



Creating a Code of Ethics and Conduct

Companies that sell goods and services to the U.S. government must conduct business with honesty and integrity. To that end, every government contractor should have a written code of business ethics and conduct.

A government contractor benefits from having a good code in many ways. Contracting officers research the company's record of ethics and integrity when making their pre-award affirmative determination of contractor responsibility. The recruitment pool of top talent today consists of people who want to work for an ethical company. Evidence of a strong commitment to doing business with integrity will help attract and retain the best employees.

The code will help bolster the contractor's reputation for potential teaming agreements or merger/acquisition consideration. And should the company come under investigation or scrutiny by a government agency, it will help demonstrate the firm's intent to operate as a "presently responsible" contractor.

But simply writing a code document and putting it on a shelf is insufficient. The company needs to make a genuine commitment to ethical business conduct and live up to that commitment. If it doesn't, it probably won't be in business for long. And if it is developed, communicated and maintained well, the code of business ethics and conduct can be a powerful tool to help shape and strengthen the company's culture of integrity.

The code forms the foundation of the organization's ethical culture. It states clearly the company's behavioral expectations of all employees and others who conduct business on its behalf. Some companies' codes apply to employees, board members, contractors, agents and representatives alike.

Key stakeholders should be consulted and involved in developing the code. Legal, human resources and communications staff usually work with ethics and compliance, but input from security, internal audit, line management and international personnel is highly valuable. Conducting focus groups with employees to gather feedback on the final draft will enhance acceptance. Allow sufficient time for development, design, review, approval and printing. The code should be available in all languages necessary to communicate with all employees in their native language, so translation time may be needed as well.

Many good codes lead off with a strong message from the CEO, including a photo and signature. This reinforces and supports the company's mission and values, which need to figure prominently. It should be easy for employees to find the information and guidance they need; organize it by groupings around the company's values or around general policy areas, such as domestic/international or commercial/government.

The company's major ethics and compliance risk areas and key policies should be addressed. It should be clear, direct and easy to understand. The goal is to get employees to read and use the code, not to scare them or make it difficult for them to digest. It should state expectations for behavior using high-level principles, rather than detailed rules or laws. For example,

"We do not pay bribes" and "We treat everyone with respect." If the contractor has international operations, it should include a means to allow for variation in local laws and policies.

References and live links to applicable policies and procedures should be included so employees can quickly and easily access more detailed guidance. In addition to behavioral standards, the code should state the consequences for violations.

It needs to tell employees whom to contact to ask questions or share concerns about possible misconduct. Most companies' codes steer employees to supervisors and managers, human resources or legal staff and also offer a confidential ethics hotline-type of channel with the option of remaining anonymous.

The company's policy prohibiting retaliation against employees who raise ethics concerns in good faith should also be clearly spelled out.

For optimal impact, make the code visually engaging by using color, graphics and design. It should reflect the company brand and its culture. Employees should feel it is "their" code. Call-outs and sidebars containing Q&As, what-ifs and quotations will enhance its usefulness and readability.

Many contractors print the code for distribution, but it should also be available online on the company intranet with live links to detailed policies. Ideally, a link to the code should be placed on the public-facing website as well, where it can be seen by all stakeholders.

Distribute the code to all new hires and periodically re-circulate it to all employees, using a process to track certification of receipt, understanding and compliance. If it is new, roll-out communications should be planned to enhance buy-in, including endorsements from the CEO and other business leaders.

Supervisors and managers should be trained about their responsibilities functioning as ethical role models, recognizing and preventing retaliation, and responding to employee concerns. Employees should receive ongoing, periodic and effective training and communications that keep the messages in the code fresh and relevant.

From the start, a plan should be created to periodically review the code — every three years is common — and update it to remain aligned with changes in the business or in the regulatory environment. Of course, significant events such as a change in company leadership, a merger or acquisition, an increase in the geographic footprint of the business or a major regulatory change will prompt an immediate revision.

A code of business ethics and conduct declares to all stakeholders the contractor's intent to do business with integrity. Implemented with skill and care, it will be a truly helpful resource that employees use for ethical decision-making. When employees own the mission, the values and the standards cited in the code, their conduct will create a real culture of integrity.

Anne R. Harris is principal of Ethics Works LLC, an ethics and compliance consulting practice with a focus on government contractors. She formerly served as ethics officer for General Dynamics Corp. Contact her at anne.harris@ethicsworks.com.