

**Dubuque Area
Labor-Management Council
Presents:**

**Mock Collective
Bargaining
Exercise**



**Loras College
Dubuque, Iowa**

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Participant Overview

Following this introduction is a set of materials intended to familiarize you with the activity in which you'll participate and the background of the company you'll represent. Every effort has been made to be as brief as possible while providing you with adequate information from which to bargain. Please take the time to read this material and the glossary of collective bargaining terms carefully prior to the actual mock bargaining activity.

Each one of you has been assigned to a bargaining team either as a representative of management or labor. You will be asked to draft bargaining proposals or positions, which will be presented to the opposite team. Every team has been assigned an advisor, a highly experienced negotiator, who will remain with your team throughout the day. His or her role is to assist and to guide your team through the process. It is not the advisors role to actively bargain your contract. That responsibility rests with you.

In addition to advisors, mediators will be present to aid the negotiations' process. Mediators are neutral parties-neither pro management nor pro labor-whose function is to achieve an amicable settlement. They may apply pressure to one team or another, or they may work confidentially with either side in an effort to define bargaining positions and avoid impasse. However, mediators have no authority to "force" an agreement or impose one side's point of view on the other. Their function is solely as their title implies-to mediate-to reconcile conflicting parties-to facilitate. Should your team choose to seek the services of a mediator, it should be in conjunction with, or mentioned to the other party.

There are very few other ground rules:

1. Both sides should make a good faith effort to reach an agreement.
2. Neither side can introduce arguments which are inconsistent with the facts contained in the following materials, but either side may, and should be prepared to introduce opinions and/or arguments to support its bargaining position.
3. Each side may, at its own discretion, call for a caucus (a private meeting apart from the other team) to confer with its advisor, to reformulate its bargaining strategy, etc.
4. Either side may request a mediator to facilitate the process. If needed, a mediator should be contacted well in advance of the 1:45 deadline.
5. At or before 1:45 p.m., a decision must be reached: settlement or impasse?
6. Each team is to appoint a representative who will report on the results during the concluding session at 2:00 p.m.
7. Once bargaining is concluded, all debates should be forgotten

Regardless of which “side” you are on, the important thing is to play your role effectively, as if you actually had an economic stake in the outcome of negotiations between the union and the company. As a union member, you will have to decide if the management team’s final offer is satisfactory; whether you have obtained the maximum possible concession from the company is high enough to support a decent standard of living; and whether the offer will be satisfactory to the union membership. Management, on the other hand, must consider whether it can afford to make concessions; how much its offer should be; whether the union really does have enough votes to support a strike; how the cost of the product will be affected by increased labor costs; and how costly a strike could be in terms of lost sales and profits in a competitive market.

In the brief amount of time that is available, it is impossible to discuss or explore all of the issues, which are likely to arise in a typical bargaining session. Realistically, the business of negotiating a contract is tough, serious and time consuming. Nonetheless, it is our goal that your participation on today’s program will increase your understanding of industrial and labor relations, and of how emotional, technical and economic factors influence the results of collective bargaining. Whether you eventually become a union member, are involved as a management representative working with a contract, or are independently employed, learning how collective bargaining works should be an important part of your economic education. We hope the mock bargaining session in which you will be participating will be an effective demonstration of how the bargaining process works in actual practice.



The following materials provide the basic data for a mock bargaining exercise in collective bargaining in the private sector. The exercise involves the D.G. Barnhouse Company and the union representing Barnhouse’s employees, the United Metal Products Workers. Both the company and union names, as well as the material and the data, are fictitious.

The task confronting the negotiators is to bargain a new contract covering Barnhouse’s unionized employees. A copy of the expiring agreement and other pertinent data are included in the materials that follow. The purpose of this exercise is to develop some understanding of the American bargaining system. Millions of union members are affected by collective bargaining, as well as management, the public, small business and consumers, both directly and indirectly.

It is the responsibility of the union and management teams to formulate their bargaining strategies, to put priorities or weights on various items, to develop specific changes in contract language to implement various proposals, to decide what compromises to make, and to decide what will constitute an acceptable agreement.

History of D.G. Barnhouse Co., Inc. and the United Metal Product Workers

At the turn of the 20th century, Mr. Donald Grayson Barnhouse, a highly skilled lathe craftsman, opened a small shop in which he made specialty machine tools. Based on very little financial capital but a great deal of entrepreneurial stamina, he scraped together enough used tools to open his shop on the outskirts of Grandville, Illinois. After 10 years in operation, D.G. Barnhouse had gained a steady enough business to support himself and his small family, but had been able to take on only one apprenticed employee.

By 1915, however, Barnhouse's luck began to turn as small auto companies began to be built in the general vicinity of Grandville, Illinois. His Company D.G. Barnhouse Co., Inc., had developed a reputation for quality, which soon led newly developing area auto companies to buy tools from him. Thus D.G. Barnhouse Co. (DGB) began to be looked as one of the foremost suppliers to the auto industry.

