K. Ryan Jenkins

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Executive Summary

Lines of Authority: An Eight-Case Series on Leadership, Governance, and Ethical Drift in Global Base Operations

K. Ryan Jenkins

Lines of Authority is an eight-case longitudinal teaching series on leadership, governance, and ethical drift in global Base Operations Support contracts. Set across Bahrain, Diego Garcia, Singapore, Guam, and corporate headquarters, the series follows a recurring cast of leaders and witnesses as small ambiguities accumulate into structural risk, formal complaint, and enterprise-level consequence. Designed as an ensemble narrative told through shifting focal actors rather than a single omniscient narrator, the series enables students to see what no stand-alone case can fully reveal: how informal influence grows, how loyalty delays ethical voice, how evidence changes by vantage point, and how an organization's final response teaches its people what kind of leadership truly governs.

Lines of Authority: An Eight-Case Series on Leadership, Governance, and Ethical Drift in Global Base Operations is a longitudinal teaching-case sequence that examines how leadership judgment, informal influence, governance weakness, and ethical voice evolve over time inside geographically dispersed U.S. government support contracts. The series follows a recurring cast of leaders, managers, and witnesses across Bahrain, Diego Garcia, Singapore, Guam, and corporate headquarters. Each case is anchored to a distinct focal actor and decision threshold, allowing students to encounter the same organizational system from different vantage points, at different moments, and under different evidentiary conditions. In design, the series intentionally mirrors an ensemble, timeline-based narrative model in which the broader institutional story emerges only through successive viewpoints rather than from a single omniscient narrator.

Purpose, Design, and Implications

The purpose of the series is to develop a doctoral-level teaching artifact for executive learners who must make consequential decisions under ambiguity, distance, and imperfect evidence. The series does not attempt to adjudicate a single ethical failure. Instead, it examines how small, individually explainable decisions can accumulate into structural risk before any single event becomes dispositive. In that sense, the series treats governance drift as a longitudinal phenomenon: visible first through atmosphere, then pattern, then financial distortion, then documentary record, and finally enterprise-level consequence.

The central contribution of the series is its ensemble design. A single case can isolate a dilemma; this series reveals a system. By shifting among field leaders, portfolio executives, finance managers, operational witnesses, compliance officers, corporate assessors, and the Chief Executive Officer, the series shows how evidence changes by vantage point. What one actor experiences as unease, another sees as budget distortion, another as documentary risk, and another as enterprise exposure. This structure requires students to confront a practical executive reality: ethical action rarely occurs with perfect information.

The implications are practical, pedagogical, and institutional. Practically, the series gives leaders a diagnostic lens for recognizing governance weakness in high-autonomy operating environments before formal crisis erupts.

Pedagogically, it enables mature discussion of stewardship, fiduciary obligation, succession design, internal controls, ethical voice, legal-risk awareness, and cross-border leadership. Institutionally, the series argues that organizations teach their people through response. Silence, delay, accommodation, and decisive intervention each communicate what the enterprise protects, tolerates, or rewards. The enduring implication is clear: in global operations, governance does not fail only when rules break. Governance fails when leaders normalize patterns they have sufficient reason to question.

The series begins with constrained stewardship. In **Case 1, *Midnight in Manama***, Rick, the outgoing Program Manager in Bahrain, must decide whether to remove contractor-owned assets as directed or leave them in place to preserve continuity for the U.S. Navy and the incoming contractor. The case introduces enduring themes of leadership under narrowing control, stewardship versus fiduciary obligation, and the accountability-authority gap during transition. The epilogue establishes Rick as a trusted transition leader and sets conditions for the larger arc.

The series then broadens from field leadership to enterprise governance. In **Case 2, *All or Nothing on the Atoll***, Sam, a Vice President overseeing a dispersed portfolio, must decide whether to press for an all-or-nothing sale of contractor-funded equipment on Diego Garcia. The decision is commercially defensible yet ethically uncomfortable. The case expands the analytical lens from one leader's judgment to the structural pressures created by bargaining leverage, closed environments, bonus incentives, Joint Venture governance, and unresolved concerns around informal power.

The middle of the series traces how troubling patterns often develop gradually, under ambiguity, within structures that appear lawful in isolation. In **Case 3, *The Deputy's Dilemma***, Rick arrives in Singapore expecting developmental growth under Mike, only to observe Maria's expanding influence over operations, Human Resources, executive visibility, and sensitive decisions. The turning point occurs when the Contracting Officer rejects Maria for Air Operations Manager because she does not meet contract requirements. The case asks when a pattern of individually explainable acts becomes serious enough to require voice.

In **Case 4, *Angling for Guam***, the pattern extends beyond site operations into business development and reputational exposure, as travel approvals, proposal roles, and external observation begin to make internal governance drift legible outside the site itself. In **Case 5, *The Numbers Do Not Lie***, the issue becomes measurable through Rose's finance lens as budget review reveals an unfunded labor position materially eroding profitability and as zero-based budgeting appears less a neutral management tool than a mechanism of deflection. Across these cases, the series shows how organizational problems often move from atmosphere, to pattern, to numbers before they become formal allegations.

The final third of the series addresses moral courage, evidentiary conversion, and institutional response. In **Case 6, *The Slow March to the Line***, Jimmy becomes the moral catalyst who presses Rick toward escalation despite foreseeable professional risk. In **Case 7, *The Email Trail***, the narrative shifts to documentary form and places students in Harry's role at headquarters, where they must assess enterprise risk, design an evidence plan, and recommend immediate actions within five business days of receiving the complaint and related correspondence. The case preserves ambiguity while demonstrating that timing, process, and documentary structure can themselves become governance signals.

The sequence culminates in **Case 8, *The Trip Report***, where the issue becomes an enterprise-level leadership choice. Aaron's unprimed site observations and Harry's compliance channel converge before Peter, the Chief Executive Officer, who must decide whether to privilege short-term contract continuity and bid posture or act decisively to protect ethics credibility, governance integrity, and the lesson the organization will learn from its own response. The final case reveals that the deepest issue in the series is not simply whether misconduct occurred. It is whether organizations facing dispersed authority and uneven visibility can recognize structural drift early enough to act before silence, convenience, and dependency normalize it.

Taken together, the series is designed for doctoral and executive audiences in leadership, management, international business, government contracting, and organizational governance. It is especially well-suited to Thunderbird School of Global Management Executive Master of Business Administration students because it requires mature discussion of ambiguity, competing stakeholder obligations, institutional design, executive judgment, and cross-border managerial practice rather than simple right-versus-wrong adjudication. Several individual cases can stand alone, but the full series produces a different order of learning: students see how small governance compromises accumulate, how informal influence can outrun formal role definitions, how loyalty and ambition can delay ethical voice, how documentary evidence differs from lived certainty, and how the final institutional response teaches the organization what kind of leadership truly governs.

Note on Fictionalization and Factual Grounding

The series is a fictionalized, evidence-grounded, practitioner-scholar teaching case series. Names, organizational identifiers, and selected contextual details have been disguised to protect confidentiality, reduce legal and personal exposure, and convert sensitive professional experience into a usable teaching artifact. The series is therefore not a verbatim historical account.

At the same time, the series is not pure fiction. Its central dilemmas, patterns, documents, timelines, and governance tensions are grounded in practitioner experience, interviews, meeting transcripts, emails, compensation artifacts, and organizational records. Fictionalization serves the pedagogy; it does not replace the evidentiary foundation.

Series-Level Learning Objectives

After completing the full eight-case sequence, students should be able to:

1. **Analyze how governance drift develops longitudinally** in geographically dispersed, high-autonomy operating environments where no single incident is initially dispositive.
2. **Distinguish formal authority, informal influence, and moral authority** and evaluate how each shapes decision-making, silence, escalation, and organizational response over time.
3. **Evaluate the interaction between stewardship, fiduciary duty, and operational continuity** across multiple stakeholder sets, including corporate leadership, customers, local workforces, and individual managers.
4. **Assess how remote-site conditions amplify managerial discretion and weaken checks and balances**, thereby raising the importance of succession design, reporting integrity, dual controls, and executive oversight.
5. **Trace how ambiguous ethical concerns evolve into organizationally actionable evidence**, moving from observation, to pattern recognition, to financial proof, to documentary record, to enterprise risk.
6. **Examine how loyalty, ambition, dependency, and fear of consequence affect ethical voice**, especially in systems where speaking up may be lawful but still professionally costly.

7. **Design more resilient governance architectures** for multinational and government-contracting contexts, including approval controls, segregation of duties, investigation protocols, and non-retaliation safeguards.
8. **Interpret institutional response as a pedagogical act**, recognizing that the organization's final action teaches employees what conduct is protected, tolerated, or rewarded.

Themes Visible Only Through the Full Arc

These are the themes that a reader can only fully understand by moving through the entire series.

1. Governance failure is usually cumulative, not episodic

No single early case proves the full problem. Bahrain shows constrained stewardship. Diego Garcia reveals leverage and thin governance. Singapore begins with ambiguity, not certainty. Only across multiple cases does the reader see that what first appears isolated is in fact patterned and compounding. This is one of the series' greatest pedagogical strengths.

2. Informal influence can outgrow formal structure long before corporate systems respond

A stand-alone reading of Case 3 might suggest concern. The series shows something larger: Maria's influence grows across operations, Human Resources, travel, executive access, role substitution, and budget consequences, while Mike's authority and customer credibility shield the system from timely correction. That longitudinal expansion is only visible through the series.

3. High-performing organizations can incubate deep governance weakness

The contracts continue to perform. The customer appears satisfied. Guam remains strategically important. This is precisely why the problem persists. The series demonstrates that operational success can mask ethical and internal-control deterioration, especially where continuity is valued more than inquiry. A single case can imply this. The series proves it.

4. Ethical voice is rarely a single act of courage

The full arc reveals that voice is social, cumulative, and relational. Rick does not move directly from concern to complaint. Jimmy's intervention matters. Rose's financial visibility matters. Documentary clarity matters. The series therefore teaches that ethical escalation often requires moral companionship, corroboration, and threshold-crossing moments rather than solitary heroism.

5. The evidence standard changes by vantage point

Rick experiences atmosphere, ambiguity, and pattern. Rose sees budget structure. Harry sees documentary signals and evidence ladders. Peter must decide at the level of enterprise risk and organizational message. This is a sophisticated series-level insight: what counts as "enough" depends on role, timing, and responsibility. No single case can teach that as fully as the arc can.

6. Succession and development systems are not peripheral. They are central governance mechanisms

Rick's progression from trusted operator to uneasy deputy to complainant shows that development assignments, succession promises, and role architecture do more than build talent. They determine who sees what, who can act, and who bears the cost of acting. The series therefore reframes talent management as a governance issue, not merely a human capital issue.

7. Institutional response teaches the organization what leadership really means

The final series lesson is not about whether one allegation can be proven conclusively. It is about what the organization communicates through action or inaction. By the time Peter faces the decision in Case 8, the question is no longer merely factual. It is cultural and institutional: what lesson will the site learn about voice, discretion, loyalty, and consequence? That insight only reaches full force when the reader has lived through all eight cases.

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Series Architecture Package

GovCon Inc. 8-case series reference set for classroom sequencing, continuity, and revision control

One-page master timeline

Period	Location	Case	Focal actor	Key event / decision threshold	Arc function
2017	Bahrain	1. Midnight in Manama	Rick	Rick closes out Bahrain Base Operations Support and must decide whether to remove contractor-furnished assets at midnight despite continuity risk for the United States Navy and the incoming contractor.	Opens Rick's stewardship arc.
Feb-Mar 2018	Diego Garcia	2. All or Nothing on the Atoll	Sam	GovCon loses Diego Garcia; Sam manages labor turbulence, leadership reshuffle, and an all-or-nothing sale of about $12M in contractor-owned equipment before handover.	Broadens the lens from field judgment to portfolio governance.
Late 2018-Jan 2019	Singapore	3. The Deputy's Dilemma	Rick	Rick arrives as Senior Business Director and likely successor to Mike; early observations about Maria, travel approvals, Human Resources control, and succession incentives begin to cohere.	Establishes the Singapore governance pattern.
Apr 2019	Singapore	3. The Deputy's Dilemma	Rick	The Navy Contracting Officer refuses to approve Maria for Air Operations Manager because Maria does not meet contract requirements.	First hard compliance inflection point.
May-Aug 2019	Guam / Singapore	4. Angling for Guam	Rick	During Guam pursuit activity, Maria travels on Singapore contract funds, competitors notice the Mike-Maria pattern, and Rick sees that the issue is no longer internal optics alone.	Moves the pattern into proposal governance and external visibility.
Sep-Oct 2019	Singapore	5. The Numbers Do Not Lie	Rose	Budget review reveals an unfunded overhead role tied to Maria that is eroding profit; Mike rejects Rick's recommendation and narrows budget visibility.	Converts suspicion into financial evidence.
Nov 2019	Singapore	6. The Slow March to the Line	Jimmy	Jimmy confirms that the pattern is not merely awkward but ethically intolerable; Rick must decide whether to formalize what he has documented.	Turns observation into moral choice.
25 Nov 2019-Jan 2020	Corporate / Singapore	7. The Email Trail	Harry	Rick files a nine-page ethics complaint; compliance opens a review; Rick is later non-renewed effective 31 Jan 2020.	Converts the narrative into a documentary and retaliation-risk case.
Early 2020	Corporate / Singapore / Guam	8. The Trip Report	Aaron and Peter	Aaron's site visit identifies unusual authority lanes; Peter must decide whether to preserve commercial stability through Mike or reassert corporate governance and complaint integrity.	Closes the series at the enterprise-governance level.

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One-page character register

Major recurring actors only. Ages reflect the working case chronology and current project guidance.

Character	Age	Primary role in series	Nationality	Core location(s)	Why the character matters
Rick	37-38	Program Manager / Business Manager / Senior Business Director	American	Bahrain, Diego Garcia, Singapore	Principal developmental through-line. Rick moves from trusted operator to deputy, witness, complainant, and symbolic test of whether the firm protects ethical voice.
Sam	35	Vice President of Base Operations Support Programs; Joint Venture Chairman	American	Bahrain, Diego Garcia	Senior mentor and portfolio leader. Sam trusts Rick, assigns the hardest transitions, and frames the early fiduciary-versus-stewardship logic of the series.
Mike	71-72	Program Manager	American	Diego Garcia, Singapore, Guam bid	Powerful site executive with customer credibility and broad remote-site discretion. Mike is the central managerial force around whom the governance concerns accumulate.
Maria	51-52	Quality of Life Manager -> Director of Operations -> de facto power node	Filipina	Diego Garcia, Singapore, Guam bid context	The focal beneficiary of role creation, pay escalation, access control, and informal authority. Maria is the central continuity thread in the governance arc.
Rose	40s	Finance Manager	Filipina	Singapore	Rose converts atmosphere into measurable financial evidence. Rose also serves as a grounded internal comparator for pay, process, and professional competence.
Jimmy	47-48	Transportation Manager / Annex Manager / IDIQ Manager	American	Diego Garcia, Singapore	Jimmy provides the operational and moral lens. Jimmy sees the pattern from below and becomes Rick's catalyst for escalation.
Peter	50	Chief Executive Officer	American	Corporate	Final enterprise decision-maker. Peter embodies the tension between commercial stability, customer politics, and institutional integrity.
Harry	Not stated	Senior Director, Global Compliance; attorney	Not stated	Corporate	Harry becomes the compliance gatekeeper in Case 7 and frames the evidence, timing, and immediate-action problem for headquarters.
Aaron	Not stated	Director of Global Talent Acquisition	American	Corporate, Singapore	Fresh corporate observer in Case 8. Aaron tests whether the complaint survives independent observation and reframes the issue as organizational signaling.
Terry	62	Business Manager -> Program Manager during Diego transition	American	Diego Garcia, Singapore handoff	Early warning source. Terry provides one of the first blunt verbal cautions about Maria's influence over Mike.
Skippy	60s	Air Operations Manager	American	Singapore	His non-renewal and the failed attempt to route his role to Maria create the first unmistakable compliance threshold in Singapore.
Eric	Mid-50s	Vice President of Base Operations Support Programs	American	Corporate, Guam bid	Represents the corporate growth and portfolio lens after Sam's departure. Eric is important to succession, travel approval, and the Guam pursuit logic.

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One-page organization / role map

Formal structure, informal influence lanes, and the role shifts that matter most across the arc

How to read this page: solid reporting relationships reflect formal authority; shaded notes identify the informal lanes that generate the core governance tension.

A. Corporate and portfolio hierarchy

Corporate layer	Primary actors	Formal responsibilities	Series relevance
Enterprise leadership	Peter (CEO)	Sets corporate direction, accepts risk, decides whether ethics review changes staffing or governance.	Case 8 culmination and final institutional choice.
Compliance / investigation	Harry (Global Compliance)	Receives CEO tasking, interviews Rick, frames evidentiary and immediate-action options.	Case 7 documentary inflection point.
Talent / independent observer	Aaron (Director of Global Talent Acquisition)	Assesses site structure, labor pipeline, and practical power signals without prior priming.	Case 8 independent corroboration.
BOS portfolio leadership	Sam, later Eric (Vice Presidents of BOS Programs)	Assign contract leaders, approve major staffing and travel, manage performance across remote sites.	Connects Bahrain, Diego Garcia, Singapore, and Guam.
Business Development	Conner and capture team	Own pursuit funding, proposal strategy, and bid governance for Guam.	Case 4 externalizes the Singapore pattern.

B. Contract-site leadership structure

Site / period	Formal top role	Key formal deputies	Critical informal lane	Why it matters
Bahrain (2017)	Rick as Program Manager	Direct interface with Sam and the U.S. Navy	Sam's guidance on contractor-furnished equipment constrains Rick's midnight decision.	Establishes Rick's stewardship model under shrinking authority.
Diego Garcia (2018 closeout)	Sam over portfolio; Mike then Terry on site; Rick as Business Manager / transition lead	Terry provides continuity; Rick acts as Sam's trusted observer and executor.	Maria benefits from prior elevation under Mike and remains part of the contract's political environment.	Builds the bridge from transition governance to later favoritism concerns.
Singapore (2019)	Mike as Program Manager	Rick as Senior Business Director; Simon as Director of Public Works; Rose in finance; Jimmy in operations; Skippy in air operations	Maria becomes Director of Operations, de facto Human Resources gateway, constant escort, and message manager.	This is the core system under scrutiny across Cases 3-7.
Guam pursuit (2019)	Formal bid leadership through Mike and Rick, under Eric and Conner	Rick as Finance Director in bid; Mike as Bid Program Manager	Maria participates around proposal activity despite no formal Business Development role.	Shows the Singapore pattern expanding into growth strategy and reputational risk.

C. Role-shift sequence that drives the arc

Actor	Role progression	Interpretive note
Rick	Bahrain PM -> Diego Business Manager / transition lead -> Singapore Senior Business Director -> complainant / non-renewed	The protagonist’s authority narrows while his visibility into the pattern increases.
Maria	Diego Air Terminal / Quality of Life -> Singapore Director of Operations -> later role consolidation	The beneficiary of repeated title, pay, and access expansion.
Mike	Diego PM -> Singapore PM -> Guam bid PM	The same leadership logic migrates across contracts and growth opportunities.
Corporate	Distant oversight -> complaint review -> site visit -> CEO decision	Headquarters arrives late and must decide what lesson the organization will learn.

One-page recurring acronym and contract glossary

Series-level working definitions used across the eight cases

Acronym	Full term	Working definition in the series
ASI	Apex Sustainment International	The recurring competitor and incoming contractor in Bahrain and Diego Garcia; a benchmark contrast for transition behavior and market competition.
BD	Business Development	The capture and pursuit function that funds travel, shapes proposal strategy, and manages the Guam opportunity.
BIOT	British Indian Ocean Territory	The legal-political setting for Diego Garcia.
BOS	Base Operations Support	U.S. government service contracts that sustain military installations through public works, logistics, utilities, transportation, housing, and related support functions.
CFE	Contractor-Furnished or Contractor-Funded Equipment	Privately owned assets used in performance. Central in Bahrain and Diego Garcia because asset control creates leverage at closeout.
CPARS	Contractor Performance Assessment Reporting System	The U.S. government's past-performance system. Strong CPARS narratives influence future awards such as Guam.
DPW	Director of Public Works	A key senior operations role on BOS contracts; also used as a character title in Singapore.
FFP	Firm Fixed Price	A contract type in which the contractor bears cost-control risk; profitability depends on controlling labor and overhead.
GFE	Government-Furnished Equipment	Government-owned equipment provided for contract performance; contrasted with contractor-owned assets.
HR	Human Resources	Personnel administration, hiring records, files, and employment actions. In Singapore, HR control also shapes the internal narrative.
IDIQ	Indefinite Delivery, Indefinite Quantity	A contract structure referenced in later cases and in Jimmy's role descriptions.
JV	Joint Venture	The ownership and governance structure on Diego Garcia; the board decision is the final cliff in Case 2.
KO	Contracting Officer	The government official with authority to accept, reject, or approve key personnel and contract matters.
LN	Local National	Host-nation employee hired in the local labor market.
OCONUS	Outside the Continental United States	Common shorthand for overseas U.S. government work environments.
PM	Program Manager	The senior site leader on a BOS contract, usually with broad day-to-day discretion over staffing, structure, execution, and communications.
PPP	Purchasing Power Parity	An economic comparator Rick uses in Case 7 to explain "felt standard of living" and labor-market context.
PWS	Performance Work Statement	The contract document defining work scope, labor categories, and key requirements.
SBOS	Singapore Base Operations Support	The Singapore contract that serves as the central setting for Cases 3 through 8.
SBD	Senior Business Director	Rick's Singapore title, signaling seniority, deputy status, and succession potential.
TCN	Third Country National	A non-U.S., non-host-country employee often used in overseas BOS staffing models.
USG	United States Government	The customer environment across the series.
VP	Vice President	A corporate leadership role used for Sam, Eric, and Business Development leaders.

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Case 5. The Numbers Do Not Lie

Financial proof, labor structure, informal authority, and the governance meaning of narrowed visibility.

Case 6. The Slow March to the Line: Red Flags, Loyalty, and the Ethics Complaint

Moral courage, relational escalation, and the professional cost of deciding to act.

Case 7. The Email Trail: Allegations, Investigation, and Separation

Documentary escalation, evidence triage, retaliation ambiguity, and headquarters-level governance response.

Case 8. The Trip Report: Who Runs Singapore Base Operations Support?

Enterprise judgment, institutional learning, and the lesson the organization teaches through action or inaction.

