

arb 102

Inland Steel Company)
Indiana Harbor Works)
and)
United Steel Workers, CIO)
Local 1010)

Grievance 16-C-263

Hearing, January 20, 1954
Transcript Received, February 9, 1954
Award. February 26, 1954

/s/ Chas. B. Gordy
Chas B. Gordy
Impartial Arbitrator

THE PROBLEM

The question to be decided in this Arbitration is whether or not the company is in violation of Article V, Section 5 of the Collective Bargaining Agreement when it denied Grievance 16-C-263 filed November 20, 1950.

The union position

The union contends that the provisions of the Wage Incentive Plan 82-C-3 for the Cold Strip Mill Head Bundler and Bundler occupations are being improperly administered, and petitions that "... these employees be paid for metal protectors as specified on the rate sheet." Union Exhibit 1, p. 4 of the Transactions.

The issue centers around three pieces of sheet metal used in preparing bundles and coils of steel in the shipping end of the cold strip mill for shipment to customers of the company. These three pieces were identified in the hearing on January 20, 1954 as follows:

1. A corner clip.
A piece of sheet steel bent at a 90° angle by a special machine located in the shipping end of the cold strip mill for that specific bending operation. The clip is made from scrap steel, and the approximate dimensions (not scaled by a rule) appear to be about 4" wide, and each prong extending from the angle about 4" in length.
2. A rectangular strip.
A piece of sheet steel made by shearing down scrap steel "... at our slitter or shears." p. 81 of the Transactions. The approximate dimensions (not scaled by rule) appear to be about 4" in width, and 10" in length. In certain circumstances, this piece may be used instead of a "corner clip.
3. A square section.
A piece of steel made "... by shearing down stock on the Hand Shears". p. 70 of the Transactions. The approximate dimensions (not scaled by rule) appear to be about 24" square". ... when that (the square section) is used it is used on jobs where trans-shipment takes place or shipped from one form of transportation to another, then these have to be put on. ...". p. 140 of the Transactions.

The Union contention is that the three pieces just described are all "metal protectors", and that when piece 1 and piece 2 are used the Head Bundler and the Bundler, or Bundlers, should be paid at the crew rate of .018 provided as a separate item for "metal protectors" in rate sheet, file 82-C-3. pp. 16, 141, 142 of the Transactions.

The company position

The company denies the union's allegation that "metal protectors" are not being paid for as specified in wage Incentive Plan 82-C-3. p. 19 of the Transactions.

The company contends that "corner clips" have never been considered or treated as metal protectors for payment purposes (p. 76 of the Transactions), and that the placing of corner clips together with the rectangular strip - identified above as piece 1 and piece 2 - are included as internal elements in the banding rate. This "banding rate" is identified on the rate sheet, File 82-C-3, as the first item, "Band on Coils, Lifts". The company further contends that the square section, identified above as piece 3, is the metal protector noted as a separate item "metal protector" on the rate sheet, file 82-C-3, as the 5th item. " . . . and when that (the square section) is used" . . . it is paid at the .018 rate." p. 140 of the Transactions.

THE FACTS

The Exhibits

Various Exhibits were presented by both the union and the company at the hearing January 20, 1954. These are listed as follows:

<u>Exhibit</u>	<u>Union</u>	<u>Company</u>
Grievance 16-C-263	1	A
Rate sheet, file 82-C-3	2	B
Definition of Terms used in file 82-C-3		B
Lift Bundling Procedure cold strip mill		
Bundler's Earnings 6/12/49 to 11/26/50		C
Earnings comparison		D
Time standards 1 1/4" Bands		E
Time standards metal Protectors		F
file 77-0621-1	X	F

In addition to the above, certain tickets and forms were introduced by the company to explain the methods of recording the work done by the Bundler crews, and the methods of recording the pay for the work done. pp. 44 to 50, 93, 95, 96 of the Transactions. These tickets and forms are titled as follows:

Bundling Ticket
Shipping Ticket
Work Detail Report
Earnings Report

The company presented a 12 page brief, and the record of the hearing covered 158 typed pages.

Historical background for Grievance 16-C-263

1. In May, 1948, during modernization and expansion of the cold strip mill, the company began the transfer of the Shipping Division and the Shipping Employees from the old No. 1 cold strip mill to the new No. 2 cold strip mill. The transfer of men and facilities was not completed and conditions were not standardized until early 1949. p. 20 of the Transactions.
2. On June 15, 1948, the company agreed to pay the Shipping employees average earnings based on their earnings for the ninety (90) days preceding the effective transfer date of June 1, 1948, p. 20, 21 of the Transactions.