By the mid-1920's DGB began diversifying into several new kinds of lathes, which came to be in higher and higher demand as the decade progressed. These were now produced in the machine tool plant DGB had built up over the previous decade. DGB had also maintained the older plant, in which primarily auto parts were produced. DGB's success led Barnhouse to allow the company to go public in order to capitalize on a rapidly expanding market. The capital that was generated was put to use in a new shop devoted solely to the production of machine tools.

The business suffered during the depression years, but managed to survive. During World War II the company did very well. After the war, however, the firm's growth became sporadic. Attempts to diversify into a greater variety of industrial products were not uniformly successful. By the late 1950's DGB was making profits but not at a high rate.

In 1958, D.G. Barnhouse III took over from his father as Chief Executive Officer and President. Under the new leadership, the company's strategy shifted to place greater emphasis on research and development, as well as diversification and expansion into new markets. The company grew rapidly throughout the 1960's and early 1970's as a combined result of the new leadership and the growth conditions in the international economy during that period. The employees at the Grandville plant gained respectable wage and benefit increases annually, and the company itself was able to sustain a reasonable profit margin.

By the mid-1970's a new plant was opened in nearby Newton, Indiana, a relatively rural area that offered low-cost labor. This plant finished and assembled several types of low-cost machine tools. It employed 90 women and 60 men; the employees, who were not unionized, fell into five job classifications from production and assembly workers to a single general mechanic for the maintenance crew. (Employment at the Grandville plant numbered 500 at the time.)

Recently, it became time again to consider a new strategic direction for DGB. Under current consideration was the possibility of investing in new automated manufacturing equipment, which would allow for a total workforce reduction in the Grandville plant of about 10 percent. Alternately, the new equipment could be installed in the Newton plant, while the older Grandville plant could

slowly be phased out. This option would entail moving some of the existing Grandville plant equipment to Newton and increasing the number of employees at the newer plant.

Labor Relations at D.G. Barnhouse Co., Inc.

The Barnhouse family has always played an active role in directing the company's labor relations. The company carefully protected senior employees against shifting economic conditions. During the Depression, several skilled employees were given jobs sweeping the floors at the Grandville plant in order to avoid layoffs. The firm's employees were granted life insurance pensions and hospitalization insurance long before these became standard benefits even in unionized companies. It was partly a result of these long-standing policies that the Steelworkers, Machinists and the United Auto Workers had been unable to unionize DGB's employees throughout the 1930s.

After World War II the company used overtime work and subcontracting to keep the company, workers were put on seven-day work schedule, and morale was severely strained. As a result, the employees of DGB decided to form a union of their own, with substantial encouragement from many front-line supervisors, and with the help of a local of the United Metal Products Workers of America (UMP). The company was certain that this effort of unionization simply reflected the work of a handful of "radicals," and was therefore taken completely by surprise when the National Labor Relations Board representation election resulted in a substantial majority in favor of unionization.

Even before the Union had been voted in, DGB had generally paid wages more or less equal to those paid in competing unionized plants in the area. It had regularly participated in industry wide wage surveys in order to stay informed of the going rates.

But, at the same time, DGB had always been reluctant to grant long-term or automatic cost-of-living increases, or to appear to be following the bargaining pattern set in any particular industry. This aversion to automatic wage/benefit increases and to following pattern bargains was reflected in the contracts negotiated with the union until the early 1980s. But in 1982 DGB for the first time, and quite reluctantly, negotiated a cost-of-living clause in its contract with the UMP.

In general, relations between management and the union have been quite good. However, there is an increasing mood of worker discontent. Employees are forced to work excessive amounts of overtime and often put in a six-day work week. They feel they are nearing the limit of durability and tension is running high. Also, the company is outsourcing much more work; subcontracting with outside companies for parts and completed assemblies. Management has countered that it would have added more employees, but its limited by cramped facilities.

The 2010 Contract

The previous contract negotiated in 2009, was not well accepted by many union members who felt the union bargaining team had "sold out" on several issues. Though there has never been a strike at D.G. Barnhouse, both management and the union anticipate such a possibility during the current round of negotiations.

The union has begun a strike fund, and with a contribution from the International Union, feels it can sustain a short-term strike at 60% plus benefits. Management has stock piled as much inventory as possible.

The Aftermath

Two months after the contract was signed, a young Drill Press operator named Bill White challenged and narrowly defeated the incumbent local union president, on the basis of a campaign emphasizing the need for more worker input into plant operation and control over technology and investment. The younger workers were in general pleased with White's approach, but the older employees (with less fear of losing their jobs) were not so optimistic, particularly since White seemed to be uninterested in pension plan improvements.

All the workers shared a certain nervousness about their jobs, however due to increasing publicity about automation in machine tool plants, and about sluggish demand for machine tools themselves. DGB has done nothing to calm the employees' fears of replacement by robots, or about layoffs.

The Community

Grandville, Illinois has about 160,000 residents. The nearest large city is Detroit. The working population numbers about 70,000 of which fully 10 percent are unemployed. The unemployment rate is significantly higher for minorities and women. Some of the unemployed population secure a nominal income from the sale of small farm produce.

