



**FRONTLINE**

a dangerous business

Home

McWane Story

OSHA

Discussion

## ▲ Two Companies, Two Visions

The McWane corporation's aggressive management style -- what it calls "disciplined management practices" -- has helped the company to achieve tremendous profits through increasing worker productivity. Some critics, however, argue that McWane's gains have come at a very high cost: its workers' safety -- and in some cases their lives. But McWane's way of doing business is not the only way, as a comparison with its longtime Birmingham competitor, the American Cast Iron Pipe Co. (ACIPCO), clearly suggests. Here's a look at the two companies, both founded and based in Birmingham, Ala., and their competing visions.

### THE MCWANE WAY

Vulcan, the Roman god of fire and forge, long stood overlooking Birmingham, Ala., from a pedestal atop Red Mountain. Originally erected for the 1904 World's Fair in St. Louis, the casting of this 56-foot statue was partly financed and directed by James Ransom McWane, scion of what is today one of the wealthiest and most reclusive families in the South. Now being restored with the help of a \$2 million McWane grant, it will soon resume its post. It is a fitting symbol of this city built on a history of fire and metal -- and a fitting legacy of the McWane family.

J.R. McWane founded the Birmingham company that bears his family name in 1921. Today, McWane Inc., a major manufacturer of water and sewer pipes, regularly makes *Fortune* magazine's list of the 500 largest privately owned companies in the U.S. Its iron foundries stretch across 10 U.S. states and Canada, and the firm has estimated annual revenues approaching \$2 billion.

McWane has aggressively expanded since the 1970s by buying up antiquated plants and increasing their profitability through what the company calls "disciplined management practices." Melting metal and casting pipe is a process that is inherently dirty and dangerous. But many McWane workers say that the company's relentless drive to increase productivity has come at a very high price -- the safety of its workers, and in some cases their lives. Over the past seven years, McWane Inc. has amassed more safety violations than their six major competitors combined. In that same period, nine McWane workers have been killed and at least 4,600 have been injured on the job.

McWane bought Tyler Pipe Company in Tyler, Texas in 1995. At Tyler, the application of McWane's "disciplined management practices" meant reducing the workforce by nearly two-thirds while demanding increased productivity. In 1999, four years after McWane acquired the foundry, an inspector from the federal Occupational Safety and Health Administration (OSHA) [described conditions](#) at the plant. "Many workers have scars or disfigurements which are noticeable from several feet away. Burns and amputations are frequent. Throughout the plant, in supervisors' offices and on bulletin boards, next to production charts and union memos, is posted in big orange letters: REDUCE MAN HOURS PER TON."

Robert Rester worked at several McWane plants in his 24 years with the company, rising from the shop floor to become a plant manager. "Working conditions is probably the worst that you can imagine," he says. "Even worse than underground in a coal mine. ... The way you treat people would be awful. You know, the people, they're nothin', they're just a number. You move 'em in and out. If they don't do the job, you fire 'em. If they get hurt, complain about safety, you put a 'bulls-eye' on them. ... They're not gonna have a job in the near future."

McWane denies such allegations about its safety record. "We do not put production concerns ahead of safety and environmental compliance," company officials told FRONTLINE and *The New York Times* in a written statement. Yet the more than 400 safety violations it has been cited for since 1995, four times more than its six major competitors combined, would suggest otherwise.

## ANOTHER WAY

Some of McWane's critics in Birmingham point out that the McWane way of doing business isn't the only way to make a profit in the cast-iron pipe industry.

"I would like to know why it is possible for one iron foundry company in this community to make a profit, have a safe workplace and have a clean environmental record, and why [McWane] can't," says Bart Slawson, an Alabama environmental lawyer who has threatened to sue McWane in the past for pollution violations at its Birmingham foundry.

Slawson is referring to the American Cast Iron Pipe Company, known as ACIPCO, which has been in Birmingham even longer than McWane. A defining difference between the two foundries is evident in the long list of people who want to work at ACIPCO. While McWane has turnover rates that have approached 100 percent at its Tyler Pipe plant -- and has tried to cope with heavy turnover by recruiting ex-convicts from local prisons -- ACIPCO has turnover of less than half a percent per year. In fact, 10,000 people recently applied for 100 job openings at ACIPCO. They know it's not perfect -- people have been hurt and killed in industrial accidents there -- but the company's rate of serious injuries is a fraction of McWane's.

"We believe the safety of the worker is number one," says Van Richey, ACIPCO's CEO. "If we can't do it safely, we don't do it. Every supervisor knows that. Every employee knows that."

ACIPCO claims it has survived by steadily improving working conditions. To take one example: Temperatures in a pipe casting shop can reach 130 degrees. While McWane rationed the ice cubes in its workers' water cooler at Tyler Pipe, ACIPCO has installed individual air conditioners for its employees in parts of its Birmingham plant.

"We had people say, 'You're crazy. That won't work. Why are you doing that? You're wasting all this money,'" says Richey. But he replies, "It actually works. And the employees are much more comfortable, and they're more productive."

Renowned for offering its employees an "outstanding" pension plan, on-site training programs, tuition reimbursement, and a state-of-the-art wellness center for employees and their families, this year ACIPCO ranks sixth on *Fortune's* "100 Best Companies to Work For." Such achievements are not lost on a veteran McWane employee like Robert Rester.

"Oh yeah, I've wanted to work at ACIPCO," says Rester. "I was told the only time you can get a job at ACIPCO is if somebody retires or dies or something like that. I mean people go to work there and stay forever."

Workers at ACIPCO have one very good reason to stay. Collectively they own the plant and share in its profits -- even after they retire.

John Eagan, who started his company in 1905, willed it to his workers when he died in 1924.

Eagan was a devout Christian who tried to practice what his pastors preached by running a business based upon the Golden Rule. "Do unto others as you would have them do unto you," recalls Richey. "Before you make a rule, say, 'OK, this rule, what if it applied to me? Is it fair?'"

There was one notable dissent when John Eagan announced that he was going to operate his foundry on the Golden Rule. The president of the company quit -- his name was J.R. McWane. He crossed town to start his own pipe company -- and a dynasty based on a profoundly different vision -- more than 80 years ago.

Today, the McWane foundries thrive, still faithful to its founder's austere philosophy. McWane has an enviable record of commercial success, but an unenviable reputation as one of the most dangerous workplaces in America.