The SHRM Foundation deeply appreciates the efforts of Adam S. Linton and Kylie J. Rogers in developing the Discussion Guide, PowerPoint, and other supplemental materials for use with the video.

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Thank you for using the SHRM Foundation DVD, Ethics: The Fabric of Business. This document outlines the suggested use and explanation of the supplemental materials created for use with the video. Please read it carefully before proceeding.

Our goal is to provide you, the facilitator, with materials that will allow you to create a customized presentation and discussion. For this reason, we have included a Comprehensive Materials document, which includes all supplementary materials, as well as an Individual Materials folder, which contains each of the documents separately. In addition, discussion question slides from the PowerPoint can be deleted to customize your presentation and discussion.

**Suggested Program Agenda**

1. Distribute the Discussion Questions to participants and suggest that they watch the DVD with the questions in mind.

2. Play the DVD.

3. Use the PowerPoint introductory slides (Slides 2 through 6) to discuss the DVD, the history of Lockheed Martin, and the 5 important lessons presented at the end of the DVD.

4. Distribute the Participant Worksheets to generate individual thought and discussion. [Alternatively, these worksheets can also be used to assign group activities and continue with Step 5 after the activity, or they can be used after Step 5 to assess participant understanding. Please see the Participant Worksheet section below for more information.]

5. Use the PowerPoint question slides (Slides 7 through 16) to discuss each individual primary discussion question. [The Question Guide provides the facilitator with all necessary information and answers to lead a comprehensive discussion.]

6. Distribute the Participant Worksheet Answer Keys to participants.

**Supplemental Materials Descriptions**

**Lockheed Martin Overview**

The Lockheed Martin Overview can be used as either a facilitator guide or a participant handout. It includes a general outline of important facts about the company, as well as a comprehensive overview of the role of ethics at Lockheed Martin.

**20-Minute Video Synopsis**

The Video Synopsis can be used as either a facilitator discussion guide or a participant handout. It presents a chronological summary of the important segments of the video, highlighting the speakers and critical points in each section.

**SHRM Overview**

The SHRM Overview should be used as a participant handout. Divided into two sections, it gives a detailed description of both SHRM and the SHRM foundation.

**Human Resource Certification Institute (HRCI) Summary**

The HRCI Summary should be used as a participant handout. It discusses the levels of professional HR certification available through the Institute, with brief descriptions of each.
Discussion Questions
The Lockheed Martin Overview can be used as either a facilitator discussion guide or a participant handout. It includes a general outline of important facts about the company, as well as a comprehensive overview of the role of ethics at Lockheed Martin.

Participant Worksheets
The Participant Worksheets should be used as participant handouts. There is a separate worksheet for each of the 10 primary discussion questions. Each worksheet presents the secondary questions offered in the facilitator Question Guides along with a space for individual or group answers. The Participant Worksheets can be used in a variety of ways:

- increase individual input – Participants can be encouraged to develop, record, and contribute individual answers, thereby enriching overall group discussion.
- guide group activities – Small student groups can use worksheets as a research template to develop group papers and presentations.
- assess participant understanding - Worksheets can be used to measure participant comprehension of key video and discussion concepts.

PowerPoint Presentation
The PowerPoint Presentation should be used to facilitate discussion around the video. It includes 20 slides covering a variety of topics, including:

- Video Overview Slides (Slides 2 and 3) – Slides contain bullets which reference relevant material from the Video Synopsis.
- Lockheed Martin Slides (Slides 4 and 5) - Slides contain bullets which reference relevant material from the Lockheed Martin Overview document.
- Important Lessons Slide (Slides 6) – Slide contains bullets of the 5 important takeaways presented at the end of the video.
- Discussion Question Slides (Slides 7 through 16) – Slides initialize with discussion question text and upon clicking, present video clips and bold titles directly from the answers provided in the Question Guides.

The PowerPoint Presentation has a standardized format. Slides 1 through 6 and 17 through 19 display information immediately, and a single click will transition to the next slide. Slides 7 through 16 display the Discussion Question immediately. Clicking once will activate a short video sequence relevant to the question. After viewing the video, a second click will display the discussion bullets from the Question Guide answer. A final click will transition to the next slide.

The functionality of this PowerPoint presentation depends on an established set of links and relative file paths. Therefore, to ensure proper function, DO NOT copy, edit, or delete files from the central folder, even if deleting slides to customize the presentation.

For optimal functionality, copy and run the SHRM Ethics PowerPoint folder from the C: drive on your computer. Avoid using a portable USB memory device.

The folder containing the videos in the PowerPoint is hidden by default. In the event that a video fails to play in the PowerPoint, you may view it individually. Open Windows Explorer; click on the Tools tab, click on Folder Options, click on the View tab, and select the Show Hidden Files and Folders option.
Question Guides

The Question Guides are the primary tool used by the facilitator to generate classroom discussion. A separate guide is provided for each of the 10 primary discussion questions and offers comprehensive information to help lead discussion surrounding each question. Each Question Guide is identified by the question in the upper right hand corner and is comprised of five components: the answer, the discussion summary, secondary discussion questions, factual quotes and statistics, and additional resources.

**Primary Discussion Question**
The primary discussion question covered by the Question Guide.

**Answer**
Each answer expands on 3 main points drawn from the video. (The three headings correspond to the bullets on the applicable PowerPoint slide.)

**Discussion Summary**
A one-paragraph narrative that identifies the discussion topic, highlights Lockheed Martin, and suggests discussion openers.

**Secondary Discussion Questions**
Four additional questions relating to the discussion topic are included, one on each of the following: Lockheed Martin, general business practices, small organizations, and participant experiences. A general answer or suggestion is provided for each question to help stimulate further discussion.

**According to the Experts…**
This call-out box presents additional material in support of the answer. These materials include quotes, statistics, and graphs from the video and other external sources.

**Additional Resources**
Each guide includes two relevant articles, books, or surveys for further exploration of the topic.
Discussion Questions

Please consider the following questions as you watch the SHRM Foundation DVD, *Ethics: The Fabric of Business*. Your facilitator may ask you to answer these questions in discussion or activity format at the completion of the DVD.

Why is management buy-in critical to building an ethical organization?

How can organizational communication build an ethical foundation?

What are some important aspects of effective Ethics Reporting Systems?

What role does training play in fostering organizational ethics?

What are the benefits of linking performance to ethical standards?

How do ethical companies start down the road to becoming unethical?

What is HR’s contribution to the ethical framework of an organization?

How does the culture of an organization impact its ethical behavior?

How does employee empowerment foster ethical decision-making?

What are the ethical challenges in managing a global workforce?
Lockheed Martin Overview

Headquarters: Bethesda, Maryland
Employees: 135,000
Operations: International
Operations: Research, Design, Development, Manufacture, and Integration
Products: Advanced Technology Systems, Products, and Services
Core Business: Aeronautics
Space Systems
Electronic Systems
Information and Technology Services
Integrated Systems and Solutions
20%: International Government Agencies, Commercial
2005 Sales: US $32.5 billion
History: Lockheed Martin Corporation was formed in a 1995 merger between two of the world’s premiere technology companies, Lockheed Corporation and Martin Marietta Corporation.

Ethics at Lockheed Martin

Ethics plays a vital role in all of Lockheed Martin’s operations. Employees and management are held to high ethical standards at all times, and special training programs, reporting systems, and accountability metrics ensure that these standards are upheld. In a global business environment where the emphasis on ethics is often insubstantial at best, Lockheed Martin has set the standard for incorporating and promoting a strong ethical framework across its business operations.

In order to put these ethics initiatives into practice, Lockheed Martin uses a variety of tools to promote and reinforce their importance.
Corporate Vision and Values

Vision:
Powered By Innovation
Guided By Integrity
We Help Our Customers Achieve Their Most Challenging Goals

Values:
Do What’s Right
We are committed to the highest standards of ethical conduct in all that we do. We believe that honesty and integrity engender trust, which is the cornerstone of our business. We abide by the laws of the United States and other countries in which we do business, we strive to be good citizens and we take responsibility for our actions.

Respect Others
We recognize that our success as an enterprise depends on the talent, skills, and expertise of our people and our ability to function as a tightly integrated team. We appreciate our diversity and believe that respect - for our colleagues, customers, partners, and all those with whom we interact - is an essential element of all positive and productive business relationships.

