

**COLLECTIVE BARGAINING WORKSHOP**  
**For High School Students**

**UNION MANUAL**

*Sponsored by*  
*The Upper Peninsula Labor-Management Council, Inc.*

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*\*A review and utilization of bargaining Exhibits 1 through 7 should prove beneficial in formulating and arguing demands.*

## **GROUND RULES FOR MOCK COLLECTIVE BARGAINING**

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1. Both sides should make a good faith effort to reach an agreement.
  2. Each side should proceed in accordance with the special instructions which it received.
  3. Neither side can introduce arguments which are inconsistent with the facts contained in the preceding exhibits, but either side may express opinions and/or arguments to support its bargaining position.
  4. Each side may, at its own discretion, call for a caucus to confer with its consultant, to re-formulate its bargaining strategy, etc.
  5. At or before adjournment of workshop, settlement must be reached. Outsourcing is not permitted. A strike or lockout is possible but not encouraged.
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## **PARTICIPANT OVERVIEW**

Following this introduction is a set of materials intended to familiarize you with the activity in which you'll participate and the background of the company you'll represent. Every effort has been made to be as brief as possible while providing you with adequate information from which to bargain. Please take the time to read this material and the glossary of collective bargaining terms carefully prior to the actual High School Collective Bargaining Workshop. Also, you are required to choose five issues you would like your workshop team to bargain in support of. Please choose your issues from the list provided in this booklet. If you need assistance in identifying these five items, refer to pages 6-8 of your workbook. Here you will find several items the union has identified. After reading through the list of issues, select the five you wish to have negotiated, and enter these on the worksheet provided to you. Please bring the completed worksheet with you, along with the workbook to the workshop. If you're prepared you'll be more successful.

Each of you has been assigned to a bargaining team either as a representative of management or labor. You will be asked to draft bargaining proposals or positions which will be presented to the opposite team. For these proposals, both teams will negotiate a settlement. Every team has been assigned an advisor, a highly experienced negotiator, who will remain with your team throughout the day. His or her role is to assist and guide your team through the process, not to actively bargain your contract. That responsibility rests with you.

## SECTION I

### INTRODUCTION

The purpose of today's workshop is to develop some understanding of the American collective bargaining system. Millions of union members (and many workers who are not union members) are affected by collective bargaining. Decisions reached at the bargaining table vitally affect the union member's economic status, his or her degree of job security, and the conditions under which employees will work. Similarly, management, the public, small businessmen and consumers will be affected directly by what happens at the collective bargaining table.

Instead of trying to explain how collective bargaining works by means of formal lectures, we will involve each of the participants in a series of simulated bargaining sessions, in which the negotiators will attempt to reach a settlement in the face of an impending contract deadline. Thus, each participant will have an opportunity to be involved in the give and take of a mock bargaining session.

The bargaining sessions will proceed on the basis of a hypothetical union contract outlined on the following pages, and in accordance with a set of ground rules which will be explained. Regardless of which "side" you are on, the important thing is to play your role effectively, as if you actually had an economic stake in the outcome of negotiations between the union and the company.

For example, the "union" bargaining teams will have to decide if the "management" team is bargaining in good faith and if its final offer is satisfactory. During deliberations it will have to decide if it has gotten the maximum possible concession from the company without resorting to a strike and if the level of wages offered by the company are high enough to support a decent standard of living. If the answer to these questions is "no", the bargaining committee and ultimately the union's membership, will have to decide whether additional benefits can be obtained by rejecting the company's offer, whether a strike authorization vote should be taken, etc. Before it decides to go on strike, the union will have to consider a number of important questions, such as:

- Do we have solid membership support for a strike, if it appears we have to reject the company's offer?
- What will happen if we go on strike - will any of us lose our jobs?
- Is there a possibility that the plant will close down if we go on strike? Or, will the company be able to hire strikebreakers to take our jobs?
- And, if we do go on strike, will we gain enough by striking to make up for the wages we lose while we're out on strike?

The burden is not entirely on the union side. Management will have to consider a number of factors in shaping its own bargaining position, in determining which (if any) concessions it can afford to make, how much of an offer it should make to the union, etc. Eventually, as bargaining goes down to the wire, the “management” team will have to formulate its “final offer” on the basis of the following considerations:

- Is the union bluffing, or does it really have enough votes to support a strike?
- If we offer more, and if our labor costs rise, what will happen to our prices, to our competitive market position?
- Should we “sweeten” our offer to head off a possible strike? Or, should we stick to our guns, and accept, the consequences?
- If there is a strike, how costly will it be, in terms of lost sales, profits, and the possible loss of customer good will?
- How does the cost of taking a strike compare with the cost of making a more generous contract offer?

In the brief amount of time available for this exercise in industrial relations, we will not be able to discuss or explore all of the issues which are likely to arise in a typical bargaining session. In actual practice, the business of negotiating an agreement is tough, serious and time-consuming. The parties to the agreement will approach their respective tasks carefully, mindful of the seriousness of the issues before them. If the language in dispute is of considerable importance to the union, the company, or to both, hours, even days may be spent arguing over a clause, or over a few words in the contract. Concessions are neither granted nor obtained easily or quickly, since they may involve money, job security, or related matters of concern to one or both of the parties.

We hope that your participation in today’s program will increase your understanding of industrial and labor relations, and of how emotional, technical and economic factors influence the results of collective bargaining. Whether or not you eventually become a union member, are involved as a management representative working with a contract, or are independently employed, learning how collective bargaining works should be an important part of your economic education. We hope that the mock bargaining session in which you will be participating will be an effective demonstration of how the bargaining process works in actual practice.

# CONTRACT NEGOTIATIONS

## General Instructions

In the real world of labor and industrial relations, the union and management will spend a great deal of time preparing for contract negotiations. Well in advance of the contract's expiration date, both sides will examine the agreement carefully, to determine if it contains any obvious deficiencies. If any are detected, the union and management bargaining teams will prepare proposals, for submission to the other side at the appropriate time. Background information will be studied carefully, and each bargaining team will assemble facts and arguments in support of its bargaining position. With respect to "economic" issues (wage and fringe benefits), other settlements will be examined, to determine if a "pattern" has been established elsewhere which can serve as a basis upon which negotiations here can be concluded successfully. In the typical bargaining situation, both the union and management will make a "good faith" effort to resolve any outstanding differences, and reach a settlement without a work stoppage.

