

1984 NEGOTIATIONS OBJECTIVES

ACTIONS TO INFLUENCE
THE OUTCOME OF BARGAINING

• REDUCE LABOR COST PER CAR

• INCREASE PRODUCTIVITY
A. S. WARREN, JR.

PRESENTATION TO PERSONNEL DIRECTORS

OCTOBER 11, 1983

II. CONTAIN LABOR
COST PER HOUR

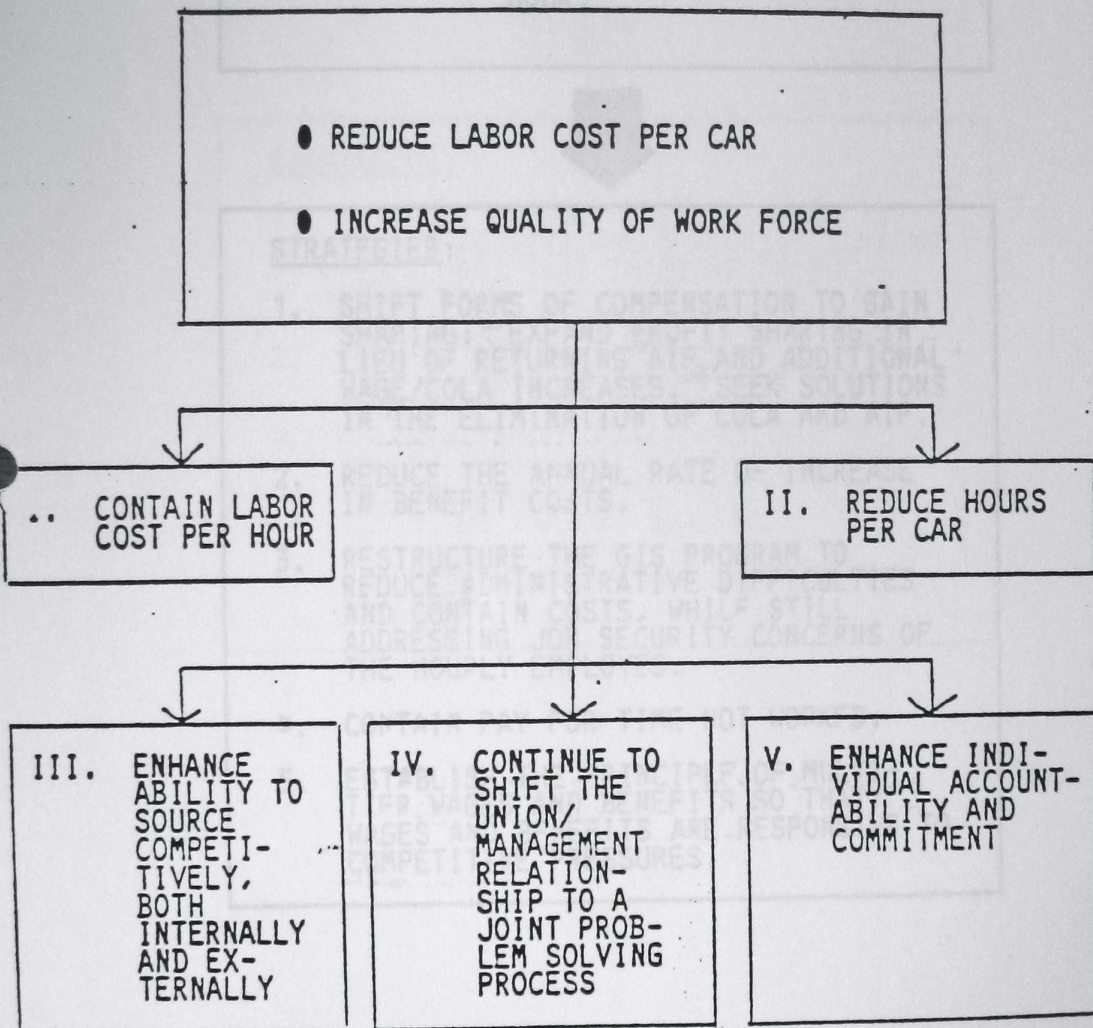
III. REDUCE HOURS
PER CAR

IV. ENHANCE
ABILITY TO
SOURCE
COMPETITIVELY,
BOTH
INTERNALLY
AND EX-
TERNALLY

V. CONTINUE TO
SHIFT THE
UNION/
MANAGEMENT
RELATION-
SHIP TO A
JOINT PROB-
LEM SOLVING
PROCESS

VI. ENHANCE INDIVIDUAL ACCOUNT-
ABILITY AND
COMMITMENT

1984 NEGOTIATIONS OBJECTIVES



OBJECTIVE I: CONTAIN LABOR COST PER HOUR.



STRATEGIES:

1. SHIFT FORMS OF COMPENSATION TO GAIN SHAPING: EXPAND PROFIT SHARING IN LIEU OF RETURNING AIF AND ADDITIONAL WAGE/COLA INCREASES. SEEK SOLUTIONS IN THE ELIMINATION OF COLA AND AIF.
2. REDUCE THE ANNUAL RATE OF INCREASE IN BENEFIT COSTS.
3. RESTRUCTURE THE GIS PROGRAM TO REDUCE ADMINISTRATIVE DIFFICULTIES AND CONTAIN COSTS, WHILE STILL ADDRESSING JOB SECURITY CONCERNS OF THE HOURLY EMPLOYEES.
4. CONTAIN PAY FOR TIME NOT WORKED.
5. ESTABLISH THE PRINCIPLE OF MULTI-TIER WAGES AND BENEFITS SO THAT WAGES AND BENEFITS ARE RESPONSIVE TO COMPETITIVE PRESSURES.

OBJECTIVE II: REDUCE HOURS PER CAR.



STRATEGIES:

