

# Ethics in Government

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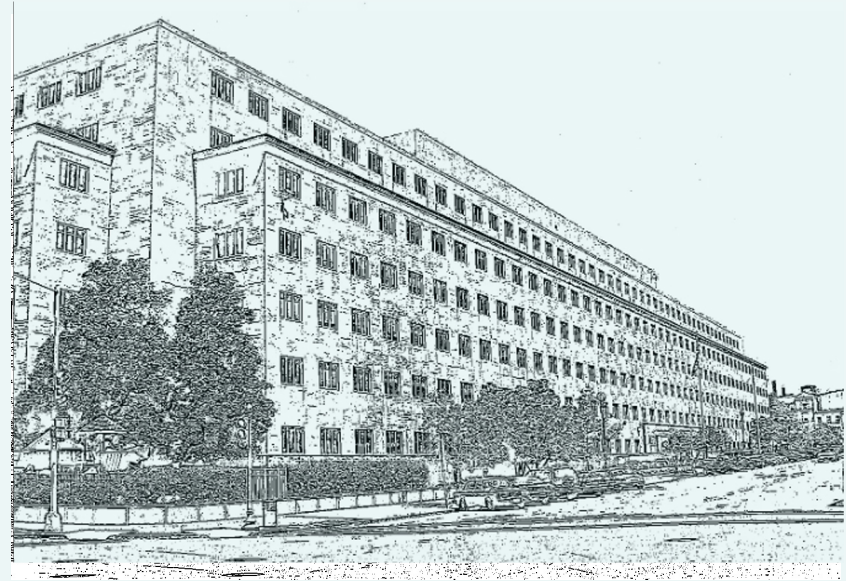
MKTG 307-001  
VADM Lou Crenshaw USN (Ret.)  
February 7, 2020



# The Business of Government

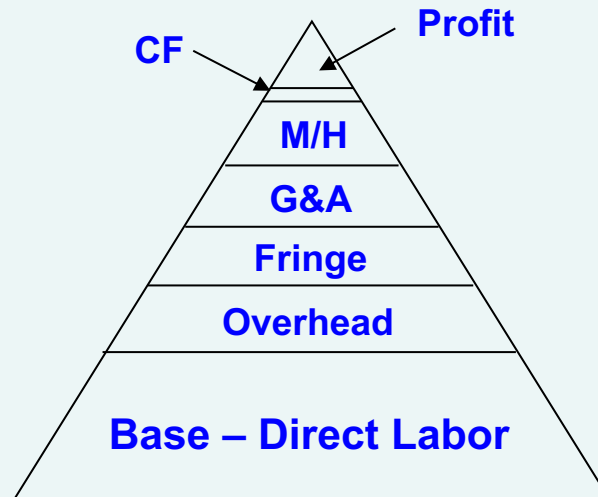
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- People are seen as “free”
- Effects on contractors largely ignored
- Little understanding of P&L
- There’s no rush
- Requirements often inadequate and subject to change
- Acquisition policy and Contracting Officer behavior not necessarily in sync
- Protest avoidance frequently complicates business cycle of bidders
- Funding always a problem, especially for small business
- Termination for Convenience of the Government can break a small business



# Business Cost Drivers

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Different Companies Use Different Mixes of These Cost Drivers to Build their Business Model



