A STUDY OF LABOR-MANAGEMENT RELATIONS:

THE UNITED STATES POSTAL SERVICE AND
THE AMERICAN POSTAL WORKERS UNION

by

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B.A., Economics
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Submitted to the Sloan School of Management
in Partial Fulfillment of the Requirements for the Degree of

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Abstract

The United States Postal Service (USPS) is a labor-intensive organization that
employs a powerful unionized workforce. Historically, the relationship between
the USPS and its unions has been adversarial. Over the years, a number of
efforts have been made to improve labor-management relations throughout the
Postal Service. The most prominent of these efforts was the implementation of
the Postal Service's Employee Involvement and Quality of Work Life (EI/QWL)
programs.

This paper will examine the relationship between the USPS and its largest, and
some say its most adversarial, union, the American Postal Workers Union
(APWU). The APWU is the only major postal union that does not participate in
the EI/QWL programs. During the past two years, however, the Postal Service
and the APWU have worked together to address major labor-management
issues and developed a good working relationship at the national level as a
result.

Through a combination of literature search and a series of interviews, this paper
will review the historical events that shaped postal labor-management relations,
outline areas of friction between the parties, pinpoint actions that brought about
improved APWU/management relations at the national level, and analyze the
ability of the parties to devolve improved cooperation at the national level
throughout various lower levels within the organization.

Thesis Supervisor: Robert B. McKersie

Title: Society of Sloan Fellows Professor
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Disclaimer—This thesis does not purport to represent the policies or position of the United States Postal Service. The author assumes total responsibility for the accuracy of this thesis. The opinions, conclusions, and recommendations herein are strictly those of the author. No official United States Postal Service approval is expressed or implied.
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Introduction

The United States Postal Service (USPS) faces significant challenges as it seeks to define its future role in the highly competitive communication industry. Technological innovation in the form of fax, electronic mail, pay by phone, and other uses of the information superhighway have reduced the Postal Service's overall market share of correspondence and transactions. In addition, new advertising outlets, such as cable television and private delivery firms, have increased customer demand for highly reliable delivery of advertising mail at competitive prices.

The USPS is a labor-intensive organization with a workforce represented by some of the nation's most powerful unions. Despite the investment of billions of dollars to mechanize and automate the processing of mail, labor continues to represent 80 percent of the Postal Service's costs.\(^1\) As competitors bring new products and services to market each month, it has become imperative for the Postal Service to maintain a strong working relationship with its employees in order to respond quickly to changing customer needs. To succeed in the future, the Postal Service must find ways to avoid labor-management conflicts that could cause it to fall behind the evolution taking place in the industry.

This paper will focus on the relationship between the Postal Service and its largest, and some say its most adversarial, union, the American Postal Workers Union (APWU). We will discuss the historical events that shaped postal labor-management relations, outline areas of friction between the APWU and the Postal Service, pinpoint actions that brought about improved USPS/APWU

relations at the national level, and, ultimately, analyze the ability of the parties to devolve improved cooperation at the national level throughout various lower levels within the organization.

A combination of literature review and personal interviews were the basis for this paper. Given the size and breadth of the Postal Service, it was impractical to interview a statistically representative sampling of labor leaders and managers. However, numerous national surveys of employee opinion of the workplace and studies of postal manager attitudes and management styles were reviewed, and several were used in this paper to support generalizations of employee and manager perceptions on specific issues. When selecting individuals to interview, every effort was made to obtain a cross-section of views on the issues. For example, people interviewed included representatives from each of the different levels of the organizations (field, area/region, and national headquarters). For the most part, those interviewed were advised that their comments would remain anonymous to ensure that open and honest answers were received to those questions asked. Every effort was made to conceal the sources' identities to ensure their anonymity would be maintained. Interviews were conducted with the most prominent and knowledgeable people at various levels within in each organization.

Questions asked during these interviews (see Appendix A) focused on gaining a greater understanding of the historical relationship between the USPS and APWU and areas of contention that developed between the parties. They also delved into the recent improvement in the relationship and the reasons for the turnaround at the national level. Conclusions and recommendations found at the end of this paper were drawn from these responses.
Chapter 1: Historical Perspective

In order to fully comprehend the dynamic relationship that exists between the United States Postal Service (USPS) and American Postal Workers Union (APWU), one must first gain a historical perspective of the events that shaped their present day association. A number of factors have greatly influenced the postal labor-management relationship during the early 1900s, including the unions' lack any formal bargaining power and the Post Office's reliance on Congress to establish wages and generate revenues through the setting of postal rates. In this chapter, we will look at those influencing factors as well as the origins of the postal labor-management relationship, the events that led to the postal reorganization in 1970, and the current structure and organization of the USPS and APWU.

Origins of the Postal Labor-Management Relationship

Postal employees were the first federal employees to join unions in large numbers. For most of the nineteenth century, favoritism and partisanship dominated the postal personnel system. Individuals received their jobs through political ties and would lose their jobs when there was a national change in the controlling political party. Workers were expected to actively support the party. Failure to do so would often result in dismissal. Postal workers had no legal protection since working conditions including wages and hours were fixed by the local postmaster. The local postmaster paid his employees from the lump-sum appropriation given to him by the Post Office Department.
Employees were subjected to extraordinarily capricious and arbitrary treatment. There were gross inequities in pay and work hours within individual Post Offices as well as throughout the postal system.²

The Civil Service Act of 1883, targeted at eliminating the abuses described above, dramatically changed the Post Office Department. Congressman were no longer interested in the plight of postal clerks and carriers because of the loss of patronage value. With loss of access to their patrons, Post Office workers soon united among themselves to protect their interests and improve their situations. The organized labor movement resulted with the formation of the National Association of Letter Carriers in 1889. The first clerical union was formed in 1890. At first, there were a number of attempts by Post Office management to limit the activities of the unions. In 1912, passage of the Lloyd-LaFollette Act was passed. It recognized the right of federal civil servants to form associations for promoting their own welfare provided they did not assert the right of public employees to strike.³

The unions, formed to represent the interests of postal workers, placed special emphasis on cultivating good relations with members of Congress. Wages, job classifications, conditions of job security, and even details of work assignments were determined by Congress through tripartite bargaining with the Post Office Department and the postal unions. The unions became expert lobbyists. Their political strength was derived from a combination of resources. The size of the

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³Ibid., pp. 80-82.
unions (600,000 union members) gave them a presence in all Congressional districts and a large potential voting block whose numbers were enhanced when friends, families, and daily contact with the American public were considered. The unions were well organized with strong organizations in Washington, DC. Their full-time staffs refined and expressed opinions and kept tabs on supporters and opponents. Although the Hatch Act prohibited postal workers from direct involvement in political campaigning, the unions were able to put their resources at the disposal of their Congressional friends by having postal spouses participate in campaigns and holding testimonials for these officials. The unions were very successful in getting favorable legislation passed by Congress. 4

The tripartite relationship between Congress, the union, and Post Office Department management was extremely complicated. The unions and management competed with each other for congressional considerations. Internally, there were no formal requirements for labor-management discussions. The postal unions generally developed petitions outlining recommended changes to working conditions at their national conventions. The petitions were then presented to senior management at the Post Office Department for action. The department would prepare detailed responses to these petitions, often without satisfying employee concerns. Below the national level, it was up to the local manager to decide whether labor-management discussions took place. The level of participation in local discussions varied across the country. 5

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4Ibid., pp. 82-84.

Individual employee grievances were handled in a variety of ways. Since there was no formal contract between management and employees, grievances were limited to violations of federal law, internal Post Office Department directives, or the character of supervision. There was a formal grievance procedure that had four levels of appeal (supervisor, unit head, regional director, and, finally, Postmaster General). Since all these appeals were ultimately decided by Post Office officials, employee success rate was limited. If the employee was a veteran, he/she could also appeal to the Civil Service Commission. Finally, when all else failed, the employee could appeal to a member of Congress seeking his/her intervention on the employee's behalf.6

**Unions Gain Recognition**

The first major breakthrough in formal union bargaining came when President John F. Kennedy signed Executive Order 10988, Employee-Management Cooperation in the Federal Service on January 17, 1962. This order resulted in the formal recognition of postal unions and provided for the first collective bargaining agreement in Post Office history. However, even though workers made great progress in gaining recognition, the unions' bargaining powers were limited to working conditions. They were still unable to bargain for wages and benefits. The order provided workers with advisory arbitration when an impasse was reached on bargaining issues and as the final step in the grievance process. The lack of binding arbitration meant that management would continue to retain the upper hand in the bargaining and grievance processes since they had final determination in the outcome. The unions continued to effectively lobby Congress after this legislation.7

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6Ibid., pp. 18-19.

7Ibid., pp. 19-20.
Managing the Post Office Department

Prior to 1970, the Post Office was a department of the federal government and it experienced many difficulties trying operate as a business under the federal bureaucracy. A major source of the Post Office's frustration was its inability to generate revenue through increases in rates and to control its costs through establishment of wages. In addition, it could not plan effectively for the future since it could not borrow capital funds to finance long-term investments. Congress set postal rates, established employee compensation levels, and provided capital funds to the Post Office on an annual basis. Congress preferred to keep employee wages high and postal rates low to satisfy two main constituencies: postal employees and major mailers, such as newspapers and those using the mail for bills and payments. This left postal managers with little for capital investments. Consequently, workers were required to handle and sort mail with antiquated facilities and equipment. At the same time, the volume of mail was steadily increasing beyond the infrastructure's ability to provide good service to the American public. The lack of funds to build the facilities needed to handle the increasing volume of mail further influenced labor-management relations by creating an unsafe work environment for the union employees.8

The selection of postmasters and senior postal managers was highly political. Many of these managers received their jobs through political patronage and often times had limited managerial skills and little if any knowledge of the Post

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Office itself. Therefore, the Post Office was handicapped because, rather than promoting or hiring the most talented and capable people into key positions, it had to make do with the abilities and skills of those provided by the political system.\textsuperscript{9}

The Post Office was a top-down organization. Postal managers were treated by Congress and senior Post Office officials in an autocratic manner. They were given staffing and budget allocations but rarely asked for input regarding their actual needs. This left them, in a sense, powerless and naturally predisposed to impose a similar autocratic style of management on their employees.\textsuperscript{10}

Finally, the ability of employees and their unions to bypass management and appeal to Congress left management emasculated. Management was compelled to bend to Congressional interference on employee matters because of Congressional control of Post Office funding.

\textbf{Events Leading to Postal Reform}

By the mid-1960s, the Post Office was in a state of decline. Federal discretionary spending was targeted for social programs established during the early 1960s; mail volume was growing; postal facilities were no longer conducive to a safe and productive work environment; and employees' salaries began to lag behind those in the private sector. The combination of poor working conditions and uncompetitive salaries resulted in high employee

\textsuperscript{9}Ibid., p. 3.

\textsuperscript{10}Ibid., pp. 20-28.
turnover rates in several urban areas of the country. At the same time, the lack of proper facilities and equipment and a shortage of highly trained staff began to have an adverse affect on the Post Offices' ability to deliver quality levels of service. To compensate, management soon began to seek greater productivity levels from workers, straining the labor-management relationship.11

The best summation of the conditions faced by the Postmaster General at this time could be found in a question posed by Congressman Tom Steed (D-Oklahoma) to Postmaster General Lawrence O'Brien during a 1967 appropriations hearing to which O'Brien responded in the affirmative:

"Would this be a fair summary: that at the present time as the manager of the Post Office Department, you have no control over your workload, you have no control over the rates of revenue, you have no control over the pay rates of the employees that you employ, you have very little control over the conditions of the service of these employees, you have virtually no control, by the very nature of it of your physical facilities, and you have only a limited control, at best, over the transportation facilities that you are compelled to use—all of which adds up to a staggering amount of 'no control' in terms of the duties you have to perform."12

Kappel Commission
The most glaring example of the magnitude of the Post Office's problems can be traced to 1966 when the largest postal facility in the country was forced to close. The main Chicago Post Office was literally shut down for two weeks

11Ibid., pp. 20-28.

