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## chapter-three

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## Peeling Back the Onion

CLOSE TO A HUNDRED men and women crowd the Palm Room at the Grand Hyatt Hotel in Orlando, Florida, for the start of the 2003 annual Ethics Officer Conference for the Lockheed Martin Corporation. Clean-cut, casual, welcoming to a new face, ranging in age from their mid-thirties to their early sixties, they are at their ease. The Orlando Hyatt is a big step up from the venue of last year's conference—a colorless facility within easy reach of corporate headquarters in Bethesda—so the mood is upbeat, even if the schedule does not promise much in the way of outings to theme parks. Dress is “business casual.” Most of the ethics officers are Caucasian, but there are a respectable number of non-White faces, mostly African Americans, as well.

Some in the crowd are reconnecting with old friends and colleagues, and others are new to the Lockheed ethics world, so the conference begins with an icebreaker: Say something about yourself that no one else knows. After an undertone of ritual complaint about the exercise, they go with the program and settle around their tables to talk, and after fifteen minutes or so report out to the group. Gail at Table 4 once worked on venereal disease issues for the county health services. Rick at Table 6, who works at the Nevada nuclear test site, has 675 birds on his life list; friends know him as the “bird nerd.” Rose at Table 8 is revealed to have a “criminal past”: She hooked school in third grade. Someone at Table 3 admits that he used to cheat at Scrabble. Mock gasps follow each confession. At Table 3, one officer shows the Scrabble cheater that his actions were in violation of page 2 of the Lockheed Martin Code of Ethics and Business Conduct: “to be honest and forthright with one another.”

As the icebreaker winds down, Nancy Higgins takes the podium. The chuckling tones down. In 2003, Ms. Higgins is the vice-president for ethics and business conduct, Lockheed Martin's top ethics officer, and the executive in charge of their whole operation. A woman in her forties, platinum blonde, she sports a broad, toothy smile that seems frozen on her face, even while she is speaking. She calls herself a “recovering lawyer,” having moved over from the general counsel's office into the ethics operation at Boeing, before assuming Lockheed Martin's top ethics job in 2001. She speaks slowly, clearly, a bit pedantically, as she moves briskly through a “state of the ethics operation” talk, fortified by Power Point slides sporting Lockheed's flying star logo.

Higgins's speech is a pep talk, reinforcing to her team the value of their work to the corporation. Ethics is a frustrating business, she readily concedes, since people tend really to notice us when things go wrong. But she is happy to cite chapter and verse of the division's accomplishments. The ethics awareness program that really took off with *Dilbert* in 1997 has gone through several reconceptions since then. Calls to ethics officers are up—a sign of confidence in the organization—and more calls than ever are being resolved on the local

level, without any formal action being necessary. Lockheed Martin employees as a whole have given feedback that they think that the ethics program is worthwhile, and senior management continues to trumpet ethics as the corporation's "number one value."

There are challenges, to be sure. Surveys show that too many Lockheed Martin employees still believe that they live under a threat of retaliation if they come forward about ethics violations. It turns out that new employees—those who have been at the corporation for six months or less—are particularly vulnerable to ethics violations, since they have not yet fully embraced the company culture. Managers are sometimes turning a deaf ear to ethics concerns raised by those who report to them; sometimes, apparently, managers do not even recognize an ethics issue right under their noses. These challenges, however, are simply next year's work, as the ethics division strives for continuous improvement.

Most importantly, ethics is not simply an activity to fulfill a legal requirement; it is a "value-added" component of the company's mission. Part of Higgins's rhetoric is defensive: Like other divisions that are not "profit centers," the ethics and business conduct division constantly has to prove its worth in a bottom-line business. So Higgins cites the confidence that "the Customer" (the U.S. government) has acquired in Lockheed Martin's integrity as a key to winning new contracts, and she makes broad claims about the savings realized thanks to the prevention of waste and fraud. Yet the real value added is larger and grander than new contracts and dollars saved. It is an almost metaphysical infusion of goodness into the company's products: the fighter jets, the space shuttle, the missile and control systems, the hardware and the software. Ethics, in Higgins's vision, expands and extends Lockheed Martin's "mission success."

### *The Designers*

Lockheed Martin's division of ethics and business conduct is based at the company's headquarters in Bethesda, Maryland. The building, a gray concrete box surrounded by manicured lawns and artificial ponds, gives the feeling of a secluded enclave, rather than a complex in the heart of a suburban office park. The five-story structure itself, with its wide hallways and large windows, has the feeling of an oversized child's play set, with big pieces made for stubby fingers: easy to snap together, easy to take apart, and easy to fashion a new arrangement of the parts that looks, in the end, just like the last construction.

Maryanne Lavan, Lockheed Martin's vice-president of ethics and business conduct as of 2004, oversees an operation that is both highly centralized and conspicuously far-flung. Four senior members of the division work along the second floor hallway in corporate headquarters. Here, the company's ethics policies and programs are designed and refined, and then disseminated to the hundreds of sites that Lockheed Martin maintains in the United States and around the world. Here is where the company-wide ethics "help line" rings. Here is where consultant Steve Cohen comes each winter to help the corporate ethics staff develop next year's "awareness" program.

Beyond Bethesda lie the five "business areas" that make up the corporation. Each business area has an ethics "director," who jointly reports to the vice president of ethics and

business conduct back at corporate headquarters, but who also reports to the business area president. These directors are the primary executives for ethics within their business areas, and they also serve as a kind of cabinet for the vice-president, taking turns with leadership on companywide initiatives. In turn, each business area director supervises a group of ethics officers, who are strategically spread out across the corporation's facilities. There are approximately sixty-five ethics officers across the Lockheed Martin world. Many are full-time; some work in related areas like audit or human resources, and the ethics job is only part of their portfolio. An ethics officer's area of responsibility may be a single large facility, or it could include dozens of small facilities scattered over thousands of miles. Seeing so many ethics officers together at the Orlando Grant Hyatt makes them look like a small army of virtue, but the math works out to just one officer for every 2,000 Lockheed Martin employees.<sup>1</sup>

Maryanne Lavan and other Lockheed Martin officials will not specify the precise budget for the Lockheed Martin ethics and business conduct program. She will say only that the figure is in "the millions," especially if the calculation includes the labor costs of the time spent by thousands of corporation personnel who participate in regular ethics trainings. At the Boeing Corporation, whose workforce is approximately 20% larger than Lockheed Martin's, the annual budget for the ethics and business conduct division was \$7.6 million in 2003, although Boeing significantly overspent the budget that year in the wake of large-scale ethics scandals.<sup>2</sup>

In practice, then, Lockheed Martin ethics officers work in isolation from one another, immersed in the particular problems of local facilities, working at the behest of company executives who share supervision of the officers with the business area directors. They are men and women who have come through the Lockheed Martin ranks, who have found their way into ethics work through the door of human resources or auditing or perhaps engineering. It is a thin, scattered band, so the burden of spreading consistency through the operation falls on the team at corporate headquarters in Bethesda.

The man primarily responsible for creating the day-to-day aspects of Lockheed Martin's ethics awareness program is Brian Sears, an ethics veteran whose zeal and experience typify the operation. Well over six feet tall, with broad shoulders and a vigorous gait, Sears towers over most of his colleagues at the ethics officers' conference and along the corridors in Bethesda. His low-key manner does little to disguise an active, self-deprecating sense of humor. When I visited him in November 2003, he was busy mock complaining to anyone who would listen that Michael Sears, the chief financial officer at Boeing who had just been fired for ethics improprieties, was "besmirching my good name." His office on the second floor of corporate headquarters shows the habits of a brainstormer: piles of papers on the desk, boxes of ethics surveys cluttering the floors, and a whiteboard crisscrossed with diagrams and slogans for the next ethics awareness project.

Growing up in modest circumstances in the San Joaquin Valley of California, young Brian Sears harbored an ambition to become a writer. He won his first writing contest in sixth

grade, edited his high school newspaper, and wrote for the *UCLA Daily Bruin* in college. But he recognized early on that making a living by the pen was uncertain at best. Besides, he was charmed by the romance of flight, and he dreamed of becoming a pilot. He won a Reserve Officers Training Corps (ROTC) scholarship at UCLA in the late 1970s, and he began studying to become a flight navigator. Even in college, however, his big frame was still growing, and after two years of training, his commanding officer delivered the bad news: Sears had grown too much. At six feet six inches, he was too tall for the fighter jets. "If you're over the height limit," he recalls, "when you have to eject from the plane, you lose your kneecaps." He received an honorable medical discharge ("I still have the certificate to prove it"), and he had at least the satisfaction of receiving two free years of education.

Sears had been studying economics at UCLA, but once a career in flight was no longer an option, he wanted something more practical, so he switched to California Polytechnic University in San Luis Obispo to study accounting. It was there that he discovered a new passion: the improbable romance of auditing. The transfer of allegiance from piloting to running numbers might seem unlikely, but the underlying motivation was the same: the allure of travel. His Cal Poly auditing professor spent a great deal of class time describing his overseas consulting assignments for multinational corporations. Brian Sears wanted to see the world; if he could not fly the planes himself, at least he would ride them at someone else's expense.

He took his first job with the Burroughs Corporation in 1980, and he spent more than 90 percent of his time on the road over the next two and a half years. He found that that he loved the travel, but also the numbers. There was something satisfying about their clarity and their precision, and he loved straightening out the inconsistencies in the corporation's books. His professor had called auditing "the art of aggressive diplomacy," which appealed to him.