Perform With Excellence
We understand the importance of our missions and the trust our customers place in us. With this in mind, we strive to excel in every aspect of our business and approach every challenge with a determination to succeed.

Reaching All Levels of the Organization
- Ethics Website
- LM1: Monthly Video
- Integrity Minute: Ethics Video
- Lockheed Martin Daily: Daily newspaper
- Electronic Messages from CEO Robert J. Stevens

Training
- Awareness Training: annual
- Business Conduct Compliance Training: annual
- Code of Ethics: must be signed by all employees

Accountability
- Ethics HelpLine
- Ethics and Business Conduct Department
- Ethics and Corporate Responsibility Committee: Board of Directors
- Appellate Reporting System
Video Overview

Narrated and presented by Wayne F. Cascio, Ph.D., SHRM’s fourth video examines the increasing importance of incorporating ethics into the workplace. Filmed on location at Lockheed Martin Corporation’s Bethesda, MD headquarters, and featuring interviews with Lockheed Martin’s officers, managers, and employees, this film presents a compelling argument for establishing ethics programs.

Introduction (:08)
Wayne Cascio

Wayne describes recent surveys that suggest respondents in many corporations have witnessed senior management misleading employees, customers, and shareholders alike. These violations include condoning illegal activities, hostile work environments, and blatantly discriminatory hiring practices.

Ethical Violations (:32)
Recent scandals and ethical violations have shattered careers, corporate reputations, and have undermined the confidence both customers and employees have in corporate America.

Lockheed Martin Overview (1:20)
Lockheed Martin is a company that believes in integrity and strives for a higher standard of ethics. An overview of Lockheed Martin’s operations is presented.

Lead by Example (2:27)
Robert J. Stevens

Robert speaks about the importance of communicating expectations clearly, consistently demonstrating ethical standards of behavior, and acknowledging employees that emulate these standards.

Walk the Talk (2:58)
Maryanne Lavan, Frank Thanicutt, Sondra Barbour, Jim Comey, Ginny Vasan

The importance of senior management emulating high ethical standards, or “walking the talk,” is emphasized. Jim Comey presents a short synopsis of his career, and he emphasizes the necessity for not only talking about ethics, but demonstrating ethical behavior on a daily basis. Additionally, Jim discusses the causes that transform ethical organizations into unethical ones, and how leaders are responsible for sending both good and bad messages to employees through their actions. Maryanne discusses the importance training plays in maintaining ethical standards, and relates that all employees and managers are responsible for completing the same ethics training program.
**Good Ethics is Good Business (5:22)**

*Robert J. Stevens, Maryanne Lavan, Jim Comey, Sondra Barbour, Ginny Vasan, Ramon Cordero, Reggie Combs*

Managers discuss the role of ethics in maintaining a positive and secure work environment, and the importance of convincing employees to “do the right thing, even when no one is looking.” Ginny discusses Lockheed Martin’s vision and values, Robert illustrates the impact negative actions of one employee can have on the entire organization, and Jim stresses that “there is no finish line in ethics.” Sondra emphasizes the importance of being proactive in establishing an ethics department, Reggie describes the relationship between ethics and performance evaluation, and Robert closes by identifying the role performance pressures can play in violating ethical standards.

**Role of Human Resources (9:01)**

*Nick Spain, Frank Thanicutt, Maryanne Lavan, Jim Comey*

Managers and employees discuss the important role human resources plays both in developing and transmitting ethical standards, and serving as a vital link between management and employees. Nick describes how the human resources department ensures that ethics standards are understood, and serves to counsel any employees who fail to live up to these standards. Finally, Frank and Jim explain the crucial function human resources serves in facilitating communication between managers, employees, and the ethics department.

**Lockheed Martin Sales Statistics, Business Areas (10:40)**

A synopsis of Lockheed Martin’s sales and five business areas is presented.

**Advice for CEOs (11:28)**

*Robert J. Stevens*

Robert emphasizes that good ethics is good business, and suggests that CEO performance is measured not week-to-week or even year-to-year, but often decade-to-decade.

**Advice for Small Firms (11:54)**

*Reggie Combs, Sondra Barbour, Ginny Vasan*

Reggie suggests that top management is responsible for creating and transmitting a set of ethical standards, and that even in smaller firms, pressure to perform is a leading catalyst for ethical breaches. Sondra reinforces the fact that top management plays a key role in setting the standards for a small organization, and that a “no-tolerance” policy should be applied to companies rebounding from ethics violations. Ginny emphasizes the importance of consistency, the necessity for consensus among top leadership, and that leaders set the example for employees to follow.
Issues and Solutions (13:34)
Reggie Combs, Jim Comey, Maryanne Lavan, Ginny Vasan, Ramon Cordero
Managers discuss the issues that lead to ethical violations, and the actions that can be taken to prevent, mitigate, or correct these issues. Reggie describes the pressures high achievers face in meeting performance expectations, while Maryanne and Jim discuss the structure of Lockheed Martin's Ethics Reporting System. Jim continues by describing his experience with good employees that have broken the law, simply because they felt they had nowhere to turn for advice. Ginny re-emphasizes the need for consistency in transmitting messages about ethics, and describes the various media that Lockheed Martin uses to deliver these messages to employees. Jim and Ramon discuss the importance of having a secure medium, including the Ethics HelpLine, for employees to submit reports of unethical behavior. Maryanne closes by emphasizing the importance of preventing ethical misconduct, rather than correcting it after the fact.

Performance Reviews (16:38)
Robert J. Stevens, Frank Thanicutt, Sondra Barbour, Maryanne Lavan
In this segment, managers discuss the importance of synergizing ethical standards with performance evaluation. Robert describes the characteristics of Lockheed Martin’s Full Spectrum Leadership, where ethical behavior is weighed equally with tangible results. Frank reiterates that performance is not only measured by what result has been accomplished, but how that result was accomplished. Maryanne closes by imparting the importance ethics should play in a student’s decision to work for a particular company, and the responsibility every company has in providing a sound ethical foundation for perspective employees.

Conclusion (17:45)
Wayne Cascio
Strong corporate values and ethical standards cannot just serve as public relations hype to improve corporate image. Rather, for corporations that truly believe in living these values and high ethical standards, it takes work to develop practical programs and policies to create and maintain them, and vigilance to ensure that these policies are being enforced. For these policies to be effective, managers and employees must be held accountable to the same standards. As social science research has shown, ethical violations are much less frequent in organizations that establish and enforce high ethical standards.

5 Important Lessons for Companies Wishing to Build Ethical Cultures (18:25)
- Buy-in From Top Management
- Communicate a Consistent Message
- Internal Communications to Repeat the Message
- Annual Training for Employees and Board Members
- Include an Ethics Component in Performance Reviews
The Society for Human Resource Management (SHRM) is the world’s largest association devoted to human resource management. Representing more than 210,000 individual members, the Society’s mission is to serve the needs of HR professionals by providing the most essential and comprehensive resources available.

As an influential voice, the Society’s mission is also to advance the human resource profession by giving HR professionals tools to be business leaders, such as executive education programming with prestigious business school partners, SHRM Academy courses in business education, the SHRM Foundation video series, Quarterly Research reports, the HR Competency Toolkit, International Certification, and much more. The Society also works to build recognition in the business community about the role HR plays in organizational success.

SHRM serves the profession by providing HR professionals with ready access to the latest information and trends through SHRM Online Webcasts and content, HR Magazine, SHRM white papers, research surveys and the SHRM Information Center, which received more than 125,000 calls last year.

Founded in 1948, SHRM currently has more than 500 affiliated chapters in the United States and members in more than 100 countries. For more information visit SHRM Online at www.shrm.org.

The SHRM Foundation is the 501(c)(3) nonprofit organizational affiliate of the Society for Human Resource Management. Since 1966, the SHRM Foundation has focused on HR as a strategic business leader. It advances the profession and increases the effectiveness of HR professionals through research, education, innovation and research-based knowledge.

The Foundation funds strategic research in the areas of HR Measurement and HR metrics, the Impact of Technology, Global HR and the Changing role of the HR Professional. RFPs (for up to $75,000) are available on the SHRM Foundation website (www.shrm.org/foundation).

The SHRM Foundation board of directors reviews proposals three times each year (March, June, and November). Nine research projects are currently underway. More than 85 per cent of Foundation research projects completed since 1998 have resulted in a published article, book, or major conference presentation.

