

Sun Ship Log

Volume 12, No. 1

Sun Shipbuilding & Dry Dock Company

January, 1978

SUN SHIP LANDS \$150 MILLION IN NEW WORK

R.H. CAMPBELL ELECTED VP-HUMAN RESOURCES

Robert H. Campbell was recently elected Vice President - Human Resources by the Sun Ship Board of Directors. Campbell will be responsible for the areas of community and public relations as well as industrial relations and its functions including personnel, labor relations, and the security, medical, safety and chemists groups. He will report to Peter S. Hepp, President, and will officially take over his responsibilities on June 1, 1978. Currently Campbell is attending the Sloan School of Management at the Massachusetts Institute of Technology, completing a year's course in Industrial Management.

Commenting on his post with the shipyard, Campbell said: "An overall goal of Human Resources will be to enhance the quality of work and life experience for all employees on all levels throughout the shipyard. I agree with the need for a company to review its management style because all employees change - the environment in which we work changes. In order to survive, an organization, such as Sun Ship also must change."

Campbell comes to the shipyard from its parent, Sun Company in Radnor. During his career, Campbell gained experience in human resources and line operations.

Most recently Campbell was Manager of Refinery operations for the Sun Company's Corpus Christi (Texas) refinery. His responsibilities included supervision of refinery operations personnel as well as the refinery laboratory and engineering departments. Additionally Campbell held responsibility for the safe and economic operation of refinery processing units.

From 1969 to 1975 he was with Sun Company's Advanced Management and Methods Department. This technical department is involved in the areas of operations, including industrial engineering and systems organization. Campbell held a variety of posts with this department, his latest being department manager.

From 1967 to 1969 he served with the Marcus Hook refinery as a group leader in Process Engineering.



Campbell holds a Bachelor of Science Degree in Chemical Engineering from Princeton University and a Master of Science Degree in Chemical Engineering from Carnegie Mellon University. He is a member of the American Institute of Chemical Engineers and is an officer of the American Petroleum Institute.



An earlier version of the Sun Ship No. 678 design, S.S. Hawaiian Enterprise, performs on sea trials. The new vessel is the first container ship to be built at Sun Ship since the shipyard completed the construction program for the 700-ft. American Lancer series in the early 1970's.

REVAMPED SUN SHIPYARD ORGANIZATION IS UNVEILED

President Pete Hepp unveiled the revamped Sun Ship organization in a recent meeting with the shipyard's management team and discussed the contributions each organizational unit is expected to make to the corporate goals. (A chart of the Sun Ship organization appears on page 3 of this issue.)

Sun Ship's future success, Hepp pointed out, is directly tied to the ability of the shipyard's two basic line groups - Marketing and Operations - to succeed in their respective missions. "Marketing," he said, "must bring in work for 4,000 employees at prices that are competitive, while Operations must deliver this work not only within the manpower budget, but on time."

Staff Assistance

Helping the Marketing and Operations groups to achieve their goals will be three newly-established staff groups - Strategic Planning, Production Planning, and Estimating & Performance Analysis. These three staff groups will work together to ensure that the budgeted delivery times and the budgeted man-hours are realistic and competitive.

Specifically, the Strategic Planning group will be responsible for setting the delivery times for new projects, and the Estimating & Performance Analysis group will be responsible for costing new projects and developing management information systems for control.

The Production Planning people will be responsible for detailing plans that meet both the time and manpower budgets, for supplying the other two groups with the basic data to do their jobs, and for providing programs to achieve improved shipyard productivity through either improved work methods or capital application to specific production systems with the view to making Sun Ship's various construction programs equal to, or better than, its industrial competitors.

"In-House Experts"

Several departments have been given the responsibility of using their specialized expertise to help other departments achieve their goals. These "resident experts" provide essential assistance in the building of the product, the control of the work, the care of the employees, the protection of the company, or the control by management.

They include:

- Human Resources
- Cosmet
- Finance & Administrative Services
- Planning & Management Control
- Science & Technology
- Contract Administration
- Quality Assurance
- Engineering
- Materials Management
- Program Management

MARTINSON AND WATSON APPOINTED PROGRAM MANAGERS FOR NEW HULLS

Albert M. Martinson, Jr. has been named Program Manager for the Matson Containership (Sun Ship No. 678) construction program, reporting to Robert Galloway, Executive Vice President.