12Ibid., p. 20.
because it could not process the enormous amount of mail it was receiving. The Chicago Post Office was the logistical hub for mail moving from coast to coast and, therefore, its shutdown had a major effect on service throughout the nation. As a result, Postmaster General O'Brien actively pursued reform of the postal system to ensure that such a disaster would never happen again. Realizing the devastating impact such a crisis could have on the nation's business, President Lyndon Johnson appointed the President's Commission on Postal Organization—which was headed by Frederick Kappel and, hence, known as the Kappel Commission—to determine whether the postal system was capable of meeting the demands of the nation's growing economy and expanding population. The commission's June 1968 report found the Post Office to be in a declining condition, citing poor working conditions, poor craft and management employee skill levels, and poor labor-management relations. Robert R. Nathan Associates, the commission's contractor on personnel and labor relations best described the labor-management relations as follows:

"With wages and fringe benefits determined by Congress, management is left with the unenviable task of bargaining only the complex human relationships and conflicts inherent in such subjects as the grievance procedure; promotions, reassignments, and posting of job vacancies; seniority; parking control; adverse action and appeal procedure; and advisory arbitration and optional mediation. Without the ability to negotiate basic money issues, and with the implied threat that the unions may carry their grievances to Congress, management has had little room to maneuver and has yielded bits of its authority without buying union cooperation in improved management or productivity."14

13 Tierney, Postal Reorganization, pp. 9-12.

14 U.S. President's Commission on Postal Organization, p. 20.
The commission ultimately recommended that the Post Office Department be replaced by a government corporation owned by the federal government and chartered by Congress. It further recommended that this new entity be self-sufficient and tasked with improving service levels, increasing the efficiency of postal operations, and improving labor-management relations.\textsuperscript{15}

\textbf{Postal Reorganization Act of 1970}

In March 1970, a growing concern about wages and working conditions and fears of the potential impact that pending postal reorganization legislation would have on the Civil Service protection of union members led workers to go on strike. More than 200,000 union employees participated in a nine-day illegal strike. The strike resulted in both Congress's and President Richard M. Nixon's promise to increase employee wages, their assurance of continued Civil Service protections for union members under pending legislation, and a commitment that there would be no retribution against employees who went on strike.\textsuperscript{16} Moe Biller, as president of the Manhattan Bronx Postal Union, played a key role in leading the strike. Union solidarity in the New York area was critical to the success of the strike, which ultimately crippled the delivery of mail to the financial capital of the world and brought about concessions for postal workers. Biller would later become president of the APWU, as we will discuss later in this chapter.\textsuperscript{17}

\textsuperscript{15}Ibid., pp. 1-6.


In August later that year, Congress finally passed the Postal Reorganization Act, which removed the Postmaster General from the President's cabinet and established the United States Postal Service (USPS) as a government corporation. The USPS was chartered with providing universal nationwide mail service at uniform prices and acting as a self-sustaining, not-for-profit organization that would have the authority to raise funds by setting postal rates. The USPS was also allowed to borrow capital funds and, for the first time in its history, engage in long-term fiscal planning. This enabled the USPS to plan for the procurement of modern equipment and facilities and improve the quality of its services.  

In the area of labor-management relations, the USPS was tasked with establishing wages for its employees at a level comparable to the private sector. The Postal Reorganization Act further provided for collective bargaining on wages and working conditions as regulated by the National Labor Relations Board. The act also provided final resolution of disputes (contract negotiation and grievance procedures) through binding arbitration when impasse was reached. Binding arbitration was provided because postal workers continued to be precluded from striking as part of the reorganization legislation. In addition, the act established supervisory and management associations and required USPS management to consult with these associations on issues regarding employee salaries and other work-related conditions.  

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19 Ibid., pp. 23-24.
USPS-APWU Today

*United States Postal Service*

Today, the United States Postal Service (USPS) enjoys a legal monopoly on mail delivery through the Private Express Statutes. In Fiscal Year 1994, it handled more than 177 billion pieces of mail or about 580 million pieces of mail each day. During that same year, the USPS employed nearly 729,000 career and 37,000 non-career employees and provided access to mail services through more than 40,000 post offices and retail units across the nation, while maintaining an operating revenue of approximately $50 billion. The large volumes and highly efficient operations enable the Postal Service to charge postal rates, which are among the lowest in the industrialized world today.²⁰

The USPS management is overseen by the Postal Board of Governors, which is comprised of an 11-member board comparable to the board of directors of a publicly-owned corporation. The President of the United States, with the advice and consent of the Senate, appoints nine of the governors to the Board. These nine governors, in turn, select a Postmaster General, who, along with the governors, select a Deputy Postmaster General. The Board's primary responsibilities include directing and controlling expenditures of the Postal Service, reviewing its practices, conducting long-range planning, and establishing policies related to all postal matters.²¹ The USPS is charged with being a self-sustaining entity that operates on a break-even basis. The Postal Rate Commission, an independent regulatory agency established in 1971 to


²¹ Ibid., p. 12.
oversee Postal Service requests for changing rates, mail classifications, and services, oversees the setting of postal rates. The Commission consists of five members who are also appointed by the President and confirmed by the Senate.\textsuperscript{22}

The Postal Service employs more than 640,000 career bargaining unit employees. They are organized along craft lines and represented by four major postal unions: the National Association of Letter Carriers (approximately 230,000 city letter carriers), the National Rural Letter Carriers Association (45,000 carriers), the National Postal Mail Handlers Union (about 54,000 mail handlers), and the American Postal Workers Union (APWU).\textsuperscript{5} These unions represent their crafts on issues of wages and working conditions through a collective bargaining process.\textsuperscript{23}

The USPS is a hierarchical entity organized along functional lines at the national and field levels (see Appendices B and C). Its headquarters office delegates responsibility for field operations to 10 area vice presidents. These areas, in turn, oversee 85 performance clusters. The two key USPS operational functions within the performance cluster are "Customer Services" and "Processing and Distribution." The Customer Services' function operates community post offices and stations in 85 districts (one per performance cluster) throughout the United States. On average, less than 100 people work in each of these stations or post offices, which are generally staffed upwards to 12 hours a day and are responsible for retail services, delivery and collection, and sorting of mail destined for their geographic areas. The USPS consolidates the bulk of

\textsuperscript{22}Tierney, Postal Reorganization, p. 109.

its mail sortation at 352 Processing and Distribution facilities (several per performance cluster). These plants, which operate 24 hours a day on a 6- or 7-day per week schedule, function like a traditional factory, using mechanized and automated equipment in addition to manual operations to process mail. Some of the larger processing and distribution plants occupy as much as 1 million square feet of space and employ as many as 4,000 employees.

**American Postal Workers Union**

The American Postal Workers Union (APWU) is the largest of the postal unions, representing more than 320,000 employees nationwide. The APWU is an extremely complex organization that was formed in July 1971 through the merger of various craft associations. The largest of the merged units were the United Federation of Postal Clerks (175,000 members) and the National Postal Union (70,000 members). They were later joined by the National Association of Post Office and General Services Maintenance Employees, the National Federation of Post Office Motor Vehicle Operators, and the National Association of Special Delivery Messengers. Today, each craft—which includes clerks (representing more than 270,000 employees), maintenance workers (more than 40,000 employees), motor vehicle operators (about 7,500 employees), and special delivery messengers (1,500 employees)—elects its own union president. The APWU operates like a federation at the national level to oversee the actions of these various crafts and establish nationwide

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24 Ibid., p. 37.


policies and procedures. The APWU directs it work through 5 regional offices (see Appendix D), which service more than 3,900 local unions.

The APWU takes great pride in its efforts of social issues in the workplace and in the community at large. It has actively supported charities such as the March of Dimes and the Muscular Dystrophy Association. The APWU has worked hard to provide relief to postal employees who find themselves victims of natural disasters such as floods and earthquakes. The APWU has been on the forefront of minority issues. It is active in support of women, blacks, hispanics, and other minorities in the workplace and is quick to take stands on more global minority issues such as South Africa and the Rodney King case in Los Angeles. The leadership of the APWU is highly diverse with many minorities and women in high-ranking positions. The APWU has been very supportive of handicap employees. Its efforts on the hearing impaired led to the signing of a memorandum of understanding, which provided on-the-job assistance for hearing impaired employees. Last, but not least, the APWU is very patriotic and protective of veterans' preference rights of its former military members.

Moe Biller

Since 1980, the APWU has operated under the leadership of Moe Biller (APWU President) and William Burrus (APWU Vice President). Biller first entered the Postal Service in 1937 as a clerk, and, today, possesses more than 58 years of

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27Tierney, Postal Reorganization, p. 115.


29Walsh and Mangum, pp. 213-216.
experience working in the postal field. Growing up on the Lower East Side of New York during the depression, he developed an ability to confront difficult situations head on, which he has used effectively over the years to help improve union members' working conditions, wages, and benefits. Recognized by both management and union members as a strong leader, Biller has been able to keep his finger on the pulse of the APWU's activities. He has earned a reputation as a militant hard-liner over the years as demonstrated by his leadership role during the 1969 New York postal workers' strike, which was instrumental in helping to define the USPS as it is known today. Biller has worked relentlessly at improving the efficiency of his operation and getting the best possible deals for his union members. As a strong advocate of the union's right to strike, he has continued to lobby Congress to change the laws that restrict postal strikes.30

**Postal Plants—A Labor-Management Hotbed**

The relationship between the USPS and APWU has been greatly influenced by the introduction of state-of-the-art technology and equipment to the workplace. Since the postal reorganization, management has focused on increasing efficiency and meeting processing deadlines to achieve service standards. Those most affected by these actions have been the workers in the postal processing and distribution plants, where the greatest concentration of APWU members are employed. When unified, these plant workers represent a large voting block that is capable of electing union leadership candidates who are most sensitive to their needs.

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30Walsh and Mangum, pp. 141-162.
Prior to the 1960s, each Post Office canceled and processed mail manually. The conversion from a manual to mechanized mail processing systems began in earnest in the 1970s as a result of the systemwide deployment of Facerc Canceler Machines (FCMs) and Multi-Position Letter Sorting Machines (MPLSMs). In order to optimize the benefits of this equipment, the USPS transferred the responsibility of canceling and sorting mail from the local post offices to the large postal plants. Processing efficiencies were later enhanced with the introduction of automation in the 1980s. Multi-Line Optical Character Readers (MLOCRs) and Mail Processing Bar Code Sorters (MPBCSs) were the primary drivers of the automation program. MLOCRs and MPBCSs process mail at over 30,000 pieces per hour. An MLOCR reads the address on the face of the envelope, determines the correct ZIP code using its directory, sprays a barcode representation of the ZIP code in the lower right-hand corner of the envelope, and, finally, sorts the mail in up to 60 stackers. MPBCSs sort barcoded mail in up to 100 stackers. The Postal Service’s strategy was to move letter mail through the most efficient operation available. In postal terms, letter mail was moved “up the distribution ladder” from the traditional manual operation at 800 pieces per hour to the mechanization processing at 1,600 pieces per hour and, finally, to the new automated system at approximately 7,500 pieces per hour.

At the same time that the Postal Service was increasing the efficiency of its internal operations, it was establishing price discounts for mailers who were able to increase their level of mail preparation. The presorting of mail to bypass postal distribution and other handling operations in effect transferred workload from postal plants to mailer plants.

The significant increase in productivity and introduction of mailer discounts had a tremendous impact on APWU clerks, who bore the brunt of these changes. The number of career clerks dropped from a high of 304,000 in 1988 to the
current level of 265,000 despite large increases in mail volume. Overall, more than 100,000 potential clerk positions have been eliminated either directly or through absorption of growth in volume afforded by these programs. In addition, thousands of other clerks have been reassigned to new positions requiring a new set of skills or had their work schedule changed.\textsuperscript{31}

The consolidation of mail in large, centralized locations resulted in the specialization of tasks. As a result, clerks found themselves working in operations paced by machines and performing repetitive tasks for an entire 8-hour day. The size of the postal plants has created a more depersonalized work environment where employees may work for a different supervisor each day. As a result of this atmosphere and attention to productivity, employee attendance, work rules, and discipline became issues of contention between labor and management in the postal plants.\textsuperscript{32}

In contrast, clerks working in local post offices, stations, and branches find themselves in more satisfying situations than is seen in plants. The smaller number of employees allows development of personal relationships between clerks and their supervisors. Most clerks perform multiple functions such as retail services, box section distribution, accountable clerk duties, distribution of both letter and flat mail, and other ancillary functions. According to those interviewed, this diversity of task leads to greater employee satisfaction.