1. ACTIVELY SUPPORT LOCAL CHANGES IN WORK PRACTICES AND SENIORITY BUMPING PROCEDURES THAT INCREASE PRODUCTIVITY.
2. PROVIDE FOR MORE EFFECTIVE UTILIZATION OF SKILLED TRADES WORK FORCE.
3. FURTHER IMPLEMENTATION OF NEW TECHNOLOGY OR MANUFACTURING PROCESSES THAT INCREASE PRODUCTIVITY, REDUCE COSTS, OR IMPROVE QUALITY.
4. DISCONTINUE THE PILOT EMPLOYMENT GUARANTEE.

OBJECTIVE III. ENHANCE ABILITY TO
SOURCE COMPETITIVELY,
BOTH INTERNALLY AND EX-
TERNALLY.



STRATEGIES:

1. RETAIN THE CURRENT PROCEDURES RE-
GARDING OUTSOURCING DECISIONS AND
PURSUE FAIR IMPLEMENTATION BY
MANAGEMENT.
2. AVOID INFRINGEMENT OF MANAGEMENT'S
RIGHT TO EFFECT INTERNAL SOURCING
DECISIONS.
3. FACILITATE COMPETITIVE APPROACH TO
SUBCONTRACTING.

OBJECTIVE IV: CONTINUE TO SHIFT THE
UNION/MANAGEMENT RELATIONSHIP TOWARD A JOINT
PROBLEM-SOLVING PROCESS.



STRATEGIES:

1. INCREASE THE "JOINTNESS" OF QWL PROGRAM.
2. STRENGTHEN THE NATIONAL AND LOCAL JOINT COUNCILS FOR JOB SECURITY AND THE COMPETITIVE EDGE.
3. INITIATE JOINT PROBLEM-SOLVING ACTIVITIES AT THE INTERNATIONAL AND LOCAL LEVELS.
4. AT LOCAL LEVEL, REPLACE THE THREE-YEAR CYCLE OF FORMAL BARGAINING WITH CONTINUING PROBLEM-SOLVING PROCESS ("LIVING AGREEMENT").

OBJECTIVE V: ENHANCE INDIVIDUAL ACCOUNTABILITY AND COMMITMENT.



