



Family Day, June 3rd . . . for what's happening see page 3

SUN SHIP LAUNCHES EXPANDED SAFETY PROGRAM; "OPERATION SAFE SHIPYARD-1978" UNDERWAY

WINSTEAD ELECTED VICE PRESIDENT; ENGINEERING GROUP CONSOLIDATED

Sun Ship's Board of Directors has elected J. Robert Winstead Vice President of Engineering, reporting to the President.

In his new post, Winstead will be responsible for the shipyard's recently consolidated engineering group. Winstead formally implemented this consolidation by naming Jon H. Matthews, Hector T. McVey and James R. Wittmeyer to fill

three key points in this engineering group, reporting directly to him.

Matthews has been appointed Chief Naval Architect responsible for Naval Architecture and Structural Engineering and Hull Structure and Outfitting Design.

McVey has been appointed Chief Marine Engineer responsible for Marine Engineering and Machinery and Electrical Design.

Wittmeyer has been appointed Chief Test Engineer responsible for Ship Testing and Trials, Construction Engineering and Guarantee Engineering.

Concurrent with these appointments, the engineering responsibilities previously assigned to the Product Engineering Department have been decentralized and this function will now be accomplished through the cooperative efforts of the technical sections assigned to Matthews and McVey.

Preliminary design activities, depending on their size and complexity, will be carried out by either the appropriate engineering manager or an assigned project manager.

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A 7:45 A.M. meeting on May 9th with several hundred members from 59, 45 and 84 Departments in attendance signaled the launching of the shipyard's expanded safety program, "Operation Safe Shipyard-1978". This meeting, the first in a series of meetings programmed to reach all members of the shipyard's workforce including supervision was conducted by Sun Ship's Manager of Safety, Searle Walton.

At this meeting Walton discussed the housekeeping responsibilities common to all who work in the yard. He tailored his presentation to also cover those working situations unique to the crafts of those in the audience.

Walton's presentation was right on the mark and the audience joined in for a lively discussion of housekeeping problems in the question-and-answer session that followed.

The opening presentation and discussion of the yard's safety program was repeated by the Safety Department staff in a series of meetings on the subject of housekeeping that reached the entire shipyard workforce before the week of May 8th had drawn to a close.

Program Reflects New Corporate Goal

What makes "Operation Safe Shipyard-1978" different from the shipyard's

established safety program?

The Log posed this question to Sun Ship president Peter S. Hepp, and he said: "It's different in several significant ways. First, this Company program has been expanded so we could intensify our safety training efforts on a formal, more frequently scheduled basis.

"Second, we've renewed our efforts to improve the housekeeping problems by trying to make everyone recognize that housekeeping is the general responsibility of each individual, by assigning manpower to specific housekeeping operations, by providing more trash receptacles and by assigning ultimate responsibility for housekeeping in specific yard areas to specific Sun Ship managers.

"Finally, this safety program will be measured against a specific corporate goal of reducing shipyard accidents to the OSHA incidence rate of 4.5 lost time injuries per 100 employees. It's an ambitious goal in light of the fact that this rate is approximately half of our current accident rate and half of the most recent statistics for the shipbuilding industry. It is equal, however, to the average for all manufacturing industry.

"However, if we're to reach this ambitious goal we've set for ourselves, we must have the commitment of everyone