By 1982, Sears had taken a job in the corporate audit department at Lockheed Corporation. It meant less day-to-day travel, but also being at the service of a national operation. Over the next fifteen years, he moved from Burbank, California, to Austin, Texas, back to Burbank, to Titusville, Florida, and then to the old General Dynamics plant in Fort Worth, Texas. Along the way, he was promoted to audit supervisor, and eventually to a regional manager position in corporate audit.

In 1998, Carol Marshall, then in charge of the Lockheed Martin ethics program, asked him to give a talk to her senior staff on how the internal audit department would measure the efficacy of a compliance training program. Sears had no idea how to grapple with this. He was used to the reliable world of spreadsheets; there were no guideposts about how to evaluate the success and integrity of programs intended to coach employees in complying with federal laws and regulations. "But I gave it my best shot," Sears recalls. "I told a few jokes and improvised." Several months later, he was offered the chance to move from auditing into the ethics operation as a "sector director" for Lockheed's energy business.

Was it strange to make the shift from audit to ethics? Sears insists that the transition was simple and smooth. Auditors, he says, are concerned with doing the right thing. The mind set of checking the facts carefully and weighing all the relevant factors, the familiarity with the basic procedures of investigation, the management experience he had gained as he had

climbed through the ranks—these were habits and experiences that served him well as he moved into the ethics operation. The main difference was a wider scope of problems to look into, and, more importantly, the opportunity to be part of a more service-oriented sector of the corporation. “It was just putting on a different hat,” he says. “One where I could help people.”

In October 1998, Sears and his family moved once again, this time to rural Maryland, giving him a long but manageable commute to the Bethesda headquarters. Starting in the energy area, he moved over to aeronautics, and then became the chief ethics officer for the corporate division itself, meaning that ethics issues involving the corporation’s headquarters staff fell within his domain. In 2004, his title changed to director of ethics awareness for Lockheed Martin as a whole, although he also retains his corporate ethics officer duties. He is now the principal developer of several of the corporation’s new initiatives in the ethics area, including oversight of the annual training program.

Like everyone else in the Lockheed Martin operation, Sears has no formal training in ethics, nor does such training strike him as necessary or productive. “It’s mostly about developing a set of core values, and living by them,” he says, and that seems to suffice for him as a definition of ethics. He spends a lot of time trying to communicate the message that ethics is not just about distinguishing between right and wrong, but that it’s about “the gray area of conflicting values, the difference between right and right.” He concedes that “we might not have a nice, clean answer to every question.” Sears is not inclined to sweat over ethics in the abstract. He believes that a definition of ethics can and should percolate from the bottom up. “Everyone has their own perspective on ethics,” he says. “Who am I to tell an employee what is or what isn’t an ethics issue?” He is eager to move from beliefs and convictions to the much more practical discussion of the range of the company’s programs and the “robust” quality of its offerings.

Sears is particularly preoccupied—he says “obsessed”—with the connection between the ethics operation and the corporation’s competitive advantage. Mulling over the corporation’s 2004 ethics awareness program, he came up with the idea of an “ethics meter” that would graphically demonstrate the connections between virtuous behavior and tangible benefits for the individual employee and the corporation. A rough diagram on the whiteboard in his office displays a timeline of a fictional employee’s career, showing how at critical turning points good ethics leads the way to promotions for the employee, more business for his division, and a better crop of potential employees who are, in theory, attracted to Lockheed Martin’s reputation for integrity. Sears is also painfully aware of the fragility of an ethics operation, of how quickly confidence in its effectiveness can erode. “Any one person or small group of people can shut us down,” he muses. “All of our efforts can’t preclude the rogue elephant out there.”

Brian Sears’s sensibility both reflects and affects the tone of the division: practical, easygoing, nondogmatic, inclined to think of ethics as much as a service operation as a watchdog. Ethics, in the world of Brian Sears, should be clear, simple, and measurable. Yes, employees face tough dilemmas, but the corporation’s support structure should be more than adequate to work through them. Even more, ethics should provide a sense of meaning and

mission for a Lockheed Martin employee's work. It should be, at best, a driver, a purpose. Sears is unapologetic about this sense of mission. "We want employees to think: At the end of the career, what is your ethics legacy?" While he is nowhere near retirement, Sears takes pride that his work in the ethics department has already "built value" into the Lockheed Martin empire.

### *The Code*

Brian Sears, and every other ethics officer at Lockheed Martin, bases his work on a foundational document: *Setting the Standard: The Lockheed Martin Code of Ethics and Business Conduct*. First printed immediately following the merger in 1995, the code, updated every year or two, exists in the form of a spiral-bound, pocket-sized booklet, intended for handy reference. Its fifty-four pages are laid out more like a little marketing brochure than a dry legal document, complete with full-page color photos of Lockheed Martin people and products. On page 53 is the "receipt and acknowledgment" form; with each new edition, every Lockheed Martin employee agrees that "I understand that each Lockheed Martin employee, member of the Board of Directors, agent, consultant or contract worker is responsible for knowing and adhering to the principles and standards of the Code." In addition to English, the booklet is available in Arabic, Chinese (Mandarin and Traditional), French, German, Greek, Hebrew, Hungarian, Japanese, Korean, Portuguese, Russian, Spanish, and Turkish.

Public and widely disseminated codes of ethics like *Setting the Standard* are a commonplace now in corporate America. For one thing, they are a basic requirement under the federal sentencing guidelines, Sarbanes–Oxley, and other legislation aimed at promoting corporate accountability and responsibility. A written code is a starting point, the bare minimum for establishing standards. Companies—even small ones—that neglect to write and distribute a code do so at their peril, since the existence of the written document is the first (although minimal) line of defense against lawsuits or criminal investigations that hold top management accountable for illegal or unethical activity.

With increasing scrutiny, the mere existence of a code of business conduct is no longer sufficient; the content and, indeed, the style of such codes have come to matter a great deal. Companies may be tempted to develop a long, dry, excruciatingly detailed list of rules, regulations, and "don'ts," thinking that exhaustiveness can immunize them against every conceivable form of wrongdoing. But observers now pay attention not only to the content of the code, but also to its perceived accessibility. If a document is not readily available and easily read by the average worker, outsiders can charge that it is not an effective means of communicating the ethical bottom line. At the other end of the spectrum, a company that simply lists a few basic values is vulnerable to the charge that its code is no more than vague and empty rhetoric.

*Setting the Standard* aims to fall between these two poles. Its most striking and insistent feature is that it places responsibility for ethical behavior and for the ethical "performance" of the corporation on each and every individual employee at Lockheed Martin. It begins with

a letter from the Chief Executive Officer and the Chief Operating Officer of the corporation, addressed “Dear Colleague,” to suggest from the very first line a kind of parity between leadership, management, and line employees. What matters is “the personal integrity of each of our employees and their commitment to the highest standards of personal and professional conduct.” The development of an “ethical culture” at Lockheed Martin is based on individual integrity, although in a context “that values teamwork, sets team goals, assumes collective responsibility for actions, embraces diversity, and shares leadership.” The letter is intended both to send a message of top-down leadership on the development of this “ethical culture,” and to suggest that such a culture is in some sense democratic, built from the bottom of the company up.

The letter spells out the six “principles” through which Lockheed Martin’s expects to “set the standard” for ethical behavior:

**Honesty:** to be truthful in all our endeavors; to be honest and forthright with one another and with our customers, communities, suppliers, and shareholders.

**Integrity:** to say what we mean, to deliver what we promise, to fulfill our commitments, and to stand for what is right.

**Respect:** to treat one another with dignity and fairness, appreciating the diversity of our work force and the uniqueness of each employee.

**Trust:** to build confidence through teamwork and open, candid communication.

**Responsibility:** to take responsibility for our actions, and to speak up—without fear of retribution—and report concerns in the workplace, including violations of laws, regulations, and company policies, and seek clarification and guidance whenever there is doubt.

**Citizenship:** to obey all the laws of the United States and other countries in which we do business, and to do our part to make the communities in which we live and work better.

The set of principles is carefully chosen to develop a certain style on which ethics is built, a style that places its signal emphasis on a concept of open communication. Ethics, in the Lockheed Martin conception, develops through the free flow of information—“honesty and forth-rightness,” “saying what we mean,” “candid communication,” and a willingness to “speak up” are the networks through which ethics is supposed to flow. The underlying assumption is that the temptation to bend the rules flourishes in isolation, in dark corners and in secrecy, and that frequent and unguarded communication is the best protection against misdeeds. The theory may be sound, but it also poses a particular challenge and strikes an odd chord in a corporate environment where national security concerns and the possibility of corporate espionage make secrecy a paramount necessity.

The bulk of the code, following the opening letter and articulation of the principles, outlines the key topics of concern in maintaining ethics in the Lockheed Martin workplace. The obligation to “PROMOTE A POSITIVE WORK ENVIRONMENT” covers “cultural diversity” and the insistence that “we will not tolerate harassment or discrimination of any kind.” (Since

2001, the list of types of discrimination that Lockheed Martin will not tolerate has included sexual orientation and “family structure,” in addition to the more established categories. This change, in a conservative company environment, was instituted in response to shareholder pressure at the company’s 2000 annual meeting.) “KEEP ACCURATE AND COMPLETE RECORDS,” “MAKE ACCURATE PUBLIC DISCLOSURES,” and “RECORD COSTS PROPERLY” make clear that “no one should rationalize or even consider misrepresenting facts or falsifying records.” “AVOID ILLEGAL AND QUESTIONABLE GIFTS OR FAVORS” provides precise detail about federal law and corporate custom on business courtesies. With federal employees, Lockheed Martin representatives can give coffee mugs or calendars, coffee and donuts, or a meal for less than \$20; courtesies to nongovernment employees simply must be “consistent with marketplace practices, infrequent in nature, and may not be lavish or extravagant,” and no employee may give or receive a gift worth more than \$100. “KNOW THE LAW WHEN INVOLVED IN INTERNATIONAL BUSINESS” focuses less on ethical issues, but calls employees’ attention to the U.S. laws that have been enacted in the years since Lockheed was enmeshed in the overseas bribery scandals. Other sections of the code address political contributions (“FOLLOW THE LAW AND USE COMMON SENSE”), conflicts of interest (“STEER CLEAR”), employment of former government officials (“KNOW THE RULES”), company assets like computers and equipment (“USE WISELY”), and speculative and insider trading (“DO NOT ENGAGE”).