1. ACHIEVE GREATER IMPACT FROM USE OF THE TRAINING FUND.
2. SHIFT THE FOCUS OF TRAINING SUPPORT TO UPGRADING THE SKILLS OF THE ACTIVE WORK FORCE.
3. CONTINUE AND/OR STRENGTHEN THE ARSENTEEISM PROGRAM.
4. ACTIVELY SUPPORT THE ADOPTION OF "PAY FOR KNOWLEDGE" SYSTEMS.
5. OBTAIN UNION SUPPORT FOR MORE RAPID DIFFUSION OF STATISTICAL PROCESS CONTROL BY THE HOURLY EMPLOYEES.

As our mission statement indicates, our approach to communications will be two-fold -- efforts initiated by management and efforts initiated jointly with the unions, and Jim Pryce will be the person most responsible for the latter on my committee. This might include things such as jointly developed films. And Jim told me last week he already has developed such a film on the absenteeism program. (Call on Jim Pryce for comment.) I'm sure we will be looking seriously at many other things we can do together to increase the acceptability and credibility of our messages to employees. What we, of course, have to remember here is that whatever we do has to be a "win-win" situation for us and the union, or it won't work.

Some of the forces that will be working against us ... and this is the rationale for our image management program ... include the following:

- . The improving economy, our higher sales and earnings and other positive factors that obviously strengthen the union's position.
- . The anticipated high level of GM's profits will fuel the memberships' drive for "Restore and More in '84".

- . Real and imagined threats to job security that were evident in 1982 will be less evident next year as increasing numbers of employees are called back from indefinite layoff. At the beginning of March, 1982, we had something like 143,000 on layoff and we were well on our way to the high-water mark of 172,000 layoffs last winter. But we have called back nearly 70,000 people from layoff so far this year and we expect that number to rise to 90,000 by early next year, leaving fewer than 40,000 still on layoff.

There are a number of other issues that have the potential of exacerbating the union membership's militancy, the rigidity of the union's position and the unreasonableness of bargaining demands.

Profitability, for instance. I think you will agree that many of our employees are not at all sure their sacrifices were worthwhile and really necessary. There is uncertainty that there really has been "equality of sacrifice." They are wondering whether GM's profits have been used to increase our competitiveness, and thereby their job security. There is a widespread perception that business is back to normal and "GM can afford it" so why not "Restore and More in '84?"

Almost every speaker yesterday told us why not, so it's up to us to spread that message in a convincing way.

Executive bonuses could be another issue. When they are made public next year just a short time before negotiations begin, the amounts probably will have a significant impact on what employees think.

Per-employee profit-sharing amounts probably will be considered "puny" compared to executive bonuses, so they will want more on top of profit-sharing. The amount of executive bonuses versus the amount sacrificed by hourly workers and what they got for it surely will be compared unfavorably and will impact the union's position.

We will be working very hard to counter-act that very real possibility, hopefully before it becomes a major flap.

There are a number of other event-driven and date-driven things that will ... or could ... influence the union, its membership, the media and the general public. These are just a few of the things that will or might happen and have a bearing on the negotiations climate:

- . The 1983 earnings report
- . Any plant closings between now and then
- . Special year-end dividends for stockholders
- . Outsourcing
- . Whipsawing between plants to get lower costs
- . More joint venture announcements
- . Our position on the voluntary import restraints, and what has been described as GM's "Japanese strategy."
- . Any other issues that have a bearing on worker job security and income.

So these are the things we're looking at as we move forward. In addition to doing things that are pro-active, we are going to have to be vigilant as hell to make sure we don't do something stupid and shoot our feet off.

In response to my call for help from the Divisional Advisory Group, I have received several memos as to what you in the divisions feel the major issues are that should be addressed before the 1984 negotiations get underway. Without trying to put them in priority order at this point, these were most frequently mentioned:

- . We need to do a better job of making employees understand our problems are not over and that the issue is not how much money GM is making but rather how much money GM needs for the business. I noticed this was pretty high on Alex Cunningham's list, too.
- . Cost-competitiveness is still required, especially in component divisions, even in light of GM's 1983 earnings and profits, and GM must still discharge its financial obligation for the \$40 billion investment.