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Celebrating Anniversaries



L. NATALE
60-51
40 Years



H. SHEA
59-376
40 Years



R. MOORE
77-27
35 Years



G. MAYS
59-1632
30 Years



J. RUSSELL
38-103
30 Years



G. BLAIR
27-118
25 Years



D. JONES
69-57
25 Years



H. LOUDEN
47-487
25 Years



B. OSTROSKI
45-624
25 Years



J. PINKOSKI
60-76
25 Years



L. CARTER
28-17
20 Years



E. GAINES
31-128
20 Years



W. HESTER
76-126
20 Years



W. BOYCE, JR.
33-418
20 Years



J. KOSHETAR
47-191
20 Years



R. MARLEY
34-109
20 Years



P. MORRISON
59-231
20 Years



D. POLISKY
34-126
20 Years



R. SANDS
67-5
20 Years



R. TIMBERMAN
27-79
20 Years



M. WILLIS
78-17
20 Years

No Photograph
Available

S. MASON
59-682
40 Years

R. REIMERS
47-809
40 Years



MEET THE PRESIDENT

For those Sun Ship employees who have wanted to meet and speak with shipyard president Pete Hepp, but haven't had the chance to do so, Family Day provides you with that opportunity.

Pete Hepp will be in his office on the second floor of the Engineering Management Building to meet and talk with fellow Sun Ship employees from 10:00 A.M. to 11:00 A.M. at the shipyard's Family Day celebration on June 3rd, 1978.

The other Sun Ship officers will also be in their offices during the same hour to meet with shipyard employees.

The offices of Pete Hepp and the other shipyard officers will close at 11:00 A.M. so they can participate in the christening of the S.S. Kenai slated to take place a little later in the morning.

The Engineering Management Building is located at 4th Street and Eddystone Avenue, adjacent to Sun Ship's North Gate.

FAMILY DAY JUNE 3, 1978

Schedule of Events

- 10:00 A.M.** Main Gate and North Yard Gate open — Family Day begins.
Open House in selected yard shops and Engineering Management Building.
Office of Sun Ship president Pete Hepp and other Sun Ship officers open to fellow shipyard employees.
Arts 'n Crafts show opens in cafeteria of Engineering Management Building.
- 10:45 A.M.** Chester City Band enters yard through Main Gate and marches to christening site.
- 11:00 A.M.** Offices of Sun Ship president and other shipyard officers close.
- 11:30 A.M. — 12:15 P.M.** Christening of S.S. Kenai. Upon conclusion of christening ceremonies Chester City Band marches out through Main Gate.
- 12:45 P.M.** Duffy String Band begins concert at North Yard shipbuilding slab.
- 1:30 P.M.** Duffy String Band concludes concert and marches out through North Yard gate.
- 2:00 P.M.** Family Day ends.



Christening of S.S. Kenai

A highlight of Family Day will be the christening of the 120,000 dead-weight ton tanker S.S. Kenai at the North Yard outfitting pier. The Kenai is the third Sus-designed and Sun-built "ecology" class tanker the shipyard has constructed.

The tanker is being built for time

charter to SPC Shipping Inc., a subsidiary of The Standard Oil Company (Sohio).

The Kenai will be christened by Mrs. Roger Bexon, the wife of a Sohio senior vice president, during christening ceremonies beginning at 11:30 A.M. on Family Day.



THE KENAI IS THE SISTER SHIP TO THE S.S. TONSINA pictured here before christening ceremonies last year. The double-bull tanker Kenai is named after a region on the north Alaskan coast.

THINGS TO SEE... THINGS TO DO...

All the major shops in the Central Yard area will be open to shipyard guests on Family Day. These include the Boiler Shop, Pipe Shop, Fabrication Shop, Sheet Metal Shop and the Copper Shop.

The plate yard will also be open for inspection and the Numerical Control burning machines and the Plasma Arc machine will be in operation.

For children in the Family Day audience the yard's locomotive and fire engine will be open for their inspection.

The Sun 800 will also be open to guests wishing to go aboard the shipyard's heavy lift floating derrick.

For those interested in a brief history of Sun Ship and its people there will be a 10-minute sound and slide show presented on a continuing basis in the multi-purpose room in the North Yard.

Music . . . Music . . . And More Music

Sun Ship will be filled with the sounds of music on Family Day.

The Chester City Band will enter the shipyard through the Main Gate at 10:45 A.M. and march to the North Yard outfitting pier where it will take part in the christening ceremonies for

the S.S. *Kovak*.

