



## Dec. 6, 2017 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.

**Interviewer:** My name is Phoebe Richards and today I'm speaking with HII President and CEO Mike Petters about engagement. Mr. Petters, first off, thanks for joining me.

**Mike Petters:** Thanks Phoebe. Good to see you again.

**Interviewer:** So today we're talking about engagement. Engagement is a popular topic and one that our employees hear about a lot. Today I'd like to discuss HII's commitment to engagement and why it is so vital to our success. So let's get started. Earlier this fall employees were asked to complete the annual engagement survey. This year marks the tenth year that our workforce has completed engagement surveys. So in your opinion, what have we learned from the surveys over the past ten years and have we seen any changes in our results?

**Mike Petters:** We've learned a lot. When you measure things you have a chance to really parse the data and draw conclusions from it. I'll talk about that in a minute. Let me back up and talk about how important engagement is to us.

We are right now in a place where the folks in Washington are talking about changing the size of the Navy by about 20 percent. We have created a technical solutions division that we've talked about. That's going to be the engine for growth in our company. So you have this maybe there's going to be a bigger Navy, maybe there's going to be an opportunity to grow the business, that's all good stuff, but I would tell you that I believe the greatest opportunity we have to create value in our business is to become more engaged in what we're doing.

That means moving from a place where people are looking at the business and saying, "Okay. I've got to be at work and I've got to put in my time and then I'm going to go home." To actually moving to a place where people actually own their work. When they sign their name to it there's an ownership of that. Now we use Gallup as a way to see how are we doing on that. Gallup has got a long history of doing these surveys and collecting the data and they've got correlations. It's all statistics, but they can show that organizations that score well on their surveys also score well in their business results.

There's a very high correlation there, which is why we use them. Interestingly enough for me, and this is what they told us when we started using them, and it is playing itself out, is that it's really not the survey so much as it is the process that you use where you have planning meetings and goal setting and you bring the team together and you have these discussions about the survey results and you create that team culture that then allows the organization, that team to actually perform better. Those teams that do that actually also score well on the survey, but it's really about the process that they bring in that shows the relationship between business results and the survey and engagement and all that sort of thing.

We've seen a few things. There's different levels of engagement throughout our organizations. We have pockets that are really highly engaged. We have pockets that not so much. We see a real clear correlation between the folks who use the process and have high levels of engagement and actually perform very well and folks who walk through the motions. They just do it because they think they have to. Their engagement scores are a little bit lower, as you might expect, and their business results are a little bit lower. So we have seen that.

But what I would say we've also seen is that over ten years as a group we have not really, while we've had some success in places, we have not changed the overall engagement of the organization. So in my mind this is why I think it is still the greatest opportunity for us.

We've separated. We've spun the company. We've created new things. We've done lots of stuff that is actually allowing us to do our work better. Now let's take the next step and really own this work and be engaged in it. That will create great value for us.

**Interviewer:** So you mentioned there's a correlation between engagement and company performance, but can you flesh out how engagement influences company performance?

**Mike Petters:** Maybe I should go to my own experience. I grew up on a farm and my father owned the farm. I can tell you for certain that he was completely, fully engaged in his business. Sometimes I was very frustrated with that he was so engaged.

**Interviewer:** Too engaged.

**Mike Petters:** Yeah. When the cows got out they didn't wait till 7:00 in the morning to get out. They got out and if it was 1:00 in the morning you had to go figure out how to get them back in. Yeah, it's too bad that you didn't get enough sleep, but that's the way it went. If it got cold it didn't wait until Wednesday morning to get cold. It would seem to get cold on prom night. It was just those kinds of things. He was fully engaged in the business.

Now people would say, "How do you balance that with your work/life balance and all that sort of thing?" I would say that you can do both. You can be fully engaged in your business and actually have a very successful personal life and keep those in balance. That's probably worth another discussion at some point about how to do that.

He knew that he had to go and do those things because there was nobody else. The company had his name on it. So if somebody around in our part of the county saw something going wrong with one of our trucks or one of our folks, they knew who to call. So that completes a high level of engagement.

In our business we have so many hand offs, we have so many different steps in the process and there's a drive to say, "Look, you need to be really, really good at your step, but by being really good at your step in some cases, I think the history of the last several decades is that when we push people to be really, really good at their step, they become less engaged in the overall business.

I think you can do both. I think we need you to be an expert at what we ask you to do, but I think you can be fully engaged in the business. I think that's important. I think it'll actually help our business results.

A fully engaged employee is going to notice when something's not safe in another part of the business and put their hand up and say that it's not safe. Then we avoid an accident and that's a better business result for us. Just as one example and there's thousands of them.

**Interviewer:** So after engagement survey results come in, typically the next step like you had talked about is action planning based on those results. So in your opinion, what does action planning look like. We talked a little bit about why it's valuable, but what should employees expect?

**Mike Petters:** So let's talk about what it doesn't look like. The last thing we want to have people do is get their survey results and then bring their team together and say, "Why are the results so low? Who said this? Who said that?" That's not what we want this to look like.

