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Running a Struck Plant: Some Do's and Don't's, 1973

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Running a Struck Plant: Some Do's and Don't's, 1973

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—and other articles by leading management authorities.
IN THIS ISSUE...

As the reader can see from the Table of Contents on Page 1, this issue of *S.A.M. Advanced Management Journal* features highlighted excerpts of six of the major presentations at the Society for Advancement of Management's Annual International Management Conference which was held at Le Chateau Champlain in Montreal, Canada, from April 30 to May 2, 1973.

This Conference was, indeed a most auspicious occasion and, in view of the fact that a number of the sessions were devoted to workshop sessions with considerable audience participation, it is not deemed practical to reproduce the entire proceedings of the Conference in this issue. It is believed, however, that the reader will find much stimulating reading in the highlights which are presented.

The Society wishes to particularly express its appreciation to Mono Ranjan Sen, a Management Consultant from India, who submitted a paper to the Conference but time did not permit its formal presentation, on the status of Management Science in India and other developing countries.

Other highlights of the Conference included the presentation of management's top international awards to prominent leaders. The Society's coveted Taylor Key Award was presented to J. Allyn Taylor, Chairman of Canada Trust and The Huron & Erie Mortgage Corporation; Richard M. Paget, President of Cresap, McCormick and Paget, Inc., was the recipient of the Gilbreth Medal; and Sister M. Ferdinand Clark, Administrator of Mercy Hospital in Pittsburgh, received S.A.M.’s Human Relations Award.

—THE EDITOR
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The opinions and references expressed by the authors in S.A.M. Advanced Management Journal do not necessarily represent the views nor the policy of the Society for Advancement of Management.
RUNNING A STRUCK PLANT: SOME DO’S AND DON’T’S

By LEONARD C. SCOTT
Senior Consultant, Arthur Young & Company

A strike is a major business crisis. Operating in the face of a walkout may be management’s only effective solution to this crisis.

FROM time to time the management of a unionized firm will view the demands of its union, and strike activity in support of them, as drastically altering the relative bargaining power of the parties or impinging on the very viability of the company. In such a situation, management must decide if it should operate its facilities in the face of the strike.

The question of whether or not to operate a struck plant is oftentimes a complex one. It involves the economics, technology, and distribution requirements of the operation, the relative bargaining power of the parties, the company’s competitive and financial position, the legal problems which a decision to operate will generate, and the availability of police protection. Data for this judgment should be compiled during the bargaining preparation process.

However, too often the decision to operate a struck plant is an emotional one based on little or no planning. This is unfortunate in that bad judgment in this matter could lead to injury or loss of life, sizable back pay obligations, and damage to company property, reputation, and bargaining strength.

Any decision to operate a struck plant must be supported by well drawn legal guidelines and a thorough operational plan containing a number of objectives among which would be the control of violence on the picket line, the preservation of ingress and egress at the plant, and the maintenance of high morale and productivity among the “management operators.” This article sets forth for the firm operating in the face of a walkout, some do’s and don’t’s aimed at fulfilling these three goals.

Here are the do’s:

(1) Secure competent local counsel even though corporate legal assistance is available. A local attorney will be more
effective in cases involving violence and local ordinances because he will have had prior dealings with the police and judges in the community. Let the corporate labor practice lawyers tackle any unfair labor practice charges and the local law firm handle any assault, trespass, and restraining order cases.

(2) Inform the police of the company's intention to operate the plant and request assistance in maintaining order and keeping the gates open. Maintain channels of communication with the local authorities throughout the dispute. Attempt to secure regular meeting with the chief of police.

(3) Inform all employees who will operate the plant as to the company's reason for running the facility during the strike, e.g., to prevent competition from gaining an advantage or to resist demands felt to impinge on the firm's long-term viability. Tell them of their legal rights and duties in the strike, provide them with the phone numbers of the police, fire department, and top management, and assure them that the authorities will provide any required protection. Further, insist that they enter and exit the plant in groups, stay in their autos as much as possible when passing through picket lines, and avoid any rankling of the pickets. Should any new employees be hired during the strike, be certain to provide them with "portal to portal" protection. Also, consult counsel to determine the lawful method of hiring such workers.

(4) Tell the strikers the company's reason for operating the plant, inform them of their rights and duties in the labor dispute and those of the "management operators," and urge them to discuss the legal aspects of the strike and picketing with their union leadership. Make certain that all communiques to the strikers are approved by counsel.

(5) Designate a group of "management operators" to keep the picket line under surveillance at all times. Provide them with cameras and instruct them to keep accurate and detailed records of all that goes on at the picket line. The information accumulated by these individuals will be extremely useful in any legal action which may arise out of the dispute. Caution these employees to photograph only incidents of violence and mass picketing.