In addition, the Foundation funds the dissemination of research-based knowledge through books, videos, DVDs, and innovative educational initiatives such as the SHRM Masters Series, Thought Leaders retreat, and scholarships.

The SHRM Foundation is governed by a volunteer Board of Directors, comprised of distinguished HR academic and practice leaders. Contributions to the SHRM foundation are tax deductible. For more information, please visit the SHRM Foundation Web site: www.shrm.org/foundation.
The Human Resource Certification Institute (HRCI) is the credentialing organization founded by the Society for Human Resource Management (SHRM) to promote the establishment of professional standards both domestically and globally. HRCI recognizes HR professionals who, through demonstrated professional experience and the passing of a comprehensive exam, have met HRCI’s requirements for mastering the HR body of knowledge.

HRCI offers two levels of professional certification: the Professional in Human Resources (PHR) and the Senior Professional in Human Resources (SPHR). Both exams are generalist (i.e., they assess the functional areas of the HR field) but differ in terms of focus and the cognitive level of questions. PHR questions tend to be at an operations/technical level. SPHR questions tend to be at the strategic and/or policy level.

In 2004, HRCI offered the first international certification examination for HR professionals working in organizations with facilities and employees around the globe. The Global Professional in Human Resources (GPHR) certification meets a major need in the profession today as more U.S. based HR practitioners have multinational accountability.

The GPHR exam assesses a candidate’s knowledge of:

- Strategic HR management
- Organizational effectiveness and employee development
- Global Staffing
- International assignment management
- Global compensation and benefits
- International employee relations and regulations

PHR, SPHR, and GPHR certifications demonstrate a mastery of HR knowledge. Certification examinations are now computer-based, which provides immediate preliminary results. Testing windows are held twice a year, in the spring and then again in the fall.

Today, more than 60,000 HR professionals have either SPHR or PHR certification after their names. For more information, please visit the HRCI Web site: www.hrci.org.
In the video, Lockheed Martin’s managers and employees emphasize that management buy-in drives organizational culture and has a direct impact on the creation of a sound ethical foundation. Creating and maintaining an ethical culture demands that managers not only buy-in to established ethical standards, but demonstrate them on a daily basis.

Some additional questions to discuss:

**What are Lockheed Martin’s views on the importance of management buy-in?**

Lockheed Martin’s managers truly believe that they drive the organizational culture. Therefore, management buy-in is crucial to delivering an effective, consistent ethical message.

**How can companies foster consensus and buy-in among managers?**

A combination of rewards and recognition are helpful in creating a unified team of managers. Management performance should be measured over the long run, and managers should be held directly accountable to their peers.

**What are some obstacles to achieving management buy-in in small firms?**

Greater emphasis must be placed on consistent delivery and demonstration. A smaller team of managers increases the impact that their actions have on employees, resulting in amplification of any ethical misconduct.

**How can the absence of management buy-in affect adherence to ethical standards?**

Participants should draw on their own experiences to discuss the importance of a unified management team.

Managers have the greatest impact on creating and promoting ethical standards, and their absolute buy-in and support are critical to maintaining a sound ethical foundation for several reasons.

**Consistency**

Consensus among managers is crucial to developing a consistent set of ethical standards. Failure to achieve unity and consistency at the management level will result in amplified confusion and diminished adherence to ethical standards among subordinates.

**Demonstration**

Managers are responsible for following and demonstrating established ethical standards. If all managers do not buy-in to the same standards, conflicting actions may present a confusing and inconsistent message.

**Emulation**

Even after management buy-in is achieved, managers must continue to model a standard of ethical excellence through their actions.

"It’s really important that we communicate clearly expectations and values... leading by example, trying to emulate a standard of excellence and integrity in our own behavior each day."

Robert J. Stevens, CEO, Chairman, and President, Lockheed Martin Corporation

Top management behavior in four distinct areas is central to the development and functioning of a business culture that values strong ethics. These areas are:

- Talking about the importance of ethics
- Informing employees
- Keeping promises
- Modeling ethical behavior

Adapted from the Business for Social Responsibility, “Ethics Codes and Ethics Training.”

**According to the Experts...**

**It’s Not What You Say...It’s What You Do**
By Laurence Haughton

**Acceptance: Developing Support for Change**
By Debbe Kennedy

Available online at www.SHRM.org

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In the video, Lockheed Martin’s managers emphasize the importance of “Walking the Talk.” All organizational leaders must understand their critical influence in demonstrating ethical standards. Encourage participants to discuss the role that organizational communication plays in establishing and maintaining an ethical foundation.

Some additional questions to discuss:

**How does Lockheed Martin use organizational communication to ensure that ethical standards are understood?**

*Lockheed Martin delivers a consistent and repetitive message through various internal communication media, such as its company newspaper and corporate videos.*

**Why must organizations develop a unique internal message and set of tools for communicating ethics?**

*Ethics cannot be translated across industries or businesses in one standardized format. Ethical expectations vary between organizations, and the message and method should reflect the unique needs of the organization.*

**How can small firms adapt these tools to suit their own needs?**

*Interpersonal communication is key, and management demonstration is imperative in the absence of formal communication media.*

**What are some examples of management actions that have had an influence on your behavior?**

*Encourage participants to share personal examples of influential management actions.*

An organization can use several tools to deliver and repeat a consistent ethical message. While internal communications tools will vary between organizations, all should transmit and repeat a consistent message about ethical standards. There are three key components for using communication to build and sustain an ethical foundation.

**Management Demonstration**

Integrity is difficult to teach, but easy to demonstrate. Managers must communicate the importance of ethics through their own actions.

**Internal Accountability Controls**

A detailed set of internal accountability controls could include specific ethics policies and procedures, corporate responsibility departments, and board committees.

**Communication Media**

A variety of tools can be used to facilitate the transmission of a consistent message to employees. These can include corporate events, newsletters, video, and intranet.

“Communication with employees has special significance because employees are the key to an organization’s performance. Among employees, good communication and performance are highly correlated. Trust develops a climate of openness in which there is effective two-way communication and, in turn, better performance.”

*Ellen Barish, Public Affairs, Lockheed Martin Corporation*

66% of large companies reported having an established ethics policy or Code of Ethics that was clearly communicated to employees.

1997 KPMG Business Ethics Survey

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**Additional Resources**

*Available online at www.SHRM.org*

**Strategic Use of Stories in Organizational Communication and Learning**

By Terrence Gargiulo

**Absolute Honesty: Building a Corporate Culture that Values Straight Talk**

By Larry Johnson and Bob Phillips
In the video, managers and employees discuss the necessity of an established Ethics Reporting System. Lockheed Martin’s experience provides a successful example of an effective approach. Encourage participants to give feedback on their individual experiences and the importance of such systems.

Some additional questions to discuss:

**What are some components of Lockheed Martin’s Ethics Reporting System?**

Lockheed Martin offers its employees training, an Ethics Helpline, and an appellate process that ensures satisfactory outcomes.

**What are some common errors made by companies in establishing these systems?**

Common errors include inadequate or improper training, poor system accessibility, inability to ensure anonymity or protection, and failure by management to take corrective action.

**How can small firms take advantage of the benefits offered by these systems?**

These systems can be outsourced to organizations specializing in the service.

**What are some examples of successes and failures at your current or previous organization?**

Encourage participants to share personal experiences with Ethics Reporting Systems.

There are three critical characteristics of an effective Ethics Reporting System.

**Familiarity and Accessibility**

It is vital that all members of the organization know how to access and use the system. This ensures that all employees are able to use the system if they need to do so.

**Security**

It is imperative that the system provide the option of reporting ethical violations or misconduct anonymously and securely. Guaranteeing secure access to the system allows employees to feel safe in reporting incidents and asking questions, and therefore, promotes uninhibited communication within the organization.

**Resolution**

Finally, it is important that Ethics Reporting Systems produce outcomes acceptable to all parties. Unique features of the system, such as an appellate process, ensure that all employee concerns are taken seriously.

“In companies...that I’ve investigated, I have found good people who broke the law, and when you ask them, ‘why did you do that?’ They say, ‘because I didn’t feel like there was any place to go. I knew it was wrong, but there was nobody to ask, no place to raise my hand.’”