This is not always possible, since the sides may be too far apart to accommodate their differences. Before an "impasse" (breakdown in the bargaining process) is reached, each side will carefully assess the consequences of not reaching an agreement, and will decide if a strike or a lockout is the best course of action. This may occur under any of the following circumstances:

1. The union feels that management's "last and final" offer is unacceptable (for any number of reasons), and that a strike will convince management to agree to a more generous offer. Ordinarily, the union will not strike unless it has strong membership support, and is reasonably certain that a strike will be effective in terms of winning a better settlement.
2. Management feels that the union's demands are unacceptable, and that making the concessions which the union is insisting upon are too costly, or that the ability to manage the enterprise effectively will be weakened if certain contract changes are agreed upon.
3. Either the union or management may decide to "flex its muscles" to demonstrate that still has the upper hand in bargaining. This may happen if union members are unhappy about a previous contract settlement or unresolved grievance cases, or if a sufficient number of people think a strike would be timely. Alternatively, management may decide that this would be an appropriate time to "put the union in it's place," and that this can be accomplished by adopting an uncompromising attitude in bargaining.

**We shall proceed upon the assumption that Local 906 and The Yooper Co. will reach a settlement without resorting to either a strike or lockout.**

Since we have a very limited amount of time to negotiate a contract settlement, we will deal with a limited number of issues, and what normally transpires over a period of weeks and months will be compressed into a few hours. Both the union and management bargaining teams will receive a set of instructions to help them formulate their respective bargaining strategies.

As was noted earlier, the objective in this bargaining exercise, as in actual contract negotiations, is **to reach a settlement**, if one can be reached which is acceptable to both parties. This does not mean that it must be “perfect”, or that it incorporates everything which the union or management hoped to achieve in the current bargaining session. The main question will be “Is the settlement preferable to a strike or lockout, and its consequences?”

## **INSTRUCTIONS FOR MEMBERS OF THE “UNION” BARGAINING COMMITTEE**

Your first task will be to formulate a set of contract proposals, to submit to the management bargaining team at your first meeting. All issues pertaining to wages, hours and working conditions are negotiable. But since time is limited, please keep it to 5 demands. In order to make the mock bargaining session realistic, one of the demands should relate to wages, since it is highly unlikely that Local 906 would enter into a new collective bargaining agreement which did not provide for a wage increase. The contract is for 3 years.

Listed below are a number of issues and problems which members of Local 906 are concerned about. They may help you decide which items to include in your bargaining agenda, but you are free to make whatever 5 bargaining demands you think are appropriate. Although all issues pertaining to wages, hours and working conditions are negotiable, for the sake of clarity and time we need to limit our choice of issues to the ones listed in the booklet. The demands you settle upon should be ones that you think are likely to be of the greatest importance to the workers employed by the Yooper Company. Your list of demands should be compiled and exchanged one to two times before the end of the morning session.

### **Possible Topics for Bargaining**

For the last few months, the members of the Local 906 bargaining committee has been meeting to discuss proposed contract changes. Among the issues are:

1. **PENSION PLAN:** Although the work force represented by Local 906 is relatively young, a number of people think that the pension plan is very inadequate.
2. **INSURANCE:** There is considerable dissatisfaction with the existing health insurance plan, particularly the lack of dental coverage. The union bargaining committee has reviewed two possible dental programs; one which includes full payment of all dental claims, including orthodontia at a cost of \$130.00 a month for each employee including family coverage, the other includes 80% payment of all routine dental claims excluding orthodontia at a cost of \$100.00 per month for each employee.
3. **TURKEYS:** A number of companies in the Pine Bluff area are making a practice of giving their employees turkeys at Thanksgiving or Christmas. Some Local 906 members feel that Yooper Co. should follow their lead.
4. **WAGES:** There is general agreement that a substantial wage increase is needed. Several of the companies with whom the Yooper Company competes with are paying higher wages to their employees.

5. **SHIFT DIFFERENTIAL:** A number of night shift workers feel that the present shift differential on the second and third shift is low.
6. **GRIEVANCE/ARBITRATION CLAUSE:** A large number of grievance cases have not been settled satisfactorily, because of what some members refer to as “foot dragging” by management. Local 906 took five cases to arbitration last year, and won four of them. It would have taken more cases to arbitration, but could not do so because of the limited size of its treasury (the average cost to Local 906 for each case it arbitrated was about \$3500). A number of members have suggested that the grievance/arbitration clause in the present collective bargaining agreement be amended, to provide that all of the costs of any arbitration case be paid by the losing side. (See glossary)
7. **PROMOTIONS/SENIORITY:** A recurring grievance problem is the promotion of a junior employee, when two or more persons bid on posted jobs. Management has been able to justify its actions by citing the contract, which states that the senior employee will be promoted, “where skill and ability are relatively equal.” Some people think Section 6(b) should be amended, to give greater weight to seniority in job bidding.
8. **VANDALISM:** For the past year or so, there has been a considerable amount of vandalism in the plant parking lot. Aerials have been broken, tires have been slashed, and several cars have been broken into. The problem has generated a lot of complaints, but the company argues that employees who park in the lot do so at their own risk. “We provide and maintain the parking lot, but we can’t be responsible for what happens out there.” A number of Local 906 members feel that the company should institute some type of security system, in order to reduce the amount of vandalism occurring in the parking lot.
9. **VACATIONS:** There has been a lot of discussion about ways in which to improve the present vacation plan. Some people would like to increase the amount of vacation time for short service employees, e.g., to have two weeks of vacation after one year of service (presently after three years), etc. Another popular suggestion is a Christmas to New Year’s shutdown, which would give all workers an additional week of vacation.
10. **HOLIDAYS:** A good number of employees feel that since other companies in Pine Bluff give employees more holidays, Yooper Company should too.