In his new post, Martinson will be ultimately responsible for the overall success of the Matson program within the framework of Company policies and procedures. To this end, he will coordinate and direct the execution of all matters concerning the product that it meets the budget and the delivery schedule.

Terms of the contract call for delivery of the containership by January, 1980.

Under the guidelines established by the recent reorganization, there is a division of responsibility between the

(Continued on page 3)

Big Containership for Matson; Two 30,000 DWT Tankers for Sun Transport

Sun Shipbuilding has won the construction contracts for three ships worth a total \$150 million. The three vessels include a 720-foot containership for Matson Navigation Company and two 612-foot product tankers for Sun Trading and Marine Transport, Inc., a Sun Company subsidiary.

The containership is being built from an advanced design of Matson's three previous containerships and will be capable of carrying 1121 containers, including 302 refrigerated containers.

The Matson vessel has been designated Sun Ship No. 678 and will be powered by a geared steam turbine rated at 32,000 shaft horsepower, with a speed of more than 22 knots.

Terms of the contract call for delivery of the vessel by January 1980.

Sun Ship No. 678 will be the largest containership ever constructed by the shipyard and will be the third vessel Sun Ship has built for Matson in the 1970's. Two previous vessels, the trailerships S.S. *Laurier* (Sun Ship No. 662) and S.S. *Marine* (Sun Ship No. 664), are currently being operated by Matson in the U.S. West Coast to Hawaii trade.

The delivery of the first of the two 30,000 deadweight ton product tankers (Sun Ship Nos. 676 and 677) to Sun Trading and Marine Transport is tentatively scheduled for 1979. These two tankers are the first vessels Sun Ship has built for Sun Company or any of its other subsidiaries since delivery of the *America* Sun (Sun Ship No. 648) in 1969.

The shipyard is moving rapidly ahead on the design and engineering of the three vessels in preparation for keel layings later this year.

William Watson has been named Program Manager for the Sun Product Tankers (Sun Ship Nos. 676 and 677) construction program, reporting to Robert Galloway, Executive Vice President.

In his new post, Watson will be ultimately responsible for the overall success of the tanker program within the framework of Company policies and procedures. To this end, he will coordinate and direct the execution of all matters concerning the Product Tankers program so that it meets the budget and delivery schedule.

The delivery of the first of the two tankers is tentatively scheduled for 1979.

Watson joined Sun Ship in December 1962 as Manufacturing Engineer, a post

(Continued on page 3)

STATE OF THE COMPANY 1977 REPORT

Each year I believe I should report to all employees on the state of the Company. This is the first of such reports.

1977 was a poor year for Sun Ship. For the last several years the Company has been embarked on a business strategy designed for our move into the shipping business. Several ships were built without known customers and then leased on either short-term or long-term charters. In addition, we started a new shipping company, "TOTE", to introduce the RO/RO (Roll-on/Roll-off) concept to the trade between Seattle and Alaska.

While many of the charters were profitable, in some cases we did experience difficulty in getting charters promptly. As a result, we had to pay the interest on the cost of the ship from current income.

Another result of this strategy was that many traditional customers became confused about our motives for entering the shipping business and indicated they preferred buying their ships from other shipyards.

Consequently, this strategy has been dropped. All interest in shipping has been transferred to another subsidiary of Sun Company and Sun Ship has returned to its basic business of the past - new ship construction, ship repair, and industrial products manufacture.

We have re-emphasized the time honored concept that "the customer is right" with a poster campaign. Our corporate attitude will be one of maximizing customer satisfaction.

Previous corporate strategy included the construction of the large fast ship (LFS). Because of the quadrupling of oil prices, the horsepower of the ship - 150,000 HP - is uneconomical. There is no apparent market for the ship. The parts purchased for the ship will be preserved in storage as we seek ways to sell them for other ships.

By year end the yard was rapidly running out of work and experiencing sizable layoffs. The two fundamental reasons for this lack of work were - the abandonment of the LFS as unmarketable, and the delay in the LNG ships.

Incidentally, the lack of a national energy policy - which could provide guidance to electric utilities on LNG (liquefied natural gas) imports and nuclear plants - is most evident in this shipyard. We have had to postpone start of construction on the two LNG tankers several times. Further, with no new orders for nuclear reactors we are rapidly running out of work for the highly trained yard employees engaged in industrial construction.