— Jim Comey 
SVP General Counsel 
Lockheed Martin Corporation

53% of employees who witness unethical behavior are unlikely to report it.

Spherion Workplace Snapshot Survey, 2006

**How Good People Make Tough Choices: Resolving the Dilemmas of Ethical Living**

By Rushworth M. Kidder

**Result: Keep What’s Good, Fix What’s Wrong, and Unlock Great Performance**

By Gary L. Neilson and Bruce Pasternack

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Ethics: The Fabric of Business Supplemental Materials
What role does training play in fostering organizational ethics?

Many organizations rely on Ethics Training to communicate the importance of ethics. Training can be informal on-the-job, formal online, or formal classroom learning. Relevant and timely training provides several benefits.

Increases Awareness
Ethics Training increases awareness of issues in business. Many employees are unaware of the potential ethical dilemmas faced in the industry or business unit. Awareness before encountering a potential situation allows the employee to plan appropriate action.

Communicates Expectations
Ethics Training gives employees information about a company’s formal ethical philosophy. It also communicates the required skills and expectations for adhering to ethics policies.

Transfers Skills and Behaviors
Formal Ethics Training provides employees with an understanding of the skills and behaviors required to make ethical decisions. These skills and behaviors are then transferred to actual situations as they arise.

Some additional questions to discuss:

How does Lockheed Martin ensure that Ethics Training is consistent, relevant, and timely across the organization?
Lockheed Martin’s Board receives the same Ethics Training as employees. Training is also updated and presented annually.

What are some employee misconceptions that management may have to overcome in delivering an Ethics Training program?
Employees often believe that they are already ethical, that there is little to be learned from Ethics Training, that ethical dilemmas are unique, and that a formalized approach would be ineffective.

How can small firms benefit from formal Ethics Training programs without the expense of maintaining internal training departments?
Many external firms offer solutions for small businesses, allowing them to benefit from the expertise of specialized Ethics Training at much less than the cost of an internal department.

What are some types of Ethics Training programs you have encountered at your current or previous organizations?
Encourage participants to share personal experiences with Ethics Training programs.

According to the Experts...

“69% of employees report their organizations implement ethics training, up 14% from 2003.”

“What we focus on is giving employees a road map, some tools, some experiences, some advice from colleagues...that can help guide them through complexities everyday to build a better business.”

Robert J. Stevens CEO, Chairman, and President, Lockheed Martin Corporation

Additional Resources

Available online at www.SHRM.org

Fifteen Reproducible Activities for Reinforcing Business Ethics and Values
By Peter Garber

The Art of Waking People Up: Cultivating Awareness and Authenticity at Work
By Kenneth Cloke and Joan Goldsmith
A compelling argument for linking ethical behavior and performance metrics is presented in the video. Lockheed Martin’s managers stress that how one achieves a result is just as important as the result itself. Have participants discuss situations that could benefit from linking performance to ethical standards.

Some additional questions to discuss:

**From a performance perspective, how does Lockheed Martin ensure that managers achieve their objectives and goals in an ethical manner?**

Lockheed Martin’s “Full Spectrum Leadership” template examines managers’ accomplishments within the context of how they achieved those accomplishments.

**What are the challenges a company faces when linking ethics to performance?**

Acting ethically may hinder a company’s ability to achieve performance goals. However, forsaking ethics to achieve these goals can be detrimental to an ethical culture.

**How can small firms effectively link performance to ethical standards in the absence of a formal ethics program?**

360 Evaluations are very useful in small firms, because they allow different perspectives on the performance of an individual. These types of evaluations can identify ethics issues even in the absence of a formal ethics program.

**What are some positive and negative impacts of performance on ethics?**

Ask participants to share personal experiences with performance impacts on ethics.

Linking performance measures and evaluation to the ethical standards of an organization provides many benefits.

**Diagnosis**

One of the core purposes of a performance appraisal system is the diagnosis of organizational problems. Identifying potential weaknesses in its ethical framework allows an organization to be proactive in strengthening its ethical standards.

**Accountability**

Pressure to behave in an unethical manner often grows from the desire to meet objectives. By linking performance measures to ethical standards, employees are held accountable for not only what is achieved, but how it is achieved.

**Method**

Linking performance measures and evaluation to ethics increases the emphasis on the method an employee uses to meet an objective, rather than simply on the completed objective itself.

According to the Experts...

“In every performance review, the areas that we look at are what was accomplished, but also how it was accomplished. And did you do it in the way that we would want our employees and leaders to do it?”

Frank Thanicutt, Senior Manager HR

Lockheed Martin Corporation

43% of respondents believed their supervisors don’t set good examples of integrity.

“2000 National Business Ethics Survey,” Ethics Resource Center

**Additional Resources**

Available online at www.SHRM.org

**Aligning HR with Organizational Strategy Survey**
By SHRM/Balanced Scorecard Collaborative

**Total Performance Scorecard: Achieve Performance with Integrity**
By Hubert J. Rampersad

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Ethics: The Fabric of Business Supplemental Materials
How do ethical companies start down the road to becoming unethical?

Ethical organizations rarely make unethical decisions without the influence of several key factors. These factors work together gradually to undermine the ethical foundation of the organization.

Management
The first breakdown in the ethical backbone of an organization happens at the management level. When management begins to compromise its own established ethical standards, it undermines the strength of the company’s ethical foundation.

Culture
Culture becomes compromised when managers are ethically negligent. The result is that the organizational imperative of ethics is devalued.

Employees
Because employees are heavily influenced by the surrounding workplace culture, the erosion of ethical standards is transferred and reflected in individual decisions.

 Some additional questions to discuss:

**How does Lockheed Martin ensure that its ethical foundation remains intact?**

*Lockheed Martin uses a variety of communication mechanisms, and leverages the power of the peer group to create ownership and individual accountability for ethical behavior.*

**How can an organization rebound after ethical lapses or violations?**

*In order to recover successfully, an organization should clearly communicate ethical expectations and adopt a zero-tolerance policy regarding ethical violations.*

**Is a small firm more susceptible to a rapid transformation from ethical to unethical?**

*In a smaller firm, each employee has a much greater impact on the ethical culture. For this reason, a small firm may be more susceptible to an ethical breach.*

**What are some examples of pressures that you have faced that caused you to consider compromising your ethics?**

*Encourage participants to share personal examples of difficult situations.*

2005 Opinion Research Corporation CARAVAN® omnibus survey of employees faced with an ethical dilemma:

- 49% said they did what they thought was right
- 30% worked out a compromise with their supervisor
- 8% determined that what their supervisor requested was appropriate and carried it out
- 9% did what their supervisor asked despite personal doubt

Adapted from the LRN Press Release, “New Research Reveals Business Impact of Ethics, Signals the Importance of Ethical Corporate Cultures,” 01/30/06
Lockheed Martin’s HR professionals understand their role in maintaining the ethical framework of an organization. According to Jim Comey, “HR is where people will touch, taste, and feel the kind of culture the company wants to develop.” Ask participants to brainstorm the many ways in which HR can contribute to organizational ethics.

Some additional questions to discuss:

**How does HR maintain a unified focus on strengthening the ethical foundation of Lockheed Martin?**

At Lockheed Martin, HR works hand-in-hand with the Ethics Office to deal with ethical violations. It also coordinates all policy changes to ensure consistency.

**What role does HR play in building and maintaining an organization’s culture?**

HR sets a tone through its policies, procedures, and actions. From the hiring process throughout an employee’s time at a company, HR develops and reinforces cultural expectations.

**If a small firm outsources its HR functions, how can management ensure that the desired culture is reinforced?**

When selecting a vendor, it is critical that small firms ensure a cultural match and choose a company with similar values.

**What are some effective and ineffective approaches HR has used in your current or previous organization?**

Prompt students to identify positive and negative experiences with HR.

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**According to the Experts...**

“HR is a critical partner here at Lockheed Martin with our ethics folks. HR is where the folks will touch, taste, and feel the kind of culture this company wants to develop.”

Jim Comey
SVP General Counsel
Lockheed Martin Corporation

43% of respondents believe their supervisors do not set good examples of integrity.

