

Shipbuilders Council of America

Turnover & Retention Statistics



The national trade association for U.S. shipbuilders, ship repairers, and shipyard suppliers. Founded in 1920



SCA at a glance....

- SCA represents 35 companies that own and operate over 100 shipyards with facilities on all three U.S. coasts, the Great Lakes, the inland waterways system, Alaska and Hawaii.
- SCA represents 26 affiliate members that provide goods and services to the shipyard industry.
- Each year, SCA solicits its Health and Safety Committee to complete the Association's Turnover and Retention Survey. This survey has been conducted since 2003.
- All past SCA Turnover, Retention, Wage & Benefit, Safety Benchmark, and Injury & Illness Surveys can be found in the 'Members Only' section of SCA's Web site.

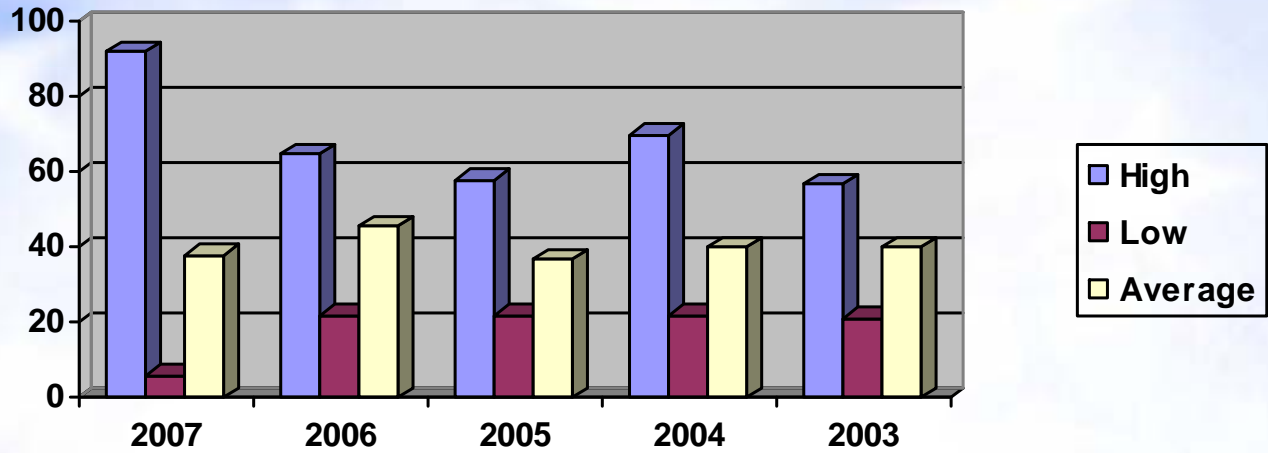


SCA's Survey Results are based on the following....

Final Results	Non-Union	Union
2007 Final Results Based on 9 Returned Surveys	6	3
2006 Final Results Based on 11 Returned Surveys	9	2
2005 Final Results Based on 9 Returned Surveys	9	0
2004 Final Results Based on 13 Returned Surveys	11	2
2003 Final Results Based on 17 Returned Surveys	11	6



Percentage of Annual Turnover (Number of employees who left employment/Average annual enrollment)



Annual Turnover	2007	2006	2005	2004	2003
High (%)	92	65	58	70	57
Low (%)	6	22	22	22	21
Average (%)	37.9	45.83	36.64	40.18	39.84



Top Sources of Turnover...

Averaged Responses Received From Companies Rating Each Category 1 through 10 (1 being most prevalent and 10 being the least prevalent)	2007	2006	2005	2004	2003
Accepted Another Job	2.66	3.12	2.00	-	3.79
Resignation for Higher Pay/Benefits	3.40	1.60	2.66	4.29	-
Termination for Poor Attendance	3.50	1.85	2.81	4.67	7.00
Abandonment of Job/No Reason Given	4.00	3.22	4.00	2.00	2.73
Termination for Poor Performance	5.86	5.62	4.91	3.19	6.96
Lack of Advancement	7.00	6.50	7.50	6.17	5.40
Termination for Poor Skills	6.50	5.00	5.28	5.46	5.00
Resignation Personal Problems	7.00	6.28	6.09	5.14	4.23
Poor Probationary Period	4.84	5.50	3.20	4.92	-
Resignation Working Conditions	8.00	10.00	5.50	5.00	7.67



Top Sources of Turnover Cont...

