

Liz Bywater: Hi, this is Liz Bywater. As a C-Suite advisor, I work with senior leaders and executive teams to help them navigate change and succeed, no matter what the circumstance. I'm here today with one of my favorite people, John Cuomo, who is CEO and president of VSE Corporation. John, thank you so much for being here with me today. I'm really excited for our conversation.

John Cuomo: Of course, always. Thank you.

Liz Bywater: Sure, of course. Listen, why don't we start, before we really dive into this discussion about leading through a crisis, if you would take just a few minutes and talk about VSE and the work that you do there, I think that would be really informative for the folks listening in.

John Cuomo: Sure. VSE is what we call a pure play aftermarket business. So, we support supply chain logistics, maintenance, repair and overhaul for three different sectors. We have our core defense business, an aerospace business, and a medium to heavy truck business. So, essentially what our goal is, is to work with our business partners to extend the life of their aging assets. So, if you look at anything from a military vehicle to an aircraft that you fly, a commercial aircraft to a business jet, to a heavy truck or our largest customer, the US Postal Service. So, keeping their fleet of vehicles up and running and moving is our primary objective.

Liz Bywater: That's great. Thanks, John. And as we get a little bit into our conversation today, hearing about and sharing some of the work that you do on some of your market, I'm sure there are things that we can talk about in terms of the way the current pandemic, the current crisis have impacted your business and some of the strategy you have to approach. I think everybody's been impacted in some way. I'm sure VSE has as well.

OK, well, let's do this. Let's backtrack just for a moment. I want to tell everybody how you and I know one another. And then, we can dive right into a few of the questions that you and I have talked about prior for today's conversation. I think it's been pretty close to three years now, since you and I first started to work together when you were general manager over at KLX. I think that was when we and the team met over in Montreal for an executive team session back in July, August 2017. Does that sound about right to you?

John Cuomo: Yes, the July, is either a three-year anniversary or the four-year anniversary. I'm bad at dates these days, but one of the years.

Liz Bywater: Yeah, yeah. It's been a while and we've done some really nice work together. And now, of course, you've transitioned over from KLX and Boeing over to VSE. And so, it's been really exciting to see some of the opportunities that you've taken on over time. I really love your leadership style, John. And so, I thought it would be super helpful to talk a little bit today about, first and foremost:

Have you found that your style of leading overall has been impacted by the crisis that we are currently facing? And if it has been impacted, in what way? Are there things you're doing more of, less of, or just differently these days?

John Cuomo:

Yeah. For me personally, I'm a face-to-face leader. I spend two to three weeks a month on the road. I like to be in front of customers, suppliers and employees. I get my energy from other people and I feel I learn by [inaudible 00:10:09]. And there's a lot of body language and opportunity to spend time with people in different settings that will help you learn more about them, and also to learn more about the business problems that they have, which to me makes me a better leader. So, I've had to obviously, quickly adapt to that, not being able to travel for the last three months.

I would say the first week it was extremely difficult moving into a virtual setting. And the number one thing I would say that's changed is, how do we communicate with our employees and even with my own team? A couple of things that I've done that have been quite successful. Number one is the face-to-face video meetings are obligatory for me. Being able to make sure that I'm present, that the other team member that I'm talking to is present. That we're giving each other our undivided attention and still trying to maintain that eye contact and that facial expression, so we can know what the nonverbal cues are as we communicate with each other, has been extremely important.

Building a little structure for me and my team has equally been important. So, we've got a COVID-related meeting every Monday. So, we specifically talk Monday mornings about COVID. And then, we've got a Wednesday and Friday meeting, where we just do a weekly standup that's keeping us connected to each other and to the business, so we don't want to fall, become disconnected. And each of my leaders has then trickled down a similar philosophy of structure, even those 15 or 20 or 30 minute meetings to keep their team cohesive.

I think that the next area for me was, how do I communicate with my organization? When you're dealing with an organization with 2,500 employees, you can't get face-to-face on Zoom calls or team meetings with everybody. So, a combination of video messaging, using myself and different leaders from my organization, having standard, consistent communication. So, they hear from us, even if there's not a great update and nothing dramatic has changed week-to-week. But even that level of consistency in a time of chaos and crisis, the more control and consistency that we could deliver for the employees, we found that beneficial. So, I typically send out a Monday morning email, my head of HR send out a Wednesday email.