Aside from the Grandville plant of DGB, there are nine unionized firms in the city. Building and Construction employees are also extensively organized in Grandville. No other company is organized by the UMP. The largest of a number of unorganized plants manufactures office equipment and employs about 1,000 people. This group of workers has been subject to three unsuccessful organization drives over the last decade.

The Upcoming Negotiations

The UMP local leadership was considering employee recommendations as to the substance of the union's position in the upcoming negotiations. The union had already notified DGB that it wished to negotiate the contract and that a list of proposals would be sent to the company when the negotiations were to begin. Donald Grayson Barnhouse III responded that the company's counterproposals would be sent to the union as soon as he had received their negotiating demands.

Your first task will be to formulate a set of contract proposals for submission to the opposing team at your first meeting. Because of the time limitation, all groups are required to include wages and absenteeism in the bargaining process along with two additional items of your own choice. The duration of the contract can be one, two, or three years.

Listed below are a number of issues and problems perceived by either union or management. They may help you to decide which issues to include into your bargaining agenda. They should, by no means, be considered all-inclusive, and you are free to make whatever bargaining demands you think are appropriate.

Possible Company/Union Bargaining Topics

55% of employees are under the age of 40 (Table 6) and with additional hiring, this percentage is expected to increase. Some employees are concerned with improved pensions and others improved medical insurance. Management is concerned with controlling the fringe costs so the capital can be used for factory modernization or expansion, which they think, would give better job security. Following are a series of concerns (listed in no particular order) drawn either from prior negotiations, grievances or management/union discussions:

Wages:

- Hourly increases annually for the life of the new contract.
- Overtime pay. (Item 4 of the contract)
- Night shift differential for second and third shifts.
- Cost of Living Allowance, C.O.L.A., has been an issue from past contracts.

Insurance and Retirement:

- Health Insurance has increased at an average annual rate of 15% over the last four years. It is projected that rates will increase by 15-20% in 2009. Prescription drugs are also expected to increase by twice that amount.
- There is some dissatisfaction with the existing health plan especially the lack of dental insurance. The Union has presented two plans, the first of which would pay 100% of dental claims at a cost of \$75.00 per month per employee. The second, costing \$51.00 per month would provide coverage at 80%.
- Weekly short-term disability and accident benefits are now \$175.00 per week up to 13 weeks after an eight-day waiting period in case of illness. There is no waiting period for accidents.
- Life insurance coverage is a \$15,000.00 term life insurance policy on each employee.
- Pension Plan: The Company now pays \$3.00 per hour worked for each employee. (See Item 13 in the contract for more explanation.)

Other Issues

- Attendance problems have recently become a real problem causing a number of bottlenecks and lost orders due to poor service. Monday and Friday absenteeism has really become a problem. The two sides realize this as a problem and hopefully can negotiate a solution.
- Overtime has been scheduled a lot recently. Some enjoy the extra pay but others want more time off. The present compulsory overtime program is not agree able to everyone and might need to be changed especially since 14 people are presently laid off.
- There is more and more outsourcing that is taking place by the Company. The union might seek some language provisions to protect their members from this in this contract. The Company wishes to keep all of its options open.
- Childcare is a recognized need by the parties. The funding of a childcare policy is an item that might be presented in these negotiations.
- Quality improvement is important for the Company to stay competitive in the world market. Though quality is improving, an incentive or rewards program might interest the two parties.

AGREEMENT

**BETWEEN THE UNITED METAL
PRODUCTS, MACHINERY AND
RELATED EQUIPMENT WORKERS
OF AMERICA
INTERNATIONAL UNION, LOCAL 245
AND
D.G. BARNHOUSE CO.,
INCORPORATED**

May 6, 2009

Collective Bargaining Agreement

Article I

Intent and Purpose

Section 1- The parties hereto intend and propose herein to set forth and comply with an agreement concerning pay rates, work hours, and employment conditions, and to set procedure for the prompt and equitable adjustment of alleged grievances.

Section 2 – The Company shall in no way discriminate against any employee on the grounds of membership or affiliation within the Union.

Article II

Recognition

Section 1 – The Company recognizes the Union as the sole and exclusive bargaining agent representing the employees in the Grandville, Illinois, plant of the Company for the purpose of collective bargaining with respect to rates of pay, wages, hours of work, and other conditions of employment.

Section 2 - The term “Employees” for the purpose of this Agreement shall mean all of the employees of the Company except office employees, foremen, watchmen and guards, timekeepers and supervisors who have and exercise the authority to recommend the hiring, promoting, discharge, disciplining of employees, or otherwise effecting changes in the status of employees.

Article III

Strikes and Lockouts

Section 1 – The Company agrees there shall be no lockout of its employees and the Union agrees that neither it nor any of its members shall cause, permit, or take any part in any strike during the terms of this agreement.

Article IV

Hours of Work

Section 1 – The normal work hours for all employees shall be eight (8) per day and forty (40) per week and, for production employees shall be limited to the period of Monday to Friday (both days included).

