

THE ACADEMY OF ELECTRICAL CONTRACTING

Paper Presented by

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New Chance in Labor Relations

April 1986

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By Albert G. Wendt
Phoenix, Arizona

The title follows the movie film "Last Chance" that our chapter and local union put together in Phoenix about five years ago. The film depicted a typical contractor trying to get work and a local union who couldn't understand that change was taking place.

After the Civil War, the objective of labor was established to have control of manpower. Since 1870 strikes, boycotts, closed shops, limitation of output, and intimidation of many types were used to accomplish this control. Immigration laws were passed in early 1900's to restrict people from entering the work force.

Many of the control methods may have been necessary. For instance, limitation of output was used to counteract unreasonable standards set by employers. Closed shops were nothing new. They were used in the middle ages by the craft guilds.

After World War II the unions steadily became more demanding. They had achieved their original goal of control of manpower; they now wanted fringe benefits such as Health and Welfare and Pensions and spent a lot of effort to get "conditions."

All of this was reasonable to ask for but the request for wage rates by the unions became illogical. They were more than inflation or cost of living. Wages leaped up. Both labor and management lost sight of the fact that the customer was paying the bill for all labor problems, lack of production, inefficiency and increased cost. World market became a factor and labor and management lost sight of being competitive. Both had to learn what the marketplace required. The pendulum had swung too far! The time was right for non-union to take over.

The local union in the Phoenix area has been in turmoil most of the time since World War II. In this time we have had eight business agents, with the International taking over twice. We have also had nine chapter managers, with the National NECA office taking over twice. The unruliness took its toll on everyone. Most of all we lost our customers.

Our area has been a fast growing area attracting all kinds of people, both labor and management. Many come here for the weather and could not care less what they do to the business climate. We have a moving population.

Our state licensing law was terminated. You only have to have a license to wire a house.

The crisis of labor relations in Phoenix was reached in 1980 with the local union under the jurisdiction of the International Union. The local had won their "right to strike" with CIR out of agreement. We had our first strike in 33 years and finally settled for \$3.15 over two years. We had about 14% of the work. When the next agreement came due two years later in 1982, we lost 10 contractors to the open shop - large and small. We had 12% of the work, down from 90% ten years earlier. We also had a power plant with 1800 electricians. Our proud local had 2600 electricians working in the middle 1970's without any large jobs. By May 1984 we were down to about 254 electricians working under the inside agreement in the local area. This represented about 6% of the work.

With the dilemma of everyone leaving the ranks of the union shop, it became apparent by both sides something had to be done. We were down to 4% of the work by June 1984.

Coming to reality by both sides takes several stages of negotiations to reach the point of being competitive in the marketplace.

First Stage: The contractors and business agent meet several times - several lunches and dinners to discuss what to do about the agreement so we can be more competitive. We agree to "clean up the agreement." We agree to time and

one-half for overtime, report and quit at work station, increase apprentice ratio and in general get out of the agreement these items that should not have been allowed in the first place. Of course we will have to have a raise so the Union members will ratify the agreement. We still cannot compete with the open shop!

Second Stage: This time the financial statement is beginning to show. You go to lunch with the business agent - can't afford dinner. We make a deal. There will be no increase in wages or we delay the increase. That should get the work back, but your contractors better start bidding all of the work and not just some of it! Your contractors are just interested in making money! You have to cut profits! We are not going to cut wages, says the Union! Production should make up for the difference from non-union wages. Besides, I have an election coming, says the business agent. Still cannot compete with the open shop!

Third Stage: By this time there is not enough money to have lunch or dinner. You call the business agent or meet in the parking lot and attitudes are not good. Business is bad. All the work is going to the non-union contractors. The out-of-work list is growing and everyone is concerned.

We have cleaned up the agreement and stopped the wage increases. We have increased apprentice ratios and in many cases have found this raises our cost. We still cannot compete with the open shop. Everyone cancels their letters of assent. At this point labor and management realize the costs have to come down. We realize wages are too high and benefits are a very large burden. We should never have let these costs get this high! We need surgery. The bandaid approach has not worked. "Targeting" of jobs is tried. We found that this will not work. It is an invitation for the non-union shop to get tougher on that particular job. It also forces the customer to place non-union contractors on the bid list so the job will be targeted. The jobs picked to be targeted by the union are usually

preferred by them. There is no consideration for the small work. Why should a customer pay one price on one electrical job and pay a higher price on another job just like it? Why should electricians in the same local with equal ability work for different wages on the same type of job? It disrupts a company's work force and everyone wants to work on the job paying the most money.