3. The previous wage plan provided earnings for tons produced. p. 6 of the Transactions. When conditions had become sufficiently standardized, the company began developing a new Bundler incentive plan. " . . . the Industrial Engineers decided to base the new plan on the elements of the bundling operations. On February 18, 1949, the company presented the new bundling plan, 82-C-3 to the union representative and eleven (11) of the Shipping Division employees." p. 21 of the Transactions.
4. The Bundlers declined to agree to the installation of the new incentive plan.
5. On May 10, 1949, the company met with the union representative and a group of the Bundlers for further discussion. The Union again declined to accept plan 82-C-3. p. 22 of the Transactions.
6. 15 days after the attempt to secure agreement noted in (5), the company installed the new Bundler incentive plan, file 82-C-3 in accordance with page 10 of the contracts dated May 7, 1947 and July 30, 1952. The effective installation date of this plan was May 25, 1949. p. 22 of the Transactions.
7. On June 27, 1949, the union filed Grievance 16-C-154 which requested a different incentive plan "than what they now have. With the different changes than what was in the old cold strip, the men cannot make out under the present rate". p. 23 of the Transactions.
8. On July 1 and July 6, 1949, the union requested the company to give further consideration to the payment for long skids, platforms, and coil banding. p. 23 of the Transactions.
9. On August 15, 1949, the company agreed to and made changes in the payment for long skids and platforms, but refused to make any change in coil banding. These indicated changes are noted on the rate sheet, file 82-C-3, company Exhibit B.
10. The union requested a further delay following the adjustment noted in (9), but on September 20, 1949 the company was notified that the new plan was unsatisfactory, and requested the company to answer the Grievance. The Grievance was processed through the third step of the Grievance procedure. p. 24 of the Transactions.
11. Further ramifications in connection with grievance 16-C-154 are not recorded in the Transactions, but there was retroactive pay between the dates of June, 1948 and May, 1949. This payment was made "early in 1952", and the union withdrew this grievance February 5, 1952. pp. 61, 163, 154 of the Transactions.
12. On September 22, 1950, the union claimed that "metal protectors" were not being paid for as provided in wage plan, file 82-C-3. The company investigated and denied the claim. pp. 24, 25 of the Transactions.
13. The union filed Grievance 16-C-263, the subject of this arbitration, November 20, 1950. Union Exhibit 1, Company Exhibit A.

The dates in this Historical record are taken from the company presentation, except for points 6 and 13 on which the dates quoted are recorded, but the union did not question these dates; therefore, this arbitrator is justified in accepting them as correct.

Terminology used in the First and the Third Grievance procedure steps.

1. First step answer, January 3, 1951.

The matter of reversal of policy in paying for metal protectors was covered above under the heading "Earnings evidence", and need not be repeated here.

The contract, p. 10, specifies that a new or a revised wage plan must be explained in this terminology: "The company shall at such time furnish such explanation with regard to the development and determination of the new incentive as shall reasonably be required . . ." It does not specify the detail as to how this explanation is to be made. The company states that full explanation was given, the terminology sheet was posted - p. 22 of the Transactions - and the union states neither of these was done. In the absence of objective proof from either side, this arbitrator is forced to resort to internal evidence. Such evidence is the timing of certain documents, and the meetings between the parties regarding wage plan, file 82-C-3, before its inception May 25, 1949 and afterward. These matters are listed below:

