

ASK THE EXPERT

By Jeff Forsythe, Principal, McCallum Sweeney Consulting

Evaluating the State of the Union

If your site selection process deems organized labor a negative factor, here is what you need to know when you are assessing the available workforce.

Q In selecting a location for our facility, avoiding the higher costs associated with organized labor is a priority. How do we assess the status of union activity in locations?

The Expert Says: Union activity risk is frequently a consideration for managers responsible for new plant location decisions. In fact, most of the companies that we have assisted with facility location decisions have had considerable interest in better understanding union risk at potential locations.

To determine if a union climate exists within the states and communities of interest, consider the following:

- Right-to-work versus non-right-to-work state status
- Presence of union locals
- Union election activity
- Input from managers of local manufacturing plants

One of the easiest comparisons that you can make between states is right-to-work versus non-right-to-work status. In right-to-work states, a union can secure the right to represent eligible members of a company's workforce through an election, but it is up to each employee to decide whether or not they want to be a dues-paying member of the union. In non-right-to-work states, a successful union election results in all eligible employees becoming dues-paying members. Therefore, unions can maximize their return on investment by organizing companies in non-

right-to-work states, while their return in right-to-work states is much more difficult for them to forecast.

Although it is not uncommon for manufacturers to avoid considering non-right-to-work states for new facility location projects, we would caution against such a sledgehammer approach to defining your search region. We prefer to make right-to-work status a



Jeff Forsythe, Principal,
McCallum Sweeney Consulting

“want” factor instead of a “must” factor because companies can become organized in right-to-work states and can remain without third-party representation in non-right-to-work states. Once all of the important location criteria are analyzed, and assuming the scores for the finalist locations are relatively even, you can use right-to-work status as a tie breaker.

Another way we evaluate unionization risk is through the presence of union local offices near locations of interest. Using data from the U.S. Department of Labor, we are able to

track the locations of all union local offices, the number of dues-paying members, and the total receipts for each office. The nearby presence of union offices that are traditionally affiliated with your company or industry should be of concern, since the closer they are to your new plant location, the easier (and less costly) it is for them to initiate a campaign.

We also scrutinize union election data to better understand the level of organizing activity in an area. Data that we compile includes: the name and location of the companies involved in union elections, date of the election, union involved, number of eligible voters, and the election result.

Speak to HR managers and/or plant managers of local manufacturers to get an on-the-ground labor management relations assessment. Managers with a history in the area can be a great source of information on local unionization risk. They should be able to provide additional insight into organizing attempts that resulted in union elections, while also providing details on attempts that did not result in a National Labor Relations Board supervised election.

Taking into consideration the right-to-work status of each state being considered, the local and regional presence of union offices, union election activity, and information provided by local managers, you will be better prepared to assess the level of unionization risk in one location versus another. **BB**