



## Sept. 28, 2020 Podcast Transcript

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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 in our company and industry.

**Phoebe Richards:** Hi, everyone, and welcome to HII Talking Points. I'm Phoebe Richards and with me today is HII president and CEO Mike Petters. Mr. Petters, as always, thank you for joining me.

**Mike Petters:** Glad to be here with you again, Phoebe.

**Phoebe Richards:** So in May we recorded an episode about the immediate steps HII took to respond to the COVID-19 pandemic. Now that we're several months into this changed world, I wanted to get your thoughts on how HII is operating now and what you predict for the future when it comes to transforming the business. So without further ado, let's get started. Are there lessons we've learned in the past few months that have changed the way we're responding to COVID-19 compared to those first few weeks in March and April?

**Mike Petters:** Well, I think without a doubt. We've been learning basically every day about just about every aspect of what we do. Where we were back in March and April was really – we didn't know what we had. We didn't know – we had a couple of basic tenets that we understood about the virus. Number one, we knew that you didn't want to get it. Number two, we knew that you could get it from somebody who didn't know they had it. And so in that environment, as we've said a few times, we wanted to create as much flexibility for the workforce. We just kind of put everything out there that we could do to create flexibility, and we began working on safety protocols.

I think what you see over time – and I think I want to separate in this discussion – we've got to think about our manufacturing centers, particularly our shipyards, from the folks who are in support of that or who are supporting customers from other places and not necessarily in manufacturing because the business is really split – in the way we've responded to this there's really been two kind of parallel paths of response, but most of the activity has been around what we're doing in the manufacturing centers.

As time has gone on we've started to realize that some of the things we did were really good, some of them needed to be expanded, some of them were a time we could back away from a little bit and secure from. So the posture that we have today, in the shipyards in particular, is not terribly different than it was in March or April, but it's a much more refined, a much more based on experience and based on knowledge. We know not only what we need to be doing it and why we need to do it. And I think the evidence to that is that in the last half of July and the first part of August, we had more cases during those four weeks than we had in all the rest of the time put together. Now if we had that many cases back in March or April, it probably would've overwhelmed us.

**Phoebe Richards:** Right.

**Mike Petters:** But because we'd had several months to work our way through this and refine and create some expertise. The leadership team was learning. The workforce was learning. Our customers were learning with us. When we got hit with that wave at the end of July, we managed to go right through that. I think that, more than anything else, is evidence that the leadership team and the workforce have responded exceptionally well to what we're doing here.

On the other side of the business, where it's not a manufacturing -- it's more of a support or service business -- that was really about just figuring out how do you do the things that you did either in a customer center or in our own facilities. Is there a way to do that remotely? And there's a lot of creativity over on that side that was pretty cool, and I'm sure we'll get a chance to talk about that, too. And we've done really well on that side of the business.

**Phoebe Richards:** Looking at the three divisions, if you could take a snapshot of operations today, for instance, how does the pandemic influence how we operate on a daily basis now that we're in September, getting into October?

**Mike Petters:** Well, there's not a single thing that we're doing that the pandemic's not affecting, whether it's just something like this, Phoebe. We're doing this remotely –

**Phoebe Richards:** Right.

**Mike Petters:** And we always did this in the past. We always had to do this on a day when I happened to be in my office, which back in the old days that was kind of rare, right? I'd be on travel all the time and we would schedule these things weeks and weeks in advance, and hopefully we would intersect with a time when I was coming through the office and I had a little bit of time to do a podcast. We've learned how to do this no matter what time, and so we can now put together a podcast, something as simple as a podcast, we can put this together in very short order as opposed to what we did before.

And a podcast is just a podcast, but if you think about extrapolating that to every aspect of our business, you suddenly realize that there's a lot of things that you can really get done without physical presence, and that's going to dramatically change the way we think about work. I think what that does is that's part of the sense of acceleration that everybody feels, that not being physically present, but man, feels like we're getting stuff done faster, some of that is just because we don't have the wait time.

**Phoebe Richards:** Right.

**Mike Petters:** You're not trying to set up a time when everybody can be in the same room. Some of it is that we're more focused when we do it that way, but I think that the pandemic itself has affected things like that. The other piece I would say is that I think the pandemic has affected and actually accelerated our leadership development.