Averaged Responses Received From Companies Rating Each Category 1 through 10 (1 being most prevalent and 10 being the least prevalent)	2007	2006	2005	2004	2003
Resignation to Relocate	6.00	9.00	8.83	7.00	6.40
Resignation Personal Health	8.20	7.50	6.83	8.57	4.46
Violation of Drug/Alcohol Policy	5.50	7.50	4.66	-	6.25
Resignation to Avoid Termination	7.80	7.25	5.50	6.50	7.20
Termination for Safety Violations	8.50	8.33	7.77	7.38	6.71
Retirement or Transfer	7.50	10.00	6.83	9.00	6.20
Resignation Job Security Worries	10.00	9.00	2.50	4.57	6.43
Resignation Poor Supervision	-	-	9.50	7.00	8.00
Resignation for Shift Preference	-	-	-	8.00	5.60



Estimated cost per Turnover including hiring costs and loss of productivity...

Estimated Cost (\$)	2007	2006	2005	2004
500 to 1,000	-	-	1	1
1,000 to 2,000	-	3	1	2
2,000 to 3,000	5	3	3	2
3,000 to 4,000	2	2	-	1
4,000 to 5,000	-	2	2	4
Total Number of Responses	7	10	7	10



Companies that maintain a Weld School to train replacements...

Responses	2007	2006	2005	2004	2003	2002
Yes	7	7	5	7	9	7
No	2	3	4	6	8	8

Estimated number of welders respondent has hired and trained in the last 5 Years...

Responses	2007	2006	2005	2004	2003	2002
High	1200	1500	926	1200	1618	3500
Low	20	16	16	10	0	0
Average	326	375	234	289	384	467



Companies that are working with local organizations to find and/or train workers...

Responses	2007	2006	2005
Yes	9	9	7
No	0	2	2

Types of partner organizations...

Organizations	2007	2006	2005
Local Community Colleges	7	6	5
Local Vocational Technical Schools	8	7	6
Workforce Investment Board (WIB)	2	3	4
Local Career One-Stop	4	1	2
Local High School	6	5	4
Other Community-Based Organization	Local Union	Work Release Program, Industrial Foundation, Local Union	Job Corp.



Are employers using Federal and/or State Government aid?

Employers who have secured State or Federal Funding to help offset Turnover Costs....

Responses	2007	2006	2005	2004	2003	2002
Yes	3	1	3	5	7	5
No	6	9	5	8	9	10



Which groups of workers experienced the largest amount of Turnover?

Job Families	2007	2006	2005	2004	2003	2002
General Laborer Classifications	2	2	3	5	5	8
Steelfitter Classifications	4	4	2	5	7	5
Entry-level Welding Classifications	5	4	2	4	9	6
Advanced Welding Classifications	1	4	1	6	6	5
Electricians and Mechanic Classifications	1	-	1	2	1	1
Other Classifications: Paint-Machinists	-	-	1	-	-	-
Crane Operators	-	-	-	-	-	-
Steel preparation machine operator Classifications	-	-	-	-	-	-
Rigger Classifications	-	-	-	-	-	-
Other Classifications: Tacker	-	-	-	-	1	-
Other Classifications: Painter	1	1	-	-	-	-



Strategies employed to counter Turnover of key employees...

Types of Strategies Utilized		Responses	2007	2006	2005	2004	2003	2002
1. Match Offers of Other employers	Never		2	3	5	4	8	11
	For Key Employees Only		4	5	3	5	6	5
2. Pay Retention Bonuses	Never		5	9	8	6	11	12
	For Key Employees Only		1	-	-	1	-	4
3. Grant length of Service bonuses	Never		5	7	6	7	10	16
	For Key Employees Only		1	1	2	-	2	-
4. Offer Profit Sharing To Key Employees	Never		3	6	5	7	10	11
	For Key Employees Only		4	2	1	-	-	5
5. Accelerate Promotions	Never		2	3	4	4	8	8
	For Key Employees Only		4	3	4	5	7	8
6. Safety Bonus	Never		4	4	5	N/A	N/A	N/A
	For Key Employees Only		3	3	3	N/A	N/A	N/A
7. Attendance Bonus	Never		5	6	5	N/A	N/A	N/A
	For Key Employees Only		2	1	1	N/A	N/A	N/A
8. Paid Sick Days	Never		3	5	8	N/A	N/A	N/A
	For Key Employees Only		5	1	0	N/A	N/A	N/A
9. Flexible Spending Accounts	Never		3	5	9	N/A	N/A	N/A
	For Key Employees Only		4	-	-	N/A	N/A	N/A

Other Programs: Employee Assistance, Medical, Dental and Vision Insurance, Life Insurance, Education Assistance, Referral Bonus, Scholarship Programs, Quarterly Performance Bonus



The Exit Interview Process...

Companies conducting exit interviews....

Responses	2007	2006	2005	2004	2003	2002
Yes	7	7	3	8	N/A	N/A
No	1	4	6	5	N/A	N/A

How? And When?