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Midnight in Manama

Focal actor: *Rick, outgoing Program Manager, Bahrain Base Operations Support.*
Time and place: *Final night of contract performance, Manama, Bahrain, 2017.*
What has just happened: *Apex Sustainment International has won the follow-on contract and transition tensions have intensified over Gurkha retention, water-plant continuity, and contractor-owned property.*
What this actor can see: *Rick knows the operational dependencies, Sam's closeout guidance, and the incoming contractor's weak readiness.*
Immediate decision: *Should Rick remove GovCon property as directed, or leave critical items in place to protect continuity at the cost of GovCon's position?*

In the final days of a contract transition in Manama, the Capital of Bahrain, Rick faced a decision that looked administrative but was not. GovCon expected Rick to maximize financial recovery at closeout. The U.S. Navy expected uninterrupted continuity of operations. Apex Sustainment International (ASI) expected flexibility as the incoming contractor. Those expectations would collide late on the final night of contract performance, when Rick had to decide whether to remove GovCon's contractor-owned property as instructed or leave critical supplies in place without agreement to protect day-one continuity on a strategically important naval base.

GovCon Inc. was a large U.S.-based government services contractor with a portfolio concentrated in overseas contingency, diplomatic, and expeditionary environments. GovCon operated security, logistics, and Base Operations Support contracts across a geographically dispersed set of locations, including Bahrain, Germany, Singapore, Diego Garcia, and Guantanamo Bay, among other sites. Within GovCon, the Base Operations Support business managed complex, margin-sensitive contracts responsible for sustaining critical infrastructure, utilities, maintenance, and life-support services on U.S. military installations abroad. These contracts depended not only on technical execution, but also on customer confidence, disciplined closeout, and strong past-performance ratings. In that environment, GovCon's professional reputation with government customers often mattered as much as price, because even the manner in which GovCon exited a contract could influence future opportunities across the company's broader portfolio.

Rick's global professional formation did not begin in Bahrain. Nearly a decade earlier, Rick studied near Wuhan, China, during a year-long undergraduate study-abroad program. In China, Rick learned that competence did not transfer cleanly across borders. A behavior that suggested confidence in one culture could suggest arrogance in another. Directness could be interpreted as disrespect. Silence could be interpreted as weakness or prudence depending on context. Rick learned early that leadership was relational before it was positional, and that saving face mattered. Later, graduate training in finance and international business sharpened Rick's appreciation for systems, incentives, and constraints. After graduate school, Rick spent six years in Kuwait and Afghanistan managing Base Operations Support contracts for the U.S. Department of Defense. Most Program Managers in that sector were retired senior military officers. At age thirty-seven, Rick was younger than most peers in comparable roles.

Those assignments taught Rick to solve problems quickly, protect the client mission, and preserve workforce credibility. Those assignments also taught Rick that in overseas contracts the technically correct answer, the operationally practical answer, and the politically acceptable answer were not always the same. In Bahrain, those lessons would converge in a setting where financial incentives, strategic continuity, and ethical judgment no longer aligned neatly. Rick initially viewed such situations as operational problems requiring disciplined execution. Bahrain would force Rick to recognize that operational decisions could also become ethical decisions.

A Contract That Refused to End Cleanly

The Bahrain Base Operations Support contract had existed in a prolonged state of uncertainty for more than a year. A bid protest delayed award finalization, and the Navy extended the incumbent contract month by month while the protest worked through the system. GovCon continued performing the work during that period and absorbed the uncertainty while maintaining continuity for the government customer. When the protest ended, GovCon lost. ASI won the follow-on contract. Apex Sustainment International's bid was nearly 15 percent lower than GovCon's. From GovCon's perspective, the pricing reflected a deliberate effort to underbid Base Operations Support work in order to gain market share and establish a foothold in the sector.

Rick was assigned to Bahrain because the situation required judgment, not because the assignment was routine. The prior Program Manager had resigned to take another position with a competitor in the Philippines. Sam, GovCon's Vice President of BOS Programs, redirected Rick from a possible Singapore opportunity to Bahrain. Sam's instruction was concise but consequential: stabilize the program, protect the relationship with the government customer, and execute a professional transition.

At the time of Rick's assignment, Sam managed a broad portfolio of active programs across multiple countries. Sam could not involve himself closely in each contract's day-to-day execution, so Sam relied on a small group of trusted managers to operate independently while protecting GovCon's obligations and reputation. Rick had become one of those managers. Sam had come to regard Rick as a reliable problem-solver in politically sensitive or operationally unstable situations. Rick understood the implications. In government contracting, performance, judgment, and reputation traveled quickly among clients and senior executives. A disciplined closeout could lead to larger responsibilities, including a desired assignment such as Singapore. A misstep could damage GovCon's standing with the Navy and Rick's own trajectory.

Sam's guidance was narrow by design. GovCon had lost the follow-on contract, but GovCon would not lose its professional reputation. GovCon's transition conduct needed to signal cooperation, professionalism, and respect for the government customer. GovCon would not obstruct ASI. GovCon would not invite litigation. At the same time, Sam instructed Rick to close out the contract with financial discipline: minimize closeout expense, dispose of contractor-owned property cleanly, and leave no residual burden behind. Sam did not prescribe how Rick should execute each decision. Sam defined the boundaries and expected Rick to exercise judgment within them.

Bahrain Base Operations Support Contract

The Bahrain BOS contract supported the U.S. Navy's Naval Support Activity in Manama, home to the U.S. Fifth Fleet and an important hub for U.S. Central Command operations in the Middle East. From Bahrain, U.S. naval forces supported maritime security operations, coalition activity, and freedom of navigation in strategically sensitive waters. The contract sustained the infrastructure that allowed those military activities to function each day. The contract covered more than three hundred facilities across multiple sites, including the main naval base at Mina Salman, Air Mobility Command operations at Bahrain International Airport, the NSA aviation unit, Riffa Army Base, Isa Air Base, and support at Jebel Ali in Dubai. Services included facilities maintenance, HVAC, grounds maintenance, custodial services, waste management, security support, and utilities infrastructure. Among those systems, one stood apart in operational importance: the reverse osmosis water treatment plant that produced potable water for the base. Without that plant, daily operations could not continue.

By summer 2017, Rick managed a contract worth roughly $20 million annually and a workforce of more than 550 regular and subcontracted employees. The value of the contract itself was finite. The operational consequences of failure were not. The Navy expected contractor transitions to occur without service interruption. From the Navy's perspective, a contract transition was an administrative event. The operational requirements of the base did not stop because the name on the contract changed.

A Multiethnic Workforce

The Bahrain BOS contract was performed by a deeply experienced multinational workforce. Many employees had worked on the installation for decades and had outlasted multiple recompetes, managers, and corporate owners. In several areas, long-tenured supervisors and technicians knew more about the facilities and daily operating patterns than the companies that employed them at any given moment.

Like many Gulf labor structures, the workforce was layered by both function and nationality. The Program Manager had to be an American with the appropriate security clearance because the government required a cleared U.S. citizen at the top of the contract. Beneath that role, the Deputy Program Manager and Quality Control Director were white South Africans whose fluency, technical background, and familiarity with Western contracting norms positioned them as intermediaries between U.S. government stakeholders and the broader workforce. Middle management, engineers, and administrative functions were led primarily by educated Filipinos, with some Indian professionals. Section leaders and technicians were usually Indian or Pakistani. Manual labor functions such as custodial work and grounds maintenance relied heavily on labor brokers and workers from Pakistan and Bangladesh. Armed security across the sites was performed by Gurkhas.

Rick understood that this structure was not incidental. Regional labor markets, visa regimes, cost structures, and longstanding contracting practice had produced it. Managing the contract required more than technical execution. Managing the contract required understanding how authority, vulnerability, language, and social hierarchy were distributed across the workforce.

The Paradox of Transitional Leadership

By the time ASI's transition team arrived, Rick confronted a problem that could not be solved by process alone: how does a leader exercise accountability without full ownership, authority without permanence, and responsibility without complete control?

GovCon remained contractually responsible for performance until the final day of the contract. The Navy continued to evaluate GovCon's execution. Rick remained responsible for continuity of services, workforce conduct, and the company's reputation with the customer. At the same time, ASI had already begun influencing the operating environment Rick was responsible for sustaining. ASI's decisions on staffing, purchasing, and transition planning would shape the next phase of performance even though ASI had not yet assumed contract responsibility.

From Sam's perspective, that tension was neither unusual nor theoretical. In contract transitions, accountability often remains with the incumbent while authority begins to drift toward the successor. Sam understood that Rick had been asked to keep the contract stable and credible during exit even though many decisions shaping the future were no longer Rick's to make. Sam did not expect Rick to eliminate the tension. Sam expected Rick to exercise judgment within limits.

Rick had no contractual stake in ASI's future profit margins. Rick had no long-term incentive to help ASI solve its underbid cost model. Yet Rick remained morally tethered to the Navy's continuity requirements. Buildings still required maintenance. Sanitation systems still required supplies. The water plant still had to operate. Bahrain forced Rick into a narrow space where GovCon still owned the present while ASI was already trying to own the future.

Divided Authority

That authority gap became concrete during the transition period. ASI received a sixty-day transition window but did not arrive in Bahrain until roughly thirty days before the December 1 turnover date. Ron, ASI's transition leader, and Jerry, ASI's incoming Program Manager, were physically present, meeting employees, evaluating equipment, and preparing to assume control. Ron and Jerry did not report to Rick. Ron and Jerry did not carry contract performance risk yet. Ron and Jerry would not answer to the Navy until midnight on November 30. Rick, by contrast, remained accountable for contract performance during the entire final month.

Rick's employees occupied an increasingly unstable middle ground. Those employees still worked for GovCon and still answered to Rick, but many of those same employees were now interviewing with ASI and negotiating their post-transition future. ASI offered jobs to many incumbent employees, usually at salary reductions of around ten percent. Rick spent the final weeks counseling employees who had rent, remittances, visa issues, and families tied to those decisions. Rick remained responsible for workforce morale and performance while that workforce was already beginning to orient itself toward its next employer. This asymmetry weighed heavily in the decisions Rick would soon need to make.

Contractor-Furnished Equipment

GovCon owned a significant volume of contractor-furnished equipment and consumables used to perform the Bahrain contract. The inventory included eight vehicles, ten golf carts, custodial carts, cleaning supplies, toilet paper, and, most critically, the chemicals required to operate the reverse osmosis water plant. The replacement value exceeded $200,000. The assets were fully depreciated, which meant any sale would generate unforecasted profit for GovCon.

In many BOS transitions, the incoming contractor purchases the incumbent's equipment and consumables because doing so is faster and often cheaper than sourcing replacements through a new procurement cycle. ASI expressed interest in at least part of GovCon's inventory, especially the water treatment chemicals. Sam rejected a partial sale. Sam instructed Rick to offer the property only as a complete package.

From Sam's standpoint, the all-or-nothing approach reflected a practical closeout assessment. If ASI purchased only selected items, GovCon would remain responsible for storing, securing, transporting, and liquidating the remaining vehicles, consumables, and equipment after the contract ended. That would require warehouse space, retained labor, management oversight, and additional time in Bahrain after the period of performance had ended. Sam did not regard that outcome as efficient or appropriate. GovCon's strongest position was to dispose of the property as a complete set and end the obligation cleanly.

Ron balked. Ron wanted selected items. Ron wanted flexibility. Ron wanted to defer commitment. ASI's problem was that ASI did not yet have a reliable substitute in place. ASI's procurement teams in the United States and Dubai were behind schedule. Shipping lead times were already longer than the remaining transition window. Without the chemicals already on site, ASI risked beginning day one without potable water for the base. Without the rest of the inventory, ASI also risked beginning day one without vehicles, custodial supplies, and other basic consumables needed to sustain operations.

After Ron refused GovCon's package price and then went silent, Rick interpreted the silence as a signal that GovCon should prepare to remove the property. Rick finalized inventory lists, identified warehouse space, and began coordinating trucks and labor for the morning after contract expiration. What had started as a closeout logistics issue was becoming a leadership question: how firmly should an outgoing contractor preserve leverage when continuity of operations might also be affected?

The Gurkhas

Among the contract's many labor categories, none were more trusted by the Navy than the Gurkhas. Thirty Gurkha guards provided armed security across the Bahrain sites. Gurkhas are Nepali soldiers and security professionals long associated with elite military service, widely respected for discipline, reliability, and effectiveness in high-risk security environments. Those Gurkhas were disciplined, fluent in English, and deeply integrated into the operating rhythm of the installation. Navy leadership trusted the Gurkhas because communication was clear, escalation was disciplined, and incidents were rare. The Gurkhas represented continuity in an environment defined by rotation and turnover.

When the Navy issued the recompete solicitation, the word "Gurkha" was removed from the Performance Work Statement. GovCon interpreted the omission as a neutral drafting choice rather than a signal to replace the capability. GovCon priced the Gurkhas into its proposal. ASI interpreted the omission differently. ASI saw an opportunity to reduce cost and proposed replacing the Gurkhas with lower-cost Somali guards sourced through a labor broker. The Somali guards could fill posts and wear uniforms, but English fluency was inconsistent. ASI proposed covering the gap with English-speaking supervisors on each shift. The Navy rejected the compromise. The contracting officer made clear that each guard had to communicate clearly and immediately in English. The Navy did not require the term Gurkha. The Navy did require Gurkha-level capability.

Ron then attempted a smaller compromise. ASI would retain ten of the thirty Gurkhas. The Gurkhas refused. The Gurkhas negotiated as a unit and demanded that all thirty be retained at the same pay and benefits or none be retained at all. Rick did not negotiate on ASI's behalf. Rick's responsibility was narrower. If ASI reached agreement, the Gurkhas would stay. If ASI did not, Rick would repatriate the Gurkhas at GovCon's cost. Each ticket was approximately $1,000. Rick was already carrying roughly $30,000 in nonrefundable flight exposure if no agreement materialized. The Gurkhas continued reporting to duty while ASI negotiated and the Navy watched.

Subcontracted Labor

Ron's leadership style became visible quickly. On paper, ASI's transition team looked conventional: transition lead, incoming Program Manager, human resources, quality, and information technology. In practice, Ron's approach to subcontractors was direct, public, and abrasive.

Grounds maintenance and several custodial functions depended on labor brokers, which was standard in the Gulf. Those relationships were commercially important and socially fragile. Ron handled those labor brokers with overt pressure. Rick watched Ron berate a labor broker by telephone in an open office, demand lower prices, and threaten replacement. The calls were loud enough for employees to hear. Employees noticed. Employees quieted when ASI representatives entered shared workspaces. Rick regarded Ron's style as domineering, but Rick did not intervene. Rick's silence reflected calculation, not approval. Ron was not Rick's employee. Rick's authority over the transition environment was already declining. Rick judged that direct confrontation could be interpreted as obstruction and could undercut Sam's instruction to keep the transition professional. Still, those incidents affected how Rick assessed Ron's judgment and ASI's operating posture.

Colors of Money

Another concern surfaced indirectly. Several managers told Rick that Ron intended to split some employees' time between the Navy-funded Bahrain BOS contract and ASI's Army-funded contract at Isa Air Base. On paper, the idea offered synergy. In practice, the idea raised a serious compliance concern. Rick immediately recognized the issue: different appropriations, different authorities, different oversight, and no government approval to commingle labor, equipment, or management time across contracts. In federal contracting, "colors of money" are not interchangeable. The Navy expected Navy funds to support Navy work. The Army expected the same.

Rick did not escalate the issue. The information came secondhand. The employees would soon leave GovCon. The matter technically belonged to ASI and the government. Even so, the pattern reinforced Rick's impression that Ron viewed compliance boundaries more flexibly than Rick did.

Conduct and Exploitation

Rick's understanding of vulnerability in Bahrain deepened outside the base as well. Rick lived long-term in a hotel near American Alley. One afternoon at a mall café, a woman approached Rick and propositioned him. Rick declined, then shifted the exchange by speaking Mandarin. The woman, Li Jing, was startled. Another woman, Wang Jing, joined the conversation. Both women were from Hubei Province, not far from where Rick had once studied. Both women said they had come to Bahrain for legitimate employment that never materialized. Their passports had been retained by employers. Their earnings went home to families they rarely saw. Rick did not pry. Rick listened and left. Over subsequent months, Rick occasionally passed Li Jing and Wang Jing near the hotel or on American Alley and exchanged brief greetings in Mandarin.

One week before contract end, that context returned. Rick ate Thanksgiving dinner alone at an American-owned restaurant. Ron and Jerry arrived and began drinking at the bar. Li Jing and Wang Jing later joined Ron and Jerry. The four left together. Later that night, while Rick worked in the hotel lobby on emails to Sam about the unresolved property impasse, Rick saw the same four enter the hotel and head toward the elevators. Rick returned to his laptop. The conduct was not Rick's jurisdiction. The conduct was not Rick's business to police. Even so, the scene intersected with Rick's growing unease about exploitation, judgment, and example at a moment when ASI was about to take over a strategically sensitive contract.

Water as Leverage

As the transition narrowed toward midnight, one system mattered more than any other: the reverse osmosis water plant. The chemicals required to operate the water plant came from Saudi Arabia, and lead time exceeded four weeks. ASI did not yet have replacement chemicals on hand. Without those chemicals, the water plant could not continue producing potable water. Without potable water, Naval Support Activity Bahrain could not sustain routine daily operations. Housing, dining, sanitation, maintenance, and medical support all depended on the plant.

ASI wanted the chemicals. Rick had been instructed not to sell only the chemicals. Rick had been instructed to reject partial sales and insist on the full package: vehicles, golf carts, supplies, and chemicals for $200,000. From Rick's perspective, the dilemma had become explicit. GovCon had no obligation to protect ASI's margins. GovCon did have a contractual and reputational interest in orderly closeout. Rick personally had every reason to protect continuity for the Navy. Yet Sam's instructions and Rick's fiduciary obligations constrained what Rick could do unilaterally. Rick completed packing plans, lined up labor, identified warehouse space, and prepared to sever continuity physically on the morning after contract expiration if no agreement emerged before then.

The Final Night

On the final evening of November 30, the base still looked normal. Custodial crews worked. Toilets flushed. The Gurkhas remained on post while negotiations with ASI continued. The water plant operated using chemicals still owned by GovCon. No purchase agreement had been signed for GovCon's contractor-furnished property. ASI had not staged replacement vehicles, supplies, or chemicals to assume the work cleanly on day one.

The Navy contracting officer expected continuity. ASI faced immediate reputational exposure if ASI failed on the first day. GovCon had been told to leave nothing behind and to avoid legal entanglements. Rick now faced a choice that one could state simply but that leaders in practice rarely experienced simply.

If Rick authorized removal of GovCon's contractor-owned property at contract end, ASI would begin performance without critical supplies and at real risk on water and basic support functions. If Rick allowed GovCon property to remain in place without agreement, Rick would violate Sam's instruction, weaken GovCon's closeout position, and expose GovCon to residual obligations after the contract ended. If Rick escalated formally to the Navy, Rick might protect himself procedurally but risk the very conflict and legal exposure Sam had instructed Rick to avoid. At midnight, the contract would end.

Packing crews stood ready for the morning.

The Gurkhas waited.

The water flowed, for now.

As Rick sat in his office, the clock struck midnight in Manama.

Character	Age	Position / Role	Nationality	Background and Case Relevance
Rick	37	Program Manager, Bahrain Base Operations Support contract	American	Rick is the outgoing GovCon Program Manager in Bahrain. Rick studied in China, later completed graduate training in finance and international business, and then managed Base Operations Support work in Kuwait and Afghanistan. Rick is younger than most Program Managers in this sector and serves as the case protagonist.
Sam	35	Vice President of BOS Programs, GovCon	American	Sam oversees a broad portfolio of overseas contracts and personnel for GovCon. Sam trusts Rick to manage difficult assignments with discretion and judgment. Sam directs Rick to protect GovCon's reputation, cooperate professionally during transition, and dispose of contractor-owned property cleanly.
Ron	Mid-50s	Transition Leader, Apex Sustainment International (ASI)	American	Ron leads ASI's transition effort in Bahrain. Ron is forceful, cost-focused, and abrasive in his dealings with subcontractors and labor brokers. Ron becomes a central source of tension during the transition.
Jerry	Mid-50s	Incoming Program Manager, ASI	American	Jerry is a retired enlisted U.S. Navy Chief and part of the incoming ASI leadership team. Jerry is less central than Ron in shaping events, but Jerry's Navy background gives ASI added credibility with the government customer.
Li Jing	30s	Secondary character	Chinese	Li Jing is a woman from Hubei Province in China whom Rick meets in Bahrain. Li Jing had come to Bahrain under promised employment that failed to materialize. Li Jing helps Rick see the human dimension of vulnerability and exploitation in Bahrain's informal economy.
Wang Jing	30s	Secondary character	Chinese	Wang Jing, also from Hubei Province, shares a similar story to Li Jing. Wang Jing appears briefly but reinforces the case's ethical undercurrent concerning power

Character	Age	Position / Role	Nationality	Background and Case Relevance
				asymmetry, labor vulnerability, and leadership judgment.
The Gurkhas	Not specified	Armed security force across Bahrain military sites	Nepali	The Gurkhas are disciplined, English-speaking security professionals trusted by Navy leadership. The Gurkhas function as a collective actor in the case, and their refusal to accept partial retention becomes a key transition issue.
Navy Contracting Officer	Not specified	Contracting Officer, U.S. Navy	Not specified	The Navy Contracting Officer is an important institutional actor. The Contracting Officer rejects ASI's attempt to use non-fluent replacement guards and expects uninterrupted continuity of operations during the transition.

Exhibit A: Timeline of Key Events

Date	Event
Early 2010s	Rick studies in China and later manages BOS work in Kuwait and Afghanistan
2017	Rick is redirected from a possible Singapore assignment to Bahrain
Prior to turnover	GovCon submits a recompete proposal for Bahrain BOS
Award decision	ASI wins the follow-on contract
Transition period	ASI transition team arrives in Bahrain
Final week	Negotiations intensify over GovCon property and Gurkha retention
Final night	Rick must choose how to handle property removal and operational continuity

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Exhibit B

Program Manager Nomination Letter with Compliance Matrix

Subject: Nomination of Mr. Rick for Program Manager, Bahrain Base Operations and Security Support Services Contract

Dear Contracting Officer,

Pursuant to the Performance of Work Statement (PWS), GovCon Inc. respectfully submits **Mr. Rick** for approval as **Program Manager** for the Bahrain Base Operations and Security Support Services contract. Based on GovCon's review of the solicitation requirements and Mr. Rick's education, credentials, and experience, GovCon submits the following compliance matrix in support of this nomination.

