



## June 26, 2017 Podcast Transcript

**Introduction:** 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 with our company and industry.

**Interviewer:** My name is Phoebe Doty, and today I'm sitting down with HII President and CEO Mike Petters for our inaugural episode. Mr. Petters, thank you for joining us.

**Mike Petters:** Thanks, Phoebe, for having me today.

**Interviewer:** So to get started, we've heard you're a fan of podcasts. Why was it important for you to start communicating in this way?

**Mike Petters:** I found podcasts to be a very efficient way to keep up with what's going on. I listen to news that way. I follow baseball that way. I listen to books, whether fiction or non-fiction. Audio is a way for me to do things at the same time that I'm trying to do something else. Quite frankly, in my schedule in my life if I sit down and start to try to read something, I actually start to get drowsy. So listening to it and thinking about it, it feels more active. Now it's not the same as reading something, but it's like an immersion in the topic, and that's what I like.

**Interviewer:** Great. Well, with that let's dive into today's topic: diversity and inclusion, or D&I for short. It's a popular topic throughout HII. So Mr. Petters, D&I is a topic that's near and dear to your heart. So can you talk a little bit about why it's important and what it means to you?

**Mike Petters:** I think companies that are successful in the future are going to be those companies that are able to understand all of the alternatives they have in front of them and make their very best decisions. I think we're way beyond the point that the smartest person in the room gets to choose the alternatives. I think that our leadership model going forward is that collectively we're going to make great decisions based on all the information available to us, and that means that people need to contribute. In the area of diversity and inclusion, I think that there's a lot of history, there's a lot of tradition where people come into the discussion maybe not quite as empowered to participate as we would like.

So I charged the leaders in the company to create the culture in their team so that the least-empowered person in the team feels confidently able to contribute. That's a pretty serious charge. I worked pretty hard thinking my way through what I wanted that to be. The first part of it is the leaders create a culture. They don't inherit a culture. They're not victims of some culture that's been here for decades. They own the culture of their team, and they have to own it. The day they take over, they're responsible for that, and I want to hold them accountable for that culture.

The second thing is—the full-contact part of this—is trying to figure out who doesn't feel empowered and why. It might be because of your race or your gender. It might be because of the school you went to or didn't go to. It might be because of the city you're from or the town or where you grew up, or it could be any number of reasons why you don't feel empowered to participate in the group. I want the leader to feel the accountability and the responsibility to get that person's contribution on the table because that person often will have something that's important for us to all consider. And that way we have our best chance to make the best decisions for the company and make the best decisions for where we're going to go.

So that's really why I think it's so important. I also recognize that a lot of times when people do this, they create a program, it becomes a checklist, we check all the boxes, and we move on, but nothing ever changes. So for me this one's important enough so that not only do we create the program and check all the boxes, but we're going to make sure that things change. The only way that happens is by personal involvement of leadership team, starting with me. So that's why I'm so engaged in it.

**Interviewer:** You talked about as a leader what you can do, but if you're an individual contributor, what can that member of the team do to ensure that the least-empowered person feels like they can share?

**Mike Petters:** I think this works for all levels of the organization. If you are the kind of person that comes into a group setting, and you are that person that all you want to do is help make that group a better group, a better-performing group, then you're doing your part. If you're the kind of person that comes in and says, "Well, I don't really care how the group does, but I'm going to do OK," then the group's not going to do as well as it could. Sure, you might do OK for a little while, but eventually that'll catch up with you. So I want an organization full of people that make the people around them better, and if you're not the leader in the front of the room, you're still a leader in the group if you're the one that helps make everyone else better.

**Interviewer:** Your career in shipbuilding and previously in the Navy, you certainly were on teams with diverse people. So can you think of a time when you leveraged that diversity to really knock a project out of the park?

**Mike Petters:** Wow. Many, many times. I was actually, early in my career here in the shipyard—some folks that are listening may actually remember some of this—we were faced with the end of the Cold War and the political desire to have a peace dividend and move shipbuilding programs out, and one of the programs that the Navy and the Congress were considering delaying was the CVN 76, which became the Ronald Reagan.

They were going to move it out five or six years. Of course, we know enough about the business to know that if you delay a carrier that long, you probably are going to increase the price of it so much that we would never build it. Really the challenge was: How do you go and convince the Congress that you can't afford to delay things that much? I was drafted from the waterfront to be part of a team that included lobbyists and legal people and marketing people and business development people. I was a construction person. We had expertise from just about all parameters that you could imagine in our society.

We had financial people involved with it. We had engineers involved with it. We worked on that for a couple years and were able to actually get the ship funded—not on time, but we got it funded in time so that we kept building aircraft carriers like we are today.

What I would say in that case was that that was really one of those times where the fact that we all had different backgrounds meant that everybody in the room, whether they were former senators or construction people from the waterfront, we all respected everybody for the expertise that they brought to the table.