# Type of Acquisition Drives Price

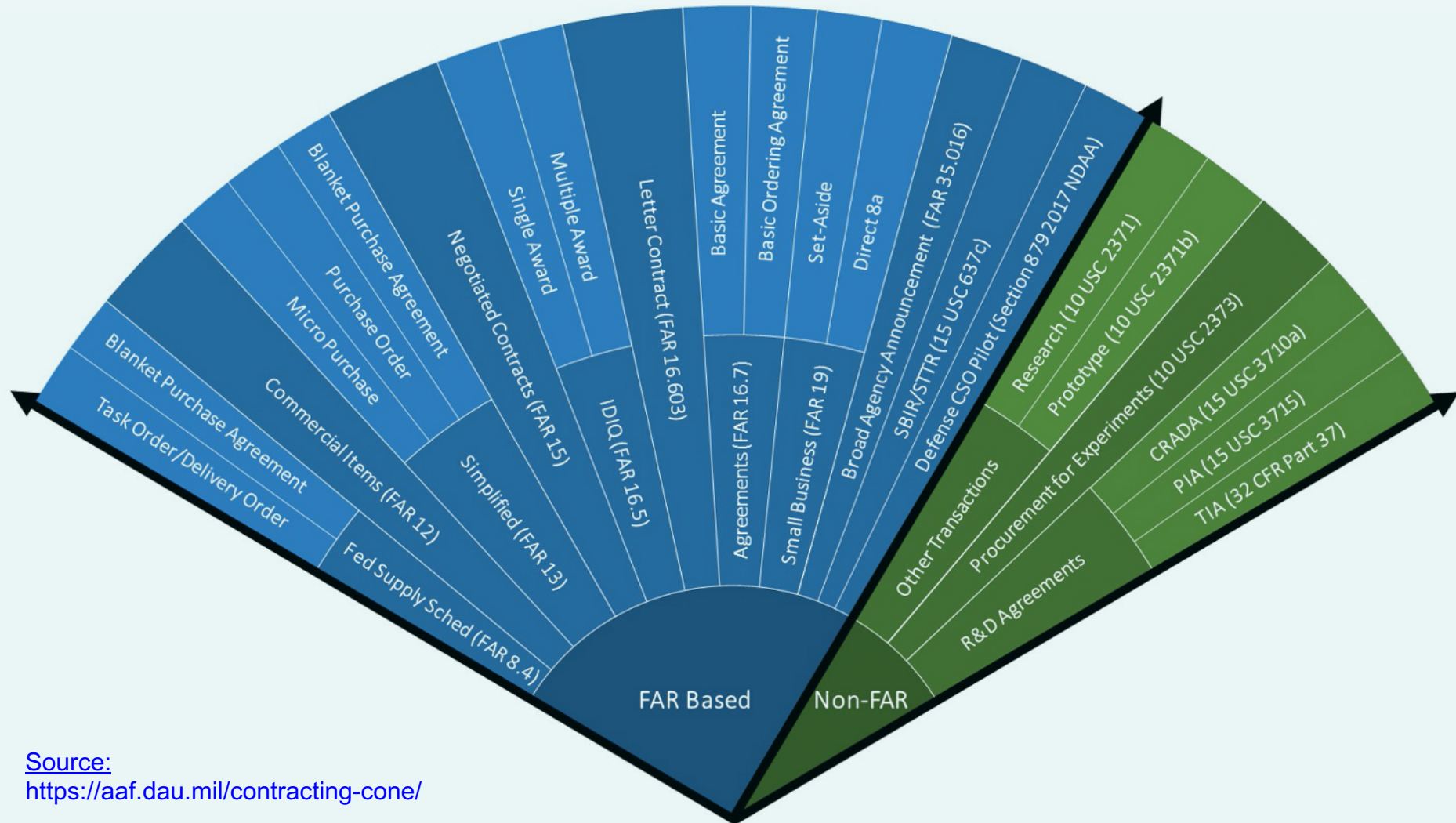
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- Time to Respond
- Type of Contract: FFP, T&M, CP, etc
- Specificity of SOW
- Personnel Requirements
- Other Evaluation Factors
- Compliance vs. Performance-Based
- Managed Services vs. Product Delivery