Solicitation Requirement	Mr. Rick's Qualification	Compliance Determination
The Project Manager shall be a **U.S. citizen** and must have a **Secret Clearance** at the start of the full performance period.	Mr. Rick is a **U.S. citizen** and possesses an **active Secret Clearance**.	**Compliant**
The Project Manager shall have at least **eight years of experience** managing a workforce providing services on contracts of similar size, scope, and complexity.	Mr. Rick possesses **14+ years of U.S. Army leadership experience** and **8+ years of experience managing a workforce** providing services of similar size, scope, and complexity. His experience includes management of U.S. Army Training Support in Southwest Asia across **23 countries**, leading **86 multinational employees** in range maintenance and logistics support across extensive infrastructure and training areas.	**Compliant and exceeds requirement**
At least **two years** of experience shall be in **independent field management responsibility**.	Mr. Rick possesses **2+ years of independent field management responsibility**, including service as **Program Manager in Afghanistan**, where he oversaw engineering projects/facilities maintenance, firefighting, finance/budget, human resources, operations, intelligence, IT infrastructure, logistics, and maintenance. He also served as	**Compliant and exceeds requirement**

Solicitation Requirement	Mr. Rick's Qualification	Compliance Determination
	Contract Manager over the Training Support Center in Kuwait with sole responsibility for all U.S. Army training support activities there.	
At least **one year** of experience shall be in a **management or supervisory capacity with a multinational workforce**.	Mr. Rick possesses **6+ years of experience** in management with a multinational workforce. He also has substantial multinational operating and study experience in **Kuwait, Chile, Germany/Europe, China, Afghanistan, South Africa, and Turkey**.	**Compliant and exceeds requirement**
The Project Manager shall have a **Bachelor's Degree in Business Administration / Management or Engineering**, based on a four-year course of study from a U.S. accredited college or university, or equivalent institution. Equivalent work experience may be substituted at the Contracting Officer's discretion.	Mr. Rick holds a **Bachelor of Arts in International Studies, Minor in Chinese Studies**. He also holds a **Master of Business Administration** and **Master of Science in Finance**, and a **Master of Global Management**.	**Compliant and exceeds requirement**
The Project Manager shall have full authority to act for the Contractor on all contract matters relating to the contract.	Upon Government approval of this nomination, Mr. Rick will serve as Program Manager with **full authority to act for GovCon on all matters relating to contract performance**, consistent with the contract requirements and internal delegation of authority.	**Compliant upon appointment**

In addition to meeting the minimum contractual qualifications, Mr. Rick brings notable professional program management credentials. The compliance table reflects that he holds both the **Program Management Professional (PgMP)** and **Project Management Professional (PMP)** credentials from the Project Management Institute, with the PgMP, held by fewer than 5000 professionals worldwide, recognizing validated experience managing multiple related projects and complex cross-functional activities aligned to organizational objectives.

GovCon is confident that Mr. Rick possesses the leadership capacity, operational judgment, international management experience, and professional maturity required to perform successfully as Program Manager on this effort. His background demonstrates not only technical compliance with the PWS, but also the managerial breadth and field-tested leadership necessary for effective execution in Bahrain.

GovCon Group respectfully requests the Government's approval of **Mr. Rick** as Program Manager for this contract.

Respectfully,

Sam
VP of BOS Programs
GovCon Inc.

Glossary of Acronyms

ASI
Apex Sustainment International
The incoming contractor that won the follow-on Bahrain Base Operations Support contract.

BOS
Base Operations Support
A category of government contract work that sustains installation operations through services such as facilities maintenance, utilities, custodial support, grounds maintenance, waste management, and related life-support functions.

CENTCOM
United States Central Command
The U.S. geographic combatant command responsible for military operations across the Middle East and surrounding region. The Bahrain installation in the case is described as an important support hub for CENTCOM operations.

CFE
Contractor-Furnished Equipment
Property owned by the contractor rather than the government and used in contract performance. In the case, this includes vehicles, golf carts, custodial equipment, consumables, and water-treatment chemicals.

HVAC
Heating, Ventilation, and Air Conditioning
A facilities-maintenance function included within the Bahrain BOS contract scope.

NSA
Naval Support Activity
The U.S. Navy installation in Manama, Bahrain, supported by the BOS contract in the case. The case also references the NSA aviation unit as one of the supported sites.

U.S.
United States
Used throughout the case to identify the country, government customer, military organizations, and installations.

VP
Vice President
Used in Sam's title, Vice President of BOS Programs.

Midnight in Manama

Teaching Note

Case Summary:

This case examines a contract transition at the U.S. Naval Support Activity in Bahrain, where Rick, the outgoing Program Manager for GovCon, remains accountable for performance through the final day of the contract even as Apex Sustainment International (ASI), the incoming contractor, is already shaping the transition environment. GovCon owns contractor-furnished vehicles, consumables, and the chemicals required to operate the reverse osmosis water plant that supplies potable water to the base. On the final night of performance, Rick must decide whether to remove GovCon's property as instructed, despite the risk to day-one continuity, or leave critical items in place without agreement, thereby weakening GovCon's closeout position and departing from Sam's guidance.

Teaching Use:

This case is appropriate for courses in global leadership, executive decision-making, ethics, public-sector stewardship, contract transitions, and cross-cultural management. It is suitable for graduate, executive, and doctoral-level audiences. The case can be taught effectively in two ways:

As a stand-alone case: The instructor can focus on leadership under constraint, stewardship versus compliance, customer continuity, and the accountability-authority gap during transitions. The case contains sufficient context on Bahrain, GovCon, ASI, the water-plant dependency, and the Gurkha negotiations to support independent discussion.

As part of the eight-case series: The case works as the opening leadership test in Rick's broader developmental arc. In that format, Bahrain introduces recurring themes that later cases deepen judgment under narrowing control, Sam's trust in Rick, ASI as a recurring institutional contrast, and transition work as a professional crucible. The epilogue confirms that Sam's confidence in Rick increased after Bahrain and that Rick was then sent to Diego Garcia for another sensitive transition assignment.

Teaching Objective:

Students will learn about:

- the accountability-authority gap in organizational transitions
- the difference between fiduciary duty and stewardship
- leadership judgment under conditions of shrinking control
- the relationship between operational continuity and reputational capital
- how cross-cultural context and workforce hierarchy influence leadership legitimacy
- how this case can function either as a stand-alone dilemma or as the first case in a longitudinal leadership sequence

Assignment Questions:

1. What exactly must Rick decide on the final night of the Bahrain contract?

2. What obligations does Rick owe to GovCon, the U.S. Navy, ASI, and the workforce?
3. Was Sam's all-or-nothing guidance on contractor-furnished equipment strategically sound? Was it ethically sound?
4. How should Rick interpret the unresolved Gurkha issue, the water-plant chemical issue, and ASI's transition conduct?
5. What does this case suggest about leadership when accountability remains but authority is beginning to shift elsewhere?

Series option add-on question:

6. What legal, contractual, and reputational risks arise if Rick removes the contractor-furnished equipment, leaves it in place without agreement, or escalates the issue formally to the Navy?
7. What does *Midnight in Manama* reveal about Rick's developing leadership philosophy that later cases may confirm, complicate, or challenge?

Teaching Approach:

Legal Implications and Potential Consequences:

This case should be taught as **legal issue-spotting**, not legal adjudication. Rick's decision implicates several legal and contractual risk areas.

First, **contractor-furnished equipment creates ownership and documentation risk.** If Rick leaves GovCon property in place without a written agreement, GovCon may face disputes over ownership, use, loss, damage, or reimbursement. If Rick removes the property, GovCon protects its ownership position but may contribute to operational disruption.

Second, **the water-treatment chemicals elevate the issue beyond ordinary asset disposition.** Because the chemicals support potable-water production, removing them could create mission-continuity risk, customer dissatisfaction, and negative past-performance consequences.

Third, **formal written direction matters.** If continuity depends on GovCon property after contract expiration, Rick should consider whether the Contracting Officer should provide written direction or whether GovCon and Apex Sustainment International should execute a written transfer agreement.

Fourth, **the reported "colors of money" concern creates cost-charging risk.** Any blending of labor, equipment, or management time across Navy and Army contracts would require careful contractual and accounting review.

Fifth, **the overseas labor context raises compliance sensitivity.** Labor brokers, repatriation obligations, worker vulnerability, and passport-control concerns require awareness of trafficking, recruitment, and host-nation labor compliance risks.

The potential consequences include disputed property claims, uncompensated asset use, operational disruption, adverse customer perception, negative past-performance effects, cost-accounting scrutiny, and labor-compliance review. The executive lesson is that transition decisions can become legal-risk decisions before any party clearly violates the law.

The discussion can follow a two-part sequence.

Part 1: Decision and constraints
The first part of the session should clarify the operational setting, the role of Bahrain, the water-plant dependency, the Gurkha negotiations, Sam's guidance, and Rick's actual decision. This portion should center on the tension among GovCon's closeout expectations, the Navy's continuity requirements, and ASI's lack of readiness. The strongest classroom opening question is: **What is Rick's actual decision by midnight?**

Part 2: Leadership and meaning
The second part of the session should shift from the decision itself to the broader leadership implications. Instructors can examine stewardship, trust, adaptive leadership, and cross-cultural leadership, while also asking whether Rick's restraint reflects disciplined judgment or excessive deference. When the case is taught as part of the series, this second part should also ask what Bahrain establishes about Rick's habits of mind and Sam's trust-based model of delegation.

Suggested Discussion Flow:

A 75-minute class can be structured as follows:

Time	Discussion Focus
0 to 10 minutes	Clarify Rick's actual decision
10 to 25 minutes	Review setting, stakeholders, property, water, Gurkhas, and transition constraints
25 to 40 minutes	Debate Rick's decision options and tradeoffs
40 to 55 minutes	Surface legal implications: property disposition, continuity, written direction, cost-charging, and labor vulnerability
55 to 65 minutes	Connect legal risk to ethical stewardship and reputational capital
65 to 75 minutes	Link the case to leadership frameworks and, if using the series, Rick's longer development arc

The Rest of the Story:

The epilogue should be distributed only after students have discussed the case based on what Rick knew on the final night. The epilogue reveals that Rick began staging trucks on December 1, ASI then purchased the full inventory for approximately $200,000, ASI also retained all thirty Gurkhas at existing pay and benefits, GovCon still absorbed the $30,000 Gurkha flight cost, GovCon exited without legal entanglements, and Sam later sent Rick to Diego Garcia for another sensitive transition assignment. The epilogue should be used to discuss hindsight bias and the difference between sound judgment and favorable outcomes.

Instructor Note:

This case is not primarily about whether ASI behaved badly. This case is about how leaders exercise judgment when formal responsibility remains intact but control over future outcomes is already beginning to move elsewhere. The strongest discussions usually recognize that Rick's decision is not a simple ethics question and not a simple compliance question. It is a question of constrained stewardship.

Instructors should treat the legal issues as executive issue-spotting rather than legal conclusion. The case does not require students to determine liability. Instead, students should identify where Rick's operational decision intersects with property rights, contract closeout, continuity of operations, written government direction, cost allocability, labor compliance, and past-performance risk. The most important teaching move is to show that legal exposure often emerges before misconduct is clear, especially when a leader is operating at the boundary between contractual authority, customer expectation, and practical necessity.

Source Note:

This teaching note draws on the case draft, the associated epilogue, and project interview materials. Any interview-based source used in the broader project should be identified as **redacted for privacy purposes**. Supporting interview materials are background development sources and should not be distributed as student handouts in this case.

The Rest of the Story

On the morning of December 1, Rick began coordinating access requests and staging trucks to enter the base and begin removing GovCon's contractor-owned property. GovCon had no agreement in place with Apex Sustainment International (ASI) as of midnight on November 30, so Rick moved forward with the closeout plan Sam had directed.

By midday, ASI changed course.

Confronted with the practical reality of beginning contract performance without vehicles, custodial equipment, consumable supplies, and water treatment chemicals, ASI agreed to purchase the entire inventory for approximately $200,000. From Sam's perspective, the outcome validated the closeout logic behind the all-or-nothing sale. Allowing ASI to purchase only selected items would have left GovCon with the cost and burden of storing, securing, transporting, and liquidating the remaining property after contract end. Instead, GovCon exited the contract with a clean and final disposition of assets, no lingering storage obligation, and an unforecasted gain that was well received at corporate headquarters. Sam was particularly pleased with the result because the transaction strengthened GovCon's closeout position while preserving the company's professional reputation with the Navy.

Later the same day, ASI also reached a negotiated agreement with the Gurkhas. All thirty Gurkhas were retained for one year at their existing pay rates and benefits. The agreement preserved continuity in armed security and met the Navy's expectations for contract startup. However, the agreement came too late to avoid one cost already incurred by GovCon. Because no agreement had existed on November 30, Rick had already executed the incumbent contractor's obligation to purchase approximately $30,000 in non-refundable repatriation flights for the Gurkhas. Those costs could not be recovered.

From Rick's perspective, the broader economics of the Bahrain contract remained unfavorable for Apex Sustainment International. Based on Rick's informal assessment of the proposal structure and the costs he had observed during transition, Rick believed ASI had underpriced the contract significantly. The Gurkha agreement alone increased labor cost well beyond what Rick believed ASI had budgeted. Rick also believed other assumptions in Apex Sustainment International's proposal were too optimistic. In Rick's judgment, ASI would likely operate the Bahrain contract at a loss for much of the five-year performance period unless additional revenue or cost relief emerged.

One apparent area of expected relief involved the Navy galley. Rick understood that ASI had anticipated the possibility of a sole-source Request for Proposal for management of the Navy dining facility, which could have offset part of the Bahrain contract's financial pressure. Instead, ASI submitted a price that the Navy rejected. The Navy then competed the requirement and awarded the work to another contractor. That outcome removed one potential offset to Bahrain losses.

The Navy also confronted ASI regarding the use of labor, materials, and equipment across the Bahrain Navy contract and the Army contract at Isa Air Base. Rather than continue blending resources directly across the two contracts, ASI adjusted its approach. Senior and middle managers were required to work approximately twenty additional hours per week so that the same individuals could support both contracts without formally charging the same labor and equipment to two customers. According to reports Rick later received, compensation did not increase even though work hours did.

For GovCon, the Bahrain closeout ended as Sam had intended. GovCon exited without legal entanglements, preserved its professional standing with the government customer, and closed out contractor-owned property in a way that avoided a prolonged and costly residual burden. The Navy contracting officer later thanked Rick personally for the professionalism of the transition, and GovCon received very strong marks on its final Contract Performance Assessment Report. From Sam's perspective, that outcome mattered as much as the financial recovery. A clean closeout protected GovCon's reputation in a market where customer confidence shaped future opportunities.

Sam's assessment of Rick also deepened after Bahrain. Sam had already viewed Rick as a manager who could operate with discretion under constraint. Bahrain reinforced that view. Shortly afterward, Sam tasked Rick with another sensitive transition assignment in Diego Garcia, British Indian Ocean Territory. ASI had also won the follow-on contract there. Rick was proposed to the contracting officer as the Business Manager for the Diego Garcia Base Operations Support contract. Although continuity considerations placed the incumbent Business Manager, Terry, into the Program Manager role, Sam made clear internally that Rick was the designated transition manager and would report directly to Sam during the closeout period.

In time, Rick heard persistent reports that Ron had later been dismissed by Apex Sustainment International. The reasons were never formally explained to Rick, but the rumors were consistent: financial losses associated with aggressive underbidding, strained relationships with local management, and the unsuccessful effort to generate efficiencies by linking the Navy and Army contracts had all damaged Ron's position. Rick could not verify those accounts independently, but the pattern aligned with what Rick had observed in Bahrain.

For Rick, Bahrain reinforced a lesson that would reappear in later assignments: in transitions, judgment matters most precisely when authority is beginning to fade.

K. Ryan Jenkins

All or Nothing on the Atoll: Governance, Asset Leverage, and Leadership Under Constraint at Diego Garcia

Focal actor: *Sam, Vice President of Base Operations Support Programs and Joint Venture chairman.*
Time and place: *Eve of handover, Diego Garcia, February-March 2018.*
What has just happened: *GovCon has lost the follow-on contract, workforce displacement is underway, and asset negotiations have narrowed to an all-or-nothing sale of contractor-owned equipment.*
What this actor can see: *Sam sees both the commercial logic of preserving asset value and the ethical risk of exploiting the successor's limited alternatives.*
Immediate decision: *Should Sam press the Joint Venture board to approve the all-or-nothing sale, renegotiate, or remove and liquidate the assets elsewhere?*

The Call Before the Handover

Sam reviewed the board packet one more time before the Joint Venture call. If the partners approved the transaction, GovCon Inc. would sell roughly $12 million in company-owned equipment to Apex Sustainment International (ASI) for about $15 million. If the partners delayed or rejected the sale, GovCon Inc. would likely need to charter vessels, pull equipment off one of the most remote military installations in the world, move it through regional hubs such as Singapore, the Philippines, and Malaysia, absorb storage and import costs, and attempt to liquidate the assets over time. Either path would be expensive. One would also be ugly.

ASI, the incoming contractor, had made its position clear. It did not want GovCon Inc.'s aging equipment. It viewed much of the inventory as deteriorated, overvalued, and operationally inconvenient. Yet ASI also knew that nearly all of the nonmilitary operating assets on Diego Garcia belonged to GovCon Inc. If ASI refused to buy them, it would need at least nine months to acquire, ship, and stage replacement assets to the island. It had less than two months before assuming responsibility for the contract and it was already behind in transition.

Sam understood the leverage. He also understood how it would look.

The decision before the board was not merely commercial. It sat at the intersection of fiduciary duty, operational continuity, workforce welfare, and leadership judgment. The government customer wanted a smooth turnover. The workforce was anxious. Senior managers on the island were already recalculating loyalties. A disengaged minority partner in the Joint Venture could still slow or complicate the approval process. If the sale moved forward, GovCon Inc. would likely secure a financially favorable outcome that ASI considered coercive. If the sale failed, Sam would inherit a far more chaotic demobilization, millions in avoidable logistics costs, and a growing risk that the final weeks of transition would unravel.

As Sam prepared to brief the board, he thought back over how Diego Garcia had arrived at this point.

Sam's Portfolio and the Weight of Diego Garcia

At the time of the case, Sam served as Vice President responsible for a geographically and operationally diverse portfolio of government contracts. His portfolio included approximately 3,100 employees across fifty-two contracts, most of them within the United States but several in overseas locations, including Bahrain, Guantanamo Bay, Singapore, the Philippines, Germany, and the United Arab Emirates. Within that portfolio, the Diego Garcia Base Operations Support contract was the largest and most complex program under his authority.

Sam had spent much of his career in large-scale Base Operations Support work. He understood the cadence of overseas contracts, the realities of remote labor forces, and the institutional tendency of headquarters to leave strong Program Managers alone as long as the client remained satisfied and the contract produced acceptable returns. Diego Garcia fit that pattern, but at a larger scale and under harsher constraints.

It was an eight-year, full-scale Base Operations Support contract in the British Indian Ocean Territory, one of the most isolated operating environments in the United States defense system. At peak, the contract employed about 1,600 personnel and operated twenty-four hours a day, seven days a week. The scope extended across nearly everything on the island that was not explicitly military. The contract covered public works, electrical power generation and distribution, water, sewage and waste management, harbor operations, air terminal and airfield support, facilities management, custodial services, supply chain and logistics, fire protection, fuels storage, medical and dental support, Morale, Welfare, and Recreation activities, lodging, restaurants, retail, and even the bowling alley.

In practical terms, GovCon Inc. did not simply employ workers on Diego Garcia. GovCon Inc. helped operate the ecosystem that made life on the island possible. The company influenced housing, food, transportation, recreation, and day-to-day welfare for both the workforce and the military population. There was no indigenous civilian population. Everyone on the island had been brought there. Spouses, children, and pets were prohibited. Pregnancy required departure under British Indian Ocean Territory restrictions. On Diego Garcia, leadership decisions did not remain abstract for long. They affected how people lived.

A Different Kind of Government Contracting Problem

For those unfamiliar with overseas Government Contracting, Diego Garcia also differed from many other Base Operations Support environments in one important respect. On many contracts, critical equipment is Government-Furnished Equipment, meaning the government owns the operational base of machinery, vehicles, and infrastructure support assets. Diego Garcia was different. Much of the operating equipment was Contractor-Funded Equipment, meaning the incumbent contractor owned the assets necessary to perform core services.

That distinction mattered enormously once GovCon Inc. lost the recompete.

When the United States government awarded the follow-on contract to ASI, the transition immediately became more than a staffing issue. It became a fight over control of the island's operating backbone.

Management Levels in Government Contracting

In the Government Contracting industry, management authority often operates across several levels. At the **project level**, a **Project Manager** leads a discrete effort with defined scope, schedule, cost, and deliverables. At the **program level**, a **Program Manager** oversees a large, integrated contract or set of related efforts and is accountable for performance across multiple functions, stakeholders, and workstreams. At the **portfolio level**, a **Portfolio Manager** or equivalent executive manages multiple programs and projects as an investment set, balancing resources, priorities, and strategic objectives across the enterprise. At the **enterprise or corporate level**, senior leaders align projects, programs, and portfolios with broader organizational strategy, governance, and capital allocation. In practice, overseas Base Operations Support contracts often give the on-site Program Manager unusually broad operational authority, while portfolio and corporate leaders intervene selectively, usually when risk, customer impact, or strategic consequences exceed local control.

Contract Loss and the Erosion of Stability

GovCon Inc. had performed well on Diego Garcia. The customer respected the team and was disappointed to see the incumbent leave. Sam remembered the British Representative also serving as the British Naval Commander on the island who was openly concerned about workforce welfare and operational integrity once the contract changed hands. She understood that the award decision was the product of the government's procurement process, not something the US Navy or Air Force could easily reverse, but her concerns reinforced Sam's own view that the final phase of the contract mattered as much as any earlier phase.

The loss still hit the workforce hard. Employees knew ASI had underbid the contract. Many concluded that lower wages and tighter employment terms would follow. That fear quickly affected morale. Members of the management team worried about their next positions. Employees throughout the workforce wondered whether they would be retained at all. Because the island was such a closed system, uncertainty spread through every part of daily life.