“2000 National Business Ethics Survey,” Ethics Resource Center

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**Ethics in HRD: A New Approach to Leading Responsible Organizations**

By Tim Hatcher

**2003 Business Ethics Survey**

By SHRM/Ethics Resource Center

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Additional Resources

Available online at www.SHRM.org

Ethics: The Fabric of Business Supplemental Materials
The video emphasizes the important role that culture plays in building an ethical foundation. Lockheed Martin understands this concept, and as a result, the company has built its culture around integrity. Ask participants to discuss ways in which culture impacts ethical organizational behavior.

Some additional questions to discuss:

**What is the relationship between Lockheed Martin’s culture and ethical standards?**

There is a circular relationship between the two. The organization’s ethical standards define its culture, and the culture then reinforces these ethical standards.

**Is sustaining an ethical foundation possible without a strong ethical culture?**

No, the relationship between ethics and culture is correlated. Without a culture that respects and encourages integrity, it would be impossible to maintain and follow strong ethical standards.

**How can small firms build enduring cultures that value ethical behavior?**

Small organizations can benefit from establishing ethical codes of conduct and ensuring management buy-in and promotion. This communication of expectations and modeling of behavior provide a healthy foundation for organizational culture.

**What are some examples of positive and negative cultural influences on ethics at your current or previous organization?**

Encourage participants to share individual examples of cultural influence.

Organizational culture has a tremendous impact on the ethical behavior of an organization, its employees, and its managers.

**Defines Values**

Culture defines the values and norms of the organization. Communicating organizational vision, values, and norms is critical to guiding employees to act in an ethical manner.

**Models Integrity**

Culture, as enacted by managers, models the integrity to which the organization is committed. Their behaviors send messages about acceptable behaviors and decisions within an organization.

**Creates Buy-In**

Culture influences top management buy-in. Organizational leaders set the tone for all employees through their actions and words. In order to be effective, all managers must understand and subscribe to the ethical standards of the organization.

According to the Experts...

“Strong corporate values and high ethical standards are not just public relations hype to improve corporate image. Rather, among organizations that truly believe in living those values and ethical standards, it takes work to develop practical policies and programs…”

According to the National Business Ethics Survey, conducted by the Ethics Resource Center, “Ethics and compliance programs can and do make a difference. However, their impact is related to the culture in which they are situated…We know formal programs are critical and work well initially, but we must now focus greater attention on building the right culture in which programs operate.”

Quoted from the Ethics Resource Center: “The National Business Ethics Survey.”

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**Additional Resources**

Available online at www.SHRM.org

**Absolute Honesty: Building a Corporate Culture that Values Straight Talk**

By Larry Johnson and Bob Phillips

**Soul of an Organization: Understanding the Values that Drive Successful Cultures**

By Richard S. Gallagher

Ethics: The Fabric of Business Supplemental Materials
In the video, Lockheed Martin stresses the level of trust it has in its employees. Mutual trust is fundamental to reinforcing a sense of empowerment and encouraging ethical decision-making. Encourage participants to discuss positive impacts employee empowerment has on an ethical culture.

Some additional questions to discuss:

**How does Lockheed Martin empower employees to make ethical decisions?**

Lockheed Martin showcases employees across the workforce who have taken positive, ethical actions. It emphasizes accountability to peers as incentive for making ethical choices.

**Why is an effective Ethics Reporting System critical to empowering employees?**

It is imperative to ensure that employees understand the resources available to them and know how to use them properly.

**What are the challenges in empowering employees in a small firm?**

Smaller firms often have very centralized decision-making procedures. Combined with increased employee responsibility, these create a paradox that often can make employees frustrated. Using more participative decision-making can alleviate these frustrations.

**What are some examples of employee empowerment initiatives at your current or previous employers?**

Encourage participants to volunteer specific programs and initiatives employers implemented to empower employees.

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**How does employee empowerment foster ethical decision-making?**

To promote individual ethical decision-making, employee empowerment must be a recognized value of an organization. It must then be incorporated into all company communications and training to be adopted as an inherent part of the culture.

**Trust**

By trusting and empowering employees to make decisions, an organization fosters an environment where employees want to do the right thing, even when no one is looking.

**Psychological Contracts**

Psychological contracts are formed to define expectations between managers and employees. Provided that management embodies the ethical standards set forth, employees will be more likely to uphold their end of the unwritten contract.

**Unbiased Experts**

Providing the training and availability of an effective Ethics Reporting System ensures that employees are not forced to make difficult ethical decisions alone.

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**According to the Experts...**

“Our fundamental belief is employees want to do the right thing. It’s our values as a corporation. And we try to incorporate those values in our thinking and our communications to employees.”

Maryanne Lavan, VP Ethics & Business Conduct, Lockheed Martin Corporation

“Our efforts to foster accountability and responsibility within the company include leadership and organizational initiatives and resources that empower employees to act ethically.”

Quoted from Dell’s Accountability Statement on Global Ethics
Communicating standardized ethical practices to a global workforce presents many challenges for companies such as Lockheed Martin. These challenges arise from internal cultural differences, translation of critical values and norms, and maintaining accountability in a decentralized structure. Have participants discuss the difficulties faced in maintaining ethical standards in a global workforce.

Some additional questions to discuss:

How does Lockheed Martin ensure that international business units adhere to the same ethical standards?
Lockheed Martin uses a variety of tools to ensure that its ethical standards are repetitively communicated and understood. They also use a zero-tolerance policy for ethics violations.

How can companies manage localized pressures on individual business units?
Place clear emphasis on operating within an established ethical framework, regardless of local pressures or practices.

What are some unique challenges for smaller international firms?
Small international firms are often involved in alliances that present additional challenges in maintaining an ethical foundation, as the cultures and ethical standards of the partner firms may conflict.

Why is it important to maintain consistency across international business units despite local business practices?
Ask participants to discuss the pros and cons of internationally consistent ethical standards.

Global organizations face several challenges in maintaining universal ethical standards.

**Adaptation**
Ethical standards are often not easily adaptable to foreign business units. Managers must determine values critical to the ethics of an organization and translate these values for use in a global environment.

**Local Practices**
Significant differences in localized business practices often present serious obstacles in fostering a unified organizational culture. Foreign business units develop their own ethical standards based on local practices, and these may come into conflict with those established by a central office.

**Accountability**
Holding foreign business units accountable to the same ethical standards can be very difficult. To maintain an ethical framework, it is imperative not to compromise ethical standards, regardless of the unique pressures placed upon individual business units.

“Values and the beliefs of the organization serve as the foundation for values-based codes. As each core value is imparted, employees receive the standards necessary to support that value. The best values-based codes make concrete connections between values, standards, and the behavior of employees. When employees understand and appreciate the relationship between a specific standard and how that standard reinforces a key value, they are much more apt to respect the standard.”

Lori Tansey Martens, “Writing an Effective Global Code of Conduct” International Business Ethics Review

65% of international employees in the field of communications have not received formal ethics training.

#### Additional Resources

**Global Ethics, Labor Standards, and International HRM**
By SHRM

**Strategic Corporate Social Responsibility: Stakeholders in a Global Environment**
By David Chandler and William Werther, Jr.

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Participant Worksheet

Why is management buy-in critical to building an ethical organization?

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What are Lockheed Martin’s views on the importance of management buy-in?
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How can companies foster consensus and buy-in among managers?
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What are some obstacles to achieving management buy-in in small firms?
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How can the absence of management buy-in affect adherence to ethical standards?
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Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience, and classroom discussions.
How can organizational communication build an ethical foundation?

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How does Lockheed Martin use organizational communication to ensure that ethical standards are understood?
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Why must organizations develop a unique internal message and set of tools for communicating ethics?
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How can small firms adapt these tools to suit their own needs?
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What are some examples of management actions that have had an influence on your behavior?
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Follow the facilitator's instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience, and classroom discussions.
What are some important aspects of an effective Ethics Reporting System?

What are some components of Lockheed Martin’s Ethics Reporting System?

What are some common errors made by companies in establishing Ethics Reporting Systems?

How can small firms take advantage of the benefits offered by Ethics Reporting Systems?

What are some examples of successes and failures of Ethics Reporting Systems at your current or previous organization?
What role does training play in fostering organizational ethics?

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How does Lockheed Martin ensure that Ethics Training is consistent, relevant, and timely across the organization?
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What are some employee misconceptions that management may have to overcome in delivering an effective Ethics Training program?
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How can small firms benefit from formal Ethics Training programs without the expense of maintaining internal training departments?
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What are some types of Ethics Training programs you have encountered at your current or previous organizations?
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Participant Worksheet

What are the benefits of linking performance to ethical standards?