In 1977, we recorded a loss of about \$40 MM. The losses resulted from many causes. To see that we don't repeat them, we have reorganized the Company and strengthened the functions of Contract Administration and Program Management. We will talk about the new organization in weeks to come. I urge everyone to learn as much as possible about the responsibilities in the new organization and to cooperate to make it work.

Sun Company has contributed millions of dollars to the recapitalization of Sun Ship, a move that will make us a financially strong Company as we return to our basic business.

As we enter 1978, we have new orders for two Product Carriers for Sun Transport, and a new containership for Matson. This backlog will enable us to soon begin to hire back many of the people laid off for lack of work.

As a result of the change in business strategy and the reorganization, we did reduce our management group and support staff by about 10%. These reductions are permanent. This was a step which we took reluctantly, but which we felt was necessary. These people were offered special severance allowances or improved pension benefits to cushion their economic hardship.

We face 1978 and beyond with confidence. We have a backlog which will see us into 1979. We have an excellent workforce and management group. We are aggressively seeking new business in all areas. While the shipbuilding industry currently is generally depressed, we believe that our strengths will enable us to get our share of the available market, and to once again become profitable in 1979.

Peter S. Hepp

Celebrating Anniversaries



G. BROWN
33-129
35 Years



W. KOWALCHUK
59-269
35 Years



S. RUSTARK
90-216
35 Years



M. DAVIS
47-680
25 Years

No Photograph
Available
E. FISCHER
47-569
35 Years



J. SCHOLES
38-130
30 Years



A. HELICK
45-1020
25 Years



B. KRYNSKI
55-57
25 Years



R. RAFFUCCI
72-21
25 Years



L. BROWN
59-293
20 Years



G. KLEES
33-313
20 Years



J. LABBE
93-43
20 Years



H. SUTER
59-276
20 Years

SUN SHIP LOG

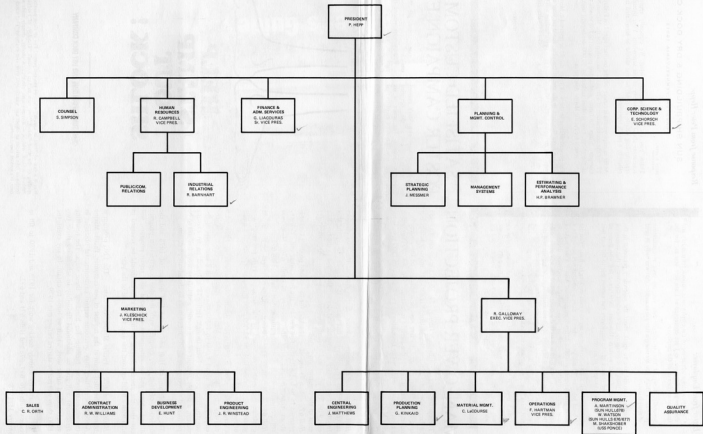
VOLUME 12 NUMBER 1

Sun Shipbuilding and Dry Dock Company
Chester, Pa. 19013

Address editorial matter to the Editor,
Sun Ship Log
c/o Public Relations Department

SUN SHIPBUILDING & DRY DOCK COMPANY

Organization Chart



Letter from Employee:

Could you please advise me of the employment outlook for mid-July and also the job situation, as I am concerned as I am sure you are for the financial welfare of all the employees.

Secondly, I would like to congratulate you on your reorganization program. I think you are doing a fine job in an area that was badly in need of reorganization.

Thirdly, I would like to speak about the supervisory personnel in the company. I think this company has excellent supervisors that command the respect of most workers. However, there are a few who desire to command the respect of the employees but cannot due to the fact that they show no respect to anyone.

How hard is it for a supervisor to say to a man working for him, "You did a good job," or "thank you" when he does a job that was needed in a hurry after he pulls you off a different assignment? Also, if a man makes a mistake, no matter how small or large, and the supervisor decides to reprimand him, how hard is it to find a quiet, out of the way place to do this instead of doing it in front of all the employees? In my opinion this sort of act is wrong because the supervisor wanting the respect of his men will only lose it since they saw him reprimand this one man in public, and will think he will always do it in this manner.

I think that if the company can get the supervisors to show some respect, the men will do their work more efficiently and the company in return will get a higher degree of quality in the product and, above all, will get what you are striving for — "satisfied customers".

Response from Peter Hepp:

SUN SHIPBUILDING & DRY DOCK CO.

