

# **Not Just Another Consultant**

**How the Wisconsin Regional  
Training Partnership  
Facilitates Labor-  
Management Cooperation  
for High-Performance Work  
Organization**

**Matt Vidal  
October 2004**


**Center on Wisconsin Strategy**

## **Acknowledgements**

The research for this paper was made possible by a grant from the Alfred P. Sloan Foundation for the Advanced Manufacturing Project (AMP) research consortium. The author would like to thank the firms, managers, workers and unions for their participation.

## **About COWS**

The Center on Wisconsin Strategy (COWS) is a research and policy center dedicated to improving economic performance and living standards in Wisconsin and beyond. Based at the University of Wisconsin-Madison with an office in Milwaukee, COWS promotes “high-road” strategies that support living wages, environmental sustainability, strong communities, and public accountability.



**T**he manufacturing sector provides well-paying jobs and plays a vital role in economic growth and prosperity. Yet this sector has seen hard times in the United States, and the troubles have been particularly bad for small and medium-sized enterprises (SMEs) in manufacturing-heavy states like Wisconsin. As the trend toward global sourcing, or offshoring, continues, SMEs must compete against suppliers in low-wage areas from Brazil to China.

Some have argued that job loss to low-wage areas is inevitable, while others have suggested the most that can be done is to “level the playing field” through measures like currency revaluation in China. A third, more proactive approach exists: upgrade and modernize U.S. supplier firms so they can provide their customer firms with “more than just parts.” While some business will always be awarded solely on cost, in a just-in-time world it is increasingly important to provide reliable on-time delivery and organizational flexibility, as well as other services such as product design.

Whether called lean production or high-performance work organization (HPWO), new production techniques have been shown to yield substantial improvements in terms of quality, on-time delivery, productivity<sup>1</sup>, and ability to work with customers. Increased employee involvement in problem solving and decision-making is at the heart of these practices.

Yet new management philosophies of extensive employee involvement are much more widespread than actual practices. Many managers stop short of transferring significant decision-making authority to front-line workers, in large part because this is a direct threat to traditional authority structures and established routines. Often thought of simply in *economic* terms, the *social* characteristics of manufacturing firms very often block the adoption of superior HPWO routines. It is also the case that employers are often unable to overcome these social obstacles on their own, and it is here that the Wisconsin Regional Training Partnership (WRTP) provides a model for how to overcome these problems.

This report is based on observation of WRTP intermediation in three unionized plants over the course of 2002-03, including detailed case studies of two of the three. We present the two case studies, along with management’s assessment of the WRTP based on interviews in all three firms. The report focuses mainly on the role of the WRTP in facilitating labor-management partnerships, which establish a firm basis for decentralization of problem-solving and decision-making responsibilities to front-line employees. These cases show that the WRTP can be instrumental in establishing a framework and process to overcome serious social obstacles and transform labor-management relations. The cases also highlight the effectiveness of the WRTP in helping employers to establish standards for recruitment, retention, and training within the framework of a labor-management partnership.

---

<sup>1</sup> Eileen Appelbaum et al., *Manufacturing Advantage* (Ithaca: Cornell University Press, 2000); John Paul MacDuffie, “Human Resource Bundles and Manufacturing Performance: Organizational Logic and Flexible Production Systems in the World Auto Industry,” *Industrial and Labor Relations Review* 48 (1995): 197-221.

A note about unions: There is a popular perception that unions are rigid and adversarial, thus inhibiting flexibility and lean production. While it is true that unions *may* be adversarial and union work rules *may* be inflexible, it has also been demonstrated that, controlling for other factors, union shops may have better productivity and performance than comparable non-union shops.<sup>2</sup> It seems that, under certain conditions, unions may provide a comparative advantage for firms seeking HPWO, perhaps because they provide a framework for power-sharing and joint decision-making. Yet they also provide an independent source of workers' power and thus may facilitate resistance to workplace change. Again, it is in this regard that the WRTP can be an effective tool for employers seeking HPWO.