Summary

Despite increased management autonomy and the establishment of employee rights to collectively bargain for wages and working conditions that came with the Postal Reorganization Act of 1970, labor-management relations in the Postal Service have been slow to develop. A number of problems remain from the days of the Post Office Department, including an autocratic management style, the use of third parties to settle disputes, and a general mistrust between labor and management. Much progress has been made since the enactment of the Postal Reorganization Act: service levels have improved, working conditions and plant facilities have been upgraded, and the USPS has become a self-sufficient organization. But, as we will see, the adversarial labor-management relationship that developed over the years continues to burden the day-to-day dealings between the groups.
Chapter 2: Efforts to Manage Labor-Management Relations

Several efforts have been made since the postal reorganization to better the relationship between labor and management. During the 1970s, the collective bargaining and grievance processes were expected to improve relations between the United States Postal Service (USPS) and the American Postal Workers Union (APWU). In the 1980s, the USPS focused on implementing Employee Involvement and Quality of Work Life programs. And, throughout the 1990s, the Postal Service has attempted to use an Employee Opinion Survey to improve employee-management relations. In this chapter, we will review each of these strategies and discuss their affect on labor-management relations based on responses from interviews conducted with postal managers and labor leaders.

Collective Bargaining

An anticipated outcome of postal reorganization was that labor and management would resolve issues internally through formalized collective bargaining and grievance processes, with the final decision determined by binding arbitration when necessary. During 1970s, the USPS and APWU restructured their organizations and made an effort to learn how best to deal with one another in their new environment. However, during this period, both sides appeared to spend more time learning about the new process than trying to improve their relationship. The bottled-up hostility that developed between labor and management prior to reorganization created an antagonistic environment where both sides became very aggressive during the bargaining and grievance processes. The APWU maintained a slight advantage over
management during this time as it benefitted from binding arbitration while continuing to effectively lobby Congress, use the media, and threaten to strike (despite the fact that striking was illegal) to pressure management into concessions.33

**Grievances**

Since it inception, the grievance process has been used effectively by both labor and management to reach agreements. However, the grievance process has also continued to create friction between the two parties. The grievance procedure was originally established as an orderly way of settling legitimate differences between labor and management. As such, it has successfully provided an avenue to resolve differences. The process itself, though, entails a rather lengthy and cumbersome 5-step approach. The first step involves an attempt to resolve issues between the local steward and the supervisor directly. If they cannot resolve the problem, the issue is forwarded to management and union designees who will try to settle the matter. If the designees cannot find a resolution, the case is directed to the National Business Agents (NBA) and Labor Relations at the Area Office for further review. If, at that point, the issue remains unresolved, the case is sent to the headquarters level of the national union and Postal Service. Ultimately, when all else fails, the last step is to seek arbitration where the parties are represented by advocates.

It is obviously in the best interest of both labor and management to settle their differences as early as possible, from both a pragmatic and economic standpoint. Arbitration costs, which are split 50/50 by the union and Postal Service, run almost $10 million annually. Throughout the interview process, a great amount of dissatisfaction was expressed regarding the way both labor and management handle grievances. One union official was concerned that

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"there was a lack of contractual compliance by management." He added that "I am compelled to file multiple grievances on the same matter because even after a settlement, management fails to comply, so I have to file the same grievances over and over again." Another union leader stated that there are problems with the grievance system and reluctantly admitted that some individuals are filing frivolous grievances. According to the union representative, "Grievances allow stewards to get away from monotonous work and, therefore, may encourage the filing of grievances which could be avoided." A common management complaint was that the union will defend anyone regardless of the merits of their case. One union official in response to a question regarding this management observation offered the following:

"I'm offended that we will take a thief right through the arbitration process. I am even more concerned that we often get favorable decisions from arbitrators on these cases. Management simply isn't doing its homework. If we keep winning these cases, how can we turn around and justify to our people that they are not worth pursuing? We have a legal duty to give our employees representation and every opportunity to win back their jobs regardless of our personal opinions."

Many of the grievances filed by employees seek redress of disciplinary action taken by management for attendance. Most offices have very rigid attendance regulations that result in automatic disciplinary actions with little regard for the individual circumstances of employees. Many of the union people interviewed commented that managers needed to be more flexible when it comes to attendance. In support of this view one manager spoke of a situation that occurred when he was a tour superintendent. He described how he was questioned by the director of mail processing about his apparent reluctance to discipline workers sufficiently. The director wanted to know why he hadn't filed any suspensions or letters of warning during the first six months of his tour. The
manager simply replied, "I didn't want to use discipline and was trying to manage [my department] without it. My productivity and service numbers were outstanding, but they weren't enough to convince my boss that I didn't need to use more discipline for attendance." On the contrary, many managers spoke of attendance abuse by employees as negatively impacting service and productivity. One manager said, "The union wants you to show flexibility but then uses those cases where flexibility is given as precedent setting. Therefore, the easiest thing to do is avoid all exceptions to the rules."

Numerous grievances have been filed over the years, many of which could have been resolved sooner if the 5-step arbitration process was properly administered by both parities. There were accusations from both labor and management that the other side tended to avoid making tough decisions and preferred to forward unresolved grievances to the next level. There was never any mention of grievances being pushed back down through the channels with the message that the grievance should have been settled at the lower level. As a result, the system has become overburdened with a backlog of complaints. There are no real winners in this process: legitimate grievances have been lost among the excessive piles of paperwork and people have lost confidence in the system. One industry observer offered the following regarding the Postal Service collective bargaining system:

"One might think that procedures that give employees so much protection from the arbitrary discipline of their employee would work to benefit the employees, but this is not so. The general breakdown of morale and morality that these procedures can foster is destructive to the work environment and makes jobs in the Postal Service less satisfying to most people."34

34 Sherman, p. 86.
Employee Involvement and Quality of Work Life

The Employee Involvement and Quality of Work Life (EI/QWL) initiatives were targeted at addressing concerns raised during the 1981 negotiations on the adversarial labor-management relationship in postal operations. At the time, Postmaster General William Bolger said, "I have taken a first step in a redirection of postal philosophy, away from the traditional authoritarian style of management and toward an increasing worker involvement in finding solutions to problems of the work place."\textsuperscript{35}

The EI/QWL programs were seen as the vehicles that could accomplish this goal. These programs embodied the conversion from a command and control to a consensus and empowerment environment. The extensive communication and team-building training incorporated in these programs were expected to create dialogue between the two parties. Both labor and management were to use regular meetings to gain a greater understanding of each other's concerns. In addition, it was anticipated that immediate redress of work place problems and the implementation of suggestions to improve the efficiency of job tasks would occur quickly under EI/QWL.

\textit{APWU Opposition}

The APWU has continually rebuffed management's offer to participate in the EI/QWL programs. In fact, the APWU is the only major postal union that has not embraced some form of the EI/QWL programs. This issue has received much attention over the years and continues to be a source of contention between the APWU and both postal management and their fellow unions. The APWU has

challenged the benefits of the EI/QWL programs insisting they are simply management tools to undermine the union. Of primary concern to the APWU was the selection of employees for participation in “quality circles” and work teams by management and not the union. When asked to pinpoint the opposition of EI/QWL, APWU Vice President William Burrus said, “EI/QWL programs break the bond between employees and their union...these programs destroy labor unions.” He went on to say that programs such as EI/QWL “satisfy individual concerns of employees at the expense of their fellow employee.”

According to one local president, the EI/QWL programs provide the USPS with a means of dealing directly with employees without the benefit of “guidance from the union.” Labor sees employees being drawn into commitments that may have negative consequences. The position among all labor representatives interviewed, however, is best summed up in the words of APWU President Moe Biller:

“The APWU has always been willing to cooperate with management but will never be coopted. EI/QWL seeks to coopt the union.”

Management’s Perspective
Postal managers interviewed perceived the EI/QWL programs as an opportunity to enhance the labor-management relationship at the ground level. They realized there was a need to get employees more involved and, at the same time, alter the way they conducted their business. Summing up the need for a mechanism such as EI/QWL, USPS Vice President of Labor Relations Joseph Mahon said, “Everyone wants change without doing anything different. If you keep doing what you've always done then you'll keep getting what you've always gotten.” EI/QWL was seen as the type of change needed by management to ensure supervisors and employees work together.
A Question of Benefit

During many of the interviews conducted, union representatives stated they saw no tangible benefits from the 13 years of EI/QWL programs. While they recognized there have been a few isolated successes, they've questioned management's motives for continuing to pursue these programs. It was said by one union representative that "it makes for good press, but, other than that, it makes no business sense." The lack of uniform participation across the country by the unions involved was seen as an indication that the programs were problematic for some workers. Since participation in these programs is voluntary, there have been instances where entire regions of the country refused to participate in the some of these programs. They argue that many of the "success stories" could have been easily attained through contractually provided joint labor-management committees, which will be further discussed later in this paper.

Many of the postal managers interviewed could not refute the fact that tangible EI/QWL results were hard to pinpoint. When an enthusiastic district manager was asked to supply hard facts on the benefits he has seen, he provided me with a Postal Service publication showing numerous successes. When asked specifically about his office, he responded, "There was no substantial improvement that could be tracked or that would show up in management operational performance reports." Given this response, a natural question arises: Why do some managers strongly recommend EI/QWL? The greatest benefit cited by several managers was that these programs provided an opportunity to open the communication channels between supervisors and employees. The communication training and team-building exercises were credited with this progress. These tools were seen as beneficial by those
managers who had active programs in their plants and districts. The fact that the parties communicated gave them a "better understanding of one another," according to one district manager.

The benefits of EI/QWL cited during the interview process were more than balanced by negative viewpoints. Several managers pointed to a reluctance on the part of union participants to agree to make operational changes, however small, without first gaining the approval of a higher level union authority. Yet, according the managers, these approvals never seemed to materialize. In addition, several managers pointed to the voluntary nature of participation in EI/QWL programs as creating a problem. In one case, a plant manager described how the union used the threat of withdrawing from QWL as a negotiating ploy. Since upper management was pushing participation in QWL, the manager was put in a compromising position, and he later withdrew from the program. Another plant manager complimented the APWU for having the "intellectual integrity" not to participate in EI/QWL. According to one manager, "Unless they [the union] are fully committed to the process, it won't work...not all postal unions participating have the necessary commitment and, therefore, [they] are giving these programs a bad name." The end result shows that, even among managers who actively participate in the EI/QWL programs, there are mixed viewpoints on the benefits of these programs as they are structured today.

Work Values Study

In 1983, the Postal Service hired the firm of Yankelovich, Skelly and White, Inc. (YSW) to study employees' and supervisors' work values and level of commitment to the Postal Service. Of the more than 7,000 surveys that were
distributed, over 4,000 were completed and returned. The results of the study found that postal employees have, at best, a "muted" commitment to the organization and are not performing their jobs as effectively as they could, if given the right conditions. The study also concluded, however, that the Postal Service is only marginally utilizing its most expensive asset—its employees.36

The study went on to say that while employees expressed a need for more autonomy and control of their jobs, the Postal Service was moving toward providing less-challenging, more repetitious, task-oriented assignments. In addition, it said the Postal Service was pursuing a more restrictive workplace and placing greater emphasis on efficiency and strong discipline regarding attendance.37

In short, the study concluded that the Postal Service had an opportunity to improve efficiency and service levels by motivating employees to perform above the minimum level required to retain their position. "Discretionary effort" was the term used to describe employee effort above the minimum and quickly became a management buzz word. Despite noble intentions, there were no managers interviewed who felt that improvement was seen from this study or that management successfully tapped the "discretionary efforts" of employees.38

36Tierney, pp. 136-137.

37Yankelovich, Skelly and White, Inc., A Study of the Work Values and Commitment of United States Postal Service Employees (October 1983)

38Ibid.
Duke University/USPS Executive Program

Edgar H. Schein in his book *Organizational Culture and Leadership* says that, “Cultures begin with leaders who impose their own values and assumptions on a group.” The most recent comprehensive assessment of the culture of Postal Service managers (leaders) was found in a 1988-1989 Duke University study of more than 400 Postal Career Executive Service (PCES) members. This number represented approximately 50 percent of all top Postal Service executives and, therefore, is a good sampling to gauge the progress made in labor-management relations since the postal reorganization in 1970. The one-week Duke program was a combination training/assessment activity.

During the 1988-1989 time frame, the Postal Service was aggressively implementing a modernization program that focused on automating the mail sorting process. The Postal Service was also seeking to change from an inwardly focused organization to one that was customer-driven. The participation of all postal employees in this effort was considered to be paramount to the success of the planned changes. This included unionized (bargaining) as well as non-bargaining employees. It was felt that the right culture—one that was committed to employees and the efficient delivery of service to the customer—would result in the successful implementation of postal corporate strategy and increase the loyalty of postal employees.

