

Monday, August 1, 2011



VIEWPOINT: Finding Common Ground

Brian Ingulsrud, Vice President Administration, American Crystal Sugar Company

American Crystal Sugar Company's preference is to have our own employees on the job today. Unfortunately, the union voted last weekend to reject what we believe was a reasonable and good offer that could have prevented the work stoppage. While we were surprised by the vote given the details of our proposal, we hope this is a temporary situation.

In the meantime, without a signed labor contract, union employees are not allowed to work. This was a complicated and difficult decision to make. However, we cannot allow employees to work without a contract while we begin the late summer harvesting of sugarbeets and the 24/7 operations of our factories. The company would be highly vulnerable to a labor strike in this case leaving beets rotting and farmers without any income. Further, if we took the route of extending the current labor contract, the issues in need of resolution are simply delayed to a future date. It's also important to note that many of these issues have been red flagged in past negotiations as potential strike issues by the union leadership.

So how do we get beyond this and find common ground? The company's goals are simple: we want a contract that maintains American Crystal's position as a leading regional employer while also ensuring the long-term viability of the company in a highly competitive and volatile marketplace. Common ground lies in an understanding that those goals are not mutually exclusive, and that reaching them does not require a major overhaul of the qualities that have made American Crystal a great place to work for decades.

Here's the 5-year contract offered by American Crystal:

- **Pay** - Building on an average full-time union employee's wages and benefits package of \$75,000/year, we offered a highly-competitive cash compensation increase of 8% in the first year of the contract (including the \$2,000 signing bonus) and another 9% wage rate increase spread over the remaining term of the contract for a total of 17% increase.
- **Bonus** - We offered a \$2,000 signing bonus for all union employees if the contract offer was ratified prior to August 1, 2011.
- **Pension** - We offered an increase to the benefits paid to employees in retirement through the pension fund (continuing the defined benefit plan that we offer which is increasingly uncommon in today's marketplace).
- **Healthcare** - We have requested adjustments in the health benefits package to make it the same as we offer to our non-union employees. Even with that adjustment, the company will be paying 83% of union employees' medical insurance costs. The nationwide average for healthcare is 60%

employer, 40% employee. This change would occur on January 1, 2012 to provide union employees with adequate time to transition to this competitive plan.

- **Workplace** - We want contract language changes that allow management to work directly with our employees to determine promotions, training and other opportunities for employees who are interested in advancing their careers within American Crystal regardless of their length of service or ranking within the union hierarchy.

American Crystal is in a commodity business and prices go up and go down. Our goal is get a contract that works regardless of where sugar prices are. We believe we have offered a reasonable framework for a collective bargaining agreement that provides the predictability and security we all want. It doesn't alter the reputation we have built as a good employer, where our average employee has been with us for 16 years – and many much longer than that. It does require an adjustment in thinking. The reality is our workplace has changed and evolved with technology and competition. To remain a leader, we have to be flexible and adaptable in planning for the future. The company and our employees need the certainty of a new, long-term contract that will point us in a positive and clear direction for the next decade

We believe our most recent offer to the union reflects how much we value our employees and their hard work. Our goal is to get them back on the job as soon as possible.