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Announcer: Welcome to HII Talking Points, a Huntington Ingalls Industries podcast. Twice a quarter, we'll sit down with HII leaders to discuss topics of interest about company and industry.

Phoebe Richards: My name is Phoebe Richards and today we have a special episode of Talking Points where you, our listeners, ask the questions. With me is HII president and CEO, Mike Petters. Mr. Petters, thanks for being with us.

Mike Petters: Thanks, Phoebe, for having me again.

Phoebe Richards: Of course. This is going to be a fun episode.

Mike Petters: We'll see about that.

Phoebe Richards: I'm sure it will. So earlier this year we asked employees across the company to send in questions to ask you. We collected the responses and grouped them into categories by topic, so today we will go through a selection of the questions from the various topics. So are you ready to hear what our workforce is thinking about?

Mike Petters: Yeah, let's see what we've got here.

Phoebe Richards: We'll get started. So these first few questions address the future of HII as a company. So question one: What are the company's thoughts on the social age that we're in and how can we lead in the social age?

Mike Petters: Well that's a really good question. Frankly I think most companies are really wrestling with that question right now. One of the things that we believe in pretty strongly is that if you're going to be a leader in this organization you're going to be on a stage 24 hours a day, 7 days a week. Because people are going to see you not just at work. They're going to see you out in the community, they're going to see you by the activities you participate in, that you're going to have a presence wherever you are.

And in most of the communities where we are, if you're a leader for HII, that gives you some real visibility in that community. And that goes to some of the – even extends all the way to some of the electronic footprint that people have. And I think I would say for us our approach is that don't ever forget that you're on that stage.

I remember a story from the shipyard many years ago where one of the vice presidents was talking with his team about cleanliness and keeping the yard clean. And one night he was walking to his car and there was some trash blowing across – it was windy and there was trash blowing across.

And he actually grabbed the trash and he picked it up and he put it in the trashcan. And there was nobody around him, but what he didn't know was a couple of folks from his team were actually in a place where they saw him do this. And what they realized when they saw him do this was that it wasn't just talk from his standpoint. This cleanliness thing was something that he really believed in and that really engaged them to think harder about not just what he said, but what he did.

And I think the social age, the presence of media, the presence of who we are puts us in a place where if everybody's watching they're looking for us to not be the person we say we are. And so if you can make sure that you keep that alignment then you will preserve or even enhance your credibility and help you have a chance to be a more effective leader. And if you're a contributor without specific leadership responsibilities you're on a stage 24 hours a day, 7 days a week as well.

And so all of this gap between who you say you are and who you really are, the more gap there is there the less credibility you have. And I think as individual, whether we're individual contributors or leaders in the organization credibility matters the most to us and so we want to make sure we preserve that.

Phoebe Richards: Excellent. Thank you. So next question, looking a little different, how will the administration's tariffs on steel and aluminum affect HII?

Mike Petters: I think that remains to be seen. At this point our assessment of the tariffs on steel and aluminum, particularly with those commodities, we're not seeing major impact yet. I think that when we see impact it's not going to be at the steel level, it's going to be at the component level, whether it's pipe fittings, pumps. Those manufacturers are going to be affected by the tariffs and they're going to then try to translate that forward to us. And I think it's a little early to tell. We're going through a lot of contracting activity right now, but I'd say it's still a little too soon to tell.

Phoebe Richards: So next question. We are beginning to hear that the company is going to transform. What does this mean to those of us on the deck plate?

Mike Petters: Transformation is an interesting word and I think I would start by pointing out that this is a company that has roots that go back over 100 years. I went to a meeting a couple of years ago on the New York Stock Exchange. It was called the Century Club and it was for companies that had over 100 years' worth of history and heritage. And one of the main points they make at that meeting was you don't make it past 100 years if you're not always innovating.

And I think it's pretty clear that we don't do things today the way we might have done them 100 years ago. So I think we are a company that has been transforming or innovating or call it what you will. We've been doing that for all of our lives and all of the life of the institution. But I think that where we are today things are accelerating a little bit. I go to meetings and I sit with CEO's and for the most part there are two groups.

There are companies that are rapidly taking advantage of the new technologies that are out there, taking advantage of the engagement of their workforce to change their industries. And then there are companies that are affected by those companies. There's the disrupted and there's the disruptees, or the disruptors. And I would like for us to be the company that whatever space we're in that we are actually the disruptor to the industry.

