



DEFENSE, CYBER & SECURITY

# GlassDoor Data & Defense: Not Much Change Over the Past Year

We looked at [GlassDoor](#) data on public U.S. defense contractors, as we first assessed this a year ago in [this research note](#). GlassDoor is a job search website that enables current and former employees to anonymously review companies and management. *We are tracking this data, though there are limitations because defense contractors have to compete against one another and against other sectors for skilled and talented workers. Workforce demographics, defense budget growth, and the relative scarcity of engineering talent could result in relative performance differentiation in 2018-22 that bears on the ability of firms to win new business and execute.*

- Exhibit 1 below shows the GlassDoor 1-5 scale ratings (5 is the highest) of the company, and percent who would “recommend to a friend” and “approve of the CEO.” We click on company reviews for each firm listed, then click on the “reviews” tab, which shows total reviews.
- The data is not the same as a scientific poll though companies must have internal workforce, customer, and supplier surveys. An interesting question for managements is whether the GlassDoor data lines up with their internal surveys.
- We also show total number of employees, which Bloomberg pulls from SEC 10-K filings and then calculate the number of GlassDoor reviews by the number of employees. (We don’t have data for BAE Systems’ employees in the U.S. or for private firms). There may be some imprecision here because GlassDoor allows current and former employees to review but the larger the percentage, the closer this may mirror internal surveys.
- Exhibit 1 shows that the highest rated defense company is Mercury Systems, (4.1 rating, 92% CEO approval, 88% recommend to a friend) followed by Aerovironment (4.0, 84%, 74%, respectively). Reviews are 16% of Mercury’s workforce and 21% of Aerovironment’s.
- For General Dynamics and Huntington Ingalls, reviews were 1% or less, of total workforce so we tend to dismiss these. This may reflect a higher

August 21, 2018

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proportion of skilled crafts/trades than people who sit in cubicles and work with data. We suspect too that GlassDoor reviews are more likely to come from people in their 20s-30s. However, we also expect that it's these age cohorts who are most likely to use GlassDoor when making decisions on where to start or continue their career.

- There does not appear to be that much difference between Lockheed Martin, Northrop Grumman, and Raytheon. The same is also evidenced in services companies—at least as far as overall ratings are concerned. L3 is rated below the larger three firms but it will be interesting to see how ratings evolve given the changes underway at that firm and its aspiration to become the sixth prime.
- Exhibit 2 shows ratings for a couple of commercial cyber and tech companies. Apple, Salesforce, Google, and Facebook all have ratings above 4.0. SpaceX has a 4.4 rating.
- GlassDoor also has a “2018 Best Places to Work” listing of 100 firms. Oshkosh (which has a defense segment) is ranked #48 and SpaceX is #50. The #100 ranked firm has a rating of 4.2. No other defense contractor makes the top 100. Oshkosh gained market-share in wheeled combat vehicles and SpaceX is doing so in military launch markets. An issue to factor over time is whether relative rankings lead to superior growth and profitable performance.
- *To discuss any of these issues further, send me an email at [byron.callan@capalphadc.com](mailto:byron.callan@capalphadc.com) or call or text me at +1 202-527-0277.*

**Exhibit 1. GlassDoor Shows Some Spread in Ratings of U.S. Contractors**

Company	Number of Reviews	Rating	CEO Approval	Recommend to Friend	Total employees 2017	Reviews as % of employees
General Dynamics	487	3.2	66%	57%	98,600	0.5%
Huntington Ingalls	418	3.6	87%	76%	39,000	1.1%
L-3 Technologies	2,076	3.2	61%	59%	31,000	6.7%
Lockheed Martin	5,446	3.6	87%	72%	100,000	5.4%
Northrop Grumman	3,978	3.7	89%	75%	70,000	5.7%
Raytheon	3,162	3.7	91%	74%	64,000	4.9%
Booz Allen	4,265	3.6	86%	74%	24,600	17.3%
CACI	1,153	3.4	76%	62%	18,800	6.1%
Mantech	658	3.6	86%	69%	7,600	8.7%
Leidos	1,122	3.4	76%	64%	31,000	3.6%
SAIC	1,909	3.6	87%	71%	15,000	12.7%
Aerojet Rocketdyne	296	2.8	33%	36%	5,157	5.7%
Aerovironment	143	4.0	84%	74%	697	20.5%
BAE Systems (USA)	1,682	3.4	68%	74%		
Cubic	349	3.6	73%	67%	8,700	4.0%
Harris	1,559	3.3	50%	58%	17,000	9.2%
Kratos	119	3.3	57%	51%	2,900	4.1%
Mercury Systems	213	4.1	92%	88%	1,320	16.1%

Source: Capital Alpha Partners, GlassDoor, Bloomberg



## Exhibit 2. Tech Titans More Highly Rated

Company	Number of Reviews	Rating	CEO Approval	Recommend to Friend	Total employees 2017	Reviews as % of employees
FireEye	479	3.4	85%	59%	2,960	16.2%
Palantir Technologies	304	4.4	92%	85%		
Palo Alto Networks	350	3.8	94%	69%	5,121	6.8%
SpaceX	944	4.4	97%	90%		
Apple	12,391	4.0	92%	79%	100,000	12.4%
Google	7,450	4.4	95%	89%	89,058	8.4%
Facebook	1,170	4.5	98%	91%	30,275	3.9%
Netflix	769	3.7	91%	73%	5,400	14.2%
Salesforce	3,969	4.3	97%	88%	30,149	13.2%
Boeing	6,252	3.5	82%	68%	140,800	4.4%

Source: Capital Alpha Partners, GlassDoor, Bloomberg



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