The anxiety did not remain private. At one point, portions of the port operations workforce effectively stopped completing work in protest of the contract loss. GovCon Inc. still held the contract at that stage, so any work stoppage harmed the incumbent rather than the incoming contractor. Sam and the on-island Program Management Office had to move quickly to calm the situation. Maria, one of the management staff members who spoke Tagalog and understood the Filipino workforce well, played a visible role in helping explain the consequences to employees. The message was simple but unwelcome: the award would not be reversed, and striking would hurt GovCon Inc., not ASI.

The incident mattered for two reasons. First, it showed how fragile workforce stability had become. Second, it reinforced Sam's concern that once employees began accepting offers from the incoming contractor, loyalties would fragment further.

Mike, Maria, and a Leadership Problem That Never Fully Went Away

The Diego Garcia Program Manager, Mike, was in many respects the kind of leader headquarters often tolerated and even admired. He was a retired United States Navy Captain with strong operational credibility and good standing with the customer. Externally, the contract appeared solid. Requirements were being met. Performance remained acceptable. From a distance, the program looked healthy.

Internally, the story was more complicated.

Mike had a reputation for handling dissent poorly and for driving strong people off the contract without a clear performance basis. By the time Sam was dealing with the final transition, one particular issue had already generated repeated internal concern: Mike's close and widely discussed relationship with Maria.

Maria had originally arrived on Diego Garcia in a relatively modest role tied to air terminal operations. Maria came to the Diego Garcia Base Operations Support contract in mid-2015 as an Assistant Air Terminal Manager at roughly $21,000 per year. About a year later, Mike created a new "Quality of Life Manager" position for her, a role that sat outside the core contractual requirements and paid more than her prior assignment. Over the following months, Maria's compensation rose again, moving from about $33,000 to $38,000 and then to roughly $45,000 annually. All of the pay changes were directed and approved by Mike.

Her role expanded along with her access. Maria was placed into premium "downtown" housing ordinarily associated with American senior Director level leadership. She received a vehicle. She sat in leadership spaces that employees did not believe her formal position justified. To blunt criticism over the housing decision, Mike directed another mid-level Filipina manager to move into similar housing so the arrangement would appear less preferential. That employee did not want the move and later asked to return to her prior housing once it became clear that ASI would not permit such an arrangement after transition.

Employees noticed. American and foreign national personnel alike raised concerns about favoritism, inconsistent standards, and a lack of transparency. Complaints surfaced informally and through the ethics hotline and Human Resources channels. Mike's response, as Sam understood it, was typically defensive. Rather than directly justifying the decisions, Mike often framed criticism as rooted in bias, sexism, and racism against Maria as a Filipina woman. Sam did not personally conclude that he had proof of a romantic relationship, and he was careful not to overstate what he knew. But he did believe there was enough smoke to conclude that favoritism likely existed. His concern was not criminal misconduct. It was leadership judgment, optics, fairness, and trust.

Human Resources investigated multiple times and did not substantiate wrongdoing under its standards. Sam respected the independence of that process, but he privately thought the issue was being evaluated too narrowly. In his mind, the relevant question was not whether the case could be proven beyond a high evidentiary threshold. It was whether a reasonable leader could conclude that favoritism more likely than not existed and was damaging morale. He raised the issue with the Chief Executive Officer Peter, who adopted a pragmatic stance: the contract was performing, the end date was approaching, and intervention that late in the lifecycle might create more instability than it resolved. So the structure remained in place.

That unresolved issue became more important during transition. On an island with a workforce that was roughly 90 percent Filipino, Maria's language ability, cultural fluency, and relationship with Mike gave her influence well beyond her formal title. Sam recognized that this influence could help stabilize the workforce. He also knew it could distort reporting, decision-making, and perceptions of fairness.

Leadership Changes Before the Closeout

Before the closeout, reshuffle began. The Diego Garcia Base Operations Support contract already had an established leadership structure. Mike served as the on-site **Program Manager**, the senior executive responsible for overall contract performance and customer relations. Reporting directly under Mike was Terry, the contract's **Business Manager**, a role that functioned much like a **Chief Financial Officer** for the project, with responsibility for finance, accounting, contracts, procurement, and business oversight. Terry was known on the island, understood the workforce, and had been part of the existing management architecture for some time. Rick, by contrast, was not yet on Diego Garcia. At that moment, Rick was completing the Bahrain Base Operations Support closeout, where Sam had already come to trust Rick's judgment, discretion, and ability to operate effectively during politically sensitive transitions. Sam saw in Rick something he did not have enough of on Diego Garcia: a trusted leader who could execute a difficult closeout while also providing unfiltered visibility into what was happening with the customer, the workforce, and the management team.

At the same time that Diego Garcia was entering phase-out, GovCon Inc. was dealing with turbulence on its Singapore Base Operations Support contract. There, a difficult government Contracting Officer had made leadership changes necessary. Sam decided to move Mike from Diego Garcia to Singapore to stabilize that program. He also shifted Dale, the Singapore Program Manager and a Professional Engineer, into Diego Garcia to satisfy a key public works requirement. That left Sam with a choice about who should visibly lead Diego Garcia through the final transition period. His first instinct was to install Rick as the new **Program Manager**. Rick had performed well in Bahrain, and Sam trusted both his competence and his temperament. But Sam ultimately decided that making an outside arrival the visible head of the contract at such a delicate moment could unsettle the workforce and the management team. Terry, by contrast, was already on island, already known, and represented continuity. Sam therefore elevated Terry from **Business Manager** to visible **Program Manager** for stability and optics, while bringing Rick to Diego Garcia as the new **Business Manager** with a second, less visible mandate: serve as Sam's direct transition lead and trusted observer. In practice, the arrangement created overlapping layers of authority. Terry became the public face of continuity on the island, while Rick became Sam's unconflicted channel for the closeout, the asset sale, and the broader transition.

Diego Garcia / Singapore Leadership Changes During Transition

Person	Before Transition Shift	Transition Shift	Why the Move Mattered
Mike	**Program Manager**, Diego Garcia Base Operations Support	Moved to **Singapore Base Operations Support** as **Program Manager**	Sam needed Mike's Navy credibility to stabilize the troubled Singapore contract
Terry	**Business Manager**, Diego Garcia Base Operations Support	Elevated to visible **Program Manager**, Diego Garcia	Provided continuity with the existing workforce and management team
Rick	Bahrain **Program Manaager**; Completing	Brought to Diego Garcia as **Business Manager** and de	Served as Sam's trusted, unconflicted observer and closeout executor

Person	Before Transition Shift	Transition Shift	Why the Move Mattered
	Bahrain Base Operations Support closeout	facto transition lead reporting directly to Sam	
Dale	Singapore **Program Manager**; **Professional Engineer**	Shifted to Diego Garcia to fill a key public works position	Satisfied a technical and credentialed position requirement during transition

Rick's formal title understated Sam's intent. On these overseas contracts, the **Business Manager** role could look administrative on paper, but in practice it sat at the center of the contract's financial and contractual control system. Sam did not send Rick merely to keep the books straight. He sent Rick because the transition was beginning to strain loyalties, and once managers started accepting offers from ASI, Sam needed at least one senior leader on the island whose incentives remained aligned with GovCon Inc.'s closeout objectives. That was especially important because Mike had already moved to Singapore, Terry had just stepped up into a new visible role, and the Diego Garcia team was entering the most sensitive phase of the contract.

The Bonus Sheet

The management problem was complicated further by the question of end-of-contract bonuses. As the transition intensified, Mike proposed a bonus pool of roughly $150,000 for senior department managers and selected leaders. The stated purpose was to keep key personnel in place through the final phase of the contract, when uncertainty was highest and the risk of premature departures was greatest. On a remote contract like Diego Garcia, that logic had real force. Losing even a few managers at the wrong time could disrupt workforce stability, customer confidence, and the closeout itself.

Yet the bonus sheet also raised uncomfortable questions. By the time Rick arrived on the island, Mike had already been shifted to Singapore, but the bonus allocations still reflected the leadership structure and influence network Mike had built on Diego Garcia. According to Rick, the sheet required signatures from both the Program Manager and the Business Manager and included approximately $35,000 for Mike**,** $25,000 each for Terry and Maria, and the balance spread across other department managers according to level and title. Rick, only days into the assignment, asked Sam whether he had approved the bonuses. Sam checked the total, saw that it was roughly $150,000, and allowed the allocation to stand.

The issue was not that retention bonuses were inherently inappropriate. The company had good reason to want managers to stay. The problem was that the same mechanism intended to preserve continuity also appeared to reinforce the authority of the very network Sam viewed with caution. Mike, though no longer on the island, had shaped the allocations. Maria, already a focal point of favoritism concerns, received one of the largest individual awards. Terry, newly elevated for continuity, also received a substantial amount. In that sense, the bonus sheet captured a broader dilemma in the closeout: GovCon Inc. needed stability, but it was trying to buy that stability through a local leadership structure it did not fully trust. Sam did not rescind the bonuses. By then, the timeline was compressed and he judged the risk of disruption greater than the value of reopening the matter. But the episode reinforced why he had wanted Rick on the island as an unconflicted reporting channel.

The Workforce Math

The human consequences of the contract turnover soon became more concrete. Of roughly 1,600 incumbent employees, ASI hired only about 1,200. Approximately 400 workers were not retained. Because Diego Garcia had no local civilian labor market, those workers could not simply look for another employer down the road. GovCon Inc. had to charter flights to return them to the Philippines, at a cost of about $400,000.

This was an unanticipated cost to GovCon but one they were ultimately responsible for. Every additional complication weakened GovCon Inc.'s position. Every management distraction increased the risk that the company would finish a profitable contract with a disorderly and costly exit.

The Asset Problem

The asset problem was the central strategic issue of the closeout.

GovCon Inc. had about $12 million of company-owned equipment on the books on Diego Garcia. Sam believed the sale value was higher, perhaps roughly $15 million, because book value understated the reality of replacement cost, logistics, and time-to-field on an island like Diego Garcia. In other words, the equipment was worth more in place than it would appear to be on a spreadsheet because the incoming contractor could not reproduce the footprint quickly enough to assume performance without it.

ASI argued the opposite. From its standpoint, GovCon Inc. was trying to force the purchase of aging and partially deteriorated assets at an inflated valuation simply because the incoming contractor had no practical alternative. ASI preferred to buy only selected equipment. Sam refused. Selective sales would let the incoming contractor cherry-pick the useful items and leave GovCon Inc. with stranded equipment, stranded logistics, and a degraded bargaining position. For Sam, the transaction had to be all or nothing.

The best alternative to a negotiated agreement was ugly. GovCon Inc. could remove the assets itself, ship them out, distribute them through regional hubs, store them, pay import fees, and sell over time. But the cost would run into the millions, and the timeline would be lengthy. ASI's alternative was worse in a different way. It would need at least nine months to source and move in enough equipment to replace the incumbent's operating base, and that did not solve its more immediate problem. The follow-on contractor needed to be ready in less than two months, and it was already behind.

Sam had seen a version of this logic in Bahrain. Diego Garcia was the same basic commercial dilemma, but on a larger scale, with a more dependent operating environment and a more fragile workforce.

The Joint Venture and a Board That Watched Cash More Closely Than Consequence

The Diego Garcia contract was not operated through a simple corporate reporting line. It sat inside a Joint Venture composed of GovCon Inc., India Oceania, and F3R. F3R held roughly 15 percent of the equity, but its participation was required because the contract in the British Indian Ocean Territory needed a United Kingdom entity in the ownership structure. That minority position came with outsized influence because the Joint Venture operating agreement required unanimous consent on certain decisions, including asset sales and related transition matters.

This produced one of the more frustrating features of the case. F3R had limited operational interest in the contract and often lacked pulse on the program, yet it retained effective veto power over major actions. Indian Oceania repeatedly pushed against that reality, sometimes asking Sam whether the minority partner could simply be overridden because it held only 15 percent. Sam's answer was always the same: no. The agreement was the agreement.

The board itself was not heavily involved in day-to-day operations. It watched cash, distributions, and high-level financial performance. The Joint Venture had its own employees, books, and balances, and at one point was sitting on $32 million in cash before distributions to the partner companies. Finance committees met separately. Sam regularly briefed both operating and financial matters. Still, the board's attention skewed toward money rather than the second-order effects of decisions on the ground.

Sam also occupied an awkward dual position. He was a GovCon Inc. executive, but as Chairman of the Joint Venture board he had to represent the interests of the Joint Venture as a whole, sometimes to GovCon Inc.'s irritation. Indian Oceania occasionally reminded him of that explicitly. When he wore the chairman's hat, he was not supposed to behave as GovCon Inc.'s advocate alone. That distinction mattered during the asset negotiations. GovCon Inc. wanted a financially favorable exit. The Joint Venture wanted a clean, defensible, executable transition. Those goals overlapped, but they were not always identical.

The board's structure therefore did not merely slow decisions. It diluted ownership. A disengaged partner could hold up action. A financially focused board could approve a hard deal without wrestling seriously with its ethical optics. The operational, reputational, and workforce consequences would still fall most heavily on Sam.

The Customer, the Workforce, and the Final Question

By the time the board packet was assembled, Sam believed the transition had gone about as well as could reasonably be expected under the circumstances. The customer remained generally satisfied. The workforce had not fully unraveled. Rick had given Sam the unconflicted visibility he needed. GovCon Inc. had an all-or-nothing offer from the incoming contractor. ASI was unhappy, but it was close to acceptance.

What remained unresolved was whether the board would authorize the transaction and whether Sam was comfortable pressing for that outcome.

From one perspective, the answer seemed obvious. The valuation was defensible. The incoming contractor needed the equipment more than it wished to admit. Partial sales would be strategically foolish. Removal and offshore liquidation would be expensive and disruptive. A board focused on fiduciary duty could approve the sale without apology.

From another perspective, the issue was harder. ASI's lack of alternatives gave GovCon Inc. extraordinary leverage in a setting where the workforce, the customer, and operational continuity all remained exposed. The transaction was commercially rational, but it did not feel clean. Neither did the management environment that had shaped the closeout: the unresolved favoritism concerns, the bonus structures, the fractured loyalties, and the governance system that saw cash clearly but consequence only dimly.

Sam closed the packet and looked again at the figures. The assets were still on the island. The incoming contractor was still behind. The workforce was still watching. The Joint Venture board call was about to begin.

Character Register

Name	Age	Job Title	Nationality	Brief Background	Relevant Notes
Sam	35	Vice President; Joint Venture Chairman	American	Senior executive responsible for a global portfolio of Government Contracting programs, including Bahrain, Singapore, and Diego Garcia. Diego Garcia was the largest and most complex contract in his portfolio.	Central decision-maker in the case. Balances fiduciary duty, workforce stability, customer continuity, and Joint Venture governance.
Rick	37	Business Manager; de facto Transition Lead	American	Recently completed the Bahrain Base Operations Support closeout and was brought to Diego Garcia by Sam because of his judgment, discretion, and transition experience.	Formally the Business Manager, but functionally served as Sam's trusted observer and transition executor during closeout and asset-sale negotiations.
Mike	71	Program Manager, Diego Garcia Base Operations Support; later Program Manager, Singapore Base Operations Support	American	Retired United States Navy Captain with strong customer credibility and a reputation for running profitable overseas contracts.	Externally respected by the customer. Internally associated with favoritism concerns involving Maria and a leadership style that drove capable personnel away.
Maria	51	Quality of Life Manager	Filipina	Originally held a more junior role tied as Assistant Air Terminal Manager before being elevated into a specially created management position under Mike.	Central to the favoritism concerns in the case. Held unusual influence because of her access to Mike, elevated benefits, and credibility with the largely Filipino workforce.
Terry	62	Business Manager, Diego Garcia Base Operations Support; later elevated to Program Manager during transition	American	Senior on-island manager who had been serving under Mike as Business Manager before the leadership reshuffle.	Elevated into the visible Program Manager role to preserve continuity and workforce

Name	Age	Job Title	Nationality	Brief Background	Relevant Notes
					stability during phase-out.
Dale	67	Program Manager, Singapore Base Operations Support; later Director of Public Works, Diego Garcia	American	Senior manager and Professional Engineer moved as part of the transition reshuffle between Singapore and Diego Garcia.	His technical credential helped fill a key public works requirement on Diego Garcia during the transition.
Peter	50	Chief Executive Officer	American	Chief Executive Officer of GovCon Inc. and the senior corporate leader above Sam.	Took a pragmatic late-lifecycle approach to the concerns involving Mike and Maria, deciding against intervention as the contract neared completion.
Jimmy	46	Transportation Manager	American	Mid-level manager on Diego Garcia who remained in the orbit of transition-related events and later provided perspective on the contract environment.	Secondary character in this case, but relevant to the broader narrative and future cases.

Exhibit A: Timeline of Key Events

Approximate Time	Event	Significance
Before formal closeout	GovCon Inc. continues strong performance on the Diego Garcia **Base Operations Support (BOS)** contract.	Establishes that the contract was operationally successful and well regarded by the government customer even as transition pressures began to build.
Follow-on contract award announced	The United States government awards the follow-on contract to **Apex Sustainment International (ASI)**.	Marks the start of formal transition and triggers workforce anxiety, management uncertainty, and the asset-sale problem.
Early transition period	Workforce morale deteriorates as employees fear lower wages, non-selection, and loss of future employment.	Introduces the labor ethics dimension and explains the growing instability across the island.
Early transition period	Portions of the port operations workforce protest the contract loss and disrupt work.	Demonstrates how fragile the operating environment had become and why leadership continuity and communication mattered.
During transition planning	Sam reviews ongoing concerns regarding Mike and Maria, including perceived favoritism and related complaints, but no formal corrective action is taken.	Shows the limits of corporate intervention late in the contract lifecycle and foreshadows future cases.
Parallel contract turbulence in Singapore	Sam decides to move Mike from Diego Garcia to the Singapore **Base Operations Support (BOS)** contract to stabilize that program.	Creates the beginning of the leadership reshuffle and shows Sam managing multiple contracts at the portfolio level.
Same reshuffle period	Dale, a **Professional Engineer**, is shifted to Diego Garcia to fill a key public works requirement.	Reflects the importance of technical credentialing and contract compliance during transition.
Transition reshuffle	Terry is elevated from Business Manager to visible Program Manager on Diego Garcia for continuity and workforce stability.	Preserves local familiarity and reduces the risk of disruption from an outside leadership change.
Transition reshuffle	Rick arrives from the Bahrain **Base Operations Support (BOS)** closeout as Business Manager and de facto transition lead reporting directly to Sam.	Gives Sam a trusted, unconflicted observer and executor during the most sensitive phase of closeout.

Approximate Time	Event	Significance
Closeout preparation period	A bonus pool of approximately **$150,000** is approved for senior managers, including Mike, Terry, Maria, and others.	Raises questions about continuity, incentives, moral hazard, and loyalty during transition.
Workforce transition period	ASI hires approximately **1,200** of GovCon Inc.'s **1,600** employees.	Clarifies the scale of labor displacement and the human consequences of the handover.
Workforce reduction period	GovCon Inc. charters flights to repatriate approximately **400** workers not retained by ASI, at a cost of about **$400,000**.	Adds financial pressure to the closeout and sharpens the urgency of resolving the asset issue.
Late-stage transition	Asset negotiations intensify. GovCon Inc. insists on an all-or-nothing sale of roughly **$12 million** in company-owned equipment; ASI resists and seeks selective purchases.	Becomes the central strategic issue in the case. GovCon Inc. seeks to preserve value and leverage; ASI views the offer as coercive.
Eve of handover	Sam prepares for the **Joint Venture (JV)** board call to seek approval for the all-or-nothing asset sale.	This is the case's decision cliff. The sale is commercially rational, operationally important, and ethically uncomfortable.

Glossary of Acronyms

Acronym	Full Term	Meaning in This Case
ASI	**Apex Sustainment International**	The incoming contractor that won the follow-on contract from GovCon Inc. and became the counterparty in the asset-sale negotiation.
BIOT	**British Indian Ocean Territory**	The territory in which Diego Garcia is located and the legal-political setting for the contract.
BOS	**Base Operations Support**	The type of government contract under which GovCon Inc. operated Diego Garcia and other locations such as Bahrain and Singapore.
CFE	**Contractor-Funded Equipment**	Equipment owned by the contractor rather than the government. This is central to the case because much of the operating equipment on Diego Garcia fell into this category.
CFO	**Chief Financial Officer**	Used as an analogy to explain the Business Manager role on the contract, especially Terry's and later Rick's function in overseeing finance, accounting, contracts, procurement, and business matters.
GFE	**Government-Furnished Equipment**	Equipment owned by the government and provided for contract performance. The case contrasts this with Contractor-Funded Equipment to explain why Diego Garcia was unusual.
HR	**Human Resources**	The corporate function that investigated complaints regarding Mike and Maria but did not substantiate wrongdoing under its evidentiary standards.
JV	**Joint Venture**	The ownership and governance structure through which the Diego Garcia contract was operated. The Joint Venture board approval is the case's final decision cliff.
MWR	**Morale, Welfare, and Recreation**	A contract service area included within the Diego Garcia Base Operations Support scope.
PMO	**Program Management Office**	The on-island management team and office structure responsible for running the contract and coordinating leadership actions during transition.
U.S.	**United States**	Used in reference to the United States government, United States defense system, United States Navy, and United States Air Force.
US Navy	**United States Navy**	One of the military stakeholders on Diego Garcia and part of the customer environment referenced in the case.

THUNDERBIRD
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Teaching Note

All or Nothing on the Atoll: Governance, Asset Leverage, and Leadership Under Constraint at Diego Garcia

Case Summary:

This case places students in the role of Sam, a Vice President overseeing a geographically dispersed portfolio of government contracts, as he prepares for a Joint Venture board call on an all-or-nothing asset sale at Diego Garcia. GovCon Inc. owns much of the Contractor-Funded Equipment required to operate the island. The incoming contractor, Apex Sustainment International**,** does not want the equipment at GovCon Inc.'s asking price, but it has little practical choice because it lacks time to replicate the asset base before contract assumption. The decision is commercially rational yet ethically uncomfortable. It also unfolds in a setting shaped by workforce uncertainty, unresolved favoritism concerns involving Mike and Maria, retention bonuses, split loyalties, and a governance structure that watches cash more closely than consequence. The case ends immediately before the board decision.

Teaching Use:

This case works well in two formats.

Option 1: Stand-Alone Case

As a stand-alone case, it is best used in courses on:

- global leadership and management
- governance and executive judgment
- negotiation under asymmetric dependence
- ethics in multinational operations
- Government Contracting and remote operations

In this format, the case should be taught primarily as a decision case about **how leaders should exercise leverage when the counterparty has weak practical alternatives but multiple stakeholders remain exposed**.