Shortly after the christening, the second half of the Family Day musical program will be given over to a member of the Philadelphia New Year Shooters and Mimmers Association—the Duffy String Band.



The Duffy String Band in full Marmers' regalia will march to the North Yard shipbuilding slab where they will give a concert for the Family Day guests from 12:45 P.M. to 1:30 P.M.

The theme of the string band's concert will be "Broad Street Memories",

a salute to famous string band captains of the past; and selections for the concert will include "Sentimental Journey", "When Irish Eyes Are Smiling", "Four Leaf Clover", "Hello", "Bye Bye Blues" and the traditional "Oh Dem Golden Slippers".



Employees' Arts And Crafts Show

Want to show off your arts and crafts skills? Now's the time to do so at the Sun Ship employees' ARTS 'n' CRAFTS show being held in conjunction with Family Day on Saturday, June 3rd.

Interested shipyard employees and members of their families are invited to participate in this show.

Employees with skills in some of

the following arts and crafts have exhibited their work at previous Sun Ship shows:

ceramics
wood carvings
rug weaving
stained glass
bottle art
copper/metal-working
jewelry

"special collections"
leather working
needlepoint, weaving, macrame, etc.
paintings & sketches, etc.

The show will be held in the cafe-

tina of the Engineering/Management Building with wall space and booth space by reservation.

For additional details and reservations call Helen Bauman on extension 718.



THE GROWING THREAT OF SHIPYARD CLOSINGS

©(Reprinted from May 1, 1978 issue of Business Week)

Shipyards in Newport News, Pascagoula, and Quincy are bustling this spring — chock-full of work on oil tankers, liquefied natural gas (LNG) carriers, and Navy submarines and destroyers. But elsewhere in the industry — at Sparrows Point and New Orleans — the yards are not so full. Some are working at less than 50% of capacity. Worse still: Almost nowhere are big new orders in sight.

Like shipbuilding everywhere else in the world, the U.S. industry is in trouble. In most yards, ships now under construction will be delivered within the next two years, and there appears to be little work to follow. Normally, U.S. yards get new orders for 20 to 30 ships a year; this year the industry expects orders for only about eight vessels.

Already, layoffs have begun: Ingalls has laid off 2,200 in the past year, Avondale 500, Bethlehem 1,000. Over the next 18 months, layoffs may total 50,000 workers — a third of the industry's current total employment. And even now many yards are losing money on the ships they are building.

Unless new orders materialize soon, some yards almost certainly will be closed. "Half the yards in the country could shut down in three or four years," predicts C. Larry French, President of National Steel & Shipbuilding Co., a joint venture of Kaiser Industries Corp. and Morrison-Knudsen Co. Many of those would be the smaller yards. But Robert J. Blackwell, the Commerce Dept. Assistant Secretary for maritime affairs, fingers Bethlehem Steel Corp.'s big yard at Sparrows Point, Md., as one that might go down. He also sees bleak prospects for the commercial yard of Newport News Shipbuilding & Dry Dock Co., a Tenneco Inc. subsidiary; the Quincy (Mass.) yard of General Dynamics Corp.; and the Seastron Lines Inc. yard in Brooklyn, N.Y.

Dowhill. So far, no shipyard owner is giving up publicly. But few are optimistic over the outlook for the next few years. At Pascagoula, Miss., for example, the Ingalls Shipbuilding Div. of Litton Industries Inc. has 22,800 people in two yards working on an order for 30 destroyers and 5 landing-assault ships for the Navy, but all of these are scheduled for delivery by the fall of 1980. "It is probably going to be downhill at Pascagoula for the next three years," concedes Fred W. O'Green, president of Litton. "Eventually we may have to decide whether it costs as much to stay in a negative cash flow situation or to close it down."

Ingalls faces special problems when the order book slims. It pioneered a departure in shipbuilding in the late 1960s—an assembly-line technique in which sections of ships are built on platforms and rolled together for assembly. After startup problems, the yard now seems efficient for building a number of ships to a single design. But Litton concedes it cannot compete for one-of-a-kind contracts.