Exit Interview Communication	2007	2006	2005	Exit Interview Communication	2007	2006	2005
Regular Mail	2	2	1	Point of Termination	6	6	3
Electronic Mail	-	-	-	30 Days After Termination	1	1	-
In-House Application	2	2	-	60 Days After Termination	-	-	-
Other	-	1	1	90 Days After Termination	-	-	N/A



Predictions of Future Turnover Trends

Future Turnover Trends	2007	2006	2005	2004	2003	2002
I expect future Turnover Trends to decline.	5	4	5	3	4	4
I expect future Turnover to remain the same for my company.	2	6	4	7	8	6
I expect future Turnover to increase slightly.	-	1	-	1	4	4
I expect future Turnover to increase substantially.	-	-	-	-	-	-



Drug Screening Policies...

Do you randomly administer drug tests....

Responses	2007	2006	2005
Yes	7	11	9
No	1	0	0

- All policies included some form of: prohibiting the manufacture, use, possession, sale, distribution or purchase of any illegal drugs, drug paraphernalia or any controlled drugs without a valid prescription on company property, in company motor vehicles or personal vehicles in use for company business.
- All policies included some form of: prohibiting the possession of, use and/or being under the influence of alcohol on company property, in company motor vehicles or personal vehicles in use for company business. All policies included a zero-tolerance termination clause for positive alcohol or drug results. All required drug screening tests to be administered in pre-employment, randomly, on the job injuries and for probable cause.
- Variations occurred on the waiting period for re-employment, from 40 days to never. All included successful completion of a drug rehabilitation program.



Language Training...

Companies that provide literacy training for non-ESL workers....

Responses	2007
Yes	2
No	6

Companies that provide language training for ESL workers...

Responses	2007	2006	2005
Yes	0	0	0
No	8	8	9



To learn more about SCA please visit our
Web site at www.shipbuilders.org

Thank You

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SHIPBUILDERS COUNCIL OF AMERICA

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SCA is the national association representing American shipyards and the companies that provide goods and services to the industry. SCA is organized around 4 standing committees: **New Build, Repair, Safety & Human Resources, and Environmental.** Members are eligible to participate in all committees.

SCA GOALS:

SCA's mission is to represent U.S. shipyards by participating actively in the legislative and regulatory processes and informing members and the public on issues affecting the industry

SCA takes a leadership role in promoting quality, safety and environmental responsibility in shipyards

SCA provides a forum for discussion of issues affecting the industry

SCA promotes cooperation among vessel owners, operators and shipyards

SCA is a clearing-house for members concerning issues that impact their companies and is a source of information for the press, public and government

SCA OBJECTIVES:

Block any changes or waivers to the Jones Act

Advance legislation and regulations that benefit the shipyard industrial base

Ensure that Jones Act vessels and U.S. Government vessels are built, rebuilt and repaired in U.S. shipyards

Secure full funding for the Small Shipyard Assistance Program

Raise profile of the industry within U.S. Government and obtain proactive Government advocacy for the industry

Maintain and enforce OPA 90 retirement schedule

Promote dialog with other industry associations

Reduce industry accidents by regularly conducting safety seminars and other educational programs

Hold "major issue" meetings and conferences

Promote adoption of Environmental Management Systems and build cooperative relationships between industry and regulators

Secure annual funding for the Title XI Shipbuilding Loan Guarantee Program

The **New Build Committee** examines current and projected shipbuilding market opportunities and discusses changing market conditions for the shipyard industry. The focus of the Committee is to gain further understanding of market trends for new shipbuilding and where future growth in the industry might occur. For instance, through the New Build Committee, SCA supported the enactment of the Energy Independence and Security Act of 2007 that amended the Capital Construction Fund to allow for the construction of vessels for the "short sea transportation trade." As congestion on the rail and road systems continues to increase, short sea shipping has strong potential for the future of shipbuilding. In addition, the New Build Committee has looked at the value of virtual shipbuilding and the current and future demands for building vessels that will develop, service and supply the offshore energy sector.

The **Repair Committee** promotes U.S. ship repair for both government and commercial customers. The leading issue for the Repair Committee, and a major lobbying and litigation effort of SCA, has been preventing Jones Act vessels from being rebuilt in foreign shipyards. The Repair Committee has discussed and recommended ways to clarify and strengthen regulations for foreign rebuild determinations of Jones Act vessels. The committee also serves as an important forum to discuss lawsuits the SCA has commenced over the Coast Guard's failure to prevent Jones Act vessels from being rebuilt and converted overseas. Foreign rebuilding is not the entire focus of the Repair Committee. SCA has been successful through the work of its Repair Committee to advance numerous legislative and policy initiatives to increase repair and maintenance work in U.S. shipyards. Some of these initiatives include:

Maritime Security Program Mandatory U.S. Maintenance & Repair Program – At SCA's request, Congress passed language to require ship owners that receive operating subsidies under the Maritime Security Program to use U.S. yards for their maintenance and repair. SCA continues to advance regulatory comments and legislative proposals to encourage MSP vessels perform some repair work in United States shipyards.