The Duke study found that “the USPS has a strong culture which was described as autocratic, functionally driven, internally focused, and moderately ready to change.” Generally, the cultural environment of the USPS can be described as more conservative than innovative, more results-oriented than process-oriented, more task-oriented than people-oriented, and more structured than
relaxed. According to the Duke University faculty, an emphasis on people is often proclaimed; however, when it comes to making decisions as to priorities, the emphasis is on budget first, service second, and people third.\textsuperscript{39}

The emphasis on results and structure were consistent with what managers felt were the preferred traits that the Postal Service needed to be successful. However, they felt that, given the need to change the service to stay competitive, more innovation and a sincere commitment to becoming more "people-orientated" were essential. Mistrust, an internal focus, and a weak marketing position within the service were considered major impediments to change.\textsuperscript{40}

The Duke study team made a number of recommendations to change the postal culture, including maintaining consistent management behavior in support of the cultural changes desired as well as recognition and praise of innovation and employee participation. The study warned against allowing leadership to push innovation one day and punish a manager the next if he takes what appears to be a reasonable risk but fails. The team also suggested that the Postal Service not encourage employee participation and then be non-responsive to reasonable suggestions made by workers.\textsuperscript{41}

**Employee Opinion Survey**

In 1991, the Postal Service piloted the Employee Opinion Survey (EOS). The purpose of the survey was to gauge employee opinions in the following areas: job attitudes, employee commitment, working conditions, career development,


\textsuperscript{40} Ibid., pp. 1-2.

\textsuperscript{41} Ibid., pp. 2-4.
training, employee-management relations, employee treatment, employee participation, performance management, recognition and rewards, communications, quality, and customer satisfaction. Since 1992, all career postal employees, both bargaining and non-bargaining workers, are given the opportunity to participate in this survey.

In the 1994 survey, more than 70 percent of all employees completed the survey. Respondents were given and asked to choose from five possible descriptions of their attitude toward different statements. Their choices included either “very good, good, average, poor, and very poor” or “strongly agree, tend to agree, hard to decide, tend to disagree, and strongly disagree” to others. The survey results indicated a number of positive reasons why the Postal Service was considered to be a good place to work. Responses from bargaining (union represented) unit employees that reflect this attitude included the following:

• 82% rated their pay and benefits as “good” or “very good”

• 74% “agreed” or “strongly agreed” that they liked the kind of work they did and were proud to work for the Postal Service

• 91% “agreed” or “strongly agreed” that they were committed to the success of the Postal Service

• 88% “agreed” or “strongly agreed” that they knew how their work impacts customer satisfaction

• 76% “agreed” or “strongly agreed” that competition presents a serious threat to the Postal Service
The survey also indicated, however, that there were many areas of concern. For example, among clerks, clerical, and secretarial respondents (the vast majority of whom are represented by the largest craft within the APWU), the following responses were received:

- 34% “agreed” or “strongly agreed” they were concerned that they might be a victim of physical violence at work

- 49% “disagreed” or “strongly disagreed” that, generally, union and management work well together

- 55% “disagreed” or “strongly disagreed” that supervisors consistently followed the provisions of the national agreement

- 69% “agreed” or “strongly agreed” that supervisors/managers often make personnel decisions based on favoritism

- 75% “disagreed” or “strongly disagreed” that applicants who are promoted to supervisor or manager positions are the most qualified

- 60% rated the Postal Service as “poor” or “very poor” when it comes to doing something about their problems, complaints, and ideas

- Only 25% felt that the Postal Service was “good” or “very good” when it came to treating employees with respect

- 80% “agreed” or “strongly agreed” that, in their area, some people do most of the work while others do just enough to get by

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• 75% “disagreed” or “strongly disagreed” that they were rewarded for high levels of performance

The survey results were consistent with those found in previous studies conducted on the postal workplace. The results indicate that labor and management remain far apart in their viewpoints and that working conditions still need to be improved. It appears from the results of the survey that employees are generally dissatisfied with major elements of their jobs, which they feel further constrain their job performance.42

**Managing EOS**

The Postal Service continues to use EOS as the basis to monitor employee satisfaction levels and measure the results of efforts targeted at specific areas of concern. In addition, the results have been incorporated into manager evaluations and are given equal consideration along with financial performance and customer satisfaction during the review process. The results are also used to evaluate candidates for promotions. A great deal of importance has been placed on the EOS results and managers have used the survey as a great motivator for change. However, during the interview process, both labor and management expressed some concerns about the usage and effectiveness of the results.

Because of the direct impact on their evaluations, managers have initiated programs based on the EOS results to improve their scores and those of their subordinates. For example, one plant manager interviewed proudly talked about the development of individual plans for each of his subordinate managers

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geared to “specific weaknesses identified in the surveys.” To supplement this effort and gauge interim improvement, this facility devised its own anonymous survey and distributed it on a quarterly basis. Another plant manager said she used consultants to conduct sensitivity training to improve her facilities' EOS scores. For the most part, managers were found to be using the EOS results and feel that they can see improvement and are committed to making a change.

On the other hand, the APWU is concerned that the survey results could be used against postal employees. For example, one survey question asked employees to rate their pay. The response indicated that approximately 86 percent of all clerks believed their pay was “good” or “very good.” One APWU official made an unsubstantiated claim that the Postal Service misused this information during contract negotiations, stating that such responses regarding satisfaction of pay levels were used as evidence that employees are overpaid. The mere rumor that such an incident occurred, resulted in union threats not to participate in this year’s survey. The union also pointed to a change in the language of some of the questions, which they claim resulted in more favorable responses for management. Furthermore, they questioned the integrity of EOS trend information because the wording of questions had been modified from year to year. They also cited the elimination of a question asked in an earlier EOS survey which resulted in responses that were unfavorable to management. The unions' greatest concern was that the survey obviated the their role in the employee-management relationship. As one national union officer said, “The union is the voice of the employee. We've been telling management about these problems for years with no action taken. This is just another gimmick to get employees to think that management cares while diminishing the role of the union.”
At the same time, several managers expressed concerns about employees using the EOS as a means of targeting individual managers based on a single incident or at the behest of a single individual. According to one district manager, the fact that this data was now a part of the manager's evaluation and considered a factor toward promoting individuals, "placed too much power in the hands of the union." When asked this question, one local union president said, "I could skew the responses to EOS in a matter of weeks if I was so inclined."

Despite the controversy, it was obvious from the interviews conducted with both labor and management that EOS helped raise problem awareness levels and triggered activity targeted at improving employee satisfaction by resolving problem issues.

**A Balanced View of Culture**

The broad generalization of the adversarial relationship between labor and management obviously does not apply to each and every situation. During the interview process there were many truly positive anecdotal stories shared by both labor leaders and postal management which illustrated that good labor-management relations do, in fact, exist. For example, the Postal Service and its employees have a long history of working together closely during times of crisis. Postal workers have had to overcome some of the nation's most adverse situations, including the riots in Los Angeles, hurricanes in Florida, and earthquakes in California, to get the job done and serve the American public. It is during these times when the true values and commitment of postal workers seem to rise to the top.
This spirit of common purpose is not limited to such crisis situations, though. There were many examples cited during the interview process of strong day-to-day labor-management relations. For example, a number of agreements were reached between the parties during the Frank administration despite their often bitter relationship at the national level. On one such occasion, they agreed to allow inter-level bidding between the three levels within the clerk craft. This action benefitted both parties as craft employees who were affected by the change received greater flexibility in their choice of assignments. At the same time, management found it could use the increased flexibility to accommodate changes brought about by the deployment of automation. When asked how such a deal could be worked out given the general state of affairs between the parties, both labor leaders and postal managers involved in the negotiations spoke of the mutual respect that has developed over the years between the staffs at both APWU and USPS headquarters. As one headquarters manager said, “There is politics, and, then again, there is business. We try not to let the politics get in the way of good business decisions.” This sentiment was echoed by union leaders.

An example of a field unit where a solid relationship has formed is in Las Vegas. Both labor and management there take great pride in their retail operations. It is widely known that if a new retail concept is to be piloted in the country, Las Vegas is to be given first consideration because of their past efforts and dedication to retail operations. The APWU and postal management jointly developed training for retail clerks. Las Vegas personnel were leaders in defining the elements to be included in this training effort.
This labor-management situation is probably best summed up in the words of one plant manager who said:

“There has been a tendency in the Postal Service to accentuate the negative, particularly in the area of labor relations. Both the unions and management are at fault. Clearly, there is a need to look at the whole picture and not get overwhelmed by the problems. There are a lot good things happening. We need to give them as much exposure as our problems.”
Chapter 3: Major Areas of Contention Between the Parties

The Postmaster General exerts a great deal of influence on the policies of the Postal Service. When asked to define the relationship between the United States Postal Service (USPS) and the American Postal Workers Union (APWU), Moe Biller consistently referred to the different Postmaster General administrations. When asked to differentiate between the men who have held this position, Biller stated that experience working with organized labor was essential to maintaining a productive Postal Service/APWU relationship. For example, Biller spoke highly of Preston Tisch, who was Postmaster General from 1986-1988. He cited Tisch’s vast experience working with union members as the key ingredient to his quickly grasping postal labor-management relations. Tisch’s ability to work with the unions was demonstrated in 1987 when he helped negotiate national contract settlement and avoid arbitration.

Below we will look at the turbulent administration of Postmaster General Anthony Frank and discuss how the implementation of his policies and programs created several major areas of contention between the APWU and the USPS.

Anthony M. Frank

On March 1, 1988, Anthony M. Frank, Chairman of the Board and Chief Executive Officer of First Nationwide Bank, a wholly-owned subsidiary of the Ford Motor Company, became the 69th Postmaster General of the United States Postal Service. Under the direction of Frank for more than 16 years, First Nationwide went from a $400 million organization operating exclusively in northern California to one of the largest savings institutions in the United States, with more than $18.8 billion in assets and retail branches in 14 states. Frank had built a reputation for innovation during his tenure at Nationwide, helping
Nationwide became the first bank to offer a GI home mortgage in California, the first to convert from mutual to stock form, the first to deliver services on both the East and West coasts, the first to be selected by the federal government to manage an ailing thrift under the management consignment program, and one of the first to offer financial services in retail stores. 43

Prior to working at Nationwide, Frank was President of INA Properties, Inc., and Group Vice President of INA Corporation real estate and health care activities. Coming to the United States with his family from Germany in 1937, Frank sought to pay back the United States for what it had done for him and his family by accepting of the Postmaster General position. In accepting the job Frank said, "I've always believed in public service. It's the most desirable service that a citizen can render to his nation. As a public trust, the U.S. Postal Service dictates that its employees and managers serve the public efficiently and well. As Postmaster General, I can tell you that will be priority number one." 44

The relationship between the Postal Service and the APWU grew particularly strained during Frank's tenure as Postmaster General (1988-1992). His efforts to move the Postal Service to the next level in customer responsiveness and efficiency, however, were interpreted by the APWU as a movement toward privatization. Frank was a very progressive manager who focused on satisfying customer needs and who, subsequently, used those needs to establish his postal policies and programs. Under Frank's visionary leadership, postal managers were challenged to look beyond the current Postal Service's business practices. He was credited with developing the Corporate Automation Plan, which established a goal of barcoding virtually all letter mail by 1995 and

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44 Ibid., pp. 1-2.
ultimately accelerated the commitment of postal managers and the mailing community to increase the efficiency of postal operations. Under his direction, the Postal Service worked diligently at moving from being internally focused to focusing on its customers. Business customers were invited to participate in the Competitive Services Task Force, a group of major mailers and Postal managers brought together to develop strategies to enhance Postal Service competitiveness in the communication industry. This Task Force made more than 200 recommendations for improving the Postal Service, many of which were implemented. He was also responsible for increasing public access to postal services by expanding retail hours and selling stamps through supermarkets.

Even though Frank’s previous business experience served him well in these efforts, he lacked experience dealing with large unions. Many of the innovations he implemented involved private sector activity, which further infuriated union members who feared they may lose their jobs as a result. His relationship with APWU President Moe Biller grew increasingly strained during his term as Postmaster General as the two men simply had divergent views on numerous subjects. In our interview, Biller referred to Frank as the “great privatizer” and a man who simply did not understand the postal unions. As we will see, the disconnect between Frank and the APWU is best illustrated by a review of the key programs implemented during his administration.

**Service Standard Realignment**

Shortly after Frank became Postmaster General, the Postal Service began to review the services it provided. Market studies (e.g., focus groups and telephone surveys) that were conducted on customer requirements for First-Class Mail service indicated a strong need for overnight delivery service to local cities and two-day delivery service both within state and to neighboring states.
Customers participating in the studies responded that three-day delivery service to the remainder of the country sufficiently met their needs. At the time, First-Class Mail standards far exceeded the surveyed customers' expressed needs. However, these customers also noted that the services being provided were not consistent or reliable. The Frank administration, as a result, decided to change the First-Class Mail service standards and focus on improving the reliability of service. In the end, less than 10 percent of all First-Class Mail saw a reduction of one day to their standard for delivery.