A combination of forces is responsible for the gloomiest outlook that U.S. shipbuilders have faced since the early 1960s. Historically, U.S. yards have been uncompetitive internationally. What kept them profitable were big Navy orders and a big helping hand from government on the

commercial side.

Now some of the main props are buckling. The Navy, for example, had planned to seek funds to build 156 new ships over the next five years. But the Office of Management & Budget has stripped the Navy order list to 83.

Subsidies. On the commercial side, shipbuilders have benefited especially from the Maritime Administration's construction subsidy. Under this program, the government pays the difference between the cost of building a ship in a U.S. yard and building it in a foreign yard, where labor and materials are cheaper. However, the subsidy is limited to 50% of a ship's cost. Some foreign yards, especially in Japan, are quoting prices 60% below those of U.S. yards in an effort to avoid heavy layoffs.

At the same time, the industry is bedeviled by the uncertainties of U.S. energy and environmental policies. Orders for LNG carriers have trickled to a virtual stop because the government has not yet decided how much LNG should be imported or how it should be priced. And orders for oil tankers, which have suffered from the slowing of growth in energy demand worldwide, are also waiting on decisions about the need for special design features, such as double bottoms, to prevent oil spills.

Meanwhile the industry's most recent effort to get more government help, in concert with the merchant-marine industry, sank to the bottom when Congress

failed to pass a cargo preference bill last year. The bill would have required 15% of imported oil to be handled by U.S.-flag tankers.

High and dry. Adding to the pressure on shipyard owners are the costly new investments many of them have made in the past few years. The industry has long been criticized for slowness to adopt innovative cost-cutting methods. But together, U.S. shipyards have put about \$1 billion into capital improvements since 1970 to increase both capacity and productivity—largely to get ready for an expected flood of tanker orders that never came.

Bethlehem, for example, spent \$45 million on a huge dry dock for the construction of 260,000-dwt tankers. Finished in 1971, it handled five such tankers, but no more orders have come in. Employment is down 25% from last year's 4,200, and the company has no orders to follow two container ships it will complete next year. Donald T. Burkhardt, general manager of the yard, admits he is hiding on four small coastal tankers "at or below cost" to keep going.

The proper size. Some industry critics insist that, like the aerospace industry, the U.S. shipbuilding industry is just too big for its market. The least efficient yards should be allowed to go out of business, they say, leaving a leaner, more profitable industry.

Not all the shipbuilders' woes are the result of a lack of orders, however. Sev-

eral yards, strapped into fixed-price contracts made in the early 1970s, have been stung by a rate of inflation they did not bargain for. Newport News, for example, spent \$250 million on a new commercial yard in 1971 and now has 3,000 workers building three LNG carriers and three 360,000-dwt tankers. But because of fixed-price contracts signed in 1972, admits Ralph W. Cousins, the former Navy admiral who runs Newport News, "we are losing money on the LNG ships." Similarly, Avondale Shipyard's Inc., a subsidiary of Ogden Corp., sees no profit in the three LNG ships it is building now, "and it could be even worse than beakeren," says Albert L. Bossier Jr., Avondale's new president.

Though Newport News's commercial yard has so far been a disappointment to Cousins, there is some consolation in the \$1.6 billion worth of Navy ships the company is building in its old shipyard. The money from Navy contracts "could be enough to persuade Cousins to underwrite the smaller commercial operation for a few more years," notes an industry observer. However, Tenneco is far from satisfied with the 2.5% return on assets it got last year from the Navy work. While a 3% return is historically acceptable in U.S. shipbuilding, the conglomerate owners of some U.S. yards want to jack those returns up closer to the 7% typical of manufacturing operations.