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From a performance perspective, how does Lockheed Martin ensure that managers achieve their objectives and goals in an ethical manner?

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What are the challenges a company faces when linking ethics to performance?

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How can small firms effectively link performance to ethical standards in the absence of a formal ethics program?

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What are some positive and negative impacts of performance on ethics?

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How do ethical companies start down the road to becoming unethical?

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How does Lockheed Martin ensure that its ethical foundation remains intact?
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How can an organization rebound after ethical lapses or violations?
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Is a small firm more susceptible to a rapid transformation from ethical to unethical?
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What are some examples of pressures that you have faced that caused you to consider compromising your ethics?
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What is HR’s contribution to the ethical framework of an organization?

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How does HR maintain a unified focus on strengthening the ethical foundation of Lockheed Martin?
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What role does HR play in building and maintaining an organization’s culture?
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If a small firm outsources its HR functions, how can management ensure that the desired culture is reinforced?
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What are some effective and ineffective approaches HR has used in your current or previous organizations?
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How does the culture of an organization impact its ethical behavior?

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What is the relationship between Lockheed Martin’s culture and ethical standards?

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Is sustaining an ethical foundation possible without a strong ethical culture?

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How can small firms build enduring cultures that value ethical behavior?

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What are some examples of positive and negative cultural influences on the ethics at your current or previous organization?

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Participant’s Name

Follow the facilitator’s instructions to complete this worksheet. Comprehensive answers will incorporate information from the video, personal experience, and classroom discussions.
How does employee empowerment foster ethical decision-making?
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How does Lockheed Martin empower employees to make ethical decisions?
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Why is an effective Ethics Reporting System critical to empowering employees?
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What are the challenges in empowering employees in a small firm?
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What are some examples of employee empowerment initiatives at your current or previous employers?
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What are the ethical challenges in managing a global workforce?

How does Lockheed Martin ensure that international business units adhere to the same ethical standards?

How can companies manage localized pressures on individual business units?

What are some unique challenges for smaller international firms?

Why is it important to maintain consistency across international business units despite local business practices?
Why is management buy-in critical to building an ethical organization?

Managers have the greatest impact on creating and promoting ethical standards, and their absolute buy-in and support are critical to maintaining a sound ethical foundation for several reasons.

**Consistency:** Consensus among managers is crucial to developing a consistent set of ethical standards. Failure to achieve unity and consistency at the management level will result in amplified confusion and diminished adherence to ethical standards among subordinates.

**Demonstration:** Managers are responsible for following and demonstrating established ethical standards. If all managers do not buy-in to the same standards, conflicting actions may present a confusing and inconsistent message.

**Emulation:** Even after management buy-in is achieved, managers must continue to model a standard of ethical excellence through their actions.

What are Lockheed Martin’s views on the importance of management buy-in?

Lockheed Martin’s managers truly believe that they drive the organizational culture. Therefore, management buy-in is crucial to delivering an effective, consistent ethical message.

How can companies foster consensus and buy-in among managers?

A combination of rewards and recognition are helpful in creating a unified team of managers. Management performance should be measured over the long run, and managers should be held directly accountable to their peers.

What are some obstacles to achieving management buy-in in small firms?

Greater emphasis must be placed on consistent delivery and demonstration. A smaller team of managers increases the impact that their actions have on employees, resulting in amplification of any ethical misconduct.

How can the absence of management buy-in affect adherence to ethical standards?

Personal experiences showing the importance of a unified management team.
How can organizational communication build an ethical foundation?

An organization can use several tools to deliver and repeat a consistent ethical message. While internal communications tools will vary between organizations, all should transmit and repeat a consistent message about ethical standards. There are three key components for using communication to build and sustain an ethical foundation.

**Management Demonstration:** Integrity is difficult to teach, but easy to demonstrate. Managers must communicate the importance of ethics through their own actions.

**Internal Accountability Controls:** A detailed set of internal accountability controls could include specific ethics policies and procedures, corporate responsibility departments, and board committees.

**Communication Media:** A variety of tools can be used to facilitate the transmission of a consistent message to employees. These can include corporate events, newsletters, video, and intranet.

How does Lockheed Martin use organizational communication to ensure that ethical standards are understood?

Lockheed Martin delivers a consistent and repetitive message through various internal communication media, such as its company newspaper and corporate videos.

Why must organizations develop a unique internal message and set of tools for communicating ethics?

Ethics cannot be translated across industries or businesses in one standardized format. Ethical expectations vary between organizations, and the message and method should reflect the unique needs of the organization.

How can small firms adapt these tools to suit their own needs?

Interpersonal communication is key, and management demonstration is imperative in the absence of formal communication media.

What are some examples of management actions that have had an influence on your behavior?

Personal examples of influential management actions.
What are some important aspects of an effective Ethics Reporting System?

There are three critical characteristics of an effective Ethics Reporting System.

**Familiarity and Accessibility:** It is vital that all members of the organization know how to access and use the system. This ensures that all employees are able to use the system if they need to do so.

**Security:** It is imperative that the system provide the option of reporting ethical violations or misconduct anonymously and securely. Guaranteeing secure access to the system allows employees to feel safe in reporting incidents and asking questions, and therefore, promotes uninhibited communication within the organization.

**Resolution:** Finally, it is important that Ethics Reporting Systems produce outcomes acceptable to all parties. Unique features of the system, such as an appellate process, ensure that all employee concerns are taken seriously.

What are some components of Lockheed Martin’s Ethics Reporting System?

Lockheed Martin offers its employees training, an Ethics Helpline, and an appellate process that ensures satisfactory outcomes.

What are some common errors made by companies in establishing these systems?

Common errors include inadequate or improper training, poor system accessibility, inability to ensure anonymity or protection, and failure by management to take corrective action.

How can small firms take advantage of the benefits offered by these systems?

These systems can be outsourced to organizations specializing in the service.

What are some examples of successes and failures at your current or previous organization?

Personal experiences with Ethics Reporting Systems.
Many organizations rely on Ethics Training to communicate the importance of ethics. Training can be informal on-the-job, formal online, or formal classroom learning. Relevant and timely training provides several benefits.

**Increases Awareness:** Ethics Training increases awareness of issues in business. Many employees are unaware of the potential ethical dilemmas faced in the industry or business unit. Awareness before encountering a potential situation allows the employee to plan appropriate action.

**Communicates Expectations:** Ethics Training gives employees information about a company’s formal ethical philosophy. It also communicates the required skills and expectations for adhering to ethics policies.

**Transfers Skills and Behaviors:** Formal Ethics Training provides employees with an understanding of the skills and behaviors required to make ethical decisions. These skills and behaviors are then transferred to actual situations as they arise.

**How does Lockheed Martin ensure that Ethics Training is consistent, relevant, and timely across the organization?**

Lockheed Martin’s Board receives the same Ethics Training as employees. Training is also updated and presented annually.

**What are some employee misconceptions that management may have to overcome in delivering an Ethics Training program?**

Employees often believe that they are already ethical, that there is little to be learned from Ethics Training, that ethical dilemmas are unique, and that a formalized approach would be ineffective.

**How can small firms benefit from formal Ethics Training programs without the expense of maintaining internal training departments?**

Many external firms offer solutions for small businesses, allowing them to benefit from the expertise of specialized Ethics Training at much less than the cost of an internal department.

**What are some types of Ethics Training programs you have encountered at your current or previous organizations?**

Personal experiences with Ethics Training programs.
What are the benefits of linking performance to ethical standards?

Linking performance measures and evaluation to the ethical standards of an organization provides many benefits.

**Diagnosis**: One of the core purposes of a performance appraisal system is the diagnosis of organizational problems. Identifying potential weaknesses in its ethical framework allows an organization to be proactive in strengthening its ethical standards.

**Accountability**: Pressure to behave in an unethical manner often grows from the desire to meet objectives. By linking performance measures to ethical standards, employees are held accountable for not only what is achieved, but how it is achieved.

**Method**: Linking performance measures and evaluation to ethics increases the emphasis on the method an employee uses to meet an objective, rather than simply on the completed objective itself.

From a performance perspective, how does Lockheed Martin ensure that managers achieve their objectives and goals in an ethical manner?

