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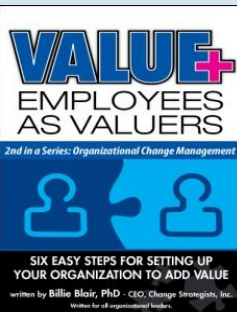
EACH ISSUE, LEAD-ZINE®, the on-line electronic leadership newsletter of **Leading and Learning, Inc.**, focuses on a specific leadership/ management topic. Articles are contributed by Dr. Billie Blair, President of Change Strategists, Inc., and the CS-I team of organizational professionals. Other professionals with specific expertise join the **Lead-Zine®** staff each month to offer additional perspectives. These combined views provide informative and balanced perspectives on the **Lead-Zine®** topic-of-the-month to our readers – approximately 250,000 CEOs, executives, and other managers.

Leaders and managers are continually planning, executing, or controlling change. Each Lead-Zine® issue looks at aspects of change that are of current interest.

THIS YEAR: THE LEAD-ZINE® FOCUS IS ON SUCCESS STRATEGIES FOR 2009.

This month's topic: "Management, Business, and Labor Unions in America, 2010"

♦ **For those wishing to contribute to a Lead-Zine® issue** contact the **Lead-Zine® editor, Eli Isaacs:**
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FEBRUARY 2010 ISSUE MANAGEMENT, BUSINESS, AND LABOR UNIONS IN AMERICA, 2010: *Straight Talk for America's Businesses*

Billie Blair, PhD

An interesting editorial ran in the *Wall Street Journal* this month. It focused on the news that in 2009, for the first time in the history of organized labor, the number of governmental unionized workers outnumbered those in the private sector. As recently as 1980 the private union members were double that of those who worked in government. Overall, union membership is in decline with loss of almost 780,000 union jobs during the recession. But, what does the dramatic gain in the public sector actually mean for businesses and for America?

⌘ The answer is straightforward: When employed in the private sector, union members are subject to fluctuations in the market economy. In comparison, however, government workers who are union members are assured of an "undisturbed economy" that comes from extracting taxes from citizens and using them to pay unionized government workers. In this version of unionism, continued employment and benefits, or, *de facto* "tenure" is achieved. That is, once city, state or other public workers are unionized, very little is apt to change for individual employment status (ref. for example, the difficulty in removing ineffective and harmful teachers.)

⌘ The results of the shift in unionization localized to government employees are that government unions jockey for a greater share of the overall private economy's wealth, which is ultimately taken from middle Americans in the form of taxes – that is the "redistribution of wealth" that we hear a great deal about these days.

⌘ Carried out in real terms, this means that organized governmental labor groups currently attempt to accomplish this specific goal of garnering a greater share of public wealth through advocating for higher taxes and expansion of government. The critical economic dilemmas that highly unionized states such as California, New York and New Jersey currently face are the results of unionized success in extracting an increasing share of the pie from these states' economies. And these serious crises demonstrate clearly why Democrats like Franklin Roosevelt and New York Mayor LaGuardia opposed unionism in government – they worried that public employees who were unionized could easily exploit that monopolistic position.

⌘ I think you'll enjoy the articles in this issue – you be the judge of ultimate economic realities that current directions for labor and the U.S. economy hold in store.

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**THE CONTINUING FOCUS FOR EFFORT AND
EMPHASIS IN 2010.**

THE TOPIC FOR THIS ISSUE:

***"Management, Business and Labor Unions in
America, 2010"***

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and Application

**Where Things Stand for Labor Relations: 2010 and
Beyond**

Peter List, Editor, LaborUnionReport.com

Frustrated and Dejected, Union Bosses Opt for Plan B

What a difference a year makes. Not so long ago, with the so-called Great Recession gaining steam, much of the business community began 2009 with feelings of fear and anxiety about what a Democrat-controlled Washington, DC would bring in the name of "change." Conversely, the nation's union bosses were elated that the hundreds of millions of dollars they invested in America's electoral process had finally paid off and would be rewarded. Union leaders saw the coveted nationalization of health care within their grasp and, more importantly, the Orwellian-named Employee Free Choice Act¹ (EFCA). However, as we roll into 2010, union leaders are now filled with anxiety and frustration and the business community, while perhaps not gleeful, is breathing a bit easier. Oh, what a difference a year makes.



What happened?

As most know, 2009 didn't shape up quite the way union bosses had planned. Following President Obama's inauguration, the unions were initially ecstatic to have EFCA introduced in both chambers of Congress on March 10th where there it sat...and sat.