Frankly, what I'm interested in is not necessarily your overall score, but how much are you improving. So you come and you get a score, you get a survey result, you bring your team together. The score is going to tell you the gaps that you have. Your action planning really looks like, okay, these are the gaps that we have on our team. I had no idea that this was going on. Can we talk about, first of all, why is it going on; secondly, how do we get rid of it so that we can be more effective.

Then that leads to how do I get more of my team to be empowered to be part of the conversation and part of that solution. The more you can get people to participate in the creation of the plan for that solution, the more they're going to own it and the more successful you're going to be actually in closing that gap.

**Interviewer:** So a follow-up question. Engagement involves both the supervisor and the individual contributor. So what are some expectations you have of supervisors when it comes to engagement and are those different for the individual contributors?

**Mike Petters:** I guess at any level of the organization everybody has a boss. Everybody does. So you might be a supervisor in one context, but you're a contributor to somebody else's score. To me the way I thought about this, and this goes back a while, but I felt like that wherever you sit in the organization you should know the answer to four questions. You should know, number one, what is expected of me. It should be very clear. What am I expected to do today.

The second thing you should know is how am I doing. There should be some feedback that says, "You're doing great." Or, "You got nine out of ten. We need you to get ten." Or, "You got three out of ten. We need you to get four." There should be some kind of feedback to you to say how you're doing your job.

The third question you should know the answer to is, okay, this is what I do and this is how I do it. So how can I do this better? If I can do 12 pushups today, what do I have to do today to be able to do 13 pushups tomorrow? It's that idea that tomorrow is going to be one more better than today that can actually drive great companies.

You don't need to be 25 better tomorrow. You just need to be one better and in a month you'll be 25 better.

Then the fourth question you need to know the answer to is how do I know that you, my boss, will be fair. If I know that you'll be fair then I'm going to be committed to the things you care about. If I don't think that you're fair, then the things you care about may not be the things I care about. If the things you care about are not the things I care about, I'm probably not going to be the most engaged person in your team.

So there's lots of ways to look at engagement, but that's the way I look at it is what's expected of me, how am I doing, how can I do this better, how do I know you'll be fair. If you can answer those questions, you should know the answer to those questions.

Now as a supervisor, as a team leader, it's your job. It actually is your job to make sure that everybody on your team has the answers to those questions. Now you have the same questions for your leadership, but your job as a leader, as a proactive leader in high contact sport that leadership is is to be able to help your team, every single person on your team be able to answer those four questions.

If you can answer those four questions about the job you're doing and your boss is helping you find the solutions to that, you're going to end up being in a very highly engaged team. You're going to perform very well. You're going to really love what you're doing. So to me that's the way I think it out.

**Interviewer:** My next question ties into your four questions particularly about fairness. How do you think engagement ties into diversity and inclusion?

**Mike Petters:** You can't have one without the other. We've structured the whole effort around diversity and inclusion. It's all about leaders creating a culture. They're creating a culture where that least empowered person is confidently contributing. If everybody on your team has the right answers to those four questions that we just talked about, they're going to feel confident and contribute.

If you are a leader that can recognize that there are people that may not feel so empowered, they may not want to contribute for some reason. It could be anything. We tend to think of it in terms of gender and diversity, gender and race. I think that those are usually the biggest reasons that people feel less empowered, but there can be lots of reasons that people are not empowered.

The craft of leadership is really taking on all of those reasons and getting your team empowered. If they are empowered to contribute they will be engaged. If your team is engaged your results will improve.

**Interviewer:** According to Gallup only 32 percent of US workers in 2015 were considered engaged in their jobs. Fifty percent of employees were considered not engaged. Then an unfortunate 17 percent were actively disengaged. What advice would you give to an employee at HII who is engaged but works or interacts with employees who may not be engaged or one of those actively disengaged people?

**Mike Petters:** Well, actually I think that's descriptive of a really large problem in the country. I do think that it speaks to a leadership failure across institutions. So that's why we put a lot of energy into leadership development at all levels of the organization because I really want HII to be distinguished as a place where we do lead our people, we do create a culture of empowerment, we do create a highly engaged workforce.

We got a long ways to go on that. We've got a long ways to go, but to me the way we do that is that we focus in on the craft of leadership and the responsibility of leaders to create success for their employees. Put your people in places where they can be successful.

Now if you're a highly engaged employee and you're working in a team where some people are really engaged and other people are not, I think the tendency is to go hang with the folks that are really engaged and just ostracize the ones that are not.

I would argue that the key to success I think in the future at any level of any organization is for you to be the person that will make everybody around you better. When I say everybody I'm even talking about those folks that are not engaged.

Yep, it's going to take a lot more energy. You've got to reach out to them. You've got to find a way to crack their shell and get them to actually engage in some way, but when you do that you start working on it and next thing you know you take a person that is not engaged and they start to be slightly engaged and they become more engaged. If you're that kind of person that makes everybody around you better, in this company you will be very successful.

**Interviewer:** Great. Great words. Great points to take away. We appreciate you taking your time with us today.

**Mike Petters:** Well, as I said, this is the biggest opportunity we have at HII and happy to spend some time with you guys talking about it.

**Interviewer:** 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 <http://www.huntingtoningalls.com/podcast>.

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