That will be tough, unless the government revamps its contract-management policies. Most work for the Navy is replete with design changes made subsequent to the signing of the contract, and shipbuilders find it hard to get the Navy to compensate fully for the added costs incurred. Failure of the Navy to settle a \$544 million claim, for example, is affecting the profitability of the Electric Boat Div. of General Dynamics. David S. Lewis, GD's chairman, says the company is putting up \$15 million a month to keep going on its order of attack submarines there. Unless the claim is settled, he insists, work will stop on June 12.

However, not all is bleak at Electric Boat. Lewis says that GD is making money on its Trident ballistic-missile-carrier subs. And he claims that the company's commercial yard at Quincy, Mass., which has rocked along for years on the edge of closing, will be profitable this year despite earlier problems building a new type of LNG carrier.

Smaller yards. While hunting with its biggest contractors, the Navy is also keeping several small yards afloat. Among them are Conglomerate Corp.'s Bath Iron Works Corp. in Bath, Me., and two Todd Shipyards Corp. facilities, in San Pedro, Calif., and Seattle, which share an order for 28 frigates and have a good chance to get orders for 26 more.

In addition, two inland yards have reason to be encouraged as others' woes mount. American Ship Building Co., in Cleveland and Bay Shipbuilding Corp., a Sturgeon Bay (Wis.) subsidiary of Manitowoc Co., build vessels for Great Lakes shipping, which has picked up over the past two years. America's backlog is \$137 million, up 14% over last year. And at Bay, says Treasurer Robert F. Fischer, orders for new ships "are at an all-time peak."

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YARD'S SHIP REPAIR ADVERTISING GOES OVERSEAS. The ad above is one of several the yard's Ship Repair Sales people have directed at potential European customers operating ships in world trade routes off the U.S. East Coast. The ad was prominently displayed on the outside back cover of the April 4th issue of the British shipping magazine, "Telegraph International Shipping Weekly".

"OPERATION SAFE SHIPYARD-1978" UNDERWAY

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in the Company to participate wholeheartedly in this program. Everyone in the yard believes in safety, now let's see if everyone is willing to do something about it."

Safety Training

The emphasis on safety training in the "Operation Safe Shipyard-1978" program is placed on educating new employee orientation and on safety meetings scheduled on a weekly, monthly and quarterly basis.

New employees hired by Sun Ship will receive a shipyard safety orientation from a Safety Department staff member on their first day in the yard, and the yard department hiring the new employee will provide safety training related to the work he will perform before assigning him to the job.

After approximately 30 days on the job, a Safety Department staff member meets with the new employee again for a refresher training session.

The safety training of other shipyard workers will be accomplished through regularly scheduled meetings.

The most frequent of these will be the weekly "tool box" safety meeting. In this five-minute session, the supervisor will get together with his gang and discuss safety matters from material provided for that purpose by the Safety Department.

The supervisor, in turn, meets with his department foreman, on a monthly basis, to review and discuss material provided them by the Safety Department.

Finally, the Safety Department conducts quarterly meetings with "all hands" - yard workers and supervisors - and at these one-hour seminars presents safety topics that are specifically geared to the crafts present in the audience. Because of the specific nature of the material presented, groups with similar safety problems are scheduled together.

Housekeeping

A major portion of the yard's new safety program deals with the housekeeping problem because a significant improvement in yard safety cannot be achieved without a corresponding improvement in the shipyard's current housekeeping practices.

The thrust of the new safety program is that housekeeping is everyone's responsibility. It's the responsibility of all departments to clean up the scrap and debris they generate while working. Departments should clean as they go and

not wait until the particular job is finished.

General clean up on board the ship will still be carried out by Department 67 and in the yard by Department 81.

Supervisors will assign employees to keep their work area clear of stored materials and debris resulting from work under their supervision. No employee with a mechanic classification will be assigned clean up duties on a full time basis.

To assist the clean up, the Company will provide adequate trash receptacles in the immediate work areas and more large trash dumpsters where needed. To ensure that empty trash containers are available the Company has donated that the yard's cranes give priority service to emptying these receptacles.