And those initially started out very COVID-related to make sure the employees knew how serious we were taking this, both to address them and their safety, as well as how it was impacting the business. And those have evolved over time

into us then talking about how we move on in this, I hate that phrase, new normal, but I haven't heard a better one yet, how we evolve our business in this new normal. So, I'd say the element of how we communicate and connect has probably been the biggest change throughout this time period.

Liz Bywater:

Yeah, yeah. That absolutely makes sense. And I think you and I have probably talked about this in the past, but the idea that there's really no way that you can over-communicate in times of crisis, especially when there's uncertainty, and there's clarity needed and direction needed. And some level of confidence that has to be inspired. I think the more your employees... And my guess would be also your customers, and your suppliers, and maybe even regulatory, I know you work a lot with the government, all of those forms of communication, all of those ways of staying in good dialogue, those are really, really essential at this time of the day.

John Cuomo:

Absolutely. Skip levels, I've done a skip level, with my next tier of 45 leaders in the business. And I've had my executive team do the same thing with their level of leaders. I popped in on individuals' Skype meetings. Again, as many different ways as you can connect, different people connect from a communication perspective in different ways. We have a significant workforce that is on the operational floor at customer sites, so they don't have work email. We've done something that we don't typically do, which is utilizing their home emails as well, just to make sure that they're able to stay in touch with us. They can opt out, if they want.

But again, providing everybody, all of our constituents from employees to suppliers, to customers, the ability to communicate more. Even at an executive level, we typically have a board meeting each quarter. In some quarters, we've had three board meetings. In others, we've instituted two going forward to stay closer with our board. Having meetings at different touchpoints with our banks. And I've done a lot of investor outreach, being a public company as well, making sure that we're staying close to our key shareholders and they understand where we are in this process and what to expect for us as we work through this as a business.

Liz Bywater:

Yeah, absolutely. John, do you think some of what you're talking about will stick or should stick, as we do get, as you talked about the new normal and things begin to stabilize and we go to the next phases? How much of this increased, or more targeted communication, do you imagine will stick?

John Cuomo:

Yeah, in our case, we evaluated what we've done here. And I would say 75% of what we do, we'll probably continue to do. Our environment will move back to a... We won't go to a permanent remote workforce. I know you're hearing that in some instances. But we will probably, we'll accelerate our virtual and remote working policies and shifts to that policy, because we've had extremely high productivity from our teams throughout this period. So, we'll see some of those

things, policies shift and modify. But I think on the communication front, I've learned a lot through this and how to connect with people in different ways. I'm still believing in face-to-face communication and we'll start to get that back out to sites shortly. But I think in the interim, there'll be a coupling of that and some more of this virtual work as well.

Liz Bywater:

Yes, yes. Well, yeah, I think what we'll see is things like working from home, which some companies have resisted, I think over time for a variety of probably pretty legitimate reasons. As you get to see in real time that people can be productive and you see what parts of the workforce can be productive from home versus onsite or in the office. It's really a forced experiment, isn't it?

John Cuomo:

Exactly, exactly. We're at the last phase of it, meaning that as the state, home orders are released. I'm curious to see how the summer is. We're not shoving our teams back into offices. We've got a modified plan to be extremely cautious on bringing our teams back in. I also want to do that experiment to see during stay-at-home orders there was nowhere to go. Now that people will have a little bit more flexibility as things open up, I'd like to see how the productivity changes or doesn't change the work from home, so we can then see how we want to continue to adapt those practices into our future for our company.

Liz Bywater:

Yeah, that makes sense. And I've talked a lot about slow down to speed up. That's become the foundation of a lot of the work you and I have done. And really, what you're talking about is taking a thoughtful, deliberate approach. I think that's one of the debates that we see in our country today, is how quickly do we shift back to some semblance of what life was like a few months ago. But I think the risk of going too quickly is that mistakes are made, substantial mistakes are made that are hard to come back from.