CHESTER, PENNSYLVANIA 19013

PETER S. HEPP
PRESIDENT

Thank you for your thoughtful letter. We especially appreciate the comments about the majority of our supervisors. Your thoughts about reprimanding people are right, no one should be humiliated in front of others by a public reprimand.

As far as employment is concerned, the contract signed on Friday, January 27, for the construction of a large containership for the Matson Navigation Company brings our future shipbuilding program to five vessels, consisting of the above, two product tankers of 30,000 deadweight tons, and two LNG vessels for Pacific Marine Associates.

The present decline in the work force should be reversed in March, with a buildup from this date to the end of the year. Based on your seniority I hope this gives you a better idea of what your opportunities will be. I hope you will be able to stay. People with your obvious loyalty are what we need.

Sincerely,

Peter S. Hepp

MANPOWER PROJECTION

The contract signed on Friday, January 27, 1978, for the construction of a large containership for the Matson Navigation Company brings our future shipbuilding program to five vessels, consisting of the above, two product tankers of 30,000 deadweight tons (Hulls 676 and 677) for which we received the agreement in December of 1977, and two LNG vessels for Pacific Marine Associates.

Our present construction schedule and manpower projection are estimated as shown below:

Hull 676 — Sun Transport — Work for the first of the two product tankers for Sun Transport has just started. It is planned to lay the keel for this vessel as early as possible and deliver the vessel in the first half of 1979. The vessel will require an average of about 800 workers for most of the construction period.

Hull 677 — Sun Transport — The keel for the second product tanker is planned to be laid within a few weeks of the first tanker and a delivery about three months after the delivery of Hull 676. Manpower requirements for this vessel are equivalent to that for Hull 676.

Hull 678 — Matson — The 720-foot containership will be the largest containership ever constructed by the shipyard. It is powered by a geared steam turbine rated at 32,000 shaft horsepower, giving it a speed of more than 22 knots.

Current plans show a keel laying during the summer of 1978 with delivery by January 1980. Manpower requirements call for the employment of about 1,000 to 1,200 workers over a large part of the construction period. Even though Hull 678 is based on an existing design, a sizable amount of engineering and lifting work has still to be performed to recognize significant changes to the advanced design.

The completion of Hull 668 in the first quarter of 1978 and the completion of Hull 669, coupled with the ship construction program outlined above and an anticipated expanded ship repair program, will mean that the present decline in the work force should be reversed in March with a build up from this date to the end of the year.

Hulls 671 & 672 — Pacific Marine Associates — The LNG program is being rescheduled again at the request of our customer, Pacific Marine Associates, so they may overcome certain environmental obstacles in the necessary shore facilities for handling these ships. The resulting agreement will give us additional flexibility in scheduling these two vessels around other work which we hope to obtain. In any event, the LNG ships will not be started before mid-1979.

We are currently actively seeking work for 1979 and 1980 to fill in between Hulls 676, 677, 678 and Hulls 671 and 672.

January 31, 1978

"SATISFIED CUSTOMER" POSTER CAMPAIGN ENDS

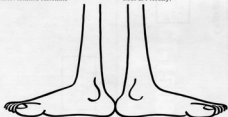
Keeping in step with Sun's current campaign is the last of the "Satisfied Customers" posters. The series of six posters was run to remind all of us that

— tomorrow's jobs depend on today's satisfied customer.

— all jobs done with pride and care ensure satisfied customers

— one careless job threatens everyone's job!

Posters were placed throughout the yard, the Wetherill plant and the Main Office and Engineering/Management buildings. The series, consisting of variations of the "Satisfied Customer" theme, began in November 1977 and will conclude in February.



HELP STAMP OUT SHLOCK!

SUN SHIPBUILDING AND DRY DOCK COMPANY

Was it a case of "foot in mouth" when we ran this poster? For all those puzzled by our use or spelling of the word "shlock," we turn to Leo Rosten's "The Joys of Yiddish" for support: "shlock, schlock, schlock — Rhymes with 'clock'... A shoddy, cheaply made article... A defective or fake article; an object one was cheated over. (for example) 'That watch will never keep time. It's schlock merchandise.'"

MARTINSON, WATSON APPOINTED...

(Continued from page 1)



MARTINSON

Program Manager and Contract Administrator. Generally, the Program Manager will work with all groups within the shipyard organization to complete the program within budget and on time. The Contract Administrator, on the other hand, will be located in Marketing and will be the office through which all contractual contact between Sun Ship and the customer will flow.