The APWU opposed the changes made to the First-Class Mail service standards claiming they were not in the best interests of the American public and that they contributed to increasing tensions created by those seeking to privatize the Postal Service. The standards were changed in 1989 and 1990 and overlapped proceedings at the Postal Rate Commission in which the Postal Service had filed for an increase in rates. The union criticized the Postal Service for raising rates at the same time that it lowered service standards. However, postal managers that were interviewed indicated the APWU had interests beyond those officially stated. Managers in the postal headquarters operations who participated in changing the service standard program claimed the union was concerned that the reduced standards would create further consolidation of non-automated mail processing plants and, consequently, negatively impact APWU jobs.

Retail Outlets

A second area of union concern during the Frank administration was the establishment of a pilot program to place postal retail outlets (contract Post Offices) in Sears stores in Chicago, Illinois, and Madison, Wisconsin. The Postal Service developed this program in an attempt to provide the public convenient access to its products and services. The Sears stores appeared to
be an ideal location to service postal customers because the stores remained open later in the evening than Post Offices and were open on Sundays. The APWU, however, was concerned that the Postal Service would staff the stores with non-Postal Service employees. They perceived the pilot program as an attempt by management to privatize work traditionally done by postal employees and, therefore, was considered a threat to union jobs. After the APWU requests to staff the pilot sites with union employees were rebuffed by the Postal Service as being too expensive to make the program work, the APWU went on an aggressive campaign to close down the pilot sites and prevent further expansion. Their efforts included contact with Sears management, picketing the Sears Tower and pilot stores, and a press campaign. The Postal Service eventually withdrew from the Sears program but continued to increase sales of stamps through supermarket outlets as a convenience to postal customers.\textsuperscript{45}

**Contract Negotiations**

Another area of union concern during the Frank administration was prompted by the 1990 contract negotiations between the Postal Service and the APWU, which resulted in a collective bargaining impasse. As required by law, the parties entered into binding arbitration when collective bargaining failed. The Postal Service presented a strong case for increased workforce flexibility because of the implementation of its automation program. The USPS had previously contractually protected career employees from being laid off. It argued that the anticipated automation downsizing required the establishment of a new category of non-career employee to ensure that career employees would not suffer layoffs. The Postal Service proposed hiring these employees with the understanding that they would be laid off as automation was deployed.

\textsuperscript{45}Walsh and Mangum, pp. 207-208.
It also argued that the part-time percentage of career employees should be raised from 10 percent to 30 percent because of the reduced processing windows at plants in a fully automated environment. It was argued that the reduced windows limited management's ability to schedule employees in 8 hour increments per day.

The arbitration panel determined that a new category of employee called "transitional employees" would be created and that the amount of part-time career APWU employees would be increased from 10 to 20 percent. Transitional employees were described as non-career employees who received limited benefits and were hired for a term not to exceed 359 days per year. In addition, the panel determined that transitional employees should be represented by the APWU. The APWU felt that the Postal Service had unfairly raised the transitional employee proposal during their arbitration proceeding. They argued that the Postal Service had not introduced the transitional employee proposal during the collective bargaining process and, therefore, should not have been allowed to introduce it during the arbitration proceedings. Once again, the union felt that they had been wronged by management.

Remote Barcode Sorting

The final and most troubling issue for the union during the Frank administration concerned the Postal Service's 1990 plan to expand its automation program to include Remote Barcode Sorting (RBCS).

As described earlier, the Postal Service uses barcodes on the face of envelopes to sort mail on machines that process more than 30,000 pieces of letter mail per hour. Barcodes are placed on envelopes by customers and by Postal Service Multi-Line Optical Character Readers (MLOCRs). The MLOCRs' ability to accurately read addresses and determine the appropriate ZIP Code varies from
30 to 100 percent depending on the type of mail being processed. The RBCS system captures non-readable images off MLOCRs and sends these images to a remote keying location over telephone lines. This location can be anywhere in the United States. At the remote site, a clerk using extract keying regimens then determines the correct ZIP Code for the address.

After meeting with the APWU under a contractually required consultation, the Postal Service decided to use contractors to perform the RBCS keying services because of significant economic benefits over the use of in-house career employees. The APWU and the National Association of Letter Carriers immediately filed a grievance that this decision was in violation of Article 4 of their contract with the Postal Service. The unions sought to ensure that the potential 20,000 RBCS positions would be filled by postal union employees. Once again, Frank was seen as pushing the Postal Service toward privatization.

"Wanted: Anthony Frank!"

The events described above led to the APWU waging a full-scale attack on Postmaster General Frank. This attack went beyond a simple discussion of the issues, however. In press releases, newspaper articles, and speeches, the APWU called for the firing of the Postmaster General. The union even went so far as to hang a wanted poster of Frank on all APWU bulletin boards throughout the nation calling for the privatizer to be fired. The personal nature of the attack against Frank was offensive to many postal managers. Frank eventually retired from the Postal Service for personal reasons. Although his retirement was totally unrelated to the APWU campaign waged against him, these personal attacks left the relationship between the Postal Service and the APWU at an all-time, post-reorganization low.
Chapter 4: Turning Around the Relationship at the National Level

Marvin Runyon followed Anthony Frank as Postmaster General, bringing years of experience in industrial relations with him to the job. Runyon recognized there was a need to improve the labor-management climate within the Postal Service to ensure it remained a viable entity in the competitive communication industry. Since 1992, he established an aggressive multifaceted approach to define and address labor-management issues. This strategy included using Employee Opinion Surveys (EOS), as discussed earlier in this paper, for managerial performance evaluations. He was also responsible for inviting the union and management association presidents to participate on the National Leadership Team, where membership had been previously limited to officers of the United States Postal Service (USPS). Similar leadership committees were formed in the field at the performance cluster, plant, and district levels. Since Runyon’s arrival, the management hierarchy has been delayered. This has improved communication up and down the management chain. In addition, supervisor to employee ratios were increased with the expectation that this would result in increased employee empowerment within the Postal Service. The combination of delayering and downsizing has resulted in the elimination of more than 23,000 overhead positions. Lastly, and perhaps most important to the American Postal Workers Union (APWU), Runyon maintained an open-minded approach to the postal automation program. His decision to bring back RBCS services to the Postal Service is considered to be the major turning point in establishing better APWU-USPS relations at the national level.
Marvin Runyon

Marvin Runyon became the 70th Postmaster General on July 6, 1992. He came to the Postal Service after successful careers at Ford, Nissan America, and the Tennessee Valley Authority (TVA). Runyon spent 37 years working his way up the corporate ladder at Ford to the position of Vice President, Body and Assembly Operations, where he gained a great appreciation for the collective bargaining process and dealing with a unionized workforce. Commenting on Runyon, a senior Ford executive made the following statement to the Economic Club of Detroit in late 1992:

"Runyon's strength was that he understood processes and people. He developed a reputation as a straight-shooting, results-oriented manager who never took his eye off his quality objectives or the needs of his employees."\(^{46}\)

In 1980, as President and Chief Operating Officer of Nissan Motor Manufacturing Corporation U.S.A., Marvin Runyon established the first Nissan operation in Smyrna, Tennessee. This experience gave him an appreciation for the Japanese style of management and the benefit of listening to front-line employees suggestions for improving operations. He left Nissan in 1988 to become Chairman of the Board at the Tennessee Valley Association (TVA). Once there Runyon reduced management layers, cut overhead costs by more than 30 percent, and achieved cumulative savings and efficiency improvements of $1.8 billion. For the past 20 years, TVA's utility rates had increased on average more than 10 percent per year. Runyon, upon his arrival, was able to

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stabilize rates and dramatically change the TVA to the point where The Wall Street Journal made the following comment:

"The utility (TVA) is regarded as one of the most effective of federal agencies."\(^47\)

Marvin Runyon implemented programs in the Postal Service that had made him successful at Ford, Nissan, and the TVA. He proceeded to build a newer, leaner management structure in the Postal Service that was better focused on meeting customer needs, supervising financial revitalization, and instituting service improvements.\(^48\)

It was Runyon's determination to involve the unions in the change process he had undertaken, which ultimately led to improved relations between the APWU and USPS. The key to his success revolved around his relationship with APWU President Moe Biller. Biller found in Runyon a person who possessed the collective bargaining and labor-management experience he could respect. Runyon, in turn, provided Biller with a willing ear and keen understanding of the union's concerns. The mutual respect that developed between these two individuals provided the foundation upon which improved relations could occur. The key to cementing this relationship was RBCS.

**In-House Keying Services**

By far, the defining issue in the relationship between the APWU and Postal management during the Frank administration was the contracting out of the RBCS keying service and the loss of union jobs as a result. But in 1993, under

\(^{47}\) Ibid.

\(^{48}\) Ibid.
Postmaster General Runyon, RBCS became the cornerstone to establishing a cooperation agreement between the two parties. The receipt of a less than definitive grievance arbitration award on the subject of RBCS keying services provided an opportunity for labor and management to once again attempt to negotiate the matter and come to a mutually beneficial arrangement. With the help of Marvin Runyon, the two parties were finally able to reach a dynamic agreement to bring the keying of mail using the RBCS system back into the Postal Service. The use of joint labor-management committees to work through tough implementation issues and steer the program resulted in better performance from the in-house union employees than from the contracted services. In the end, the RBCS effort significantly enhanced the labor-management climate between the Postal Service's headquarters and the APWU's national office.

Arbitrator's Ruling
The arbitrator's ruling on the use of contractors to perform RBCS keying and maintenance services found the Postal Service to be in violation of Article 4 of the labor-management basic agreement. Specifically, Arbitrator Snow ruled that the Postal Service must first offer RBCS positions to those employees "impacted" by the deployment of RBCS systems who were capable of doing the work. Snow's ruling made no attempt to identify "impacted" employees nor did it outline how to determine whether an employee was capable of performing the RBCS keying functions. Snow left those details to be worked out by the parties. He did retain jurisdiction in the matter should the two sides have difficulty with award implementation. While the National Association of Letter Carriers had joined the grievance, the Postal Service quickly determined that the RBCS keying and maintenance functions were clerk and maintenance craft work. Full-scale negotiations were subsequently held with the APWU regarding implementation of the award.
Interpretations of the Ruling
The APWU's and the Postal Service's interpretations of the award were widely disparate. The APWU saw the award as compelling the Postal Service to make RBCS keying jobs open to any postal career employee impacted by RBCS, including carriers. The term "impacted" was defined by the APWU as reducing an employee's work hours, changing an employee's schedule, or the exceeding of an employee to another facility. The time frame for the offers to be made as defined by the APWU was through completion of deployment of the entire system. The logic for this argument was that all new systems would generate barcoded mail for all destinations in the country. Therefore, the deployment of an RBCS system in Seattle, Washington, would affect clerks in Miami, Florida, since mail previously sent to Miami without a barcode would now be received with a barcode. The accumulation of increased barcoded mail in Miami could then result in the elimination of a position or the rescheduling of an employee. The Postal Service's view was at the opposite end of the spectrum, however. They saw the minimum requirements of the award to be a one-time offer to all current employees to opt into consideration for future keying positions. This one-time offer would also solicit geographic preference of those opting for future RBCS keying positions. The APWU and Postal Service were unable to arrive at a common interpretation of the award.

Runyon Intervenes
The Postal Service decided to move ahead independently using its interpretation of the award. Letters to the appropriate employees were prepared that outlined the working environment in an RBCS keying site and provided a one-time offer for employees to express an interest in these positions. APWU President Moe Biller made an emergency call to Postmaster General Runyon on the matter. During our interview, Biller said that he felt if the Postal Service proceeded as planned, "irreparable harm would be done to APWU-Postal Service relations." He expressed his concerns regarding
management's approach and asked the Postmaster General to be personally involved in the matter. Runyon responded to Biller's request by placing a hold on any correspondence to employees on the matter and by directing management to get back together with the APWU to determine whether all options which would satisfy the interests of both parties had been explored.

