

Business (Not) As Usual

“LA Story”: Working to Keep Shipyards and Their Employees in Louisiana

By MarEx Staff

The two years that followed Katrina’s devastating rampage through the U.S. Gulf Coast haven’t been easy ones for anyone who works, lives or depends on goods which come from manufacturing facilities there. The recovery is well on the way, though, and as a result vessels of all sizes are once again being delivered at a robust pace in the Sportsman’s Paradise. To the naked eye, it might appear to be business as usual, but in reality nothing could be further from the truth.

For most maritime industry observers, the current manning crisis that is plaguing the shipping industry is an old story. Any number of initiatives are under way to remedy that situation, with shipping companies stepping up to the plate to provide berths for cadets and industry training schools developing some truly innovative programs to help recruit, train and, eventually, foster retention at sea. Ashore, a similar multi-pronged effort to keep jobs in Louisiana, foster career paths and help shipyards work more efficiently is underway.

In Louisiana, they already know what the rest of us are just now coming to realize: Without a robust domestic shipbuilding industry, an American merchant marine will soon be a thing of the past, and the very fabric of our homeland security mission will be in peril. And this version of the “LA Story” involves not only keeping shipbuilding alive and well, but also keeping it within the Sportsman’s Paradise.

Shipbuilding: Heart of the State

For Louisiana, shipbuilding is at the heart of this Gulf Coast state’s maritime heritage – and its economy. Home to three of the highest-tonnage ports in the nation (South Louisiana, New Orleans, Baton Rouge), marine commerce is the lifeblood of Louisiana. When the devastating hurricanes of 2005 ravaged the industrial complex of the Gulf Coast, Louisiana was particularly hard hit. Although the state has rebounded aggressively on the waterfront and from the dry dock in impressive form, it is also true that efforts to revive and bolster the state’s shipbuilding industry are not new.

Von Hatley is the Director of Durable Goods/Manufacturing for Louisiana Economic Development. Hatley has spent years developing Durable Goods Manufacturing clusters throughout Louisiana. Today, he works in concert with a myriad of interested stakeholders

to ensure that the jobs already in Louisiana stay and potential investors have every reason to say “yes” when it comes to deciding whether to build in Louisiana. His purview includes promoting all forms of manufacturing, but his work to promote shipbuilding will have particular application for MarEx readers. But Hatley is only one of many people, too numerous to mention here, forming a core group whose efforts have served the industry well since 2001 (and before).

Driving Economic Development in the Marine Sector

The Louisiana model for driving economic growth engines is enviable, and one worth emulating in other places. The state has helped itself in many ways, since before and after Katrina. And the number of entities and individuals taking leadership roles to help support this vital industry is remarkable. In the end, Louisiana has probably had to work harder than most – but has also done more to entice additional investment and workers into its Gulf Coast shipyards. Just a few of these highlights are listed below:

1996 – State funds through UNO a building at Avondale that becomes the nation’s #1 Naval Architectural Engineering School. Ultimately this investment lands billions of dollars of work for Avondale Litton Industries, who then later sell the yard to Northrop.

2001 – GNO Inc. funds a study to determine the future of shipbuilding in the region and determines that future investment would be necessary to maintain a competitive edge.

2003 – State funds \$55 million grant to Northrop: \$39 million for equipment and \$16 million for training.

2003 – State supports Conrad shipyards in securing funding for a new expansion.

2004 to the present:

- Training delivery system is transformed.
- Technical school teachers are certified to higher standards as developed by industry.
- Board of Regents approves apprenticeship program to be taught at schools with various exit points based on industry and student needs.
- Shipbuilding academies set up at high schools.
- Lean/Six Sigma training occurs.
- Training expanded to include advanced manufacturing and partnership that includes, but is not limited to, shipbuilding.
- Certified manufacturing specialist training is introduced.
- Thousands receive training.

2004 – State funds dry dock for Bollinger Shipyards.

2005 – Regional shipbuilding coalition formed.

2006 – State provides funding for North American Shipbuilding.

2005/6 – Trinity Marine mothballs yard in Brusly, then reverses position and builds up yards in Madisonville and Brusly.

2007 – Textron retools yard to build Armored Support Vehicles and increases employment by hundreds. Yard wiped out by Katrina and eventually reopened in New Orleans East and Slidell. State helps in myriad of ways.

Katrina – state works to cut through FEMA red tape and get trailers out to thousands of employees.

2007 – Oceaneering builds new yard with state support in Morgan City.

2007 – State funds LITE center in Lafayette to provide best-in-world 3-D visualization for use by industry.

Crossing State Lines: It’s a Gulf Coast Thing, Too

Under the broad category of promoting increased productivity and improved competi-

tiveness in the Gulf Coast shipbuilding industry, another organization has also stepped to the forefront in the effort to promote a more competitive and efficient Louisiana. This time, however, the Manufacturing Extension Partnership of Louisiana (MEPOL), the MEP of Mississippi and the MEP of Alabama (ATN) are teaming up with several shipbuilders in all three states and have created the Gulf States Shipbuilding Consortium (GSSC).

Created in 2006 to provide a forum for interaction within the shipbuilding industry in the Gulf States, the Consortium has served to expand the number of technically skilled workers in the region and shares best practices among its members in addition to providing information on issues and trends impacting the shipbuilding industry. Funding for this initiative came from a special grant from the Department of Commerce (DOC), National Institutes of Standards and Technology's (NIST) Manufacturing Extension Partnership (MEP) after the hurricanes of 2005 devastated the Gulf Coast. Today, the campaign to promote the shipbuilding industry along the Gulf Coast is underway with the ultimate goal of increasing the workforce pool for the shipbuilding industry.

Beyond the Shipyards: Louisiana Looks at the Big Picture

Shipyards are unquestionably a big part of Louisiana's economic engine. But they only form one spoke of the maritime wheel. The manufacturing base associated with all things "marine" extends to oil field production, supply services and the refinery businesses. The Port of Fourchon, for example, is at the heart of the oil production industry on the U.S. Gulf Coast. Poised to begin ultra-deepwater drilling in the near future, the United States and the many oil companies bidding to be a part of the next offshore boom can't do it without Louisiana. Promoting this aspect of the state's economy is just as important as shipyards.

Another place to look will be the ports of Louisiana themselves. As such, the Ports Association of Louisiana has commissioned the creation of a strategic plan for the collective future of Louisiana's 30 ports. And why not? With three of the 10 highest-tonnage ports in the nation, Louisiana is well positioned to be part of the ongoing boom in the nation's import and export trade. But not if it doesn't start investing now in new transportation infrastructure, creating port partnerships and building new industrial facilities.

The plan is expected to cost around \$700,000 and is focused on coordinating Louisiana's already formidable port system to garner a larger share of future cargo coming into the United States.

"LA Story": The Sequel

The 2005 hurricane season certainly heightened an already tight market for employers in the New Orleans area as well as around the state. A majority of manufacturing concerns, not the least of which are the shipyards themselves, continue to scramble to find qualified employees. The effort to train, employ and retain workers in the region is ongoing.

In the future, the collaboration of local workforce partnerships and business leaders will be paramount to the continued success of Louisiana's shipyard industry. At the heart of that effort and coordinating any number of initiatives will be the State of Louisiana. Walking point on that crusade is Von Hatley and Louisiana Economic Development. The combined effort has yielded fruit for years, but for Louisiana's employers – and their prospective employees – the best may be yet to come.

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