He joined Sun Ship in July 1971 as Chief of the Machinery Technical section. In August 1973 he was named a General Superintendent and in 1976 he was appointed Project Manager for Industrial Products.



WATSON

he held until April 1967 when he was named Chief Staff Engineer and Program Manager for the Navy's Deep Submergence Rescue Vehicle (DSRV) project.

In 1969 he was named Project Manager for the conversion of the *MANHATTAN* into an ice-breaking tanker; a project that was completed in only nine months.

Following this, Watson was named to head the Guppy construction program. The Guppy, a tethered, two-man submersible work boat was built and successfully tested in 1970.

He was then named Projects Manager for the Bulk Ship Product Group in August 1972.

Management Conference Held

A two-day meeting of Sun Ship's management team was held in Downton on January 18 and 19. The two-day session was the first meeting of shipyard managers since the recent reorganization.

The conference program developed in two phases. In the first phase, Sun Ship President Pete Hepp presented a brief history of the shipyard from its beginnings on down to the present time, with a special look at how past managers shaped the company to the extent that the shipyard's management style reflected their own particular views.

In a series of free-wheeling discussions, the managers talked about the shipyard as

it is today, and how they would like to see it in the future.

They also discussed the alternate management styles possible within the framework of Sun Ship's Human Resources philosophy (a description of this philosophy appears below).

Finally, it was agreed that the first order of business may be to get more work into the yard. With a backlog in hand, management feels it will be better prepared to improve the way the yard does business.

These are only the highlights of the two-day session, a more detailed report of the proceedings will appear in a future *Sun Ship Log*.

Human Resources Philosophy

Treat employees with respect and consideration as a fundamental ingredient to the resolution of mutual problems.

Communicate with employees as far in advance as possible any information that affects them or their work environment.

Abide by the spirit and intent of all agreements both written and verbal.

Encourage, whenever possible, employee participation and input in decisions affecting their work environment.

Resort to formal discipline only after all other reasonable corrective measures have failed.

SHIPYARD LAUNCHES AD CAMPAIGNS

Sun Ship has launched two new advertising campaigns as part of its stepped-up efforts to sell potential customers what the shipyard has to offer them. The ad campaigns complement the intensified and wide-ranging efforts of the shipyard's sales force to bring new work into the yard.

Sun Ship President Pete Hepp has made no secret of the fact that the shipyard is looking for work and told

those attending the recent annual service awards luncheon that: "We're back soliciting in the market, and our people are looking at \$30 million worth of ship repair work, five new ship construction jobs and 30 barges and mid-bodies."

The U.S. offshore drilling industry is the target of a Sun 800 ad campaign that tells them that the mobile, heavy-lift derrick is conveniently located and readily available for their use in the

area where the next surge of offshore drilling activity is expected — the U.S. East Coast.

The first ad for the Sun 800 ran in the November 1977 issue of *Ocean Industry*.

The second ad campaign is built around the shipyard's total capability and describes some of Sun Ship's significant achievements in the areas of new ship construction, ship repair and

industrial products.

This corporate capability ad has appeared in the December 1977 "Distinctive Ships" issue of the *Mariner Engineering Log*, an issue that highlighted the *S.S. Tonnage* as one of the major ships of 1977.

This ad has also appeared in the January 1978 and February 1978 issues of *Maritime Reporter*.

The SUN 800
Bringing total lift capability to the offshore Atlantic.

From its centrally located base on the U.S. East Coast, the Sun 800 with its 800 ton lifting capacity and height capability of up to 212 ft., provides a complete, mobile heavy lift service for use in a wide range of applications including:

- Construction • Cargo Handling • Marine Salvage

The Sun 800 is manned by an experienced 11 man crew with a proven performance and safety record.

For further information about the Sun 800's wide-ranging capabilities contact:

SUN SHIPBUILDING & DRY DOCK CO.
Charter, P.O. Box 1, S.A. • Telephone: (215) 876-9221
N.Y.C. 44-00-1700 • Telex: 734-070-7474

Sun Shipbuilding...

The commercial shipyard with more than 60 years experience in innovative shipbuilding.