**POSSIBLE TOPICS THAT MANAGEMENT MAY BARGAIN INCLUDE: ABSENTEEISM, PENSION PLAN, MANAGEMENT RIGHTS, NEW EQUIPMENT, WAGES, INSURANCE, OVERTIME PAY, AND ALCOHOL/DRUG TESTING. THESE ISSUES ARE ADDRESSED IN THE COLLECTIVE BARGAINING AGREEMENT (EXHIBIT 8).**

The problems and issues referred to above are designed to provide the members of

the “union” bargaining committees with some possible topics for its collective bargaining agenda. Your major job will be to decide which contract proposals, up to a maximum of five from those listed in the booklet, should be presented to “management”. In addition, some priorities should be established; decide which issues are critical, and which are of lesser importance. When you meet with management, you will have to substantiate your proposals, and evaluate their counter proposals. Before the mock bargaining session ends, you will have to decide whether to accept or reject the management offer, if one is forthcoming.

**ASSIGNMENT:** Prior to going into your workshop session, review the ten (10) union issues. Select five (5) which you believe are important. When you convene with your teammates, your “coach” will ask you which five you have selected as an individual. This will allow for the “team” to select its five bargaining issues in an expeditious manner.

**VERY IMPORTANT:** PRIOR TO SITTING DOWN AT THE NEGOTIATING TABLE WITH YOUR TEAM’S MANAGEMENT COUNTERPARTS, YOUR TEAM WILL BE ASKED TO SELECT A TEAM CAPTAIN (SPOKESPERSON/CO-CHAIRS).

# SAMPLE

## BARGAINING PROPOSALS

This is a sample of the worksheet. *Feel free to make copies to list your proposals prior to the workshop.* You will be asked to list the issues you wish to include in your bargaining agenda, up to a maximum of five (5) issues.

ISSUE NO. 1

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ISSUE NO. 2

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ISSUE NO. 3

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ISSUE NO. 4

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ISSUE NO. 5

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## SECTION II

### GLOSSARY OF COLLECTIVE BARGAINING TERMS

The current language of labor relations in the United States reflects the later steps of a transitional stage.

Many of the words used in describing events arising from the employer-employee relationship took on their present meaning in an environment of conflict, often breakout into a form of private warfare.

The newer words are mainly those closely associated with the language of laws and governmental agencies. They bear witness to an increasing element of governmental regulation to replace the more or less open hostility of earlier days. The definitions which follow are intended as a guide in the understanding of talk or writing on industrial relations.

**AGENCY SHOP** - A contract requiring nonmembers of the contracting union to pay the union a sum equal to union dues.

**ARBITRATION** – Method of settling disputes through an impartial third party whose decision is usually final and binding.

**AUTHORIZATION CARD** - Statement signed by employee designating a union as authorized to act as his agent in collective bargaining.

**BACK PAY** - Wages required to be paid to employees who have been discharged in violation of legal right, either one based on a law or acquired by contract.

**BUREAU OF LABOR STATISTICS** - Bureau in the Labor Department that issues statistics affecting labor relations, including the Consumer Price Index to which some wage adjustments are tied.

**BUSINESS AGENT** - Paid representative of a local union who handles its grievance actions and negotiates with employers, enrolling of new members, and other membership and general business affairs.

**CERTIFICATION** - Official designation by a labor board of a labor organization entitled to bargain as exclusive representative of employees in a certain unit. See unit.

**COLLECTIVE BARGAINING** - Negotiations working toward a labor contract between an organization of employees and their employer or employers.

**COLLECTIVE BARGAINING CONTRACT** - Formal agreement over wages, hours and conditions of employment entered into between an employer or group of employers and one or more unions representing employees of the employers.

**CONSUMER PRICE INDEX** - An index prepared monthly by the Labor Department's Bureau of Labor Statistics measuring changes in prices of a specific "market basket" of commodities and services. It is significant in labor relations because wage escalation under some collective bargaining contracts is tied to the index.

**ESCALATOR CLAUSE:** Clause in collective bargaining contract requiring wage or salary adjustments at stated intervals in a ratio to changes of living (also called Cost of Living Adjustment, or COLA).

**FRINGE BENEFITS** - Term used to encompass items such as vacations, holidays, insurance, medical benefits, pensions, and other similar benefits that are given to an employee under his employment or union contract in addition to direct wages.

**GOOD-FAITH BARGAINING** - The type of bargaining an employer and a majority of union must engage in to meet their bargaining obligation under the Taft-Hartley Act. The parties are required to meet at reasonable times and to confer in good faith with respect to wages, hours, and other terms and conditions of employment. But neither party is required to agree to a proposal or to make a concession.

**GRIEVANCE** - An employee complaint; an allegation by an employee, union, or employer that a collective bargaining contract has been violated.

**INTERNATIONAL UNION** - Nationally-organized union having locals in another country, usually Canada.

**LABOR CONTRACT** - Agreement entered into between an employer and an organization of his employees covering wages, hours, and conditions of labor.

**LOCKOUT** – The exclusion of employees by their employer from their place of work until certain terms are agreed to.

**MANAGEMENT RIGHTS** – A management rights clause is a statement in a collective bargaining agreement in which the employer reserves to itself a range of discretion in managing the organization. It typically consists of the right to determine the company's mission budget, strategy, and operational rights to assign, direct, hire, and fire.

Example: The Employer shall have the sole right to manage the business to include, but are not limited to, the right to direct, hire, promote, transfer, assign, retain, lay off, and for just cause discharge or discipline employees; to determine means, methods and personnel required to provide services; to determine starting and quitting times of all shifts and the hours to be worked; to determine the qualifications of all employees and job classifications;

to establish, change, or combine job classifications; and to establish and enforce rules and regulations not in violation of this Agreement relating to personnel policies, procedures, and working conditions. *The Employer retains all rights and authority not been specifically limited by the express terms of this Agreement.*

**OVERTIME** - Period worked in excess of a standard workday or workweek, for which time a wage rate above the standard is usually paid; money received for overtime work.

**PICKETING** - Advertising, usually by members of a union carrying signs, the existence of a labor dispute and the union's version of its merits.

**RANK AND FILE** - Members of a union other than the officers.

**SCAB** - Epithet applied to nonstriking employee by fellow employees on strike or those who replace striking employees, carrying significance of "traitor".

**SENIORITY** - Length of service with an employer or in one branch of a business; preference accorded employees on the basis of length of service.

**STEWARD** - Person designated by the union to take up with the foreman or supervisor the grievances of fellow employees as they arise.

**STRIKE** - Concerted cessation of work as a form of economic pressure by employees, usually organized, to enforce acceptance of their terms.