**The Keys to Success**

According to participants involved in the negotiation process, there were two critical issues to resolving the RBCS situation. The APWU wanted all of the keying and maintenance positions to be brought back in-house and wanted all of the positions at RBCS sites to be held by union employees. The Postal Service's primary concern was that keying costs be maintained at a comparable level to those which were experienced while using contract services. These costs had two elements: cost per work hour of employees and keyer productivity. The two sides finally reached a precedent-setting agreement, which met the critical needs of both labor and management. The agreement stated that all employees in RBCS sites would be represented by the APWU. However, keying services would be performed by a combination of career employees and transitional employees. Thirty percent of all RBCS clerical hours were to be worked by career employees and the remaining clerical hours would be filled by transitional employees. This action satisfied the need to maintain lower labor costs, since the combination of high-cost career employee hours were balanced by lower-cost transitional employee hours. A productivity statement was included in the agreement to ensure planned equipment efficiency used to calculate the return on investment would be met.

More important than any individual element or combination of elements in the agreement was the process used to resolve the very complicated issues involved with such a dramatic change. Joint labor-management committees were formed to resolve ergonomic, staffing, work rule, productivity, postalization
of contractor keying sites and other issues requiring resolution for successful activation of Postal RBCS sites. Many of these groups completed their tasks and were subsequently deactivated. It is anticipated that some of the other groups, such as the productivity and ergonomic committees, will be ongoing.

As of the writing of this document, the Postal Service had opened 25 new RBCS sites and converted 4 of the original 27 contractor run units into APWU keyers. The productivity at postal sites has been greater than that called for in the original agreement and exceeds the average performance of the contractor operations at a similar point in activation by approximately 5 percent. While it is too early to declare success, all indicators were pointing in the right direction at the time this research was conducted.

Cooperation Agreement

In November 1993, the APWU and USPS signed a historic document, a joint letter whose subject was “Labor-Management Cooperation” (see Appendix E), as part of their agreement to bring RBCS keying in-house, in which the parties acknowledged the following:

“...[to] reaffirm their commitment and support for labor-management cooperation at all levels of the organization to ensure a productive labor relations climate which should result in a better working environment for employees to ensure the continued viability and success of the Postal Service.”
Since the signing of the memorandum, there has been a noticeable improvement in the relationship between the parties. This includes a reduction in media rhetoric on issues and a unified approach on pending legislation on Capitol Hill. Both labor and management continually point to this agreement when speaking of their relationship and express intent to continue to build upon the progress it represents.
Chapter 5: Finding Common Ground to Improve Relations Throughout the Organization

Now that the relationship between the United States Postal Service (USPS) and the American Postal Workers Union (APWU) has been improved at the national level, there remains the question of how to permeate this change throughout the organization. This difficult question was posed to both labor leaders and management during the interview process. There were a wide variety of responses and, not surprisingly, limited consensus of opinion on how to accomplished such a difficult task. This chapter will look at some of the suggestions that were made.

One Size Doesn’t Fit All

There was a unanimous consensus among those interviewed that the Postal Service is simply too large and complex for there to be any one solution or program for devolving such a change throughout the organization. Many of those interviewed pointed out that many good working relationships could be negatively affected by the imposition of a program. This feeling was best summed up by one district manager who said, “if it ain't broke, why fix it?”

There were also opinions expressed that past attempts at change limited the flexibility of both the union and management. The example most often given by managers involved regularly scheduled EI/QWL meetings, which have seemingly outlived their usefulness. A preference cited most often during the interviews was to provide field employees with a “toolkit” from which to work from and the support necessary to start the program successfully. Various people suggested several times that this approach would help create a feeling of ownership among group members. The establishment of a goal-setting
process was considered an essential element of this toolkit approach. Many of those interviewed also felt that implementing some of type reporting mechanism on progress made would help both parties focus on continued development and improvement of their working relationship.

**Developing Personal Relations**

Throughout the interview process, most people considered the development of personal relationships among individuals to be the most important element to increasing good labor-management relations. This was seen earlier in the paper when Anthony Frank's and Marvin Runyon's relationship with Moe Biller was discussed. As Henry David Thoreau once said, “It takes two to speak the truth, one to speak and another to hear.”

Among those successful labor-management relationship found throughout the interview process, a common theme was the inclusion of open and honest communication between the parties. According to those interviewed, when this dynamic existed, a mutual respect was found. One manager spoke about his union counterpart as being “loud, obnoxious, and completely lacking in any social grace.” However, this manager went on to say that he “wouldn't trade him for the world because, despite all his flaws, he lets me know exactly where he is coming from and lives up to his word.” Furthermore, many people agreed that a good working relationship was usually found in offices where people found themselves “comfortable” with their counterpart. The word “comfortable” is used here to describe concepts such as trust, respect, sensitivity, and understanding. The difficulty involved in understanding the importance of personal relations had one district manager questioning his own ability to “get people to have a better appreciation of one another.” He expressed concern that he only controls one side of the equation and needed “similar emphasis
from the union on improving problem areas.” Similar comments came from other managers and union representatives regarding the ability to reach a common agenda.

There was an expressed need to create a climate where it was “okay for managers and labor leaders to get along.” This climate needs to “begin at the top,” according to one manager. “Unfortunately, you can’t waive a wand and get people to respect one another.” The constant messaging of benefits to be gained from a good working relationship was the most common suggestion made on how to influence relations at all levels.

**Compensation**

Several of the managers interviewed felt that changes to the compensation system which tie a portion of employee compensation to the overall performance of the Postal Service, and/or the performance of a particular plant or district, could help improve relations. The joint participation in development of tactics to achieve these goals was seen as a vehicle that could potentially bridge several gaps in the labor-management relationship. There have been a number of postal efforts to tie employee compensation to corporate performance. For example, beginning in 1990, postal managers, the National Rural Letter Carriers Association, and the National Postal Mail Handlers Union began participating in the Striving for Excellence Together (SET) program, which awarded participants incentives based on the Postal Service’s performance. These payments are based on financial and customer services indicators. However, to date, the APWU and National Association of Letter Carriers have not participated in the SET program. APWU representatives view these programs as pitting one facility against another and, therefore, one employee against another in the competition to get the highest compensation.
It was also seen by some of those interviewed as unfairly penalizing a good worker “stuck” in a poor performing office. Interestingly enough, there were some managers who expressed similar concerns.

**Training**

There was consensus among those interviewed that training programs could enhance labor-management relations at all levels of the organization. As seen in the EI/QWL programs, team-building training was beneficial to labor-management communication. There were no objections, and, in fact, a strong desire, to enhance communication skills among those interviewed. Use of joint training did meet with some union resistance. Again, the concern was that the union would be “coopted” by management. The union felt it needed to have a strong voice in determining who was trained and for what purpose to ensure that there was no conflict with the provisions of the national contract.

Most of those interviewed felt that formal training for craft employees was adequate when it came to the mechanics of performing required work activities. However, one national union official expressed a need for “informal training.” Issues such as attendance, conduct, and productivity require “day-to-day reinforcement.” According to this official, “In many cases, the first communication between a supervisor and employee regarding a problem is some form of discipline.” He recommended that supervisors correct “bad habits” as they appear by coaching or counseling the employee. He also saw a vital role for the union steward in such conversations. Postal managers suggested that the training of supervisors could help to improve their interpersonal skills. As discussed earlier in the paper, managers are using Employee Opinion Survey (EOS) results to identify managers who need training with interpersonal skills and making the training available to them.
Self Management—Crew Chief

A number of managers that were interviewed expressed a desire to have craft employees assume greater responsibility for accomplishment of their tasks. Interestingly enough, many of the elements that management desired of the union employees was embodied in the "Memorandum of Understanding" between the Postal Service and the APWU regarding clerk craft crew chiefs that was signed as part of the 1990 national contract. According to this agreement, a task force was established to explore and consider the use of crew chiefs. The memorandum said:

"The parties agree that it is in the interest of the Postal Service and the APWU Clerk Craft work force to allow craft employees the opportunity to take greater responsibility for the efficient and effective movement of the mail and the provision of service to postal customers...‘Crew Chief’ with responsibility for: the direction of employees in his/her work unit, the assignment of work, providing administrative support the scheduling of overtime and holiday work, and the oversight of employees engaged in mail processing and/or retail work."

The concept tests for crew chiefs were completed on March 31, 1994. It appeared from the interviews that the use of the concept in the retail area displayed the greatest promise and, as such, is currently being pursued. As the working leader of a group or unit, the crew chief has the opportunity to accomplish the informal training discussed earlier. This concept is not without its critics, however. There are those plant managers who expressed concern that the role of the supervisor becomes unclear under the crew chief concept. Other managers cited the potential exists for a problem to occur with discipline
in such an environment because supervisors will maintain responsibility for all discipline under the concept. According to one plant manager, "Crew chiefs will have a difficult time walking the line between craft and management."

The Grievance Process

Both managers and labor leaders demonstrated the need to improve upon what has become a great source of contention: the grievance process. The need and benefits of the grievance process was not questioned by anyone interviewed; however, the process as it has developed over the years remains a mutual concern.

Just as with other issues addressed in this paper, the views of local grievance handling were not consistent. As described earlier, grievances have always been a major area of contention between the parties. However, two plant managers interviewed were complimentary of their union counterpart's handling of the grievances. In addition, several union officials spoke of good managers who resolved issues quickly and who had the "guts" to make decisions and not just allow the grievance to move along to the next step. According to those interviewed, these managers displayed a "give and take" attitude and recognized that "it wasn't necessary to win every time." In these instances, good working relationships were found.

For the most part, there was a consensus among those interviewed that a number of opportunities existed to improve the grievance process. Most of the interviewees suggested the best opportunity was to eliminate abuses by everyone involved in the process. Basically, it was said that management should abide by the contract and that he union should only file legitimate grievances. There was also a need expressed to have the parties make a
sincere effort to settle grievances as early in the step process as possible. In addition, a number of successful local efforts were cited as having reduced the number of both pending and backlogged grievances. Other suggestions to improve the grievance process included using mediation, eliminating some of the steps in the process, expediting arbitration for certain cases, having the loser pay for the arbitration costs and thereby motivating resolution of a lost cause, and removing national contract issues from the normal grievance process. There was a consensus that the parties should assess the various alternatives and pursue those that “make sense” immediately.

Joint Labor-Management Committees

National APWU officers that were interviewed continually pointed to traditional and contractually provided joint labor-management committees as the means of resolving workroom floor issues. According to Moe Biller, joint labor-management committees can work on any issue and make substantive changes provided they are within the bounds of the national agreement. However, local union leaders willingly admitted that joint labor-management teams have had marginal success. When queried why this occurred, three schools of thought emerged. First, a minority of union representatives pointed to the autocratic management style as being a major impediment to having such a system work. These union members said that the autocratic management style results in a “natural combative” relationship on these committees. According to one union local president, this style leads to “confrontation...we come out of the committee in worse shape than we went in with.” The second viewpoint held that joint labor-management committees were simply unnecessary. One union local president commented, “When problems come up or I need something, I don’t have time for a committee, I just go to the plant manager and we work things out together.” The ability to work things out
one-on-one with the plant or district manager was a source of pride for those advocating personal relationship as the preferred means to resolve issues. The third view held that there was a lack of direction on how to use joint labor-management committees effectively. According to one person interviewed, “We have a scheme committee in the contract that hasn’t met since I got here and if it did, I wouldn’t know what to do with it.”

The use of joint labor-management teams was also the subject of inquiries made of managers. Very similar responses to the union responses were received. Again, the personal relationship aspect was brought out as being the most efficient means of getting things done. One manager pointed to his experience with committees and saw them as “self-perpetuating.” Once formed, they were seen as being hard to eliminate, even after they had outgrown their usefulness. In addition, managers pointed to the fact that union leaders are often “fickle about which subjects are appropriate for joint labor/management committees.” One plant manager expressed his concern that union participation depended entirely on subject matter. As a result, joint labor-management committee meetings were seen as being a “waste of time” by several of the managers interviewed. Postal managers raised a concern that in situations where more than one union was involved (e.g., APWU and Mail Handlers union in a plant) or where an issue required the involvement of the management associations, the unions/associations would often refuse to meet in a mixed group. This refusal discouraged many of the managers from pursuing the committee approach.

Despite the negative comments above, there was equally strong praise of joint labor-management committees working on safety issues. Both sides appeared to be highly motivated in this area because of the obvious health and welfare aspects of safety issues. One union official spoke of the satisfaction of seeing management respond quickly to safety concerns of employees. She spoke of
the “good will” that such action creates among her members. The ability to get things done through these committees helped “resolve issues before they lead to unnecessary safety grievances,” according to one plant manager. It appears obvious from this perspective that when properly motivated, the parties can make good use of joint labor-management committees.