EFCA's momentum began to slip early on. At first, Democrats lacked a filibuster-proof Senate due to the delay of Al Franken being seated, but they also found themselves faced with moderates in their own party unsupportive of EFCA.

¹For more information on EFCA, go to LaborUnionReport.com

Photo Credit: Rosa Aralani, www.aralani.com

When the 60th vote arrived and a possible EFCA compromise was within reach, it was too late. Health care reform had been placed on the front burner and, although the White House promised action on EFCA following health care reform, things had already started to unravel for the Democrats.

For one thing, the American public was becoming enlightened (and enraged) about the amount of union influence in Washington. And unions' bad publicity went from bad to worse as a result of those unruly town hall meetings, becoming radioactive across the internet when a black conservative was (*allegedly*) beaten by SEIU operatives outside a town hall meeting in St. Louis. The beating was captured on video and, suddenly, "Right vs. Left" political animosities enveloped the unions like never before. More and more, unions were being seen as having an agenda that was anathema to a large chunk of the American populace. By Labor Day, for the first time ever, according to the annual Gallup poll, a majority of the public disapproved of unions.

By the time all of the special deals had been negotiated into health care reform, the public had grown wary of both the Democrats' reform efforts, as well as union influence in Washington. For union bosses, after a euphoric start, 2009 was a bust and, so far, the 2010 outlook isn't looking too much brighter.

The Day the Devil Bought 10,000 Snow Shovels

In January, 2010 union bosses were again exposed to bad publicity when they negotiated a backroom "sweetheart" deal to exempt themselves from the so-called "Cadillac tax." Meanwhile, the unthinkable began to happen in Massachusetts—a Republican was gaining steam to win the Senate seat previously held for more than four decades by liberal icon Ted Kennedy. The same week that Scott Brown was elected to the Senate (once again depriving Democrats of their 60th seat "super-majority") the Bureau of Labor Statistics released its annual statistics on union membership. For the first-time in history, public union membership surpassed private-sector membership and private-sector union membership had fallen another 10%, to 7.2%.

If not by day, then by using other means.

With health care reform on life support and EFCA all but dead, union bosses are being forced into back-up strategies of trying unionization by administrative action—namely through the National Labor Relations Board (NLRB). Even this is proving difficult. The union's attempt to get SEIU Associate General Counsel Craig Becker seated on the NLRB has been met with fierce resistance and yet may be foiled with Scott Brown's earlier-than-planned arrival in the Senate.

The AFL-CIO's Steward Acuff's February 3rd posting on Huffington Post indicates the intent is to "*work with President Obama and Vice President Biden and their appointees to the National Labor Relations Board to change the rules governing forming a union through administrative action...*"

The Calm Before the Storm.

As quickly as the political winds in Washington can shift, the business community would be wise to remain vigilant and be prepared. While EFCA appears dead through 2010, its ultimate fate rests on the mid-term elections in November, as well as the 2012 general election. Union influence in the White House still remains as strong as ever and there are dozens of union appointees that occupy positions in the Washington agencies.

The unions are aware that, in order to remain relevant, they must rebuild their membership. The Teamsters, for example, have 1,000 organizers poised to respond to a favorable passage of EFCA. Retooling this group to be used in an environment without EFCA will be easy. And, if Becker isn't seated, President Obama can nominate a less known union adherent (who hasn't written as extensively as Becker), to deprive the GOP of opposition opportunities. If this happens, with former Teamster attorney Wilma Leibman as chairman and an eventual three-to-two union majority at the NLRB, unions will still be able to build their membership through more expedited elections, a more liberal use of "bargaining orders," as well as pro-union rulings on a whole range of actions—all of which can be accomplished without Congressional action.

Expedited Elections. Currently, the average NLRB–conducted election occurs within 39-42 days from petition filing to election. Unions win over 65% of all first elections (in the first six-months of 2009, unions won 73%). However, without the need to go through Congress, the NLRB has the ability to reduce the amount of time from petition filing to election (21 days is assumed) leading to an expected increase in union wins.

Short elections, amped pro-union rulings on issues as diverse as union activity on company e-mail systems, bestowing “Weingarten Rights” on union-free workers, and clamping down on what is now considered permissible speech by employers during union organizing campaigns: all would give unions a much greater opportunity to expand their memberships at the expense of employers and their employees.