**STRIKE VOTE** - Balloting or canvass on question of calling a strike.

**SUPERVISOR** - An employee with authority to hire and fire or make effective recommendations to this effect. Supervisors enjoy no protection of bargaining rights under the Taft-Hartley Act.

**TENTATIVE AGREEMENT (TA)** - Contract proposals informally agreed upon by members of both labor and management during negotiation prior to ratification.

**UNION** - Labor organization.

**UNION LABEL** - Marks placed on goods indicating that they have been made in a shop which deals with a labor union.

**UNION SHOP** - Arrangement with a union by which employer may select any employee, union or nonunion, but the new employee must join the union within a specified time and remain a member in good standing.

**UNIT** - Shortened form of "unit appropriate for collective bargaining". It consists of all employees entitled to select a single agent to represent them in bargaining collectively.

**WALKOUT** - Strike in which workers leave the shop or plant.

## **ABOUT THE DATA**

On the following pages you will find a series of charts and exhibits which provide a descriptive background for today's collective bargaining exercise. Included is data about the Yooper Company and information about the town of Pine Bluff, Michigan, in which it is located; a description of the company's financial position; a wage rate and fringe benefit comparison between Yooper Co. and other companies in Pine Bluff and in the outdoor equipment industry; recent changes in the cost-of-living, as measured by the government's consumer price index; and information about recent contract settlements which may have some bearing on contract negotiations at Yooper Company this year. Also included in the background materials is a summary of major provisions contained in the present collective bargaining agreement between Local 906 and Yooper Company, including the pension, health and welfare plans not in effect.

This is the type of information which bargainers representing the company and the union would consider when formulating their respective bargaining positions. Thus, the background for bargaining and the mock bargaining sessions represent a prototype of the real world of industrial and labor relations, where workers and management attempt to reach an agreement without resorting to strikes or lockouts, while attempting to maximize their respective bargaining proposals.

The major difference is that we have arbitrarily limited the number of issues which can be introduced at today's bargaining session, because of the relatively little time available. If this were an actual situation, either side could introduce as many issues as it felt was appropriate. And much more time would be devoted to contract negotiations, which often run weeks, or even months.

Yet neither side should feel compelled to make concessions which are unacceptable and/or unjustified. But we will proceed upon the assumption that both sides want to reach a mutually satisfactory agreement, if at all possible, because:

1. The union and its members would very much like to avoid the wage loss they would suffer if a strike occurs, and
2. Management is very much aware of the fact that a lengthy strike could severely jeopardize the company's chances of improving its economic position in what is a highly competitive market.

## **ABOUT THE COMPANY**

The Yooper Company is a medium-sized manufacturer of garden tractors, power lawn mowers and snowblowers, situated in the town of Pine Bluff, Michigan (population 18,575, according to the most recent U.S. census). Just recently, the company

introduced a new line of snowblowers. While sales and production of these are just getting underway, the company is hopeful of eventual success in what has been a highly competitive field.

The Yooper Company was formed in 1962, beginning its operations on a fairly modest basis. After several lean years, sales increased sharply, resulting in a considerable expansion of plant facilities. In order to raise sufficient capital to finance this expansion, the company decided to sell its stock on the open market, and thus became a publicly-held corporation in 1967.

As Exhibit I demonstrates, progress has not been uniform. The past eight years were characterized by declines with exception of the last two years. (Sales dropped from a high of \$38,900,000 to a low of \$31,800,000), and profits had declined sharply. With declining orders, there were sporadic layoffs of productions and maintenance workers. A modest turnaround occurred two years ago with sales of \$33,470,000, and last year saw a near record in sales of \$38,800,000.

### **Economic Information About Pine Bluff**

While Yooper Company is now Pine Bluff's largest employer, the community is the site of seven other manufacturing companies. These are The Mough Manufacturing Company, which produces milking machines and cooling tanks; Pop-Up Camper Company, which manufactures camper trailers; Car Care Company, an auto accessory plant; Interstate Paper Company, which produces paper and packaging materials; Stronghart Manufacturing Company, an outboard marine engine manufacturer; Babes Company, which is the women's sportswear business; and P & P Company, a producer of aluminum cookware and related products. All of the manufacturing companies in Pine Bluff are unionized; this fact, plus its proximity to the Green Bay labor market area, has resulted in a relatively high wage level, considering the small size and rural characteristics of Pine Bluff.

The various unions in Pine Bluff are members of a central labor council, and there has been a relatively high degree of cooperation between them, even though they are affiliated with different international unions. While the prevailing political climate in Pine Bluff can best be described as "conservative," the labor council has been a fairly influential force in the community's politics, and the unions are heavily involved in a wide variety of public service activities. A number of trade union leaders serve on various boards and commissions; in 1986, for example, John Johnson, president of Local 906, International Association of Outdoor Equipment Workers (which represents production and maintenance workers at the Yooper Company) served as chairman of the United Way campaign. While strikes have occurred, from time to time in various plants, most of them were free of any violence, except for the 11-week strike by the United Automobile Workers against the Car Care Company in 1980, in which there were several picket line fracas.

## **The Work Force**

The Yooper Company employs a total of 810 people, including personnel in production and maintenance, sales, quality control and research, administration and its general offices. At present, the bargaining unit represented by Local 906 includes 470 production and maintenance workers, of whom 14 are still on layoff. The average age of the production and maintenance work force is 36.2 years, and their average seniority with the company is just over 8 years. Women constitute and 37% of the total labor force. (See Exhibit 2.)

A majority of the Yooper Company work force lives in and around Pine Bluff, but there is a considerable amount of commuting between Pine Bluff and neighboring communities. From time to time, the company has experienced some difficulty in hiring skilled workers such as mechanics, electricians, set-up persons, etc. But as a general rule, the company has had little difficulty in attracting employees; turnover is low, and applications for employment usually exceed its manpower requirement.

## **The Union and Industrial Relations**

Local 906 has been affiliated with the International Association of Outdoor Equipment Workers since 1964. Bargaining between the local union and The Yooper Company began in the same year, shortly after the union won an NLRB-conducted representation election. While it is not a militantly anti-union employer, Yooper Company management did attempt to maintain an open (non-union) shop by keeping its wage rates close to the community average, and by offering a fairly good fringe benefit program. In some respects it has been a somewhat paternalistic employer. It conducts a recreation program for employees, sponsors softball and bowling teams, and the annual Christmas party is always a gala affair. It also publishes an employee newsletter, which contains shop tidbits, social announcements, etc. Wage and fringe benefits compare favorably with those paid by the other manufacturing companies in Pine Bluff. They are slightly lower than those contained in contracts negotiated at several competing companies around the country; but almost without exception, the higher wage levels are in effect at the companies which are located in larger cities. The union has never accepted this contention, and in previous negotiations, it has attempted to close the gap between the Yooper Company and its major competitors. It has not been completely successful in this endeavor.