At the back of the booklet are a list of “WARNING SIGNS” and a QUICK QUIZ. A Lockheed Martin employee learns there that “YOU’RE ON THIN ETHICAL ICE WHEN YOU HEAR ...” such phrases as “Well, maybe just this once,” or, “It doesn’t matter how it gets done as long as it gets done,” or, perhaps a bit more obviously, “We didn’t have this conversation.” Taking the “quiz,” employees are instructed, “WHEN IN DOUBT, ASK YOURSELF . . .” questions like “How will it look in the newspaper?” and “Will I sleep soundly tonight?” But in case the message has seemed too soft, a section on ACCOUNTABILITY warns that “Violations of the Code are cause for corrective action, which may result in disciplinary action up to and including dismissal.” The booklet urges employees to ask and keep asking questions, and provides a list of company resources, including not only the ethics office and the general counsel but also a direct and ostensibly anonymous line of communication to the audit and ethics committee of Lockheed Martin’s board of directors.<sup>3</sup>

Personal responsibility and a well-developed conscience are the hallmarks of the “standard” that Lockheed Martin aspires to set. The document places a high level of responsibility on the individual employee—both for knowing the guidelines and for acting on them. In one sense, this is inevitable, as any corporate entity ultimately depends on the actions and integrity of each flesh-and-blood human being who works for it. Yet in another sense, the emphasis on personal responsibility is misleading, especially in an environment where teamwork, the rapid flow of information, and the powerful pressure of deadlines mean that many key decisions are by their nature collective and improvised, rather than individual and carefully deliberated. *Setting the Standard* implicitly describes the ethics of a corporation as the sum total of millions of decisions made by individual actors. This approach brings to light one truth about human enterprise, and it promotes a healthy sense of personal investment in

the corporation's character. But the approach evades another truth about the nature of corporate life: Corporations make decisions in different ways from individuals, in a world where the rules are constantly changing. In the absence of a more rigorous process of self-examination, it is perfectly possible for an individual to "sleep soundly" and still participate in collective actions that violate the principles of ethics and fair play.

### *The Hour of Truth*

*Setting the Standard* is the gospel for Lockheed Martin's ethics program; the annual ethics awareness training program, developed and overseen by Brian Sears, is the most far-reaching regular ethics activity of the corporation. Its goal is to use a single, flexible instrument so that all 130,000 employees of Lockheed Martin in the United States and around the world spend at least one hour per year discussing ethics in their workplace. The annual awareness program is the best and most comprehensive example of the way in which Lockheed Martin approaches ethics. It shows the corporate effort at its most inventive and creative, and it also demonstrates the quite deliberate limits of that effort.

The idea of an annual "ethics hour" is easy to caricature. What is so paltry a commitment of time, in the context of 2,000 or more hours a year devoted to improving the bottom line? It is obvious that sixty minutes of any activity carved out of an entire year is barely enough to raise a series of important issues, much less to discuss them in depth, and still less to instill the deep commitment necessary to implant right-minded thinking and behavior. In all fairness, however, Lockheed Martin officials describe the ethics awareness program as only the beginning of their effort, as a single common denominator on which a variety of other programs are based. There are plenty of institutions in American life that require no discussion whatsoever of ethics as a routine part of their employees' work. (I do not know of any university, for example, that requires every member of its community to engage in this kind of discussion.) An hour a year is a step that many of us have never taken.<sup>4</sup>

Furthermore, the challenge of developing a tool that works for people at every level of the corporation, of every type of job and temperament, and in every corner of the country and the world is no small one. Beginning with the development of the *Dilbert-based* "Ethics Challenge" in 1997, Lockheed Martin adopted the idea that it was not enough simply to expose employees to ethics awareness, but that it really *mattered* that they responded to it, even that they *liked* it. The program's success is measured not only by its effectiveness in reaching employees, but also by how positively they respond to it.

In the years since 1997, the ethics awareness program has developed a rhythm and a routine of its own, and it has developed and matured the-matically since its first iteration. The program is redesigned each year with new cases, and every two years or so Sears and his team develop a new format, to keep it fresh and allow employees to explore new approaches. Steve Cohen, who found his way into the ethics world by owning the rights to *Dilbert*, has taken advantage of serendipity to become an all-seasons corporate ethics consultant as the principal of a new business, now called Ethics, Inc. He has remained a key player not only in the annual awareness training but also in a host of Lockheed Martin ethics and compliance

programs.

Each winter, Sears, Cohen, and members of their respective teams gather in a series of meetings to map out the themes and process for the next year's training. Sears and the Lockheed ethics team identify the key topics they would like to emphasize, and they generate a list of new "cases" culled from the company records. Cohen and his team provide the pizzazz: educational strategies, a new format, some new graphics, a clever video, and an internal marketing campaign. By March, the materials are fully in production.

As with the original "Ethics Challenge," rollout begins with great fanfare in late April or early May, in the suite of the chief executive officer (CEO). The chief executive himself presides over the first formal session of the program, participating along with the top executives of the company. Each executive in turn leads the program with his or her senior staff, so between May and August the program "cascades" down through the corporation, with employees meeting in groups ranging from four to twenty-four, in conference rooms and offices in all of Lockheed Martin's facilities. Each employee duly signs the attendance sheet, completes the training, and most fill out an anonymous survey giving feedback to the designers. By the end of the summer, the bulk of the corporation has been through the training. Makeup sessions are held for those who missed out the first time around, and the ethics officers commence the hunt for the stragglers whom they call "onesies" and "twosies," especially Lockheed Martin employees who work off site or as consultants within other corporate settings. The training is intended for groups, but flexible enough for people to use it with a single partner, or even in a "solitaire" format.

The format has changed since 1997, but the basic principle of group discussion of real-life cases has remained intact. *Dilbert* and the "Ethics Challenge" lasted two years, until it was obvious that changing the color of the box would no longer make the concept seem fresh and new. The next format was called "Trust Building," followed by the "Ethics Daily," with a mock newspaper (yes, with a *Dilbert* strip) and a video featuring a well-known actor. When Lockheed Martin employees gathered in the spring and summer of 2003, they opened up a white box with stylized faces in bright colors adorning its cover. The 2003 Lockheed Martin Ethics Challenge was called "Perspectives."

With "Perspectives," the annual awareness training added a new twist: the idea that different individuals might have different points of view on a key decision. At the beginning of the training session, the leader divided the work group into three teams, generally with three to six employees on each team. After the introductory video with the pep talk from (now retired) CEO Vance Coffman and chief operating officer (COO) and now CEO Bob Stevens, the leader distributed a set of booklets to each team. As in previous years, the booklets contained a series of simplified real-life Lockheed Martin ethics situations, but this time each team's booklet presented the case from the "perspective" of one of the fictional characters in the case.

Case 24, for example, presents a situation where, after years of negotiating a tax dispute, Lockheed Martin receives a tax settlement from the Internal Revenue Service for \$100

million. An account named Peter in Lockheed's tax office does his own calculation on the interest owed the corporation, and, lo and behold, he discovers that the IRS overpaid the company by \$5 million. Peter tells his boss, Akeem, who notifies Todd, the corporation's point of contact at the IRS. Todd insists that the IRS calculation was correct, that there was no error, that Lockheed Martin does not have to return any money. What now is the right thing for Akeem to do?

Armed with their booklets, the teams meet in separate corners of the room to ponder the case. All three booklets have a general description of the situation, but Team A's booklet includes a more detailed version of Peter's side of the story. "I used to work for the IRS before I came to Lockheed Martin," Peter says, "so I'm fairly confident that my calculation is correct. ... I just have to shake my head and wonder what's going on. We want to pay back \$5 million, but the IRS doesn't want it?"

Team B looks at the situation from Todd's point of view. "With all due respect to Peter," says Todd, "I've been doing my job for fifteen years and I know how to calculate interest. ... Even if I'm wrong, and I'm sure I'm not, the company still makes out. What's the big deal?"

The third team's booklet is marked "D" for decision maker, for the burden of addressing the situation falls upon the beleaguered Akeem, who is the tax department manager. Todd was "a little defensive," Akeem reflects, "and [he] reminded me of his 15 years with the agency. Okay, I respect that, but I also reviewed the details with Peter, and I believe we were overpaid by \$5 million." Still, he has called the mistake to the attention of the IRS, and he has been rebuffed. Hasn't he already fulfilled his ethical obligation?

Teams discuss their cases for six or seven minutes, answering questions on a worksheet marked "Get in Character!" Employees are told in boldface to "**Answer the questions from your character's perspective, not your own.**" The groups tackle three questions: "Who are you and what do you care about or want?" "Which ethics principles are most relevant to this situation and why?" "What do you think the Decision Maker should do, and why?"

