



case study

Labor-Management Negotiation

Multinational Airline in Asia

Country
Director

Global headquarters is asking for a
salary freeze and potential **layoffs**

Collective Bargaining Agreement (CBA)
expires soon

Our **relationship** with the Union **is civil**, but
adversarial

I want to revise the **whole CBA**

How do I **approach** these negotiations?

- With the Union
- With headquarters





1. Workshop with the Management team

- Shared **Value Negotiation** vocabulary & approach
- Facilitated **preparation** for negotiations
 - looked into Management and Union views
- Facilitated **process planning**
 - when to meet, why, who, how



2. Preparation & debrief of each interaction

- **Phone/e-mail** support over 5 months of negotiations
- Analyzed **progress** & defined **next steps** (see next slides)





Initiate the interaction: create **interdependence**

- **Informal**: lunch get-together
- **Introduce** new team members
- Make the **Union feel heard**: seek input for communications with staff
- Create a sense of **interdependence**:
“we’re better-off working together”



Transparently negotiate the **process**

- Formal meeting to **discuss the process** only
- **Educate** on differences between processes

Bargaining



vs.

Value Negotiation



- **Respect** Union's reflection time
(not pressing for acceptance)



Identify **everyone's interests**

- Ours, theirs, others'; group & individual
- Categorized (shared, different, conflicting) & prioritized

Summarized first draft:

Management

- Financial & job security
- Rewarding career path
- Achieve company's vision
- Commercially viable
- Flexibility to run business
- Cost savings
- Retirement package
- Stronger Mgmt-Union relations
- Work-Life balance
- Fair CBA

Labor

- Higher salary
- Savings
- Security after retirement
- Job security
- Career growth
- Kid's education
- Health & wellness
- Leisure subsidy
- Study options



Brainstorm **value-creating options**

- Mutual gains, trades, contingency clauses
- Develop option packages covering all the following issues:

Salary & allowances

- Salary scales
- Annual review
- Bonuses
- Overtime
- Night shift
- Meals
- Transportation

Hiring/firing

- Lay-offs
- New vacancies
- Outsourcing
- Promotions

Leaves

- Vacation
- Sick
- Maternity
- Military
- Emergency
- Unpaid

Health & insurance

- Medical
- Dental
- Hospitalization
- Redundancy
- Disease
- Retirement

Work hours

- Work day
- Work week
- Meal breaks
- Coffee breaks
- Rest day after long hours

Other

- Strikes
- Family planning
- Career devpt.
- Leisure benefits
- Dispute resolution
- Etc.



Legitimacy: choose fair, appropriate options, based on objective & neutral **criteria**

- **Inflation**
- Labor **laws**
- Industry **benchmarks**
 - within the company (across countries)
 - with competitors
- Company **profitability**
- Country business **sustainability**
- **Value** of different clauses (comparing \$-value)
- Impact on different **employees groups**
- ...





Parties **working collaboratively**, with Union even proposing solutions for Management's concerns



Parties **sharing more** information
Proficient in **new approach** for labor negotiations



Proposed deal would leave **everyone better off**
(in a time of crisis!)

- Union admitted it was superior to their initial demands
- No job losses; no compensation cuts or freezes, while reducing costs and ensuring sustainability and flexibility to manage the business

Further negotiations to persuade all employee groups **avoided a strike** through an acceptable deal

*This approach marked a significant departure from previous practices [with our unions] which had been largely value **destroying**, leaving the company with a number of unsustainable working practices. Pluris enabled us to clearly define the company's interests and look for ways of un-tapping value from the existing agreement.*

*Pluris provided **negotiation guidance at critical phases** in the process as well as **assisted with critical communications to the Union's members**. These communications at all times stood out as having been produced to exemplary standards.*

*Using the Pluris approach, the subsequent deal that was struck certainly achieved damage limitation for the company with **cost savings that would not have been achieved following the previous practice**.*

*I found Pluris at all times **a pleasure to deal with** and the skills garnered by our team through the partnership have since **proven useful in many subsequent activities**.*





We are a consulting firm specialized in **negotiation, influencing and change management**. Our mission is to craft **win-win solutions** that maximize value and relationships (even when others deem it impossible).

Client needs

We work with clients globally creating an **impact on business and society**.

We help you **challenge assumptions**, develop **value-creating solutions**, and make it happen through solid **influencing & change management**, while maintaining exemplary **ethics and social responsibility**.

Practice areas

- Change Management
- Negotiation & Influencing
- Sales
- Procurement
- Mergers & Acquisitions
- Auctions & Game Theory
- Labor Negotiations
- Dispute Resolution
- Social Impact

Our approach

Strengthen the Team

We **develop the skills** of individuals & teams, through training and coaching.

Our **Immersion Program** engages participants in a series of experiential activities to effectively instill new habits and ensure real life impact.

Facilitate the Process

We assist teams involved in **critical negotiations and change processes** to maximize value. We help map key stakeholders and relationships and strategize ways to influence decisions.

Transform the Organization

We ensure the negotiation, influencing and communication standards are aligned with the **strategic objectives, culture & values** of the organization.

Client results

Increased value

- US\$10bn higher value vs. initial bid for large industrial takeover target
- US\$21 million gains in five contracts with a key financial services client
- 10% savings in mining supplier contracts worth 100s of US\$ million
- Fast growth and 5% higher EBIT with better retail supplier relations
- Profitable oil business acquired in a complex multi-round public auction

Effective communication

- Smoother communication enabling 20+ parties in a global NGO to align interests and work together

Enriched relationships

- Transactional supplier relationships transformed into solid partnerships, with a renewed negotiation culture