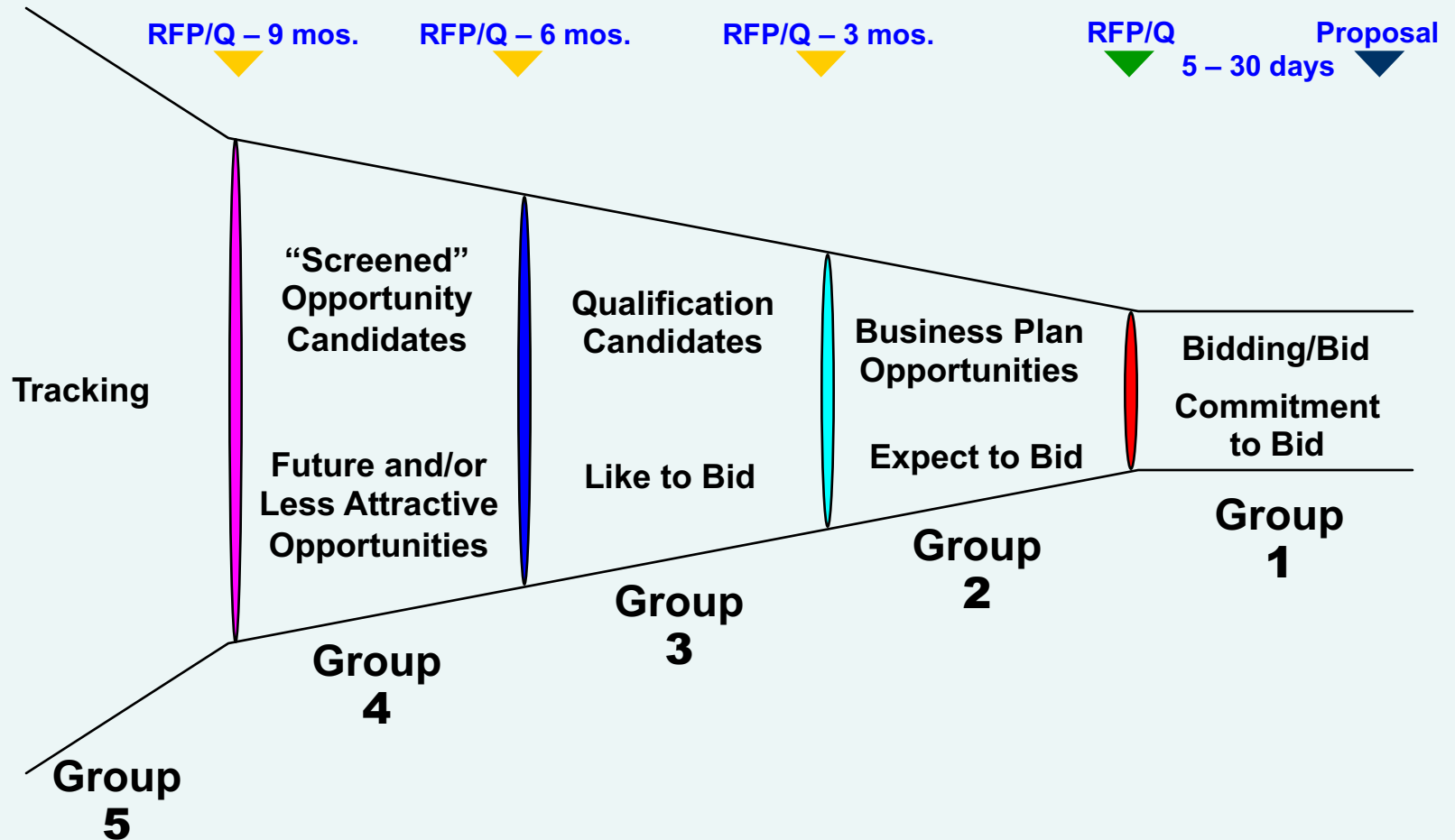


# CO's have Choices



Source:  
<https://aaf.dau.mil/contracting-cone/>

# How Contractors Plan for Bids

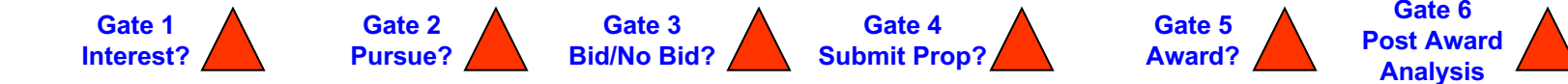
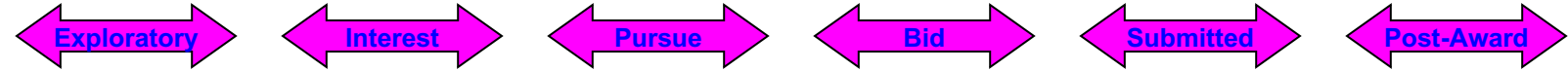