**Phoebe Richards:** How so?

**Mike Petters:** We talk a lot about full-contact leadership and the various aspects of that: Getting to know your people, making sure that you put them in places where they can do their best work. That's a fundamental principle – empower your team so the least-empowered person is confidently contributing -- all of those principles of what it means to be a leader in HII. You can't get through this without doing

those things and doing those things well. Our leaders today have a better sense of who their people are and what they're good at and what they need help with. How do you take and position them in this somewhat artificial or somewhat different universe than we had a year ago? That's a full-contact activity on the part of our leadership. So if there were some way to measure measure how good we were at leadership a year ago and compare that to where we are today, I think we would've broken the chart. The needle would've pegged, and not because of anything that we did, not because of anything that we came down and said, "Thou shalt do it this way or do it that way," but because the circumstance required it, and I think our leaders have risen to the challenge on that.

**Phoebe Richards:** They've shown adaptability. It's ironic to think that we have this full-contact leadership in an environment where we cannot physically be in contact with one another, and I think that causes an extra challenge for leaders because they want to be with their employees and guide them, but you have to do it through Zoom or other methods.

**Mike Petters:** Yes, that requires a lot of creativity. I would say again there's kind of two sides of that. I think that just as tough as it is to try to do this leadership thing remotely, I think it's just as tough to try to do it or maybe even harder to do it in the inside of the shipyards, where now you have people who are doing work that's going to have to have a whole new set of safety protocols, that's going to allow them to work closely with somebody. Or maybe we need to be creative about who does what when, and sequence things a whole lot more. There's just a whole lot more contact right now with the leadership team and the organization. And I can feel that everywhere I go and everybody I talk with. That's my sense. We rolled out this idea of full-contact leadership ten years ago, and I think we've made more progress on that in the last six months than we did in the nine years before that. It was a concept for us in the past, but in a benign environment it's on the margin of, "How do I do my job better?" In this environment you can't do your job unless you do it, and that has really accelerated the leadership capability that we have in the organization. I'm pretty proud of that.

**Phoebe Richards:** That's great. So looking at leadership, looking at operations, if you could pull out your crystal ball, what kinds of long-term changes do you anticipate moving into the later part of 2020 and beyond? And do you anticipate any of our crisis responses becoming permanent fixtures in the business?

**Mike Petters:** Well, I'd say my crystal ball is probably still foggy, but I certainly do expect that a lot of the things that we put in place to help us during this time will remain in place: The way we communicate with each other, the timeliness of gatherings. I think I've said before Secretary Geurts from the Navy said that one thing that has happened is that all the stupid meetings and stupid travel have gone away.

**Phoebe Richards:** Right.

**Mike Petters:** And I think that's certainly some arthritis that we had to get out of the system, and I think that's gone. I'm not sure –some of that will creep back in. Some of it was necessary travel that we just didn't do, that we're going to have to get back on. Some of it is face-to-face meetings that we stayed away from that we're going to have to go back to. But I don't think in the main that we're not going to snap all the way back to running the business the way we ran it back in December of last year. I think that what you see now is going to be a lot more representative of how we run this business going forward.

Now I've heard it said that the next ten years is now really the next ten months. There's been a lot of folks figuring out how to take advantage of technology out there – that was out there already -- but not really any motivation or any catalyst for taking advantage of it until now. And we're taking big advantage of it now. Once you start taking advantage of it, why would you ever go back to doing it the other way? I think that you'll see a lot of what we're doing is going to stick.

**Phoebe Richards:** Very good. Well, Mr. Petters, thank you for sharing your thoughts today and thanks to our listeners for tuning in. Please continue to be safe.

**Mike Petters:** Yeah. Please, everybody out there, take care of yourselves and take care of your families and be safe in this environment. The fall is coming and who knows what that will be like? One thing I can tell you is HII is going to be ready for it.

**Phoebe Richards:** Very good. Thank you.

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**Announcer:** Thanks for listening to HII Talking Points. This podcast was produced by Huntington Ingalls Industries' corporate communications team. We welcome your feedback and ideas for future podcasts at [www.HuntingtonIngalls.com/podcast](http://www.HuntingtonIngalls.com/podcast).

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