Defense Acquisition Policy – SCA worked to secure Section 1017 of the National Defense Authorization for Fiscal Year 2007 (PL 109-364), that requires DoD to issue an acquisition policy that establishes, as an independent evaluation criterion to be weighed similar to cost, schedule and capability, the extent to which an offeror of carriage of DoD cargo has overhaul, maintenance and repair performed on all covered vessels in shipyards located in the United States or Guam.

Capital Construction Fund Expansion – SCA is working to expand the Capital Construction Fund program to allow non-U.S. built, U.S.-flag vessels to defer revenue from U.S. income taxes for the sole purpose of using these funds to have maintenance and repair performed in US shipyards. SCA also wants to expand the program to include dry-docks.

American Fisheries Act Vessel Rebuild/Replacement – SCA is requesting that any provision allowing for AFA vessel rebuilding or replacement include a specific requirement that all work be done in United States shipyards.



Legislative Accomplishments

SCA recently worked to secure funding for the Small Shipyard Assistance Program...

SCA was the sole industry advocate for full funding of the Small Shipyard Assistance Program. The Small Shipyard Assistance Program was authorized by Section 3506 of the National Defense Authorization Act for FY 2006, which authorized \$25 million annually for the program. The program provides financial assistance in the form of grants, loans and loan guarantees to small shipyards for capital improvements.

At the request of SCA, Congress included \$10 million for the program as part of the Consolidated Appropriations Act of 2008. In little over a month, the Maritime Administration, the Agency charged with running the grant program, received grant proposals that totaled over \$150 million. Many of SCA yards applied for grants under the program and numerous member shipyards were successful in securing a capital improvements grant. SCA is now working hard to make sure the program continues to get funded and to ensure all mid-tier shipyards can participate.



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Senior Defense Advisor



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The **Safety & Human Resources Committee** receives safety, labor and health legislation and regulations on a daily basis in order to keep members informed on important issues. When necessary, the Committee reacts to Agency rulemakings by drafting comments. Most recently, SCA addressed OSHA's General Working Conditions in Shipyard Employment Proposed Rule.

SCA also keeps and develops safety training tools and programs for its members. The association has secured grants through the DOL and NSRP to develop videos and training packages on general shipyard orientation, crane safety and ergonomics. All SCA's training and compliance resources are available to members at no cost.

SCA conducts quarterly Injury & Illness Surveys to benchmark industry progress in reducing injuries in shipyards. SCA's 2007 aggregate member Total Recordable Incident Rate (TRIR) was 5.86, almost half the industry average, and serves as a testament to members' commitment to safety. The Committees host bi-annual safety seminars in various locations across the country, which bring together federal agency, industry and safety professionals to candidly discuss shipyard safety and health issues.

SCA is in close communication with OSHA and DOL officials and was the first shipyard group to form Regional and National Alliances with OSHA. Through our National Alliance, a series of Safety Alerts are currently being developed on electrical hazards in the shipyard environment.

The **Environmental Committee** works directly with the EPA through the Agency's Sector Strategies Program (SSP). As a pioneering industry with the SSP, SCA has been able to work directly with regulators to lessen the negative impact of new regulations. SCA worked with the EPA to develop training materials for shipyards wishing to adopt Environmental Management Systems at no cost to participating shipyards. The Committee also participates in the annual Sector Strategies Performance Report, which profiles industry sectors and highlights environmental successes.

Navy Repair & Modernization, Coast Guard Deepwater, and other Government Agencies – SCA is proactive with the U.S. Navy and U.S. Coast Guard on repair, modernization and new construction issues. RDML Joe Carnevale (Ret) works directly with the senior leadership of the Program Executive Offices, Naval Sea Systems Command, CNO's office, the Fleet and Coast Guard Headquarters. We are members of the Naval Technical Committee and participate in the Joint Industry/Navy Improvement Initiatives. SCA carefully monitors and helps protect the industrial base supporting Navy ship repair and modernization. We engage in general contracting issues involving multi-ship multi-option (MSMO) contracting, technical issues such as painting or inspection, or homeport industrial base issues. SCA coordinates the National Ship Repair Industry Conference, bringing together the five Navy ship repair associations to develop issues and meet with members of Congress and the Navy. SCA tracts and reports on Navy and Coast Guard new construction programs and budgets.