These worksheets now serve as the "script" for one bold volunteer from each team, who must stand in front of the group and role play the character. The quality and intensity of these performances varies considerably. Some natural hams enjoy the chance to give their parts extra rhetorical flourishes. Some have a hard time stepping into the part of a character that they find exceptionally thick headed ("Who in their right mind would ever *offer* to give money back to the IRS?"). But most stumble through the part in an awkward third-person, too shy to play the role fully, too used to following instructions to abandon the format altogether. Still staying in character, team members are allowed to ask one another questions for a minute or two. "After a team presents," says the Leader's Guide, "encourage them with a simple acknowledgment such as 'Good job.'"

The idea is to help employees to envision ethics situations as dilemmas where two or more people might have conflicting interpretations. "Our interests influence our perspective," says the Leader's Guide, "and our perspective influences our opinion about what is right. That's why individuals may reach different conclusions even when they have considered the same factors. When confronted with a difficult decision, it's important to consider the

perspectives of all involved. Your own perspective may change.” Without saying so explicitly, the format cleverly opens up possibilities for conversation about the obstacles to “doing the right thing” in a competitive environment where ethics may be the number one “value” but profits are the number one measure of performance. Tax Refund’s “Peter” cannot be sure that anyone—least of all his boss— will thank him for uncovering an error that may “cost” the corporation \$5 million. For that matter, savvy discussants will point out that Todd’s job at the IRS may be in jeopardy if he concedes that he has made an error of this magnitude. Akeem, as decision maker, may consult the “ethics principles,” but he may also calculate how Peter and Todd’s knowledge of the situation will affect him, should the facts become known at a later date.

Having batted things around from their own perspectives, the teams are finally permitted to step out of character and talk through the decision, based on the corporation’s ethics principles. Here, however, the open-endedness of the format comes to an end. The group may come to one conclusion—or more than one—but the Leader’s Guide finally shows the corporation’s hand in the form of an “epilogue” in the words of the decision maker. Unsurprisingly, Akeem’s decision in “Tax Refund” is to work around Todd and to call the problem to the attention of others at the IRS until the agency can see the mistake and take back the money. “The IRS was highly appreciative,” Akeem reports, “and commended us on our honesty.” In case the point was not clear enough, Akeem goes on to say that the next time the IRS *overbilled* the corporation, getting that problem fixed was a snap. This case was particularly satisfying, because it involved five of the corporation’s six ethics principles—honesty, integrity, trust, responsibility, and citizenship—all at once.

The “Perspectives” cases follow this format, presenting characters who are earnest, dedicated Lockheed Martin employees, opening up some difficult and possibly even subversive questions, but then using the epilogues to tidy matters up and provide groups with a clear, company-approved line of reasoning.

Cases treat serious issues head-on, but in their mildest possible form. Case 19 is the only 2003 case to address the issue of “harassment.” There’s no physical action or direct pressure from a boss in Case 19; the issue, instead, involves a middle manager named Sam, a year from retirement, who tells Vanessa, a security guard in the lobby of his building, how sexy she looks in her uniform. “I know you’re supposed to be politically correct these days, but what do you want from me?” Sam asks in his “perspective.” “I’ve got three grandchildren—you think I’m some kind of harasser? Is she going to make a federal case out of this and screw up my last year?” Sam’s joking is witnessed by a receptionist named Irene, who sympathizes with Vanessa, but in this case, the “Decision Maker” is Vanessa herself, who has to decide how far to take things. “I really don’t like being teased about my looks every morning by Sam,” she says. “I know he’s been around a long time, but what gives him the right to say all that stuff in front of other people?”

In the end, Vanessa’s decision, as presented in the Leader’s Guide, is no more elaborate than just to talk to Sam. “At first he was really defensive, talking about how people needed to lighten up. But as I explained how uncomfortable he made me feel with his comments, he apologized.” Here, as in many of the other cases, the company presents ethics problems as no

more than a matter of miscommunication. As the company's "principles" suggest that ethics and openness go hand in hand, the message is reinforced in the awareness cases; problems vanish as open dialogue leads to mutual understanding.

Most of the cases present low-level, low-stakes situations that average employees are likely to face on a day-to-day basis. The strategy makes sense for a corporation-wide program, since cases have to look at least somewhat familiar to the vast majority of employees, but the overall effect is also to reduce ethics to a series of modest human relations problems. In Case 10, a supervisor named Paul has scruples about signing expense reports for a staff engineer named Jean, who has to travel frequently; better communication is the answer. In Case 17, a computer technician named Jeff decides that he has to warn his coworker Dan against letting a subcontractor named Aaron pick up the tab at happy hour. When a manager named Martha in Case 27 asks Roger to work overtime to meet a deadline on the very night when Roger's daughter has a piano recital, the two of them talk and work out a compromise where Roger can go to the recital and come back to the office and finish up afterward. While employees are encouraged to work things out among themselves, the Leader's Guide also reminds them frequently that the company resources of the Ethics Office, the General Counsel, and Human Resources are there to back them up if all else fails.

Very rarely, a case ventures farther afield, touching not only on personal decision making but also on the larger question of the corporation's ethical position in the world. Case 16 addresses the Foreign Corrupt Practices Act (FCPA) by describing the tense political environment in the fictional country of Asean, where Lockheed Martin's offices have been the target of protests by "radical anti-American activists." An expatriate employee named Yung has been offering snacks to the police officers assigned to guard the building, on the advice of Min, an office manager who is hired locally. Min has also suggested that cash payments to the higher ranking officers "as a sign of appreciation for service above and beyond their normal duties" is customary. "We are guests in this country," Yung says, "and we should respect local customs."

The case threatens to open up a host of complicated ethical questions involving the role of an American corporation in a developing country and the place of the weapons industry in the global marketplace. What is the proper relationship between a wealthy American corporation and an impoverished local population? To what extent does Lockheed Martin act as an extension of the U.S. government and its interests when operating abroad? What direct and indirect influences does the presence of the corporation bring to bear on local politics and social change? These possible "perspectives" however, are neatly sidestepped in Case 19, to make room for the narrower and more practical question of whether providing courtesies to the local constabulary violates U.S. law. "Yes, the officers are considered 'foreign officials,'" argues the local office manager, Min, "but none of them are in a position to influence the government officials who are involved in purchasing products from Lockheed Martin. I am worried that if we don't make these payments the police may decide not to show up one day when we really need them." In the end, Howard, the regional director checks with counsel. The lawyers approve the snacks and meals, but they nix the cash payments. A coda suggests that a donation to the police benevolent fund would be allowed under the FCPA, if

given prior approval.

Lockheed Martin's ethics office prides itself on a spirit of continuous self-improvement. In 2004, Brian Sears led a thoroughgoing redesign that reconsidered the basic theme of the awareness training. "Perspectives" gave way to a program called "The Ethics Effect," which focuses on the larger impact of decisions that involve the application of ethical principles. An "ethics meter" provides a visual aid for a series of choices that range from "unethical" and "on thin ice" at one end to "ethically sound" or "highly ethical" at the positive end of the spectrum. Another innovation this year involved including cases "pulled from the headlines"—slightly disguised accounts of national stories like the 2003 scandals at Boeing.

I sat in with Brian Sears on one of the first training sessions in 2004, for a group of managers in the Integrated Systems & Solutions facility in Gaithersburg, Maryland. Sears enjoys watching how the case discussions play out in real life, and he is always surprised by the debates and interpretations that surface. In the session that I attend, a dozen managers have a lively discussion about Case 3, in which an acting manager named Bill has to figure out what to do when he suspects that some of the travel expenses reported by a coworker named Jim are fictitious. Some of the choices are easy. "Approved it, but told Jim that he expects a favor in return" is a slam dunk for "unethical," and the group agrees that "Waited for a permanent manager to be announced and let him or her deal with it" is ducking the issue and thereby skating "on thin ice." But they debate over which solution is better: asking Jim directly for an explanation of the questioned expenses, or simply turning things over to the audit department. (The approved answer prefers confronting Jim directly and giving him a chance to explain himself, before turning him over to the jaws of the bureaucracy.)

Sears fields criticism from some of the members of the training session over one of the proposed solutions in Case 2, which addresses issues of environment, safety, and health. A manager named Janet discovers that members of her team have begun to develop severe allergies in their temporary work space, and she has to figure out how to balance employee health with company policy. One of the proposed choices is for Janet to purchase allergy medicine herself and dispense it to her team. The booklet terms this a "gray area" solution, tending toward the ethical because it shows Janet's personal concern for her staff, but tending toward the unethical because it ignores the source of the problem. In the training session, however, an irate participant complains that this is the worst solution of all—after all, she complains, Janet is no physician, and she might well be doing more harm than good to her staff by pushing over-the-counter medicine on them. Sears takes diligent notes, and then offers a *mea culpa* to the group at the end of the session. "You know, all the hours that we spent working on that case, and we just never thought of it in that light," he confesses. "That's why I love coming to these sessions—you just learn new things every time."

Reflecting the language and tone of *Setting the Standard*, the annual ethics awareness training makes personal responsibility and open communication its hallmarks. Ethics problems are sliced and shaped into a series of moments of individual decision making, and problems are resolved by bringing the facts and perspectives into the light. The program is a triumph in its dynamic engagement of thousands of employees. It is equally ingenious in restricting the scope of ethics problems, and bolstering the corporation's self-image as a

collective enterprise of decent, hard-working folk.

### *Beyond Awareness*

The annual awareness program is the single largest ethics program to come out of company headquarters over the course of a year, but it is only the entering wedge of an extensive host of programs intended both to meet the concerns of federal regulators, and to “market” ethics as a value more extensively throughout the corporation.

