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# Twelve Years of Workplace Cooperation: Ford and the UAW

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# Twelve Years of Workplace Cooperation: Ford and the UAW

## **Comments**

Synopsis Prepared for the Commission on the Future of Worker-Management Relations

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HOT TOPICS

"Future Worker Management"

# TWELVE YEARS OF WORKPLACE COOPERATION

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FORD AND THE UAW

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*Synopsis prepared for the  
Commission on the Future  
of Worker/Management Relations  
July 28, 1993  
Washington, D.C.*

## TWELVE YEARS OF WORKPLACE COOPERATION

### FORD AND THE UAW

Ford and the UAW are leaders in developing a broad range of approaches to worker involvement and labor-management cooperation. These efforts, which have expanded and deepened over the years, have helped transform the Company in many ways. They have helped Ford plants gain recognition for being among the most productive in the world, and they have contributed to increased market share, improved economic performance, and enhanced employee development and work satisfaction.

The Ford and UAW joint initiatives are national and local. At both levels, they address matters of common concern in areas such as product quality, education and development, employee involvement, team structures, work redesign, health and safety, ergonomics, employee assistance, apprenticeship, and labor-management studies.

Job security protections, wide information sharing, and profit sharing are all important building blocks for this structure of workplace cooperation.

A negotiated central fund and local training funds, projected to total \$75 million in 1993, support these joint endeavors. Administrative direction is furnished by the first National Training Center ever negotiated in the United States, plus a network of national and local committees that extends to all 71 Ford-UAW locations in the U.S.

Each workplace program has a purpose, structure, and focus of its own. Some have large programs within programs. For example, there are more than 20 individual programs in education and development.<sup>1</sup>

The Ford-UAW experience has demonstrated two especially significant lessons about joint programs. The first is that leadership, trust, and funding are the critical ingredients — not structure. The second is that an evolutionary approach, progressing from fairly simple applications to those that are more comprehensive and integrated, is important to create and to sustain large-scale transformation.

On a national basis, it is more instructive to look at Ford-UAW workplace cooperation efforts that have been crafted over time from a historical perspective than it is to describe the discrete programs which today constitute this joint initiative. Every group's culture, customs, and orientation to change are different, and Ford and the UAW afford individual locations considerable latitude on how they shape and run their local programs around national principles and support. Our belief is that dynamic local processes can only emanate from full participation, empowerment, and ownership of the local parties.

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<sup>1</sup>The 20 Joint Education, Development and Training Programs are: Automotive Technology; College and University Options Program; Education Fairs; Education and Training Assistance Plan; Financial Education Program; Interest Surveys; Life/Education Planning Program; Relocation Assistance Program; Skills Enhancement Program; Math Enrichment Program; Successful Retirement Planning Program; Targeted Education, Training, or Counseling Projects; Automotive Industries Studies; Employee Orientation; Labor-Management Studies; Technical Readiness; Technology Awareness; Career Services and Reemployment Assistance Centers; National Vocational Retraining Assistance Plan; and Relocation Assistance Program.

1979-1982

In the late 1970s, the parties explored Employee Involvement (EI) as a way to enlist worker commitment and effort. The objective was to improve product quality and plant operations, as well as to enhance employees' satisfaction with their jobs and with the business. EI was formally adopted in 1979 as a voluntary process. It quickly proved its value in a severe economic downturn which precipitated one of the Company's deepest financial crises and reduced the work force by almost one-half.

1982-1984

In part, because of the trust built during this early experience in working together, Ford and the UAW were able to conclude an early collective bargaining agreement in 1982 that recognized the Company's financial needs, maintained wages at current levels, and introduced a number of new features to the parties' relationship. Among the innovations were: profit sharing, several job security protections, a joint education and development program funded by five cents per hour, and a mutual growth forum concept designed to share business information and performance.

During this period, six displaced workers' regional centers were established in four states where Ford workers were being laid off. (Later, another six were added.) In 1988, the UAW-Ford Lima, Ohio, Reemployment Assistance Center received a Presidential Award for its outstanding program.

1982-1984  
(cont'd)

Also during this period, a prepaid tuition plan was adopted for active workers, including a personal development feature.

1984-1987

This period witnessed a broad expansion of the local worker participation programs. Nationally, there were five new thrusts: health and safety, employee assistance, labor-management studies, child care referral, and local training funds. Job security was enhanced, and a new emphasis was placed on operational effectiveness. The parties stressed leadership training at both national and local levels.

1987-1993

This period saw dramatic improvements in quality, efficiency, and Company profitability. Ford produced several vehicle-of-the-year models. Profit sharing resulted in substantial amounts of additional earnings for workers. There were additions to all the joint programs; significant new funding was provided; a new joint quality program was created; and additional job security protection was negotiated.

The principles of employee involvement began to spread to various kinds of additional plant efforts, including preventative maintenance, ergonomics, vendor and dealer relations, project management, team arrangements, and wholly new business team structures.

In September 1990, the U.S. Department of Labor recognized the UAW-Ford National Education, Development and Training Center

1987-1993

(cont'd)

for its exemplary program with its Labor Investing for Tomorrow (LIFT) Award. The Secretary of Labor made the presentation in Washington, D.C.

Steel and communications companies, among others, fashioned joint approaches in the light of the Ford-UAW efforts.

Toward the end of the period, an economic recession again hurt Ford profitability. The impact would have been greater without the help of the worker participation and labor-management cooperation efforts. The rebound was faster.

With but one exception, these changes were accomplished in existing facilities — and with an older work force that had to be educated in new work methods and new work relationships. Today, every Ford facility has a Learning Center that is a nerve center for improvement activity.

During the 12 years of Ford-UAW workplace cooperation, there have been three changes in senior leadership in the Company and in the Union, as well as significant leadership change at the local levels. Both Ford and UAW leaders have consistently recognized that labor-management cooperation and worker participation are relationship-intensive. They require time, effort, and resources. The concepts are not difficult to understand, but the execution is.

As with any major initiative between two parties, there are a number of variables, mostly competing, that must be addressed in cooperative labor-management relationships. The success of these relationships is based on continual daily

nourishing to build the trust and confidence between the parties and within each organization. A commitment to openness and improved communications is a necessity. Customer focus must be constantly reinforced. And strict adherence to generally accepted financial practices, and in our case to learning practices, is crucial.

For both parties, cooperative endeavors can require a paradigm shift of large magnitude. Taking people from their homogenized entities and placing them together does not necessarily guarantee a wished-for synergism. Co-locating is important, but the results could be just symbolic. The acceptance of skill availability, the blending of agendas, appropriate recognition, and working through the distractions of politics and bureaucracies are all critical to success.

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