The system of subsidizing has been started around the country recently. This is to combat the open shop to get the work back. Why should the good electrician pay into a fund so a less qualified person can make the same wage? It would be more fair if they had a competitive wage scale. Then the good mechanic is free to earn what he is worth.

Why don't we have all jobs - big and small - competitive for the union contractor?

Finally, our answer to make the agreement fair to all was to set a minimum wage scale of \$12.00. The minimum wage scale has always been used by the unions. It was too high to evaluate the electrician. With evaluation, the electrician may be paid a minimum of \$12.00 or up to \$16.50 for the most qualified. This is a form of merit pay, but the word is unacceptable to labor people,

Our "evaluation" form was established and it has helped to do the following:

1. We are now competitive and we have gained some credibility and respect back from the customer.
2. We must keep our best electricians in the craft. We need them. If they are paid for ability, they are more likely to stay in the industry.
3. The electrician can regain dignity by making it on his own instead of an organization setting his wage scale. Many only go so far, but are content to stay at that level and are happy employees.
4. This eliminates the need for helpers. We already have a difference of abilities. Pay by their ability and production. My company's average for the journeyman wiremen and supervision has only gone down 17% from the \$17.95 wage scale, but the production has markedly increased.
5. Our customers understand and accept this. After all - they do the same thing.
6. The morale has never been higher. Even the business agent says he re-

ceives very few calls of discontent anymore. The burden of getting more pay is now on the individual.

7. We have gained 10% more of the work back in one year.
8. We have 383 more people working. This totals 637 instead of 254 one year earlier. (This excludes Palo Verde Power Plant and residential work).
9. The non-union contractor has lost his sales tool of merit shop. We now do the same thing.
10. My company evaluates everyone every six months or more often if job supervision desires. A person's pay will be decreased if he hasn't performed. If someone doesn't meet the minimum standard to receive \$12.00 per hour they are terminated.
11. The journeyman wireman is now more interested in going to school and wants to better himself.
12. It is easier to get safety habits. The person's pay may depend on them. This lowers the employer's cost.

The local union and NECA have signed a Joint Pledge. Among the items to serve the customer better, we have agreed to no work stoppages or walk-offs. There will be no strikes or lockouts. We do not honor other crafts' picket lines. This has been an enormous sales tool for the customer.

We are in changing times so why shouldn't our approach to labor agreements change? We need to do what is necessary to compete in the marketplace and get the customer to once again accept the union shop because we are by far the best and competitive. I believe the unions and union employers can be strong again if they will respond to the marketplace and recognize there is a difference in abilities of both labor and management. Labor needs to have all qualified electricians in the union. Labor should look to their original objective they established after the Civil War: that is, control of manpower. We may never get the work back if qualified union electricians continue to work in the non-union shops. It gives them the strength they need to perform the work. One open shop contractor in Phoenix told me 90% of his work force are union trained electricians.

We should not use the term "full employment" in an area until there are no non-union people working. "Full employment" should mean we have 100% of the

work back. We have approximately 4000 electricians working for the open shops in the Phoenix area. If labor will control all the qualified mechanics and management will take care of personnel relations as they should, we are back in business again! NECA and IBEW will once again be in a growth pattern. Our NECA Chapter is doing well. The local union and the chapter are gaining membership.

The younger people taking over labor leadership will understand the problems and will give new direction. Change must come! Let's do it quickly!

Our system has been based on "Survival of the Fittest." This pertains to labor as well as management. Let's get back to our free enterprise system that works.

Sometimes it seems as if everyone is firing a shot and expecting someone to run into it. We figured out where the target was, took careful aim, and hit the target.

- Exhibit 1. Evaluation form
- Exhibit 2. A joint pledge
- Exhibit 3. June 1985 employment report

CANNON & WENDT ELECTRIC CO., INC.