Increased mobility of the workforce and need to continue bumping under the GSA program.

Getting greater product quality in addition to increasing our cost-competitiveness.

In other words, employees need to understand that a couple of billion dollars in profits is nothing compared to the \$9 or \$10 billion we're spending on facilities. However, Don Ephlin, you'll recall gave us some idea of just how receptive employees will be to that kind of message.

- . Health care cost containment is a must. We're spending about \$2.2 billion on health care delivery this year and the cost will double in about five years if nothing is done about it.
- . We need to emphasize that all GM employees will share in a portion of GM's profits through the new profit-sharing plan, and that the best avenue for future wage increases is profit-sharing.

Other things I'm hearing include these items:

- . Doing something to further improve our absenteeism problem...which is still a problem despite the good gains we have made since 1982.
- . Getting at the problems associated with the cost, increased mobility of the workforce and need to confine bumping under the GIS program.
- . Getting greater product quality in addition to increasing our cost-competitiveness.

And to those I might add that we'll have to do some serious thinking on how to get the message across that executive bonuses are earned and not some special privilege.

I suppose I could go on, but you get the idea of what we're looking at. And if you have other ideas, please call me because we need your input both on what we have to do and how we're going to get at it ... especially in terms of what you need for the first-line supervisors and what form it ought to take and in what way it should be delivered. You'll recall that Ed Czapor talked yesterday about our dismal record on communicating with our employees and the importance of involving first-line supervisors to improve that record. So we intend to do something about that.

My initial thinking has been that a lot of this could be accomplished through "facts books" and position papers ... such as one Bob Appel is working on now on what's wrong with "Restore" and "More in '84". I'll be asking other people to develop other position papers.

Gil Waechter and I have had some preliminary discussions on a "facts book" of some type that would give us a lot of the necessary information to tell our story inside and outside GM -- with all of us using the same facts and figures.

INFLUENCING UAW LEADERSHIP

ACTION: ● PROVIDE OPPORTUNITIES FOR UNION-MANAGEMENT DIALOGUE AND JOINT PROBLEM SOLVING

NEED: ● FOR UNION TO UNDERSTAND THE COMPETITIVE CHALLENGE
● FOR MANAGEMENT TO UNDERSTAND CONCERNS OF UNION AND HOURLY RANK-AND-FILE
● TO SHARE SUCCESSFUL JOINT PROBLEM-SOLVING EXPERIENCES

LEADERSHIP TIERS: ● BIEBER
● EPHLIN
● GM DEPARTMENT
● UAW TECHNICAL STAFF
● NATIONAL BARGAINING COMMITTEE
● REGIONAL DIRECTORS
● LOCAL PRESIDENTS AND SHOP CHAIRMEN

SPECIFIC IDEAS: ● EPHLIN
- CONTINUE ONE-ON-ONE BRIEFINGS
- DIALOGUE WITH KEY EXECUTIVES
- PLANT VISITS WITH MCDONALD AND WARREN
- EDUCATE UNION LEADERSHIP ON PROFIT SHARING

● UAW NATIONAL BARGAINING COMMITTEE
- JOINT INFORMATION WORKSHOPS
- JOINT OFF-SITE ON AUTO INDUSTRY IN THE '80'S
- JOINT TASK FORCE ON BARGAINING
● KEY THOUGHT LEADERS
- JOINT COMPARISON OF U.S. AND JAPANESE FACILITIES

INFLUENCING UAW LEADERSHIP

- In the area of influencing UAW leadership, we plan to undertake action to provide opportunities for Union-Management dialogue and joint problem solving.
- There is a need:
 - For the Union to understand the competitive challenge,
 - For Management to understand the concerns of Union and hourly rank-and-file, and
 - To share successful joint problem-solving experiences.
- There are a number of leadership tiers that we must worry about:
 - Bieber
 - Ephlin
 - GM Department
 - UAW Technical Staff
 - Regional Directors
 - National Bargaining Committee
 - Local Presidents and Shop Chairmen

Actions to influence the UAW will be concentrated on three levels: Ephlin, the National Bargaining Committee, and regional and local UAW leaders. Some of the ideas being considered or being implemented include:

