In the first quarter of 2004, Safeway Inc., Albertson's, Inc., and The Kroger Company were locked in a showdown with 71,000 unionized workers in Southern California. But as the strike that began the previous October went before a mediator, observers were worrying if the industry's aggressive stance could backfire, maybe even leading to the ouster of Safeway CEO Steven A. Burd, who has led the campaign for the three companies. The strike lasted

Guidelines for Action and Skill Development

Gay Lumsden and Donald Lumsden recommend a specific communications improvement program that can supplement the suggestions already made in this chapter.

1. **Seek congruity with your messages.** The information and feelings you communicate should be consistent with the verbal and nonverbal messages you use to send them.

2. **Ask for feedback from family, friends, coworkers, and managers.** Ask people who are familiar with your communication style about the congruence between your verbal and nonverbal messages.

3. **Observe others' responses.** Watch for positive, negative, and comprehending responses from others. Question how well your messages are received.

4. **Observe a videotape of yourself.** Obtain a videotape of yourself in daily conversation or making a presentation. Scrutinize your strengths and areas for development. Look for ways to appear more powerful and inspiring. Be particularly alert to voice quality, junk words, and weak expressions.

5. **Decide what to change.** Identify specific verbal and nonverbal behaviors you think you should change to enhance your communication effectiveness. Follow up by practicing the new or modified behaviors.

Discussion Questions and Activities

1. Now that you have studied this chapter, what are you going to do differently to improve your communication effectiveness as a leader?

2. Find an example of a powerful written or spoken message by a leader.Bring the information back to class to share with others.

3. What would be an effective **communication frame** for telling group members that they will be expected to work about seventy hours per week for the next five weeks?

4. Identify a leader who you think has a power-oriented linguistic style. How did you arrive at your conclusion?

5. Why is persuasion considered one of the leader's essential tools?

6. Given that people really do defer to experts, how might the leader establish his or her expertise?

7. Should a manager be willing to negotiate a performance standard, such as output per month, with a group member?

8. Would a powerful leader like Donald Trump ever have to negotiate anything in the workplace?

9. What concrete steps can a leader take to demonstrate that he or she respects a group member from another culture?

10. Give two examples in which it would probably be effective for a leader to use the accommodative style of conflict handling.
The dispute inflicted serious damage on the companies, contributing heavily to a $696 million loss in the quarter ending January 3, 2004. Wall Street analysts were concerned that morale woes could persist long past the dispute’s resolution. “There are people on the Street who want a change,” said one analyst (BusinessWeek, p. 82).

Yet Safeway directors said they fully support the approach that Burd and his management team took with the labor dispute. The supermarket industry’s goal is to bring its health care costs more in line with those of nonunion Wal-Mart Stores, Inc. The retail giant’s medical plan covers less than half its workers, and its sales clerks earn less, on average, than the federal poverty line. To match that, Burd and his counterparts want to shift to a 401(k)-style health plan that would require current workers to bear part of the burden of future medical inflation. They also want to cut contributions for new hires’ medical coverage to just $1.35 per hour worked, the union says, versus $3.85 now paid for current workers—a 65 percent cut. All this has infuriated members of the United Food & Commercial Workers (UFCW). “All I want is medical insurance to take care of my baby. Is that too much to ask?” said Cynthia Hernandez, 27, a Safeway striker and single mother (BusinessWeek, p. 82).

A reporter expressed the opinion that the grocery workers might not have dug in their heels so much if Burd had been savvier about playing them off against new hires. Since the industry’s turnover averages roughly 10 percent a year, its new-hire demand could all but take Safeway off the hook for health coverage for up to one-third of its work force within the next three years by attrition alone. If Burd had focused on the new hires and asked less of current workers, the union probably would not have fought so hard for employees who have yet to be hired.

It was thought that with a relatively quick end to the walkout, Safeway might come out ahead. If the industry gets much of what it wants, well-paying grocery jobs in the United States might become a thing of the past. An analyst from Morningstar, Inc., thought that Burd might have to leave to restore morale among a resentful work force.

In December 2004, the three major grocers reached a new labor agreement with the 19,000 grocery workers in Northern California, thereby averting a threatened strike and laying the foundation for a possible truce with thousands of other employees in San Francisco Bay Area stores.

Jack Loveall, the union leader who negotiated the tentative contract with the three supermarket chains, celebrated the agreement as a significant breakthrough for supermarket workers fighting management’s cost-cutting efforts. “Our challenge from the start was to protect the superior wages and benefits supermarket workers have enjoyed for decades,” said Loveall. “I am pleased to report that we’ve succeeded in that challenge” (CNNMoney.com, p. 1). The agreement came after ten months of negotiation, shortly before a union deadline for a strike vote.

The Bay Area talks became progressively more tense as disenchanted labor leaders stepped up efforts to organize consumer boycotts, hoping to pressure supermarket management before the workers’ extended contract expired January 15, 2005.

Loveall described the agreement as a triumph for the store employees on two key battlefronts. For one, the new contract avoids a two-tier wage system that would dramatically lower the pay scale for future workers. Second, the deal ensures that workers will not have to pay insurance premiums for their medical benefits. Those issues became the flash points of a four-and-one-half month strike in Southern California that resulted in huge losses for the supermarkets and demoralizing concessions for the workers.

Although the Southern California contract also yielded long-term savings on labor expenses, such as some saving on medical insurance payments, the supermarkets are still nursing financial wounds opened by the dispute. Leaders at
Safeway and the other supermarkets have insisted they need to lower costs to survive an aggressive expansion into the grocery business by Wal-Mart. Labor leaders maintain the grocers are overstating the Wal-Mart threat to fizzle concessions and boost profits.

**Questions**

1. Would you describe the agreement reached by management and labor as a win-win solution? Explain your reasoning.

**Leadership Case Problem B**

**Can He Be the Real Bill Gates?**

It wasn’t surprising that conference attendees at the LinuxWorld trade show stopped to stare. They were probably wondering if they were gazing at the world’s richest man. Only the person they were staring at was not Bill Gates. Oracle Corporation had hired a Bill Gates’ look-alike to hand out fliers promoting its CEO Larry Ellison’s keynote speech at the San Francisco trade show. The bespectacled impersonator of the Microsoft chairman (or chief software architect) was reminding people not to miss his software rival’s talk. (Readers may recall that Larry Ellison had previously hired a detective to sort through Microsoft dumpsters looking for negative information about Microsoft leaders.)

Olaf Ruehl, or “Bill,” is a 20-something look-alike who offers his impersonation services part time. While he primarily dons Jeff Gates persona, he also does general appearances for other “nerd”-type characters.

At least a dozen people commented on the irony of seeing “Bill Gates” at a Linux show this week, even though Microsoft actually does have a small booth there. Linux is the free software based on a shared computer code that is considered an alternative to Microsoft’s Windows operating system franchise.

**Questions**

1. What messages is Oracle sending about itself by hiring the impersonator to encourage conference attendees to attend Larry Ellison’s talk?
2. How well did Burd communicate his demands to the labor union (UFCW)?
3. What do you recommend be done next to enhance the profitability of the three supermarket chains, as well as the morale and financial well-being of the workers?