Section 2 – Hours worked in addition to the normal hours worked shall be according to the

following schedule: forty (40) to forty-five (45) shall be limited to five (5) days; over forty-five (45) to fifty-five (55) hours shall be limited to five and one-half (5 ½) days; over fifty-five (55) to sixty (60) hours shall be limited to six (6) days. The Company and the Union shall mutually approve all other work schedules.

Section 3 – All time worked by an employee in the excess of eight (8) hours in any one day and forty hours (40) hours in any one week and all time worked on Saturday shall be paid for at the time and one-half rate; provided, however, employees shall not receive time and one-half for Saturday as such if they were absent during the week except for one of the following reasons: sickness, accident or death in the family, jury duty or subpoena to court. In cases when employees were absent due to one of the above reasons, they shall turn in a slip stating the reason for that absence, not later than Saturday of the week in which they were absent. All time worked on Sunday shall be paid for at the double time rate.

Section 4 – The Company will attempt to distribute overtime as equitably as possible among affected employees; and shall allow union officials to verify same.

Section 5 - The Company shall allow Union Bargaining Committee members first priority for working the first shift; and when feasible employees with the greatest seniority within their job classifications shall be granted second priority to work the first shift, and those next in seniority, the second shift. Further, once an employee exercises seniority rights to obtain a transfer from one shift to another, he/she shall not return to the original shift until a period of six (6) months after the transfer shall have elapsed.

Article V

Wages

Section 1 – The rates for all employees shall be in accordance with the “Rate Classification of Jobs,” which shall be appended hereto as Exhibit 1 and made part of this Agreement.

Section 2 - Newly hired employees with less than thirty (30) days of employment to their credit shall be considered probationary employees: provided, however, the Company may request an extension of the probationary period not to exceed thirty (30) days for employees whose qualifications or capabilities are in doubt. Any employee remaining in the service of the Company beyond his/her probationary period shall automatically receive an increase of five (5) cents per hour and continuing every fourth (4th) week thereafter, until the minimum of his/her classification is reached.

Section 3 – Any employee who is placed in his/her regular occupation after a layoff or transfer for reasons beyond his/her control shall be paid the wage rate applicable to the time of the layoff or transfer, plus or minus any general wage increases or decreases effective during that period.

Section 4 – Except for the above provisions, no employee’s wage rate shall be changed except by mutual agreement between the Company and the Union.

Article VI

Seniority

Section 1 – The Company shall notify the Union at such time as any newly hired employees who have completed their probationary period will have worked for thirty (30) days.

Section 2 – An employee’s seniority rights shall be measured on a plant-wide and departmental basis, starting from the first day or hour worked. If, however, an employee is hired after quitting voluntarily or after having been duly discharged, that employee’s seniority will be measured as of the time of rehiring.

Section 3 – In the event of a layoff, employees with the least plant-wide seniority will be laid off first, and employees with the most seniority will be retained, subject to their ability to perform the available work without being trained.

Section 4 – In the event that workers shall be recalled after having been laid off, the last to have been laid off shall be the first to be recalled, as per the conditions noted in section 2 of this Article, above.

Section 5 – In case of layoff, the president of the Union shall have seniority over all other employees during his/her term of office, regardless of length of service with the company.

Article VII

Discharge

Section 1 – If the Company discharges an employee, such action will be taken for good and sufficient reason, and shall be taken after notifying the Union Bargaining Committee of the action and reasons therefore. If investigation of such an action leads the Union to conclude the employee affected was discharged unfairly, that employee shall have the right to lodge a grievance against the Company in accordance with the grievance procedure established in Article XI of this document.

Article VIII

Military Service

Section 1 – When an employee with seniority is called or volunteers for service in any of the armed forces of the United States, s/he shall, upon termination of such service, be restored to his/her former position, or to a position of similar status and pay; provided, however, that she/he has received honorable discharge, is physically and mentally competent, notifies the Company of her/his intention to return to work at least ninety (90) days prior to his/her discharge, and reports to work not more than ninety (90) days after release from service; and provided further, that the Company’s circumstances have not been changed so as to make it impossible or unreasonable to do so.

Section 2 – Any employee who is rehired in accordance with the provisions of this Article shall advance in seniority in the same manner as though he had remained in the Company’s service.

Article IX

Vacations

Section 1-All employees shall receive a vacation with pay in accordance with the following schedule:

<u>Number of Weeks of Vacation</u>	<u>Years of Service Required</u>
1	1
2	3
3	10
4	25

Section 2 - All employees must work a minimum of 1,600 hours in preceding year in order to qualify for full vacation pay (pro-rata amount paid where lesser number of hours worked).

Section 3 - Vacation pay is equal to 2% of gross annual earnings per week of vacation (a minimum of 40 hours pay, at the average hourly rate, per week).

Section 4 - Accumulated vacation benefits paid in case of death, quit, extended layoff or where employee otherwise would qualify for vacation.

Article X

Holidays

Section 1--- The following days shall be considered work holidays:

- New Years Day
- Memorial Day
- The Fourth of July
- Labor Day
- Thanksgiving Day
- Christmas Eve
- Christmas Day

Section 1- In order to qualify for holiday pay, an employee must have completed 30 working days, and be at work on regularly scheduled workdays before and after the holiday

Section 2 - Holiday pay is equal to eight (8) hours times average hourly rate, excluding overtime, but including shift premium.