A vast union arsenal. Unlike unions of old, today’s union are already using today’s technology and tools that put employers at a disadvantage. With sophisticated “corporate campaigns,” the use of union “moles,” and with the internet and social media already at their disposal, many employers get caught flat-footed when targeted by a union, which is why the union election win-rate has been climbing steadily over the last decade.

The Best Defense...

As the old adage says: The best defense is a strong offense. While no prescription is absolutely “union-proof,” there are simple, yet enormously important, steps that all businesses can take to shield themselves from the threat of unionization.

- **First and foremost** is communication. Ensuring that there is a good vehicle (or multiple vehicles) for sound, *two-way* communications between employees and management is crucial. Contrary to what many employers think, the majority of union campaigns do not begin because of wages and benefits. While competitive wages and benefits are important, communication (or the lack of it) is the primary causal factor that makes employers vulnerable to unionization.

- **Secondly**, make sure that employees are treated with dignity and respect. Treatment issues like favoritism and poor communication habits that tend to stem from poorly-trained supervisors is another causal factor that ranks high on the list, leaving employees ripe for unionization.

- **Thirdly**, identify and resolve issues at their earliest stages. Even the smallest of problems, if not caught and addressed early on, tend to fester in the workplace. After a while, if management doesn’t work to resolve the issues, frustrated employees will often look outside the organization for someone who will.

- **Lastly**, never say never. Many employers assume they are impervious to unions because they believe that “my employees are happy.” Even in the happiest of workplaces, a good union mole can sew the seeds of discontent. This is why employers should always remain vigilant in practicing and promoting their positive employees relations.

While there are many more things that employers can do, these are some of the more important things that every employer can practice and, usually, at no cost. But, sooner, rather than later is key.

While union bosses are frustrated that they’ve lost EFCA (for now), they most certainly still have advantages to expand their memberships through federal administrative actions. Furthermore, it is a given that unions will aggressively attempt to rebuild their memberships. Don’t let it be at your expense.

Donald Mazzella
COO of Information Strategies, Inc.

As 2010 begins, unions represent more local, state and federal employees than private sector members.

This spells trouble not only for the economy at large but also for the unions themselves.

The issues facing public employer unions and private sector unions are diverging. As too is the make-up of these two groups.

The reasons are simple.

In the past decade, unionists have been more successful in gaining members in city, state and federal sectors while private sector unions were losing member jobs.

In fact, the number of union workers as a percentage of the total private sector workforce has declined to the lowest level in almost a century.

In contrast, unionized government employees at all levels have ballooned.

This trend will continue because unionization efforts are almost always successful as workers are also voters and elected officials have little interest in angering them.

Then too, while private sector wages stagnated or even fell, government workers at all levels saw their wages and pensions increasing for the most part.

They also have job security, something private sector workers have not been able to hold onto in the face of changing economic conditions.

Also today, their pensions are trending towards being equal or larger.

In the private sector, once untouchable union-based job security is heavily eroded.

Across the government bargaining table are officials with split loyalties, limited tenure and no real vested interest in denying the employees significant gains.

The recent recession has also shown that companies can successfully fight off and even reduce the ability of unions to demand these increases.

By pushing for wage and benefit increases in the public sector, the funds to support additional governmental agencies spending can only come from dollars paid by the private sector in the form of higher taxes.

The result is higher taxes coupled with increased bureaucracy.

But increased taxation affects everyone, sometimes close to home and a fellow unionist.

On the state and local level, private union members tend to own homes and pay property and other local tax levies.

With stagnant or reduced wages and benefits, private sector union members are beginning to question the costs of government.

Moreover, as private sector companies are forced to pay higher tax levies, their ability to fund increases for their unionized employees is eroding. Unions are already finding it harder to negotiate wage and benefit increases. Indeed, private sector employers are demanding and getting givebacks from these union members.

One need look at Michigan where the total government employees has gone up the past decade while union members employed has dropped significantly along with their wages, benefits and pension prospects.

Eventually, the labor movement may see a schism, much like the one that occurred in the early third of the last century.

Union officials argue that supporting candidates who favor increased government spending they will eventually win concessions helpful to private sector union members. One example is the political drive for easier rules for obtaining union recognition from private sector companies [the EFCA].

Whether these efforts will mollify private sector unionists is a question.

That the two union movements have different agendas, trends and outcomes can not be denied.

Working for a city, state or government agency was once viewed as a privilege.

Today it is considered an entitlement.

Private sector unionism is on the decline and with it the many benefits members derived from being part of a union.

When private sector unionists see the gulf widening between themselves and their fellow members, they are going to become concerned, then angry and eventually a minority in the labor movement.