

Xerox and ACTWU Alliance

For decades, the name Xerox was synonymous with the word copier. In the early 1980s; however, the Stamford, Connecticut-based corporation lost its stranglehold on the market. Facing increased competition from Japanese firms that had entered the copier market in the 1970s, Xerox Corp.'s market share shrank from 80% to less than half. It came close to bankruptcy.

To turn the situation around, the company had to make some changes that would affect quality, production and cost. These changes would include implementing such HR initiatives as increased teamwork, more flexible work arrangements and greater employee involvement. Xerox could not implement such changes, however, without cooperation from its union. The union would have to allow changes to be made in work rules protected by contract. In addition, union leaders would have to become greater partners with management to bring about change.

The union agreed to participate, but only if the company guaranteed job security for its members. Xerox did so in the next contract signed in 1982, resulting in the Amalgamated Clothing and Textile Workers Union (ACTWU) and Xerox becoming business partners.

For the past decade, this partnership has accomplished significant feats. Soon after the two parties signed the 1982 contract, for example, Xerox declared that it could save \$3 million a year by moving its wire-harness operation from Webster, New York, to its operations just outside Mexico City. Before doing so, however, Xerox and union officials created an employee team and gave them the opportunity to make the U.S. operation competitive with Mexico. Within a month, the team discovered ways to save \$2.9 million, without sacrificing quality. The wire-harness operation stayed in Webster.

In 1992, the cooperation between the company and the ACTWU resulted in their smoothest-ever negotiations. By cutting both negotiation teams down from more than 100 members to less than 15, and limiting their number of demands, the two sides signed a contract after just five weeks. Traditionally, getting to that point took up to four months of meetings, which frequently would last into the early mornings and through weekends.

By the end of 1992, the partnership between ACTWU and Xerox had accomplished its greatest feat thus far. By employing the knowledge of focus team members--executives, engineers, union officials and hourly employees--it redesigned Xerox's four Webster plants for greater efficiency. The reorganization converted the plants into seven focus factories in which narrow lines of products are produced in small, self-managed cells that contain their own finance, engineering, HR and quality staffs.

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Results of these and other management-union cooperative initiatives have been substantial. Since 1982, Xerox has lowered production costs 30%, has cut product-development cycle time in half and has increased product quality by more than 100 times. In addition, the company increased its return-on-assets from 8% to 14% and became the first major U.S. company to win back market share from the Japanese without government intervention.

Reference:

Personnel Journal. (1994). Company-union partnership turns Xerox Around.

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