By and large, union/management relations at The Yooper Company have been constructive, with little evidence of bitterness and strife. Strikes occurred in 1983 (2 weeks) and in 1992 (37 days); the local union feels that the 1992 strike was deliberately encouraged by the company to test the union's strength. The company hinted that it would welcome a back-to-work movement, but none developed. It started up limited production operations with office and supervisory personnel during the fourth week of the strike, and for a while there were rumors that strike-breakers were being imported from several neighboring communities. But this was never proven, and the eventual settlement provided for the rehiring of everyone who had participated in the strike.

The last contract between the company and Local 906 was signed three years ago. It provided for wage increases totaling \$1.25 an hour over the three-year life of the agreement. The shift differential was increased to \$.20 and \$.30 an hour for the second and third shifts respectively (had been \$.15 and \$.20); the pension benefit was increased from \$32.00 to \$34.00 a month per year of service, and the disability benefits were liberalized; the health insurance was improved from a 80/20 co-payment plan to a 90/10 co-payment plan (medical, and hospital expenses covered 90% up to \$2500 thereafter 100% of expenses are paid); the vacation schedule was improved to provide for three weeks of vacation after 10 years of service (had been 12); and fourth week of vacation was added for employees with 25 or more years of service.

### **The Current Mood**

The Yooper Company has earned a reputation for fairly good quality, and its products have won wide acceptance among consumers. The company is fairly optimistic about its future prospects, but like many other Michigan based companies, it is worried about escalating prices for raw materials, higher labor and energy costs. It is particularly concerned about its ability to remain competitive with non-union firms in the "sun-belt" states, and about the increasing number of snowblowers and garden tractors being imported from Mexico, China and Pacific Rim Countries.

Major cost reduction programs have been instituted, and the company is acutely aware of the importance of keeping its labor costs under control. Recently, it has made a number of public pronouncements regarding its potentially precarious financial position, and the importance of obtaining wage and/or benefit concessions from the union during forthcoming contract negotiations. In these pronouncements, it has stressed the absolute necessity of instituting measures to increase productivity if it is able to remain in Pine Bluff, and has made repeated reference to the willingness of unions in other communities to negotiate concessions to help their employers remain competitive.

Yooper Company management knows that the cost-of-living has remained quite stable since the last contract was negotiated, but expects the union to want their share of improving profits. They are also aware of collective bargaining settlements being reached elsewhere (see Exhibit 6), many of which provide relatively modest contract improvements, and which in some cases resulted in wage and/or benefit concessions on the part of respective unions. The company would like to avoid a strike, but it is prepared to take one, if it cannot convince the leadership of Local 906 of the need for a reasonable settlement. It intends to bargain fairly, but vigorously, to avoid the possibility of raising its labor costs at the expense of its future growth, profitability and survival.

Within the ranks of Local 906, there are mixed feelings about this year's contract negotiations. There is a general consensus among the membership that the union was short-changed in last year's negotiations. The leadership of Local 906 has been reminded of this in no uncertain terms by a number of its members. A particularly militant group has stated that "we expect the union to obtain a much better settlement this year!"

These pressures notwithstanding, the leadership of Local 906 is very much aware of other issues and problems, including the public relation campaign which the company is conducting. While some of the more militant members have been very vocal, and are apparently willing to strike, a sizeable part of the membership is quite conservative, and is very worried about the economic consequences of work stoppage.

The bargaining committee is also aware of these cross-currents of feelings and opinions. It knows that the negotiation of a substandard contract, particularly one which includes significant concessions, would create many problems for the union, and that it would probably be rejected by the membership. Therefore, it is equally prepared vigorously on behalf of its members for a fair and equitable settlement.

### SECTION III

#### EXHIBIT I

#### THE YOOPER MANUFACTURING COMPANY Summary of Financial Reports (Last 8 Years)

HISTORY	TOTAL SALES	AFTER TAXES	NET WORTH	SALES	NET WORTH
Most Recent	\$38,800,000	\$2,105,500	\$19,750,000	5.4%	10.6%
2 Years Ago	\$33,470,000	\$1,395,000	\$19,200,000	4.2%	7.3%
3 Years Ago	\$31,800,000	\$1,050,000	\$18,700,000	3.3%	5.9%
4 Years Ago	\$32,400,000	\$1,040,000	\$18,540,000	3.2%	5.6%
5 Years Ago	\$33,100,000	\$1,250,000	\$18,360,000	3.8%	6.8%
6 Years Ago	\$35,900,000	\$1,560,000	\$18,350,000	4.3%	8.5%
7 Years Ago	\$36,850,000	\$1,600,000	\$18,400,000	4.3%	8.7%
8 Years Ago	\$38,900,000	\$2,785,000	\$18,350,000	7.2%	15.2%

(1) Net worth (sometimes called "stockholders' equity") represents the amount of money which the stockholders have invested in a business established. It consists of (a) the sum total of capital stock outstanding, plus (b) profits which have been earned, but which have not been distributed to the stockholders. A rate of return on net worth (net profit divided by net worth) of at least 10-12% is generally considered to be satisfactory.

