

THE NATIONAL SHIPBUILDING RESEARCH PROGRAM

Gainsharing—Employee Involvement
[n A
Shipyard/Assembly Yard

U.S. DEPARTMENT OF TRANSPORTATION
Maritime Administration and
U.S. NAVY
in cooperation with
Bethlehem Steel Corporation
Marine Construction Division

FOREWORD

American shipyards and marine fabricators and assemblers have been beset by, and continue to be confronted with, intense competition generated by foreign producers. If labor and management do not cooperatively respond to this competition, the inability of U. S. shipyards and marine fabricators and assemblers to stay competitive will result in dire consequences such as:

- a. The loss of a significant portion of our ability to maintain a shipbuilding mobilization base and a self-sufficient posture for energy exploration and independence,
- b. The corollary of reliance on foreign fabricators and assemblers with their uncertain allegiance in times of international stress,
- c. The exacerbation of the country's trade deficit problem,
- d. Loss of income for workers and business for companies who have been mainstays in the industry,
- e. Expenditure of monies to train workers for other skills and trades, and
- f. Loss of revenue to the Government due to the industry's inability to work at full capacity.

A major contributor to the industry's problem is adherence to a traditional concept of the management-employee relationship. Within this framework, an employee has little opportunity to readily contribute his ideas and offer feedback on the job. This has become widely recognized as a major cause of suboptimal productivity, and undermines company performance relative to foreign and domestic competitors.

While many "employee involvement" programs have been documented and implemented in other industries, much remains to be accomplished to fulfill the potential of employee participation. What is encouraging thus far is that these programs, if properly conceived and implemented, do make a difference. To at least meet the competition on equal terms, employee participation must become a way of life in our industry.

At many unionized work locations, employees have made financial sacrifices in the form of concessions at the collective bargaining table. To retain their support, management must not ignore these concessions or any unobtained gains.

Due recognition must be given to this aspect by management.

In summary, there is the need to significantly develop employee communication and participation, as well as to recognize wage and benefit concessions, if an operation is to sustain support in a program to remain competitive in the industry.

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ARTICLE 7 EMPLOYEE INVOLVEMENT COMPONENT OF GAINSHARING PLAN

Gainsharing is a mutual goal. Employee involvement will be the means to achieve this goal. Without meaningful and effective participation by all employees, in reducing costs within their control, there will be no financial gains to share. The combined efforts of management regularly sharing information and workers contributing to daily job decision making will be the basis for cost saving ideas and solutions to problems. The basic elements of the employee involvement process at Kaiser are as follows:

1. Weekly or otherwise timely disclosure by management of accurate data on job planning, schedules, yard and sub-unit performance against targets, and other relevant operating information (such as tools and material costs).
2. Weekly meetings between workers, supervisors, and technical staff to identify existing or anticipated problems, solve them where possible, or refer them to appropriate management/staff as necessary. These meetings will occur within any or some combination of the following groups, as project circumstances permit.
 - Crew Level: between first line supervisors and members of their crews with a technical staff person.
 - Combined Crews: supervisors, technical staff and representatives from two or more crews, depending on the problem or need.
 - Yard Task Force(s): Ad hoc groups of supervisors, workers and technical staff assigned by the Yard Committee to solve or propose solutions to specific problems.
3. Regular meetings of a 'Yard Committee' composed of management and union representatives from key operating areas, to monitor and guide employee involvement efforts.
4. Periodic review of the accuracy, scope, and timeliness of management's financial and operating information by a standing subgroup of the Design Committee.