- Dialogues with Ephlin
 - Continuation of the one-on-one briefings of Ephlin by ASW
 - A series of one-on-one sessions for Ephlin to exchange views with key members of Management.
 - It is proposed that Ephlin, together with ASW and FJMc, visit a number of plants where innovative solutions have been devised.
 - Provide Ephlin the time to educate secondary leadership and the regional sub-councils on profit sharing.
- National Bargaining Committee:
 - A series of one-day workshops would be scheduled on a monthly basis for both the UAW National Bargaining Committee and GM. The intent would be to provide a common information base, an opportunity for dialogue in a problem-solving context, and a focus on the business needs as a reference point for future bargaining.
 - A joint Union/Management off-site on the auto industry of the 80's could be scheduled. The objectives would be to shift the focus of bargaining to future business needs and foster a mutual interest in improving the bargaining process. Presentations by Management, Union and external speakers would be made. The group would develop joint principles for Union/Management relations in the 1980's.
 - Based on the joint principles for the 1980's, a Joint Task Force on Bargaining would be appointed by ASW and Ephlin to review the formal bargaining process and recommend changes to facilitate achieving the mutual objectives.

DILEMMA I: HOW LARGE WOULD THE

CHART 18

FUTURE WORK FORCE BE?

POTENTIAL MANAGEMENT PROPOSALS

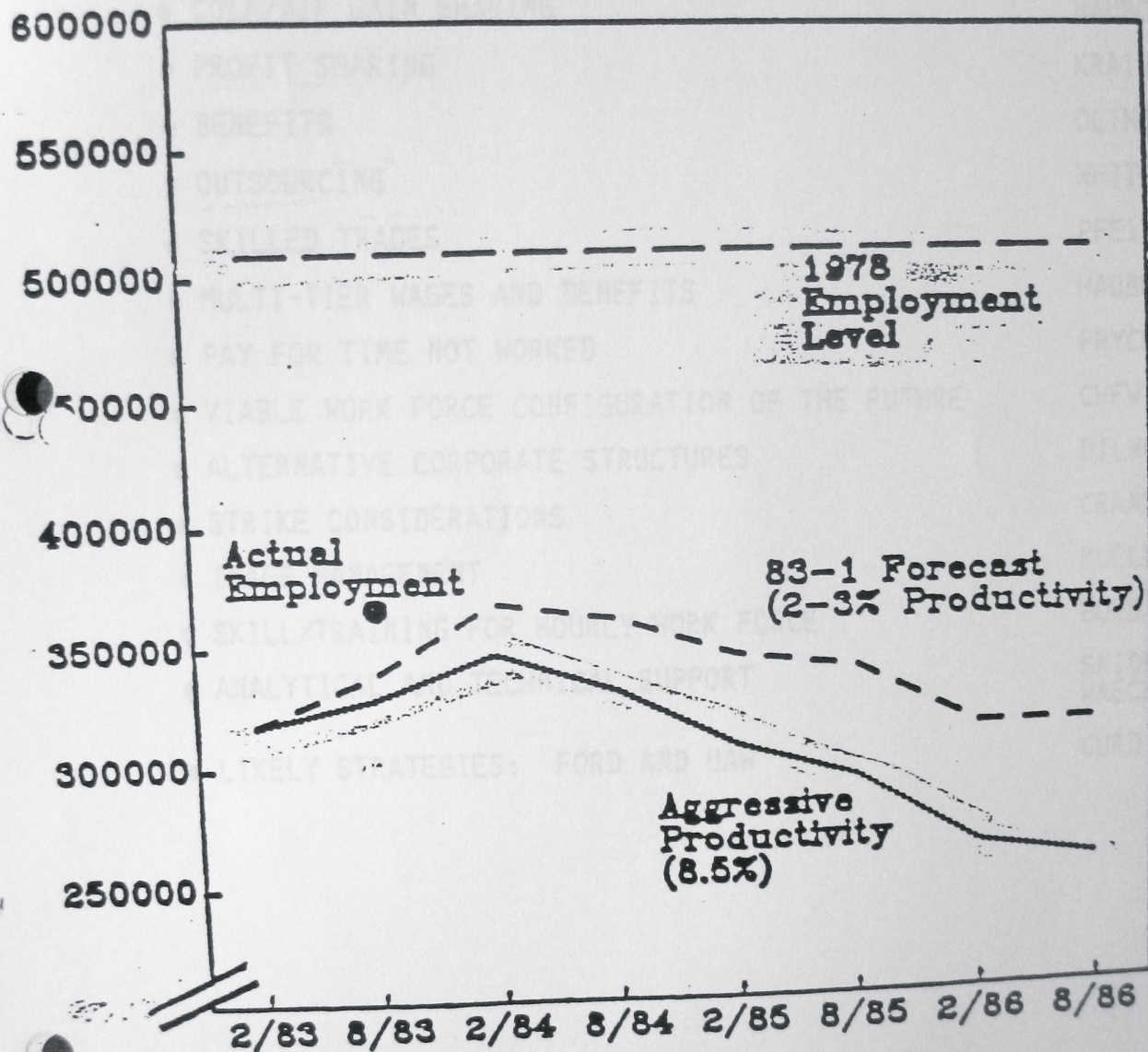
FOR TARGET OPERATIONS

U.S. HOURLY EMPLOYMENT FORECASTS:
PRODUCTIVITY INCREASE COMPARISONS

- FREEZE IN EXISTING COMPENSATION LEVELS.
- MODIFICATION TO SELECTED NEW WAGE AND/OR BENEFIT PROVISIONS OTHERWISE PROVIDED BY THE 1984 NATIONAL AGREEMENT.
- TIME-LAGGED INTRODUCTION OF SELECTED NEW ECONOMIC PROVISIONS.