Leadership Meetings

The participation of labor representatives at the national leadership meeting as well as at the performance cluster, district, and plant levels was brought up time and again by managers interviewed as having a positive impact on their relationship with the unions and management associations. For their part, the union leaders interviewed saw these meetings as an opportunity to learn what was going on within the organization. According to one local president, “I am much better informed than I was before they asked me to attend. In the past, I would hear about changes going on from my stewards and not from management.” There were some managers who expressed frustration that they were unable to get their counterparts to participate in these meetings. One district manager recommended that the APWU National Business Agents and USPS Area Vice Presidents “actively encourage these meetings and, as a show of their support, attend as many of these sessions as possible.” There were also suggestions made to use team-building activities for leadership groups as a means of cementing relationships between the members of the group. Yet another suggestion recommended that these meetings be expanded beyond the executive level. “We should have labor-management meetings on each tour on a regular basis,” said one plant manager. The communication generated at leadership meetings was considered by almost everyone to be a positive experience and an easy method for improving labor-management relations.

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Total Quality Management

Several managers interviewed suggested using Total Quality Management (TQM) as a process to encourage communication between labor and management. It was seen by one plant manager as a tool to “get at the issues in a non-personal way. The principles of customer orientation, continuous improvement, and a statistical determination of priorities are all embodied in TQM.” It was felt by this individual and others that TQM would provide employees the opportunity to provide input into improving processes they use on the job.

While some of the union leaders interviewed recognized the benefits of the principles embodied in TQM, there was a sense in all of the interviews that any program with the word “quality” in it would be difficult to sell given the long history of EJ/QWL with the APWU. Once again, the role of the union in such a program was cause for concern. In addition, one area manager expressed doubts saying, “Even the experts don’t agree on what TQM really is. How are we going to implement something that appears to be open-ended?” One union representative said, “From what I’ve read, more than 80 percent of these programs don’t work. Why would someone want to put their eggs into a basket with a big hole in it? It just doesn’t make sense.”

Suggestion Program

The Postal Service has a formal suggestion program that provides monetary incentives to employees who make recommendations that improve the efficiency of postal operations. One national union leader recommended that if management was truly interested in the ideas of employees to improve work processes, then it “should look into the poor administration of this program.” It was suggested that there is a “not-invented-here’ attitude among those
reviewing formal suggestions.” According to this person, “Management loses credibility when it tries to put new programs in place which duplicate existing programs.” The managers interviewed did not refute the fact that improvements could be made to the program. One plant manager viewed the program as “another bureaucratic system which needs to be eliminated. We need to get out from under paper.”

Postal Paradigms

There was mention of the need to continually reinforce a new way of doing business in the Postal Service during the interviews. The old paradigms which said that the union’s role or existence was tied to “resistance to management” and management’s role was to “get the most out of employees regardless of the methods used or the rules broken” were mentioned as needing change. The suggestions on how to make this happen once again focused on communication. However, more important than improving communication, there was a need expressed for “action to support the words.” Here again, the leadership meetings as well as some of the local actions being taken to improve EOS results were mentioned as potentially breaking down the paradigms. In the words of one USPS headquarters manager, “We have to get beyond intellectual buy-in and get to emotional buy-in regarding paradigms…only consistent long-term actions will build the emotional buy-in we need.”

The paradigm that supervisors are predisposed to manage using discipline was also brought up during the interview process. Given that almost 100 percent of first line supervisors are promoted from the craft, one would naturally assume that there would be some sentiment on the supervisor’s part to craft employees. However, this is not necessarily the case. One union leader hypothesized that
the fact that veterans receive automatic additional points for military service on postal entrance exams results in the hiring of a higher percentage of veterans than would occur in the private sector. He said:

"In maintenance, there are a higher percentage of veterans than in other crafts because of the training they receive in the military. The training makes them ideal candidates for electronic technicians. Because of the training and extra credit they get on the entry tests, they usually are the first ones hired. When these people move on to supervisor, their mindset changes and they go from being a craft employee and revert back to their military experience. They think that it's their job to bark out orders and discipline those that don't do what they want. The Post Office needs to overcome this military mentality."

The change in the postal paradigms above was seen as being necessary to improve labor-management relations in the Postal Service.

**Other Responses**

There were many common statements made by both labor and management that are not necessarily recommendations for improving relations but are worth mentioning. All of those interviewed were sincerely interested in the success of the Postal Service. Both sides recognized that there is a need to improve the current situation in the areas of customer and employee satisfaction for the Postal Service to succeed in the future. It was also conceded that efficiency improvements are essential to keep costs down as the competition becomes keener. While there is much publicity about postal violence, there was consensus that the violence was deplorable and that the APWU and postal management need to continue their joint efforts to eliminate violence from the
workplace. Many of the suggestions mentioned were so one-sided that, in my judgment, they were not worth mentioning. However, there was no common thread between the parties on a process to bring about change.

Given the above, the mechanism for devolving good relations down through the organization was seen as continually communicating the cooperation message, reinforcing the message by example, and supporting the message through provision of the tools to be used locally. However, there does not seem to be any consensus on which tools are more appropriate. The common elements for success appeared to be the ability to communicate and satisfy the needs and interests of the other party. The development of mutual trust and respect by establishing personal relationships between individuals appears to be a key requirement for success.
Chapter 6: Solidifying a Congenial Relationship

The United States Postal Service (USPS) and the American Postal Workers Union (APWU) continue to face several challenges in their quest for improved relations. In the previous chapter, we discussed the methods that could be used to build upon the RBCS success and embrace the spirit embodied in the joint letter on cooperation. In addition to suggested methods, a number of hurdles were identified by those interviewed. In this chapter, we will discuss those hurdles, which are categorized as being either internally controlled by the Postal Service or externally generated by other forces.

Internal Challenges

1994 Negotiations
The national contract between the APWU and the Postal Service expired in November 1994. Labor and management failed to reach a new agreement through the collective bargaining process. At the time of the interviews, the parties were conducting ongoing discussions and reportedly on the verge of moving into binding arbitration on the matter. It was apparent that a great amount of effort was being exerted to reach a negotiated settlement. Those interviewed discussed the negative impact that these negotiations, which were seen as “naturally adversarial,” had on the parties’ relationship at the national level. People discussed the difficulty in moving from a negotiation setting to a cooperative environment and back again during this period. “The negotiation pause,” as one management official called it, was seen by both parties as counterproductive to improving relations. Those interviewed were cognizant of the need not to let contract negotiations affect relationships in other areas but were having difficulty not mixing the two. No solutions were offered to
overcome these problems short of a negotiated settlement. The possibility of an arbitrator reaching a decision favoring one side or the other was also cited as having the potential to damage the parties’ relationship.

The impact of national negotiations was seen as having a mixed impact on the local labor-management relationship. There were a few comments from field managers who said that local change or innovation were difficult during national contract negotiations. In the words of one plant manager, change was often “stifled by a ‘wait and see’ attitude of the local unions.” On the other hand, there were those who felt that they and their union counterparts were “sufficiently distanced from Washington, DC, to have national negotiations impact our local relationship.”

**Change in Leadership**

Given the heavy influence of the personal relationship between Postmaster General Marvin Runyon and APWU President Moe Biller on the overall relationship between the parties at the national level, turnover in either of these positions was seen as a threat to labor-management relations. Below the national level, turnover of managers and union officials was also seen as problematic to good relations. One union president put it best when he said, “The constant turnover of plant managers in my area has resulted in a short-term focus...we never tackle important issues that will take a long time to fix.” The perceived lack of stability was seen as a deterrent to mutual cooperation.

**New Technology**

Introduction of new technology used for processing mail was c:ted as a union concern. The union perceived management as being solely focused on maximizing the benefits of the equipment without considering the needs of employees in the planning process. According to one national union official, “The union must look to provide its membership with full-time employment.
Eight-hour jobs are important to enable our members to provide for their families.” The increasing number of part-time jobs being created in automated operations was seen as driving a wedge between labor and management.

Transitional employees and RBCS were also cited as complicating the relationship between labor and management. The parties now find themselves in “virgin territory” on a number of issues such as management of the RBCS 30/70 career/non-career ratio and the process for migrating transitional employees from non-career to career positions. In addition, RBCS transitional employees were seen as a new and potentially powerful voting block in union elections. With many remote encoding sites in rural and suburban areas, the political landscape of the union has been and will continue to be changed as new remote encoding sites are added. These issues have the potential to cause a rift between the unions and management.

**Independence**

Because the Postal Service and the APWU are large and diverse organizations, both labor and management agreed that no single approach to migrating improved relations throughout the organization would work. According to one local president, “The union is a political organization and, as such, it is impossible for Moe Biller or anyone else to dictate to the locals. There will always be someone opposing any attempt to tell them what to do, simply on principle alone.” He went on to say, “From what I’ve seen, management has the same problem. My plant manager pays ‘lip service’ to whatever he is told to do by headquarters or the area office.” The control problem was recognized by those interviewed at the APWU and Postal Service national headquarters. According to one union official, "While the union is committed to cooperation, it's not in our best interest to push something down the throats of our membership. Opposition in future elections could use it against us." One plant manager was adamantlly opposed to a single system approach based on his
experience with EI/QWL stating, "The only approach that will work is one that supports a menu of methods to be used. I need the autonomy and flexibility to work with the local union president to determine what works best for us." These comments point out the problems raised during the interview process in designing a mechanism, which both union and management can support, to move cooperation between labor and management down the corporate ladder.

**Measuring Good Relations**

The Postal Service is an organization that manages through numbers. As one plant manager said, "If you don't measure it, then I'm not sure you'll get anyone to pay attention to it." There have been a number of indicators used in the Postal Service to approximate employee satisfaction. Sick leave ratios, number of filed grievances, and accident levels are among those used. These measures were a poor determinant for employee satisfaction. As stated earlier, under Postmaster General Runyon, the Employee Opinion Survey was used to measure employee satisfaction. The APWU had problems with that approach. According to one manager, "Short of the union conducting its own independent survey, this is the best data currently available." Another manager put it this way, "We are spending too much time trying to measure this stuff, what we need to do is fix known problems, not search out new ones." There was strong union sentiment in favor of his statement. In the words of one union leader, "We know what's wrong, and just need to get it done. But people are tired of talk." The use of measurement systems in employee satisfaction areas was seen as being burdensome to labor-management relations.

**Programs “Du Jour”**

It is clear there is great suspicion on the part of both labor and management of trendy new programs recommended by the latest consultant to walk in the door or by a new postal officer bringing in a concept form his previous place of employment. EI/QWL, discretionary effort, empowerment, reengineering, total
quality management, and downsizing are the more prominently mentioned as, in the words of one union leader, “programs du jour.” The experience with these programs in the Postal Service was seen by several people interviewed as the creation of unrealistic expectations. When the lofty expected benefits from these programs fail to materialize, people tend to become demoralized and mistrustful of future programs. For example, one union president spoke about the difficulty he had with employee empowerment. The term had been used frequently by senior postal management as the direction in which the Postal Service was moving; however, local managers couldn’t explain what the term meant or how it would affect the workplace. His membership expected a change as a result of reading about empowerment and he felt “left in the middle.” One manager said, “We have to stop confusing everyone with new terminology and just state as simply as we can what we’re going to do.” The message was clear: don’t push programs and concepts until there is a full commitment to follow through on what is being said. The history with such efforts is but another hurdle that must be overcome in pushing improved relations at the national level down throughout the organization.

**Non-Crisis Activity**
The APWU and the Postal Service have demonstrated that, when faced with crisis situations, the parties are able to work through their differences and come to a mutual agreement. The RBCS agreement was an example of a “crisis-like situation” that compelled the parties to work together. In this case, the best alternative to a negotiated settlement was to go back to the arbitrator for an additional ruling. This alternative put at risk the perceived gains that both parties felt were theirs from the original ruling. It remains to be seen whether similar major gains can be achieved during non-crisis situations. According to one headquarters postal manager, “It’s simply not been part of the APWU culture to commit to major changes in working conditions without being pushed by internal union politics, contract expiration, or through unilateral action by the
Postal Service which compels union participation." The union, for its part, claims that it has been rebuffed continuously by management when proposing changes. Therefore, they are put in the position of defending themselves from unilateral management actions. There were some encouraging words from several APWU leaders. They pointed to recent improvements and the willingness of some managers to involve them early on in changes associated with RBCS and other automation programs.

External Challenges

The Postal Service enjoys a monopoly as a result of federal legislation. The 1994 Republican Congressional victory has raised concerns that attempts will once again be made to privatize the Postal Service or that there will be a dilution of monopoly protections. Several people interviewed pointed to the need for the unions and management to present a unified front when dealing with this issue. The fact that this is a highly charged and potentially emotional issue has given rise to concern among some of those interviewed that labor-management relations could be severely damaged if the parties come down on different sides of the issue. A major factor in the strike was the potential loss of Civil Service protections for union employees. Privatization discussions will once again raise this extremely sensitive topic.