# Opportunity Pipeline

Government/  
Customer

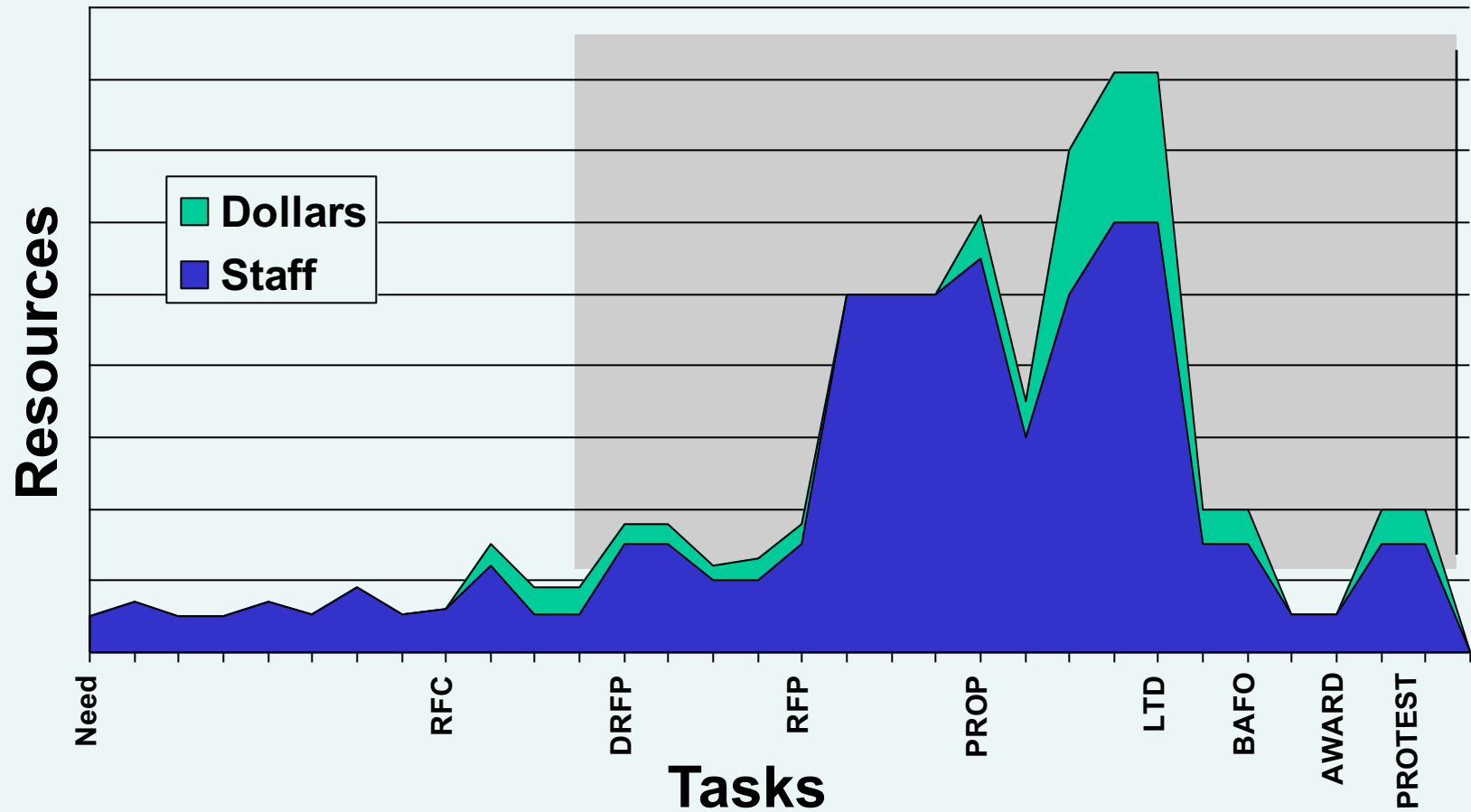
Stages

Decisions



Phases	Assess Opportunity & Market Positioning	Win Strategy Development	Program/System Concept Refinement	Bid/Proposal Development	Post-Submittal	Post Award
Key Activities						
Organize	Organize Assessment Team	Form Capture team	Expand Capture team	Initiate Proposal Team	Maintain Core team	Transition to Program Start-up
Gather	Gather Customer & Competitive Intelligence	Expand Customer & Competitive Intelligence	Refine Customer & Competitive Intelligence	Validate Customer & Competitive Intelligence	Update Customer & Competitive Intelligence	Attend Post-Award Debriefing with Customer
Develop Customer & Teaming Relationships	Identify Key Customers & Potential Teammates	Support Requirements & Role Definition	Influence Requirements & Define Work share	Formalize Communications & Participation	Support Evaluation	Attend Post-Award Debriefing with Customer
Analyze	Qualify Opportunity	Assess Competitive Posture	Validate Competitive Posture	Establish Win Targets	Reassess Competitive Position	Conduct Post-Award Analysis
Win Strategy	Create Top-Level Win Strategy	Create Detail Win Strategy	Refine Win Strategy	Implement Win Strategy	Update Win Strategy	Archive Lessons Learned
Capture Plan	Draft Preliminary Capture Plan	Draft Capture Plan	Update Capture Plan	Update Capture Plan	Update Capture Plan	Transition to Program Plan