Fundamental to the overall effort is the corporation’s extensive compliance program. “Compliance” in the defense industry environment means, quite simply, knowing and following the applicable law, usually the laws and regulations of the U.S. government. The ethics staff likes to think of compliance as an essential bedrock for a more comprehensive program: “It is important to train employees on what is *required*, as it cultivates doing what is *right*.” Everyone needs to know and understand the relevant law; from that foundation, you can, they claim, build a values-based culture where employees not only follow the letter of the law, but follow a spirit of “doing the right thing” in situations where the law is vague or unhelpful.

The compliance office develops training modules on thirty different topics, ranging from antitrust law to insider trading to protecting classified information. Employees must “pass” the compliance modules in areas relevant to their work; the most senior executives have to take them all. Between 1995 and 2003, Lockheed Martin employees completed nearly 2.5 million compliance training sessions. By far the bulk of these sessions are now done online, at the employee’s convenience, in modules that take less than an hour. Steve Cohen has expanded his repertoire beyond the annual ethics awareness program to help develop some of these modules, which simulate and parody movie genres like horror and mystery to lighten up what could otherwise be a deadly process. Company executives like to zip through the modules on the airplane, punching in the answers on their Palm Pilots. The compliance office keeps careful track of the corporation by business area and company, monitoring closely which units have run their employees through the relevant trainings and which are lagging behind. The statistics are not just kept from a sense of order; they are also crucial documentation, in the event that something goes wrong, for the company to indemnify itself against the charge that it was negligent in its duty to inform its employees of the contours of the law.

Brian Sears sees compliance and awareness as necessary, but not sufficient. For several years he had been pondering ways to encourage Lockheed Martin employees to invest more personally in the idea of ethics in the corporation. In 2003, he introduced the first annual Lockheed Martin Ethics Film Festival. Sears put out a call throughout the company for employees to make short films that would illustrate the importance of Lockheed Martin’s values in the workplace. The films could take any form, and address any topic related to company values, but employees had to make the films on their own time and at their own expense. The incentive? The makers of the three top entries would be invited to the ethics officers’ conference in Orlando, where the winning entry would be announced at the closing

Somewhat to Sears's surprise, the first Lockheed Martin Ethics Film Festival attracted twenty entries, involving the combined efforts of dozens of employees from coast to coast, with an entry from across the border in Canada as well. Most of the entries painted tongue-in-cheek portraits of employee hijinks: back-room poker games; the employee who coughs into the phone while calling in sick so he can watch a big football game on television; wads of money changing hands in shady deals.

At the Orlando banquet, the finalists show up decked out in their finest. There are the obligatory jokes about the red carpet and the paparazzi, as they work their way through the meal and wait for the big announcement. After dinner, four fire safety specialists from the Space Systems operation in Houston sing the barbershop quartet number that was the centerpiece of their film, "Harmony of Ethics." ("*Speak truth with Courage / Do what you promise / Be-have responsibly....*")

Walter Osadciw, an engineer from the Integrated Systems & Solutions division in Syracuse, New York, attends the conference with his sixth-grade daughter, who plays a starring role in his film, "Setting the Example." Osadciw himself appears in the film as a red-eyed, harassed executive, working at home on the afternoon before a big presentation, who with a few taps on the keyboard changes the numbers on his spreadsheet from losses to profits. Meanwhile, next door at the kitchen table, Walter's daughter is busy altering her report card to bring a set of "C" grades into the "B" range. The message flashes up on the screen at the film's end: "It's not just what you're doing . . . It's what you're teaching."

James Houghtaling, also from Syracuse, regales his table with the finer points of claymation, the technique he used in his entry. His "Ethics Infomercial" features a buyer who snores noisily in his office, where the walls are emblazoned with posters extolling the Lockheed Martin values. The buyer wakes up only to accept a gift of cash from a supplier and check out pornographic web sites ("Clay Girl"!!!). "Ethics: We help you sleep at night," is Houghtaling's tag line. With suitable fanfare, the envelope is produced after dinner. The "Ethics Infomercial" is declared the winner, and James Houghtaling walks away with Lockheed Martin's first ethics "Oscar."

Brian Sears is thrilled with the results of the film festival. "When I first proposed this, I really didn't have any idea whether we'd get any entries at all," he confesses later. "But I think this shows how much enthusiasm there is in the company for the kinds of things we're trying to do with our ethics program. People did this on their own time, and look what they came up with." The film festival is now enshrined as one of the corporate ethics office's annual rituals.

In a similar vein, the ethics office has established an annual "Chairman's Award" for a Lockheed Martin employee who has performed some ethically upright action in the previous year. The first winner, selected in 2002, was Ron Covais, a vice-president in the business development area. Working on a deal with a foreign entity, Covais blew the whistle on an "inappropriate request for payment by an individual representing the customer," instigating both an internal and a U.S. government investigation. The next year, Vic La Rosa in systems

integration inadvertently received an e-mail from a government source with technical details about a competitor's product; he deleted the e-mail, and reported the situation to the sender. The Chairman's Award sends the message to employees at large that they will be rewarded for risk-taking conduct that follows the company's values.

### *Measuring Success*

"One of the things about the ethics business: you can't grade people," says Phil Tenney, director of ethics operations. "But we're an engineering company. We need metrics for everything, to see if things are going well." Tenney is the man entrusted with the responsibility of measuring the success of Lockheed Martin's ethics program. His principal tool is a biennial survey of the corporation's entire workforce, which he puts together with the help of the Ethics Resource Center, a nonprofit group based in Washington, D.C., that consults to dozens of corporations.

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In 2001, nearly half of Lockheed Martin's employees returned the surveys, so Phil Tenney had more than 60,000 responses to deal with. (Actually, the surveys were administered by and returned to the Ethics Resource Center, to assure the integrity of the process. But Tenney spent a couple of days on a lawn chair in the summer of 2001 working his way through the many thousands of individual comments that supplemented the multiple-choice questions.) The vast majority of the surveys were completed online, although more than 7,000 were filled out by hand. When Lockheed Martin conducted the corporation's first survey in 1995, barely a quarter of them were returned.

The trendlines on the survey over the past several years are gratifying for Tenney and his colleagues in the Office of Ethics and Business Conduct. Nearly all employees (98 percent) asserted that they know what ethical business conduct is, and 95 percent were clear about how to find advice about ethics issues in the workplace. Even better, every time the survey has been done, a higher percentage of employees believes that Lockheed's ethical principles are applied always or often in the everyday work of the corporation. Seventy-four percent felt that they always or often felt that "honesty" was evident at Lockheed Martin in 1997; that figure had climbed to 86 percent by 2001 (and the number that believed that honesty was "never" in evidence had shrunk to a fraction of 1 percent). The figures for the other ethics principles have showed similar jumps.

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When the survey moves from abstract principles to specific observations, however, the picture is somewhat less rosy. The percentage that occasionally or frequently felt pressured by fellow employees or management to compromise Lockheed Martin's standards was down in 2001, but the figure still stood at 12 percent. Those who felt such pressure cited aggressive business objectives, schedule pressures, and overbearing supervisors as the principal causes. The survey does not bother to ask whether employees have themselves engaged in unethical conduct, under the sound reasoning that answers to this question might be something less than reliable.

Most troubling to the corporation's ethics leadership were results that showed that misbehavior could be observed but go unreported. Thirty percent of the company's employees

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in 2001 said that they occasionally or frequently observed conduct that they believed violated Lockheed Martin's ethics standards. Since, as we have seen, the standards cover a variety of minor matters as well as major misconduct, this figure alone is not particularly shocking, given the variety of human experience and behavior in the workplace. Of more concern, however, was the chart that shows that of those who saw things amiss, fewer than half (43 percent) reported the conduct.<sup>5</sup> Those who failed to report simply did not trust the Lockheed Martin system; they explained their reluctance by cynicism (more than half simply did not believe that anything would be done) or by fear of retaliation of management. In a work environment with tens of thousands of unionized line employees, as well as engineers and former military personnel, it has proved difficult to persuade Lockheed Martin employees that reporting ethics concerns is a higher good than loyalty to one's peers. Fear of retaliation by management decreased (among the whole workforce, from 27 percent in 1999 to 16 percent in 2001), but the figure remained an indicator of a lingering culture of mistrust.

The Office of Ethics and Business conduct used the results of the 2001 survey to craft new responses to a specific problem: the capacity of supervisors to address ethics issues. The survey showed a high level of disappointment among those employees who did report ethics misconduct to their supervisors. The response was often ineffectual; indeed, some employees felt that their supervisors failed to recognize when an ethics issue was in front of them. In response, the corporate office launched a new initiative in 2002 called "Ethics Tools for Leaders," designed to reach the corporation's 15,000 managers and encourage them to be active participants in the company's ethics policies and process.

The 2001 survey presented an upbeat picture of employee "buy-in" to the corporation's abstract ethics principles, somewhat undercut by a streak of cynicism about Lockheed Martin's follow-through and questions about the company's commitment to its own workforce. More than one-third of the respondents could not say affirmatively that they felt valued as an employee of the corporation. The evidence suggests that the ethics program has, in fact, contributed to employee goodwill, but that a strong minority of employees still wonder just how deep the corporation's commitment really goes.<sup>6</sup>

### *On the Front Lines*

The people responsible for defining and maintaining that sense of commitment are Lockheed Martin's sixty-five ethics officers. "You must be honest, trustworthy, independent, discreet, and responsible," says the corporation's Ethics Officer Resource Manual. "More importantly, you must be perceived as such by the employee population."