(6) Inform exempt salaried employees who work extended shifts regularly during the strike that they will be reimbursed for this added work. Establish compensatory time off, bonus, or premium pay for overtime plans to support this commitment. Clear all such plans with counsel before implementation. Should these arrangements be extremely liberal and exempt employees constitute a large percentage of the "management operators," the union would no doubt claim that these arrangements were prolonging the strike and thereby constituted an unfair labor practice.

(7) Establish a fund to be used to reimburse "management operators" for any damage sustained to their property as a result of their working in the struck plant. Verify claims promptly and make payments in cash if the amounts are not exceedingly high.

(8) Set up a safety and training group which instructs operators in their new jobs and which insures that safe operating procedures are adhered to at all times.

(9) Communicate regularly with employees who are running the plant. Use news letters, bulletin boards, and informal meetings. Provide them with information on their production accomplishments, the progress of negotiations, legal developments in the labor dispute, government involvement, if any, and the
Leonard C. Scott, a Senior Consultant with Arthur Young & Company’s Chicago office, received his degree in Economics from the University of Illinois. He has also studied in the Economics Master’s program at Northwestern University and the Industrial Relations Doctorate program at Cornell University. Previously, he has served as Personnel Director with Pioneer Screen Manufacturing Company; Manager, Employee Relations, Electronic Division, Union Carbide Corporation; and as Industrial Relations Representative, Firestone Tire & Rubber Company.

situation at sister plants if any are also involved in the dispute.

10) Discipline pickets who engage in violence and make this action known to the “management operators.” Support of the employees working in the plant must be unwavering. The disciplining of unruly strikers could prolong the dispute, and it may be difficult to make the penalties stick, but this action is a necessity for the maintenance of morale among the employees in the plant.

11) Members of top management should pitch in with the “management operator” group as their schedules allow. This provides a great uplift to the employees who are working regularly in the struck plant.

Here are the don’t’s:

1) Don’t violate any local plant safety ordinances. Where management runs a struck plant and such laws exist, the striking union will place pressure on the local authorities to use them to stop operations. Cooperate with local officials who wish to tour the plant to check on safety conditions. Resist any attempts by the union leaders to join in these inspections.

2) Avoid any harassment of pickets. Nudging pickets with auto bumpers when passing through their lines, speeding past them, or splashing them with mud or standing water, even though such action is provoked, will increase tensions at the gates and work against efforts to maintain operations. When passing through picket lines, give the strikers ample time to clear the way. Don’t answer their slurs and don’t argue with them. Remember that in long strikes where management runs the struck plant and strikers cannot easily find other work, serious frustrations build in the pickets and aggressive action on their part takes only the smallest incident.

3) Don’t automatically stop the strikers’ insurance coverage at the time of the walkout. Let them know that group insurance premiums will be paid for a reasonable time for all strikers except those who quit or are discharged and that they will be given ample notice of any decision to discontinue such payments.

4) Don’t be afraid to use the newspapers to present your side of the dispute. Make certain, however, that your news releases are factual and cleared by counsel before issuance.

5) Don’t agree to allow the union to regulate passage into and out of the plant by issuing passes. Also, resist attempts by the union to inspect the plant. Any restrictions on the freedom to operate the plant will erode the confidence of the “management operators.”

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Don’t ignore the picket line captains. Give recognition to those who appear to be responsible leaders. Try to build on their ability to act as stabilizing influences in the dispute. Make regular contact with them on the picket line. Listen to their gripes and give them yours. Work with these individuals to control the hotheads on both sides.

When a strike in which operations are successfully maintained ends and the strikers return to work, management is faced with the difficult task of restoring normal operations and unifying the organization. This can be especially troublesome when the strike is a long and violent one. In discussing the dispute with the “management operators” during its course, management should avoid characterizing the strike as a holy war with it on the side of righteousness.

Instead, it should depict the walkout and its running of the struck plant as devices a free society uses to resolve the objectives of opposing groups within a company. The economic pressure placed on each party by the other should be shown to be building a positive tension which will lead to an agreement acceptable to both sides.

Of course, violence during the strike must be deplored, and pickets who violate the law should be prosecuted and disciplined. However, in the light of the needs for unity which follow the conclusion of a strike, it is clear that the motivation of “management operators” during the strike must be based on an identification of their efforts with positive symbols rather than with a resistance to malevolent forces.

A strike is a major business crisis. Operating in the face of a walkout may be management’s only effective solution to this crisis. Since the moral, financial, and legal risks in running a struck plant are so high, management cannot take too seriously the need to plan for this eventuality and develop guide lines such as those presented above to direct its actions in this difficult undertaking.

“Through research, discussion, publication, and other appropriate means, to conduct and promote scientific study of the principles governing organized effort in industrial and economic life . . . for the general betterment of society . . . .”

Purpose, from S.A.M. Constitution