Option 2: Part of the 8-Case Series

As part of the broader 8-case sequence, this case functions as an **escalation case**. Bahrain introduced closeout pressure and leadership judgment under transition. Diego Garcia expands the scope from one negotiation problem to a more layered setting involving:

- workforce dependence in a closed environment,
- informal power and perceived favoritism,
- incentive distortions,

- overlapping reporting structures,
- and weak or thin governance.

In the series, the case also serves as an early contextual bridge into later cases involving Mike, Maria, Rick, ethics escalation, retaliation, and structural control. In that setting, instructors should preserve ambiguity and avoid resolving the Mike and Maria thread prematurely.

Audience:

This case is appropriate for **Thunderbird School of Global Management Executive Master of Business Administration** and doctoral-level students. It assumes mature discussion of strategy, ethics, governance, and organizational design rather than simple right-versus-wrong analysis.

Learning Objectives:

After discussing the case, students should be able to:

1. Evaluate whether Sam should press for approval of the all-or-nothing asset sale.
2. Distinguish between **commercial defensibility** and **ethical legitimacy**.
3. Analyze how a remote operating environment intensifies the consequences of leadership decisions.
4. Assess the role of unresolved favoritism concerns in shaping trust, morale, and reporting integrity during transition.
5. Evaluate whether Sam's use of overlapping authority through Terry and Rick was prudent or corrosive.
6. Analyze how retention bonuses can stabilize transition while also reinforcing local power networks.
7. Examine how Joint Venture governance can dilute ownership and impede sound leadership judgment.

Assignment Questions:

1. Should Sam recommend approval of the asset sale at the proposed terms?
2. Was GovCon Inc.'s valuation fair, or did it overuse leverage against a constrained successor?
3. What obligations did Sam owe to GovCon Inc., the Joint Venture, the customer, and the workforce, and how should he prioritize them?
4. Was Sam correct to elevate Terry into the visible Program Manager role while bringing Rick in as Business Manager and direct transition lead?
5. How should Sam have handled the unresolved concerns involving Mike and Maria?
6. Did the end-of-contract bonuses improve transition discipline or deepen governance risk?
7. What legal, contractual, and governance risks arise from the all-or-nothing asset sale, the Joint Venture approval structure, the retention bonuses, and the workforce transition?

Teaching Strategy:

Stand-Alone Option:

Open with the decision cliff and force early commitment.

A strong opening question is:
If you were Sam, would you recommend that the Joint Venture approve the asset sale now, renegotiate it, or reject it and prepare to remove the assets?

This version should spend most of the session on:

- the asset-sale dilemma,
- stakeholder obligations,
- bargaining leverage,
- and governance constraints.

8-Case Series Option:

Open with continuity from the prior case and ask:

What has changed from Bahrain to Diego Garcia, and what has become more complex?

In this version, the class should focus not only on the sale, but also on the emerging pattern of:

- fragile transition governance,
- leadership tolerated because the contract performs,
- and organizational reluctance to intervene until problems become harder to contain.

Legal Implications and Potential Consequences:

This case should be taught as **legal issue-spotting**, not legal adjudication. Sam's decision implicates several legal and contractual risk areas.

First, **the asset sale creates valuation, documentation, and transfer-risk issues.** GovCon owns the Contractor-Funded Equipment, but the sale must be properly approved, documented, valued, and transferred. If the valuation appears inflated or coercive, Apex Sustainment International may challenge the transaction commercially or use it to frame GovCon as exploiting transition leverage.

Second, **the Joint Venture structure creates governance and fiduciary-duty concerns.** Sam must distinguish his role as a GovCon executive from his role as Joint Venture chairman. The board's consent requirements, minority-partner rights, and approval process matter because a financially attractive transaction can still create governance exposure if the process appears conflicted, rushed, or poorly documented.

Third, **transition conduct can affect past-performance risk.** Even after losing the contract, GovCon's closeout behavior may influence customer confidence, future source-selection credibility, and Contractor Performance Assessment Reporting System narratives. Federal Acquisition Regulation past-performance criteria include cost control, schedule adherence, customer satisfaction, integrity, business ethics, and concern for the customer's interests.

Fourth, **retention bonuses and repatriation costs create cost-allowability and internal-control questions.** The bonuses may be legitimate transition tools, but they should be reasonable, allocable, properly approved, and supported. Federal Acquisition Regulation cost principles require costs to meet standards of reasonableness, allocability, contract terms, and supporting documentation.

Fifth, **the workforce environment raises labor-compliance sensitivity.** Diego Garcia's closed labor ecosystem, foreign-national workforce, repatriation obligations, and labor displacement create heightened risk around employment practices, worker welfare, recruitment, and return transportation. Federal Acquisition Regulation trafficking provisions prohibit forced labor, debt bondage, improper recruitment fees, and related abuses.

The potential consequences include disputed asset valuation, Joint Venture governance challenges, breach-of-duty claims, audit scrutiny, disallowed costs, negative past-performance effects, employee claims, labor-compliance review, and reputational damage. The executive lesson is that commercially defensible leverage can still create legal and governance risk when the counterparty, workforce, and customer have limited alternatives.

Suggested Class Flow (75 Minutes)

Time	Discussion Focus
0 to 10 minutes	Opening poll: approve, renegotiate, or remove and liquidate
10 to 25 minutes	Commercial logic of the all-or-nothing asset sale
25 to 40 minutes	Stakeholder obligations: GovCon, Joint Venture, customer, workforce, Apex Sustainment International
40 to 52 minutes	Legal implications: valuation, documentation, board approval, bonuses, repatriation, and labor compliance
52 to 65 minutes	Governance and organizational climate: Mike, Maria, Human Resources non-findings, and split loyalties
65 to 75 minutes	Revisit the decision and identify executive lessons

Analysis:

1. The Core Decision

The central decision is not simply whether to sell assets. It is whether Sam should press for a transaction that is financially attractive and operationally efficient but vulnerable to the charge that it exploits the incoming contractor's weak alternatives. The case is strongest when students see that both sides have legitimate arguments. GovCon Inc. owns the assets, the valuation reflects replacement difficulty and timing, and partial sales would be strategically foolish. At the same time, the successor's lack of practical alternatives makes the transaction feel coercive.

2. Why Diego Garcia Matters

The location is not incidental. Diego Garcia is a closed operating system. The contractor does not merely deliver a bounded service. It helps sustain the entire ecosystem of island life. That reality changes the ethical texture of transition decisions. Workforce displacement, customer continuity, housing, food, transportation, and operational reliability are intertwined. Students should understand that a contract closeout in such an environment is not just a balance-sheet event.

3. Mike and Maria Should Be Discussed as a Leadership Problem, Not a Proven Misconduct Case

The case does not prove a romantic relationship. It does show repeated concern about favoritism, role inflation, rapid pay increases, unusual housing treatment, defensive leadership responses, and the chilling effect these issues had on trust and dissent. Human Resources investigated and did not substantiate wrongdoing. Sam nonetheless concluded that the issue likely reflected favoritism and poor judgment. This distinction is pedagogically important. Leaders often must act under uncertainty, and waiting for conclusive proof can itself become a decision.

4. The Terry-Rick Structure Is a Governance Choice

Sam’s decision to elevate Terry into the visible Program Manager role while using Rick as Business Manager and direct transition lead is one of the most teachable elements in the case. It reflects an attempt to preserve workforce continuity while also creating an unconflicted reporting channel. Students should be asked whether this was a prudent form of portfolio-level control or an implicit admission that formal authority on the island could no longer be fully trusted.

5. The Bonus Sheet Reveals Incentive Distortion

The retention bonuses are not a side issue. They expose how organizations often pay for continuity during closeout while ignoring how those same incentives may reinforce local power structures. Sam’s choice not to reverse the bonuses was understandable, but it also shows how late-stage pragmatism can postpone accountability.

6. The Joint Venture Board Is Part of the Problem

The Joint Venture structure matters because it constrains Sam while diffusing responsibility. A minority partner with limited operational engagement retains outsized influence because unanimous approval is required. The board monitors cash closely but not the second-order operational and ethical effects of its decisions. This allows commercially hard outcomes to be approved within a governance process that does not fully own their consequences.

Likely Student Positions:

Students usually cluster into three positions:

Position A: Approve the Sale

These students emphasize fiduciary duty, commercial realism, and the weakness of the alternatives.

Position B: Renegotiate the Sale

These students accept GovCon Inc.'s leverage but argue that Sam should moderate terms to reduce the appearance or reality of coercion.

Position C: Focus on the Organizational System

These students argue that the deeper issue is not the price but the management architecture: tolerated favoritism, weak corrective intervention, incentive distortions, and a governance structure that privileges financial logic over fuller stewardship.

All three positions are defensible if argued rigorously from the case facts.

Board Plan:

A simple board plan works well:

Board 1: The Decision
Approve / renegotiate / remove and liquidate

Board 2: Stakeholders
GovCon Inc. / Apex Sustainment International / Joint Venture partners / workforce / customer / Sam

Board 3: Sources of Leverage
Asset ownership / remote location / transition timing / successor delay / workforce fragility

Board 4: Governance and Climate
Mike and Maria / Human Resources findings / bonuses / split loyalties / thin board oversight

Board 5: Series Linkage
Stand-alone lessons or how this case sets up later ethics and retaliation cases

Use of "The Rest of the Story"

"The Rest of the Story" is included after the teaching note, it's recommended that instructors **not disclose it until after students have committed to their recommendation**. That preserves the case's ambiguity and keeps discussion focused on judgment at the moment of decision, not hindsight.

For stand-alone use, the rest-of-story document can function as a short epilogue.

For 8-case-series use, it should function as a bridge, showing that a commercially successful decision does not resolve underlying leadership and governance problems.

Instructor Note on Sources:

Interview-derived material informing the broader case sequence comes from **redacted interview sources for privacy purposes**. The teaching note should therefore be used with the understanding that some contextual judgments in later-case linkage derive from protected interview material not fully reproduced in the case itself.

Instructors should use the legal issues to help students distinguish commercial leverage from legally and ethically sustainable leverage. The case does not require students to determine whether GovCon, Apex Sustainment International, or the Joint Venture violated the law. Instead, students should identify where asset valuation, board process, contract closeout, bonuses, repatriation, workforce treatment, and customer continuity create legal-risk exposure that senior executives should recognize before approving the transaction.

The Rest of the Story

Following the formal transition decision, Sam secured corporate approval for the full asset sale at the value of $15 million. With the disposition authorized and executed, effectively closed Sam's direct involvement in the Diego Garcia Base Operations Support (DGBOS) contract.

Mike remained in Singapore Base Operations Support (SBOS) to stabilize that contract and to assume duties as Program Manager. The SBOS contract had been characterized by a strained and deteriorating relationship with the Navy Contracting Officer (KO). Sam assessed that Mike's established credibility and rapport with Navy stakeholders would materially improve government relations during the contract's final phase.

Maria accompanied Mike to Singapore to support employee management and operational continuity. However, because no authorized position existed for Maria on the SBOS contract, Mike made the decision to release the Philippines Support Office Operations Director and reassign Maria into that role at an annual salary of $51,000. Although the position was formally based in the Philippines, Maria traveled there only intermittently and instead resided primarily in Singapore, functioning as Mike's principal operational deputy and trusted advisor.

Meanwhile, Rick remained on Diego Garcia and assumed responsibility for executing the full contract closeout. He successfully managed the transition and remained on island until the end of 2018, approximately eight months beyond the formal transition date. During this extended period, Rick oversaw the completion of several U.S. Government-funded projects that had been awarded independently of the BOS contract, ensuring continuity, compliance, and orderly delivery despite the absence of a long-term BOS presence. Upon completion of the projects, Mike contacted Rick and offered him the position of Senior Business Director in the Singapore BOS contract arriving in Singapore in February of 2019.

Sam left GovCon in July of 2018 for a great opportunity in another company. Sam remained in close contact with Rick in the subsequent years.

By the end of 2018, the DGBOS chapter formally concluded. The contract had closed, assets had transferred at full value, regional leadership had shifted, and residual obligations to the U.S. Government had been satisfied.

K. Ryan Jenkins

The Deputy's Dilemma: When Program Authority Has No Check

A Leadership Case on Oversight, Succession, and Ethical Voice in Singapore

Focal actor: *Rick, Senior Business Director and presumed deputy-successor in Singapore.*
Time and place: *January to April 2019, Singapore Base Operations Support.*
What has just happened: *After successful transitions in Bahrain and Diego Garcia, Rick has arrived in Singapore expecting a developmental assignment under Mike.*
What this actor can see: *Rick sees expanding informal influence around Maria, but most individual actions still retain plausible explanations.*
Immediate decision: *After the Contracting Officer refuses to approve Maria for Air Operations Manager, should Rick treat the pattern as a duty-to-speak issue or remain silent pending stronger proof?*

When the Navy Contracting Officer stated that she would not approve Maria as Air Operations Manager because Maria did not meet the contract requirements, Rick felt the blood drain from his face. He had not known Mike had proposed Maria for the role. Mike had never told him. In that moment, several months of observations, uneasy impressions, and seemingly isolated personnel decisions began to align into a pattern Rick could no longer dismiss. The issue was no longer whether something felt wrong. The issue was what, if anything, Rick was obligated to do next.

That moment had not emerged suddenly.

GovCon, the Singapore Contract, and Program Manager Authority

GovCon operated much like many firms in overseas government contracting. Corporate headquarters set broad expectations, approved only major staffing and financial actions, and intervened when serious performance, audit, or ethics issues surfaced. Day-to-day authority, however, rested largely with the Program Manager. On a Base Operations Support contract, that authority was extensive. The Program Manager controlled staffing, employment decisions, subcontracting, execution priorities, internal communications rhythms, and much of the contract's organizational structure so long as customer satisfaction remained intact and the contract stayed within operational boundaries. Rick understood that system well because he had lived inside it himself. As a former Program Manager, he had held full authority over staffing, budget execution, subcontract awards, and internal structure within contractual limits. In that world, autonomy was the norm. It made overseas execution possible. It also created vulnerability when checks and balances were weak.

Earning Singapore

By the time Rick landed in Singapore in late January 2019, he felt he had earned the assignment.

Bahrain in 2017 had been a difficult transition to ASI. Diego Garcia in 2018 had been no easier. The Diego Garcia Base Operations Support contract had formally ended in February 2018, but Rick remained behind with Jimmy and Felicity to close out loose ends, resolve residual obligations, and ensure the work was finished properly. Jimmy was an outstanding construction manager. Felicity handled contracts with rigor. Rick had developed a reputation for taking over difficult situations and leaving them orderly.

In the summer of 2018, Sam, Rick's mentor and the Vice President of Base Operations Support Programs, left GovCon to become a President elsewhere. Rick respected Sam deeply. The two had worked around each other for nearly eight years, beginning in Kuwait, when Rick had been a subcontractor under Sam on a large contract. Their professional paths had continued to cross through Afghanistan, Bahrain, and Diego Garcia. Sam had once offered Rick the Singapore Program Manager role while Rick was in Afghanistan, then later asked him to take Bahrain instead because he needed "the best in the industry" and someone he trusted. Rick accepted Bahrain. Then he accepted Diego Garcia. Both were hard assignments. Both were executed successfully. By then, Rick believed he was ready for the next level.

He told Sam he intended to apply for the Vice President position. Rick had served as Program Manager on four Base Operations Support contracts. In his view, no one in the industry except Sam had run more. He emailed the division President, made his case, attached his résumé, and waited. The only reply was a polite thank-you for his interest. A few weeks later, GovCon selected Eric, who had substantial overseas contracting, business development, and government relations experience across Africa and Afghanistan. Eric's background was strong, but it was more aligned with capture, growth, and operational oversight than hands-on Base Operations Support program management. Rick was disappointed, though he could see the corporate logic.

He told himself to stay focused.

Then Mike called.

The Offer

Mike was seventy-two. He had been the Singapore Program Manager for about a year and had previously served as Program Manager in Diego Garcia before Rick's arrival there. The two had never met. Near the end of 2018, Mike emailed Rick and said Terry, his Business Director, had become "unpredictable." He asked whether Rick would come to Singapore and replace him. A few days later, the offer letter arrived: $120,000 salary, $12,000 transportation stipend, corporate housing, company vehicle, and a title upgrade to Senior Business Director. Senior mattered. In the Base Operations Support world, titles were not cosmetic. Titles signaled authority, succession possibility, and relative standing within the contract. Rick had always wanted to work in Singapore, and he saw a path back to being Program Manager. He accepted.

First Morning

Maria had arranged Rick's hotel on Orchard Road. Before dawn on his first day, Mike picked him up. Mike and his wife lived one block away, so it was convenient for Mike to pick up Rick on the way in for his first day. As they drove through the quiet city, Mike stopped at Maria's condominium complex to pick her up. That drive set the tone.

Mike explained the contract structure. There were three directors: Rick as Senior Business Director, Simon as Director of Public Works, and Maria as Director of Operations. Mike made it clear that Rick's upgraded title signaled seniority among the directors. Rick would serve as Mike's deputy. He would cover when Mike went on leave. Mike intended to retire within the year and wanted to leave the contract in strong condition with Rick positioned to take over. That statement stayed with Rick.

Mike then described the others. Simon, he said, was highly intelligent but socially abrasive and often rude to the Navy Contracting Officer. Simon had been on the contract for ten years and wanted to be Program Manager, but Mike believed Simon lacked the people skills for the role. Still, Simon was a Professional Engineer, and the contract required that credential. Maria was different. Her position was not a key contractual requirement, but Mike described her as essential. She understood the Filipino workforce, handled special projects, and, because he had lost confidence in the Human Resources Manager, now had Human Resources reporting to her. Mike also wanted Maria's pay aligned with Simon's because she was functioning as Director of Operations. Rick listened and tried to absorb the structure being explained to him.

Later that same day, Rick received a memo signed by Mike authorizing Maria's compensation package: $90,000 salary, $12,000 transportation stipend, corporate housing, and the title Director of Operations. Rick endorsed the memo beneath Mike's signature and hand-carried it to Rose. At the time, it looked procedural, a routine expression of Program Manager authority. Only later did Rick view it as part of a broader restructuring pattern around Maria's role.

Mike also explained that Rose had just been brought in from Guantanamo Bay as Finance Manager. The contract had several years of audits to clean up. The current Finance Manager, Claudia, was effectively being pushed aside because of accounting problems and her coming maternity leave. Later discussions with Rose confirmed that accounting was already troubled when Rose arrived and that management expected quick results despite the contract's complexity and degraded financial condition.

Terry's Warning

For about two weeks, Terry transitioned the job to Rick. He was in his mid-sixties, ready to go home, and dealing with health concerns. A few days before leaving, he and Rick stood in the spacious corporate condominium Rick would soon take over.

Terry paused and told him, "Steer clear of Maria."

Rick asked why.

Terry replied, "She's Mike's neck. He may be the head, but she turns it."

He added that Mike protected her and suggested that his own contract was probably not being renewed for that reason. He also questioned why Maria was needed at all. The comment lodged in Rick's mind. In this industry, non-renewal was structurally cleaner than termination. It required less process, less scrutiny, and less formal documentation. It was lawful. It was also powerful. Rick did not yet understand the full meaning of Terry's warning. Up to that point, Maria had been cordial and professional with him. He simply acknowledged the comment and moved on.

The Honeymoon Phase

The workforce welcomed Rick enthusiastically. Rose and Rick immersed themselves in audit remediation, rebuilding years of transactions line by line while also handling the normal work of the contract. It was tedious and exhausting, but it was meaningful work. Rick also reviewed subcontracts, examined pricing, and began studying the cost structure.

At the same time, he began noticing patterns.

Mike and Maria were always together. He picked her up every morning and dropped her off every evening. Although she had her own office, she spent most of the day in his or he in hers. They did not seem to attend meetings separately. Mike and Maria ate lunch together every day in Mike's office. They also talked frequently about cycling together on weekends around Singapore. Rick told himself they were simply long-time colleagues who had worked closely together in Diego Garcia and that this was a function of trust. Rose later confirmed that Mike relied heavily on Maria in decision-making and that she had become a central influence in the contract's daily operations.

More subtle patterns also emerged. Rose later described Maria's efforts to route communications through herself, including access to systems and Human Resources-related actions. Maria wanted communication centralized. Rose resisted in some cases because direct communication with corporate systems was more efficient, but the pattern was apparent. Human Resources was increasingly flowing through Maria. On a contract like this, Human Resources did not merely process personnel paperwork. It also shaped narratives, controlled files, and often became the primary channel to corporate on staff matters.

Still, at that stage, most of Mike's decisions appeared reasonable to Rick. Most of Maria's recommendations also appeared reasonable. It was Mike's contract. He had the authority to organize it. Rick focused on performance.

The Handshake Tour

Two months into the job, Mike told Rick to take a two-week trip to the United States. The purpose was to conduct a handshake tour, meet leaders Rick already knew but had never met face-to-face, showcase the Singapore contract, and position him for future bids in Southeast Asia. Mike also wanted Maria to travel, meet leadership, and establish herself as the Human Resources point of contact for corporate.

Eric, the new Vice President of Base Operations Support Programs, readily approved Rick's travel from the corporate account because he wanted to understand that part of the portfolio. He questioned the necessity of sending Maria. Mike insisted and approved Maria's travel from the Singapore program account. Two funding streams, two approval paths, and two rationales were now attached to the same trip. Rick's travel was justified as business development and portfolio integration. Maria's was justified as Human Resources coordination.

Maria first traveled to the Philippines. Rick flew to Florida to meet the contracts administrator and team, then continued to Washington, D.C. Maria and Rick spent several days in Washington meeting C-suite leaders and the Vice President of Business Development to discuss Guam, the Philippines, Diego Garcia, Bahrain, and future recompetes. Maria made acquaintances, but Rick believed she contributed little of substance to the business discussions. While in Washington, Rick also met Sam for lunch and shared several of the developments he had observed since Sam's departure from GovCon. Sam listened carefully without interruption. When Rick finished, Sam offered only a brief observation: "Things that make you go... hmmm." The comment was understated, but Rick did not forget it.

Midweek, Maria and Rick flew to North Carolina headquarters. Rick met with Eric while Maria met with Human Resources leadership to explain the nuances of Singapore work visas. At the end of Rick's conversation, Eric asked why Mike had insisted that Maria come. Rick answered honestly that he thought Mike was trying to establish her in her position. It was the first time someone senior voiced a question Rick had only begun to consider privately. The trip also suggested something else: Maria was being made visible to leadership, not merely as support staff, but as a recognized node of authority tied to the Singapore contract.