EMPLOYEE PERFORMANCE EVALUATION

Employee: _____ Classification-J.W., App., etc.: _____

Supervisor: _____ Present hourly rate: _____

Type of Work: _____ Date of this evaluation: _____

SECTION I: Performance Measures: The employee's performance in this job should be measured by the criteria listed below, as well as by any additional items you believe to be appropriate and which should be added to the list by you. NOTE: "Average Rating" = 4 Points

	<u>Evaluation No.</u>
	1-10
1. Personal Appearance (Does Customer & Company Approve?)	_____
2. Neatness of Work (Does the work meet Company standards?)	_____
3. Amount of Work Produced (Compare to labor units)	_____
4. Organization of Work (Lost time or lost motions)	_____
5. Quality of Skills (Mechanical ability)	_____
6. Accuracy of Work (Does it correct the first time)	_____
7. Technical Capability (Electrical Knowledge)	_____
8. Assumes Responsibility in Completing Assignments (How much supervision is required)	_____
9. Self-motivation (Wait to be told what to do?)	_____
10. Attendance and Punctuality (Start and Quit at work station)	_____
11. Attitude (Understanding of industry problems-both labor & management)	_____
12. Other: _____	_____
_____	_____
_____	_____
TOTAL =	=====

Evaluate the employee's performance in his/her job over the last _____ in terms of the performance measures listed above. Opposite each of the criteria, insert the evaluation number you feel most clearly describes his/her performance.

Evaluation = _____ points

40	=	\$12.00
50	=	\$12.50
60	=	\$13.00
70	=	\$13.50
80	=	\$14.00
90	=	\$14.50
100	=	\$15.00
110	=	\$15.50
120	=	\$16.00

Pay \$ _____ per hr.

Effective _____

-A G.W

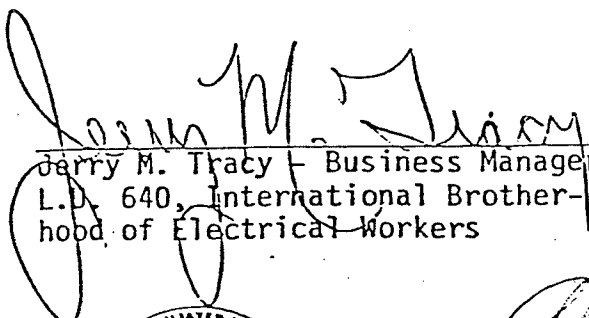
Last evaluation: _____

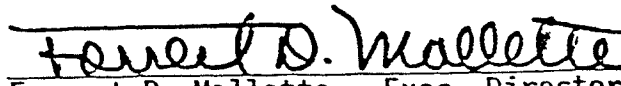
A JOINT PLEDGE

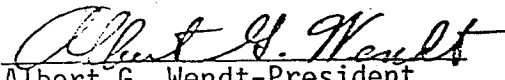
Our respective organizations are committed to a "Partnership for Progress" for the Electrical Construction Industry In Arizona.

- #1. We recognize that we serve the customer - who comes first.
- #2. We have negotiated a competitive and productive "Market Recovery Program."
 - (A) Deleted "travel pay" & subsistence;
 - (B) Reduced "rates" of Journeyman Wiremen & Residential Electricians;
 - (C) Restructured premium pay;
 - (D) Utilizing "more apprentice wiremen" on the jobs;
 - (E) Eliminated organized "coffee breaks;"
 - (F) Instituted "material handlers" on jobs;
 - (G) Adjusted profits - cost control;
 - (H) Regulated benefits.
- #3. In addition, the Electrical Industry has focused on:
 - (A) NO WORK STOPPAGES OR WALK-OFFS;
 - (B) NO STRIKES OR LOCKOUTS;
 - (C) JOB MANAGEMENT;
 - (D) EMPLOYEE PERFORMANCE EVALUATION;
 - (E) THE LEGAL RIGHTS OF OTHER CRAFT EMPLOYEES;
 - (F) QUALIFIED SUPERVISORS;
 - (G) UPGRADE JOURNEYMAN WIREMEN & RESIDENTIAL WIREMEN TRAINING;
 - (H) APPRENTICESHIP TRAINING.
- #4. We respect the owner's rights and decisions and jointly pledge to serve our community and the Construction Industry.