So it sounds like you're saying we're not going to drag our feet, but we're going to be really thoughtful about the way we change and the way we bring people back bit by bit.

John Cuomo:

Absolutely. I think the slow down to speed up mindset is a critical one to have during this time period because you need to take that strategic pause, you need to make sure that your mind is clear and fresh during crisis times. It's not always the wisest to make some decisions, but on the flip side, there needs to be some quick decision-making and adaptation. So, making sure you balance that speed with that slowing down and making sure that really you've validated everything that you can validate before. Then you put your foot on the pedal and move forward pretty quickly.

Liz Bywater:

Yeah, exactly right. So, there are ways in which this crisis does speed up those decisions and the actions that accompany them. And you and I spoke about this earlier. It doesn't mean reckless or hasty decision-making. It means that you are

taking the time, taking the pause to think things through, but then not overly deliberating and not dragging your feet too much on things.

John Cuomo: Exactly.

Liz Bywater: Yeah, yeah, yeah. Well, John, this I think is a little related to what you talked about earlier, maybe very related to the communication and the increase in communication and getting face-to-face with people even when you can't literally be face-to-face. I wanted to ask you:

How do you find you are best able to inspire a sense of confidence and engagement and hope in a time when a lot of people are pretty anxious, and some people are quite afraid and there's some worry about what tomorrow looks like? How do you keep people as productive as you have, and as confident that you will get to the other side of this?

John Cuomo: I think it's taking a longer-term vision and breaking it up into small attainable goals. I had a call with one of my business leaders this morning. And in our aviation business, the month prior to COVID, we were experiencing records. So, to go from a record month, and let's just use a round number, let's just say \$1,000,000 for this one product line, and then for that number to be cut in 50% or 60% overnight, is difficult for a leader. So, the first thing is, how do we take the new norm and just focus on the month ahead and say, "What are our goals going to be? How are we going to measure success in this month? And let's get our arms around that."

So, that gets the team focused on a near-term goal that's achievable. People don't like to have the targets that they can't. It's too much of a stretch. It becomes a demotivator at that point. But I think for us specifically at a high level, the first thing, I talk about the things that we taking a pause for those first two weeks, and then really moving quickly. The first thing was understanding what the bottom is. What is our worst-case scenario? How do we build a model around what that means and get our arms around that? So to me, that's something that has been critical for me before I'm able to instill confidence.

The second thing is to make the tough decisions quickly. So, knowing once when you got that range of what a bottom is, many of us had to go through some difficult restructuring with our teams. And although it's difficult for the individuals, you have to think about the longevity of that business and making those decisions swiftly and taking away that level of uncertainty, so that our employee base and our shareholders knew that we right-sized our business to what our expected volumes are going to be, that our employees understood that this wasn't a every week what is going to happen next. We had a holistic approach to this reduction, so those that are staying can then feel comfortable and have some security in their jobs.

And then, I gave the team a little bit of time to absorb all the changes because colleagues were impacted, their strategies are changed. You got to give them a little time to absorb. And then it was, "Now, let's talk about the future." And our future really is, first and foremost, it was about employee safety. Second, as we looked at that bottom, it was how do we look at cash and balance sheet management? Then it's about, let's move right quickly to strategy. So, what do our customers need now? Do they need the same types of products and services? Do our strategies need to shift slightly and adapt to something new that our customers need? Assess our competition, is our competition going to struggle more than we are during this downturn? Are they not as well poised to manage our customer base through this downturn? Because with that, there comes opportunity.

And then, thinking outside the box. Again, this is a new world, you can't go buy... Some of our playbook was, I would say 90% of our long-term strategy stayed the same, but only about 70% of our short-term execution operating plans stayed the same. And how quickly we thought outside the box to say, "How are we going to adapt? Within the first three weeks of COVID, we were able to enter into a \$25 million contract with one of our largest customers to support them with COVID-related supplies and the like, as they were handling this transition. So, we were able to take a burden off of them. Customers were obviously more concerned about cash and their balance sheet. So, adapting some of our distribution strategies, where rather than always focusing on piece price and getting the lowest price, being able to take some inventory off their balance sheets and support them from a cash perspective created a slightly new value proposition we can go and offer customers as well.