## From Adversarialism to Partnership: Second Tier Specialist

Second Tier Specialist<sup>3</sup> is a job shop producing high-quality custom products in low volumes. The workforce has an average tenure of 22 years and consists mostly of machinists, many of them highly skilled and most of them seemingly set in their ways. Previous attempts to implement lean production have met with so much resistance from the shop floor that the company brought in a new management team. With commitment from upper management, the new plant manager was determined to transform the shop into a lean organization with extensive employee involvement, that is, into an HPWO. Yet, in addition to having to deal with problems such as narrow and highly restrictive job classifications and skepticism toward change among the workforce, management faced a union accustomed to and comfortable with an adversarial stance, and skeptical of management initiatives more generally.

In this general context, the journey to become truly lean and flexible — with multi-skilled workers making their own decisions — was going to be uphill. This basic distrust and adversarialism was only overcome through the construction of a formal framework for partnership and, perhaps more importantly, through the *process* of partnering. WRTP facilitation of a formal joint labor-management steering committee (referred to as a “leadership team”) and the practice of jointly making decisions (learning how to define mutual interests through compromise) rather than negotiating endlessly, was an enormous help in overcoming many obstacles, according to both sides. The WRTP is able to do this in part through playing the role of an “honest broker,” and in part through its expertise and the credibility it derives from the shop-floor experience of its personnel.

<sup>2</sup> Sandra E. Black and Lisa M. Lynch, “How to Compete: The Impact of Workplace Practices and Information Technology on Productivity,” *Review of Economics and Statistics* 83 (2001): 434-445; William N. Cooke, “Employee Participation Programs, Group-Based Incentives, and Company Performance: A Union-Nonunion Comparison,” *Industrial and Labor Relations Review* 47 (1994): 594-609; Steven P. Vallas, “Why Teamwork Fails: Obstacles to Workplace Change in Four Manufacturing Plants,” *American Sociological Review* 68 (2003): 223-250.

<sup>3</sup> All firm names are pseudonyms.

The WRTP begins by teaching the labor-management team how to make decisions by consensus and then helps them develop a workplace plan for the firm, including strategic planning to define goals, timelines, objectives, implementation, and evaluation. Over the first month or so of weekly meetings, the meetings often appeared to be making little progress; there was a tendency to lose focus as labor seemed to react negatively to *any* management proposal. At times the whole process seemed close to being derailed as both sides bickered over the tiniest of details. Yet there was progress being made. The workforce and union had a lot of baggage to overcome from half-hearted, token, or abortive attempts at change, always handed down by management from above and forced on the workforce. The plant manager referred to these earlier attempts as *kamikaze kaizen*, highlighting how change was forced on the workforce without regard for the need to get buy-in from the shop floor.<sup>4</sup> The following comments of workers at Second Tier are illustrative of the general distrust and skepticism that is produced by such an approach to workplace restructuring:

One union member noted that he's angry and skeptical because he's been working hard his whole life, learning and trying to contribute to the business, but has "only been screwed by management."

"We've been hit in the face with the mallet so many times before, it's hard to know what to believe."

"We've done *kaizen* before and they were all gung-ho about it ... for about four days."

"We're all skeptical — what they say one day can change the next day, one hour to the next hour."

The WRTP facilitators, having come from the shop floor themselves, played a key role in getting buy-in from the skeptical workforce. This was also a critical issue at a third firm observed (though not described in detail in this report), Custom Hydraulics. Here the process of getting buy-in took place more directly in shop-floor *kaizen* events rather than in the labor-management committee. According to the plant manager at Custom Hydraulics:

"And we do run a lot of these decisions, like we'll set up committees, we're doing the 5S's, we're doing setup reduction.<sup>5</sup> This is ... a steering committee, a leadership team. ... [The WRTP] helped us set it up and get started. And they're good. I do speak very highly of them, I think they really helped us. What they did that I felt was most effective is they brought some — I don't know if I would use the word — credibility. ... So when we had setup reduction, and these same things came up, sort of an outside consultant or somebody from our ME [manufacturing engineer] department or management

<sup>4</sup> *Kaizen* is a Japanese term meaning continuous improvement and is a core concept and driving force of lean production.

