local 602 used a delayed ratification vote to address outstanding issues at the Fisher Body plant and a failed ratification vote to gain clarification on protections for skilled trades work in the future plant. The union’s success in making important gains for its membership through the Platinum Agreement negotiations served as an early indication that Local 602 could still advocate for its membership outside of the traditional industrial relation system’s protections. Though the Platinum Agreement called for management and labor to
pursue inherently collaborative processes and procedures, it did not take away their identifying purposes in the workplace. GM and Local 602 therefore left the bargaining phase with the contractual agreement to pursue a collaborative, lean operation and an implicit understanding that the sides did not forfeit their respective identities.

After a series of delays and personnel changes, GM and Local 602 continued the development of mutual trust in LDT’s design phase. During this phase, management and union collaboratively planned and developed the many processes and procedures necessary for the day-to-day operation of the plant. In involving the union, the plant’s executive staff shared ownership of LDT’s manufacturing practices and personnel policies with Local 602. Doing this allowed both management and labor to support the participatory practices necessary for a lean operation.

Along with planning the plant’s policies and practices, however, GM and Local 602 also focused explicitly on designing their relationship. Events such as a dinner boat ride and joint planning trip to Mexico forced the members of the plant’s executive management staff and union shop committee to develop closer relationships, both personal and professional. In addition, the sides set limits to their relationship. The limits ensured that the managers maintained control over the plant’s operations, while guaranteeing the union’s role as a legitimate, independent advocate for the workforce. Like with the bargaining phase, GM and Local 602 left the design phase with a mutual trust that they could collaboratively pursue a competitive operation together while maintaining autonomous identities.

Following the design phase, GM and Local 602 entered the plant’s operations phase and worked to sustain the development of mutual trust. Through the early parts of this phase, union and management worked through several challenges, the first of which included training an entire workforce in the principles of lean production. The executive management staff and union
shop committee jointly taught the classes to all of the workers. In doing so, the two sides demonstrated their faith in lean manufacturing and encouragement for collaboration between management and labor. The joint training sessions therefore not only educated the workforce on the importance of lean manufacturing for a competitive operation but also reassured them as they transitioned away from the traditional industrial relations system.

GM and Local 602 soon found out the importance of jointly educating the workforce as corporate planners repeatedly adjusted the plant’s shift schedule, resulting in relatively large scale layoffs. The uncertainty created by the frequent changes in shift schedules and resulting layoffs created a great degree of uncertainty among the members of the plant’s workforce. As could be expected, many parts of the workforce called for Local 602’s shop committee to return to the adversarial approach of the traditional industrial relations system to fight against the changes. The union’s shop committee resisted the calls for a return to the traditional system and instead continued to educate their membership about the importance of collaboration in pursuing the mutual benefits of a competitive operation. The shop committee’s support of lean manufacturing, particularly the principle of participation, when it was politically unpopular amongst the membership sustained the mutual trust with management.

Management saw its trust in Local 602 tested a few years into the operations phase when the union carried out a month-long local strike. As mentioned in Chapter 5, most observers agree that Local 602 stopped production at LDT in order to pressure American Axle, a GM supplier, into settling with its striking, UAW-represented workers. While such an action certainly ran counter to the idea of collaboration, Local 602’s sympathy strike represented the essence of organized labor: solidarity. By joining their brethren in a solidarity strike, the union exercised its autonomous identity as an advocate for workers. Though none too pleased, LDT’s executive
management staff recognized the intent of the union’s actions and did not allow it to affect its collaborative efforts at building cars once production resumed. By doing so, the plant’s executive management staff sustained its mutual trust with Local 602’s shop committee.

The success of LDT’s labor-management partnership comes from the mutual trust developed between GM and Local 602 during the plant’s bargaining, design, and operations phases. During the bargaining phase, management and union began the development of mutual trust in setting the contractual outline for a lean assembly plant that moved away from the traditional industrial relations system and toward collaboration. GM and Local 602 continued the development of mutual trust in the design phase by collaboratively planning the plant’s operations and establishing the parameters for their relationship. The sides sustained the development of mutual trust through challenges during the early parts of the operations phase. In varying ways, the development of mutual trust between management and labor during these three critical moments in the plant’s history supported a partnership with characteristics of both the collaborative and traditional systems. As a result, the partnership at LDT succeeds because GM and Local 602 collaboratively pursue a competitive operation while respecting the autonomous identities of each side.

**Implications**

The success of LDT’s labor-management partnership holds implications for managers and union leaders engaged in or considering engagement in partnership.

Mutual trust’s important role in a successful collaborative relationship represents one clear implication from the labor-management partnership at LDT. As the events of this thesis demonstrate, this mutual trust develops over time and in various ways. GM and Local 602 developed mutual trust through events spanning three phases. In each phase, the sides developed trust over different issues. The trust Local 602 developed during the bargaining phase when management negotiators explained the importance of certain contractual provisions for a competitive operation could not have occurred during the operations phase. Likewise, the trust management developed through witnessing the union
leadership’s resistance to calls for a return to the traditional system during the early parts of the operations phase could not have occurred through the event of the design phase. Managers and union leaders should promote the development of mutual trust by not rushing through or expecting full materialization during a single moment. The sides should rather work toward developing elements of trust germane to any one moment in order to form the overarching mutual trust that sustains a collaborative relationship.

Another implication that emerges from studying the labor-management partnership is that collaboration need not be cooptation. As GM and Local 602 well know, working together leads to mutually beneficial results. Both sides also know however that they can and must maintain their autonomous identities. Even as they work together toward a competitive, successful operation, the executive management staff retains its ultimate control over the business, and Local 602 continues to serve as an independent advocate for the workforce. In doing so, the union and management protect the interests of their constituencies.

Once managers and union leaders establish a collaborative relationship based on mutual trust, however, they must remain cognizant of how future actions can negatively affect the relationship. Good intentions may end up interfering with a partnership’s success. The rotation of key figures in and out of the relationship, for example, requires a re-growth of trust between the two sides that could limit the fruition of past trust development. Managers and union leaders should protect the partnership by supporting the mutual trust that serves as the relationship’s foundation.

**Limitations**

While this thesis offers valuable lessons for managers and unions alike, it suffers from several limitations. The start of the auto industry crisis in 2008 and its potential confounding effect on any statistical tests limited the collection of quantitative data to 2007 and earlier. As LDT began full production in 2006, statistical tests of such traditional industrial relations variables as grievance rates, absenteeism, and discipline rates could not occur. In addition, the mass movement of people from LDT as a result of layoffs and early retirements prevented an accurate sample for surveying the workforce about
the labor-management relationship at LDT. Both of these research methods would aid in a more complete understanding of the labor-management partnership at LDT.

These limitations provide guidance for future research. Long-range, quantitative analyses and thorough surveying will help to provide a better understanding of labor-management collaboration. Researchers should pursue such endeavors to assist in the development and improvement of future labor-management partnerships. As GM and Local 602 demonstrate at LDT, labor and management need not forsake their autonomous identities when working together to improve a unionized operation’s competitive standing in the era of global markets as one team with one goal.
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- Monitored health care reform developments and wrote weekly update memorandums for distribution to executives at the system and its thirteen affiliated hospitals
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- Conducted research for legislative staff on economic, labor, trade, and health care issues
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- Supported Labor Relations Team in hiring, discipline, and discharge matters
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