Lockheed Martin ousts new CEO for relationship

The Associated Press

Lockheed Martin Corp. has ousted its president and future CEO over a relationship with a subordinate.

The defense company said Friday that its board of directors asked for and received the resignation of Christopher Kubasik from his role as vice chairman, president and chief operating officer.

Kubasik, 51, was scheduled to become CEO in January.

Lockheed Martin says an ethics investigation confirmed that he had a close personal relationship with a subordinate employee. That violates the company's code of ethics and business conduct.

"I regret that my conduct in this matter did not meet the standards to which I have always held myself," Kubasik said in a statement.

Kubasik said that his departure in no way reflects on the strength of Lockheed Martin and he remains confident in the future of the company, where he had worked for the past 13 years.

Kubasik joins a roster of high-ranking executives who have exited their posts in recent years over the fallout from ill-advised relationships.

Among them, former Best Buy CEO Brian Dunn, who resigned from the retailer in April after an investigation found he violated company policy by having an inappropriate relationship with a female employee.

In other cases allegations of improper behavior supported by a paper trail of questionable spending have provided enough fuel to drive top management out of the executive suite.

Mark Hurd resigned from his post as CEO of Hewlett-Packard Co. in 2010, a few weeks after the company launched a probe into allegations that he sexually harassed a former marketing contractor.

The investigation uncovered no merits to the claims, however it was discovered through the course of the probe that Hurd falsified some reports to disguise expenses he incurred for meals and travel with the woman.

Meanwhile, news broke Friday that CIA Director David Petraeus had resigned over an extramarital affair.

According to a statement he sent to CIA employees, Petraeus asked President

Barack Obama on Thursday to allow him to resign and on Friday the president accepted it. Petraeus said he had shown "extremely poor judgment" in having the affair.

"Such behavior is unacceptable, both as a husband and as the leader of an organization such as ours," Petraeus said.

William Sannwald, a professor of business ethics at San Diego State University, said there's no easy way to explain why executives continue to be ensnared in these sorts of ethical lapses.

"It just happens, and perhaps it's the power that comes with the position that makes them feel that they can be above scrutiny," he said.

As for Kubasik, his choice to get involved with a subordinate clearly reflects on more than just his personal life, Sannwald said.

"It's poor judgment on his part," Sannwald said. "And probably Lockheed might be better off that he didn't take the position, if he exhibits that kind of poor judgment in his own personal relationships."

Lockheed Martin's board elected the executive vice president of its electronics systems business to take Kubasik's role.

Marillyn A. Hewson, 58, will be president, chief operating officer and a director. She takes over as CEO in January. Hewson joined the company in 1983.

She will also keep her current role in the electronics systems business until the end of this year.

Lockheed Martin said that the company's operational or financial performance has not been affected by the matter.

"While I am deeply disappointed and saddened by Chris' actions, which have been inconsistent with our values and standards, our swift response to his improper conduct demonstrates our unyielding commitment to holding every employee accountable for their actions," Robert J. Stevens, chairman and CEO said in a statement.

Lockheed Martin's board also elected Stevens to serve as executive chairman beginning at the start of the year.

Lockheed Martin shares rose 6 cents to close at $89.98 on Friday.

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