Section 3 - Holiday is observed only if it falls on a regularly scheduled workday.

Section 4 - If holiday falls while employee is on vacation; and on a regularly scheduled workday, employee receives and extra day's pay.

Article XI

Grievance Procedure

In the event any employee feels that he/she has a just complaint or grievance with respect to any employer-employee matter, an earnest effort shall be made by the parties thereto to settle such differences at the earliest time and in the following manner:

- (a) Between the aggrieved employee and his or her foreman or between the Department Steward and the foreman
- (b) If no satisfactory agreement is reached, the matter in dispute shall be referred in writing to the president of the Union, and the Bargaining Committee shall then bring the matter to the attention of the duly designated representative of the Company.
- (c) If the Union and the Company representatives reach no satisfactory agreement, the matter in dispute may be referred by either party to the American Arbitration Association for final and binding arbitration by an arbitrator to be designated by the Association. The proceedings shall be conducted in accordance with the rules of the association.

Article XII

Insurance and Pension

Section 1 - New employees will be covered by the group insurance plan after sixty (60) days. The company pays the cost of employee coverage (this amounts to \$400.00 per month; worker pays costs dependent coverage this amounts to \$500.00 per month. The total monthly premium for family plans is \$900.00. Employees pay a co-pay of \$15.00 for every physician office visit.

Section 2 - The basic pension plan benefit is equal to \$100.00 a month per years of service. Normal retirement is at age 65 with full benefits; earlier retirement, beginning at age 55 and after 15 years of service, with reduced benefits. D.G. Barnhouse is the administrator of the pension plan. The cost to the Employer equals \$3.00 per hour worked for each employee.

Article XIII

Union Business

Section 1- Any employee who is a member of the Union and who may be called upon to transact Union business, shall, upon application to the proper representatives of the Company and the Union, be allowed to leave work for sufficient time to transact such business or to attend such meetings as may be necessary.

Section 2 – Any member of the Union who may be elected or appointed to any office in the Union that requires a leave of absence shall, at the expiration of such term of office, be reinstated to his/her former or equivalent position, including all rights previously held, provided that the Company's circumstances had not changed so as to make it impossible or unreasonable to do so.

Section 3 – The Union shall be allowed to collect dues, sign membership application cards,

ballot for Union officers and distribute the regular monthly Union publications after working hours on Company property.

Section 4 - The Company shall install and maintain bulletin boards for the Union in places mutually agreed upon by both parties. No material shall be posted thereon except that pertaining to the activities and business of the Union.

Article XIV

Duration of Agreement

This Agreement shall be effective May 6, 2009. It shall remain in full force and effect from May 6, 2009 to and including May 6, 2010, and thereafter it shall be automatically renewed from time to time for further periods of one (1) year unless either party at least sixty (60) days prior to May 6, 2010, or any subsequent expiration date, serves on the other party written notice of its desire to amend or terminate the Agreement.

If the notice given is one expressing an election to terminate, then the Agreement shall expire upon such ensuing expiration date. If the notice given is one expressing a desire to amend the Agreement, the party serving such notice to amend shall, within thirty (30) days from the date of such notice to amend is served, transmit to the other party in writing the amendments proposed for negotiation and mutual agreement. If the party upon whom such notice to amend is served desires to amend the Agreement, it shall be no later than ten (10) days after receipt of such notice to amend serve written notice to that effect on the other party in writing the amendments in proposes for negotiation and mutual agreement.

Negotiations between the parties on the amendments so proposed shall begin as soon as possible after the above mentioned notices have been given, but pending consummation of an agreement on the proposed amendments, the terms and conditions of the old Agreement shall continue in effect.

EXHIBIT 1

Rate Classification of Jobs

Labor Grade	Job Title	Rate Range (per hour)
1	Tool and Die Maker	\$15.25-\$18.10
2	Machinist All Around Mechanical Inspector Plant Electrician Plant Mechanic	\$14.96-\$17.30
3	Machine Specialist Gauge Inspector	\$14.49-\$16.91
4	Tool Grinder	\$14.40-\$16.81
5	Electrician	\$14.03-\$16.61
6	Carpenter	\$13.89-\$16.54
7	All Around Instrument As- sembler	\$13.52-\$16.47
8	Mechanical Inspector All Around Mechanical Assembler	\$13.39-\$16.30
9	Turret Lathe Operator Engine Lathe Operator Handscrew Machine Operator Milling Machine Operator	\$13.29-\$16.24
10	Drill Press Operator Final Assembler	\$12.29-\$15.90
11	Set-up Welder (Tool Room) Grinder Operator	\$12.03-\$15.26
12	Production Tester	\$11.81-\$15.07
13	Instrument Assembler Production Inspector	\$11.73-\$14.95
14	Shear Operator	\$11.64-\$14.86
15	Resolver Assembler Punch Press Operator	\$11.47-\$14.66

EXHIBIT 1 (Continued)

