

Is Your Distribution Management Team Preparing for Card Check Law Potential?

From Consultants to Automation, Many Companies Already Taking Action and Thinking Strategy

SCDigest Editorial Staff

Is your distribution organization taking a close look at the so-called "Card Check" law that may pass in the US Congress sometime this year or next?

Some companies certainly are – and it may be time for many of the rest to do so as well.

As most know by now, card check refers to potential legislation that has been proposed by some Congressional Democrats and that would enable the establishment of a union at a place of employment through a majority of employees signing a "card" stating that they would want a union. When more than 50% have signed such a card, a union would be established there. This is opposed to the current system in the US, in which a secret ballot is required for unions to be created.

Critics say that such a process will lead to employee intimidation, as potential union leaders will know who has signed the card and who hasn't. Businesses fear both a potential increase in unionization, as well as a provision in one version of the proposed law that would allow a federal arbitrator to force a settlement between union and management if they cannot come to terms on a contract.

A card check bill has been introduced in Congress, but no real action has been taken as yet. Still, many believe that will happen this year or next, and it appears that such a bill would have the support of the Obama administration.

The proposed law has been vigorously opposed by a variety of business groups, such as the National Association of Manufacturers (NAM), among many others. Some think there will be enough votes in the

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Senate to prevent the bill from being passed, using the filibuster if necessary. But the card check law certainly could pass in some form – and maybe soon.

Some Logistics and HR Execs Taking Action

With the end still uncertain, many companies are especially concerned about the potential impact on non-unionized distribution operations, and are already taking action or considering strategies if the law does pass and/or their facilities do unionize.

In conversations with several companies, the following actions and strategies are emerging:

Hiring Consultants to Wage the Battle: One major specialty products retailer with eight distribution centers employing hundreds of workers each has already hired an outside consulting company to orchestrate its strategy and communications with its DC operators.

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The company, which believes the law is likely to pass, has three full-time consultants that are helping to manage some existing communications now on the benefits of staying non-union, and to develop a battle plan that would be executed if the law passes and unionization efforts are initiated at any of its facilities.

There are a wide number of such unionization consultants, whose numbers are likely to spike if card check becomes law. The best ones, however, may be booked earliest, even before the law is passed, as in the case of this retailer, so companies may want to get proactive on the issue now.

Looking Anew at Automation: SCDigest also recently spoke with one food distributor that has invested very little distribution center automation to this point. However, the company is now looking hard at what automation could be deployed, so that it can move faster if the law is passed, rather than not starting that planning effort until it actually happens.

"This has Us extremely concerned," an executive at the \$5 billion company told us. "It has really changed our view about the role of automation in our facilities."

There are two potential strategies with regard to DC automation and card check. One is to use the potential for automation – and lost jobs – to fight off a card check battle to begin with. The second would be to deploy automation to reduce labor requirements if a facility became unionized.

Thinking Third Party: One consumer goods manufacturer told SCDigest that they are devel-



oping plans for more outsourcing of logistics operations to 3PLs in the event the card check passes.

"This is something we have been looking at for years, but a card check law could certainly accelerate that strategy," the VP of Logistics at the company told us.

Again, there are several potential strategies or objectives here. One again may be to use the potential for outsourcing to dissuade card check unionization efforts at a given facility. The even more proactive position is to outsource if card check is passed, first in the hopes unionization will come later to 3PLs than it will to manufacturers or distributors (deeper pockets theory). Finally, if an operation is unionized, some companies may prefer to let a third party deal with the expected management issues rather than the company itself.

"It's really important that the logistics management team work closely with the Human Resources department to keep up with developments in Washington and take proactive steps to prepare for and mitigate the effect of potential changes," said SCDigest editor Dan Gilmore. "We are seeing some companies well in front of the curve here, while many others are hardly aware of the issue."