- REDUCED HIRING RATES AND EXTENDED GROW-IN PROVISIONS FOR NEW EMPLOYEES.
- CONTRACTUAL MODIFICATION TO PROVIDE FOR LOCAL APPROVAL OF WAGE AGREEMENTS.
- SUBCONTRACTING OF SERVICE WORK

DILEMMA I: HOW LARGE WILL THE FUTURE WORK FORCE BE?

U.S. HOURLY EMPLOYMENT FORECASTS: PRODUCTIVITY INCREASE COMPARISONS



STUDY COMMITTEES

CHAIRMAN

- | | |
|---|---------------------|
| ● ALTERNATIVE ECONOMIC OBJECTIVES FOR 1984 | NELSON |
| ● ALTERNATIVE PACKAGES | APPEL |
| ● COLA/AIF GAIN SHARING | HAUBOLD |
| ● PROFIT SHARING | KRAIN |
| ● BENEFITS | OLTHOFF |
| ● OUTSOURCING | WHITE |
| ● SKILLED TRADES | PFEIFER |
| ● MULTI-TIER WAGES AND BENEFITS | HAUBOLD |
| ● PAY FOR TIME NOT WORKED | PRYCE |
| ● VIABLE WORK FORCE CONFIGURATION OF THE FUTURE | CHEW |
| ● ALTERNATIVE CORPORATE STRUCTURES | DILWORTH |
| ● STRIKE CONSIDERATIONS | CRANE |
| ● IMAGE MANAGEMENT | MUELLER |
| ● SKILL/TRAINING FOR HOURLY WORK FORCE | BOLDA |
| ● ANALYTICAL AND TECHNICAL SUPPORT | SNIDER/
WAECHTER |
| ● LIKELY STRATEGIES: FORD AND UAW | CURD |

- Our success at the bargaining table depends on how successful we are in dealing with the Union well before bargaining begins.
- There is a strong need to influence Union leaders' values/positions through bottom-up educational processes, in addition to direct GM-UAW executive-level communications.
- The effectiveness of communication efforts will be affected by the consistency of the messages being sent by all levels of Management. It is thus important that these messages are coordinated and that all levels of Management (including foremen) understand the direction the Corporation chooses to take in the forthcoming negotiations.
- A focus on "win-win" strategies, joint problem-solving approaches, and extensive communication/education efforts will enhance the potential for success.