



UAW: Union labor is more efficient

Study data are bargaining chip

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Detroit's automakers say they hope to close what they see as a competitive gap between their workforce and that of foreign rivals, who typically don't use union labor.

UAW leaders have compiled data from the Harbour Report, a respected annual study of manufacturing efficiency, that they contend show union labor is more efficient than nonunion labor at auto assembly plants where direct comparisons can be made.

Union insiders told the Free Press that information likely will be used to make the point at the bargaining table with General Motors Corp., Ford Motor Co. and Chrysler that union workers already save the companies billions each year and provide great value in return for their pay and benefits.

"I'm sure they'll be using the figures to accentuate their side of the bargaining," said Chris (Tiny) Sherwood, president of UAW Local 652 at GM's Lansing Grand River plant, which makes Cadillac cars and SUVs.

His factory was rated by Harbour as the most productive midsize premium crossover plant in North America in 2006 -- beating the nonunion Honda plant in Alliston, Ontario, which makes the Acura MDX and five other models.

Ron Harbour, president of the Troy-based company that conducts the study, said the UAW and Canadian Auto Workers have made remarkable strides in North American assembly plants.

For instance, GM assembly plants took 22.15 hours per vehicle assembled, essentially the same as leader Toyota's 22.05 hours. Six Chrysler assembly plants finished among the top three in their categories. Ford had two of the most efficient assembly plants overall.

Most competitive gaps today, Harbour said, come down more to pay and benefits than how the work is being done, although he noted there is always room for improvement. Automakers say that the primary issue is their cost structure and have praised union productivity gains.

"There's a perception that if it's union, it's a bad plant, and that's not really the case anymore," Harbour said. "Give them credit. They've made some really good improvement."

Toyota ranks No. 1 in efficiency

The Harbour Report showed that Toyota Motor Corp. was No. 1 in manufacturing efficiency in North America, taking just 29.93 labor hours to produce one vehicle. That includes not only assembly, but parts stamping and building of engines and transmissions. Detroit's automakers trail Toyota on that overall number, with 32.36 hours for GM, 32.90 for Chrysler and 35.10 for Ford.

But in the 12 categories allowing head-to-head comparisons, union plants were usually tops. UAW or CAW plants were the most efficient in all but one of those categories.

And although Toyota had the best overall number on a corporate basis -- largely due to its much more efficient stamping, engine and transmission plants -- none of Toyota's nonunion assembly plants in North America won a top spot.

The one Toyota plant that did top its segment was New United Motor Manufacturing Inc., in Fremont, Calif., which is a joint venture between Toyota and General Motors. UAW Local 2244 represents workers there, so that plant counts as a union victory.

The only two nonunion plant wins in North America were at Honda factories.

Union asks: What gap?

Ford and other automakers have estimated the competitive gap of their union labor at about \$20 an hour, including legacy costs, a difference they would like to eliminate. At Ford, for example, that would bring the total compensation package down to a competitive \$50 an hour.

But the efficiency performance at UAW-represented plants likely will be a big bargaining chip for the union, which is expected to argue that the improved efficiency coming from union plants is saving more money than it costs.

UAW documents circulated to the media at the start of talks say the typical autoworker adds \$206 in value per worker per hour. That is far more, the UAW notes, than the worker earns in wages and benefits.

When asked last week whether he thought the UAW needed to help Detroit's automakers close the competitive gap, UAW President Ron Gettelfinger hinted that the very foundation of the principle might be called into question behind closed doors.

"I don't know that I accept the premise," Gettelfinger told reporters at the kickoff for talks with Ford.

Part of the reason Ford announced a surprise second-quarter profit last week, which brought profit for the year to \$468 million, is that the company reduced costs by \$1.1 billion during the first six months.

About \$700 million of that savings was warranty cost improvement related to the improved quality of Ford's vehicles. Higher-quality vehicles result in lower warranty expense.

Ford Chief Executive Officer Alan Mulally told the Free Press the UAW deserves part of the credit for that accomplishment.

"Engineering, manufacturing, everybody is contributing to that quality and the productivity improvement," he said. "It's all the employees at Ford, including those represented by the UAW."

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