

# Compliance & Ethics Professional

December  
2015



A PUBLICATION OF THE SOCIETY OF CORPORATE COMPLIANCE AND ETHICS

[www.corporatecompliance.org](http://www.corporatecompliance.org)

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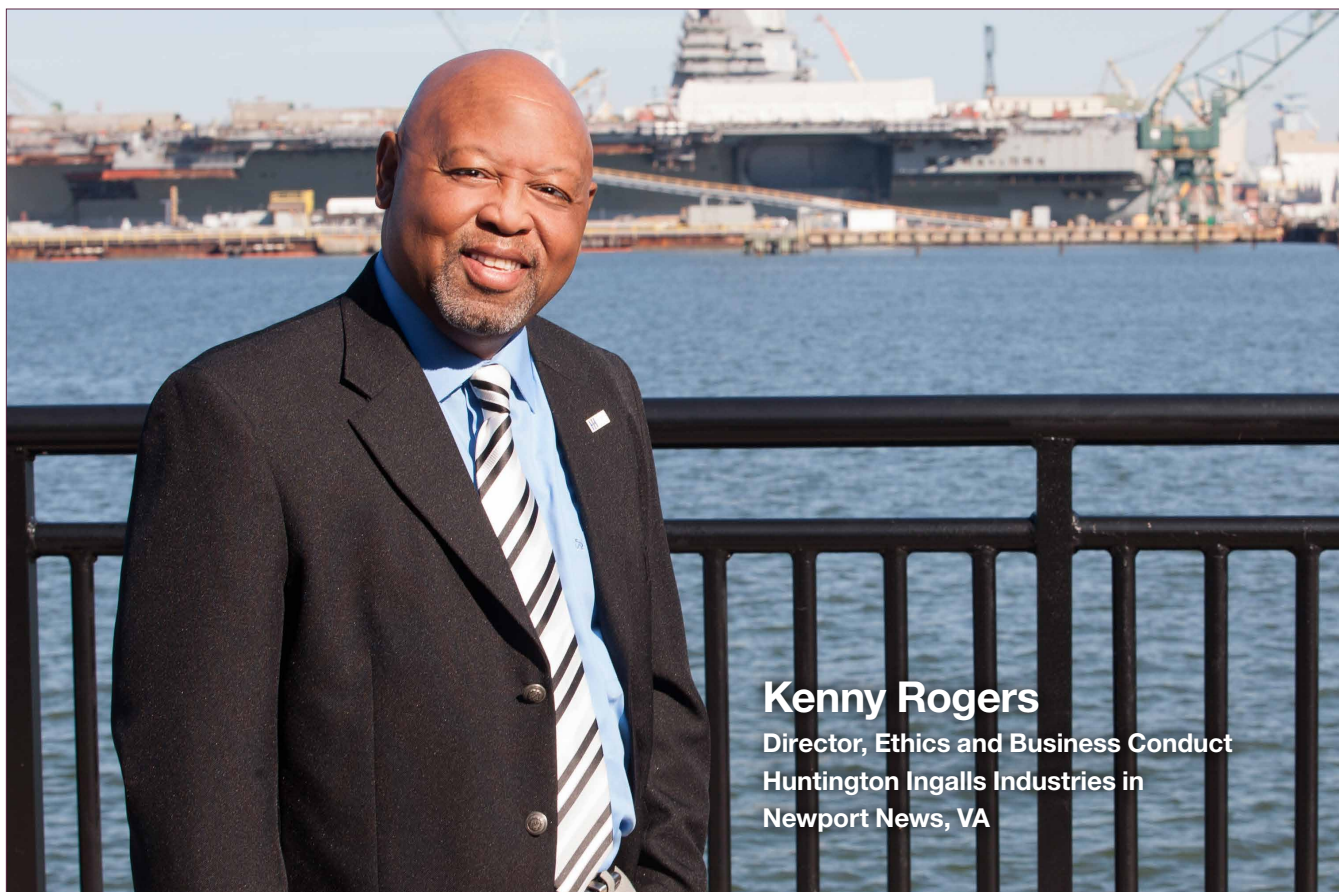
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## Kenny Rogers

Director, Ethics and Business Conduct  
Huntington Ingalls Industries in  
Newport News, VA

an interview by Adam Turteltaub, CCEP, CHC

# Meet Kenny Rogers

**Kenny Rogers** ([kenny.rogers@hii-co.com](mailto:kenny.rogers@hii-co.com)) was interviewed in September of 2015 by **Adam Turteltaub** ([adam.turteltaub@corporatecompliance.org](mailto:adam.turteltaub@corporatecompliance.org)), Vice President Membership Development for SCCE.