Labor Grade	Job Title	Rate Range (per hour)
16	Outside Truck Driver	\$11.33-\$14.58
17	Expediter, Machine Shop Shipper and Receiver Painter Storekeeper Expediter, Assembly	\$11.26-\$14.40
18	Fireman Expediter, Tooling Subassembler	\$11.14-\$14.20
19	Oiler Bonding and Spraying Toolkeeper	\$10.89-\$13.73
20	Power Trucker Timekeeper Bonding Store Clerk	\$10.75-\$13.89
21	Groundskeeper Basic Assembler Routine Assembler	\$10.62-\$13.89
22	Sweeper Assembler	\$10.43-\$13.89

EXHIBIT 2

Wage Comparison of Manufacturing

Companies in Grandville, IL

Job Titles

Company Name	Machinist	Tool and Die Maker	Punch Press Operator	Instrument Assembler
D.G. Barnhouse	\$17.30	\$18.10	\$14.66	\$16.54
Dana Mfg. Co.	\$19.85	\$20.30	\$16.06	\$18.79
Stronghart Mfg. Co.	\$19.44	\$19.89	\$16.26	\$18.85
Bremer Camper Co.	\$16.25	\$17.53	\$13.96	\$15.69
Warner Ignition	\$16.95	\$17.13	\$14.76	--
Interstate Paper Board Co.	\$15.90	\$17.46	\$14.06	--
B.C. Zeegler Co.	\$15.35	\$17.13	\$13.76	\$16.99

EXHIBIT 3

Distribution Table

Job Grade	# of Current Employees
1	5
2	10
3	11
4	17
5	22
6	26
7	30
8	34
9	36
10	36
11	39
12	38
13	35
14	32
15	32
16	29
17	26
18	14
19	10
20	6
21	7
22	5
Total	500

EXHIBIT 4

MANUFACTURING COMPANIES
Grandville, IL
Job Titles

COMPANY NAME	MACHINIST	WELDER	BASIC ASSEMBLER	CARPENTER	SUBASSEMBLER
D.G. BARNHOUSE CO. INC.	\$17.30	\$15.26	\$13.89	\$16.54	\$14.20
DANA MFG. COMPANY	\$19.85	\$17.46	\$15.43	\$18.79	\$15.15
STRONGHART MFG. CO.	\$19.44	\$17.05	\$15.49	\$18.85	\$15.25
BREMER CAMPER CO.	\$16.25	\$14.69	\$13.19	\$15.69	\$16.35
WARNER IGNITION CO.	\$16.95	\$14.29	\$13.99	--	\$12.65
INTERSTATE	\$15.90	\$14.62	\$13.29	--	--

TABLE 1
D.G. Barnhouse Co., Inc
Statement of Financial Position

	Last Year	Two Years Ago
Current Assets		
Cash	\$1,450,258	\$1,378,516
Accounts receivable (net)	\$3,784,345	\$4,869,781
Inventory	\$15,050,351	\$14,634,726
Other	\$180,633	\$130,621
Total current assets	\$20,465,587	\$21,013,645
Fixed Assets		
Investments (at cost)	\$142,615	\$142,615
Plant, property, and equipment	\$24,526,289	\$26,263,725
Less: Accumulated depreciation	\$14,971,181	\$14,730,806
Plant, property, and equipment (net)	\$9,555,108	\$11,532,919
Total fixed assets	\$9,697,723	\$11,675,534
Other Assets		
Intangible assets (net)	\$195,560	\$205,818
Deferred charges	\$341,498	\$383,980
Total other assets	\$537,058	\$589,798
Total Assets	\$30,700,368	\$33,278,978
Current Liabilities	1,617,038	\$1,143,994
Accounts payable	\$2,766,125	\$3,995,625
Notes payable	\$438,631	\$627,491
Accrued expenses	\$12,324	\$626,546
Accrued taxes payable	\$930,215	\$919,350
Total current liabilities	\$5,764,333	\$7,260,506

TABLE 1 (Continued)
D.G. Barnhouse Co., Inc
Statement of Financial Position

	Last Year	Two Years Ago
(Net working capital)	\$14,601,524	\$13,753,139
Total Liabilities	\$5,864,063	\$7,260,506
Shareholder Equity		
Common stock (par value \$1.00) (5,800,000 shares authorized and issued)	\$833,750	\$833,750
Less: Treasury Stock (200,000 shares)	\$28,750	\$28,750
Common stock outstanding (5,600,000 shares)	8,050,000	8,050,000
Retaining earnings	19,796,304	17,968,470
Total shareholder equity (per common share)	27,546,304	26,018,470
Total Liabilities and Equities	33,710,367	33,278,977