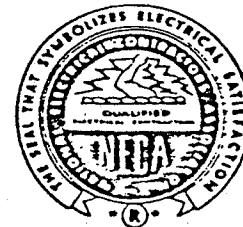
THIS IS OUR JOINT PLEDGE:


Jerry M. Tracy - Business Manager
L.O. 640, International Brotherhood of Electrical Workers


Forrest D. Mallette - Exec. Director
Arizona Chapter, National Electrical Contractors Association, Inc.

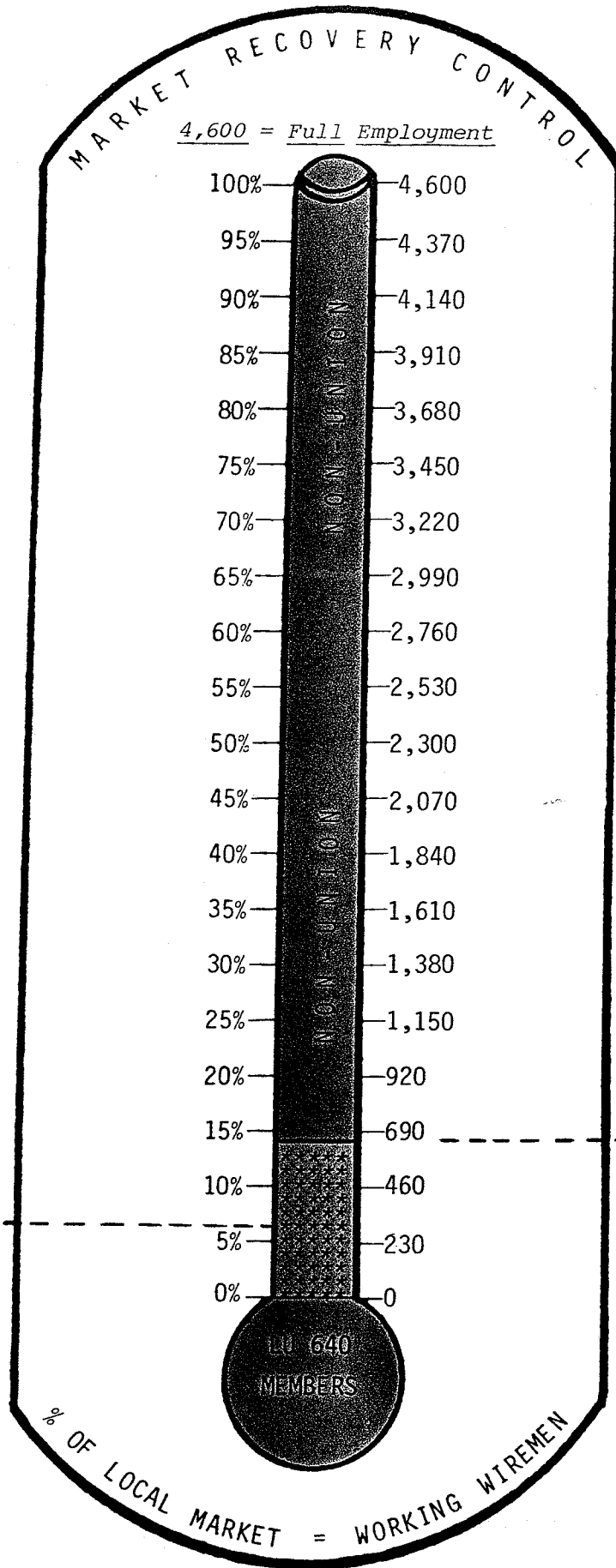

Albert G. Wendt - President

CANNON & WENDT ELECTRIC CO., INC.
ELECTRICAL CONTRACTOR



12-14-84

LU 640, IBEW, EMPLOYED BY LOCAL INSIDE CONTRACTORS



MAY, 1984
254 LU 640 Members
 (Inside Wiremen)
 Employed by Local
 Contractors

JUNE, 1985
637 LU 640 Members
 (Inside Wiremen)
 Employed by Local
 Contractors

GAIN = 383 Wiremen

Sources: Arizona
 D.E.S. (SIC 173)
 & N.E.B.F.

Excludes Palo Verde
 & Residential
 Wiremen

JUNE, 1985
 REPORT