<sup>5</sup> 5S is a system of work standardization to reduce waste. Setup reduction is another form of *kaizen* to increase productive flexibility.

here, telling them to try this, we were able to get better involvement. It was like these people have been there, they've been on the floor, they've been through it, they've seen plants close, and that seemed to help get, this involvement from the floor seemed to work better. Their knowledge is good, but more than their knowledge is more of their credibility that they get among the workforce. You know they talk, they've been there on the floor, they've done it, and that seemed to have an effect with our workers.”

In the case of the leadership team at Second Tier, furthermore, the WRTP played an essential role in keeping things focused and on track. Given the adversarial stance of the union leadership, it seems likely that the process would not have made it past the first meeting without the WRTP's intervention and facilitation. The WRTP facilitators were able to keep the team task-oriented and looking forward rather than backward to past failures and disappointments, so that they could get something accomplished and get some successes under their belt.

In many cases during the earlier phases in developing the leadership team, heated arguments broke out over many issues. One of the more serious of these was job descriptions, which were normally a contract issue. Again, the WRTP facilitators were able to defuse many tense situations and maintain the trust-building exercise that likely would have petered out, or exploded, on its own. In the case of the job descriptions, the team was finally able to create a new cell lead position<sup>6</sup>, agreeing on job descriptions and a non-seniority bidding process through consensus. More generally, as the partnership continued and developed, both sides were able eventually to maintain their own focus and resolve their own issues. But what in retrospect may seem like speed bumps likely could have been hurdles that could not have been crossed without the WRTP to mediate, provide support, and give direction.

These examples show that there are many social obstacles to decentralization of problem-solving and decision-making responsibilities with firms — labor-management history, shop-floor culture, and different understandings of and approaches to particular problems. The cases also show how WRTP intermediation helped overcome these obstacles. A key lesson is that these obstacles result not simply from union adversarialism but from legitimate skepticism based on past labor-management relations. The pressure from the shop floor on the union committee to tow the old adversarial line — and to continue seeing management as the enemy — was strong. To be sure, all of these issues had not been resolved completely, but with the help of the WRTP Second Tier was able to create a cell lead position through joint decision-making, set up other subcommittees, and generally establish commitment to the framework and process of partnering.

---

<sup>6</sup> Cells are product-focused work areas that provide an organizational basis for lean production where assembly lines are not appropriate, and are usually composed of a team of workers. Work organized in cells on lean principles is often referred to as cellular production.

## Using Partnership to Turn the Business Around: Mini OE

There are many organizational changes that can help struggling firms, of which self-directed teams may be one of the more effective but also one of the most difficult to implement. Commitment from management is perhaps the most important precursor; a second key step for employers who really want to tap the shop-floor knowledge of the workforce and have a functionally flexible workplace may be to implement a labor-management steering committee. Without such a committee to deal with the complexities of substantive sharing of decision-making authority, attempts at restructuring tend to stall, abort, or be dysfunctional.

The situation at Mini OE differs quite dramatically from Second Tier in that the former has a workforce with an average tenure of only three years that offered little resistance to the implementation of cellular production, is not entrenched in old routines, and has generally cooperative relations with management. In this case, the WRTP was able to establish a functional labor-management steering committee in a relatively short time; both sides were ready to partner. The WRTP was able to move quickly in helping Mini OE develop a workplace plan for the firm, including strategic planning to define goals, timelines, objectives, implementation, and evaluation.

The first task the labor-management team set for themselves was to create a new pre-employment screening and hiring process. Their plant's last hiring session didn't work at all. And as the plant manager noted:

"Basically if someone could walk at the time they were hired. And then when we did skills assessment [with the WRTP] we found that there were 25 people who couldn't read or write English ... and out of 60 people outside the Asians, there was only 11 people who could pass 7th grade math efficiency. ... From the core assessment that we did, there were 26 items that people needed to know, no matter what job. How to read routings, add/subtract fractions, reading comprehension, how to fill out forms, calculators, etc. ... Until we get the [skills] in place we can't really go into the empowered workforce."

As is evident from the manager's comments, these more circumscribed tasks of working on screening and hiring, beginning with the skills assessment, were conceived explicitly as part of a larger organizational transformation, uniting recruitment and retention issues with training and manufacturing practices in a single vision. Again, the WRTP played a key role in helping the union and management jointly define that vision and how to realize it.