We saw some competition that continued to be internally focused because they weren't quick enough to adapt to the changing market. And there were opportunities out there. The world hasn't completely shut down there. There were still opportunities and we were able to actually steal some market share in the first 60 days of COVID as well. So, if I summarize, it's understanding that bottom, move quickly on the tough decisions. And then, create a new norm with near-term goals that are achievable to give everybody confidence of where are you going to be at the end of it. You don't have to have the future vision today, but you've got to have a near-term path that gets people some confidence. And with that, I think it'll help you crystallize some of that future vision and be able to communicate that in a more coherent way as well to all your stakeholders and get them more confident about the story as you move forward.

Liz Bywater:

Yeah. So, as you were talking, I jotted a couple of notes because there was so much in what you said that makes complete and perfect sense to me. We've talked about many of these things in the past, but that ability to be adaptable in the face of oftentimes things over which we have no control. We talk about control, influence, and accept. Nobody has control over the fact that we're living

in a global pandemic right now. People are working on cure and vaccine and mitigation and all of that, but this is a circumstance that no one raised their hand for.

To be able to influence the nature of your company, to shift your strategy, to adapt to the circumstances, those really are central, aren't they? Without that, it would be incredibly difficult to move forward into having an engaged customer base and an engaged employee base, I would imagine too.

John Cuomo:

Yeah. I think it's every leader, a senior leader perspective. I've only been in this role for about 13 months. And I remember the interview process in February of last year, and really talking about at that point, we were in the boom of aerospace. And I remember sharing as one of the people that were on the panel about, I've got to think of this business opportunity, if I look at this as a 10-year horizon as an example, of I'm going to most likely lead a business through some type of recession or downturn, just because the aviation industry is specifically within a 10-year boom. And I don't think I could have ever or anybody could have ever predicted something like this, and the world coming to the sudden halt the way it did.

But having in the back of your mind, you always got to have a defensive strategy as well, and then how are you going to adapt. But with every crisis and with every very difficult time, comes some level of opportunity. And during that level of opportunity, it's going to determine how you come out of this and what your business will look like.

And one of the things that you and I have worked a lot on, and one of my favorite exercises doing with my teams that you've facilitated for us and let us through, is looking at those pivot points in your own career and saying, "How did you get to where you are?" Not specifically on a timeline perspective, but more about what were the critical moments that made you the type of leader that you were.

And I think many of us are going to look back on this as one of those times. And I happen to be aware enough, and I thank you for that, to be going through this eyes wide open to say, "How do I not only adapt my business and get my teams around there on this, so that we come out of this faster than everybody, come out of this stronger and come out of this with the core strategy that we know will withstand the market. But also, adapting to where we see new opportunities for us, to lead the market through this?"

Couple that with, who we are as leaders? How compassionate we stay to our employees as they go through this? And every one of them has their own individual story of how this is impacting them and making sure that we have a

much stronger level of concern and ability to adapt to them and to their unique circumstances. As well as, how we lead our teams through this. And back to your last question, how do we convert that fear into a level of opportunity and optimism? Not an easy task, but one that I'm thankful that my team is embracing and down the path towards.

Liz Bywater:

Yes. Well, essentially, I'm sure you've heard people say that it's easy to lead in easy times and good times, and so much harder and a true test of leadership to lead in difficult times. I would adapt that a little bit. I think it's never easy to lead. I think it calls for a lot of strength and experience and self-awareness and all of that. But for sure, these are pivotal moments.

John Cuomo:

That's why you and I have had so many conversations. That is very, very, very, very true.

Liz Bywater:

It's very true. It's not for everyone. Right? And even people who have a natural inclination towards, there's always improvement that can happen, there's always challenge. So, yeah, you bring something like this to the table and it does become... And I think for all of us, this is a pivotal moment that will define how we go through the rest of our careers and the rest of our lives. And it doesn't mean it's pivotal in that it's all downhill from here. I think there is opportunity to grow and improve and to make... Sounds a bit corny, but to make the world a better place as a result.

John Cuomo:

Absolutely. I couldn't agree more.