TABLE 2
D.G. Barnhouse Co., Inc
Statement of Income and Retained Earnings

	Last Year	Two Years Ago
Income Statement		
Net Sales	\$38,224,783	\$38,782,026
Cost of goods sold	\$27,529,484	\$26,616,109
Gross profit on sales	\$(10,695,299)	\$(12,165,918)
Selling and administrative expense	\$5,942,501	\$7,600,770
Net operating profit	\$4,752,798	\$4,565,148
Other income and expense		
Income	\$13,721	\$76,600
Expense	\$167,800	\$219,106
Net other expenses	\$154,079	\$142,506
Net income before taxes	\$4,598,719	\$4,422,641
Income tax expense	\$2,207,385	\$2,122,868
Net income (per common share)	\$2,391,334	\$2,299,774
Retained Earnings Statement		
Retained earnings, beginning of year	\$17,968,470	\$16,232,196
Net income for the period	\$2,391,334	\$2,299,774
Less: Dividends paid	\$563,500	\$563,500
Retained earnings, end of year	\$19,796,304	\$17,968,470

TABLE 3**Statement of Sources & Uses of Funds (Last Year)**

Sources of Funds	
Net earnings for the period	\$2,391,334
Depreciation	\$240,375
Decrease in intangible assets and deferred charges	\$42,740
Total	\$2,674,449
Use of Funds	
Increase in working capital	\$848,385
Property, plant, equipment additions	\$1,262,564
Cash dividends paid	\$563,500
Total	\$2,674,449
Analysis of Increase in Working Capital	
Increase (Decrease) in current assets	
Cash	\$71,741
Accounts receivable	\$(1,085,436)
Inventory	\$415,625
Other current assets	\$50,012
	\$548,059
Decrease (Increase) in current liabilities	
Accounts payable	\$(473,044)
Notes payable	\$1,187,000
Accrued expenses	\$149,130
Accrued taxes payable	\$554,223
Other current liabilities	\$(20,865)
	\$1,396,444
Net increase in working capital	\$848,385

TABLE 4**D.G. Barnhouse Co., Inc****Quarterly Sales and Earnings per Share Record****(Sales in \$ Million; Earnings and Dividends in \$)**

Quarter	Last Year	2 Yrs Ago	3 Yrs Ago	4 Yrs Ago
First	\$10.64	\$10.69	\$8.69	\$7.09
Second	\$9.78	\$10.48	\$7.75	\$7.23
Third	\$9.40	\$9.36	\$7.93	\$6.91
Fourth	\$8.41	\$8.25	\$7.11	\$6.71
Earnings/ share	\$0.41	\$0.40	\$0.38	\$0.40
Divi- dends/ share	\$0.11	\$0.11	\$0.11	\$0.11

Quarter	5 Years Ago	6 Years Ago
First	\$6.40	\$6.34
Second	\$5.09	\$6.99
Third	\$6.74	\$6.88
Fourth	\$6.61	\$6.29
Earnings/ share	\$0.05	\$0.25
Divi- dends/ share	\$0.11	\$0.11

TABLE 5

D.G. Barnhouse Co., Inc Employee Age Groups

Age	Number of Current Employees
Under 30	164
30-39	112
40-49	90
40-59	73
Over 60	61
Total	500

56% Married

44% Single

TABLE 6

D.G. Barnhouse Co., Inc

Term of Service	Number of Current Employees
0-2 years	71
3-9 years	160
10-14 years	49
15-20 years	122
Over 20 years	98
Total	500

63% Male

37% Female

Material Taken from:
Katz, Harry C., & Kochan, Thomas A.
(2004). *An Introduction to Collective
Bargaining & Industrial Relations* (3rd
Ed.). New York, NY: McGraw-Hill.

Glossary of Terms for Mock Bargaining

Accord- to bring into agreement

Ad Hoc Mediator- mediators hired in the event of a dispute between two parties over a specific dispute

Advocates- one that defends or maintains a cause or proposal

Agency Shop- a contract requiring nonmembers of the contracting union to pay to the union a sum equal to union dues

Apprentice- one who is learning by practical experience under skilled trade workers

Arbitration- method of deciding a controversy under which parties to the controversy have agreed in advance to accept the award of a third party (the arbitrator)

Authorization Card- statement signed by an employee designating a union as authorized to act as the employee's agent in collective bargaining

Bargaining Unit- specific group of employees represented by one authorized union or association for purposes of collective bargaining

Benefits- financial help in time of sickness, old age, or unemployment; a payment or service provided for under an annuity, pension plan, or insurance policy; a service (as health insurance) or right (as to take vacation time) provided by an employer in addition to wages or salary

Blue Flu- a "sick-out", or (especially by uniformed police officers) "blue flu", is a type of strike action in which the strikers call in sick

Bureau of Labor Statistics- bureau in the Labor Department that issues statistics affecting labor relations, including the Consumer Price Index to which some wage adjustment are tied

Business Agent- representative of a local union who handles its grievance actions and negotiates with employers, enrolls new members, and handles other membership and general business affairs

Business Representative- see Business Agent

Caucus- a closed meeting of a group of persons belonging to the same political party or faction usually to select candidates or to decide on policy

Certification-official designation by the National Labor Relations Board or similar state or federal agency that a labor organization is designated as the exclusive representative of employees in a certain bargaining unit.