Solution	Build Conceptual Solution	Develop Competitive Solution Approaches	Develop Solution Baselines	Freeze Solution Baselines	Manage Solution Changes	Archive Lessons Learned
Proposal	Develop Notional Value Proposition	Refine Value Proposition	Initiate Proposal Planning	Develop, Produce & Deliver Proposal	Archive Proposal and Artifacts	Archive Lessons Learned
Phase Outputs	Preliminary Capture Plan	Capture Plan	Updated Capture Plan	Updated Proposal Plan	Updated Proposal Plan	Win/Loss Analysis
	Assign Capture Manager	Solution Approaches	Solution Baselines	Updated Capture Plan	Oral Presentations	Post-Award Analysis Report
		Assign Proposal & Program Managers	Proposal Plans	Proposal	Lessons Learned Survey	Process Improvements

# Time is Money



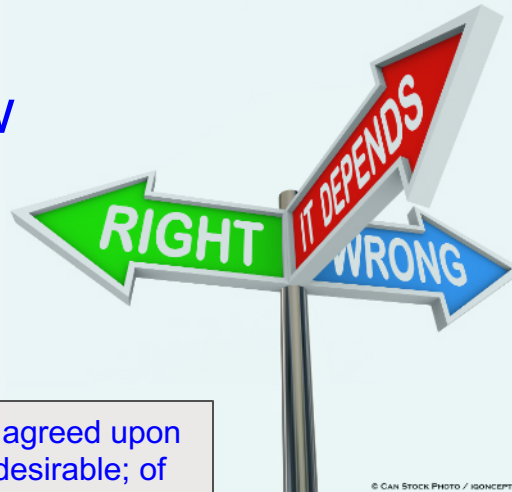
# Ethics, Morals and Integrity

## Ethics

- External Rules of conduct
- What I say I believe
- Society's concept of right and wrong
- Enforced by law

## Morals

- Internal rules of conduct
- What I do
- Your concept of right and wrong
- Enforced by self



**Ethics:** In a given group, ethics is the agreed upon standards of what is desirable and undesirable; of right and wrong conduct; of what is considered by that group as good and bad behavior of a person, group or entity that is a member of the group, and may include defined bases for discipline, including exclusion.\*

