



United States Department of Defense

Speech

Defense Industry Initiative on Business Ethics And Conduct

Remarks as delivered by the Under Secretary of Defense for Acquisition, Technology and Logistics Kenneth J. Krieg to the Defense Industry Initiative on Business Ethics And Conduct, Washington, DC, June 9, 2006.

Thank you, Dick Bednar, for that introduction, and thank you all for inviting me here today.

Ethics is such an important topic, yet discussing ethics sometimes feels like walking in a minefield. The mere fact that you discuss the subject makes you suspect in some people's eyes. However, as I hope to lay out, I believe it is vital for us to address these issues. So, I applaud DII members for having the courage to take such visible roles and bold stances on the subject of ethics.

I completely agree with DII's philosophy that ethics should be discussed openly, routinely and throughout all levels of an organization. My staff and I are working to make visibility and transparency an integral part of the Department's ethics program.

As you all know, I took on the role of Under Secretary of Defense for Acquisition, Technology and Logistics in the aftermath of the Darleen Druyun scandal. My immediate predecessor, Mike Wynne, did a great job of weathering the storm and taking action.

We are now all working together as a team to strengthen the Department for the storms it may weather in the future, and hopefully prevent some.

Part of that team is the 135,000 acquisition professionals working in AT&L who were not part of the Darleen Druyun scandal. They have demonstrated a strength you only get from coming through adversity, and have shown themselves to be very honest and ethical.

This overwhelmingly ethical workforce did not just materialize. It is a result of a culture where ethical behavior was built into the fiber. What we are looking at now is why and how a lapse occurred within that culture. Where did we fall down?

The way I see it, ethics is really not different in many respects from other important issues we face in the workplace, such as safety. I pick safety from my manufacturing industry background, because improving safety and ethical performance share some common characteristics.

1. In both cases, failure can be catastrophic.
2. Performance is important at the individual level.
3. Being successful is not always intuitive from the grounding of how we have always done it.
4. Success takes work and it takes real commitment from the business and line management of an organization.

You don't just hand out safety manuals to employees on their first day of work and say, "Whew, now I can relax knowing my workplace is completely safe from all hazards."

No, you have to give employees hands-on training, then you follow up with inspections and correct errors as you go along. You also need to encourage appropriate behavior, talk about it frequently, and make sure your leaders set the standard high with their own behavior.

And also, just like safety lapses, ethical lapses are not necessarily intentional. Keeping that in mind, as managers, we need to differentiate between intentional and accidental lapses and correct them appropriately.

At DoD, we have taken several steps to ferret out the lapses and then to look at the immediate cultural surroundings to see what led to them. We then set out to find ways to strengthen the Department's ethical culture. Let me tell you a little about what we are doing and then open the floor to discussion.

First, let me start by saying that I believe we must begin with a goal of fostering innate ethical behavior in the workplace. To that end, we have taken aggressive actions to develop our key leaders and the oversight of our acquisition processes to ensure integrity and transparency.

At DoD, we constructed a three-part plan to understand and deal with the Druyun incident. The plan included:

1. Directing a Defense Science Board (DSB) Task Force on Management Oversight in Acquisition Organizations;
2. Directing a multi-service/agency team review of contracts; and
3. Referring two protests to the Government Accountability Office to ensure impartiality of the outcomes.

The lessons we learned from these efforts led to a number of changes that we expect will protect the integrity of acquisition decisions in the Department.

Ultimately, we are implementing cultural changes with both people and processes, and are working to ensure appropriate checks and balances are in place that lead to the transparency and fairness of the acquisition system.

The key to success is making ethics a critical part of our core values. We must instill a culture with our people that shows that ethical behavior is highly valued.

To that end, the Secretary of Defense and I have articulated – in writing – the importance of ethics and integrity in everyday decision making at all levels within the Department. We have added an ethics performance requirement in our senior executive performance plans to be cascaded down throughout the Acquisition workforce. Intentional lapses in ethical behavior will not be tolerated.

I am working with others in the Department to institutionalize a Senior Executive Service orientation program that addresses nourishment of a strong ethical culture. I also have directed development and implementation of a Best Practices Clearing House to provide easy reference and guidance to the acquisition workforce.

To ensure ethical teaching is entrenched in the Department's acquisition culture – both in its people and its processes – I have asked the Defense Acquisition University (DAU) to integrate ethical standards through out the curriculum.

DAU is integrating ethics support resources within the AT&L Performance Learning Model emphasizing innate ethical behavior throughout the DoD acquisition enterprise.

These ethics resources will not only enhance traditional certification training courses, executive-level courses, and assignment specific training courses; they will be addressed in continuous learning modules, performance support activities, and knowledge management on-line resources.

As to processes, historically AT&L's practice has been to review programs. But it has been suggested, by the DSB, and others, that the processes, and the decision-making underpinning those programs, may well dictate whether they are executed successfully.

Based on this, I am looking into ways we can implement acquisition process reviews of our Military Departments and Defense Agencies.

Given that our enemy in the Global War on Terror is more flexible and agile than ever, it is imperative that our business processes are also. We must support our primary customer, the joint warfighter. As we work to cut red tape and work at a faster clip, we want to be mindful that we don't cut out important processes that could open the system to questionable practices.

As Secretary Rumsfeld said, "Expediency must never be an excuse for misconduct."

In other words, when we take these opportunities to tailor and streamline we must give thoughtful consideration of the issues our policies are designed to address.

Another consideration we must give to processes is how it affects industry. We don't want to inadvertently create a situation that puts an industry partners in a difficult position.

In fact, I have written the top 100 defense companies and trade associations – many of whom are represented here today – enlisting your support in ensuring that ethics remains at the heart of their corporate vision and values.

I also believe key acquisition leaders should participate in continuous learning and periodic self, staff and peer assessments. Accordingly, we are implementing a 360-degree Leader Assessment process for key acquisition leaders to gain insight of their strengths and opportunities for self-improvement. This project is serving as a pilot for the Department.

As we integrate the essence of integrity and ethical behavior into every aspect of the Department, I want to assure you that I believe AT&L is full of highly motivated and ethical people. Yet, we are mindful that the Department is made up of human beings. We can put in all of the rules and regulations we want, but in the end, we must rely on each other to provide support.

DII is a leader in the field of ethics. Therefore, I challenge your organization and your members to work closely with government to keep ethics in the forefront. I look to industry to be a part of that support system – both with intervention and prevention.

In other words, I expect all team members, including industry, to intervene when they see questionable practices. I also look to industry to help us with best practices in preventing the situations that might lead to unethical behavior. You should feel free to contact DAU President Frank Anderson or Shay Assad, Director of Defense Procurement and Acquisition Policy.

In closing, let me remind us all that we operate with the public's resources and therefore with their trust. They are and will be related.

If we attempt to secure that trust by legislating against bad behavior, we will almost certainly be chasing the issue. You can train to operate within the law – and that is important – but it is not sufficient.

Ethical behavior extends beyond the letter of the law to its spirit. We will only achieve true ethical behavior by a broad spectrum approach which includes:

- The character of the people we attract;
- The vision and imperative laid out by leadership;
- The attention management places on regular discussions and training; and
- The example we set by who we reward, who we discipline and why.

It only takes one person to break the law. And the legal system has remedies for that illegal activity, which can and will be used. While the legal system is necessary for sustaining public trust, the law alone is not sufficient to create an ethical atmosphere.

A much broader and more systematic approach to ethical behavior is the pathway to sufficiency. DII is a great start, but you can never rest on your laurels in this pursuit.

Thank you, again, for inviting me here today. I would like to open the floor now and hear what you have to say.

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