



Time to Take Inventory

SUN SHIPBUILDING & SHIP REPAIR CO.

—CORPORATE HEADQUARTERS—

MEMO

January 11, 1977

Dear Mr. Hageman:

For reference to the "Time to Take Inventory" has been personally reviewed and approved by the president of the company. I am sure that you will find it of great value. I am sure that you will find it of great value. I am sure that you will find it of great value.

We are a company that has been successful for many years. We are a company that has been successful for many years. We are a company that has been successful for many years.

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Thank you for your interest in this matter.

Sincerely,

John A. Smith

John A. Smith

Dear Sir:

I would like to comment on several things which concern my immediate writing conditions. I feel that an effort should be made to make the working conditions in the R&D building a little more pleasant. I feel that an effort should be made to make the working conditions in the R&D building a little more pleasant.

Groups made up of men should be provided with some sort of laboratory facilities in working areas where prototypes work can be done. I should a position near the yard, a place where you can work on it more thoroughly than we often can in the yard.

A great deal of talent in our R&D department is going to waste because it hasn't been utilized by the yard in any great extent. For some reason the problems never come to us, and we end up solving problems for outside people, while at the same time, the yard is being contacted from the outside to solve the same or a similar problem. There should be much more cooperation between us and production. I've also noticed a large duplication of effort with very little communication between groups. I very often am told by workers when I am working on a problem that they have already solved someone at the yard with the same or a similar problem, and now I'm stuck. I usually try to, but then it's like pulling teeth to get any information through him about it. It seems also that most people at the yard lack all records about their projects in their offices, which is at all right, except a reference card should perhaps be placed in the library so that others know who is working on what, or what has already been done.

Thank you for this opportunity to comment.

I am sure that conditions in your area are excellent and free their thoughts. After we have completed I hope that there will be more room to do a better job in this regard.

Communication is one of our major problems. I would appreciate it if you would bring specific discussions to your Vice President so he can discuss them at our regular management meeting. In this way we can get the opportunities to work together.

Sincerely,
Peter J. Hagg

The opportunity to have some form of communication with upper management here at Sun Ship is greatly appreciated and I extend my hearty congratulations on your election as President.

In response to yours of 10/14/76, I submit the following:

1. Hageman/Sun Contracted Agreement.

During my recent absence, joint contracts were drawn up to complete the building. Here at Sun, Hageman is fairly interested and active, including the Estimating Department, seems to have any inkling of Hageman's case, in a word, we in the production plant of the business have no way of obtaining any information, i.e., it is more economical to have Hageman perform a task, or make our own tools.

2. Purchasing's Policy of withholding prices.

This policy places the Estimating Department in the position of evaluating the product alone, after reading in the selection of the "Catalog" of the price where we would often change around the two separate article it, "The price was right."

3. Free lunches for the staff other than top management.

This has to cost the company money. All considered, perhaps \$100,000.00, plus during a wage between lower salary individuals and hourly production workers, i.e., the guy who takes three pains, drinks one and gets two in his pocket, or the guy who looks two lunches, one one and delivered the other in his wife.

4. Sun's educational policy.

(A) Draftsmen are encouraged to attend college. Fine, if the man remained in the own department thus becoming more valuable to its respective group. However, this is not the case. In fact, he is turned a few heads and a job not previously quickly is manufactured for him in another department.

(B) Sun provides constant employment for students, presumably on the premise that they work for Sun after graduation. Two often they enter the employ of other firms or leave to become until proper position can be found. All at Sun's expense.

5. Too many meetings.

Being extremely busy people and each programs, it is hard to impossible to centralize knowledge; group brains they are attending a meeting, collecting material for a meeting, or writing a report on the results of the meeting. Further, lower supervision is kept busy touring the extension of these meetings. Often this consists of explaining machines gone by or presenting their machines. In the meantime, production workers are left to shift for themselves, resulting in work stoppages or which they have no control.

6. Work-management/employee relationship.

Nothing is more debilitating to an employee than to be removed to the office of a department head and in response to the employee's "good morning", is greeted with, "You in a bad mood today?" Work-management should rethink your "inspect for one another" policy and not blame employees in the presence of others to inspect their plans and hide their own inadequacies.

The relationship with Hageman is one which I intend to investigate after this first flurry of intense organizational activity has done.

As for free lunches, each group in the company has some slightly different benefit package related to their needs. Free lunches is one, as with any benefit, its success if employees are satisfied from time to time to be certain they are still appropriate.

When we take on someone employees, it is with the knowledge that not all will choose to join the company. It is the chance you take in a few weeks. All management must continue the concept of "inspect for one another." There is never any excuse to blame or change a fellow employee in the presence of others. Such behavior will not be tolerated on the part of any member of either the working force or management.

The expense in the group is impressive, but I feel a high turnover rate under several changes occur. I think that improvement would result from:

1. Computer salaries
2. A quiet place to work
3. Adequate library facilities
4. Laboratory facilities
5. Permission to publish
6. Protection from within

Thank you for taking the time to give me your thoughts. I've have made a number of suggestions, some of which we can accomplish rather quickly.