*Lockheed Martin’s “Full Spectrum Leadership” template examines managers’ accomplishments within the context of how they achieved those accomplishments.*

What are the challenges a company faces when linking ethics to performance?

Acting ethically may hinder a company’s ability to achieve performance goals. However, forsaking ethics to achieve these goals can be detrimental to an ethical culture.

How can small firms effectively link performance to ethical standards in the absence of a formal ethics program?

*360 Evaluations are very useful in small firms, because they allow different perspectives on the performance of an individual. These types of evaluations can identify ethics issues even in the absence of a formal ethics program.*

What are some positive and negative impacts of performance on ethics?

*Personal experiences with performance impacts on ethics.*
Ethical organizations rarely make unethical decisions without the influence of several key factors. These factors work together gradually to undermine the ethical foundation of the organization.

**Management:** The first breakdown in the ethical backbone of an organization happens at the management level. When management begins to compromise its own established ethical standards, it undermines the strength of the company's ethical foundation.

**Culture:** Culture becomes compromised when managers are ethically negligent. The result is that the organizational imperative of ethics is devalued.

**Employees:** Because employees are heavily influenced by the surrounding workplace culture, the erosion of ethical standards is transferred and reflected in individual decisions.

How does Lockheed Martin ensure that its ethical foundation remains intact?

Lockheed Martin uses a variety of communication mechanisms, and leverages the power of the peer group to create ownership and individual accountability for ethical behavior.

How can an organization rebound after ethical lapses or violations?

In order to recover successfully, an organization should clearly communicate ethical expectations and adopt a zero-tolerance policy regarding ethical violations.

Is a small firm more susceptible to a rapid transformation from ethical to unethical?

In a smaller firm, each employee has a much greater impact on the ethical culture. For this reason, a small firm may be more susceptible to an ethical breach.

What are some examples of pressures that you have faced that caused you to consider compromising your ethics?

Personal examples of difficult situations.
What is HR’s contribution to the ethical framework of an organization?

Human Resources plays one of the most critical roles in maintaining the ethical framework of an organization. HR should function as a liaison and partner to ethics personnel, managers, and employees.

**Decision-making process:** When managers are faced with difficult decisions, Human Resources should be available in real time to offer counsel and advice. When formal Ethics Reporting Systems are in place, HR should be involved in the confidential resolution of issues.

**Policies and procedures:** It is imperative that Human Resources be directly involved in the development of all policies and procedures regarding ethics. Likewise, ethics personnel should be involved in the development of ethical HR policies.

**Positive work environment:** Human Resources should promote a positive and inclusive work environment by providing continual education on the ethical standards of the organization.

How does HR maintain a unified focus on strengthening the ethical foundation of Lockheed Martin?

At Lockheed Martin, HR works hand-in-hand with the Ethics Office to deal with ethical violations. It also coordinates all policy changes to ensure consistency.

What role does HR play in building and maintaining an organization’s culture?

HR sets a tone through its policies, procedures, and actions. From the hiring process throughout an employee’s time at a company, HR develops and reinforces cultural expectations.

If a small firm outsources its HR functions, how can management ensure that the desired culture is reinforced?

When selecting a vendor, it is critical that small firms ensure a cultural match and choose a company with similar values.

What are some effective and ineffective approaches HR has used in your current or previous organization?

Positive and negative experiences with HR.
Organizational culture has a tremendous impact on the ethical behavior of an organization, its employees, and its managers.

**Defines Values:** Culture defines the values and norms of the organization. Communicating organizational vision, values, and norms is critical to guiding employees to act in an ethical manner.

**Models Integrity:** Culture, as enacted by managers, models the integrity to which the organization is committed. Their behaviors send messages about acceptable behaviors and decisions within an organization.

**Creates Buy-In:** Culture influences top management buy-in. Organizational leaders set the tone for all employees through their actions and words. In order to be effective, all managers must understand and subscribe to the ethical standards of the organization.

**What is the relationship between Lockheed Martin’s culture and ethical standards?**

There is a circular relationship between the two. The organization’s ethical standards define its culture, and the culture then reinforces these ethical standards.

**Is sustaining an ethical foundation possible without a strong ethical culture?**

No, the relationship between ethics and culture is correlated. Without a culture that respects and encourages integrity, it would be impossible to maintain and follow strong ethical standards.

**How can small firms build enduring cultures that value ethical behavior?**

Small organizations can benefit from establishing ethical codes of conduct and ensuring management buy-in and promotion. This communication of expectations and modeling of behavior provide a healthy foundation for organizational culture.

**What are some examples of positive and negative cultural influences on ethics at your current or previous organization?**

Individual examples of cultural influence.
How does employee empowerment foster ethical decision-making?

To promote individual ethical decision-making, employee empowerment must be a recognized value of an organization. It must then be incorporated into all company communications and training to be adopted as an inherent part of the culture.

**Trust:** By trusting and empowering employees to make decisions, an organization fosters an environment where employees want to do the right thing, even when no one is looking.

**Psychological Contracts:** Psychological contracts are formed to define expectations between managers and employees. Provided that management embodies the ethical standards set forth, employees will be more likely to uphold their end of the unwritten contract.

**Unbiased Experts:** Providing the training and availability of an effective Ethics Reporting System ensures that employees are not forced to make difficult ethical decisions alone.

**How does Lockheed Martin empower employees to make ethical decisions?**

Lockheed Martin showcases employees across the workforce who have taken positive, ethical actions. It emphasizes accountability to peers as incentive for making ethical choices.

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It is imperative to ensure that employees understand the resources available to them and know how to use them properly.

**What are the challenges in empowering employees in a small firm?**

Smaller firms often have very centralized decision-making procedures. Combined with increased employee responsibility, these create a paradox that often can make employees frustrated. Using more participative decision-making can alleviate these frustrations.

**What are some examples of employee empowerment initiatives at your current or previous employers?**

Specific programs and initiatives employers implemented to empower employees.
Global organizations face several challenges in maintaining universal ethical standards.

**Adaptation:** Ethical standards are often not easily adaptable to foreign business units. Managers must determine values critical to the ethics of an organization and translate these values for use in a global environment.

**Local Practices:** Significant differences in localized business practices often present serious obstacles in fostering a unified organizational culture. Foreign business units develop their own ethical standards based on local practices, and these may come into conflict with those established by a central office.

**Accountability:** Holding foreign business units accountable to the same ethical standards can be very difficult. To maintain an ethical framework, it is imperative not to compromise ethical standards, regardless of the unique pressures placed upon individual business units.

How does Lockheed Martin ensure that international business units adhere to the same ethical standards?

Lockheed Martin uses a variety of tools to ensure that its ethical standards are repetitively communicated and understood. They also use a zero-tolerance policy for ethics violations.

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Place clear emphasis on operating within an established ethical framework, regardless of local pressures or practices.

What are some unique challenges for smaller international firms?

Small international firms are often involved in alliances that present additional challenges in maintaining an ethical foundation, as the cultures and ethical standards of the partner firms may conflict.

Why is it important to maintain consistency across international business units despite local business practices?

Pros and cons of internationally consistent ethical standards.
Robert J. Stevens serves as Chairman, President and Chief Executive Officer of Lockheed Martin. He has held a variety of increasingly responsible executive positions with the Corporation, including Chief Operating Officer, Chief Financial Officer, and head of Strategic Planning through a career that has included experience in program management, finance, manufacturing, and operations.

Mr. Stevens is a Fellow of the American Astronautical Society, the American Institute of Aeronautics and Astronautics, and the Royal Aeronautical Society. He serves on the International Advisory Board of the British-American Business Council and on the Executive Committee of the Aerospace Industries Association. He is a member of the Council on Foreign Relations, is Presiding Director of the Monsanto Company, and a member of the Board of Directors of the Congressional Medal of Honor Foundation. Mr. Stevens also served on President Bush’s Commission to Examine the Future of the United States Aerospace Industry.

Born in McKeesport, Pennsylvania, Mr. Stevens is a summa cum laude graduate of Slippery Rock University from which he received the Distinguished Alumni Award. He earned a master’s degree in engineering and management from the Polytechnic University of New York and, with a Fairchild Fellowship, earned a master’s degree in business from Columbia University. He is a graduate of the Department of Defense Systems Management College Program Management course and also served in the United States Marine Corps. He has been recognized by the National Management Association as Executive of the Year, by Government Computer News as the Industry Executive of the Year, by the Partnership for Public Service with the Private Sector Council Leadership Award, and by the Marine Corps Scholarship Foundation with the Globe and Anchor Award.
Maryanne R. Lavan is Vice President, Ethics and Business Conduct for Lockheed Martin Corporation.