**AT:** Let's dive in right to the juicy and challenging stuff. You work for a company that produces nuclear aircraft carriers and submarines. That's very high profile work, and also has great risks to it. How does the nuclear work impact your compliance program? On the one hand, I can see people being accustomed to exercising extra care in all they do. But I could also see a reaction

of, "Hey we've got a nuclear reactor here. Everything else is secondary."

**KR:** Our employees, especially our shipbuilders, take great pride in our long standing legacy of "Always Good Ships." They understand why we are building these ships and more importantly, the dedicated sailors we are building them for. I think nuclear work impacts our compliance program across the enterprise in a very positive way. The nuclear culture at Newport News Shipbuilding is founded in safety and adherence to process. Non-compliance in nuclear shipbuilding and nuclear operations

is not an option. While not all of our business operations are involved in nuclear work, the nuclear culture can and does inform our ethics and compliance programs across the enterprise. It is certainly reflected in our unrelenting focus on compliance and personal integrity and accountability.

**AT:** Tell me about your compliance and ethics programs. How are you organized at HII?

**KR:** Our company has both a compliance program and ethics program. Our compliance program is headed by the chief compliance officer who works in the Law department, and our ethics program is headed by the corporate business conduct officer (BCO) who works in Human Resources.

**AT:** What are the challenges of being organized in two separate departments?

**KR:** None—we make it work! Our compliance and ethics programs work hand-in-hand to focus on ethical conduct and compliance with the law. We meet and talk regularly, share ideas, and really support each other. One program cannot be effective without the other. For example, our theme is “Ethics and Compliance—Shaping the Culture.”

**AT:** How do you set a tone throughout the organization, even to people far away from the risky part of the business?

**KR:** Every business unit has its own risks, so no matter how far from corporate headquarters, each business has a compliance plan with detailed work plans,

based on their risks. Those plans involve compliance plan managers, accountable executives, and business conduct officers. It’s a grassroots approach to ethics and compliance. Additionally, we have a number of initiatives, campaigns, and activities that we conduct throughout the company to ensure a consistent tone throughout the organization, such as our annual CEO ethics video, quarterly corporate newsletters, monthly ethics and compliance highlights, and annual ethics and compliance awareness week activities.

**AT:** As a defense contractor, you have to be very attuned to the government’s expectations, which can be very complex. How do you stay on

top of what is happening from a regulatory perspective?

**KR:** Internally, Human Resources and the Law department, and especially the compliance officer, share with me any regulatory changes or updates they come across. Externally, my peers at various defense companies, and various organizations like SCCE, help us stay on top of what’s happening out there. I can’t overemphasize how important it is to network with other ethics and compliance officers during the annual SCCE Institute, and utilize the various resources we have available to us as compliance and ethics professionals.

**AT:** What about staying on top of best practices?

**KR:** This is where I am so thankful for organizations like the SCCE and the Defense Industry Initiative (DII). Without your

Externally, my peers at various defense companies, and various organizations like SCCE, help us stay on top of what’s happening out there.

organizations, the conferences, your monthly publications, etc., staying on top of best practices would be very hard, if not impossible to do. As you know, compliance and ethics professionals are very busy with their day-to-day responsibilities and activities. Being able to attend the annual DII Best Practice Forum and Compliance and Ethics Institute allows me the opportunity to stay abreast with the latest and greatest best practices out there. Also, we've reached out to talk one-on-one with companies similar to ours about their E&C programs and best practices.

