

BEST PRACTICE NUMBER 10

GROUND YOUR INITIATIVE ONLY IN THE MOST SOLID MANAGEMENT PRINCIPLES, AND “SELL” IT THAT WAY¹³⁹

As has already been emphasized in several places, if LMG cooperation is not good for business it will not last. Very few people would quarrel with the idea that there is an inherent “good” in promoting labor peace and in making the global workplace into a more humanizing one¹⁴⁰ – separate and apart from any economic benefits it may bring. However, if a LMG initiative does not ultimately have a positive bottom-line impact it will likely be ignored, discarded, or the business will close because a competitor will figure out how to use all of its workers to make a better, faster, cheaper product.

For this reason it is crucial that, in launching a LMG cooperative initiative, both top management and top union officials work very hard to do two things: (1) “sell” the program both inside and outside the organization in order to emphasize that it is not just a “feel good” initiative but it is also vital to the health of the organization for very sound business reasons; and (2) above and beyond the realization that LMG cooperation is good for business, the initiative must also be enhanced by the most sound and rigorous methods for maximizing profits and growing the business in the most cost-efficient manner.

With respect to the first task of “selling” the initiative, [Chapter 1](#) discussed how important it is for top management and union officials to visibly put all of their energy and enthusiasm in support of it. We will re-emphasize that point here, but also build upon it by adding that top management and

¹³⁹ By David Thaler.

union officials should also emphasize how vital the initiative is for the economic well being of the company. Workers and middle managers are more likely to go along with an initiative if they are convinced that it will help preserve their jobs or increase their salaries. This is an extension of the Interest Based Negotiation principles that were the focus of [Chapter 6](#). And it is not enough to just convince workers and middle managers that the initiative is worthwhile: top management and union officials must also work hard to effect a *culture change* in the organization. The goal should be to create a culture based on mutual trust, free and open communication, joint problem solving, and continuous improvement. Collaboration should be second nature to everyone.

The more that collaboration becomes second nature, the easier it will be to employ sound and rigorous methods for maximizing profits and growing the business in the most cost-efficient manner in the context of the LMG initiative. A good example to follow in this regard is Mexico's [Grupo Resistol](#). At Grupo Resistol, every aspect of labor and management's collaborative program is measured against strict, objective criteria, and the focus of every aspect of the labor-management cooperation is on global competitiveness. This idea is embodied in the very Vision Statement of its labor-management initiative:

To achieve success in making the companies of GIRSA into ones that are focused on quality, productivity, profitability and competitiveness, via the involvement of all stakeholders, and taking the leadership to establish a model for the process of change, modernization and technical adjustment of Mexico's Petrochemical Industry.¹⁴¹

¹⁴⁰ Please see the Introduction, at Section III.

¹⁴¹ Please see PowerPoint Slide 9 from the Project Symposium at http://www.gnzlz.com/case_studies_in_bp.htm

To this end, the watchword at Grupo Resistol is “measure, measure, measure.” Thus, the organization has formal performance measurement systems in place for, among other things: (1) the adaptability and speed of answers to operative demands; (2) quality, as measured by defect rates; (3) organizational structure; (4) competitiveness; (5) use of technology; (6) administrative procedures; (7) training; (8) environmental practices; (9) health and safety; (10) working conditions; and (11) wages.

Over the last three years Grupo Resistol has kept enthusiasm for the initiative alive by tracking and reporting on its success. The organization understands that no less is required in the global economy, as its vision statement reads “To have only the strictly necessary and best workers, with the best quality of life for them.”¹⁴² Grupo Resistol’s reward for holding its labor-management initiative to such high standards is a long series of national and international awards for innovative business practices, and even one award for best environmental practices.¹⁴³

Indeed, Grupo Resistol is an example of an organization that has not made its labor-management initiative separate and apart from its operations, but rather part and parcel of them; in effect infusing LMG cooperation into the organization culture and practices at every level. The same can be said for [Thai Honda Manufacturing, Inc.](#), which has consciously instituted a series of changes in policy and practice that has infused labor-management collaboration into every aspect of its operations, even to the point that labor and management sit across from one another in the same

¹⁴² Id., at PowerPoint Slide 23.

¹⁴³ Id., at PowerPoint Slide 39 .

work area.¹⁴⁴ The company maintains high standards through periodic evaluations of its labor-management initiatives.¹⁴⁵

Hankuk Electric Glass Company in Korea is an example of an organization that has had to infuse its labor-management collaborative initiative into all aspects of its operations in order to survive a profound economic crisis. According to the case study, in the wake of the crisis the company “provided information to its employees as if they were the Chief Director, vested in the company’s results [so that they] would participate in thinking of ideas to overcome any obstacles.” At one point the company President met with the workers three times a day. In these joint meetings the managers and employees engaged in joint problem solving and decision making related to quality, production, wages and other industrial relations issues.¹⁴⁶ The case study shows the benefits that flowed from this improved communication: “upon realization of the company’s operations and its value, the attitudes of employees changed and the production rate increased drastically.”¹⁴⁷

Undoubtedly, Hankuk Electric Glass President Suh Doochil has fulfilled both parts of the equation for managerial success with a labor-management cooperative initiative: “selling” the program both inside and outside the organization while emphasizing its urgency for the health of the organization, and also implementing the efficient and effective methods to enable the company to survive economically. Through his energy and inspiration and the excellent response from the workers and managers, Hankuk turned its fortunes around through such innovations as:

¹⁴⁴ [Thai Honda](#), at p. 4.

¹⁴⁵ *Id.*, at p. 8.

¹⁴⁶ [Hankuk Electric Glass](#), at p. 3.

- restructuring the equipment line into a “total in-line” system, so that completed products could be forwarded to the next process without waiting in storage, thereby reducing the loss time as well as the cost of processing and protective devices needed by employees on the assembly line;
- commencing production of more valuable quality by implementing a change from small/mid size TV glass to the production of mid/large size glass;
- meeting the increased demand for computer monitor glass by concentrating on its production; and
- developing new technology so that the company did not have to rely on overseas technology and could reduce the financial burden incurred from the royalty on imports.¹⁴⁸

While it may seem obvious, the importance of sound management practices in the context of LMG initiatives cannot be overemphasized. As these initiatives often begin with a lot of fanfare, good will, and political correctness, in the end they are management techniques just like any other, designed to maximize the efficiency, profitability, productivity and growth of the organization. This idea can sometimes get lost in the excitement of the kick-off, or in the urgency of a crisis. Indeed, incorporating the highest standards of *traditional* management could be the most important Tool in the Tool Kit for success with the other more *cutting-edge* management initiatives.

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Id.

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Id., at pp. 4-5.