1. "Prior to the installation of this incentive (82-C-3), a meeting was held in Mr. Castle's office" p. 5 of the Transactions.
2. "There was no question raised by the company on the issue of metal protectors", (and apparently not by the union) p. 9 of the Transactions.
3. "And the question came up again on proper metal protectors. . ." p. 12, 13 of the Transactions.
4. "On February 18, 1949. . . the company presented the new bundling plan, 82-C-3 to the union representative and eleven (11) of the Shipping Division employees" p. 21 of the Transactions.
5. "On May 10, 1949 the company met with . . . a group of the Bundlers" p. 22 of the Transactions.
6. "Prior to installation . . . the company explained the element recording procedure to the men involved in more detail and posted the terminology sheet." p. 22 of the Transactions.
7. "At a meeting between union and company representatives on June 13, 1949, a general review was held of how the new incentive plan was working out. The union was again specifically informed that corner clips were included in the banding rates and were not to be reported separately." p. 23 of the Transactions.
8. "On July 1 and July 6, 1949, the cold strip Grievance committeeman requested that the company give further consideration to the payment for long skids, platforms, and coil banding." p. 23 of the Transactions (metal protectors are not mentioned).
9. "The answer to this Grievance (16-C-154) explained the background and the basic provisions of the incentive plan . . ." p. 24 of the Transactions.
10. "On September 22, 1950, Donald Lutes . . . and James Stone . . . alleged that "metal protectors" were not being paid for as provided on the new incentive plan. The company checked this allegation . . . and no instance was found where corner clips had been reported and paid for as "metal protectors". When the union representatives were so informed, they filed the subject Grievance, 16-C-263." p. 24, 25 of the Transactions.

Shipping specifications
and omitted items

The union raised the issue, in the hearing, as to the use of cardboard protectors under the bands to contain coils and the omission of corner clips. In so far as the union's case is concerned, this is not a trivial matter, for the "cardboard protector" is listed as an item on the rate sheet, file 82-C-3, at a crew rate of .007 per item. Why, the union asks, should such a small item be listed separately on the rate sheet while the corner clip is claimed to be internal to the banding item and is not listed separately? If the logic of treating these two items differently cannot be clearly established, then credence is lent to the union contention that corner clips should be paid for at the .018 rate for metal protectors. pp. 110 to 117 of the Transactions.

To this arbitrator, the reasons for such differing treatment are quite clear, logical, and in accordance with proper Industrial Engineering practice. The methods used in packing product for shipment are as much subject to customer specification as the composition of the steel which is packed. Some customers with it packed one way; and others a different way. The steel company is subject to these directions, specifications, as a matter of good customer relations; and in addition, the shipping company has its own specifications - gained perhaps from losses in shipments over the past - as to how a lift of steel should be packed to arrive safely under varying means of transportation. The Industrial Engineer, therefore, must develop an incentive plan in such a way that it will function under these varying specifications. Corner clips, pieces 1 and 2, p 2, are used with bands, p. 116 of the Transactions, as a means of protecting the band, in addition paper protectors are used "on lifts of sheets twenty four gage and lighter . . . as an added protector to protect the steel". p. 113 of the Transactions. Since corner clips are always used on lifts, and paper protectors are intermittently used, the rate sheet must show paper protectors as a separate item to credit the Bundler crews properly with the actual work which they do on each lift.

The union also raised the point that cardboard protectors are used on coils, but not corner clips. pp. 115, 116 of the Transactions. Actually, of course, this change in coil packing - p. 114 of the Transactions - works to the advantage of the Bundlers, since placing the corner clips is internal, or included in the banding item, they are paid for placing it on coils although only the paper protector is used and paid for at the .007 crew rate per item.

Although not an issue in this arbitration, the union claimed the Bundler crews ". . . take a loss on paper" when this element, or item, on the rate sheet is omitted in the packing specifications for an order. pp. 11, 77 of the Transactions. Surely, it must be realized by the Bundler crews, and by the Bargaining Committee of the union, that if an item, such as paper wrapping or cardboard protectors, is not required, then time is not expended by the crews in applying them. The time thus saved may be used to earn incentive on the items which are required by the packing specifications.

Company efforts to explain wage plan,
file 82-C-3, to the union

An issue raised by the union pertinent to this arbitration is that the company never posted a terminology sheet explaining the items on the rate sheet, file 82-C-3, did not include an explanation of earnings computation and wage explanation on the rate sheet, as is customary, and did in fact reverse the policy in paying for "metal protectors" the first turn - p. 10 of the Transactions - after the fellows had exceeded the previous incentive earnings. Also p. 144 of the Transactions.

Metal wrapping

An item on rate sheet, file 82-C-3, is designated "metal wrapping", with a crew rate per item of .125. The union claims that the "metal protector", piece 3, is provided for in the rate sheet as metal wrapping at the .125 rate, pp. 97, 100 of the Transactions.

Metal wrapping, however, serves quite a different purpose than the "metal protector". It is a large metal hood made of light gage sheet steel large enough to cover the lift and to protect it during export shipment when extra protection is needed. pp. 84, 127 of the Transactions.

