

Unions & Business: Surviving the Recession Together

Strong partnerships with workers and unions help companies stay afloat in a tough economy

>> Decreased demand for products and services, healthcare costs, increased domestic competition, and difficulty attracting investors are just some of the most pressing obstacles affecting businesses' financial stability, according to a recent poll by the Society for Human Resource Management. But employers from across the country are finding that strong labor-management partnerships are helping them stay in business in the midst of this economic downturn.

Large and small businesses from many sectors of the economy have invested in and rely upon employees and their unions to address workplace and industry challenges. Together, unions and employers are improving efficiency, lowering costs, enhancing worker-training programs, developing new energy solutions, and expanding markets. The employers profiled here find their close relationships with their workers' unions to be critical to their continued success. These four companies are just a few examples of the many ways labor-management partnerships are leading to innovative and practical solutions which are good for workers and for the bottom line.



Industry
Paper

Headquarters
Park Falls, WI

Union
United Steelworkers

Union Employees
253 production and
maintenance workers

Total Employees
313

Flambeau River Papers

Wisconsin pulp and paper mill Flambeau River Papers and the town of Park Falls, WI, are surviving the recession thanks to the company's good relationship with its workers' union. Entrepreneur Butch Johnson bought the shuttered paper mill that had employed 300 of the town's 2,700 residents, after the mill was driven to bankruptcy in 2006 by the high cost of natural gas. Johnson not only re-hired nearly all of the mill's workers, but honored their existing union contract, including wages, benefits, and seniority. While he initially had reservations about working with unions, Johnson now recognizes the union as "an integral part of the success of the company."

In fact, the labor-management partnership developed a pioneering biomass energy project to address high energy costs, a problem which threatens the entire domestic paper industry. The company's planned biorefinery will turn wood byproducts—such as tree tops, branches, and sawmill waste—into green diesel and wax, all while producing steam to power its existing paper mill. By 2012, Flambeau will be the first pulp and paper mill in North America to be fossil fuel free. The union and the company worked together to secure funding for the project from the U.S. Department of Energy. This innovative partnership is keeping Flambeau in business, producing high-quality recycled paper with less energy and fewer costs.



Industry
Renewable Energy

Headquarters
Langhorne, PA

Union
United Steelworkers

Union Employees
Roughly 350 steel workers

Total Employees
850

Gamesa USA

Gamesa USA, which designs and manufactures wind turbines and develops wind farms across the country, has had a strong relationship with the United Steelworkers since it first opened U.S. operations in 2005.

When the recession hit, and took with it potential customers, a team of company and union leaders worked together to keep the renewable energy producer lean and flexible, while cushioning the impact for workers. The labor-management partnership team implemented fair severance packages and significantly reduced the number of temporary layoffs by developing a cross-training program. Employees got the opportunity to learn new skills at a higher pay rate, and many workers in downsized areas of the company were able to take other assignments.

When, in early 2010, the allocation of stimulus funds to Pennsylvania wind farms meant a significant increase in business for Gamesa, the company was able to call back all of its remaining temporarily laid-off steelworkers and quickly get back up to full production, thanks to its skilled and cross-trained workforce.

Gerding Edlen

DEVELOPMENT

Industry
Real Estate

Headquarters
Portland, OR

Union
Laborers' International
Union of North America

Union Employees
Varies; 90-99% of
contractors belong to
unions

Total Employees
42 direct plus union
contractors for each job

Gerding Edlen Development, Inc.

Oregon commercial real estate developer Gerding Edlen Development, Inc., is well-known for its sustainable transit-oriented development projects up and down the west coast. The company has more LEED certified green buildings than any other private developer in the country, including seven LEED Platinum projects and 27 LEED Gold projects. This demanding work depends on the skills of a highly-trained workforce. As CEO Mark Edlen says: "Union workers are more likely to bring the skill set, creativity, and workplace safety the company needs to execute such complex projects: that's why Gerding Edlen uses union labor."

In addition to providing skilled labor, unions, through their pension funds, have invested in numerous projects developed by Gerding Edlen, and currently are investors in the firm's green real estate fund that seeks to retrofit and develop sustainable buildings. This partnership has served to bring much needed capital to potential projects that revitalize cities, reduce carbon emissions, and create thousands of jobs extending beyond the initial construction. Edlen says, "Without labor's ongoing commitment to invest in our projects through this downturn, we would not have been able to continue with the urban, mixed use, highly sustainable projects that our company is so well known for." Despite the recession, Gerding Edlen has avoided layoffs, and in 2009 the company was ranked first in the Oregon Business' "100 Best Green Companies to Work For" survey.



KAISER PERMANENTE®

Industry
Healthcare

Headquarters
Oakland, CA

Union
Coalition of Kaiser
Permanente Unions

Union Employees
96,000 healthcare
workers and support
staff

Total Employees
154,000

Kaiser Permanente

One of America's leading integrated healthcare organizations, Kaiser Permanente, is weathering the economic storm with the help of its union partners. Like many businesses, the nonprofit health plan faces challenges including rising healthcare costs and the impact of growing unemployment on its membership. However, Kaiser Permanente draws on the expertise of its Labor Management Partnership to meet these challenges. Specifically, the partnership's unit-based teams of physicians, supervisors, and union employees, who regularly work together to set goals, improve team performance, proactively solve problems, and capitalize on opportunities, have created a number of innovative solutions.

Faced with losing more patients who could no longer afford insurance premiums, two teams in the Pacific Northwest worked together to successfully bring surgeries in-house, saving Kaiser Permanente about \$18,800 per month and keeping patient costs more affordable. By more realistically evaluating staffing needs, an environmental services team in Richmond, VA, reduced overtime hours by 50 percent—saving money for the organization and improving quality of work for employees. Across the organization, teams are working to improve service, quality, and patient affordability, while making Kaiser Permanente an excellent place to work. In 2010, the organization was ranked as one of the “most innovative companies in health care” by *Fast Company* magazine, and in four regions was rated the best health plan in a customer satisfaction survey by J.D. Power and Associates.

American Rights at Work's Socially Responsible Business Program

Launched in the summer of 2005, American Rights at Work's Socially Responsible Business Program promotes awareness of socially responsible and ethical corporate labor practices. The Program engages forward-thinking business and labor leaders to develop and encourage sound policies and collaborative efforts that sustain workers, businesses, and society at large.