Collective Bargaining- negotiation between an employer and a labor union usually on wages, hours, and working conditions

Consumer Price Index- an index prepared monthly by the Labor Department's Bureau of Labor Statistics measuring changes in prices of a specific "market basket" of commodities and services. It is significant in labor relations because wage escalation under some collective bargaining contracts is tied to the index

Concession- to accept as true, valid or accurate

Conciliation- is an alternative dispute resolution process whereby the parties to a dispute agree to utilize the services of a conciliator, who then meets with the parties separately in an attempt to resolve their differences. He does this by lowering tensions, improving communications, interpreting issues, providing technical assistance, exploring potential solutions and bringing about a negotiated settlement

Contract- a binding agreement between two or more persons or parties; especially; one legally enforceable

Costing- system of computing cost of production or of running a business, by allocating expenditure to various stages of production or to different operations of a firm

Cost of Living- the cost of purchasing those goods and services which are included in an accepted standard level of consumption

Employee Free Choice Act- the Employee Free Choice Act is a pending piece of legislation in the United States. Simplified, if passed, it will make it easier for employees to join unions

Employees- one employed by another usually for wages or salary and in a position below the executive level

Employer- to use or engage the services of; to provide with a job that pays wages or a salary

Escalator Clause- a clause in a contract providing for increases or decreases in wages, prices, etc. based on fluctuations in the cost of living, production costs, etc. (also called Cost of Living Adjustment, or COLA)

Fact Finder- one that tries to determine the realities of a case, situation, or relationship

Fringe Benefits—term used to encompass items such as vacations, holidays, insurance, medical benefits, pensions, and other similar benefits that are given to an employee under the employment or union contract in addition to direct wages

Furlough- a temporary leave of absence from employment. Voluntary Furloughs are essentially vacations. An involuntary furloughs may be mandated by an employer

“Good Faith” Bargaining- requirement that the parties to a contract (such as a collective bargaining agreement) regularly meet and discuss with a willingness to reach an accord on proposed new contract terms. It does not necessarily mean that any party is required to make a concession or agree to any proposal

Grievance- a cause of distress (as an unsatisfactory working condition) felt to afford reason for complaint or resistance

Grievance Arbitration- submitting those disputes for arbitration that arise over the interpretation of an existing agreement. If arising from a collective bargaining agreement, it is also called grievance arbitration. See also interest arbitration

Grievance Committee— committee designated by a union to meet periodically with the management to discuss grievances that have accumulated

Impasse- a predicament affording no obvious decision

Industrial Relations- the field of industrial relations (also called labor relations) looks at the relationship between management and workers, particularly groups of workers represented by a union. Labor relations can take place on many levels, such as the “shop-floor”, the regional level, and the national level. The distribution of power amongst these levels can greatly shape the way an economy functions

Inflation-a continuing rise in the general price level usually attributed to an increase in the volume of money and credit relative to available goods and services

Injunction— injunctions are court orders. In the years before the Norris-LaGuardia Act of 1932, management often used injunctions to keep unions from striking and picketing

Interest Arbitration- submitting those disputes for arbitration that arise from disagreement over what terms or conditions should be included in an agreement

Interest Based Bargaining- a process that enables traditional negotiators to become joint problem-solvers. It assumes that mutual gain is possible, that solutions which satisfy mutual interests are more durable, that the parties should help each other achieve a positive result

International Union– a nationally organized union having locals in another country, usually Canada

Iowa Chapter 20- rules and terms for collective bargaining set forth by the state of Iowa

Journeyman- a worker who has completed their apprenticeship training but has not become a master tradesman or an employer

Just Cause- the usual standard for discipline, requiring sufficient and fair grounds before punishing an employee; the burden is on the company for establishing just cause

Lockout– a lockout is the opposite of a strike. In a lockout, employers shut their plant (and stop paying wages) to pressure the union into accepting their viewpoint

Manager- the individuals who are responsible for the maintenance, administration and management of the affairs of a company

Mediation- a negotiation to resolve differences that is conducted by some impartial party

Mediator- one that mediates; especially: one that mediates between parties

National Labor Relations Act- a 1935 United States federal law that limits the means with which employers may react to workers in the private sector that create labor unions, engage in collective bargaining, and take part in strikes and other forms of concerted activity in support of their demands

Negotiation- to confer with another so as to arrive at the settlement of some matter

Neutral- not engaged on either side

Overtime– period worked in excess of a standard workday or workweek, for which time a wage rate above the standard is usually paid; premium pay received for overtime work

PERB- the Public Employment Relations Board (PERB or Board) is a quasi-judicial administrative agency. It is charged with administering the seven collective bargaining statutes covering public employees. This includes people who work in public schools, colleges, and universities, employees of the State, employees of local public agencies (cities, counties and special districts), trial court employees, trial court interpreters

Party- a person or group taking one side of a question, dispute, or contest

Picket- a person posted by a labor organization at a place of work affected by a strike; also; a person posted for a demonstration or protest

Prohibitive Practice- discrimination on account of race, sex, religion, national origin, age, marital status, political affiliation, or disability

Rank and File– members of a union other than the officers

Ratification-to approve and sanction formally an agreement; confirm

Right-To-Work Laws– laws passed by some States guaranteeing individuals the right to hold a job and receive all negotiated wages, fringe benefits and working conditions, whether or not they join a union

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