## EXHIBIT 2

### Bargaining Unit Census

#### Age\*

22% age 18-25  
55% age 26-45  
23% age 46 and older

\*Average age = 36.2

56% - Married  
44% - Single

63% - Male  
37% - Female

#### Seniority

106 employees at 0-3 years  
108 employees at 4-6 years  
137 employees at 7-12 years  
91 employees at 13-20 years  
28 employees at 21-33 years

\*\*Average is just over 8 years

### EXHIBIT 3

#### WAGE RATE COMPARISON MANUFACTURING COMPANIES, PINE BLUFF, MICHIGAN

JOB TITLE									
NAME OF COMPANY	MACHINIST (MECHANIC)	MAINTENANCE ELECTRICIAN (PUMP REPR)	MAINTENANCE HELPER	TRUCK DRIVER	STORES-KEEPER	PRODUCTION TOP RATE*	PRODUCTION AVERAGE RATE*	PRODUCTION LOWEST RATE*	AVERAGE HOURLY EARNINGS
The Yooper Company	20.17	19.56	15.44	15.27	15.37	14.80	14.30	13.80	14.37
The Mough Company	21.53	20.80	16.61	16.47	16.23	15.67	15.25	14.24	15.43
Stronghart Mfg. Company	21.31	20.56	16.43	16.20	16.18	15.43	15.21	14.40	15.29
Pop-Up Camper Co.	19.60	19.23	15.20	14.88	14.88	14.32	13.80	13.09	13.85
Car Care Company	20.00	19.04	15.45	----	15.12	14.45	14.06	13.45	14.25

\*Rates result from last negotiations. Rates includes incentive earnings, if applicable, but do not include overtime premiums, shift differentials, etc.

**EXHIBIT 3A**

**FRINGE BENEFIT COMPARISON  
MANUFACTURING COMPANIES, PINE BLUFF, MICHIGAN**

FRINGE BENEFIT PROVISION														
HOLIDAYS			VACATIONS				SHIFT PREM		PENSION PLAN			HEALTH INSURANCE PLAN		
Name of Company	No. Paid	Rate Paid If Worked	1 Wk.	Years of Service Req.			2 <sup>nd</sup> Shift	3rd Shift	10 Yrs	Benefit Paid		Deductible	Premium Share	Dental/ Vision
				2 Wks	3 Wks	4 Wks				20 Yrs	30 Yrs			
The Yooper Company	9	2T	1	3	10	25	.20	.30	\$500	\$1000	\$1500	\$250 Single \$500 Family	Company 90% Employee 10%	No
The Mough Company	9	T1/2	1	2	10	20	.15	.25	\$326	\$489	\$978	\$3000 Single \$6000 Family	Company contributes \$3000 in HSA to be used towards medical costs	No
Stronghart Mfg. Company	10	2T	1	2	12	25	.15	.30	\$320	\$480	\$960	No insurance provided	Employees purchase health care on the National Exchange. Employer contributes \$5000 in an HSA for single coverage and \$8000 in an HSA for family coverage	No
Pop-Up Camper Co.	10	T1/2	1	3	12	25	.15	.30	\$300	\$450	\$960	\$500 Single \$1000 Family	Company 80% Employee 20%	Yes Employee pays 60% of premium
Car Care Company	10	T1/2	1	2	10	20	.15	.30	\$217	\$326	\$652	\$250 Single \$500 Family	Company 90% Employee 10%	No

**EXHIBIT 4**

**WAGE RATE COMPARISON  
OUTDOOR EQUIPMENT INDUSTRY – NATIONAL**

JOB TITLE									
NAME OF COMPANY	MACHINIST (MECHANIC)	MAINTENANCE ELECTRICIAN (PUMP REPR)	MAINTENANCE HELPER	TRUCK DRIVER	STORES-KEEPER	PRODUCTION TOP RATE*	PRODUCTION AVERAGE RATE*	PRODUCTION LOWEST RATE*	AVERAGE HOURLY EARNINGS
The Yooper Company	20.17	19.56	15.44	15.27	15.37	14.80	14.30	13.80	14.37
Allen Mfg. Co. Birmingham, AL	18.67	17.72	14.19	14.06	13.60	13.49	13.33	12.56	13.26
Alice-Charmer Co. Pittsburg, PA	22.21	21.59	17.24	17.02	15.99	16.66	16.00	15.27	16.31
Lehigh Tractor Bethlehem, PA	20.19	19.53	15.01	15.22	15.40	14.98	14.39	13.86	14.70
Sure-Start Implements Buffalo, NY	20.86	20.19	15.98	15.81	15.87	15.65	14.63	14.30	15.10

\*Rate results from negotiations. Rates include incentive earnings, if applicable, but do not include overtime premiums, shift differentials, etc.

**EXHIBIT 4A**

**FRINGE BENEFIT COMPARISON  
OUTDOOR EQUIPMENT INDUSTRY**

<b>FRINGE BENEFIT PROVISION</b>														
<b>HOLIDAYS</b>			<b>VACATIONS</b>				<b>SHIFT PREM.</b>		<b>PENSION PLAN</b>			<b>INSURANCE PLAN</b>		
<b>Name of Company</b>	<b>No. Paid</b>	<b>Rate Paid If Worked</b>	<b>Years of Service Req.</b>				<b>2<sup>nd</sup> Shift</b>	<b>3<sup>rd</sup> Shift</b>	<b>Benefit Paid</b>			<b>Deductible</b>	<b>Premium Share</b>	<b>Dental/ Vision</b>
			<b>1 Wk.</b>	<b>2 Wks</b>	<b>3 Wks</b>	<b>4 Wks</b>			<b>10 Yrs</b>	<b>20 Yrs</b>	<b>30 Yrs</b>			
The Yooper Company	9	2T	1	3	10	25	.20	.30	\$500	\$1000	\$1500	\$250 Single \$500 Family	Company 90% Employee 10%	No
Allen Mfg. Co. Pittsburgh, PA	7	T1/2	1	2	10	--	.10	.20	None	None	None	\$500 Single \$1000 Family	Company 80% Employee 20%	No
Alice-Charmer Pittsburgh, PA	10	2T	1	3	10	20	.16	.32	\$340	\$510	\$1020	\$1500 Single \$3000 Family	Company 100%	No
Lehigh Tractor Bethlehem, PA	9	T1/2	1	3	15	25	.15	.30	\$290	\$435	\$870	\$250 Single \$500 Family	Company 90% Employee 10	No
Sure-Start Implements Buffalo, NY	9	2T	1	2	10	20	.12	.24	\$300	\$450	\$900	\$500 Single \$1000 Family	Company 90% Employee 10%	No

## EXHIBIT 5

### CONSUMER PRICE INDEX FOR URBAN WAGE EARNERS & CLERICAL WORKERS

(U.S. ALL ITEMS)  
(1967 = 100)