In the visit to the shipping department of the cold strip mill on January 20, this arbitrator observed several pieces of large size, thin gage steel used for wrapping around lifts, but none in place. They were, however, quite different than piece 3, the square "metal protector" demonstrated in the bearing room.

Earnings evidence

The union claims that: "a short time after this incentive plan, file 82-C-3, went into effect . . . the company refused to pay for metal protectors . . ." Since the union identifies corner clips, piece 1, as metal protectors, the contention is that each one of the several used on each lift should be paid for at the .018 rate. pp. 10, 16 of the Transactions.

The company counters with earnings evidence ". . . to show that there was no time that we were paying . . . for corner clips as metal protectors, and then stopped, as the union seemed to indicate in their brief . . ." p. 58 of the Transactions.

Company Exhibit E is devised to show crew earnings, Head Bundler and 2 Bundlers for a sample lift where the following items are involved;

- 4- 1 1/4" bands
- 2- oil papers
- 2- skids
- 8- cardboards

The appropriate crew rate per item was taken from the rate sheet, file 82-C-3, and the Bundler's earnings per lift computed as \$0.279. Then the assumption was made that the 12 corner clips required for this lift were paid for, as the union contends they should be, at the rate of .018 per clip. The Bundler's earnings per lift under this assumption would be \$0.349 per lift; or an increase of \$0.07 per lift. Since 77.4 lifts are obtained, on the average, per turn, this would mean an increase in the Bundler's earnings of \$5.42 per turn, or \$0.678 per hour increase. pp. 63, 64, 65, 66, 88 of the Transactions.

The company, quite naturally, calls attention to the size of this hourly figure; and contends that if corner clips were once paid for at the .018 crew rate per item and then payment refused, as the union states was done, then such a large hourly figure is bound to be reflected in the Bundler's earnings in each pay period.

Company Exhibit D shows Bundler's earnings from the pay period ending June 12, 1949 to November 26, 1950. The present incentive plan, file 83-C-3 was installed May 25, 1949, and Grievance 16-C-263 was filed November 20, 1950. At no time during the 20 pay periods included in Exhibit D is there any evidence to indicate that a change of the magnitude of \$0.678 per hour was involved; on the other hand, the Bundler's earnings show a constantly increasing tendency from the first pay period of June 12, 1949. Minor fluctuations are evident, but no more than is to be expected in the period to period operation of an incentive plan.

"small metal protectors, 3" to 4" wide, are a requisite on all corners beneath bands. . . . whenever bands are applied to lifts or coils, metal corner protectors of scrap must be applied beneath the band at each corner of lift or coil." Company Exhibit A.

2. Third step answer, September 13, 1951.

"The request of this grievance is based upon the fact that 'corner clips' should be considered as a metal protector for the purpose of rate application. The metal protector referred to in the incentive rate is a different item, separate and distinct from the corner clip. A time allowance and payment for placing bands on coils and lifts includes the placing of corner clips on the material being prepared for shipment." Company Exhibit A.

Time study evidence

In Exhibit F, the company presented the element breakdown used by the Industrial Engineer in establishing the time standard for the first item, Band on Coils, Lifts, on the rate sheet, file 82-C-3. In the same Exhibit, also, the company presented the time standard for metal protectors, the fifth item on the rate sheet, file 82-C-3.

In deriving the time standard for Band on Coils, Lifts, the 1 1/4" band is used as an illustration; 1/2", 3/4", 2" bands are also used but were not included. In the element breakdown, the third element is noted as: "Procure and Layout Seals and corner clips". The fourth element is "Tighten and Seal Bands". The procedure in the execution of the third element is for the crew to obtain (get, pick up) seals and corner clips, and place (drop, scatter) them on top of the lift preparatory to banding. The fourth element, Tighten and Seal Bands, is the procedure in which the Banding crew positions the corner clips under the bands at each corner of the lift and uses the banding machine to tighten up the bands. The seals retain the ends of the bands after tightening. Company Exhibit C, pp. 72, 134, 135 of the Transactions.

This arbitrator observed this operation in profusion in the shipping end of the cold strip mill, and the procedure is identical with that just described.

The time standard for metal protectors, also included in Exhibit F, indicates that the average of the observed times on 92 protectors was used to obtain the element .018 for metal protectors, the 5th item on the rate sheet, file 82-C-3. In the visit to the shipping department just mentioned, no operations were observed which made use of this protector identified as item 3, a square section, on page 2 of this award.

