

THE UNION CHALLENGE

In late spring of 1997, I faced a significant internal challenge. An attempt by the local Teamsters to unionize our warehouse and delivery personnel.

If it had not been for the solid relationship, I had built with my warehouse crew, most importantly the night shift, it is most likely this effort by the Teamsters would have succeeded before we discovered it. However, one of the warehouse crew managed to get the word up to my Senior VP of operations and I was alerted.

When I took over as the leader of the company, I realized quickly that the warehousemen and the delivery drivers were the backbone of the company. Our ability to provide and live up to our motto of, “Seamless Service from the Producer to the Customer” would fail if the last link in the chain did not take the motto to heart. Therefore, I made a point of getting close to those workers as possible. Not because I was trying to trick or mislead them but, because I also realized that they did the hard work and did not necessarily receive the credit they deserved. I used to preach to the sales force they could give themselves a raise every day, all they had to do was sell more. But the company’s ability to give raises to the folks behind the scenes, especially those lifting cases every day, was totally dependent on the sales team selling more and attaining the goals and objectives of our supplier partners and the company.

Because I was spending 3 nights a week in Benicia instead of making the hour plus long drive home, I would find myself late in the evening in the warehouse talking Raider football and sometimes smoking Cigars with our night shift warehousemen. It was a small crew in the beginning, only 4 men, but it increased as we began to grow. So, I was surprised that I hadn’t been in tune to what the issue could be.

I needed to bring Warner Henry, the owner of the company, into the loop. Of course, the eventual guidance of labor attorneys made their presence felt in my office. I was counseled in very direct language I could no longer fraternize or engage in any personal way with the same folks I had been enjoying during those late evenings. The company could not be accused or appear to be influencing their possible choice to sign what was called the CARD. If enough folks signed the card, then the case would be taken to the state labor board and the next result could be unionization of the workforce.

I was stunned that in one breath I went from being their friend and ally to the leader of the company, divorcing myself from any interaction with them. I could not believe it. Naturally, not being one to shy away from my instincts, I made the most important phone call I could—to my Dad asking for advice. You probably are asking why your dad? Well, Ed Reno spent 42 years of his life working for the Firestone Corporation. He started as a line worker and eventually ended up running their factory in Wyandotte, Michigan. I always remembered he was hailed for not having any union issues and during the brief period when I worked there one summer, I came to understand that Ed Reno was on the side of the worker. The respect he was shown by the workers I spoke with demonstrated that in their comments.

When I got my Dad on the phone after we got through the usual how is it going conversation I jumped to the issue. “Dad, I need some advice.” Sure Son, what is going on. “Well, I just learned that the Teamsters are attempting to unionize the companies’ warehouse and delivery drivers. Apparently, they have engaged in a campaign to get enough of the drivers and warehousemen to sign a union card. I am just learning from our attorneys what that means.” Yea, I understand exactly what that is, my Dad said. “I also have been advised by our attorneys that I cannot talk to the workers about it or attempt in any way to look like the company is coercing them not to sign the card. Dad, these are the

same folks that I have gotten to know personally in many cases and have what I believed was an open and solid relationship. In fact, most of the night warehouse crew and I have spent many evenings talking Raider football and, in some cases, smoking cigars together on the back loading dock. I am confused by all of this. What should I do?" Son, do you feel like there are any of these folks you can trust? "Well, yes, I do." Okay, here is my advice. Ignore the instructions and advice of your attorneys and call a meeting and see who shows up. Be careful not to put any pressure on them or make it look like you are going to change things to get them on your side. Then ask them what the issue is. Why they feel it is necessary to unionize. What is it that THWG is not doing for them. Finish by inviting anyone who wants to talk privately to come see you. Let them know your door is open. Based on what you have told me my instincts say this is not just about money. "Okay, that sounds like a good plan and one that should not get me in hot water if handled correctly." Son, I am sure you will know what to do once you understand what the root cause of this is. Let them know you feel blindsided and just want to help. "Thanks Dad, I love you. I will let you know what happens."

With that advice I decided to call a meeting and not alert the attorneys. However, I did have my HR person attend so I had a witness to my speech and any questions that might come up just in case.

