

HII Official: Company is Confronting Challenges of Inflation and Workforce



Shipyard workers watch as the upper bow unit of the future aircraft carrier USS John F. Kennedy (CVN 79) is fitted to the primary structure of the ship, July 10, 2019, at HII Newport News Shipbuilding. *HII / Matt Hildreth*

NATIONAL HARBOR, Md. – A senior HII official said he is optimistic for the company's future, despite the increasing price inflation of materials and the difficulties of attracting skilled labor.

HII will "make the ships we deliver more effective and more protected" said the official, speaking on background to reporters at the Navy League's Sea-Air-Space expo at National Harbor, Maryland, as he addressed the challenges and concerns that also affect much of the shipbuilding industry.

The official said price inflation is affecting long-lead materials, not so much for ships nearing completion but for newer-construction ships recently started or those for which long-lead materials have been ordered. He said locking in a price is essential to avoid delays. In some cases, the sequence of building a ship has to be changed to avoid slowdowns in the build cycle.

The two-carrier procurement by the Navy for CVN 80 and CVN 81 allowed HII to lock in prices for materials for CVN 80; for CVN 81, the carrier is "not as exposed as it might have been" to price inflation. HII expects to lay the keel of CVN 80 this year and begin construction on CVN 81 as well.

The official said the Navy's fiscal 2023 budget made good steps in funding to support the supplier base and developing

skilled workers.

“Once they’re gone, they’re gone forever,” he said of suppliers who go out of business.

The workforce may even be a tougher issue because of the effects of the COVID-19 pandemic. HII never shut down during the pandemic, but some employees left the workforce and the number of applicants dropped significantly.

The official said that HII needs to get “labor back in the yard.”

The company is investing in developing talent and runs what it says is the premier apprentice school in the nation and perhaps the world. HII also is building shop facilities for high schools to attract students to skilled artisan programs.

HII has found that many potential workers who “walk in” for jobs don’t last because they did not realize how hard shipbuilding is. The company found that for workers who have been in the yard for 18-20 months, if they stay another two years, their earnings go up significantly and they settle into a long career.

Language also is less of a barrier for a prospective worker than might be presumed. HII instructs in both English and Spanish. The official said the company would love to hire more Mexicans with green cards and would welcome Ukrainian refugees to apply.

CEO Appearance

“HII is well set up for the future,” said [Christopher D. Kastner](#), who became president and CEO of Newport News-based HII March 1. He met briefly with reporters April 5 at Sea-Air-Space 2022.

HII, the nation’s builder of aircraft carriers and co-builder

of submarines, has a very deliberate strategy for the next five to eight years, with \$40 billion worth of orders on the books and recent acquisition of Hydroid and Alion, with which the company has expended into unmanned systems, autonomy, artificial intelligence, machine learning and sensors and anticipates growth of 7% to 9%.

With the recent acquisition, HII is now the lead developer of the Minotaur mission system that will be fielded on more systems, and will expand more into intelligence, surveillance and reconnaissance "on the edge" and counter-ISR as well.