ANNUAL AVERAGE - 1960-2004

#### INDEX

YEAR	INDEX	PERCENT	YEAR	INDEX	PERCENT
1960	88.7	----	1992	411.5	2.9%
1961	89.6	1.0%	1993	423.1	2.8%
1962	90.6	1.1%	1994	432.4	3.1%
1963	91.7	1.2%	1995	456.5	2.8%
1964	92.9	1.3%	1996	469.9	2.9%
1965	94.5	1.7%	1997	480.8	2.3%
1966	97.2	2.9%	1998	488.3	1.6%
1967	100.0	2.9%	1999	499.0	2.2%
1968	104.2	4.2%	2000	515.8	3.4%
1969	109.8	5.4%	2001	530.4	2.8%
1970	116.3	5.9%	2002	538.8	1.6%
1971	121.3	4.3%	2003	551.1	2.3%
1972	125.3	3.3%	2004	565.8	2.7%
1973	133.1	6.2%	2005	585.0	3.4%
1974	147.7	11.0%	2006	603.9	3.2%
1975	161.2	9.1%	2007	621.1	2.8%
1976	170.5	9.8%	2008	644.9	3.8%
1977	181.5	6.5%	2009	642.6	-.4%
1978*	195.3	7.6%	2010	653.2	1.6%
1979	217.7	11.5%	2011	673.82	3.2%
1980	247.0	13.5%	2012		
1981	272.3	10.2%	2013		
1982	288.6	6.0%	2014		
1983	297.4	3.0%			
1984	307.6	3.4%			
1985	318.5	3.5%			
1986	323.4	1.5%			
1987*	335.0	3.6%			
1988	348.4	4.0%			
1989	365.2	4.8%			
1990	384.4	5.3%			
1991	399.9	4.0%			

\*Rev. Series

SOURCE: Consumer Price Index-Monthly Release, CPI Detailed Report, Bureau of Labor Statistics, U.S. Dept. Of Labor

See glossary of collective bargaining terms for definition of Consumer Price Index (CPI)

**EXHIBIT 6  
RECENT CONTRACT SETTLEMENTS - COMMUNITY**

NAME OF COMPANY LOCATION	EFFECTIVE DATES OF CONTRACT	WAGE CHANGES NEGOTIATED	FRINGE BENEFIT CHANGES
The Mough Company	3 Year Contract	A wage reduction of \$.44 the first year; cost-of-living adjustment in the 2 <sup>nd</sup> and 3 <sup>rd</sup> year (\$.03 per hour for every 0.3 point increase in CPI, adjusted semi-annually)	Pension benefit increased from \$29.00 to \$32.60 a month per year of service; maximum death benefit increased to \$20,000; improved jury duty and military leave pay.
Stronghardt Mfg. Co. Pine Bluff, MI	3 Year Contract	\$1,000 cash payment plus inequity adjustments of \$.05 to \$.38 for skilled trades; 3.0% in 2 <sup>nd</sup> year, and 2.5% in 3 <sup>rd</sup> year	Pension benefit increased from \$30.00 to \$32.00 a month per year of service; improved health insurance plan; liberalized jury duty allowance.
International Truck Escanaba, MI	3 Year Contract	No general wage increase for duration of contract; union agree to forego cost-of-living increases for first year; modified COLA in 2 <sup>nd</sup> & 3 <sup>rd</sup> year.	Pension benefit increased from \$32.00 to \$34.00 a month per year of service, plus special supplemental early retirement benefit for workers with more than 15 years of service; 10 <sup>th</sup> paid holiday; liberalized major medical insurance plan.
Mueller Brewing Co. Marquette, MI	2 Year Contract	\$.40 an hour, plus \$.10 inequity adjustment for skilled trades; \$.35 an hour general wage increase 2 <sup>nd</sup> year.	Basic premium benefit increased from \$30.00 to \$34.00 a month per year of service; A30 and out@ - retirement with unreduced benefits, after 30 years of service; 10 <sup>th</sup> paid holiday; improved dental insurance plan; now includes \$1,500 lifetime allowance for orthodontia, for each plan member.

**EXHIBIT 7**

**RECENT CONTRACT SETTLEMENTS - OUTDOOR EQUIPMENT INDUSTRY**

<b>NAME OF COMPANY LOCATION</b>	<b>EFFECTIVE DATES OF CONTRACT</b>	<b>WAGE CHANGES NEGOTIATED</b>	<b>FRINGE BENEFIT CHANGES</b>
Alice-Charmer Pittsburgh, PA	3 Year Contract	No general wage increase for duration of contract; cost-of-living adjustments, \$.20 per hour adjustment to skilled trades for implementation of Assist-a-craft® concept.	Improved major medical and dental insurance plans; pension benefit increased from \$30.00 to \$34.00 a month per year of service, with full benefit payable at age 62 (after age 50, if employee terminated because of lack of work or plant closing); union agreed to forego 9 personal leave days per year, pending improvement in business conditions.
Outdoor Company Kalamazoo, MI	3 Year Contract	3.5% 1 <sup>st</sup> year (amounts to \$.31 an hour on the average wage) plus 3.0 in 2 <sup>nd</sup> year and 3.0% in 3 <sup>rd</sup> year.	Revised group insurance plan; now pays full cost of diagnostic out-patient care; liberalized maternity leave benefits; employee pays 10% of premium (formerly employer paid 100%); 25-minute was-up time allowance; company will pay tuition costs if employee enrolls in job-related college or voch/tech courses.

## EXHIBIT 8

### SUMMARY OF COLLECTIVE BARGAINING AGREEMENT

**THE YOOPER CO.  
PINE BLUFF, MICHIGAN  
and  
LOCAL 906, INTERNATIONAL ASSOCIATION OF  
OUTDOOR EQUIPMENT WORKERS, AFL-CIO**

This exhibit contains a summary of the provisions contained in the collective bargaining agreement between the Yooper Company and Local 906, International Association of Outdoor Equipment Workers, AFL-CIO. Along with the exhibits showing key wage rates in effect at Yooper Co., it is the basis upon which the “union” bargaining team will formulate its current contract demands. Keep in mind that the summary does not make reference to many important parts of the current agreement. An actual set of negotiations would involve the union and management bargaining teams in a careful scrutiny of additional subjects which are “non-economic” in nature, but which are of great importance to both sides. For purposes of simplicity, this exhibit summarizes in capsule form a number of contract provisions commonly found in labor/management agreements.

