

# Ron Sugar takes part in ethics discussion

**R**on Sugar, Northrop Grumman's chairman, CEO and president, addressed the U.S. Naval Academy on Oct. 27 about a very important topic—business ethics.

Ron was a luncheon speaker at an all-day conference, Ethics in Business and the Military, sponsored by the Center for the Study of Professional Military Ethics at the Naval Academy in Annapolis, Md. Other presenters included military personnel, business leaders, a university professor and U.S. Senator Paul S. Sarbanes (Md.). Ron talked about why ethics is good business and how Northrop Grumman has the culture and mechanisms to reinforce good ethics. He also highlighted the company's Open Line.

"It's our operating philosophy that open lines of communication are better than hot lines. We don't want to wait until something gets 'hot,' or develops into an emergency situation," he said. "We want communications flowing openly up and down the corporate ladder, so if we hear about problems, we can act quickly to correct them."

Ron also relayed a cautionary note about the dangers of over-legislating the ethics issue.

"Laws that are enacted on an emergency basis, like Sarbanes-Oxley, to solve a clear and present danger—namely the loss of confidence in our financial reporting system—can produce benefits. But [they] can also have unintended consequences," he explained. "I believe the law needs some fine-tuning, based on the practical realities and problems we are seeing."

At the conference, Ron also took the opportunity to tie Northrop Grumman's new vision into his presentation.

"Our vision statement calls for us to be the most trusted provider of systems and technology for national defense," he explained. "We chose the word 'trust' very carefully, because that permeates everything we want our company to be, top to bottom." Ron linked trust to ethical behavior, noting that it has to become "second nature—an unquestioned part of the corporate culture, an automatic response and an unconscious reflex."

Employees may access the Vision, Values, Behaviors brochure and accompanying information—including a personal video message from Dr. Sugar—on Ethics web-sites at:

<http://esethics.md.essd.northgrum.com/>

<http://sensor.northgrum.com/ethics/default.htm>.