In an era of intensive scrutiny, the figure of the "ethics officer" has been an increasingly visible presence in American corporations. Part counselor, part investigator, part marketer, the ethics officer is intended to serve as the living emblem of the corporation's principles.

No one enters Lockheed Martin on the ethics officer job track. It is a standing principle that ethics officers should be chosen from among the ranks, by identifying veteran employees who know the company culture and have demonstrated loyalty over time. There is indeed a national Ethics Officers Association, based in Massachusetts, with more than 1,000 members

as of 2004.<sup>7</sup> But the idea that ethics officers represent a new, mobile professional group would be anathema to the Lockheed Martin culture. Ethics in the Lockheed Martin conception is only partly about universal principles of the right and the good. It is much more about strengthening commonsense ideas that the corporation likes to think of as homegrown.

Lockheed Martin employees most typically become ethics officers through other service offices. Brian Sears at corporate headquarters was an auditor. Alice Edmonds at Lockheed Martin Space Operations in Crystal City, Virginia, had spent nearly three decades in human resources, before moving into an ethics officer position. Cathy Harris, in Fairfax, Virginia, is a relative oddity: An engineer and a program manager by background, she chose to become an ethics officer because she realized that “the farther I went up the management chain, the farther I was getting away from the people issues that I cared about most.” Vice-president Maryanne Lavan would like to see more employees do a stint as ethics officers as they rise within the corporate hierarchy: “I’d like the ethics office to be a place for high-potential employees,” she says. “It’s good experience for people on the rise. You should know what people are upset about and complain about, and you can’t know until you’re in the middle of it.”

“People issues” are obvious drivers for Lockheed Martin ethics officers. Gregarious, sincere, slightly self-deprecating, they spend a lot of their time providing informal advice and counseling to employees, as well as troubleshooting minor problems. Working in relative isolation from one another, they have considerable opportunity to be responsive to Lockheed Martin’s rank and file, operating without the stigma that is sometimes attached to offices like human resources or the general counsel, which are often, fairly or not, perceived as looking after the interests of management first. Their first job is to be visible: When you walk the halls of the Integrated Systems & Solutions facility in Gaithersberg, Maryland, you cannot avoid Wendy Donaldson’s amiable face, beaming out at you from every bulletin board. Since Donaldson’s area of responsibility includes Lockheed Martin units around the country, and as distant as California, she has established a drop-in program she calls “The Ethics Officer is IN” to highlight her availability whenever she is on site. Ethics officers are encouraged to “Be Accessible,” “Be Visible,” and “Build Trust and Communication.” Some conduct informal ethics discussion sessions, but most carry on this part of their work in conversations in cubicles, over coffee, and in any place where employees might sit down for a break.

While selling the corporation’s values person by person is an important element of the ethics officer’s job, the most sustained and complex part of the work is more adversarial: the process of formal ethics investigations. Since the implementation of the federal sentencing guidelines, a rock-bottom fundamental aspect of any corporate ethics program has been the establishment of a confidential “hot line” where employees can report unethical or illegal behavior that they observe while on the job.

At Lockheed Martin, there are dozens of such hotlines, known as “Helplines.” Many ethics officers have established one within their business areas, so employees feel that they can report their complaints to someone who has at least some knowledge of local conditions.

Often this line is answered only by the ethics officer. Company policy instructs the ethics officers to tell callers that they may remain anonymous if they so choose (caller ID is not permitted on these lines), but it also instructs them to encourage callers to provide their identity to the ethics officer, who is pledged not to reveal the identity unless legally bound to do so.

If employees decide, for whatever reason, that they do not wish to call their local hotline, Lockheed Martin maintains a company-wide ethics Helpline at 1-800-[LM ETHICS]. The man who usually picks up calls to that number is Bud Reid, a thirty-year veteran of the U.S. Army who moved into the private sector in the 1980s, accepting a position with Martin Marietta. Reid had been in communications and public relations in the Army, and soon after his arrival at Martin Marietta he was persuaded to join the team that was developing the company's new ethics program. Reid still believes that some of the best aspects of Lockheed Martin's ethics operation—its strong centralization, its innovations in terms of “marketing” ethics, and its emphasis on networking—grew more out of the Martin Marietta heritage than the Lockheed side.

Bud Reid estimates that he takes between fifty and sixty calls per week on the ethics Helpline. Many of the calls are human-resource and bureaucratic matters: An employee feels slighted by his supervisor; an employee feels that she has not received the appropriate benefits. Some are calls for advice: Can I take a subcontractor out to dinner? Is it okay if my daughter's marketing company solicits business from Lockheed Martin? Most of these contacts (two-thirds) end up as “memos to file,” simply recording the fact of the call in the database, with no further action required. Reid takes even the smallest inquiry seriously, even if on the face of it the query has little to do with ethics. “Employees at the lower end of the food chain don't have much power,” he says. “We see ourselves as advocates for the little guy. We want to work small cases just as hard as we can, so when the big ticket items come up, everyone has confidence in the system.” “Memos to file” are a mark of success in the corporate ethics office; they suggest employee interest in and commitment to ethics, but at a level of seriousness that does not pose any significant threat.

Those cases that turn into investigations undergo, in theory at least, a rigorous twenty-one-step process that includes securing evidence, conferring with the legal office, conducting interviews, writing reports, having the matter reviewed by a supervisor, and recording every step in a database called CERTS. The ethics staff takes great pride and pleasure in this process; it is clear that there are few joys in ethics work that compare to “peeling back the onion,” as Brian Sears and others like to say. The written procedure is elaborate and thorough, diagrammed with boxes of different shapes and sizes, arrows guiding the investigator through various possibilities of the narrative. If all goes well, the process ends with “Final Report Submitted,” and if the “Decision Maker Accept” box follows the “YES” arrow, the satisfying conclusion is given as “Documentation Retention.” After that, the process is in the hands of Human Resources or the legal department, which takes the appropriate action if the investigator has convincingly uncovered misdeeds.

Investigations are sometimes conducted in tandem with other units. In Gaithersberg, Maryland, I met with Judith Casey, the head of the Computer Incident Response Team (CIRT),

and the three young college graduates whom she proudly calls her “boys.” Casey, a twenty-year company veteran whose specialty used to be disaster recovery, moved into investigations, under the auspices of the company’s security office. Now, she and “the boys”—Andrew Robbins, Johnny Perera, and Sam Maxwell—roam through the company’s computer networks, keeping an eye out for employees who use their machines for personal use, or, more seriously, violate security or proprietary procedures. They work closely on investigations with Wendy Donaldson, the ethics officer on site, and they bring to their work an ambivalent zealousness that reflects the conflicting values of the high-tech world. On the one hand, they are a little sheepish about their role as company spies—“It’s easy to slip into a God complex,” says Sam Maxwell. But on the other hand, they feel themselves working at ground zero of corporate reform, and they take employee misdeeds personally. Andrew Robbins was studying computer science at the University of Virginia when the corporate scandals broke in 2000 and 2001; now he says that “the best neighbor is a nosy neighbor,” something he remembers as he snoops through suspicious files. After all, says Johnny Perera, “The monitoring is open. It’s very clear from day one that your privacy is not protected on the Lockheed Martin computer network.” In an average year, Wendy Donaldson works a dozen or more cases with the CIRT, with the majority ending in some sort of consequence for one or more employees.

Lockheed Martin’s ethics officers cheerfully acknowledge that minor, even trivial cases are a large part of their caseload. “We’re something like an internal affairs division in a police department,” ethics officer Roger Kingman explains to me. “We don’t frequently deal with the kinds of things that bring down an Enron.” He agrees to walk me through a typical investigation, as long as I do not mention his real name or location, and as long as I change some of the details about the case: Protection, as far as possible, for both the accuser and the accused in an investigation is a fundamental principle.

Roger Kingman generally conducts only three or four investigations each year himself. More often, he will refer cases that require investigation to the security department, or to Human Resources, or to the general counsel; he will then monitor those cases, and advise on particular aspects, but he will not play a leading role. He is not prepared to handle what he calls “cloak-and-dagger” stuff (for example, surreptitiously trailing an employee who is alleged to be conducting an outside business on company time), nor can he pursue arcane questions of financial or technical misdoing. But certain situations are a match for his skills and his schedule, or else they involve suspicions about the performance of one of the other investigating offices themselves, so he will take a more prominent role.

One day in the winter of 2003, an employee named Anne came to visit Roger. On the job for less than a year, Anne felt that she was underutilized and badly treated by her supervisor, Beth. Anne had previously complained up the ladder to Beth’s manager, to Human Resources, and even to the company president, but she had received no satisfaction. A coworker had suggested that she take her complaint to the ethics officer, so that is why she appeared one day in Kingman’s office. Anne asked Kingman to help her out, and she asked him, incidentally, whether he was aware that Beth had the good fortune of having her own mother, Carol, as her supervisor, even though they did not work at the same location. Is that kind of thing allowed at

Lockheed Martin? Anne asked.

Kingman started nosing around, trying to find out what he could about Anne's assertions without confronting Beth and Carol directly. "You'd be surprised," he told me, "how difficult it is to get information in a company this big, with all the changes in organizational structure and management." He found out that few people had much sympathy for Anne, who was not considered an outstanding worker and had a reputation for being a bit of a whiner. His inquiries about Beth and Carol, however, turned up some surprises. The two women had different last names, but indeed, Carol was Beth's mother. It turned out that Carol, who was responsible for helping the communications division hire contract employees, had shoehorned Beth into her first job at Lockheed Martin, and then had maneuvered things so that Beth received a hefty raise in her first year. Carol did not exactly hide the fact that Beth was her daughter, but she implied to everyone who asked that the arrangement had been approved by someone higher up the chain. Kingman learned that within a few months, Carol was even the person who was formally approving her daughter's time sheets.