APPENDIX C

KAISER STEEL CORPORATION VALLEJO YARD GAINSHARING AND EMPLOYEE INVOLVEMENT PROGRAM

STEERING COMMITTEE

Harold Halterman
Vice President
Fabricating Operations

Kevin Reidy
President
Fabricated Products Group

Bob Russell/Mike Brundy
Managers, Industrial Relations
Fabricated Products Group

Dick Whitby
Director, Administration
Fabricated Products Group

Len Beauchamp
Director of Research
Boilermaker International

Lee Franklin
International Representative
Boilermaker International

Dave Meehan
Business Manager, Secretary-Treas.
Boilermaker Local No. 6

Jack Sloan
Vice President
Boilermaker International

Mike Tobin
Business Representative
Boilermaker Local No. 6

DESIGN COMMITTEE

Harold Halterman
Vice President
Fabricating Operations

Tom Hopkins
Manager
Offshore and Construction

Bob Russell/Mike Brundy
Managers, Industrial Relations
Fabricated Products Group

Dana Zanone
Manager, Operations Accounting

Bill Mulcrevy
Manager, Field Operations
Northern California

C. Ham
General Foreman
Vallejo Yard

Len Beauchamp
Director of Research
Boilermaker International

Lee Franklin
International Representative
Boilermaker International

Bill Lowe
Steward
Boilermaker Local No. 6

Dave Meehan
Business Manager, Secretary-Treas.
Boilermaker Local No. 6

Ray Sesma
Business Manager
Painters Local No. 1176

Mike Tobin
Business Representative
Boilermaker Local No. 6

2. Overall, do you feel that Kaiser management is committed to improving the way it does business with its employees?

Yes	-51 (75%)
No	-10 (15%)
??	- 7 (10%)

If No, Why? _____

3. Do you feel the Unions are committed to improving their relationship with the Company here?

No	—16 (23%)
Yes	-45 (64%)
??	- 9 (13%)

If No, Why? _____

4. Have you attended an orientation session for the “Hidalgo” Project yet?

Y e s N o _

VII. Other comments (please use other side if necessary):

APPENDIX E

Below are the survey results based on your answers. The consultants have summarized the key ideas from your written answers. The results were compiled from the 86 returned questionnaires: 373 were distributed, for a response rate of 23%.

QUESTIONNAIRE

I. Background

- 1. Have you worked in the Kaiser Vallejo yard before starting this project?
 - 1. Yes-30
 - 2. No —56
- 2. Did you complete a similar version of this questionnaire last November?
 - 1. Yes—29
 - 2. No —56
- 3. When were you hired by Kaiser to work on this project? (month)_____

5. If you've worked in this yard before, please answer the following:
How does the overall level of trust between workers and management on this project compare to previous Kaiser jobs you've worked on?

- | | | | |
|------------------------|---|----|------------------------|
| 1. Better (more trust) | - | 9 | |
| 2. About the same | - | 11 | --2.121 (mean average) |
| 3. Worse | - | 13 | |

V. Gainsharing

1. How would you rate the degree to which the Unions and the Company have cooperated in trying to make the gainsharing program work?

- | | | | |
|----------------------|---|----|------------------------|
| 1. To a great extent | - | 10 | |
| 2. To so-me extent | - | 18 | |
| 3. To a small extent | - | 20 | --2.853 (mean average) |
| 4. Not at all | - | 27 | |

2. Do you feel the gainsharing calculations here are being made fairly and honestly?

1. No 45
2. Yes—26

If not, Why? _____

3. Would you come back to Kaiser and work under another program based on productivity gainsharing, profit sharing, or some related type of bonus program worked out by the Unions and Management?

1. Yes--46
2. No —31

Why? _____

4. Do you understand the way payouts under the present gainsharing plan are determined?

1. No —16
2. Yes—66

VI. General

1. Have you had a suggestion or idea about ways to work smarter here which you have not voiced at crew meetings or explained to a foreman?

1. Yes—29
2. No —50

If your answer was "Yes," Why? _____

2. Overall, do you feel that Kaiser management is committed to improving the way it does business with its employees?

- 1. Yes-42
- 2. No -35

If “No,” why? _____

3. Do you feel the Unions are committed to improving their relationships with the Company here?

- 1. Yes-45
- 2. No —29

If “No,” why? _____

4. How would you rate the job your union leaders have done in trying to make the Gainsharing/Employee Involvement program work?

- 1. First rate – 9
- 2. Fairly good –11
- 3. Passable –15 —3.526 (mean average)
- 4. Not too good –13
- 5. Very poor –28

5. How would you rate the job Kaiser management has done in trying to make the Gainsharing/Employee Involvement program work?

- 1. Very poor –21
- 2. Not too good –19
- 3. Passable –11 —2.750 (mean average)
- 4. Fairly good –17
- 5. First rate –12

6, How do you feel about the completion bonus payment plan for employees (based on percent complete of Vallejo work on actual sailaway date) which was put forth by Kaiser management and reviewed and recommended by the Steering Committee?

- 1. I like it -41
- 2. I don't like it -28

Why? _____

VII. Other Comments

This is the final questionnaire for the Hidalgo Project. It will be your last chance to get your comments in about the Employee Involvement/Gainsharing program and this project. Let' s hear it!

THANK YOU FOR YOUR HELP!