Liz Bywater:

John, I'd like to think too about the speed of innovation. And I spoke recently with another client of mine who is CEO of a hospital. And we talked about some of the innovations and the transformation in the way the work gets done and services get provided, many of which had a lot of resistance and it was very slow going and hard to get new technologies and innovations in place. But in the face of COVID, things have happened much more rapidly because they can, when the right motivation is there and they really did have to. So, things in the medical space, like quick adoption of telehealth and electronic billing and things that have been around, but not quite broadly adopted until recently.

In your industry, are there changes in the way you are serving your customers or other sorts of innovations, transformations that you've seen happen more rapidly, or you think need to happen in the near future?

John Cuomo:

Yeah. My industry specifically, we haven't seen the level of transformation and innovation that I've seen in others. I've been on some panels with other CEOs and hearing how their industries are coming together and moving at lightning speed, we haven't seen that level of transformation. We're still a logistics and repair business and there's a lot of wrench turning and putting parts in boxes. So, it's a different type of environment. That said, where we've seen the most

level of "innovation" is really a managerial courage from our customers and our suppliers to take bolder decisions in these markets that will help, I think ignite that.

And you look at supply chain and logistics, many people look at, you've got your eCommerce type models, which I think there are some of my industries that still haven't adapted fast enough to that. And we're seeing that migration move faster. And then, there is a full end-to-end supply chain, where our business takes over the front end of supplier management and procurement and planning of how many parts our customers will need, to delivering the inventory right to where that customer needs it, at the time they need it, to point of use delivery. That just in time full cycle model.

And we've seen some of our customers in the past, they love the model on a piece of paper when we pitch it to them. But from a managerial courage perspective and to change their operations and what they do, we hadn't seen as much momentum. And we are starting to see much more momentum in that ability to make those changes, because we're adapting to their needs as well. They've got headcount restraints. They've got some inventory restraints. And we're able to solve some of those problems. So, I do think you're going to see some more speed to execution type work in my industry, but not necessarily the technological level of innovation, so slightly different.

Liz Bywater:

Yes. But speed really is such an important issue, isn't it? And again, this goes so much to slowing down, to speed up that, speed for the sake of speed is not always the most productive or the most effective. But to find those places where you can go faster, and there's no need to continue doing things because that's the way they've always been done, I really think that's where a lot of progress can take place. And it seems like that's some of what you are promoting and seeing in your industry.

John Cuomo:

Yeah. I've always felt culture, as a business leader... I've never run a manufacturing business. I've always run service-related businesses. So how you deliver that service and the culture amongst your business has always been a key differentiator for me. So, I think speed falls into that, and that's the slow down to speed up mindset, in making sure we're taking that right strategic pause, adapting to the current environment, and then moving quickly. If many of these industries can do that, I think we're going to see as a whole, come out of this faster and stronger than, if we had just kept doing what we were always doing.

Liz Bywater:

I think you're absolutely right. Well, and so let me ask you this. Speaking of changes in the way that you're interacting with your customers and your employees and your suppliers and so on, I think some of these may be more obvious in places like the healthcare space where, of course, they've been really inundated on the front lines of COVID. Yeah, I think every business may have

places where really moving or inspiring or encouraging stories can be told and should be told.

Is there anything that you've observed, either among your employees or customers or suppliers, etc., that you feel is something that we should be talking about?

John Cuomo:

Well, I'm extremely proud of the team that I have and how they've come together. We are an essential business. I can go through each of our business units. But at the end of the day, I know aerospace has slowed down, but we're doing critical component repair for key components on both business and general aviation, as well as commercial aircraft. We support all the major armed forces with defense logistics and repair work, and our fleet business. Our largest customers, the US Postal Service and half of their vehicles were built in the '80s. And we are critical in keeping those vehicles moving.

And if you look at what's happened over the last 90 days, how much medication, personal protective equipment, food supply, and other necessary healthcare and medical items needed to be moved around the country specifically, I'm very proud how my team was able to come together to support our customers, to enable them to complete their core mission. And that's really what our primary job is to do. So, we had a very large number of our people who were not able to work from home, probably north of 75%, who were still working in distribution centers or onsite to customers, to keep them moving and supporting their key missions, which were very critical during these times.

