

Bailout: another opinion & comments

An up close, personal look at the automotive mess the U.S. is in.

In the October edition of this column: “No one is immune...we’re all in the boat together,” we discussed the influence the automotive, electronics, appliance, housing and construction markets have on the well being of the national economy. Together these industries account for 23% of the total GDP.

This month I want to address the situation in the automotive industry and provide some anecdotal comments that magnify my feelings about why a bailout, loan or whatever you want to call it, without specific stair step performance milestone objectives to be achieved will only aggravate the situation, especially with the buying public.

I lived in Detroit for 14 years and loved every minute of it. From 1980 to 1994 the town was booming and exiting with all our neighbors seemingly involved either directly or indirectly in the industry. During those years in Detroit I either supplied paints, coatings, adhesives and sealants or consulted for companies who did. So I have always been involved in this business. However, from extremes of these neighborhoods to direct car and truck plant administration exposure, I observed an undertow of events that caused me concern even back then.

I headed up marketing for companies selling products to the automotive industry. I made a good salary, or so I thought. All my neighbors were so-called blue-collar UAW laborers. In 1990 they brought home approximately \$83,200 at \$32/hour plus benefits of \$8/hour (\$40/hour total), not including overtime. With overtime, which most were enjoying, their annual take home was averaging over \$100,000. I was so-called upper management making a total, including bonuses, less than my average neighbor. You need to understand, my neighbors were great people with kids who would be going or were enrolled or graduated from college. However, the dichotomy was real and very apparent.

My neighbors boasted that the UAW gave them as much power in their respective plants as management possessed, if not more. They could walk off the line for practically any reason the local foreman felt was appropriate.

One of my personal experiences involved the

Chrysler Windsor, Canada mini-van plant trial runs of an airless spray gun. This spray equipment was designed to reduce the amount of paint (overspray) that does not go directly onto the vehicle in production but remains in the air in the spray booth, therefore, eliminating the overspray making it healthier for the UAW worker in the spray booth and additionally save the plant more than \$5 million dollars per year in paint savings.

The trial had been underway for four days with all the savings numbers coming in on target. One could also clearly see that the amount of residual paint in the air and around the workers was diminished greatly as a result of the equipment performance.

On the fifth day, in an act that was clearly planned and orchestrated to the surprise of myself as well as to Chrysler management, one sprayer walked over to the spray booth glass partition, gestured to the spray gun then smashed it into pieces on the steel subfloor grating. He then pushed the production line STOP button and walked out of the building taking along with 1,500 other workers.

It seemed that the UAW had negotiated their last contract to include a “health break” that included 15 minutes in the first and 15 minutes in the second half of each shift. The assumption on the part of the UAW, without asking management for clarification, was that if this new spray equipment would eliminate paint clouds in the spray booth, their 15-minute breaks would also be eliminated automatically. The walk out cost Chrysler thousands of dollars in lost production over four days and an estimated \$5 million annualized savings by not utilizing the new spray equipment.

Another interesting story occurred in 1990 and involved my wife, who owned a paint and wallpaper store in Birmingham, MI. A woman who worked for my wife had a husband who was furloughed from GM for almost a year. He collected +90% of his hourly GM salary plus benefits while personally building their new house during his time off. He was making approximately \$76.6K/year including benefits. Multiply his income by thousands that were furloughed during this time and that is what GM was “carrying” for-

ward onto the cost of each vehicle they produced as a premium over non-U.S. based manufacturers.

Yet another story involved the tire industry, an obvious extension to the auto industry. As a rookie to organized labor, I was working at Goodyear Tire & Rubber Company at the time while attending the University of Akron. For one assignment, I was given a four-inch wide putty knife and a two-gallon bucket and assigned to clean down to bare metal, an old Ban bury (like a gigantic horizontal Warring blender). The equipment was two stories high with a 30' x 30' footprint and was laden with a quarter-inch of grease and grime. Not told how much time I had to complete the work I went about the task assuming I had to finish during my eight-hour shift.

At the fifth hour, my URW (United Rubber Workers) supervisor stopped by to inspect my work which was only half finished. Thinking I would be reprimanded for not completing the cleaning I was surprised when my supervisor went absolutely berserk, screaming that

this was a six-week make-work job and that I had single-handedly screwed up the system.

INTERESTING STORIES, BUT SO WHAT'S THE POINT?

Well the point of my anecdotes is simply that the UAW and various associated unions have evolved into a control machine oft times controlling the efficiencies of the organizations to the point of purposely placing their employer in a significant disadvantage in the competitive marketplace. This evolution, over many years, has created a union labor culture that gives little and gains a great deal from management using the club of implied threats of even more purposeful inefficiencies if management doesn't give them what they demand during negotiations.

Unions were created in the time of management abuse of labor and to counter this abuse unions were needed. Over the past 75 years, the union evolution has not kept pace

with changing management styles and market demands, but also aided by management's inability or unwillingness to manage as the U.S. economy's booming success muted and lulled both sides to sleep in the belief that the good times would never end.

The word sacrifice has not been a part of our collective vocabulary. Well, today it has to be for all of us at all levels and in most industries, especially the U.S. auto industry.

The U.S. government must take steps to cause all portions of the auto industry to be burdened with the responsibility of sacrifice in order to save the industry and all that it influences. There must be well-conceived plans with performance milestones with resources assigned to achieve these goals.

Above all, this plan has to be transparent to all of us tax payers who are footing the bill and thereby sacrificing to give the auto makers another chance to thrive in the future. **CW**