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Now Anne's original complaint was somewhat beside the point. Kingman confronted Carol about the situation, and discovered that she did not believe that she had done anything wrong. Her daughter Beth, after all, was widely acknowledged as an excellent employee, and she felt that she had been sufficiently open about her relationship with others in the corporation. Carol admitted that there were elements of the situation (Beth's spiraling salary, Carol's oversight of Beth's time sheets) that perhaps "didn't look good," but she viewed these as superficial problems. "Towards the end of the conversation I spotted some crocodile tears," Kingman says, but by that point he did not have a great deal of confidence in Carol's sincerity. He brought the facts of the case to a committee of senior executives; in short order, Beth was terminated because her hiring was tainted from the beginning, and Carol, a thirty-year Lockheed Martin employee, was also let go. "When I tell people what I do for a living, they think I'm helping people deal with ethical dilemmas all day long," Kingman says. "In fact, a lot of what I do is to figure out whether what people did was or was not in violation of company policy."

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Indeed, the ethics officers view the fact that so many cases are trivial as a sign of success—like the small-town cop who can give more traffic tickets because no dead bodies ever turn up on Main Street. Many calls like the one to Kingman reflect human resource problems—an employee claims that she has been passed up for promotion, or her supervisor is spending too much time on the golf course. One of Brian Sears's favorite cases involves the employee who called the ethics hotline to complain that "I ain't dead." Sears's investigation revealed that the woman's benefits had been cut off, because she had been mixed up with another employee by the same name who had indeed died in the previous month. As Bud Reid says, any complaint that an employee *believes* is an ethics issue should be treated as an ethics issue. This is the way that ethics becomes instilled and trusted throughout the company culture.

Ethics officers are particularly concerned, they say, about the vulnerability of Lockheed Martin's newest employees to misdeeds. Some of this is a matter of opportunity; in many Lockheed Martin facilities, new employees must wait for months with little to do before receiving their security clearances to work on sensitive projects. In the meantime, boredom

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provides the temptation to stray, especially with regard to computer use. Some of this vulnerability is ascribed to generational change—a perceived lack of moral fiber in younger people, and the lack of a clear moral framework for the Internet and other aspects of the high-tech world of the twenty-first century. The ethics office assumes some of the responsibility itself. Noting that survey results showed that new employees were frequently confused and underinformed about the corporation's values, they created a new “ethics orientation” to bring new hires up to speed. Ethics officers are quite open about the continuing problems with the newest members of the Lockheed Martin family, but new employees, with restricted access to information and equipment, are seldom in a position to cause deep and lasting harm through their peccadilloes.

It is much more difficult, however, to persuade the ethics staff to talk about more serious cases. When I ask about investigations of significant breaches, I hear stories like the one about the former employee in Fairfax, Virginia, who managed to run up thousands of dollars in personal travel and other expenses on a corporate credit card, before he was caught through a routine company-wide audit. Brian Sears does not pretend that Lockheed Martin is spotless at the upper end of the “food chain,” but he is unwilling to give me a sense of the scope and frequency of investigations of senior management. In the absence of more specific data, it is difficult to escape the suspicion that a very great amount of the corporation's ethics assets are devoted to the mundane. It is difficult to see how investigations of golf games and performance reviews can genuinely put a stop to the kinds of high-level corporate scandals that have infected some of the biggest names of industry in recent years.

### *Cooperation Among Competitors*

Lockheed Martin's ethics program does not operate in a vacuum. Indeed, it is part of an unusually active and cooperative arrangement between other defense contractors that aims to establish ethics as firmly as possible through the industry. The Defense Industry Initiative on Ethics and Business Conduct (DII) is an unusual consortium. It has no dedicated staff and no office. What it has instead is a set of principles, and a steering committee composed of leading executives from the more than fifty defense contractors who have pledged to abide by those principles. The DII's principal activity is an annual conference in Washington, D.C., where companies share “best practices” in ethics. Its programs are coordinated by Richard Bednar, an attorney at the Washington, D.C., law firm of Crowell and Moring. Bednar serves not only as a hub of the network, but also as an active advocate for the member corporations in assuring the Department of Defense that its suppliers are maintaining high standards of integrity.

“In another milieu, these companies are vigorous competitors,” Bednar says, “but in our milieu they cooperate in a way that is not replicated anywhere else.” Bednar cites Lockheed Martin as a leader in the DII—both Lockheed and Martin Marietta were among the original signatories in 1986—but he is also quick to point out what he considers the wealth of creativity and sincerity throughout the industry. “This is a consortium that is populated with realists,” he says. “These people know that trouble and unwanted conduct is going to come to

any large corporation. The real question is: What are you going to do about it? Our members are willing to deal with root causes.”

Like Lockheed Martin, other corporations in the industry have moved to “market” ethics more effectively within their organizations. Public relations campaigns, web-based modules, leveraging of company resources, widespread training sessions—the DII forum has helped companies build programs that make ethics highly visible within the corporation. Most observers agree that, largely because of the existence of the DII since the 1980s, many defense contractors had already created programs to address most of the recently enacted standards, even before the requirements of recent federal legislation.

Yet despite the success of the DII and the widespread adoption of ethics programs in the industry, one of its most important members was rocked by two enormous scandals in 2003. These incidents, involving the Boeing Corporation, left ethics officers across the defense industry wondering what went wrong, and just how vulnerable their own organizations might be to similar problems.

The two scandals at Boeing involved very different types of incidents. The first, coincidentally, involved Lockheed Martin. In 1998, Boeing was bidding for a new Air Force contract to build an “Evolved Expendable Launch Vehicle” (EELV), a launcher for military payloads. Lockheed Martin was bidding for the contract as well, but Boeing had an advantage: A former employee of Lockheed Martin had been hired by McDonnell-Douglas just prior to its merger with Boeing, and the employee had brought with him boxloads of documents related to Lockheed Martin’s bid. The transfer of these technical and financial materials, proprietary information that belonged legally to Lockheed Martin, could have given Boeing a substantial advantage in framing a competitive bid for the contract. Boeing was in fact awarded the lion’s share of the EELV business in 1998, but information about the existence of the proprietary information began to leak out the next year. Boeing tried to contain the damage by acknowledging the existence of a small number of documents in 1999, and by subsequently firing three of the employees involved. But wider allegations continued to surface, and by April 2003, under pressure of a grand jury subpoena and a federal investigation, Boeing had returned more than 25,000 pages of documents to Lockheed Martin. The EELV incident, in combination with two other documented incidents where Boeing illegally obtained proprietary information in connection with other contracts, prompted the Air Force to disqualify Boeing in July 2003 from three major projects, costing the corporation an estimated \$5 billion in new business.

The second incident, which came to light later in 2003, was no less dramatic. In January 2003, Boeing hired Darleen Druyun as vice-president and deputy general manager of its Missile Defense Systems unit. Ms. Druyun had retired just two months earlier from a senior position in the U.S. Air Force, where her principal responsibilities were in the area of procurement. Following allegations by watchdog groups, the Department of Defense launched an investigation into the circumstances regarding Ms. Druyun’s employment at Boeing, and the corporation subsequently undertook its own investigation. The company’s investigation revealed that Boeing chief financial officer (CFO) Michael Sears had begun employment negotiations with Darleen Druyun not only while she was still with the Air Force, but at a

time when she had responsibility for procurement matters in which Boeing was directly involved. On November 24, 2003, Boeing announced that both Sears and Druyun had been fired. A week later, to the consternation of the industry, Boeing CEO Philip Condit abruptly resigned. Within a year, two major scandals had cost a founding member of the DII not only billions of dollars of business, but also the jobs of its top leadership.

What went wrong? As at Lockheed Martin, Boeing had invested a great deal of time and money since 1986 in developing an extensive ethics and business conduct program. (Indeed, Nancy Higgins, who headed Lockheed Martin's program from 2001 to 2003, had previously led the Boeing operation for several years.) So how had such dramatic and costly incidents happened? In the aftermath of each scandal, Boeing sought outside help to answer these questions. Former U.S. Senator Warren Rudman and a team from the New York law firm of Paul, Weiss, Rifkind, Wharton & Garrison prepared extensive reports on each situation.<sup>8</sup> Rudman's reports were generally positive about the extent and seriousness of Boeing's ethics program, applauding the corporation for its long-standing commitment and for its allocation of resources. The reports called both the EELV and Druyun incidents isolated events. Nevertheless, the reports made a series of recommendations, including more direct involvement by senior management, more resources for the ethics program, and more training on specific topics. The reports also highlighted the relatively decentralized structure of Boeing's ethics program. Boeing's program left considerable autonomy to the individual business units, creating inconsistencies and variations across the larger corporation. The corporation's "Ethics Advisors" reported directly to their company presidents, with only a "dotted-line" report to the vice-president for business ethics, thereby creating questions about their genuine independence.

Lockheed Martin could take some comfort in the Rudman reports' argument about centralization. Its own ethics program clearly has a strong foundation at corporate headquarters; while it also wrestles with the complexities of units with dozens of different "heritages," creating consistency across the corporation has been a significant element of the program for many years. Yet despite the reassurances of the Rudman reports, the scandals at Boeing are deeply troubling. While there are important variations, the DII has helped assure that there are a great many similarities between the ethics programs of the major defense contractors. If two scandals with such major consequences could emerge in a single year in a corporation where ethics had been on the agenda for some time, then perhaps the weaknesses are more significant than they first appear. It is possible that Boeing's troubles stemmed from a combination of bad luck and a few small defects in an otherwise healthy structure. But it is also possible that the very extensiveness of the ethics programs offered by DII signatories masks some serious vulnerabilities that have not yet been fully confronted.