A running start on the housekeeping problem has been made by 96 Department workforce (April, 1978 Sun Ship Log) through their efforts in several shops, the North Yard building slab, and the wet basin area.

Responsibility for general housekeeping in specific yard areas has been assigned to specific managers: the Hull Superintendent is responsible for building ways and slabs, the Outfitting Superintendent for ships in the wet basin, the Maintenance Superintendent for yard areas and department foremen for their particular shop areas.

Measuring the Program's Success

"Tote" boards will be placed throughout the yard so everyone can see how the actual safety record compares with the program's established goals.

A system of safety awards has also been established to recognize those yard workers, supervisors and departments with outstanding safety records.

Safety inspectors will write violation slips, stop jobs that are deemed unsafe, and will enforce all safety rules in a uniform, unswayed manner.

The Company's primary effort will be on training and warnings with discipline used only as a last resort for flagrant or repeated infractions of safety rules.

To help the Company and Lodge No. 802 work toward their mutual goal of improved shipyard safety, two joint management/union safety committees (established under articles of the current labor agreement) have been reactivated. These are the Advisory Safety Committee and the Stagebuilder Safety Committee.

Additionally, the Company and the Union will establish joint safety committees in all the major departments in the yard.

The Joint Safety Committee in the company of a senior Sun Ship executive will conduct monthly inspections of the shops, shops and the yard areas.

Reports updating the progress of the "Operation Safe Shipyard-1978" program will appear in future issues of the Log.

MARKETING DIVISION REPORT

This month's wrap-up of the results of the Sun Ship marketing activities is tabulated below. Seven ship repair jobs closed out, but only one was awarded to Sun Ship. The industrial products group has quoted 34 jobs while closing one successfully for the company. If anything, the market has become tougher this past month with our competitors quoting prices which would appear to be below

what we could prudently do. Our sales people are scouring the market place for new and better opportunities to place work in our yard. If there is one consolation to this past month's activity it is the increasing recognition on the part of the market place that Sun Ship must be considered a major competitor for the business that's out there.

SHIP REPAIR:

Vessel	Successful Bidder	Sun Ship Bid
Alamogordo	Jacksonville	2nd out of 6 bids
Sealift Atlantic	Maryland Dry Dock	3rd out of 6 bids
Yakon	Bethlehem, (Baltimore)	6th out of 6 bids
Athel Monarch	Not Published	Lost
Hafslund	Bethlehem (Baltimore)	2nd out of 4 bids
American Islander	Todd (Brooklyn)	2nd (no. of bids not published)
Eastern Sun	Sun Ship	Won

INDUSTRIAL PRODUCTS

Customer/Description	Successful Bidder	Sun Ship Bid
Phoenix Steel vacuum degassing vessel cover and installation	Sun Ship	Won

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WINSTEAD ELECTED VICE PRESIDENT; ENGINEERING GROUP CONSOLIDATED

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Pending further detailed definition of the engineering organization, Vic Pagan (Planning) and Bill Church (Industrial Products) will report to Winstead.

Winstead's Shipbuilding Background

Winstead joined Sun Ship in June, 1975 as Engineering Manager for the Tanker Product Group and in April, 1976 he was named Manager for the Bulk Cargo Ship Product Engineering group that included the yard's former LNG and Tanker Product Engineering Groups.

In October, 1977 the yard's General Cargo Ship and Bulk Cargo Ship product groups were merged and Winstead was named Technical Director for the Product Engineering Department with responsi-

bility for all the shipyard's product lines in the areas of naval architecture and marine engineering, vessel concept and definition, construction specification, propulsion engineering and customer technical liaison.

Prior to his employment at Sun Ship, Winstead worked for Newport News Shipbuilding and Dry Dock Company from 1950 to 1975. While at Newport News he held various engineering posts in the shipyard's Engineering Technical Department and Atomic Power Division with his last post being Director of Engineering, Commercial Ship Division.

Winstead is a member of the Society of Naval Architects and Marine Engineers and the Propeller Club of the United States.

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