#### 1. Recognition

- (A) Bargaining unit includes all production and maintenance workers at company operations in Pine Bluff,
- (B) Exclusions from bargaining unit include supervisory personnel; office, clerical employees; plant security; professional workers, etc.

#### 2. Union Security

- (A) Union shop (all present members of the union must remain members; new employees are required to join union, as a condition of employment, 30 days after they are hired)
- (B) Check-off of union dues

#### 3. Hours of Work

- (A) Standard workday is 8 hours; standard workweek is 40 hours
- (B) First shift begins at 7:00 a.m., ends at 3:00 p.m.; second shift begins at 3:00 p.m., ends at 11:00 p.m.; third shift begins at 11:00 p.m., ends at 7:00 a.m.
- (C) The above does not constitute a guarantee of daily or weekly hours of work (or pay)
- (D) Except in emergency situations, company cannot change starting or quitting time of first or second shift

#### 4. Overtime Pay

- (A) Time and one-half paid for:
  - Over 8 hours in one day
  - Over 40 hours per week
  - Work on Saturday (if sixth consecutive workday)
  - For work performed before or after the scheduled hours of work (see above)
- (B) Double time paid for:
  - Work on Sunday (if seventh consecutive day)
  - For work performed on designated holidays
  - Over 8 hours on Saturday, Sunday or holidays
- (C) No "pyramiding of overtime" allowed (payment of overtime on more than one basis)
- (D) Equal distribution of overtime, <sup>A</sup>wherever practicable<sup>@</sup>, on departmental basis
- (E) Employees are required to work overtime, "where reasonable advance notice is given," unless employee is excused by supervisors

#### 5. Holidays

- (A) Number paid: 9 (New Year=s Day, Good Friday, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Day after Thanksgiving, Christmas Eve, Christmas Day)
- (B) In order to qualify for holiday pay, employee must have completed 30 working days and be at work on regularly scheduled workday before and after the holiday
- (C) Holiday pay = 8 (hours) times average hourly rate, excluding overtime, but including shift premium
- (D) Holiday is observed only if it falls on a regularly scheduled workday
- (E) If holiday falls while employee is on vacation, and on a regularly scheduled workday, employee receives extra day's pay

#### 6. Seniority

- (A) Type: Departmental
- (B) All job openings are posted for bid, "where skill and ability are relatively equal, the senior employee will be promoted"
- (C) Layoffs on seniority basis, within departments; employee laid off within their own departments can exercise "bumping" rights in other departments, "provided they have the skill and ability to perform the available work"
- (D) Company does not have to observe layoff provisions in case of temporary layoffs, not to exceed five working days in duration
- (E) Advance notice to union required in all cases involving layoffs or more than one day's duration
- (F) Recall from layoff in reverse order, with most senior employee recalled first

#### 7. Grievance/Arbitration Procedure

- (A) Four-step grievance procedure, with arbitration as the final step
- (B) Grievance system limited to alleged violations of the agreement
- (C) Arbitrator's authority limited to deciding whether or not the terms of the agreement have been violated; he cannot "add or subtract from the terms of the agreement" in reaching his decision
- (D) Cost of arbitration shared equally by company and the union
- (E) Stewards are paid for time lost while investigating and handling grievance cases, but they must secure permission of department foreman before leaving their work stations, before entering another department, etc.

8. Wages and Special Pay Provision

- (A) Rate range is from \$13.80 to \$20.17 (see Exhibits 3, 4); average straight-time hourly rate for entire plant (bargaining unit employees) is \$15.90.
- (B) Job descriptions used as basis for determining content of various jobs within the bargaining unit (new or changed job descriptions subject to bargaining)
- (C) Single rates for each job classification
- (D) Shift premiums, \$.20 for second shift, \$.30 for third shift
- (E) Reporting pay, minimum of four hours pay if employee reports for situations in which no work is available due to conditions beyond company's control
- (F) Time and one-half paid for hours worked in connection with emergency call-back (minimum of three hours pay)

9. Vacations

(A)	<u>Number of Weeks of Vacation</u>	<u>Years of Service Required</u>
	1	1
	2	3
	3	10
	4	25

- (B) Employee must work minimum of 1,600 hours in preceding year in order to qualify for full vacation pay (Pro-rate amount paid where lesser number of hours worked).
- (C) Vacation pay = 2% of gross annual earnings per week of vacation (minimum of 40 hours pay, at average hourly)
- (D) Accumulated vacation benefits paid in case of death, quit, extended layoff, where employee otherwise qualified for vacation

10. Military Service

- (A) Worker called into military service will retain and continue to accumulate seniority during time spent in service
- (B) Company agrees to offer returning serviceman same or comparable job on his return (provided employee still has ability to perform the job in question), and he will receive all general wage increases granted during his absence
- (C) Members of reserve units, national guardsmen who attend summer training camp will receive

difference between regular rate of pay and amount of military pay (maximum of two weeks)

11. Union Rights

- (A) Superseniority for departmental stewards (limited to department in which steward works; applies "only to the extent that the steward can perform the work which is available")
- (B) Union has access to plant bulletin boards (for official union notices; all postings must be approved in advance by the company)
- (C) Union representatives have right to visit plant, to investigate grievances, etc., after giving proper notice to company

12. Group Insurance

- (A) New employee covered after 60 calendar days
- (B) Average cost of insurance based on insurance rates is:
  - \$500.00 (single)/Month
  - \$1100.00 (2-person)/Month
  - \$1500.00 (family)/Month

(Currently the company is paying 90% and employee is paying 10% of the insurance.)

- \$20 Office Visits
- \$20 Co-pay prescription drugs (generic); \$40 co-pay prescription drugs (brand)
- \$20,000 term life insurance (provided by employer)
- Maximum weekly sickness, accident, or death at work, 60% of gross wages for up to 13 weeks, maximum \$500/week (benefits payable after eighth day in case of illness, after first day in case of accident).

13. Pension Plan

- (A) Basic benefit equal to \$50.00 a month per year of service
- (B) Vesting after completion of 10 years of service; normal retirement age 65
- (D) Administration of plan by company
- (E) Cost to employer equals 10 cents per hour worked for each employee

14. Duration of Contract, Termination

- (A) Contract in effect for three years
- (B) No strikes or lockouts permitted during term of agreement
- (C) 60 day notice of intent to re-open contract required