I wasn't being asked to talk to anybody about how the Congress would respond to something, but the former senator that I sat next to, he wasn't being asked to respond to how the waterfront was going to respond to anything. I think that was one of those times where I really saw—we had a meeting. This team met every morning, and it was about anywhere from 15 to 25 people every day.

The amount of respect in the room for each other's different experiences allowed us to make really, really good decisions on behalf of the company. I've had a lot of those experiences. That's the first one that comes to mind as being a time when just everybody in the room, you were there because you had a different experience, and that was the only way we were going to be successful.

**Interviewer:** So in that case it sounds like you had a diverse team, but you guys were inclusive so you could really take advantage of that diversity. So if a team is diverse but not inclusive, the team members may not benefit from that diversity. So in terms of our workforce, what advice do you have for our workforce to be more inclusive?

**Mike Petters:** I'll go back to one of the tricks that I used then. If there was something about the politics, in that particular case, if there was something that we were discussing about the politics that I didn't understand, I felt confident enough to ask the question, but humble enough to say, "Look, I don't really understand this issue the way you all understand it. Could someone please explain to me why?" And I'd fill it. And someone would.

As a result, I learned a lot, but there were a few times when I would say, "Look, I don't understand this issue the way you all understand it, but I don't understand why we're going to do this if that." Then someone else would say, "Mike's got a good point there. Hadn't thought about it that way." Respect is not something you command. Respect is something that you give. If you give respect and you do it in a humble way, then you'll be respected, and you'll draw people in. Especially if you do it in a humble way, people will want to be part of that.

There's probably 100 tricks out there that people with more experience than I have can help you with, but that's a way I like to do it. There's a lot about this business that I don't understand and that people in this organization understand a whole lot better than I do. I really respect those folks and I'm happy to say, "I know you know more about this than I do, but can you help me understand? Can you train the CEO on this because he needs it badly?" That just breaks the ice and gets people to talk about what they're doing.

**Interviewer:** So how do we measure success in diversity and inclusion, and do you think we're on the right track?

**Mike Petters:** Well, I think that there's lots of ways you measure it. One of the ways that we'll measure it is the way that we are regulated to measure it in terms of how we do from a survey rate of how many candidates we have for different positions and how many get filled.

Certainly things you can measure starting out with are going to be around race and gender. Those are the most visible pieces of this, and those are the pieces that everybody wants to go focus on, but in the end, the ultimate measure of success is going to be whether we as a company are successful or not.

I think the external pressures on our business from folks who see where we are and what we do and want to have a piece of it, I think basically we're going to have a lot of people coming after us to try to create value for themselves at our expense, and if we're not putting our very best foot forward in terms of business alternatives and business decisions, I think we'll lose that value. So yes, there will be some statistical measures that we will look at as indicators, but that's not the end-all. To me, that's just an indicator. The real issue will be: Are we able to get the best decisions? Are we making decisions that we would not otherwise have made, but for the fact that we are inclusive?

**Interviewer:** Great. Before we wrap up, I'd like to end with one quick question. For some people who might be hesitant about the company's D&I efforts, what would you say to them to make them feel more open?

**Mike Petters:** I'm not sure. I guess let's talk about what do you mean by hesitant. If you're hesitant about is the company really committed to this or not, don't be because we are. For the rest of my career, this is going to be front and center for me to work, to engage in, to push, to needle, whatever it takes to try to make progress in this. So if you're hesitant about whether the company's really serious or not about that, check your hesitancy at the door. We are not anything but serious about this.

If you're hesitant to engage because you don't particularly feel empowered, I would ask you to try to create a relationship with someone in your group that is empowered. My observation over the last 20 years in our society, there have been a lot of changes. There's been a lot of changes in our society that have started from the position of all of those kind of people are like this. You can fill in those kind of people, and you can fill in the like this with whoever you want and whatever you think and 20 years ago or 30 or 40 or 50 years ago there were those kinds of things that were considered to be truth.

What breaks down the truth is not an alternative truth, but what breaks down the truth is the individual relationships because as soon as you get to know one of those people and you find out that they're not like that, then your whole perspective changes, and your whole mindset toward people—it just changes your life.

So create relationships. Find relationships with people that you think are more empowered. If you feel really empowered, go create relationships with people that you're not sure are empowered. Empower them and find out that those truths that we thought were given to us 50 years ago, let's break those down one person at a time. That way, this will be a stronger company, and it'll be one that in the end we'll be proud to have our children work for.

**Interviewer:** Are there any other thoughts on D&I that we haven't addressed yet?

**Mike Petters:** Plenty, but we'll probably have plenty of opportunity to talk about that. I'm going to just keep coming back to: This is something we're serious about. We're committed to it. I am personally committed to this, and I think it's an imperative for our business. It also happens to be the right thing to do.

**Interviewer:** Great. Well, Mr. Petters, thank you for diving into diversity and inclusion with us today.

**Mike Petters:** Well, thanks for doing this.

**Conclusion:** 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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