In the last ten years Sun Ship's innovative approach to shipbuilding opportunities has produced:

1. the roll-on/roll-off military transport ship *Admiral William M. Callaghan* (see also the *William M. Callaghan* in the *Mariner Engineering Log*); the *Callaghan* arrived at the yard for delivery in 1977.
2. the development of the roll-on/roll-off tugboat *Admiral William M. Callaghan* (see also the *William M. Callaghan* in the *Mariner Engineering Log*); the *Callaghan* arrived at the yard for delivery in 1977.
3. the construction of the *S.S. Tonnage* (see also the *S.S. Tonnage* in the *Mariner Engineering Log*); the *Tonnage* arrived at the yard for delivery in 1977.
4. the construction of the *S.S. Tonnage* (see also the *S.S. Tonnage* in the *Mariner Engineering Log*); the *Tonnage* arrived at the yard for delivery in 1977.
5. the construction of the *S.S. Tonnage* (see also the *S.S. Tonnage* in the *Mariner Engineering Log*); the *Tonnage* arrived at the yard for delivery in 1977.
6. the construction of the *S.S. Tonnage* (see also the *S.S. Tonnage* in the *Mariner Engineering Log*); the *Tonnage* arrived at the yard for delivery in 1977.

For innovative solutions to your shipbuilding problems, contact:

SUN SHIPBUILDING AND DRY DOCK COMPANY
Charter, P.O. Box 1, S.A. • Telephone: (215) 876-9221
N.Y.C. 44-00-1700 • Telex: 734-070-7474



Circle 107 on Reader Service Card

To: *Sun Ship Log*
c/o Public Relations Dept.
Engineering/Management Bldg.

From:

Subject: "CHANGES I WOULD LIKE TO SEE
MADE IN THE LOG"

Sun Log Goes Monthly Readership Suggestions, Comments Requested

Beginning with this issue, the *Sun Ship Log* becomes a monthly publication. The greater frequency of publication will not only enable the *Log's* staff to get the news to the paper's readers in a more timely manner, it will also permit the expanded coverage of news of interest to Sun Ship employees.

Evidence of this expanded coverage is the debut in this issue of the "Service Anniversary" column as a regular feature of the *Log*. The Service Anniversary column will include photos of shipyard employees celebrating 20 or more years of Sun Ship service.

Survey of Log's Readership

To assist in determining what kind of news the *Log's* readership would like to see presented in future issues, a survey of the newspaper's readership is being conducted by the editorial staff.

All the *Log's* readers are invited to submit their ideas for feature articles and regular columns as well as any comments or suggestions they feel would contribute to making the *Log* a more interesting and useful newspaper.

A pre-addressed survey form with space for the reader's ideas, comments and suggestions appears to the left of this article. The survey forms should be sent to the Public Relations Department in the Engineering Management Building.

21 Retirees Are Honored

Three Sun Ship employees with 45 years of service and 18 employees with 40 years were honored at the annual service awards luncheon held on December 12, 1977 in the Engineering/Management Building cafeteria.

At the conclusion of the luncheon, Robert Galloway, Executive Vice President, presented Frank Pepe (84-66), Peter Polinsky (47-256) and Elmer Palo (59-13) with their 45 year service pin. Galloway also presented the 40 year service pin and a Hamilton Gladwyn Clock to William Ritz (30-434), George Giampietro (59-1364), Edmond Bland, Jr. (62-15), Miller Morse (67-150), Arthur Sherrer (59-561), Anthony DeFalco (59-64), Paul Ingram (61-3), Cleo Harmon (67-477), Jacob Robinson (8-310), Walter Makarewicz (59-44), John Nespoli (36-567), John April (55-289), Edward Paslock (36-58), William Cleral (47-182), Howard (Fifty) Fithian (33-258), Herbert Grubb (36-952), Thomas Toshey (36-665), and Floyd Goodwin (88-20).

Peter S. Hepp, President, said "It was quite enjoyable to hear these men talk about working on some of our earlier hulls and listen to their recollections of the shipyard from earlier years. These men have contributed much to the yard and given it leadership throughout the years."

Robert Galloway noted that the honored employees have 855 years of service (representing over two million man hours) with the shipyard.



00-1087
W WALLS
520--11TH AVE
PROSPECT PARK PA 19076

If additional space is required for comments, attach extra sheets as needed.



Aerial View Shows Magnitude of Ship Repair Work on Manhattan Duke. Repairing the 220 ft. long hole in the tanker's port side required 1230 tons of steel, a shipyard record for a damaged vessel in terms of steel weight replacement.