

**Labor Negotiation Game**



Congratulations! You are now an employee of Dunkin’ Donuts Inc.. In order to understand how labor unions work, the class will be attempting to negotiate a contract by participating in a collective bargaining activity. The class has been divided into two teams – Dunkin’ Donuts labor and management. The bargaining teams will discuss demands and try to reach an agreement. After an agreement has been reached and a contract signed, each team will receive a sealed scorecard. Points will be awarded according to how well each side negotiated – how well does the final contract reflect your original demands? Be sure to negotiate every aspect of the contract.

Each packet contains the following:

1. General information available to both teams.
2. Information available **ONLY** to either labor or management. **THIS MUST BE KEPT CONFIDENTIAL SO THAT THE OTHER TEAM IS NOT PRIVY TO THE INFORMATION.** Do not jeopardize your team’s success by sharing information or strategy with anyone other than your team members.
3. One contract to be completed at the end of the entire session.

	<b>Management</b>				<b>Labor/Union</b>			
Block 6	Serena	Nicole C.	Alex	Tricia	Felicia	Anna Mae	Meredith	Darcyann
	Larsen	Alyssa	Hannah	Jack	Meryl	Andre	Max	Christina
	Lara	Melanie	Abbey	Barrie	Helena	Amanda	Nicole T.	Nick

## GENERAL INFORMATION

Dunkin' Donuts has been operating the present store for the past 5 years. While it has experienced an increase in trade, a Honey Dew Donuts and Starbucks have just opened within a mile of Dunkin' Donuts.

### ABOUT THE EMPLOYER (Management)

Dunkin' Donuts was founded in Quincy, MA in 1950 and is the world's largest coffee and baked goods chain, serving more than 3 million customers per day. Today, Dunkin' Donuts is the number one retailer of coffee-by-the-cup in America, selling 2.7 million cups a day, nearly one billion cups a year. Dunkin' Donuts has more than 6,500 shops in 29 countries worldwide and 294 stores in Massachusetts alone.

### ABOUT THE UNION (Labor)

The union represents 82 of Dunkin' Donuts' workers. The workers possess skills that would take replacements two weeks to learn. The supervisory staff cannot operate the store themselves.

### LABOR RELATIONS

Most contracts cover only one year. The most recent contract was a management-friendly contract. However, the two new chains have publically stated their intention of hiring experienced, trained workers, preferably from Dunkin' Donuts. Dunkin's also faced the possibility of declining profits due to increased competition.

	<b>Current Agreement</b>
<b>Wages</b>	\$8.00/hour
<b>Overtime</b>	No overtime pay
<b>Hours</b>	No standard # hours per week
<b>Uniforms</b>	One shirt provided
<b>Seniority</b>	No seniority for layoffs and no preference for job assignments
<b>Paid Holidays</b>	None
<b>Employee Discount</b>	10%

## INFORMATION AVAILABLE ONLY TO MANAGEMENT

### Negotiated Issues in Order of Priority:

1. Seniority
2. Wages
3. Overtime
4. Paid holidays
5. Uniforms
6. Hours
7. Employee discount



### Seniority

Management feels seniority cannot be negotiated. Due to a high turnover of employees, a “seniority policy” (whereby the business would give preference to those more senior employees when a job opened up or when layoffs were required) would cause workers to change jobs every time someone left. Retraining would cost the company significant money and employees might become dissatisfied with constant job changes. NO OTHER COMPARABLE EMPLOYER HAS A SENIORITY POLICY.

### Wages

A \$.10 increase in wages is all Dunkin’ Donuts can afford. Advertising costs will be doubled this year to compete with the new Honey Dew and Starbucks. Food and coffee priced and the cost of employee insurance have also increased. These increases will erode profits. However, to be competitive, a \$.20 per hour wage increase may have to be compromised.

### Overtime

Overtime wages cannot be considered. Those employees who are scheduled to work after midnight are not working in excess of eight hours. However, those employees who work after midnight are doing the cleanup, which is rigorous work. Dunkin’ Donuts values their cleanliness and that will never be compromised. Introducing overtime pay would result in layoffs so that Dunkin’ Donuts could meet their payroll.