Ms. Lavan joined Lockheed Martin in 1990 and has served as assistant general counsel for litigation and compliance and most recently as vice president and general counsel for the Electronic Systems business area.

Ms. Lavan graduated magna cum laude from the State University of New York at Albany with a Bachelor of Science degree. She received her juris doctor degree from the Washington College of Law, American University, where she was a member of the Law Review.
Frank Thanicatt leads the Human Resources functions for Lockheed Martin's Homeland Systems Solutions business. He has overall responsibility for the delivery of strategic and tactical HR Business Partner support to Homeland Systems Solutions.

Frank joined Lockheed Martin as an HR Generalist in September 2001 and his recent assignments included the support to Corporate Shared Services and Headquarters clients.

Prior to joining Lockheed Martin, Frank has held position of increasing responsibility with organizations such as First Data Corporation, Sbarro Inc., Guy Carpenter and Company, and Ogden Corporation.

Frank was born in Bombay, India, and immigrated with his family to the United States. He was raised in New York City. Frank is a graduate of the State University of New York at Buffalo, where he earned a bachelor’s degree in Business Administration with specialties in Human Resources and Management Information Systems. He also holds a postgraduate degree in Human Resources from New York University.
Sondra L. Barbour was appointed Vice President of Internal Audit, effective February 1, 2006. Her primary responsibility is to provide independent assessments of governance, internal controls and risk management across Lockheed Martin Corporation.

Most recently, Sondra was the Chief Information Officer and Vice President of Operations for Lockheed Martin Integrated Systems & Solutions (IS&S), a $4 billion business area of the Lockheed Martin Corporation. She led the business area’s IT, Facilities, Supply Chain, Technical Publications, LM21 and Environment, Health & Safety organizations.

She has 20 years experience in the design and development of large scale information systems. Her background includes management roles in engineering, functional and program operations areas for large software development systems (1+ million lines of code) with engineering and operations staffs of 1500 or more professionals.

Sondra is a volunteer with Lockheed Martin’s Network of Volunteer Associates, an organization volunteering time and resources to give back to the community. She is also an active board member for Temple University’s Fox School of Business.

Sondra is a graduate of Temple University with a double major in Computer Information Sciences and Accounting. She is also a graduate of IS&S’ Program Management Development Program.

She and her husband, Ron, reside in Darnestown, MD and are the proud parents of two children.
Jim Comey has been Senior Vice President and General Counsel of the Lockheed Martin Corporation since October 3, 2005. From 2003 through 2005, he served as Deputy Attorney General of the United States and was responsible for supervising the operations of the Department of Justice. Prior to becoming Deputy Attorney General, Mr. Comey was United States Attorney for the Southern District of New York. From 1996 through 2001, Mr. Comey served as Managing Assistant U.S. Attorney in charge of the Richmond Division of the United States Attorney's office for the Eastern District of Virginia.

Mr. Comey was educated at the College of William & Mary (B.S. with Honors 1982, Chemistry and Religion majors) and the University of Chicago Law School (J.D. 1985). After law school, he served as a law clerk for then-United States District Judge John M. Walker, Jr. in Manhattan, and worked for Gibson, Dunn & Crutcher in their New York Office. He next joined the U.S. Attorney's Office for the Southern District of New York, where he worked from 1987 to 1993, eventually serving as Deputy Chief of the Criminal Division.

As United States Attorney, Mr. Comey oversaw numerous terrorism cases and supervised prosecutions of executives of WorldCom, Adelphia, and ImClone on fraud and securities-related charges. Mr. Comey also created a specialized unit devoted to prosecuting international drug cartels. As Deputy Attorney General, he chaired the President's Corporate Fraud Task Force and the Presidential Board on Safeguarding Americans' Civil Liberties.

As an Assistant United States Attorney in the Eastern District of Virginia, he handled the Khobar Towers terrorist bombing case, arising out of the June 1996 attack on a U.S. military facility in Saudi Arabia in which 19 Airmen were killed. He has personally investigated and prosecuted a wide variety of cases, including firearms, narcotics, major frauds, violent crime, public corruption, terrorism, and organized crime. In the Southern District of New York, he served as lead prosecutor in United States v. John Gambino et al., a six-month mafia racketeering and murder trial in 1993.

While in Richmond, Mr. Comey also served as an Adjunct Professor of law at the University of Richmond. Prior to joining the U.S. Attorney's office in Richmond in 1996, he was a partner at McGuireWoods, LLP specializing in criminal defense and commercial litigation.

Mr. Comey is married and has five children.
Ginny Vasan is Vice President, Executive & Internal Communications for Lockheed Martin Corporation in Bethesda, Maryland, a post she assumed in February 2002. Previously, she served as Director, Internal Communications, responsible for Lockheed Martin’s corporate-wide communications to employees and management.

Before joining the Corporation in 1993, Ms. Vasan was Manager, Shareholder Communications, and Manager, Executive Communications, at Westinghouse Electric Corporation’s headquarters in Pittsburgh, Pa. In these positions, she served as speechwriter to the Chairman & CEO and was responsible for Westinghouse’s annual report and other communications to shareholders. Prior to that, she was responsible for employee communications at Westinghouse’s defense electronics business in Baltimore, Md.

A native of Annapolis, Md., Ms. Vasan holds a bachelor’s degree in Communications from American University, Washington, D.C. She began her career as a reporter and editor for several Washington, D.C.-area newspapers.
Ramon Cordero has twenty years of progressively responsible experience in corporate finance including the development of the five-year business forecast for the corporation, preparation of corporate financial statements, preparation and control of overhead budgets and computation corporate office cost allocations.

Ramon is currently the Director of Finance in Lockheed Martin’s Corporate and Competitive Financial Analysis department responsible for providing the resources to support corporate finance, investor relations, and oversee reporting on competitor financial analysis. The group develops complex models for various financial analysis such as discounted cash flow models. In supporting investor relations the team helps develop the Q&A book that is used by executive management to prepare for various external communications such as the quarterly earnings conference call with Wall Street. The team compiles various financial information on our peer companies and cover quarterly earnings calls, Investor conferences and communicate strategic news items.
Reginald Combs is the Director of Audit Services for Lockheed Martin Corporation’s internal audit department. The Audit Services group provides advisory services and management consulting, audit quality management, continuous monitoring, and internal systems management. In addition, the group is responsible for managing the organization’s Business Leadership Development Program (BLDP).

Prior to assuming his current position, Reggie headed the department’s Information Technology Audit group. This “virtual” group was responsible for evaluating IT controls across the Corporation and at individual business units.

Mr. Combs has also held information technology audit and/or consulting positions with First Interstate Bank and Deloitte.
Nick Spain
HR Business Partner
Lockheed Martin Corporation

Nick Spain is the lead HR Business Partner for Lockheed Martin Corporate Finance and Business Operations, Corporate Engineering & Technology, and Operating Excellence.

Mr. Spain joined Lockheed Martin in 2000 and has served in various HR roles, including EEO/Diversity, Compensation, and new employee management. He also has served as a Resource Development Manager.

Mr. Spain earned a Bachelor of Arts in Psychology from Temple University and a Master of Arts in Psychology from West Chester State University.
Wayne Cascio, Ph.D.

US Bank Term Professor of Management
University of Colorado at Denver

Wayne is the US Bank Term Professor of Management at the University of Colorado and Health Sciences Center. He is a world-renowned scholar, author and teacher. His paper on Responsible Restructuring was named the most outstanding research paper in 2003 by the Academy of Management Executive. Wayne is a member of the SHRM Foundation board of directors, and past president both of the HR Division of the Academy of Management, and of the Society for Industrial and Organizational Psychology (SIOP).

He has published 21 books on human resources including Applied Psychology in Human Resources Management (6th ed, 2005) and Managing Human Resources (7th ed, 2006). He currently serves on the Board of Governors for the Academy of Management, as well as CPP, Inc. He actively shares his HR management knowledge through speaking engagements and consulting activities, and he has been recognized for his dynamic teaching style in Executive and 11-month MBA programs at the University of Colorado.