

Boeing's 'Cash Cow' Strategy Revealed



Bloomberg via Getty Images

Boeing executives stage a groundbreaking ceremony in North Charleston, SC, after Boeing extracted \$900 million in concessions from South Carolina to locate a second 787 production line there.

While Boeing battles charges that its move to South Carolina was an illegal act of retaliation for lawful, protected activity by IAM members, details continue to emerge about the strategy behind Boeing's decision to locate a 787 assembly line there.

In a presentation to corporate lobbyists gathered in Savannah, GA, for an annual conference in 2004, a former Boeing Vice President described how corporations could force state and local officials to provide massive incentives in exchange for a decision to locate a new operation

or expand an existing one in their state.

Money Pit to Cash Cow

Titled "Turn Your State Government Relations Department from a Money Pit to a Cash Cow," the presentation, which was acquired by a North Carolina newspaper, now serves as a preview of techniques used by Boeing to extract more than \$900 million in incentives from South Carolina lawmakers.

Among the incentives lobbyists were encouraged to demand were free and discounted land, infrastructure grants, long-term sales tax exemptions and income tax

credits. Additional incentives included wage rebates, employee training, utility assistance, permit waivers and low-cost loans.

Heavy-Handed Agenda

Shortly before the conference in Savannah, Boeing demonstrated how well the technique could work by staging what it called a "national competition" to determine the location of the initial 787 assembly line. The result? Incentives for Boeing worth \$3.2 billion harvested from the state of Washington in exchange for a commitment from Boeing to build the 787 plant in the Puget Sound area.

Another report by the Institute for Wisconsin's Future, a public policy group that investigated Boeing's practices, found that: "The Boeing model uses sophisticated marketing, heavy-handed relationships with key decision makers and fear of job loss to enforce its agenda.

"Boeing relentlessly milks revenue from state and local governments while forcing large public spending on infrastructure. It holds down employee wages, further minimizing local tax revenue, at a time when governments at all levels are in desperate financial condition," according to the report.



Members of Local 86 cast ballots to ratify a new contract with Triumph Composite Systems in Spokane, WA.

Undaunted by the worst recession in decades, the 335 members of Local 86 who work at Triumph Composite Systems in Spokane, WA, overcame all obstacles and ratified an agreement that guarantees 40 hours

New Triumph Contract Includes Job Security

employment per week for the life of the agreement.

The three-year contract also addresses outsourcing with language to protect employees from work transfers to Mexico, or any other Triumph facility. IAM members build and assemble floor panels, ducts and flight deck interiors and components for all Boeing aircraft and after-market floor panels for Airbus planes.

“In this environment, the job

guarantee language is unprecedented,” said Aerospace Coordinator Mark Blondin. “The Local 86 Bargaining Committee secured gains in job security, \$8,300 in lump-sum payments, increased pension amounts and COLA. We also held the line on health care and got language to protect the employee’s portion from rampant inflation. Local 86 members can be rightfully proud of what they accomplished.”

Spirit Negotiations Seek Benchmark Agreement

As the *IAM Journal* went to press, the clock was ticking down to a June 25 contract expiration date at Spirit AeroSystems in Wichita, KS. The Local 839 Bargaining Committee had just reached a tentative agreement on a new contract proposal that

could become the benchmark for the aerospace industry.

No strangers to the changes that have rocked the aerospace industry, many Local 839 members were Boeing Company employees before the division was sold to Onex Corporation,

which then formed Spirit AeroSystems. After riding a wave of success, Spirit’s fortunes tumbled after the economic collapse.

“We have an opportunity and an obligation to protect our members’ jobs in ways that the traditional bargaining relationships simply couldn’t provide,” said International President Tom Buffenbarger.

Among the proposals under consideration is contract language that would provide job security in a long-term contract that assures the company of uninterrupted production.

“We’ve embarked on a whole new model of labor negotiation,” said Aerospace Coordinator Ron Eldridge, “one that gives the company flexibility to meet changing conditions while ensuring our members are true partners and can share in the company’s success.”



The Local 839 Bargaining Committee prepared for Spirit negotiations at the IAM’s Winpisinger Education Center. Front row, from left: Local 839 President Kathy Petersen, In-plant Rep. David Eagle, District 70 DBR Steve Rooney and BR Becky Ledbetter. Middle row: In-plant Rep. Howard Johnson, Headquarters GVP Rich Michalski, IP Tom Buffenbarger and Local 839 Negotiator Dennis Williams. Back row: IAM General Counsel Chris Corson, GLR Don Barker, Aerospace Coordinator Ron Eldridge and District 70 BR Mike Burleigh.

Recharging the HPWO Partnership at Vance AFB

Less than 12 months after resolving a strike by nearly 900 members of Local 898 at Vance Air Force Base in Enid, OK, both sides returned to the table recently to reaffirm their commitment to a different kind of agreement.

Contractors, union representatives and Air Force officials all agreed to rededicate themselves to the goals of a High Performance Work Organization (HPWO) partnership that was first signed in 2004.

Taking part in the recommitment ceremony was IAM President Tom Buffenbarger, who called the HPWO partnership an opportunity to move beyond the strike and focus on building an environment that works for employees, contractors and the Air Force.

Top Flight

"We're obviously committed to meeting the needs of our members, but we're also committed to making sure Vance AFB remain a top flight training and support center with a reputation for innovation," said Buffenbarger. "The HPWO partnership at Vance is poised to add enlightened labor-management relations to that reputation."

The partnership calls for management and union members to work together at nearly

every level of the operation, from decisions about staffing and scheduling to collaboration over work-flow changes with the potential to lower costs, enhance job security and improve productivity.

IAM members at the base include landscapers, instructors, firefighters and aircraft maintenance personnel.

"At the end of the day, this

partnership is about tapping into the expertise of front-line employees and working in a collaborative environment," said Southern Territory GVP Robert Martinez, Jr., who took part in the recommitment ceremony. "Everyone understands the challenges faced today by domestic military bases. The price of not working together is simply too high to ignore."

Rescue Effort at Vance



Local 898 members Lennit Williams, left, and Mike Morriss are recognized for their efforts, along with other Local 898 members, during a rescue operation at Vance AFB. At far right, Applied Technologies President Alan Weakley.

When a student pilot at Vance Air Force Base ejected from his aircraft during a landing, quick action by Local 898 members prevented a greater tragedy. Lennit Williams, a Flightline Expeditor, called for help and stayed with the pilot until medics arrived. Meanwhile, the propeller-driven aircraft had veered off the runway,

gotten stuck and was throwing up clouds of debris. After two attempts to get on the wing, Flightline Leadman Mike Morriss, managed to reach the cockpit and shut down the engine. Then Mike Jones, Jerod Clark and Arnold Miller of the Egress Shop secured the explosive elements of the aircraft and ejection seat.