**Morality:** In a given society, in a given era of that society, morality is the generally-accepted standards of what is desirable and undesirable; of right and wrong conduct, and what is considered by that society as good or bad behavior of a person, group or entity.\*

\*Michael C. Jensen, Harvard Business School





# Who Am I?

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- We all have multiple self-identities
  - Mom/Dad
  - SES
  - Admiral
  - Problem-solver
  - Elk/Moose
  - Veteran
- Everyone has a Moral Identity
- Moral Identity directs attention, interpretation and response
- People with dominant Moral Identities are more likely to exhibit moral behavior
- Judgement-action gap narrower in those with dominate Moral Identities
- The more you develop your Moral Identity, the less you have to focus on it.



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# Federal Ethics Are Law

**Long Fall for Pentagon Star**  
Druyun Doled Out Favors by the Millions

**Ex-Boeing CFO gets jail for tanker scandal**

**Trump nominee sunk by 'Fat Leonard' corruption scandal**

**Political Emails at Work Lead to Employee Removal**

## Two Core Concepts

- Employees shall not use public office for private gain
- Employees shall act impartially and not give preferential treatment to any private organization or individual



# Common Violations

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- Abuse of Position (most common)
- Lunches/Gifts
- Speaking
- “Cooling Off”
- Post-employment
- Credit Cards
- Political Activities
- Travel Claims
- Time and Attendance
- Conflict of Interest
- Emoluments
- Bribery
- \*Lying



*Source: Encyclopedia of Ethical Failure, DoD  
General Counsel*





# Failing at Success: The Bathsheba Syndrome and You

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The Bathsheba Syndrome: The ethical failure of successful leaders by  
Dean C. Ludwig & Clinton O. Longenecker

# The Failure of Success

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- Ethical failures in leaders is a product of success, not pressure to perform
- Success may cause leaders to shift focus from those things that made them successful to less important issues
- Success leads to access to privileged information that may be abused
- Success leads to unrestrained control of an organization
- Success leads to inflated ego, leading one to believe they can fix anything





# Takeaways

- You are where you are to focus doing what is right for your organization, not yourself
- There will always be temptations
- Unethical behavior is a conscious choice and is driven by personal gratification, not the needs of an organization
- It's impossible to be unethical and not implicate or involve others
- Cover ups always do more damage
- Not being caught doesn't mean you got away with anything
- Getting caught can destroy the leader, the organization, innocent people and everything the leader worked for
- Those who are caught are always sorry



# Ethics Check

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1. Is it legal?
  - Will I be violating either civil law or company policy?
2. Is it balanced?
  - Is it fair to all concerned in the short term as well as the long term?
  - Does it promote win-win relationships?
3. How will it make me feel about myself?
  - Will it make me proud?
  - Would I feel good if my decision was published in the newspaper?
  - Would I feel good if my family knew about it?

Source: [The Power of Ethical Management](#) by Ken Blanchard and Norman Vincent Peale. William Morrow & Co. 1988



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This brief is available at [https://crenshawconsultingassociates.com/wp-content/uploads/2020/02/GMU\\_FEB7-2020vfinal.pdf](https://crenshawconsultingassociates.com/wp-content/uploads/2020/02/GMU_FEB7-2020vfinal.pdf)



# Rates CS

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## – Primary Components

- Salaries (DL)
  - Direct (direct support of a contract)
- Overhead (O/H)
  - Cost of doing business: non-billable salaries, rent, infrastructure, travel, etc.)
- Fringe
  - Health care, benefits, training, etc.
  - Sometimes considered within Overhead
- General and Administrative (G&A)
  - Costs associated with running the business: Bid and Proposal Cost, Admin salaries, taxes, etc.
- Material handling (M/H)
  - Typically an administration charge added to handling a subcontract
- Contracting Fee (CF)
  - IFF, Contract Admin Fee
  - Generally a % of contract cost
- Profit (P)
  - Risk and term drive profit objectives