Use of corner clips and metal protectors,
identified as pieces 1, 2, 3 on p. 2 of
this award.

Piece 1, the corner clip, is placed under the bands, company Exhibit C, "actually to protect the bands". pp. 69, 114 of the Transactions. Piece 2, the rectangular strip, is for the same purpose as piece 1, corner clip, but is rarely used; in fact is not supposed to be used at all. p. 79 of the Transactions. If, however, the clip machine - used to form piece 1, corner clip - should break down, then this rectangular strip would be used. The time to place this rectangular strip, if used, is internal to the banding operation. p. 81, 82 of the Transactions.

Piece 3, metal protection according to the company, is a square piece of sheet steel used to protect the lift on barge and boat shipments, where the lift is transferred from one form of transportation to another. Four of these metal protectors, when used, are placed beneath the end bands around a lift to protect the steel from the cables and chains when rehandled. Piece 1, corner clips, are used beneath all bands on the same lift not occupied by these metal protectors. pp. 104 to 106, 140 of the Transactions.

THE ARBITRATOR'S INTERPRETATION
OF THE FACTS
AS RELATED TO THE PROBLEM OF THIS ARBITRATION

This arbitrator has taken pains to marshal facts and points of view related to this arbitration, for it seems evident when these are paraded in review that the basic trouble is misunderstanding and misinterpretation.

The issue to be decided by this arbitrator may be simply stated: the union claims that corner clips and rectangular strips - identified in this award on p. 2 as pieces 1 and 2 - are metal protectors and when used in bundling should be paid for at the metal protector rate of .018 stated on the rate sheet, file 82-C-3. p. 141, 142 of the Transactions.

This arbitrator shall now comment on the main categories listed above under the general heading THE FACTS.

1. Terminology used in the first and third Grievance procedure steps.

It is true, as contended by the union, that the term "small metal protectors" occurs in the first step answer. However, a sharp distinction is made in the third step answer between "corner clips" and "metal protectors". The distinction made here seems quite clear.

2. Time study evidence.

It seems clear, to this arbitrator, that corner clips - and rectangular strips - were handled as items internal to the banding item when the time study was made to establish wage plan, file 82-C-3. Moreover, this arbitrator cannot agree with the union representative that time studies are not material to the contract, p. 124 of the Transactions. On page 9 of the contract, under Section 5 occurs this terminology: "... when their efforts can readily be measured ...". Time study is the tool used to measure effort.

3. Use of corner clips, and metal protectors, identified as pieces 1, 2 and 3 on p. 2 of this award.

The differing uses of piece 3, the metal protector, as compared with pieces 1 and 2, the corner clip and the rectangular strip, seem clearly established. The metal protector, piece 3, is used infrequently as compared with corner clips, and for different purposes.

Moreover, the metal protector, piece 3, is quite distinct in form and purpose from the metal wrapping.

4. Earnings evidence.

Were it true, as contended by the union, that at one time the company paid for corner clips as "metal protectors", and then refused to do so, the change would be reflected in the Bundler average incentive earnings per hour. Careful examination of the evidence on this point indicates that this could not have taken place, for a change of this magnitude is nowhere evident in the earnings record.

5. Shipping specifications and omitted items.

Customers vary in the specifications demanded in the bundling of steel purchased; and the steel company from experience, varies the bundling of its product depending upon the form of transportation and the distance shipped. The Industrial Engineer, in building an incentive plan, must so construct it that it will fit the conditions of such varying requirements. It is quite logical, therefore, to itemize cardboard protectors on the rate sheet file 82-C-3, and not corner clips.

6. Company efforts to explain wage plan, file 82-C-3 to the union.

After an examination of the evidence presented under this heading in FACTS, credence is strained very much indeed to accept the statement that the distinction between corner clips and metal protectors was not spelled out very early in the wage plan, file 82-C-3.

THE AWARD

This arbitrator rules that the company was not in Violation of Article V, Section 5 of the Collective Bargaining Agreement when it denied Grievance 16-C-263, filed November 20, 1950, contending that the provisions of Wage Incentive Plan (82-C-3) for the cold strip mill Head Bundler and Bundler occupations, regarding payment for handling corner clips, were being properly administered.