Labor-management relations at Mini OE were generally cooperative, and both sides generally retained their amicable attitudes even during disagreements. During meetings the members of the team mixed in their seating choices around the table, in contrast to Second Tier where labor and management always sat on opposite sides of the table. Yet even in this context, certain

developments or actions may jeopardize the partnership. In one case, management made some changes to the attendance policy without consulting the union. Three of the four union members on the leadership team quit participating on the team, saying that management pushed attendance and work rules down their throat. Mini OE went five weeks without their weekly meeting, and both sides finally returned only because the WRTP facilitator was able to convince them not to throw it all away, doing work “behind the scenes” with the union committee members. Management admitted that they might have been wrong and that they could have approached the changes differently, hoping to restore some confidence in the process with their apology. The plant manager agreed that the WRTP was very helpful in resolving this issue:

“[WRTP help] showed up the other day when we introduced a change in the attendance policy and the work rules a couple of weeks ago. . . . It became a real pissing match, and we kind of stumbled. . . . [the WRTP Industry Coordinator] really played an instrumental role in getting together with the leadership team and union committee outside the management group and got with the management group and said there [are] some boundaries we all need to work under. . . . So she was really helpful in getting us back together as a group, saying we need to monitor how we are doing things.”

The plant manager went on to explain how the leadership team had established management rights issues, union rights issues, and issues that are jointly decided. He also noted that he hoped this was a learning experience for both sides, that both need to be more careful now that they are in a partnership.

The partnership was used as a base from which to revamp other systems at Mini OE. For example, both sides noted that there were problems with “soft” skills. As a union member said: “We have a serious problem with attitudes. Management can’t evaluate attitudes out there. We’ve still got some bad attitudes here, huge problems.” Both sides agreed that a mentoring program would help, and the WRTP has a program to help firms design their own mentoring program. Other efforts at Mini OE, initiated with help and guidance from the WRTP, include the development of five training modules for incumbent worker training and the establishment of a Worker Education committee, staffed entirely by workers, to identify future training needs, plan the process, and put together a timeline to implement it. The WRTP also submitted and received a training grant to subsidize wages for both Second Tier Specialist and Mini OE.

## Conclusion

This report has documented many ways in which the WRTP has been an effective labor-market intermediary, helping small and mid-sized manufacturers develop labor-management partnerships and use the latter to develop strategic plans for restructuring to become high-performance work organizations. The WRTP provides an essential source of facilitation and support, keeping nascent

partnerships task- and future-oriented, and laying the foundations for a self-directed partnership and ultimately self-directed teams. In the words of the plant manager at Custom Hydraulics:

“Same with 5S’s, [a Wisconsin Manufacturing Extension Partnership field agent] was the facilitator. We now are starting our second one completely on our own. ... whereas when we first did our leadership team with our charter and all that, [the WRTP facilitator] was very helpful. ... But if [the WRTP facilitator] was not there, you know, we now have our own chairman, we roll on our own. She becomes more of an asset when she’s there ... but we found that we can move on. The program was effective in getting it going, but they’re not really necessary for you to maintaining and going forward.”

As he noted, the company initially received help in the lean tool of 5S from the Wisconsin Manufacturing Extension Partnership, which sometimes works closely with the WRTP. These programs are complementary and are vital — individually and even more so in combination – for helping small and mid-sized manufacturers compete in today’s globalizing economy. And, in particular, the WRTP is a key resource for those employers who wish to provide high-skill, high-wage, family-supporting jobs. The plant manager at Custom Hydraulics can have the last word on this: it is imperative, he said, that we “let policymakers know that these programs are very important and very helpful for our small manufacturers.”

## **Center on Wisconsin Strategy**

University of Wisconsin-Madison  
1180 Observatory Drive  
Room 7122  
Madison, WI 53706

TEL: 608.263.3889

FAX: 608.262.9046

E-MAIL: [cows-info@cows.org](mailto:cows-info@cows.org)

WEBSITE: [www.cows.org](http://www.cows.org)