Competition was also seen as an impediment to future relations. One manager interviewed provided me with an article from Inter@ctive Week, which detailed the plans of General Media International to phase out mail subscriptions of Omni magazine beginning in May 1995 in favor of using electronic media to deliver their main features. The article pointed to increases of 42 percent in paper costs alone as one of the economic reasons for making this move and
predicted that other magazines would follow their lead. Any acceleration in the conversion of mail to electronic media was seen as leading to a crisis. According to one district manager, "We will once again be under pressure to reduce operational costs through moderation of pay increases, reduced overtime, and increases in productivity." Should this situation come to pass, there will be great temptation for the parties to revert back to adversarial practices.

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49 Tom Steinert-Threlkeld, "Omni Plans To Go All Electronic" Inter@ctive Week, March 17, 1995.
Conclusion

The literature search and interviews conducted have uncovered an extremely complex set of issues around which the relationship between the United States Postal Service (USPS) and the American Postal Workers Union (APWU) rests.

Historically, the role of Congress in the operation of the Post Office Department was a major contributor to the development of the adversarial relationship between the labor and management. The unconventional tripartite relationship between Congress, postal unions, and postal management when dealing with issues such as wages, benefits, and working conditions provided management with little control over business decisions. As a result, the normal labor-management interdependence never developed. The unions concentrated their efforts on working with Congress to change the workplace as opposed to working with management to create change. The lack of ability to make normal business management decisions internally created friction between labor and management and contributed to the development of an autocratic management style and a confrontational union-management relationship. Finally, when the USPS was established in 1970, there was a carryover of the labor-management styles by the unions and management from the Post Office Department.

There were numerous efforts to improve labor-management relations since 1970. The collective bargaining process, called for in the Postal Reorganization Act, did not improve labor-management relations as anticipated. The grievance process became a major area of contention between the parties. The Postal Service's Employee Involvement and Quality of Work life programs were never embraced by the APWU. The most recent effort, the
Employee Opinion Survey has resulted in management efforts targeted at areas of major concern raised by employees. However, there remains a basic mistrust between the parties as seen through interview responses on most issues.

Several major areas of contention between labor and management were identified during the interview process. Disciplinary practices by postal managers, particularly in the area of employee attendance, were mentioned as problematic. The contracting out of work, either directly as seen in the RBCS example or indirectly in the form of discounts to customers and the selling of stamps at supermarkets, was also seen as a source of debate and litigation between the parties. While the RBCS situation was resolved successfully, the APWU remains concerned about the possible outsourcing of custodial and retail contracting services. The implementation of automation programs has also become an issue of concern for workers who fear the efficiencies gained through automation will result in the changing of schedules, the reduction of full-time assignments, and the excessing of employees. The issue that brought out the most emotional response during the interviews, however, was the grievance process. While these individuals agreed that a grievance process was needed, many cited that the current system was plagued with problems.

During the past two years, the renewed focus on improving USPS-APWU relations at the national level coincided with the selection of Marvin Runyon as Postmaster General. The personal relationship and trust that developed between the Postmaster General and APWU President Moe Biller was a key to making changes at the national level. The historic agreement reversing the contracting out RBCS keying services was the pivotal act upon which this relationship was solidified. This agreement involved compromises being made on both sides and resulted in an expressed commitment to mutual cooperation.
Given the fact that there is a wide variety of personalities within the Postal Service, it was not surprising to find that, according to those interviewed, no apparent consensus exists for establishing a formal program to improve USPS-APWU relations throughout the organization. Throughout the interview process the best labor-management situations were found where a personal trust and respect had developed between individuals. This personal relationship aspect was used by many to conclude that no single approach or "magic bullet" existed when it came to devolving good relations throughout the organization. Both labor leaders and postal managers interviewed believed that, because each postal facility has its own culture, a single program could not anticipate the wide array of responses it would generate. Both labor leaders and management that were interviewed appeared to be honest and forthcoming with their ideas and opinions about addressing the underlying problems of their adversarial relationship. They seem to share the same goals when it comes to improving their relationship: both are dedicated to ensuring the future success of the Postal Service, both want to improve employee attitudes in the workplace, and both are committed to establishing programs that are voluntary in nature. There appears to be a very real desire to live up to the commitments made in the joint letter on mutual cooperation.

Based on the interview responses, the improved relationship at the national level appears to be fragile. The parties face a number of serious challenges as they move to strengthen their relationship. The greatest of these challenges appears to be the potential privatization of the Postal Service. This issue along with others discussed threaten to create a rift between the APWU and postal management.
Recommendations

The APWU and the Postal Service have made excellent progress at the national level in building a solid working relationship. However, throughout this thesis, an inherent distrust between the parties was found. Elimination of this distrust is critical to solidifying this relationship and communication on these issues and development of an approach to handling them is essential. This requires a commitment to listen to and consider one another’s interests before taking a hard stand on issues. There has to be mutual respect for sincere differences of opinion on matters such as changes to legislation which governs the Postal Service. Every effort must be made to assure that these matters do not infringe upon the day to day working relationship of the parties.

The ability to have the spirit of cooperation achieved at the national level permeate the entire system requires establishment of better communication channels up and down the organization. The parties must work together to modify systems which are not working to the satisfaction of either labor or management. Constant reinforcement through action and word is necessary to assure that the parties do not slip back to the open hostility seen during the Anthony Frank administration. The Postal Service and its union partners face exciting challenges as they move into the future. The input of all concerned as early in the change process as possible will result in long term strategies which the parties can support and which assure the viability of the Postal Service.

The key to a mutually beneficial APWU-Postal Service relationship is communication at each and every level of the organization. The greatest contact between union and management occurs at the employee and supervisor level. Selection and training of supervisors should focus on the need for good interpersonal skills. Management must help supervisors break
through the stereotypical role of giving orders to a role of coach and leader. This will only happen if these skills are taught, nurtured and rewarded. While there is opposition to reward systems tied to performance, the parties need to find a way to have all employees including craft accept accountability for their performance. The union has to commit to share the goals of the Postal Service in order to ensure the future viability of the USPS.

Information is power. Communication should respect the hierarchical order in the labor-management organizations. This respect is vital in assuring that trust is established between the parties and that there are a limited amount of or no surprises. If there is to be a good relationship, it is not acceptable for a change in policy to go down the management chain from Headquarters to a supervisor and then to an employee and up the union chain to management. Nor will a trusting relationship benefit from learning about the other parties opinion on an issue by reading it the newspaper.

Abuses whether real or perceived must be eliminated from systems which shape the relationship between the parties. In particular, there needs to be changes made to the grievance process which provide quicker resolution to problems that arise and resolution of grievances as early in the process as possible. Arbitration should be used as a last resort and not as a convenient means of avoiding a tough decision by either party. If properly used, the system will serve the purpose for which it was designed, the resolution of legitimate differences between the parties. The Employee Opinion Survey has the potential to become as derisive and controversial as the grievance process. The concern with question content can easily be overcome by allowing the unions to participate in question development. The parties need to avoid getting into confrontations about use/misuse of the data and concentrate on
fixing those problems identified in the survey, particularly those identified as having a high priority for those surveyed.

There are times when communication on issues needs structure. However, past attempts to manage communication such as EI/QWL have been too restrictive or have been objectionable to the APWU. Focus on results and use of all available means whether it be personal relationship, a form of joint labor-management committees, leadership meetings or other means acceptable to both parties should be pursued. Training and other support should be provided to encourage cooperative efforts which address specific employee, service and efficiency issues. Top labor-management can facilitate these processes by publicizing and praising successes. Development of suggested agendas or lists of issues for the parties to consider tackling would help focus the efforts into meaningful channels. These processes will only work if both parties have a vested interest in their success and a desire to get beyond rhetoric and down to action. The processes should be designed to assure that every employee, craft or management is accountable for their actions. The RBCS example shows that the parties can work together to make good business decisions which are results oriented.

The opportunity and need to improve labor-management relations is critical to the future success of the Postal Service and its employees. The Postal Service faces enormous challenges as it charts its future course. Perhaps the greatest challenge is an internal one. Labor-management relations have the potential to bring about the demise of this great institution or to have it flourish in the future. While leadership can point the way, it is up to every individual to work at improving working conditions in the Postal Service and enhance service provided to the American public.
Appendix A: Sample Questions

Through a series of interviews, answers to the following questions were sought regarding the relationship between the United States Postal Service (USPS) and the American Postal Workers Union (APWU):

1. What elements within the historical relationship between the USPS and the APWU created such an adversarial posture?

2. What efforts have been made in the past to manage postal labor-management relations, and why is the APWU opposed to the Employee Involvement and Quality of Work Life programs?

3. What were/are the major areas of contention between the two parties?

4. What happened during the past two years to turn the postal labor-management relationship around at the national level, and what was the significance of the RBCS agreement?

5. What common ground exists for establishing a formal program to improve USPS-APWU relations, and what drivers could be used to devolve the improved relations at the national level throughout the organization?

6. What salient issues must be addressed to solidify a congenial working relationship between the USPS and the APWU?
Appendix B: Postal Service National Organization Chart

Source: The United States Postal Service
Appendix C: Postal Service Area Organization Chart

Source: The United States Postal Service
Appendix D: APWU Organization Chart
APPENDIX E: LABOR MANAGEMENT COOPERATION MEMORANDUM

MEMORANDUM FOR APWU NATIONAL, STATE, AND LOCAL UNION OFFICIALS
AREA MANAGERS, CUSTOMER SERVICES
AREA MANAGERS, PROCESSING AND DISTRIBUTION
DISTRICT MANAGERS, CUSTOMER SERVICES
PLANT MANAGERS, PROCESSING AND DISTRIBUTION

SUBJECT: Labor-Management Cooperation

The amicable resolution of our differences regarding the deployment of RBCS marks a milestone in the relationship between the Postal Service and the American Postal Workers Union, AFL-CIO.

Although we have established a pattern of resolving more disputes through voluntary agreement than through litigation, none has had the significance of this agreement. Not only were the substantive issues of major concern to each of us, but the agreement recognizes that we cannot anticipate and provide for all future contingencies. We must establish a relationship built on mutual trust and a determination to explore and resolve issues jointly. This agreement embraces these principles.

In order to build on this momentum and improve our relationships throughout the Postal Service, we set forth the following principles of mutual commitment:

1. The APWU and the Postal Service hereby reaffirm their commitment to and support for labor-management cooperation at all levels of the organization to ensure a productive labor relations climate which should result in a better working environment for employees and to ensure the continued viability and success of the Postal Service.

2. The parties recognize that the commitment and support shall be manifested by cooperative dealings between management and the Union leadership which serves as the spokesperson for the employees whom they represent.

3. The parties recognize that the Postal Service operates in a competitive environment and understand that each Postal Service product is subject to volume diversion. Therefore, it is imperative that management and the Union jointly pursue strategies which emphasize improving employee working conditions and satisfying the customer in terms of service and costs. A more cooperative approach in dealings between management and APWU officials is encouraged on all issues in order to build a more efficient Postal Service.

4. The Postal Service recognizes the value of Union involvement in the decision-making process and respects the right of the APWU to represent bargaining unit employees. In this regard, the Postal Service will work with and through the national, regional, and local Union leadership rather than directly with employees on issues which affect working conditions and will seek ways of improving customer service, increasing revenue, and reducing postal costs. Management also recognizes the value of union input and a cooperative approach on issues that will affect working conditions and Postal Service policies. The parties affirm their intent to jointly discuss such issues prior to the development of such plans or policies.

5. The APWU and the Postal Service approve the concept of joint meetings among all organizations on issues of interest to all employees, but which are not directly related to wages, hours or working conditions, such as customer service, the financial performance of the organization and community-related activities. In this regard, the APWU will participate in joint efforts with management and other employee organizations to address these and other similar issues of mutual interest.

6. On matters directly affecting wages, hours or working conditions, the Postal Service and the APWU recognize that separate labor-management meetings involving only the affected Union or Unions are necessary. The parties are encouraged to discuss, explore, and resolve these issues provided neither party shall attempt to change or vary the terms or conditions of the National Agreement.

Moe Baker
President
American Postal Workers Union, AFL-CIO
Dated 11/2/93

Marvin Runyon
Postmaster General/CEO
U.S. Postal Service
Dated 11/2/93

Source: The United States Postal Service

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