**AT:** The federal government has been very clear that it expects its larger contractors to help its subcontractors develop compliance and ethics programs. What have you been doing?

**KR:** This is an area that really has our attention. We have hundreds of business associates we deal with. We perform our due diligence prior to formation of a business relationship with a business associate. We also monitor the business associate on a periodic, ongoing basis for as long as the business relationship exists. We insert clauses into our procurement contracts requiring subcontractors to comply with standards of business conduct contained in the HII Codes of Ethics and Business Conduct booklet. We provide a summarized pamphlet "Business Associates Brochure" to each business associate. Our business associates agree to keep their standards of business conduct in place during the performance of its services and to require its employees to abide by those standards. Our company is committed to working only with business associates that are reputable

and adhere to ethics and business conduct standards that are similar to HII's.

**AT:** What have you learned about the challenges that smaller companies face, and more importantly, how to meet those challenges?

**KR:** Overall, HII has approximately 38,000 employees, most being employed by our two largest shipyards in Virginia and Mississippi. But over the last couple years, we acquired three small businesses—Stoller Newport News Nuclear (SN3) and the Undersea

Solution Group, which were familiar with government contracting requirements, and, UniversalPegasus International (UPI) which was engaged exclusively in commercial contracts.

The challenge has been to bring these businesses in harmony with the existing HII programs, and providing the resources and guidance to meet the new requirements, while not being overly burdensome. My role at corporate is to guide and assist them, and work with them to set up sustainable and thoughtful ways to manage ethics and compliance risks.

**AT:** Although HII technically is a new company, it has a very, very long history going back 129 years in the shipbuilding business. How does the history help support the compliance program?

**KR:** In our largest shipyard, Newport News Shipbuilding, there's a very large chiseled granite rock that holds a brass plaque etched with a quote from the yard's founder, Collis P. Huntington. Its statement is as important to our ethics culture today as it was back then:

Overall, HII has approximately 38,000 employees, most being employed by our two largest shipyards in Virginia and Mississippi.

“We build good ships here; at a profit if we can, at a loss if we must, but *always good ships.*” That statement has set a tone for generations of shipbuilders, and there’s no better ethics and compliance message. Every ship built at HII over the many years has had its lessons, its challenges, and its opportunities. Our compliance program is built around the lessons learned over the years. From the very beginnings of the company, we have always operated in an environment with a myriad of ethical, legal, and contractual obligations that impact every aspect of our business.

**AT:** HII was spun off from Northrop Grumman back in 2011, and you were there at the time. Northrop has a very long and substantial compliance program with a great deal of history. How did you leverage that history when you set up an independent compliance program?

**KR:** You’re right! Northrop Grumman does have a very long and substantial compliance program, and when we spun from them in 2011, we chose not to reinvent the wheel. We embraced those parts of the compliance program that worked best for our businesses and enhanced or created new processes to meet our company’s vision and goals. For example, our Code of Ethics, training modules, and corporate procedures resemble Northrop Grumman’s in many respects, but our compliance plans were created by us to address our risks, and those laws, regulations, contractual obligations, and industry best practices applicable to us.

**Compliance exists to focus on the opportunity employees have to commit misconduct, and Ethics focuses on preventing employees from rationalizing misconduct.**

**AT:** What were some of the challenges you faced in terms of creating a new compliance program just for HII?

**KR:** Our company has always had a strong compliance program, and we enhanced that program by organizing it around the fraud triangle and certain core principles that look much like the Federal Sentencing Guidelines. We had three big challenges in formalizing our compliance program. First, we had to define what compliance means at HII. Second, we had to explain how it’s different than ethics. Third, we had to design

a system that kept ownership for compliance with the business units and their leaders. So, we defined compliance as the prevention, detection, and remediation of misconduct. Compliance exists to focus on the opportunity employees have to commit misconduct, and Ethics focuses on preventing employees from rationalizing misconduct. Finally, we created business unit ownership by outlining important areas of compliance in detailed compliance plans, and making executives accountable for giving employees the tools the employees need to succeed at compliance.

**AT:** One of the things I noticed about your program is that you refer to your helpline as the “OpenLine.” What was the thinking behind selecting that term?