When they returned to Singapore, Mike left for two weeks and designated Rick as Acting Program Manager. Sitting in Mike's chair, Rick felt he had arrived.

Paya Lebar

In April 2019, Mike and Maria invited Rick to Paya Lebar Singapore Military Air Base to address employee concerns. Most of the issues were routine.

Then Skippy, the Air Operations Manager, pulled them aside.

He had managed that section for more than ten years. His employees respected him deeply. He was calm, professional, and direct. He told them Maria had been inserting herself into his operations and engaging directly with his employees without working through him. He felt undermined, particularly with Filipino employees who looked to him for leadership. Everything Skippy said sounded reasonable to Rick.

Mike then held an all-hands meeting. Just before closing, he laughed and said, "I know the rumor is that Miss Maria here is having my baby, but that is not true."

The crowd laughed.

Rick did not.

He had never heard that rumor. He had never entertained the idea. The remark struck him as inappropriate, reckless, and unnecessary. He let the moment pass, but he did not forget it.

Skippy's Non-Renewal

Shortly afterward, Mike called Rick into his office and told him Skippy's annual contract would not be renewed.

Rick was stunned.

Why?

Mike cited performance dissatisfaction, cost, and tenure. Skippy had been there ten years. His annual raises had made him expensive. Mike said it was time.

The explanation did not sit comfortably. The Navy Contracting Officer had been satisfied with Skippy. His Contract Performance Assessment Report ratings were above average. Minor issues had already been corrected. Rick asked whether Skippy had been counseled or offered a Performance Improvement Plan. Mike had already made his decision.

The contract requirements for the Air Operations Manager role were clear. The person had to be an American, hold a security clearance, and possess more than ten years of military flight operations experience. Skippy left at the end of his contract and fortunately secured another role in Japan. More than a month passed with no qualified replacement. In the interim, the Assistant Manager stepped into the role without additional pay.

Then, during a management meeting, the Navy Contracting Officer stated plainly that she was not approving Maria as Air Operations Manager because Maria did not meet the contract requirements.

Rick felt the blood drain from his face.

He had no idea Mike had proposed her.

Mike had not told him.

The Dilemma

By then, the pieces no longer looked isolated. Mike had brought Maria onto the contract through a created Director of Operations role that was not contractually required. Human Resources now reported to Maria, and Mike was positioning her as the contract's primary Human Resources contact with corporate. Rose had experienced efforts to centralize communications through Maria and believed Mike relied heavily on her judgment. Terry had warned Rick to stay clear of her because Mike protected her. Jimmy saw a pattern in which people who raised concerns about Maria were gradually pushed out. Skippy had objected to Maria's insertion into his operations and was not renewed. A role requiring an American with a clearance and deep aviation experience had been proposed for Maria without Rick's knowledge.

Yet none of those things, standing alone, constituted a simple, obvious, easy-to-prove violation. That was the problem.

Mike had broad Program Manager authority. Non-renewal was lawful. Travel had approvals. Human Resources reporting lines could be changed. Compensation memos existed. Most individual decisions had plausible explanations. But taken together, they suggested a pattern of informal power, narrative control, and structural manipulation around one person. As Mike's designated deputy and presumed successor, Rick was close enough to see the pattern forming. He was also close enough to understand the cost of challenging it.

If he said nothing, he might preserve his trajectory and eventually inherit the contract.

If he spoke up too early, on the basis of pattern rather than proof, he could destroy his position and his credibility.

If he waited too long, silence itself might become complicity.

That was the decision point the Navy Contracting Officer's rejection forced upon him. The dream assignment had not disappeared. It had become a test.

Name	Approx. Age	Job Title / Role	Nationality	Brief Background and Relevant Notes
Rick	38	Senior Business Director; former Program Manager on multiple Base Operations Support contracts	American	Experienced government contractor and operational leader with prior Program Manager assignments in Kuwait, Bahrain, and Diego Garcia. Arrives in Singapore after a series of difficult but successful transitions. Mike identifies Rick as his deputy and likely successor. Rick becomes the focal actor confronting the case's central dilemma of when concern becomes a duty to speak up.
Mike	72	Program Manager, Singapore Base Operations Support contract	American	Senior overseas contractor and current leader of the Singapore contract. Previously served as Program Manager in Diego Garcia. Exercises broad authority typical of overseas contract leadership and uses that authority to shape staffing, structure, and execution. Positions Maria centrally in the contract and uses non-renewal rather than overt termination in key personnel decisions.
Maria	52	Director of Operations; de facto Human Resources and communications gatekeeper	Filipina	Previously worked with Mike in Diego Garcia and is presented by Mike as essential because of her familiarity with the Filipino workforce and contract operations. Although not a contractually required key position, Maria accumulates significant informal influence through Human Resources, communications, and executive visibility. Mike later proposes her for Air Operations Manager even though she does not meet contract requirements.
Sam	36	Former Vice President of Base Operations Support	American	Senior leader who shaped Rick's career by assigning him to major transition roles in Bahrain and

Name	Approx. Age	Job Title / Role	Nationality	Brief Background and Relevant Notes
		Programs at GovCon; Rick's mentor		Diego Garcia. Later leaves GovCon to become a President elsewhere. Remains an important informal reference point for Rick. During a lunch in Washington, Sam's understated reaction to Rick's account reinforces Rick's growing unease.
Eric	Early 60s	Vice President of Base Operations Support Programs	American	Recently hired senior executive with substantial overseas contracting, business development, and government relations experience across Africa and Afghanistan. Brings strong defense-sector credentials, though less direct Base Operations Support Program Manager depth than Rick. Approves Rick's U.S. travel, questions Maria's participation, and serves as a potentially important corporate actor.
Simon	Mid 50's	Director of Public Works	American	Long-serving technical leader on the Singapore contract and holder of the Professional Engineer credential required for his position. Described by Mike as highly intelligent but socially abrasive. Wants to become Program Manager but is viewed by Mike as lacking tact and people skills.
Terry	63	Outgoing Business Director / predecessor to Rick	American	Senior expatriate leader transitioning out of the Singapore contract due to health concerns. Previously worked with Mike in Diego Garcia. Warns Rick to "steer clear of Maria," describing her as "Mike's neck," and suggests his own contract may not be renewed because Mike protects her.

Name	Approx. Age	Job Title / Role	Nationality	Brief Background and Relevant Notes
Rose	40s	Finance Manager	Filipina	Experienced overseas finance professional previously based in Guantanamo Bay. Brought to Singapore to help repair years of audit and accounting deficiencies. Works closely with Rick to reconstruct financial records and later confirms patterns of centralized communication and Maria's growing influence. Viewed as competent, credible, and operationally important.
Skippy	60s	Air Operations Manager	American	Long-serving manager of the air operations function, respected by employees and regarded favorably by the Navy customer. Raises concerns about Maria interfering directly with his employees and operations. His annual contract is later not renewed by Mike, making his case central to the ethical ambiguity of the narrative.
Jim	50s	Assistant Air Operations Manager; interim replacement after Skippy's departure	American	Operational subordinate in the air operations section who steps into Skippy's role temporarily after Skippy departs. Assumes additional duties without a pay increase while the contract struggles to find a qualified permanent replacement.
Jimmy	48	Construction Manager / former colleague from Diego Garcia closeout	American	Strong operational performer who worked with Rick during the Diego Garcia closeout and appears in the broader Singapore narrative. Not central to the daily events of this case, but relevant to the wider pattern of concerns involving Mike and Maria.
Felicity	40s	Contracts Manager during Diego Garcia closeout	Filipina	Worked with Rick and Jimmy to close out loose ends after the Diego Garcia contract ended. Important in establishing Rick's reputation for finishing difficult

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Name	Approx. Age	Job Title / Role	Nationality	Brief Background and Relevant Notes
				assignments properly, though not active in the Singapore events of this case.
Claudia	30s	Finance Manager being displaced	Filipina local expatriate	Incumbent finance leader in Singapore when Rick arrives. Accounting problems and impending maternity leave weaken her standing. Is effectively pushed aside as Rose is brought in to stabilize the function.
Emily	40s	Human Resources Manager	Singaporean	Local Human Resources manager on the Singapore contract. Mike states he has lost confidence in her, and Human Resources reporting is moved away from her and placed under Maria. This shift becomes an important structural feature of the case.
Navy Contracting Officer	40s	U.S. Government customer representative	American	Senior government official responsible for customer oversight and contract compliance. Delivers the case's turning point by rejecting Maria for the Air Operations Manager role because Maria does not meet contractual requirements.
Division President	50s	GovCon division executive	American	Senior corporate leader who receives Rick's expression of interest in the Vice President role. Responds only with a polite acknowledgment before Eric is selected, reinforcing Rick's sense of disappointment and stalled advancement.
Mike's Wife	70's	Spouse of Mike	American	Peripheral figure mentioned only to situate Mike's living arrangement and daily routine in Singapore. Her presence helps ground the setting but she does not materially affect the case decision.

Exhibit A: Timeline of events

Date / Timeframe	Event
Summer 2018	Sam, GovCon's Vice President of Base Operations Support (BOS) Programs and Rick's mentor, leaves GovCon to become a President elsewhere. Rick believes he is ready for greater responsibility and submits his interest for Sam's former role.
A few weeks later, 2018	GovCon selects Eric for the Vice President role rather than Rick. Rick is disappointed but remains focused on future advancement opportunities.
Late 2018	Mike, the Singapore Program Manager, contacts Rick and asks him to come to Singapore to replace Terry. Mike explains that Terry has become "unpredictable." Rick receives an offer for the Senior Business Director role, including salary, transportation stipend, corporate housing, and vehicle.
Late January 2019	Rick arrives in Singapore and begins the new assignment. On his first morning, Mike briefs him on the organizational structure: Rick as Senior Business Director, Simon as Director of Public Works, and Maria as Director of Operations. Mike tells Rick he intends to retire within the year and wants Rick positioned to take over.
Late January 2019	On Rick's first day, Mike issues a signed memo authorizing Maria's compensation package and title as Director of Operations. Rick endorses the memo and delivers it to Rose.
Late January to Early February 2019	Rick transitions with Terry for approximately two weeks. During that transition, Terry warns Rick to "steer clear of Maria," describing her as "Mike's neck" and suggesting Mike protects her.
Early 2019	Rick and Rose begin rebuilding years of financial records and audit support while Rick also reviews subcontract pricing and cost structures. Rick notices that Mike and Maria are together constantly, both operationally and socially.
Early 2019	Human Resources reporting is shifted under Maria after Mike says he has lost confidence in Emily, the Human Resources Manager. Maria's influence expands beyond her formal role.
Approximately March 2019	Mike directs Rick to take a two-week trip to the United States for a "handshake tour" to meet leaders, showcase the Singapore contract, and support future business development. Mike also insists that Maria accompany the trip so she can establish herself with corporate as the Human Resources point of contact.
March 2019	Eric approves Rick's travel from the corporate account but questions the necessity of Maria's participation. Mike nevertheless approves Maria's travel from the Singapore program account. The trip proceeds under two different funding streams and approval rationales.
March 2019	In Washington, D.C., Rick and Maria meet senior leadership and the Vice President of Business Development to discuss Guam, the Philippines, Diego Garcia, Bahrain, and future recompetes. During the

Date / Timeframe	Event
	same trip, Rick also meets Sam for lunch and updates him on developments since Sam left GovCon.
March 2019	Rick and Maria travel to North Carolina headquarters. Rick meets Eric, while Maria meets with Human Resources leadership regarding Singapore work visa issues. Eric again questions why Mike insisted Maria attend.
March 2019	After Rick and Maria return to Singapore, Mike departs on leave and designates Rick as Acting Program Manager. Rick sees the assignment as confirmation that he has arrived and may indeed be on track to succeed Mike.
April 2019	Mike and Maria bring Rick to Paya Lebar Military Air Base to address employee concerns. During the visit, Skippy, the Air Operations Manager, tells them that Maria has been inserting herself into his operations and undermining his authority with his employees.
April 2019	During an all-hands meeting at Paya Lebar, Mike makes a joking public remark about a rumor that Maria is "having my baby." Rick is shocked by the comment and does not forget it.
Shortly after Paya Lebar, April 2019	Mike informs Rick that he will not renew Skippy's annual contract. Mike cites performance, cost, and tenure. Rick questions the decision because the Navy customer had been satisfied with Skippy's work and the role has clear contract qualifications.
April 2019	Skippy departs at the end of his contract. Jim, the Assistant Air Operations Manager, temporarily steps into the role without a pay increase while the contract searches unsuccessfully for a qualified replacement.
April 2019	During a management meeting, the Navy Contracting Officer states that she will not approve Maria as Air Operations Manager because Maria does not meet the contract requirements. Rick realizes Mike had proposed Maria for the role without informing him. This becomes the case's decision point.

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Exhibit B

Program Manager Nomination Letter with Compliance Matrix

Subject: Nomination of Mr. Mike for Program Manager, Singapore Base Operations Support Contract

Dear Contracting Officer:

Pursuant to the contract requirements for key personnel, GovCon Services International, LLC respectfully submits **Mr. Mike** for approval as **Program Manager** for the Singapore Base Operations Support contract. Based on GovCon's review of the solicitation requirements and Mr. Mike's education, experience, and leadership background, GovCon submits the following compliance matrix in support of this nomination.

Compliance Matrix: Program Manager Nomination

Solicitation Requirement	Mr. Mike's Qualification	Compliance Determination
The Program Manager shall be a **U.S. citizen** and possess the required **security clearance** at the start of full performance.	Mr. Mike is a **U.S. citizen** and is eligible to hold the level of security clearance required for this position based on his prior military service and government support experience.	**Compliant**
The Program Manager shall have at least **eight years of experience** managing a workforce performing services of similar size, scope, and complexity.	Mr. Mike brings more than **a decade of senior leadership and management experience** in naval installation operations, base operations support, and government services contracting. His background includes executive and project leadership over large, complex BOS operations supporting Navy and Air Force missions, including oversight of workforces ranging from several hundred to more than **1,500 foreign national and U.S. employees** and management responsibility for contracts and operations valued from approximately **$15 million to $95 million annually**.	**Compliant and exceeds requirement**
At least **two years** of experience shall be in **independent field management responsibility**.	Mr. Mike served as **Project Manager** for a **$60 million annual firm-fixed-price, award-fee, and IDIQ Base Operations Support contract** on Diego Garcia, where he exercised direct P&L and operational responsibility for contract execution in support of Navy and Air Force missions. He also served in senior field leadership roles in Guam, including **Vice President, Chief Operating Officer, Deputy Project**	**Compliant and exceeds requirement**

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Solicitation Requirement	Mr. Mike's Qualification	Compliance Determination
	Director, and Quality Manager for a BOS contract with approximately **950 personnel** and annual sales of about **$95 million**.	
At least **one year** of experience shall be in a **management or supervisory capacity with a multinational workforce**.	Mr. Mike has extensive experience leading **multinational and multi-category workforces** in overseas operating environments. In Diego Garcia, he managed a BOS workforce of approximately **1,500 foreign national employees and 60 U.S. employees**. In Guam, he held senior executive responsibility over a contract workforce of approximately **950 personnel** in support of Navy and Air Force missions.	**Compliant and exceeds requirement**
The Program Manager shall possess a **Bachelor's degree** in management, business, engineering, or a related field, or equivalent qualifying experience, with advanced education preferred.	Mr. Mike holds a **Master of Public Administration**, which is directly relevant to the administrative, managerial, and public-sector oversight requirements of a complex overseas government services contract. In addition, he completed a distinguished **38-year career in the U.S. Navy**, retiring as a senior officer, O-6 Captain, after assignments that included command of major shore installations and senior leadership positions in operational and technical organizations.	**Compliant and exceeds requirement**
The Program Manager shall have demonstrated experience in installation support, operations oversight, and coordination with Government stakeholders.	Mr. Mike has led operations in both government and contractor capacities across Guam, Diego Garcia, and the continental United States. His experience includes oversight of port operations, security, fire and emergency services, safety, training, emergency management, quality systems, minor ship repair support, proposal development for major federal opportunities, and direct interaction with military and civilian government stakeholders.	**Compliant and exceeds requirement**
The Program Manager shall have full authority to act for the Contractor on all matters relating to performance of the contract.	Upon Government approval, Mr. Mike will serve as Program Manager with **full authority to act for GovCon Services International, LLC on all matters relating to contract performance**, including operations, staffing, quality,	**Compliant upon appointment**

Solicitation Requirement	Mr. Mike's Qualification	Compliance Determination
	customer interface, and execution of contract requirements.	

Mr. Mike's professional background demonstrates the precise combination of installation leadership, overseas contract management, operational discipline, and public-sector administrative competence required for this position. His career reflects sustained responsibility for mission-critical support operations in demanding naval environments, including isolated and strategically significant installations. He has managed large workforces, administered substantial budgets, and exercised executive responsibility in both government and contractor roles.

Of particular relevance to this effort, Mr. Mike combines senior military leadership experience with direct contractor management of BOS contracts supporting Navy and Air Force missions. He has served in positions requiring independent judgment, coordination across multiple functional annexes, and disciplined execution in austere and geographically remote environments. His prior service as a commanding officer of major naval activities further evidences the maturity, accountability, and leadership presence necessary to serve effectively as Program Manager in Singapore.

GovCon Services International is confident that Mr. Mike possesses the management experience, organizational judgment, and operational credibility required to ensure successful contract performance. His qualifications not only satisfy the minimum requirements for Program Manager but also provide the Government with an experienced, field-tested leader capable of directing a large and complex overseas BOS mission.

GovCon respectfully requests the Government's approval of Mr. Mike as Program Manager for the Singapore Base Operations Support contract.

Respectfully,

Sam
Vice President, Base Operations Programs
GovCon Services International, LLC

Glossary of Acronyms

Acronym	Full Term	Meaning in the Case
ASI	ASI	The follow-on contractor that assumed work after the Bahrain and Diego Garcia transitions. The acronym is used as the name of the successor firm in the narrative.
BOS	Base Operations Support	The category of government contract work at the center of the case, covering installation and operational support services.
CPAR	Contract Performance Assessment Report	The formal government performance evaluation process used to assess contractor performance. Skippy's section had above-average CPAR results.
D.C.	Washington, District of Columbia	The U.S. location where Rick and Maria met senior leaders and the Vice President of Business Development during the handshake tour.
DGBOS	Diego Garcia Base Operations Support	The specific Base Operations Support contract on Diego Garcia that Rick helped close out before moving to Singapore.
HR	Human Resources	The contract function responsible for personnel administration, communication, and workforce-related processes. In the case, HR reporting is moved under Maria.
PM	Program Manager	The senior on-site contract leader with broad authority over staffing, structure, execution, and customer relations. Mike serves as PM in Singapore; Rick had previously served as PM on other contracts.
POC	Point of Contact	The individual designated as the primary liaison for a given issue or function. Maria is being positioned as the HR POC with corporate.
U.S.	United States	Used throughout the case in reference to personnel nationality, travel, and corporate headquarters interactions.
VP	Vice President	A senior corporate leadership role. Sam previously served as VP of BOS Programs, and Eric is later hired into that role.

The Deputy's Dilemma: When Program Authority Has No Check

A Leadership Case on Oversight, Succession, and Ethical Voice in Singapore

Teaching Note

Case Summary:

This case examines leadership, oversight, and ethical judgment inside an overseas Base Operations Support contract in Singapore. Rick arrives as the new Senior Business Director after a series of successful transitions in Bahrain and Diego Garcia and is told by Mike, the Program Manager, that he is being positioned as deputy and likely successor. What initially appears to be a career-advancing assignment gradually becomes more ambiguous as Rick observes a pattern of growing informal influence around Maria, including expanded operational authority, Human Resources control, executive visibility, and involvement in decisions that appear to exceed her formal contractual role. The turning point occurs when the Navy Contracting Officer rejects Maria for the Air Operations Manager position because she does not meet the contract requirements. At that moment, Rick must confront a central leadership question: when does a pattern of individually explainable decisions become serious enough to require speaking up?

Teaching Use:

This case works well in courses on:

- Global leadership and management
- Leadership ethics
- Corporate governance
- International business operations
- Government contracting and program management
- Organizational behavior
- Executive judgment under ambiguity

It is suitable for doctoral-level and Executive Master of Business Administration audiences, especially students with leadership, military, consulting, or multinational operating experience.

Teaching Objectives:

Students should be able to:

1. Assess the benefits and risks of concentrated Program Manager authority in overseas contracts.
2. Distinguish formal authority from informal influence.

3. Evaluate the ethical implications of non-renewal as a personnel tool.
4. Analyze how Human Resources and communications control can shape organizational narrative.
5. Determine an appropriate escalation threshold under ambiguity.
6. Examine how succession incentives and loyalty affect ethical judgment.

Two Teaching Options:

Option A: Stand-Alone Case

Teach the case as a self-contained leadership and governance dilemma focused on one central question:

When should a senior deputy escalate concern in a high-autonomy environment when no single act is clearly dispositive, but the aggregate pattern is troubling?

For stand-alone delivery, emphasize:

- Program Manager autonomy
- weak checks and balances
- non-renewal versus termination
- Human Resources as a mechanism of narrative control
- evidence threshold and escalation timing

Option B: Part of the 8-Case Series

Teach the case as the series' transitional governance case, where the protagonist shifts from successful operator and trusted deputy to increasingly uneasy observer. In the series, this case functions as the bridge between early opportunity and later ethical escalation.

For series delivery, emphasize:

- the gradual erosion of confidence rather than immediate crisis
- how professional loyalty complicates judgment
- how authority structures permit troubling patterns to develop slowly
- how leaders often face ambiguity before they face proof

In the series, this case is especially useful as a precursor to later cases involving budget conflict, ethical escalation, investigation, and consequences.

Assignment Questions:

1. Why is extensive Program Manager authority common in overseas Base Operations Support contracts, and what are its advantages and risks?
2. What is the significance of Maria's increasing influence over operations, Human Resources, and communication channels?
3. Was Mike's use of non-renewal simply a lawful management decision, or does it suggest a broader governance concern?

4. What is the significance of the separate funding and approval mechanisms used for Rick's and Maria's U.S. travel?
5. At what point, if any, should Rick have spoken up?
6. How should Rick weigh his roles as deputy, likely successor, and ethical actor?
7. What legal, contractual, and compliance risks arise from proposing Maria for a contract-required position, shifting Human Resources authority, funding Maria's travel through the Singapore program, and non-renewing Skippy after he raised concerns?

