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## Kansas City Star, The (MO)

July 17, 2003

**Section:** BUSINESS

**Edition:** METROPOLITAN

**Page:** C1

### IBC workers stage short-lived strike Employees balk at paying more for health care

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*The Kansas City Star*

About 3,000 union workers for Interstate Bakeries Corp.'s Midwest division went on strike at midnight Tuesday for an hour before the union and the company reached a resolution. The short-lived strike affected plants in Missouri, Kansas, Illinois, Iowa, Indiana and Ohio, including Interstate's bakery in Lenexa. About 500 workers who are members of other unions also honored the picket lines.

Bob Oakley, chief negotiator for the Bakery, Confectionery, Tobacco Workers and Grain Millers Union in Kensington, Md., said Interstate wanted to increase the workers' co-pays for doctor visits and prescriptions, which he said was strongly resisted by the rank and file.

He said members of the union historically have agreed to modest wage increases to maintain low out-of-pocket health care costs. Under the three-year contract that expired in mid-May, workers had hourly wage increases of 35 cents in the first two years, 40 cents in the third.

He said the union was willing to accept a similar schedule of wage increases in the new contract as long as health care coverage remained the same.

Oakley said he couldn't disclose the terms of the new contract, which will be voted on Saturday by union members. However, he said it contained everything the union was asking for, and he expected it to pass.

Interstate officials declined to comment Tuesday and Wednesday.

Before reaching an agreement, Oakley said, the company made an offer that would have doubled health care costs for many of its members.

He said a single worker would have seen costs rise to \$400 a year, while a family could have seen its costs soar to \$6,000 if out-of-network services were used.

Oakley said Tuesday that Interstate brought in workers from other areas who on Sunday stood behind workers as they performed their jobs in the bakeries affected by the short strike.

He also said that employees of other unions who said they would support striking bakery workers were called and told to cross picket lines.

"That was not ordinary with this company," Oakley said. "We haven't had this problem before. I think they thought we were bluffing, and I think they were trying to intimidate our members."

Oakley said the change in attitude might be connected to a change in top management at Interstate.

Charles Sullivan, who remains chairman of the board, retired as chief executive officer last Oct. 1 and was replaced by James Elsesser, who has been on the company's board since 1995.

"I think the new management wanted to revisit the scene with their own strategy," Oakley said.

He said Interstate's top officials did a good job of taking care of themselves, including Sullivan, who is in the midst of a two-year consulting contract that pays \$800,000, along with other compensation, including stock grants.

Elsesser's employment contract calls for an annual salary of \$700,000 and bonuses, including "a minimum bonus for fiscal 2003 equal to one-half of the target level bonus payable under the plan for fiscal 2003, regardless of actual results of fiscal 2003."

Interstate reported Monday that profits for the fiscal year ending May 31 plummeted more than 60

percent, to \$27.45 million from \$69.8 million the prior year.

For the quarter ending May 31, Interstate lost 10 cents a share on sales that dropped almost 2 percent. In the same period last year, the company earned 45 cents a share.

The company had one-time charges in the quarter totaling 17 cents a share. Without the charges, it is estimated that Interstate would have earned 7 cents a share.

A protracted strike could have had dire consequences for the ailing baking company, the largest in the United States. It is best known for products such as Hostess Ho Hos, Twinkies and Wonder bread.

The company is facing increased competition, which is weighing on sales, and higher costs, particularly for ingredients and fuels, including diesel and natural gas, which are used to bake many of its products.

"We have a good relationship with this company ... We just want them to understand that our members also have higher costs for utilities and materials for their homes," Oakley said. "Paying for employees' health care costs is a cost of doing business, just like when (Interstate has) to buy flour or pecans or sugar."

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Members of Local 218 of the Bakery, Confectionery, Tobacco Workers and Grain Millers Union celebrated early Wednesday in Emporia, Kan., after an agreement was reached between the union and Interstate Bakeries.

Photo (color)

DAVID DOEMLAND/The Associated Press

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