### *Accomplishments*

"One Company, One Team": This is the mantra that I hear at the ethics officers' conference, and after a while, I come to realize that corporate harmonization may be the single most important function of Lockheed Martin's ethics operation. The top executives have begun to

understand that diversity—defined in a peculiarly broad way—is one of the most significant challenges facing the corporation in the coming years. The ethics program aspires to create a shared rhetoric that binds a far-flung set of employees into a loyal and coherent body.

At the 2003 Orlando conference, Kimberly Galavetz, a vice-president in the audit division, shows up to speak on this topic. Galavetz is part of a leadership group that is tackling a company-wide initiative on diversity. The presenting problem, she explains, is the aging employee base of the company. More than 70 percent of Lockheed Martin's workforce is over forty, and with the prospect of a continuing buildup of the defense industry in the post-9/11 world, the corporation is likely to be doing a great deal of hiring in the coming decade. Lockheed Martin will need engineers and supporting staff by the thousands, and the next generation is not going to look like the current workforce. "Do we have a diverse enough employee population to think about the defense needs of this country in the years to come?" Galavetz asks rhetorically. "We have to admit that our customers in most cases are more diverse than we are." The message, as Galavetz expounds it, is clear. If ethics has been a success as a corporation-wide effort, then "diversity is the next foundational thing that we need to get baked in" to the corporate culture.

But what does diversity mean in the Lockheed Martin context? Galavetz is eager to expand the definition as broadly as possible, in order to avoid talking about any specific effort or problem. She manages to speak on diversity for nearly an hour without uttering the word "race." She mentions no specific racial, religious, or ethnic group. The words "affirmative action" and "multiculturalism" never cross her lips. Instead, diversity in Galavetz's exposition is a matter of style, of civility, of corporate identity. "Diversity at Lockheed Martin," she tells the group, "means creating an inclusive team that values and leverages each person's individuality." This means things like creating a "welcoming environment," promoting the idea that "we value each other across the corporation," and developing "good listening" and "flexible attitudes." Later, over lunch, she explains to me that not mentioning race is precisely the point. "We're trying to focus on diversity in *all* of its senses," she tells me, "not just focus on one aspect of it." Diversity at Lockheed Martin, in other words, means promoting a generalized aura of goodwill, and avoiding direct confrontation with any specific issues that might be threatening or divisive.

It is no coincidence that Galavetz is making her pitch before the ethics officers, because promoting that generalized aura of goodwill is an integral part of the "One Company, One Team" mission of the ethics program. Indeed, when people at Lockheed Martin talk about diversity, they are most likely referring in the first instance to the variety of products, ways of doing business, and cultures of the many "heritage companies" that make up the corporation. The differences between African Americans and Latinos seem trivial when weighed in corporate terms against the difference between a former division of IBM in Pennsylvania that makes systems software and a former plant of General Dynamics in Texas that manufactures F-16 fighter jets. Each of the units that have been swallowed up by the new Lockheed Martin has its own practices, culture, and history, sometimes stretching back half a century or more. Creating "synergy" among these diverse units is one of the most pressing concerns of senior management.

The code of conduct, the annual ethics awareness program, a corporation-wide 800 “ethics help line”—these are intended to reach every single member of the Lockheed Martin corporation. They represent an attempt to recreate the sense of “family” for which the Lockheed part of its heritage was known, back when its operations were based principally in California. The omnipresence of the six company “values” constitutes a genuine commitment to promoting the idea of good business practice, a genuine fear of public exposure and federal investigations, and a genuine expectation that a more unified corporation will be a more profitable corporation.

The Orlando conference is a celebration of the accomplishments of the ethics operation, and a four-day pep talk for the ethics officers. The corporation’s investment in ethics is substantial, and the operation’s success in winning a majority of the corporation’s employees over to its theme is tangible. Yet underlying the upbeat rhetoric of “mission success” and “one company, one team,” there is a nagging sense of doubt. If ethics is so important to the company’s mission, why does the career path of an ethics officer seem so marginal in the corporation structure? If the corporation’s values are implanted so firmly, why does the prospect of the “bad apple” strike so much fear? Ethics seems easy when times are good, and when the corporation is showing its public face. But what happens under the pressures of the deadline, of the bottom line?

Like “diversity,” “ethics” at Lockheed Martin means something broad, blandly acceptable, unarguable. Yet the very breadth of the definition (anything that an employee thinks is an ethics problem is an ethics problem) conceals the strict boundaries that the corporation erects around the field. Diversity in the Lockheed Martin context embraces words like “tolerance” and “respect,” but avoids difficult engagements with race, ethnicity, and other sensitive areas of human difference. Ethics in the Lockheed Martin context embraces generalized concepts like honesty and integrity, but evades difficult engagements with issues that go to the very core of the corporation’s business and mission. The boundaries in Lockheed Martin’s ethics program create its coherence, its strength, and its esprit de corps. But the boundaries also threaten the corporation’s credibility—first to the outside world, and eventually, perhaps to its own employee community.

Before exploring the vulnerabilities, however, it is important to recognize how much Lockheed Martin’s current ethics and business program has already accomplished. At least five major factors plant that program on a firm foundation:

- **Breadth.** Lockheed Martin’s program reaches every corner of the corporation, actively engaging employees at every level, and creating a strong consciousness about at least the rhetorical importance of ethics and values. The sustained commitment of time, personnel, money, and other resources to the program is genuine and impressive.
- **Creativity.** The corporation discovered early on that ethics needed not just to be discussed, but to be “marketed” if it was going to have a genuine impact. The ethics program has succeeded in arousing interest in, even passion about, issues of values,

by creating formats that *engage* employees, rather than simply “teaching” them. The gamelike format of the awareness program, combined with innovations like the film festival, has helped to create an atmosphere where ethics is debated, not simply tolerated.

- **Values, not just compliance.** Lockheed Martin has been a leader in understanding that its programs need to do more than just tell people how to follow the rules. Following the rules *is* important, especially in an industry where the rules are so complex and often contradictory. But key principles of Lockheed Martin’s program are that the rules do not cover every imaginable situation, that individuals need to be empowered to make good decisions, and that an internalization of values is one important factor in good decision making.
- **Strong endorsement from leadership.** The direct involvement of the senior leadership of the corporation has been crucial to the development of Lockheed Martin’s program. Norm Augustine’s stint in the first *Dilbert* video is legendary throughout the corporate ethics world, and the continuing support for the ethics program through changes in leadership since 1995 has enabled the program to thrive.
- **Continuous evaluation and improvement.** The ethics office’s employee surveys are at the forefront of a steady process of internal examination of the strengths and weaknesses of the corporation’s ethics program. The capacity to build on strengths and face shortcomings honestly gives the program a suppleness that has served it well in the past, and is the best protection against staleness and complacency in the future. Through sharing with the DII, publishing the results of internal evaluations, and even allowing a researcher access to materials and programs, Lockheed Martin has also shown an admirable commitment to making its ethics program visible and open to criticism—another crucial element in allowing for continuous improvement.

Lockheed Martin has applied its “can-do,” engineering culture to developing its ethics program. A problem was identified. A team of people was created to tackle the problem. The team experimented with various methods, working within a specific set of parameters: The program had to reach everyone in the corporation, it had to be clear and comprehensible, and it had to be measurable. With those parameters in mind, the corporation created from scratch a new and dynamic unit, and empowered that organization through committing money, time, and the public backing of senior management. Surveys, online databases, and ethics officer records document hundreds of thousands of ethics interactions each year. The ethics program may not break any flight speed records, nor will its firepower threaten the enemies of liberty, but it nevertheless represents a triumph of an engineering culture: a clean, elegant structure to contain the inherent messiness of nature and the human experience.

The ethics officers do not pretend that they have created an airtight system. Indeed, the Lockheed Martin ethics officers see every scandal in their industry as a cautionary tale, and they recognize that a single renegade employee could bring down the whole careful structure that they have built. The corporation is not a family, or even a village, but a farflung metropolis, and the ethics officers expect to find, among the majority of good-hearted citizens, a tiny minority of workers who flout the company’s ethics standards. But they believe that

these individuals can be contained and identified if the message on values and ethics echoes loudly and persistently enough throughout the corporation.

Furthermore, the Lockheed Martin ethics leadership has understood that the message cannot echo loudly and persistently unless it is not only important but interesting. Beginning with *Dilbert* and the “Ethics Challenge” board game, the corporation has sought to build confidence in the program through strategic entertainment. The more recent ethics film festival has continued this spirit. The company’s internal surveys, and my own observations, suggest that the corporation has had widespread success in sustaining interest and confidence—broadly, if not universally.

For its pains, Lockheed Martin has been widely hailed within the greater “ethics community” for its programs. Its activities meet and often exceed the experts’ benchmarks. How-to books on business ethics cite the corporation’s programs frequently, and Lockheed Martin has been honored with industry awards. In 2004, for example, a magazine called *Workforce Management* named Lockheed Martin the winner of its *Optimas* award for ethics, citing the company’s commitment to the idea that “Good ethics is good business.”<sup>9</sup> Since 1995, Lockheed Martin has been widely hailed as a leader in this area, responding to historical challenges vigorously and effectively to develop a program that represents American business ethics at its best. As I have noted before, few other American institutions—in either the for-profit or the nonprofit world—have made so concerted and sustained an effort.