**KR:** Northrop Grumman (NG) Shipbuilding, the predecessor to HII, adopted the NG OpenLine program. The OpenLine was established more as a helpline for employees, not just a “hotline” for reporting suspected violations of fraud, waste, abuse,

law, or company policy. In fact, the advice and assist role of the OpenLine is highly regarded, because it routinely identifies issues before they become violations. This facilitates a self-governing environment, which is fundamental to the success of our ethics and compliance program. Our OpenLine process includes more than just telephone calls to a third-party provider. Inquiries are also routinely received from e-mails, memos, letters, and walk-in visitors. Using the term OpenLine helps our employees feel comfortable to report any issue, not just suspected illegal or unethical behavior.

**AT:** Working with the board is something that compliance officers are finding their footing with. What's the relationship between Compliance and the Board?

**KR:** Our Board cares greatly about ethics and compliance, and is highly engaged in our compliance program. Our Board is briefed at least annually on our compliance program, and our Chief Compliance Officer, Chad Boudreaux, briefs the Audit Committee on a regular basis.

**AT:** Let's talk about your career for a bit. You came into Compliance not from Legal or Internal Audit, but from the business unit. What did you think you knew about compliance when you started the job?

**KR:** What I thought I knew about compliance, I gained from a combination of my almost 27 years in the United States Air Force in Aircraft Maintenance Training

and working as a senior facilitator with the company. I thought I knew what it would take to help shape an ethical culture at our company. I thought I knew enough about compliance to make an immediate difference. I thought I knew how to engage employee and senior leadership. I thought I knew a lot about risk assessments and adult education and training.

**I received my certification from SCCE at the right time (November 2010). We spun off from Northrop March 2011. SCCE helped prepare me to move our company program to the next level.**

**AT:** And what did you find out you didn't know?

**KR:** I didn't know that every day would present a new challenge or opportunity to address. I didn't know or understand all of the elements of an effective ethics and compliance program. I didn't know the depth and breadth of the compliance laws. What an eye opener!

Thank God Northrop Grumman had created a Business Conduct Officer's (BCO) Handbook to use for guidance. They also had annual BCO conferences to train and support their BCOs. It was during my time with NG that I found out about SCCE and their certification program. I received my certification from SCCE at the right time (November 2010). We spun off from Northrop March 2011. SCCE helped prepare me to move our company program to the next level.

**AT:** How has your background in the business helped you in doing your compliance job?

**KR:** Relationships! Relationships! Relationships! I can't over emphasize how import the relationships you establish early in your career can help you do your job

later in your career. Some of the people I've met along the way are now the ethics and compliance champions I depend on to support the program. Understanding the business helps you understand the culture and how things really work. There's a saying I like to use that goes "It's not who you know—but who knows you." I like to think the relationships I established before I got into ethics and compliance have helped me elevate our program.

**AT:** I can't end this interview without touching on your name. Earlier this year, I interviewed an HCCA/SCCE member, and his last name was Outlaw, a fitting name for a compliance officer. Does it help having the name of a celebrity when you go about your work? I can see it as a way to break down walls of resistance.

**KR:** Yes I'm always getting teased about my name. I have used my name as a great ice breaker when I'm being introduced and teaching class, especially when I try to sing

a verse from the Kenny Rogers song "The Gambler": "You have to know when to hold them, know when to fold them, know when to walk away, know when to run." That song always gets a good laugh.

**AT:** You've also worked with a lot of other people with interesting names, I think I heard.

**KR:** During my career, especially my military Air Force career, I had the pleasure of working with a few famous named people: Willie Nelson, Jimmie Hendrix, and Chuck Berry. As a matter of fact, at one point, a NCO named Willie Nelson was my supervisor and we use to get teased all the time. Our Communications department actually did a humorous article on us. One of my best friends today is named Hank Williams. The truth is, none of us can really sing.

**AT:** Well, as a Turteltaub, I never make fun of other people's names. Thanks so much for giving us your time.

**KR:** My pleasure. Thanks for asking! \*

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