I scheduled the meeting for later in the afternoon when a large majority of drivers would be returning to the warehouse from their daily deliveries as well as the shift change between the day and night shift would be taking place. I hoped this would ensure my best success at the largest number of people to show up. The meeting wasn't mandatory as I couldn't look like I was forcing anything on them. The turnout for the meeting was significant. It was clear the drivers and warehouse men were interested in what I had to say. I started by thanking them for taking the time to stay after their shift and attend

the meeting. I made it clear from the beginning that I was aware there was a potential effort by the Teamsters to organize and unionize our workforce. Then I cut right to the heart of the matter. I said, "I do not know what the issue is. You are the same guys that I have enjoyed talking football and smoking cigars with sometimes in the late evening and I never heard anyone of you suggest or even bring to my attention issues that you may be facing I was not aware of. I have been advised that I shouldn't even have called this meeting because it could appear I am trying to influence you, or you might think I am being threatening or coercive. Let me assure you nothing could be further from the truth. My objective is to let you know if any of you want to speak with me privately and let me know what the issue is my door is always open so, please feel free to knock on it. I would like nothing more than to understand what you feel is unfair or a problem that keeps you from doing your job and enjoying working at THWG." On that note: I thanked them once again and closed the meeting.

Over the next several days they started to stream into my office. The issue was simple. Sure, it was about money, but it was more than that. The company was growing, and the salespeople were making more money, the company was finally becoming profitable but all they saw and experienced was a greater workload, most especially during crunch time, what is referred to as Q4 in the business. That term is short for the months of October, November, & December in which we did close to 40% of our annual business. However, there was another element to their frustration, their current manager and supervisor who had picked cases with them shoulder to shoulder in the past when their workload got heavier was no longer available or on the floor with them. They of course did not realize that as our business grew, and their workload increased, so did his. He was being pulled in many more directions and tasked to do more in the way of IT management or related warehouse management duties that did not afford him the time to be on the floor with them as he once was.

It also was clear to me the several folks who came forward had been chosen as spokesmen for the drivers and warehouse men as a group. Although the drivers weren't as troubled by the increase in business they fully backed the warehouse and wanted to show their support. I assessed the situation and realized quickly that there was a need. One that could only be filled by creating a new management position. This position had to have the authority to manage the day-to-day activities in the warehouse and most importantly be able to work along-side the men on those days when the business increase warranted it. After consulting with my General Manager and HR specialist I suggested that we create the position of Warehouse Superintendent. This position would report to the current Warehouse Manager but would be empowered with the day-to-day responsibility to see that the work was completed on each shift and the driver's concerns were considered as well. Now where to recruit this individual was the next step.

We advertised the position, but I encouraged anyone within the warehouse team who was interested to apply as well. Not surprising to me one of them did. His name was Dave Mae. Dave was probably the strongest and most effective warehouse man we had. He could pick more and quicker than any of his counterparts and most importantly was respected by each and every one of them in both the warehouse and driver crew. Technically, Dave didn't have the advanced skills on paper that gave him the experienced credentials in management or warehouse management. However, he had the most important skill necessary, he was not scared of hard work, and he garnered the respect and commanded the authority with his fellow workers that would be necessary for success. After several weeks of vetting candidates and potential outside managerial talent I made the decision to give Dave the job. In retrospect it was one of the most important successful early management decisions I made. I had preached to the employees' time and time again my favorite axiom that my father had

taught me many years ago. "There is a lot of opportunity in this world and very few people who see it. When you see your opportunity run to it not away from it." I also had made it clear we were going to be a company of opportunity. I needed to back that up with more than words but action. This decision gave me that chance to show the employees that I meant it.

Below is the transcript of an email message I received from Dave Maae after my afternoon retiring/going away party at Henry Wine Group corporate office in Benicia, CA back in November of 2009. I treasure it. (I do have the original source document from which this has been reprinted in its full text).

Dave Maae

Thursday, November 19, 2009 2:32 PM Fred Reno

Special Thanks

It is hard to put in words what you have meant to the warehouse crew. You are one of the main reasons why we strive to be the best that we can be. It was your leadership, from day one, that brought new life into the warehouse. While a lot of the warehouse team from past years have come and gone, I personally still remember the past and the future speeches from you. You have indeed touched one and all of us in our minds, hearts and our souls. You will truly be missed. If one day our paths should meet again it will be an honor and a pleasure to work for you again. However, if our paths do not cross again, it has been an honor and a pleasure to work for you. I mean this with the utmost respect.

YOU ARE THE MAN.

Thank you Sir it has been a pleasure.