First of all, we are currently engaged in a job evaluation survey which is based on the employee's own self-evaluation. This will result in a pay structure that will be competitive with similar and outside the company. We will also have a job grading system which will encourage promotions from within.

The office of laboratory facilities is under study, but at the present time, with the substantial losses that we have suffered, it will probably not come as fast as we would like.

I am inspired by your comment about adequate library facilities. It has been a long time since we have had a library. We have a large number of people inside and outside the company that we have one of the finest marine engineering and naval architecture libraries in the industry. If we

SUN SHIPBUILDING & DRY DOCK CO.

CHESTER, PENNSYLVANIA 19013

PETER S. HEPP
MANAGER

November 7, 1977

Dear Fellow Employees:

The response to the "Time To Take Inventory" has been extremely gratifying to me. During the period that the campaign was run we received 270 letters. I'm afraid that this number will prevent me from answering each one individually. However, I am still working on replying to as many as possible.

We will continue to use typical letters in the Sun Log with my replies, as a means of showing those concerns which seem to be expressed by a number of people.

One of the more frequent concerns expressed in these letters has been the concern about layoffs. I have met with the Union leaders and also with members of Management, and they in turn have discussed this situation down the line. However, let me review with all of you our current situation.

We have in House Hall 649, the "Ponce", the "Manhattan Duke" and some industrial products work. We have the two new Sun Transport product tankers which are now in the engineering design phase and for which we will be laying a keel in May of 1978. By the end of 1978 our present business plan calls for a work force about as large as we have now. We have a number of ship repair jobs and other work which we are bidding on which we feel will provide us with the necessary work to maintain a reasonable work force level through the spring of next year. Unfortunately, we still haven't gotten enough work in a timely enough fashion to prevent us from having some reduction in the work force between now and spring. However, the work force fluctuation that we anticipate will be less than some we have had in the past ten years and is not out of line with previous years in between ships. You can be sure we are heading every effort to improve this situation.

At the same time the management structure and the staff groups are under an intensive reorganization and restaffing study. It is our hope that this will be completed by January 1978. As a result there will be a reduction in the number of people in management and support staff groups. The extent of this reduction cannot be completely estimated at the present time, because we are both consolidating groups and creating certain new functions which are necessary to prevent the type of financial loss we suffered this year.

Unfortunately, we are faced with a dilemma in this restructuring; namely, to complete it as quickly as possible, because we realize that until it is complete there is much concern in the organization. But, at the same time, we wish to take enough time to be fair to everyone. I'm sure no one will be happy with the speed in which this will be accomplished, but I can assure you I am aware of your concerns, anxieties and desires to be treated fairly.

Please feel free to discuss any of this with your supervisors.

Sincerely,



Peter S. Hepp

particular areas where you think it should be improved, I suggest you call already to Betty Graham.

My message people to publish their words as long as it does not give corporate secrets or technical advantage away to our competitors.

I would like to comment on the following areas:

General Policy - When some of us were hired a number of years ago it was a stated policy, from time to time, transfer selected people to different groups. This policy, I assume, was to help in the training of future managers and to attract the talents of the people involved to their fullest. This policy has been almost inoperative for the last few years. There is a tendency to think of a person as a "Company Specialist" or a "Functional Engineer". If this person is doing an adequate job in his area, he ought to stay and keep himself to doing that job better.

Personnel Policy - During the large build-up of personnel at recent years, many new supervisors and managers were appointed. While some of the existing management people were transferred, most of the new managers were hired from outside. This included many talented people at San Jose had done a fine job for years.

I should say contrary to the above statement there appears to have been an effort made to promote women from within. I think this is a good idea and it should be extended to all employees.

The new policy of posting jobs should help all people to move around the company & encourage promotions from within. This policy will be in full force in 1976.

A management tool which would be helpful to many in our organization is a formal organization chart. The ideal chart would indicate titles, individuals and level of responsibility.

In an organization as large as the shipyard it is difficult if not impossible to know all individuals by name or position. An organization chart would clarify our new corporate organization.

Thank you for taking the time to give me your suggestions.

This is definitely in our plan and should be available early in 1976.

- (1) Review the present morale within the company. It has never been lower.
- (2) All suggestions should be given a good hard review in common sense, and have to benefit employees.
- (3) Since the word does not have as many feel, close relationship as in past years, the effort should be concentrated on quality. With suggestions pointing to more reasonable schedules, the work is either not being done properly or not done at all. This need to be the best talent builder in the world. It can be again.
- (4) Establish credibility with workers. Every dollar for major equipment is a life debt. Company accepts neither quality delivery, then many dollars are spent trying to get down delivery times. Both sides should work together.
- (5) Minimize the many duplications of effort by giving out responsibility to those being paid for the job. Too many people pushing around their own problems.
- (6) Contact with regulatory bodies should be made only by those who understand their ways of doing business.
- (7) A "thank you" from management should not cost too much, but could bring some returns.
- (8) When personnel are reviewed it should be done on a scheduled basis. Rates should be given out the same way.
- (9) Managers should be reviewed the same as my men.
- (10) Make workers feel and not ready for lawsuits and unjust reasons for not giving raises.
- (11) Consider making the service job something something more than just an envelope on the desk. A similar program such as a Suggestion Club with a decent effort being given at several time.
- (12) Push all parties concerned to give workers a complete and unqualified review to management at the earliest possible time. If the review could involve a little more activity in the manufacturing cycle necessary soon to our company could be eliminated.
- (13) Encourage employees to become active on the outside, both state and sports affairs.
- (14) It might be a good idea to have a get together of old timers. Those with twenty or more years of service. Also include visitors, a lot of expertise could be found in a group like this. Common sense opinions would be given sincerely because of real interest in the fortunes of the company.
- (15) Have a meeting with some of the major suppliers and ask what problems they have in doing business with the company. Much money is being wasted in some of the shenanigans.
- (16) Employees hired as non-management are supposed to be considered as part of management, but in reality are not. This is the only group without new representation at all. Any questions asked by these employees or to skilled management are often pointed aside as suggestions. Answers sometimes can be obtained by making a job of oneself. This causes grumbling and dissatisfaction within our company money.