### Paid Holidays

Paid holidays are an item for compromise. Currently employees are paid only for days that they work. Dunkin’ Donuts has never had a policy of paid holidays.

### Uniforms

Because of the large number of employees and a high turnover, furnishing employees with two uniforms would be a prohibitive cost for Dunkin’ Donuts. By providing one uniform per employee, the employee is forced to take good care of it and return it upon departure. However, a compromise might be negotiated. When an employee has completed 6 months on the job, they would receive a second uniform.

### Hours

A guaranteed 22-hour work week would be difficult. The amount of business is dependent upon the weather or community events. However, a guarantee of twenty hours per week might be considered.

### Employee Discount

Employee discounts are an area for compromise. Mark up on food and coffee is 50%. By giving employees a 30% discount, profits would not be endangered.

## Management Negotiation Strategy

Directions: With your team, read over the information that is available only to your team. Review your group's priorities and figure out your strategy to get a contract that supports those priorities. What are your starting demands and what are you willing to accept in the negotiation? Take notes on any arguments you plan to make and reasons for each of your demands.

Issue	Current Contract	Starting Demand	Willing to Accept	Notes
Seniority	No seniority			
Wages	\$8.00/hour			
Overtime	No overtime pay			
Paid Holidays	None			
Uniforms	1 furnished			
Hours	No standard			
Employee Discount	10%			

## INFORMATION AVAILABLE ONLY TO THE UNION

### Negotiated Issues in Order of Priority:

1. Wages
2. Hours
3. Overtime (Late night pay)
4. Seniority
5. Employee Discounts
6. Paid Holidays
7. Uniforms



### Wages

Wages are the top priority. Most employees are the primary wage earners for their families. Dunkin' Donuts realized healthy profits last year, the economy is improving, and it is projected that profits will continue to increase. Employees are insulted by management's offer of \$.10 per hour. Starting wages at Honey Dew and Starbucks are \$.20 per hour above the current Dunkin's rate. The union is asking for \$.55 per hour increase, but would settle for a \$.40 per hour increase.

### Hours

Employees want a guaranteed 22 hour work week. The present work schedule is unfair. Some employees get special treatment. In addition, employees may work only a few hours one week and many the next. A guaranteed work week would provide a steady pay check.

### Overtime (Late night hours)

Overtime pay is the third priority. Employees want time and a half for work after midnight. This work involves after-hours clean-up which is difficult. Other comparable chains pay overtime.

### Seniority

A seniority policy would give special rights to employees who have been with Dunkin' Donuts the longest. Employees with the greatest seniority would 1) get their choice of jobs, and 2) would be the last to be fired. Dunkin' Donuts has a high employee turnover so it would not take long to move up the seniority list. The union feels that those already employed by the company deserve the first chance at a job opening before a replacement is hired.

### Employee Discounts

Employees realize that the mark-up on food is substantial. When scheduled for a long shift, an employee has to eat "on the job." Buying food at only a marginal discount substantially diminishes the size of pay checks.

### Paid Holidays

Two paid holidays per year would be viewed as a bonus. It would generate cooperation between the workers and the management and promote employee satisfaction.

### Uniforms

This issue has the lowest priority. Dunkin' Donuts requires employees to come to work neat and clean. Depending on work schedules, employees may have to wash their uniforms daily. While this would benefit employees, wages and other demands take precedence. This demand can be given up easily.

## Union Negotiation Strategy

Directions: With your team, read over the information that is available only to your team. Review your group's priorities and figure out your strategy to get a contract that supports those priorities. What are your starting demands and what are you willing to accept in the negotiation? Take notes on any arguments you plan to make and reasons for each of your demands.