Well that means that we need everybody to bring their best ideas. We need our least empowered people to feel confident in contributing to our success because we need them. We need our leaders to create environment where those folks will step up and contribute. We need to understand what the pace of technology is and how we can apply that technology to our products. And we need to understand how our products might change based on how that technology gets applied.

And so I think that the transformation, we're talking about transforming the company – a company that has roots and history of innovation. But it's really a transformation of pace. We're going to more rapidly take advantage of those good ideas because I think that's what's going to be called for, for our future. And the more successful we are at doing that, the more successful and secure our future will be.

Phoebe Richards: Fabulous. Now these next questions are about you. With the pressures you face every day, how do you maintain your values and ethics?

Mike Petters: That's an interesting question. I don't know that I think very hard about that. I have a very strong and supportive wife – my partner, best friend who keeps me pretty grounded. Our family is kind of the center of everything that we do. And we have a couple of daughters and they're both married and we have a granddaughter now. So life around the family structure is really important to us and it's really a pleasure for me to watch our children begin their lives and their careers and begin shaping the way that their futures are going to play out.

Beyond that, I do think that if it really matters to you, you'll allocate time to it. And you can tell what's important to people by how they allocate their time, so we put a lot of time into our family. But I think you have to find ways to spend time thinking about what are the ethical issues we have? What are the moral issues that we might face? So I do spend some time reading or interacting with folks and talking about those things that happen in life or in business that challenge people.

And trying to think through, how would I handle that situation? How would our company handle that situation if we were faced with it? One of my favorite things that we do at the corporate staff level is that we start our monthly staff meetings – we have a safety discussion and then we have an ethics discussion. To me those ethics discussions always move from here's what happened in this case to a discussion about how we would handle that as an organization.

They're not always cut and dry. They're not always clear cut. But it's always good to be practicing and working on how you're going to think about these kinds of things should they ever happen to you. So I think all of that together is a way for us to personally try to always stay on the high ground when it comes to these kinds of issues. Nobody's perfect, but we do the best we can.

Phoebe Richards: This next one is a fun one. Employees want to know, what are you like when you take your CEO hat off at the end of the day?

Mike Petters: We kind of talked about it a little bit before. I sometimes wonder if you ever get to take the hat off because you're kind of always on stage. I'm a dad, I'm a husband, that's kind of who I am. That's what I do. I like water sports. I like to exercise. I like to work on those kinds of things. My wife and I are interested in education and so if we can work on a project that's helping kids have more access to education then that's very good for us.

But I think the reality is, is it's hard, at least in the communities where we are, it's hard for people sometimes who don't know me that well to kind of see past the fact that I just happen to be the CEO of the company, but I'm just the guy down the street. I think people, no matter how much you want people to get past that, that's what they see first. And so even when you're not trying to represent the company you're still representing the company. So I'm not sure I ever really take the hat off completely. But when I do, actually I know how to relax. I'm pretty good at it.

Phoebe Richards: Very nice. Last big question. As the CEO of HII, what would you like your legacy to be?

Mike Petters: Legacy? This is a hard one because I don't spend a lot of time thinking about my legacy. There's not anything that's happened in my career that hasn't happened without the help of dozens, hundreds, thousands of people. And so to start talking about my legacy, that's really a discussion about what do we want *our* legacy to be? We were here when we separated from Northrop Grumman. And a lot of our employees were part of the commissioning crew, if you will, of this institution.

And our hope is that somewhere down the road this institution will still have all of the values that we have, we'll still care about the employees the way that we care about the employees. We'll still support our customers the way that we support our customers. If all of that is true and we're able to sustain and institutionalize that as a company that partnered with our customers and cared about our employees, then I think that will be a pretty reasonable legacy that we will have created. And I will be proud to have had a small part in helping make that happen. But it's certainly not something that I did. It will be something that we all do together.

Phoebe Richards: Very nice. So, Mr. Petters, what did you think of the questions today?

Mike Petters: Tougher than I thought. I don't know how often you're going to do this crowd sourcing of questions, but actually pretty interesting. Good questions that I don't normally get asked. You can probably tell by my answers that I don't get asked those questions a lot.

Phoebe Richards: You had thought-provoking answers. And we definitely received thought-provoking questions. So I'd like to say thank you to our listeners for submitting your questions and thank you, Mr. Petters, for sharing your thoughts with us today.

Mike Petters: Well, thanks to everybody out there for the work that you do, and Phoebe, thanks for doing this.

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