Thank you for taking the time to give me your suggestions.

You have two more suggestions to apply to those all at this time, however we are actively working to improve planning and scheduling which should get at many of your concerns. Personnel policies, and in particular merit reviews, will be made consistent and paid uniformly.

Of your suggestions will receive attention by management.

I would like to take this opportunity to thank you for the chance to speak in your concerning our job related problems and ideas of improvements.

You may be concerned to learn, however, that it is expected that certain persons in authority such your letters out of the box and read them. This, of course, undermines the whole idea of expressing our ideas without fear of reprisal. Indication that this spreads quickly throughout the yard and tends to make you wonder how many other persons have done the same thing.

I wish you success in your new assignment and commend your enthusiasm for listening to the "other side."

I notice that your letter indicates that it is reported that certain persons in authority took the letters intended for me and read them. I hope that this can just a rumor. I would not even be badly if I felt that anyone in the company would read another person's mail. There is very little if any chance for an invasion of privacy such as that. I would be particularly disturbed if a member of management misappropriated correspondence from anyone in the company to me...in effect violating the confidence that people have in left to me. You can be sure that if this ever happens in the future, those persons, no matter where they are in the organization, would be disciplined severely.

Now that the company is over, I still welcome letters. However, the inter-office mailing system can be used and, if the letter is sealed and marked confidential, I am sure it will reach me without fear of being read by others.

One step already taken in the right direction is the writing down on workday work and elimination of overtime on new construction. Attendance during the week improved already and, if we can continue without overtime, it follows it will improve even more.

Employees are improving more attitudes for San Jose now. Many other firms succeeded before us asking what it looks like for the future now.

The complaint I hear most of late is the lack of toilet facilities in the North Yard. Six persons live in this people are using the same locker in the locker. Better facilities would certainly improve morale and efficiency.

Thank you very much for indicating that some of the things we have done apparently are beginning to have a positive effect.

As far as the toilet facilities in the North Yard are concerned, plans have been underway for some time to improve them, and I recently signed an appropriation for over \$25,000 for upgrading these lockers.

C. JOHNSON
Job: GIBBON
Rm: 1001000000000000
Rm: 1001000000000000



With years of service to the shipyard, there are obviously many things I find interesting and fulfilling in working here, and find my greatest joy in being kept actively challenged and busy.

Despite this, with personnel are unfortunately a very real problem with the shipyard and, in my opinion, below your workmanship as the greatest threat to the security of the Company, that I offer you my personal experience.

Major Personnel Problems

Lack of promotion history managers are inadequately trained to recognize achievement or depend too heavily on equally inadequate assistants, more interested in protecting caprice rather than giving the best job done. These managers are not interested in satisfying individual abilities directed toward company improvement and economy, because it might diminish the quantity of the staff.

A compensatory time off program, self-administered, which grants to some men "vacation" time off their duty schedule earlier than. Compensatory time off is usually reduced in the yard and difficult to obtain, is often collected off liberally by many without the very same over it worked for time, or for time to have it in an occasional weekend. What happened to our full industrial dedication and love of job? And why do certain managers encourage this?

There are no administrative controls. There is company policy, in some years, particularly in my department, the policy has been administered more by the employees than by the managers. Future suggestions are badly informed or obscure to past or even. Whatever the reason, it is a negative and deplorable fact to note.

I can tell you that we will be working as rapidly as possible to uniform personnel policies throughout the company, with due consideration to the various represented groups. There is no excuse in my opinion for administering things such as vacations in anything other than a fair and equitable way. You are not alone in having complained about discrimination. I cannot say whether these complaints are real or perceived, but I can state you that our policy is that all employees are to be treated equally and as fairly as possible. Likewise, with something like vacations taken complex rules, the usual method would be to resolve them in favor of the more senior employee. However, any method which is devised by the work group which is considered fair to all is acceptable to me.

I think the most important thing is that in each work group there should be a clear, written procedure for handling all of the administrative functions so that the accumulation of this cannot be called up, written. If everybody wanted his vacation at the same time, there should be a set of rules on how vacations should be administered. These rules should be reviewed by the Personnel Department to see that a sense of equality and fairness pervades the organization.