So, it's been a really proud moment for me to lead a business through that and to see how quickly they responded, and how quick and how fast our customers were, when they had problems to call us. It shows a really high level of confidence that they have in us when they were struggling with things that weren't even in our core, but asking us to see how we can help them and support them as they needed things outside of our core, to support what they needed to do to keep themselves running. So, that's how it's really impacted us here, mostly at VSE, in our industry. The aviation industry got hit hard and it's still getting hit hard. You're looking at global air travel down, north of 90%. So, staying together as an industry and doing what we need to do to make sure that it's not just about us and it's about the totality of the industry. And then, we all get through this is equally as important for us right now.

Liz Bywater:

Well, absolutely. You make me think of real quickly of two conversations I had recently. One was with this client I mentioned earlier with the healthcare system and she really spoke about that. Whereas other hospitals may have been seen really as competitors for understandable reasons, now CEOs have one another on speed dial saying, "Hey, how do we make sure we've got the right number of ventilators and you've got the protective equipment? How do we help each other navigate this crisis?" And it's changed the nature of those

competitive relationships in ways that I think probably really benefit the industry and the customers and the country. And it sounds like you're seeing a shift in the nature of your relationships across the industry similarly.

John Cuomo: Absolutely, absolutely. Here we are, you live your life planning for the next step. We were in a boom of an industry. So, planning to support the growth was really where we were all focused and having to adapt so quickly with so much uncertainty. So, it would help how you... Relying on who were your former competitors or your current competitors, but looking at each other in new capacities to say, "What help do you need? How can we fill in the blanks on some of our stories where there's a vacuum of information?" Has been really helpful for me through this time period.

Liz Bywater: Yeah, yeah, absolutely.

John Cuomo: It also makes you feel like you're not alone. As a leader of an organization, you bear that burden. And I take it with pride to make sure that I'm not trickling that level of burden down to my team. And knowing that there are other sitting in the same shoes that you can collaborate, has been an extremely useful tool for me during this period.

Liz Bywater: Well, for sure. And you and I have spoken in the past about my hosting, a CEO peer group, where really you and colleagues in similar high level positions who don't normally have one another to rely on, can have these kinds of conversations in ways that don't feel like it's a zero-sum, everybody gets better, everybody wins as a result. And I do think the more senior you are in an organization, I've seen this with so many of my clients, the fewer opportunities there are to have those good trusting, collaborative conversations. So, I'm so glad to hear that even in the face of pretty difficult times. And that's actually something positive, that's common. I'm hoping that really persists afterward.

John Cuomo: Me as well.

Liz Bywater: Yeah. John, this is super valuable. I'm so, so appreciative of your time. Is there anything I didn't ask you about that you want to talk about before we wrap up our call?

John Cuomo: No, I think we covered it. I feel like I lived five years in 90 days. And we're looking forward at this point in our business. And I hope everyone else is in similar positions where they're able to find that level of opportunity and light for them, that they can refocus and get their teams focused on a more near-term achievable goal as we start to build our economy back and build our industries back. I always enjoy speaking to you, so thanks. Thanks for making the time today.

Liz Bywater:

Yeah, of course. John, if people want to learn a little bit more about VSE, what would be the best way to do that?

John Cuomo:

Our website, vsecorp.com is always the best way to do it. And there's plenty of contact information for each of our division out there. And I am probably an extremely accessible CEO, so my email's all over the place. If anybody wants to reach out to me directly, I always enjoy talking to and meeting new colleagues from around the world.

Liz Bywater:

Yeah, that sounds wonderful. And for those who want to learn a little bit more about me and the work I do with amazing leaders like John and his team, you can get in touch with me in a variety of ways. You can find me on my website, which is simply lizbywater.com. I'm on Twitter as @drlizbywater. I'm on LinkedIn. You can find me in a whole slew of ways. Or you can just send me an email, liz@lizbywater.com. John, thank you so, so much and I'm looking forward to talking to you again soon.

John Cuomo:

Thanks. Appreciate it.