

Joseph Miniace Speech at the AAPA Conference in Jacksonville, FL

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Let's put ourselves in a situation that is all too easy to imagine. Picture yourselves checking in to a hotel where you are paying top dollar, but receiving only mediocre service.

Checking in takes too long because the hotel clerk writes everything by hand, rather than using the available computer.

Once you finally have a room, your bags don't arrive right away, because the computerized tracking system that was available wasn't used.

Instead, the bell person had to wait for the clerk to finish with other customers, before providing the needed information.

Then, the air conditioning doesn't work, so you call guest services. Only to find out, you haven't checked in yet. Again, the computer did not relay the information.

Would you come back to a hotel like this? Having stayed in hotels like this, I know I would not come back. I know I would send a letter of complaint.

For the last twenty years, things on the West Coast ports have been a little like our imaginary hotel. Lots of well-paid employees, with good intentions, but too low a level of productivity and efficiency.

We, on the West Coast, have been lucky. We have benefited from some fortuitous geography and strong capital investments and visionary port directors like: Mic Dinsmore (Seattle), Mike Thorne (Portland), Leo Brien (Oakland), Ezunial Burts and Larry Keller (LA) and Steve Dillenbeck (Long Beach).

And for years, that was enough. A great location and a strong infrastructure allowed us to get by without noticing our decline in productivity. The continuous increase in tonnage masked our low levels of productivity. We did not receive the productivity commensurate with the technology that is available. Now, we on the West Coast, need to learn to work together to create a productive and efficient waterfront.

The reason?

Our customers are no longer turning a blind eye to this behavior; they are tired of seeing their ships delayed and tired of subsidizing poor productivity.

The result?

In the last three years, the West Coast share of container shipping has slipped from 53% to 49.9%.

In other words, the smile you've seen on Lillian Borrone's face all morning isn't just prompted by her well-deserved election as Chairman of the AAPA Board. Lillian has been one of the beneficiaries of our loss of container shipping.

What concerns me is not a tonnage percentage point here or there, but rather the long-term strategic plan of our member companies. If they plan to begin moving their cargo through ports that seem more efficient and stable than West Coast ports, then we will have real trouble. I have said this in the past, "You're not going to stop a strategic plan once it's in place." My goal is to make our waterfront so productive that we are the strategic choice; that shippers will not want to look for other alternatives. We want to be their plan for the future.

How can this be done? Clearly we can not do it alone – nor should we – because the ILWU is as large a stakeholder of interest as are the ports, who have spent millions of dollars; as are the tax payers, whose money is spent; and the shipping companies. I recognize the interests of large stakeholders, such as yourselves and believe Port Directors should be aggressively involved in what happens on the waterfront. Mic Dinsmore at Port of Seattle has made a difference in the attitudes of the Longshoremen by working closely with the Union and the PMA to improve relations and productivity.

Larry Keller at the Port of Los Angeles has stepped up and become aggressively involved.

I have to give the East Coast ports and the International Longshoremen's Association (ILA) credit. They have brought a measure of accountability to the docks -- the underlying reasons are not important. The fact is, productivity has been improved, costs have been cut and fair wages have been preserved.

The East Coast experience of the last few years is the best proof there is that unions can be at the heart of a successful port. As we have learned on the West Coast, the best location in the world means little, if the ships don't get out of the port on time and it

means even less, if the ships don't come at all.

Regardless of the industry, we are now in a time when management and unions must work together. The strife that has developed in the last few years, and expressed most recently in the UPS strike and, in my own community, the Bart strike, does nothing but alienate customers and create conflict for all employees, management and union alike. This is not a healthy or productive environment for anyone.

We are not exactly inventing the wheel. Nor can this be considered radical, by any standard. A perfect example of this is how Ford Motor Company and UAW combined their efforts to focus on the customer. Through a jointly introduced and truly innovative quality management program, the Company and the Union joined forces to respond to their customers at a time when their relations and trust were low. The result was a Company/Union partnership that improved quality, strengthened the Company, saved jobs, and provided the employees with incentives, such as shared profits.

I believe we are at a time in our labor relations which presents us with a unique opportunity. We have the choice to either maintain the status quo or to make significant changes. This is not totally new for us...the late Harry Bridges, founder of the ILWU, years ago, was at a similar crossroads. He could have fought the coming trends and technology, but he didn't. He took a chance, a leap of faith, if you will. By taking this chance, Harry was able to protect the jobs of his union brothers for the next generation. I believe we have that same opportunity now.

The PMA and the ILWU can work together to improve productivity on the docks and improve the image of West Coast ports. We have the right infrastructure and the right location, what we need to prove once again, is that we have the right workforce.

I strongly believe that the Employers, the ports, and the union have a responsibility to work together to create a competitive and viable port. If we can't, we will lose more of the discretionary cargo that makes up 60% of our business today. Harry wouldn't have liked that and neither do I.

Part of being a competitive port is being open to new ideas, especially in terms of technology. The PMA, and its Board, has made a commitment to be on the cutting edge of waterfront technology. We're working to employ computers everywhere they can improve efficiency - be it desktop or palmtop. The PMA is proud to pay good wages - but we're also committed to returning to an old adage: "An honest day's pay for an honest day's work." By combining these two, technology and productivity, the PMA, the ports and the ILWU will win.

Even though I continue to emphasize the importance of technology and productivity, I don't want the PMA, the ports or the Union to lose sight of something old fashioned but tried and true – communication. Something as basic as sitting down and having a conversation can solve more problems than a new computer tracking system. Because, if people do not hear about new ideas or don't understand the purpose of these ideas, then they won't accept or use developing technologies. We all have the same goal – to have the most productive and active port. The more we support an open communication policy to serve our customers, the better our chances for reaching our goal.

Maybe it's time for senior management of Member Companies, along with responsible Port Directors, to take this message directly to the employees.

In today's global economy, Employers, the ports, and the union have to work together in order to remain competitive. There are just too many options out there for consumers. On the West Coast, our customers have let us know this and we are taking significant steps to counteract the recent downward trend. In a way, I need to thank our customers. They have shown us what happens if we get complacent and rest on our laurels.

We now have the opportunity to join forces and create a new paradigm on the waterfront - management, port, union and customer, all working together to provide the most efficient and productive workforce. We don't want to end up like our imaginary hotel, with customers not returning. Instead, we want to emulate Ford Motor Company -- by opening the lines of communication and developing creative solutions and new ways of doing business -- by winning together.