Issue	Current Contract	Starting Demand	Willing to Accept	Notes
Wages	\$8.00/hour			
Hours	No standard			
Overtime	No overtime pay			
Seniority	No seniority			
Employee Discount	10%			
Paid Holidays	None			
Uniforms	1 furnished			

**CONTRACT – DUNKIN’ DONUTS AND WORKERS’ UNION #1**

On this date, \_\_\_\_\_, the above parties agree to the following:

- Article I      WAGES                      Wages shall be \_\_\_\_\_ per hour.
- Article II     OVERTIME                      Union members shall be paid \_\_\_\_\_ for overtime.
- Article III    HOURS                              The standard work week shall be \_\_\_\_\_ hours long.
- Article IV    SENIORITY                      The following agreement has been reached concerning seniority:
  
- Article V     PAID HOLIDAYS              Union members shall receive \_\_\_\_\_ holidays.
- Article VI    UNIFORMS                      Union members shall receive \_\_\_\_\_ uniforms.
- Article VII   EMPLOYEE DISCOUNTS      Union members shall receive a \_\_\_\_\_ discount on food.
- Article VIII  ADDITIONAL AGREEMENTS (if any)

Dunkin’ Donuts Representatives

Union #1 Representatives

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**Scorecard – The Union**

<b>WAGES</b>	<b>SCORE</b>
\$ .50 per hour increase (or more)	5
\$.35 - \$.49 per hour increase	4
\$.11 - \$.34 per hour increase	3
\$.10 per hour increase (or less)	1

<b>OVERTIME</b>	<b>SCORE</b>
1 ½ time for overtime	5
No overtime	1

<b>HOURS</b>	<b>SCORE</b>
Guaranteed 20 hour work week (or more)	5
Guaranteed 19 hour work week (or less)	3
No guaranteed hours	1

<b>UNIFORMS</b>	<b>SCORE</b>
Two furnished	5
One furnished	1

<b>SENIORITY</b>	<b>SCORE</b>
Policy for layoffs AND job assignments	5
Policy for layoffs OR job assignments	3
No policy	1

<b>PAID HOLIDAYS</b>	<b>SCORE</b>
Two paid holidays	5
One paid holidays	3
No paid holidays	1

<b>EMPLOYEE DISCOUNTS</b>	<b>SCORE</b>
50% discount (or more)	5
16% - 49% discount	3
15% discount (or less)	1

**SCORE: \_\_\_\_\_ points**



**Scorecard – The Management**

<b>WAGES</b>	<b>SCORE</b>
\$ .10 per hour increase (or less)	5
\$ .11 - \$ .34 per hour increase	4
\$ .35 - \$ .49 per hour increase	3
\$ .50 per hour increase (or more)	1

<b>OVERTIME</b>	<b>SCORE</b>
No overtime	5
1 ½ time for overtime	1

<b>HOURS</b>	<b>SCORE</b>
No guaranteed hours	5
Guaranteed 19 hour work week (or less)	3
Guaranteed 20 hour work week (or more)	1

<b>UNIFORMS</b>	<b>SCORE</b>
One furnished	5
Two furnished	1

<b>SENIORITY</b>	<b>SCORE</b>
No policy	5
Policy for layoffs OR job assignments	3
Policy for layoffs AND job assignments	1

<b>PAID HOLIDAYS</b>	<b>SCORE</b>
No paid holidays	5
One paid holidays	3
Two paid holidays	1

<b>EMPLOYEE DISCOUNTS</b>	<b>SCORE</b>
15% discount (or less)	5
16% - 49% discount	3
50% discount (or more)	1

**SCORE: \_\_\_\_\_ points**

**Labor Negotiation Reflection**

Directions: Now that you've completed the labor negotiation, please take a few minutes to reflect on the exercise. Remember, we did this to help you begin to understand how collective bargaining, the premise upon which unions are founded, works.

1. What can you take away from this exercise? Did you learn anything about how unions or labor negotiations work?

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2. Look at the contract you have just negotiated. How satisfied are you with the new contract? In other words, how close did you get to your ideal contract? Explain.

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2. Which items did you win points for? (LIST)

_____	_____	_____
_____	_____	_____

3. How do you feel about your team's performance in the negotiation? What is ONE thing you did well and ONE thing you could have done better?

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4. Consider the team who won. Why did they win? Explain HOW the contract you negotiated led to a win for this team. (i.e., Was it simply because they won most of their demands? Was it that they were more aggressive? Did they make better arguments? Explain.)

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