Teaching Approach:

A useful classroom sequence is:

Part I: Understand the system

Begin with the operating model. Students should first understand why overseas contract authority is concentrated in the Program Manager and why corporate oversight is often limited and reactive. This helps prevent an overly simplistic moral reading of the case.

Part II: Identify the pattern

Ask students to separate:

- observed facts
- interpretations
- warning signals

Likely warning signals include:

- Maria's title and compensation formalization
- Human Resources moved under Maria
- communication centralization
- Maria's expanded corporate visibility
- Terry's warning
- Skippy's concerns
- Skippy's non-renewal
- the attempted placement of Maria into a role for which she did not qualify

Part III: Decide the threshold

Shift to Rick's decision:

- What does Rick know?
- What does he merely suspect?
- What should he do next?
- What are the costs of silence?
- What are the costs of premature escalation?

The teaching value lies in ambiguity. The case is not about detecting a single clear violation. It is about leadership judgment under uncertainty.

Legal Implications and Potential Consequences:

This case should be taught as **legal issue-spotting**, not legal adjudication. The primary issue is whether a pattern of explainable management decisions created contract, employment, and compliance risk.

First, **the Air Operations Manager issue creates contract-compliance risk.** Proposing Maria for a position requiring citizenship, clearance, and specialized aviation experience could expose GovCon to customer distrust, qualification scrutiny, and potential misrepresentation concerns if the proposal was knowingly unsupported.

Second, **the travel issue creates cost-charging and allocability questions.** Rick's trip was approved and funded as corporate business development, while Maria's travel was funded through the Singapore program. Students should ask whether the cost was reasonable, allocable, properly approved, and tied to contract performance. FAR cost principles require allowable costs to satisfy reasonableness, allocability, contract terms, and applicable limitations.

Third, **the Human Resources shift creates internal-control and reporting-integrity risk.** Moving Human Resources and communications through Maria may have been lawful, but it also created concern about narrative control, complaint routing, and independence of personnel processes. FAR ethics policy expects contractors to promote ethical conduct and compliance with law.

Fourth, **Skippy's non-renewal creates retaliation-risk questions.** Non-renewal may be lawful, but timing matters when an employee raised concerns about interference in his operations. FAR whistleblower protections prohibit reprisal for protected disclosures involving gross mismanagement, abuse of authority, contract-related legal violations, or dangers to health or safety.

Fifth, **the favoritism allegations should be handled carefully.** Unfair favoritism does not automatically equal unlawful discrimination. EEOC guidance distinguishes isolated favoritism from coerced or widespread sexual favoritism that may create hostile-environment or quid pro quo concerns.

Potential consequences include customer loss of confidence, key-personnel scrutiny, questioned costs, internal investigation, retaliation claims, Human Resources credibility loss, and reputational harm. The executive lesson is that lawful authority can still create legal exposure when decisions appear patterned, undocumented, retaliatory, or inconsistent with contract requirements.

Analysis of Assignment Questions:

1. Why is extensive Program Manager authority common in overseas Base Operations Support contracts, and what are its advantages and risks?

Overseas contracts require speed, local judgment, and operational flexibility. Headquarters is often distant, and the Program Manager functions as the effective chief executive of the contract. That model offers clear accountability and responsiveness. It also creates vulnerability when oversight is weak and information flows are controlled locally. The case shows both sides of this model. Mike's authority is not unusual. The concern is how little friction exists when that authority is exercised aggressively.

2. What is the significance of Maria's increasing influence over operations, Human Resources, and communication channels?

Maria's importance extends beyond title. She becomes structurally central. Human Resources reporting is placed under her. She is positioned as the contract's Human Resources point of contact with corporate. Communication increasingly flows through her. Those moves matter because Human Resources and communications are not merely administrative functions. They shape how complaints, personnel issues, and internal narratives are presented upward. Students should see her influence as institutional, not merely interpersonal.

3. Was Mike's use of non-renewal simply a lawful management decision, or does it suggest a broader governance concern?

Students should recognize that non-renewal is lawful and often operationally routine. The case becomes difficult because legality does not settle the governance question. Terry suggests his own non-renewal may be tied to resistance. Skippy raises concerns about Maria's encroachment and is then not renewed. There is little evidence of a developmental process or documented remediation. The issue is not whether Mike had authority. He did. The issue is whether that authority was being used selectively to remove friction points.

4. What is the significance of the separate funding and approval mechanisms used for Rick's and Maria's U.S. travel?

The travel details illuminate how ordinary administrative decisions can reinforce informal power. Rick's travel is approved by Eric and funded by corporate for business development and portfolio integration. Maria's travel is questioned by Eric, insisted upon by Mike, and funded by the Singapore program. This suggests that Mike is actively expanding Maria's organizational standing and visibility. The travel issue teaches students to pay attention to small mechanisms of legitimization and positioning, not only dramatic decisions.

5. At what point, if any, should Rick have spoken up?

This is the core classroom debate. There is no single perfect answer. Some students will argue that the pattern itself justified earlier escalation. Others will argue that Rick lacked sufficient evidence and risked unfairly overreacting. A strong executive answer is often intermediate: Rick should begin documenting, testing, clarifying, and raising concerns incrementally before moving to formal escalation. The case is useful precisely because it forces students to define their own threshold for action.

6. How should Rick weigh his roles as deputy, likely successor, and ethical actor?

Rick's role intensifies the dilemma. He is not a distant observer. He is close enough to see the pattern, but also close enough to benefit from staying silent. Students should explore whether proximity creates greater moral responsibility or greater bias. The case highlights that leadership tests often occur before formal promotion. Rick's decision is not only about what is happening around him. It is about what kind of leader he intends to be if he eventually inherits authority.

Suggested Class Flow:

75-Minute Version

0 to 10 min: What is the case really about?
10 to 25 min: Program Manager authority and weak oversight
25 to 40 min: What are the warning signals?
40 to 52 min: Legal implications: qualifications, travel costs, Human Resources control, and non-renewal risk
52 to 65 min: When should Rick act?
65 to 75 min: Leadership reflection and wrap-up

90-Minute Version

Use the same structure but allow more time for:

- debate over non-renewal versus termination
- analysis of Human Resources and communication control
- comparison of stand-alone versus series interpretation

Board Plan:

Observed Facts	Possible Interpretations	Rick's Options
Maria's title and pay are formalized	Legitimate role formalization or power expansion	Do nothing
Human Resources shifts under Maria	Efficiency or narrative control	Document concerns
Communication flows through Maria	Administrative convenience or gatekeeping	Ask Mike directly
Terry warns Rick	Bitter departing employee or credible signal	Raise questions informally

Observed Facts	Possible Interpretations	Rick's Options
Maria joins U.S. trip under program funding	Necessary coordination or executive positioning	Raise with Eric
Skippy objects and is not renewed	Cost control or selective removal	Escalate internally
Maria proposed for Air Operations role	Poor judgment or deeper governance pattern	Prepare formal escalation

Key Takeaways:

1. Concentrated authority can be operationally efficient and governance-fragile at the same time.
2. Informal power often grows through structure, access, and narrative control rather than title alone.
3. Lawful personnel actions can still be ethically troubling.
4. Human Resources and communications are strategic levers of influence.
5. The hardest leadership decisions often arise before certainty is available.
6. Deputies and successors bear responsibility even before they hold top authority.

Optional Follow-On Assignment:

Ask students to write a short executive memorandum answering:

What should Rick do in the next 30 days, and why?

Require them to address:

- evidence threshold
- stakeholder impact
- organizational risk
- personal risk
- recommended escalation path
- ethical rationale

Note: Instructors should use the legal issues to help students distinguish between a lawful management action and a legally risky pattern of actions, especially when authority, documentation, personnel decisions, and contract requirements begin to diverge.

The Rest of the Story

The Navy Contracting Officer's rejection of Maria for the Air Operations Manager role ended that specific personnel action, but it did not end Mike's efforts to expand Maria's operational authority. Within the same general period, he continued to position Maria more broadly within the contract's internal structure and decision-making processes. The rejection established that the customer would enforce explicit contractual qualifications for key positions, but it did not materially reduce Maria's day-to-day influence inside the program.

Rick did not confront Mike in the immediate aftermath. Instead, he continued operating within the role he had been given. At that stage, the assignment still retained much of its promise. Rick remained Mike's deputy, continued managing his business responsibilities, and still viewed the contract as a significant career opportunity. The early "honeymoon phase" of the assignment did not end immediately with the Navy's decision. It continued through the Guam bid trip and only began to erode gradually afterward.

Operationally, the air operations function still required a qualified leader. Jim, who had served in the interim role for approximately four months after Skippy's departure, was eventually formally approved as the Manager. That outcome resolved the immediate compliance problem in the section, but it did not resolve the broader organizational questions Rick had begun to notice regarding authority, communication, and internal influence.

In practical terms, the contract moved forward. No immediate rupture followed the rejection. There was no direct confrontation, no formal break, and no public acknowledgment of deeper concern. The significance of the episode lay instead in what it clarified for Rick: some boundaries still existed, but not all troubling decisions would be checked in the same way or at the same time. The larger issues raised by the incident had not yet been resolved. They would continue to develop.

K. Ryan Jenkins

Angling for Guam

Focal actor: *Rick, Singapore Business Manager and proposed Finance Director for the Guam bid.*
Time and place: *May to August 2019, Singapore and Guam.*
What has just happened: *GovCon, weakened by losses in Bahrain and Diego Garcia, views Guam as a strategic recovery bid with portfolio implications.*
What this actor can see: *Rick now sees the Singapore pattern extending beyond site operations into travel funding, proposal optics, and market reputation.*
Immediate decision: *At what point do irregular but explainable bid-related decisions become serious enough for Rick to challenge as governance risk rather than tolerate as executive discretion?*

A Complicated Opportunity

Rick stood on the conference bus in Guam and looked around at the other industry representatives. Nearly forty competitors, subcontractors, and consultants filled the seats. Conversations moved easily between familiar faces. Many of them had spent years pursuing Base Operations Support (BOS) contracts across the Pacific.

Guam was a whale.

At nearly $100 million annually, the contract represented one of the largest BOS opportunities in the region. For GovCon Inc., it was even more significant. The company had recently lost two major programs, Bahrain ($20M annual revenue) and Diego Garcia ($60M annual revenue), to a competitor, Apex Sustainment International (ASI). In federal procurement, only the most recent five years of past performance count toward evaluation scoring. With strong Contract Performance Assessment Reports (CPARS) ratings from Bahrain, Diego Garcia, and Singapore still within that window, GovCon believed it had a legitimate opportunity to challenge the long-standing incumbent.

Winning Guam would stabilize the company's BOS portfolio.

Losing it would deepen the damage.

Yet as Rick settled into his seat, he found himself thinking less about the proposal strategy and more about the circumstances that had unfolded during the trip.

His program manager had brought someone along who was not part of the business development team.

Competitors had already noticed.

Corporate leadership had quietly expressed concern.

And Rick was beginning to wonder whether the situation reflected isolated decisions—or the early signs of something larger.

GovCon Inc.

GovCon Inc. was a mid-sized U.S. government services contractor specializing in Base Operations Support contracts for the Department of Defense. BOS contracts required companies to manage the infrastructure and services necessary to sustain military installations. This included everything from public works and facility maintenance to logistics, environmental compliance, airfield operations, transportation, housing, and emergency services.

The workforces involved were often large and complex. A typical BOS program could involve hundreds or even thousands of personnel, including U.S. citizens, local nationals, and specialized technical contractors. Contracts were usually structured across multiple operational annexes and evaluated heavily on past performance, management capability, and key personnel qualifications.

GovCon had operated BOS programs in locations including Bahrain, Diego Garcia, Singapore, Germany, and Guantanamo Bay. These contracts demanded operational discipline, political awareness, and careful compliance with federal acquisition regulations.

The Guam opportunity represented both a strategic recovery and a long-term foothold in the Pacific.

The Call

Rick had just returned from a two-week corporate trip to the United States when Eric, the Vice President of BOS Programs, called him.

"The Navy solicitation for Guam BOS is coming out soon."

Rick immediately understood the significance.

Eric explained that he wanted Rick and Mike involved in the proposal effort.

Mike was seventy-two years old and served as the Program Manager for the Singapore BOS contract with $6M annual revenue. Rick was forty-one and served as the Senior Business Director. Their roles in the proposal would reflect both their expertise and GovCon's long-term leadership planning.

Mike would serve as the proposed Program Manager in the Bid.

Rick would serve as the proposed Finance Director in the Bid.

If GovCon won the contract, Mike would lead the transition for the first year. Upon his retirement, Rick would assume the Program Manager role.

The arrangement aligned with Mike's personal ambitions as well.

Mike had retired from the U.S. Navy as a Captain after thirty-eight years of service. His résumé included commanding major naval installations and serving in senior operational roles across the fleet. Guam held particular meaning for him. Earlier in his career he had served as Installation Operations Officer at Naval Base Guam and had also worked on previous BOS contracts there.

He loved the island and had often spoken about finishing his career there.

For Mike, Guam was not just another contract.

It was a destination.

Preparing for the Bid

The following evening Rick and Mike joined a conference call with Eric and Conner, the Vice President of Business Development. The Guam proposal would require extensive preparation. The Navy would host a pre-proposal conference and site visit on the island, allowing interested bidders to examine the facilities covered under the contract.

Conner explained that GovCon would send Rick and Mike to Guam to attend the conference, gather intelligence, and begin shaping the proposal's strategic approach.

Rick would lead the Management volume of the proposal.

Mike would lead the Quality and Safety sections.

Other proposal sections would be distributed across GovCon's internal contributors and external consultants.

Maria sat in the room with Rick and Mike during the call but remained silent. She had no role in business development.

Near the end of the discussion Mike added casually:

"Maria could be the HR Director in Guam."

There was a brief pause on the line.

Eric responded carefully.

"That's something to be considered, but we need to prioritize the most competitive resumes for the bid."

It was neither agreement nor rejection. It was a diplomatic deflection.

Rick noticed the moment. Mike had already begun positioning her.

Travel Arrangements

After the call ended Mike turned to Maria.

"Please make all the travel arrangements for us."

Rick clarified that Conner had allocated Business Development (BD) travel funds only for Mike and himself.

Mike replied without hesitation.

"I know. I'll pay for Maria with the Singapore contract travel budget."

Rick paused internally.

Maria had no role in the proposal effort. Yet Mike, as Program Manager, controlled the Singapore contract budget and exercised wide operational discretion.

Rick chose not to press the issue.

"You're the boss," he replied.

Maria arranged flights, hotels, and transportation.

All three flew business class.

Mike and Maria sat together during each flight segment. Rick sat several rows away.

Arrival in Guam

Upon arrival the three loaded their luggage into a rental car and drove toward Guam's main hotel district along the beach.

When they stopped outside a large beachfront property, Maria turned to Rick, "Here you go. This is your hotel."

Rick looked at the building.

"My hotel?"

"The main conference hotel was fully booked," Maria explained. "We could only get two rooms there. This one is the closest."

The hotel was beautiful, but it sat two blocks away from the main conference property where most of the industry participants were staying.

Two blocks might not sound like much.

In the world of pre-proposal conferences, however, proximity mattered. Informal networking often occurred outside the formal briefing sessions. Conversations in hotel lobbies, breakfasts, and evening gatherings frequently shaped teaming relationships and information exchange.

Rick checked into his hotel.

Mike and Maria drove the rental car to the main conference hotel, two rooms, same floor.

The Pre-Proposal Conference

The Navy's pre-proposal conference brought together approximately forty industry representatives. The first day focused on formal briefings outlining evaluation criteria and proposal instructions.

Mike and Maria attended that session.

Over the following three days the Navy conducted site tours across the island. Participants visited airfield facilities, port operations, logistics warehouses, public works shops, housing areas, and numerous annex locations included in the contract scope.

Rick attended every tour.

Mike and Maria attended only the first day.

During one of the site visits the Vice President of Business Development from ASI approached Rick. The two had known each other professionally for years.

"I saw Mike and Maria here on the first day," the executive said with a smile. "He never goes anywhere without her, does he?"

Rick felt his stomach tighten.

"How do you know about that?" he asked.

"Oh, I've been around," the executive replied. "Saw them together in Diego Garcia during that pre-proposal conference too. It's widely known."

He paused briefly.

"I assume he's angling for a position for her here."

The comment lingered in Rick's mind.

What he had considered an internal dynamic appeared to be visible across the industry.

Corporate Awareness

That evening Eric called Rick regarding unrelated matters. Rick mentioned the conversation with ASI's executive.

Eric responded bluntly.

"There is no way Mike takes Maria to Guam. I'll let him have her in Singapore because that's what he wants. But if he wants the PM job in Guam, it will be without her."

Rick did not relay that comment to Mike.

That decision belonged to Eric.

Maria's Role on the Trip

Throughout the week Mike and Maria kept the rental car and held meetings with various "strategic partners." Rick continued attending the formal site tours and documenting operational details for the proposal team.

Each evening the three met for dinner and compared notes. Afterward they joined Eric and Conner on conference calls to discuss win themes and proposal strategy.

Maria sat in on every call, taking notes for Mike but offering no input.

Later in the week, when Maria briefly stepped away from the table during dinner, Rick asked Mike what she had been working on.

"She's been attending meetings with me," Mike said. "And I sent her to the local bank to ask about business accounts we'll need. She also went to the Philippine embassy to look into Filipino work visas and establish some contacts."

Rick immediately recognized the implications.

Guam was U.S. territory. The workforce under the BOS contract consisted primarily of U.S. citizens and Guamanians. The local government closely monitored employment conditions on the island, and unemployment rates were higher than the U.S. average.

Importing lower-cost Filipino labor to reduce contract price would create severe political backlash and violate the expectations surrounding incumbent workforce retention.

Rick understood the sensitivity immediately.

Labor Strategy Debate

The issue resurfaced during proposal development after the team returned to Singapore.

Mike proposed importing Filipino workers as part of a labor cost strategy. He argued that GovCon had successfully utilized Filipino labor pools on BOS contracts in locations such as Bahrain and Diego Garcia.

The Business Development pricing team rejected the idea.

Their reasoning was straightforward.

Guam was U.S. territory.

The contract required significant retention of the incumbent workforce.

The island's political environment would not tolerate replacing local workers with imported labor.

From both regulatory and reputational perspectives, the strategy would weaken the proposal rather than strengthen it.

The idea was removed from the pricing model.

The episode illustrated an important principle in government contracting: cost efficiency alone does not determine competitiveness. Successful proposals must align with political, regulatory, and socioeconomic realities.

Credentials and Competence

During proposal development Rick led the Management section of the submission. As part of that section, he proposed a management standard: GovCon's Program Managers would hold the Project Management Professional (PMP) credential.

The contract did not require PMP certification.

However, professional credentials often functioned as external validators of competence in federal procurements. They signaled structured management discipline and familiarity with standardized project management practices. Such signals could reduce perceived performance risk for the government.

When Mike reviewed the section, he objected.

"There is no requirement for PMP," Mike said. "Take it out."

Rick explained his reasoning. Including the credential requirement would strengthen GovCon's management credibility and align the company with widely recognized industry standards.

Mike remained firm.

At seventy-two, he had no intention of pursuing the certification.

Conner and Eric ultimately sided with Mike. His extensive Navy leadership background and operational experience in Guam carried substantial weight.

The PMP language was removed.

Key Personnel

As the proposal evolved, the team evaluated candidates for key management positions.

Maria's name was proposed by Mike but was not included in the final proposal.

The Business Development team identified qualified U.S. citizens whose experience and credentials aligned with the Navy's contract requirements for positions such as Program Manager, Public Works Director, Air Operations Manager, and Safety Director.

Key personnel qualifications were strictly evaluated in federal procurements. Compliance with those requirements took precedence over internal preferences.

Submission

Over the following months the proposal moved through the standard review cycle.

Pink team.

Red team.

Gold team.

The Guam proposal had been submitted, and GovCon could do nothing now but wait for the Navy's decision.

But Rick found himself thinking less about whether the company would win Guam and more about what the pursuit of Guam had already revealed.

Maria's travel had been funded through the Singapore contract rather than the business development budget. Competitors had already noticed the pattern between Mike and Maria. A politically tone-deaf labor strategy had been proposed and rejected. A credible management differentiator had been removed to accommodate internal sensitivities. What had first appeared to be a series of awkward, explainable decisions now looked increasingly like something else: a pattern of governance drift.

If Guam was meant to help restore GovCon's position in the BOS market, Rick had begun to wonder what the company might be compromising in the process.

The Navy's decision would come later.

Rick's decision, however, was no longer whether he saw the pattern.

It was whether he was prepared to act on it.

Name	Approx. Age	Job Title / Role	Nationality	Brief Background / Relevant Notes
Rick	37	Business Manager, Singapore BOS; Bid Proposal Finance Director for Guam BOS	American	Protagonist and narrator of the case. A rising GovCon leader with prior BOS experience in Bahrain and Diego Garcia. Viewed by leadership as a potential successor to Mike if GovCon wins Guam. Leads the Management volume of the Guam proposal and increasingly notices patterns of governance drift, reputational risk, and informal influence.
Mike	72	Program Manager, Singapore BOS; Bid Proposal Program Manager for Guam BOS	American	Retired U.S. Navy Captain with 38 years of service. Previously served as Installation Operations Officer at Naval Base Guam and held prior Guam BOS leadership roles. Former Program Manager in Diego Garcia before Singapore. Highly experienced, operationally credible, and personally invested in Guam as a possible final assignment before retirement. Repeatedly attempts to position Maria for a future Guam role.
Maria	Early 50s (approx. 52)	Director of Operations, Singapore BOS; informal participant in Guam bid activities	Filipina / Philippine	A powerful informal actor in the case despite having no formal business development role. Travels to Guam using Singapore contract funds rather than BD funds. Sits in on proposal-related calls, accompanies Mike throughout the trip, and is informally floated as a possible HR Director for Guam. Ultimately excluded from key personnel roles because qualified U.S. citizens with required credentials and experience are identified.
Eric	Mid 50’s	Vice President of BOS Programs	American	Senior portfolio leader for GovCon’s BOS business. Views Guam as a major opportunity and strategic recovery bid following recent losses. Supports

Name	Approx. Age	Job Title / Role	Nationality	Brief Background / Relevant Notes
				sending Mike and Rick to Guam, but reacts negatively when he learns how competitors perceive Mike and Maria's relationship. Also becomes part of the internal decision to reject certain proposal elements or personnel choices.
Conner	Mid 40's	Vice President of Business Development	American	Senior BD executive responsible for GovCon's Guam pursuit. Funds Rick and Mike's Guam travel through business development codes and helps guide proposal strategy, win themes, and proposal reviews. Present in nightly call-ins during the Guam trip and involved in final proposal decisions, including rejection of the imported-labor concept and deference to Mike on the PMP issue.
ASI VP of Business Development	Mid 50's	Vice President of Business Development, ASI (competitor)	American	External competitor executive who recognizes and comments on the visible Mike-Maria pattern during the Guam pre-proposal conference. His remarks confirm that what Rick had viewed as an internal dynamic was already visible across the industry, making it a reputational and competitive risk factor.

THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

Exhibit A: Timeline of Key Events

Date / Period	Event	Significance
Early May 2019	Rick returns to Singapore from a two-week corporate trip to the United States.	Sets the immediate context for the case and places Rick back inside the Singapore BOS operating environment just before the Guam bid effort intensifies.
Shortly after Rick's return	Eric, Vice President of BOS Programs, calls Rick and tells him that the Navy solicitation for Guam BOS is expected soon.	Establishes Guam as a major strategic opportunity for GovCon following recent losses in Bahrain and Diego Garcia.
Same period	Eric designates Mike and Rick as central members of the Guam bid team. Mike is to serve as Bid Proposal Program Manager and Rick as Bid Proposal Finance Director.	Establishes the formal leadership structure of the bid and frames Rick as Mike's likely successor if GovCon wins Guam.
Following evening	Mike and Rick join a conference call with Eric and Conner, VP of Business Development, to discuss Guam strategy, travel, and proposal assignments. Maria is present but silent.	Clarifies bid roles, confirms the pre-proposal conference trip, and shows that Maria is present around proposal activity despite having no formal BD role.
End of the conference call	Mike suggests that Maria could serve as HR Director in Guam. Eric responds that the team must prioritize the strongest resumes for the bid.	First explicit indication that Mike is trying to position Maria for a role on the Guam contract.
Immediately after the call	Mike instructs Maria to arrange travel for the Guam trip. Rick clarifies that BD funds cover only Mike and himself. Mike replies that he will pay for Maria using Singapore contract travel funds.	Creates the first clear governance and internal-control concern in the case: Guam BD-related travel for a non-BD participant is charged to an operational contract.
Pre-proposal trip to Guam, likely May or June 2019	Rick, Mike, and Maria fly business class from Singapore to Guam. Mike and Maria sit together; Rick sits separately.	Reinforces the visible closeness between Mike and Maria and sets up later reputational concerns.
Arrival in Guam	Maria places Rick in a separate hotel two blocks away from the main conference hotel where Mike and Maria stay.	Creates a real networking disadvantage for Rick during a pre-proposal conference, where informal access matters.
Day 1 of Guam conference	Mike and Maria attend the general pre-proposal briefing with industry participants.	Establishes their formal presence at the event.

Date / Period	Event	Significance
Following 3 days in Guam	Rick attends all site tours across the island. Mike and Maria attend only the first day and instead hold separate meetings with "strategic partners."	Highlights the unequal distribution of proposal intelligence-gathering work and raises questions about Maria's actual contribution.
During Guam site tours	ASI's VP of Business Development comments to Rick that Mike and Maria are always seen together and suggests Mike is angling for a position for her in Guam.	Confirms that the Mike-Maria dynamic is already visible outside GovCon and has become an industry perception issue.
That evening in Guam	Rick tells Eric what the ASI executive said. Eric responds bluntly that Mike will not be allowed to take Maria to Guam if GovCon wins.	Shows corporate awareness of the reputational and staffing issue, even if no formal action is yet taken.
During Guam trip dinners / nightly calls	Rick, Mike, and Maria meet nightly, then join conference calls with Eric and Conner from Mike's room to discuss strategy and win themes. Maria sits in and takes notes but does not contribute.	Reinforces Maria's continuing presence around strategic discussions without a formal proposal role.
Late in the Guam trip	Rick asks Mike what Maria has been working on. Mike says she met with a local bank and visited the Philippine embassy to explore Filipino work visas and build rapport.	Reveals the labor-sourcing idea that later becomes a significant proposal issue.
End of Guam trip	The three spend an additional day enjoying Guam before returning to Singapore.	Marks the close of the site-visit phase and return to proposal development.
June-August 2019	Proposal development intensifies in Singapore with Conner and the BD team. Pink, red, and gold team reviews follow.	Establishes the formal proposal-building process and the transition from intelligence gathering to competitive positioning.
During proposal development	Mike proposes importing Filipino workers to Guam to lower labor costs, citing prior success in Bahrain and Diego Garcia.	Introduces a politically and strategically flawed labor concept.
During pricing review	The BD pricing team rejects Mike's Filipino labor strategy because Guam is U.S. territory, workforce retention matters, and political backlash would be severe.	Demonstrates sound strategic judgment and highlights the importance of political, regulatory, and workforce realities in federal contracting.
During Management volume drafting	Rick proposes that the Program Manager hold PMP certification as a	Introduces the credential-signaling teaching point in the case.

Date / Period	Event	Significance
	management differentiator and external validator of competence.	
During proposal review	Mike objects to the PMP language and insists it be removed. Conner and Eric ultimately defer to Mike's résumé strength and prior Guam experience.	Shows how internal politics and ego can override a reasonable competitive differentiator.
Late proposal staffing decisions	Maria's name surfaces informally but she is not included in any key personnel role. Qualified U.S. citizens with the required experience and credentials are selected instead.	Confirms that formal contract qualifications still constrain informal influence.
By submission, August 2019	GovCon completes pink, red, and gold team reviews and submits the Guam proposal.	Ends the formal bid effort and transitions the case into reflection and decision tension.
End of case	Rick concludes that the incidents surrounding Guam no longer look isolated and instead reflect a pattern of governance drift.	Establishes the core managerial dilemma and sets up the later ethics and escalation cases in the series.

Review Stage	Primary Purpose	Typical Focus	Key Participants	Typical Output
Pink Team Review	Evaluate the proposal at an early developmental stage.	Assesses whether the proposal structure, themes, outline, compliance approach, and initial solution are aligned with the solicitation and win strategy. Identifies major gaps before full drafting is complete.	Proposal manager, section leads, subject-matter experts, business development leadership, and selected reviewers.	Early feedback on structure, responsiveness, win themes, content gaps, and areas requiring additional development.
Red Team Review	Conduct a critical review from the customer's perspective.	Evaluates the draft as if the reviewers were the government evaluation team. Focuses on compliance, clarity, persuasiveness, discriminators, risk, and whether the proposal would score well against stated evaluation criteria.	Senior reviewers not directly involved in drafting, capture leadership, pricing and technical reviewers, and executives.	Detailed critique of weaknesses, ambiguities, compliance risks, and scoring vulnerabilities, along with recommendations for revision.
Gold Team Review	Perform the final executive-level review before submission.	Focuses on overall readiness, executive quality, strategic coherence, major risk areas, and whether the proposal is ready to submit. Confirms that previous review comments were resolved and that the proposal reflects the company's best final position.	Senior executives, capture leadership, proposal leadership, and selected final reviewers.	Final approval, limited high-level changes, and authorization to move to production and submission.

In proposal-intensive organizations, pink, red, and gold team reviews are staged quality-control processes used to improve proposal quality before submission. While terminology and exact procedures vary by company, the general progression moves from early developmental review to critical customer-perspective review, to final executive approval. In this case, GovCon's reference to pink, red, and gold teams indicates that the Guam proposal moved through increasingly rigorous levels of scrutiny before submission.

Glossary of Acronyms

Acronym	Full Term	Brief Definition / Relevance to the Case
ASI	Apex Sustainment International	Competing government contractor that had recently won the Bahrain and Diego Garcia follow-on contracts from GovCon. In this case, ASI is also the incumbent or principal competitor context for Guam-related industry perception.
BD	Business Development	The corporate function responsible for identifying, shaping, and pursuing new contract opportunities. In this case, BD funds were intended to cover Guam proposal travel for Mike and Rick.
BOS	Base Operations Support	A category of U.S. government service contracts covering installation support functions such as maintenance, logistics, transportation, utilities, and related operational services. Guam and Singapore are both BOS contracts in this case.
CPARS	Contractor Performance Assessment Reporting System	The U.S. government's formal system for evaluating contractor past performance. Strong CPARS ratings from Bahrain, Diego Garcia, and Singapore strengthened GovCon's position for the Guam bid.
GovCon	Government Contractor / GovCon Inc.	In general usage, "GovCon" refers to government contracting. In this case it is also used as the fictional company name, GovCon Inc.
HR	Human Resources	The organizational function responsible for personnel administration, workforce management, and employment-related matters. Mike informally floated Maria as a possible HR Director for Guam.
NAVFAC	Naval Facilities Engineering Command	The U.S. Navy command responsible for facilities engineering, base support contracting, and related procurement oversight. NAVFAC rules and evaluation practices shape the Guam opportunity described in the case.
PgMP	Program Management Professional	An advanced professional credential awarded by the Project Management Institute for senior program managers. Rick held this certification and referenced it as part of his management credibility.
PM	Program Manager	The senior manager responsible for overall contract performance. Mike served as the Singapore PM and was proposed as the Guam Bid Proposal Program Manager.
PMP	Project Management Professional	A professional certification awarded by the Project Management Institute. Rick proposed including PMP certification as a value-enhancing management credential in the Guam proposal.
U.S.	United States	Refers to the United States of America. Guam's status as U.S. territory is central to the rejection of Mike's proposed imported-labor strategy.

Acronym	Full Term	Brief Definition / Relevance to the Case
VP	Vice President	A senior executive title. In this case, Eric is VP of BOS Programs and Conner is VP of Business Development.

THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

Angling for Guam

Singapore BOS | May-August 2019

Teaching Note

Case Summary:

This case examines a strategic bid effort that becomes an early warning study in governance drift. GovCon pursues the Guam Base Operations Support (BOS) opportunity as a major portfolio recovery bid after recent losses in Bahrain and Diego Garcia. Mike, the Singapore BOS Program Manager, and Rick, the Business Manager, are assigned key proposal roles. During the Guam pre-proposal trip and subsequent proposal development, Rick observes a pattern of decisions that raise questions about fiduciary judgment, informal influence, reputational risk, and the tension between personal loyalty and institutional responsibility. These include Maria's travel on Singapore contract funds rather than business development funds, industry awareness of Mike and Maria's visible alignment, Mike's rejected labor-cost idea to import Filipino workers into Guam, and the removal of PMP language as a management differentiator in the proposal. Maria is not selected for any key personnel role because the proposal team identifies qualified U.S. citizens with the requisite credentials and experience required by the contract. The case ends before formal escalation, making it a useful study in how leaders recognize patterns before misconduct is fully adjudicated.

Teaching Use:

This case works well in two ways.

Option 1: Stand-alone case

Used independently, the case supports discussion on:

- governance drift before formal ethics action
- internal control and cost-allocation judgment
- business development optics in competitive procurement
- credentials as external validators of competence
- political economy in labor strategy
- loyalty versus duty in executive decision-making

Option 2: Case 4 in the 8-case series

Within the series, this case functions as the bridge between:

- earlier operational and structural irregularities in Singapore
- later formal ethics, investigation, and consequence cases

In the series, the case should be taught as the point at which patterns become difficult to dismiss as isolated incidents.

Teaching Objectives:

By the end of discussion, students should be able to:

1. **Identify early-stage governance drift** before a formal complaint or investigation occurs.
2. **Distinguish formal authority from informal influence** in executive decision environments.
3. **Evaluate fiduciary and internal-control risk** when business development activity is funded through operational contract dollars.
4. **Assess how industry optics affect competitive procurement**, teaming behavior, and reputational risk.
5. **Explain why credentials matter in proposals** even when not contractually required.
6. **Analyze why labor strategy must align with political, regulatory, and workforce realities**, not only cost.
7. **Debate the threshold at which professional loyalty should yield to institutional duty**.

Assignment Questions:

1. Why was Guam strategically important to GovCon at this moment?
2. What risks were created by funding Maria's Guam travel through the Singapore contract?
3. Why did the hotel separation matter?
4. Why is the ASI executive's comment an important moment in the case?
5. Why did the pricing team reject Mike's Filipino labor idea?
6. Was Rick right to advocate for PMP language in the proposal?
7. Why was Maria excluded from key personnel roles?
8. What, if anything, should Rick do next?
9. What legal, contractual, and procurement risks arise from Maria's travel funding, informal proposal participation, labor-sourcing discussions, and possible positioning for a Guam role?

Suggested Teaching Approach:

Stand-alone teaching approach

Start with the Guam bid as a strategic recovery opportunity. Then shift quickly to the travel-funding decision, the hotel arrangement, the competitor's observation, and the labor-strategy debate. End with the question of whether Rick has seen enough to justify action. This approach emphasizes governance, strategy, and executive judgment.

Series teaching approach

Briefly remind students that earlier Singapore developments had already raised concerns about role expansion, influence, and structural irregularities. Then teach this case as the point where those concerns become cumulative and externally visible. This approach emphasizes pattern recognition and prepares students for subsequent ethics and investigation cases.

Teaching Strategy:

A 60 to 75 minute discussion can follow this sequence:

1. **Strategic stakes**
   Why Guam mattered as a recovery bid.
2. **Governance signals**
   Singapore-funded travel, Maria's non-business-development presence, the hotel separation, and the competitor's observation.
3. **Legal implications**
   Cost allowability, proposal participation, labor strategy, key personnel qualifications, and procurement optics.
4. **Strategy and competence**
   Filipino labor strategy, PMP language, and proposal credibility.
5. **Decision threshold**
   Rick's options: document, confront, escalate, or wait.

Legal Implications and Potential Consequences:

This case should be taught as **legal issue-spotting**, not legal adjudication. The primary legal concern is whether informal influence in a proposal environment created cost, procurement, and reputational risk.

First, **Maria's Guam travel raises cost-allowability and allocability questions.** Because Maria had no formal business development role, charging her Guam travel to the Singapore Base Operations Support contract could invite scrutiny over whether the cost was reasonable, allocable, properly approved, and connected to Singapore contract performance. FAR cost principles require allowable costs to meet reasonableness, allocability, contract terms, and applicable limitations.

Second, **proposal participation creates procurement-integrity and proposal-accuracy concerns.** Maria's informal participation, despite no formal proposal role, could create concern if she accessed sensitive bid information, shaped staffing assumptions, or was positioned for a role without clear qualification alignment. Federal procurement standards emphasize impartiality, avoidance of conflicts or appearance concerns, and high public trust in transactions involving public funds.

Third, **the Filipino labor strategy raises political, workforce, and compliance risk.** Because Guam is a United States territory with incumbent workforce expectations, an imported-labor strategy could create proposal weakness, customer concern, and reputational harm, even if offered as a cost-reduction idea.

Fourth, **key personnel decisions create qualification and representation risk.** If GovCon proposed personnel who did not meet solicitation requirements, the company could face evaluation risk, protest vulnerability, customer distrust, and future past-performance consequences. CPARS is the official source for past-performance information used in future source selections.

Potential consequences include questioned travel costs, internal audit review, proposal credibility damage, customer distrust, bid protest vulnerability, negative industry perception, and reputational harm. The executive lesson is that proposal conduct must withstand scrutiny not only for technical compliance, but also for cost integrity, optics, and institutional credibility.

Analysis of the Assignment Questions:

1. Why was Guam strategically important?

Guam was a near-$100 million annual BOS opportunity and a major portfolio recovery bid for GovCon after recent losses in Bahrain and Diego Garcia. Because strong CPARS from Bahrain, Diego Garcia, and Singapore were still within the relevant past-performance window, GovCon had a credible chance to compete. Guam therefore mattered financially, strategically, and symbolically.

2. What risks were created by using Singapore contract funds for Maria's travel?

The key issue is not only technical allowability, but governance. Maria had no formal business development role. Funding her Guam trip through the Singapore contract blurred cost-allocation boundaries, created avoidable optics, and introduced internal-control risk. It also normalized the use of operational discretion in service of an ambiguous personal or staffing objective.

3. Why did the hotel separation matter?

The two-block separation mattered because pre-proposal conferences generate competitive value through informal contact as well as formal sessions. Breakfasts, lobby conversations, and after-hours interaction can affect information flow, subcontractor relationships, and teaming dynamics. Rick's separation placed him at a real disadvantage.

4. Why is the ASI executive's comment important?

That moment confirms that Mike and Maria's alignment is no longer merely internal. It has become an industry perception issue. In competitive procurement, external perception can shape teaming behavior, credibility, and interpretive context around leadership conduct. That comment tells Rick the pattern is visible beyond GovCon.

5. Why was the Filipino labor idea rejected?

The pricing team rejected it because Guam is U.S. territory, the contract required substantial incumbent workforce retention, and replacing local or U.S. workers with imported lower-cost labor would create political, regulatory, and reputational problems. The point is strategic: what worked in Bahrain or Diego Garcia was not transferable to Guam.

6. Was Rick right about PMP?

Yes, strategically. PMP was not contractually required, but it would have functioned as an external validator of management competence and structured governance discipline. Rick understood that credentials can reduce perceived performance risk in proposals. The removal of that language reveals how internal politics can override otherwise sound competitive signaling.

7. Why was Maria excluded from key personnel roles?

She was excluded because the proposal team identified qualified U.S. citizens who met the contract's education, experience, and role requirements. This is important pedagogically: informal influence may shape internal discussion, but contractual qualification standards still constrain formal proposal decisions.

8. What should Rick do next?

Strong answers will vary, but students should recognize that Rick is no longer reacting to one isolated event. He has seen a pattern involving travel funding, visible favoritism, proposal distortion, and strategic judgment shaped by personal preference. The most defensible next step is usually careful documentation and bounded internal escalation, rather than silence. The case is strongest when students must decide whether the threshold for action has already been crossed.

Key Themes for Instructors:

- **Governance drift** often appears before formal misconduct is provable.
- **Informal authority** can reshape decisions without formal changes to reporting lines.
- **Competitive procurement** is shaped by optics as well as technical compliance.
- **Credentials** matter because they externalize competence.
- **Political economy** constrains labor strategy.
- **Loyalty versus duty** is the central leadership dilemma.

Recommended Closing Question:

At what point does a leader's obligation to protect the institution become stronger than his obligation to preserve the working relationship with his superior?

Note on Sources:

This teaching note is based primarily on the case manuscript. If instructors use interview-based material elsewhere in the series, all interview sources should be identified as **redacted for privacy purposes**.

Instructors should use the legal issues to help students see how proposal-stage governance drift can create cost, procurement, and reputational exposure before any formal ethics complaint or investigation exists.

The Rest of the Story

GovCon ultimately lost the Guam bid (after Case #8 concluded) to the incumbent contractor, although GovCon submitted the lowest-priced proposal. After the proposal was submitted and the team returned to normal contract operations in Singapore, the Guam trip became a frequent subject of employee gossip. Many employees questioned why Maria had gone on the trip at all, since she had no formal business development role and was not selected for any key personnel position in the final proposal.

Among the workforce, there was a common assumption that Maria would go wherever Mike went. What employees did not understand was how Mike could make that happen on a U.S. territory contract when Maria was not a U.S. citizen and the Guam contract required qualified U.S. citizens for key management roles. That tension became part of the broader perception that Mike was trying to extend into Guam the same working arrangement he had built in Singapore.

The Guam bid did not resolve those questions. It sharpened them.

K. Ryan Jenkins

The Numbers Do Not Lie:
Singapore Base Operations Support Contract

Focal actor: *Rose, Finance Manager, Singapore Base Operations Support.*
Time and place: *September to November 2019, Singapore.*
What has just happened: *Corporate has requested the annual operating budget, and Rick's labor review has isolated an unfunded position materially eroding contract profitability.*
What this actor can see: *Rose sees the issue not as rumor or optics, but as a measurable structural cost and a narrowing of financial transparency.*
Immediate decision: *Should Rose treat the budget conflict as an accounting problem to execute through, or as evidence of governance distortion that requires escalation?*

Long before Singapore, Rose had learned that numbers often revealed what people were not yet willing to admit. In Cuba, where she had spent more than a decade working overseas as an accountant, and later in Singapore, where overseas pay made it possible for Rose and her husband to build apartments, a boarding house, and a measure of financial security back home in the Philippines, she had come to trust math more than assurances. Numbers did not flatter. Numbers did not protect relationships. Numbers did not wait for politics to settle.

By September 2019, the numbers on the Singapore Base Operations Support contract were telling Rose something leadership did not want to hear.

The contract was bleeding.

GovCon was not a small contractor improvising from one award to the next. It was a large overseas government services company with a portfolio of Base Operations Support programs across strategically important locations. Contracts like Bahrain, Diego Garcia, Singapore, and other expeditionary or remote sites mattered not only for current revenue, but for future bids, Contract Performance Assessment Reports, and the credibility needed to win or regain larger work. In that environment, a single program could become more than a profit center. It could become a proof point for the entire portfolio.

Singapore mattered for exactly that reason.

It was a complex operating contract supporting U.S. military activities in a high-visibility environment. Like most Base Operations Support contracts, it was labor-intensive. transportation, air operations, material management, facilities support, subcontracted services, human resources, accounting, and administrative control all had to function together under close customer scrutiny. Past performance mattered. Customer optics mattered. And because labor was the dominant controllable cost, any mismatch between contract requirements and staffing structure could quickly become a financial problem.

This contract was also unusual in one important respect. Unlike the more familiar Firm Fixed Price structure, where the contractor bears most of the cost risk, or Firm Fixed Price with Award Fee, which is common in Base Operations Support because it links fee opportunity to performance, the Singapore contract operated under a shared-cost arrangement. Profits and losses were shared with the U.S. Government. That reduced short-term risk, but it also increased long-term governance exposure. A contract could drift for a time without immediate crisis. Eventually, however, the Government would ask why it was absorbing part of a contractor's losses.

Rose could already see where that question might lead.

Early Impressions

When Rick arrived earlier that year as the Senior Business Director on the contract, morale improved quickly. Employees noticed the difference. Rick listened. He asked questions. He did not pretend to understand everything immediately. In Rose's view, that restraint mattered. In a complex Base Operations Support environment, early performance often reflected learning curve rather than long-term capability, and Rick understood that. He worked methodically, and if Rose had to rate him in those first months, she would have given him an eight out of ten, with the expectation that time and exposure would have moved him higher.

For Rose, that credibility mattered because she was not a casual observer. She had not been brought into Singapore as a ceremonial accountant. She had been brought in because the accounting function needed greater rigor, credibility, and control. Earlier handoffs had been uneven. Access to information had been inconsistent. Reporting processes had become politicized. Rose knew audit preparation, financial reviews, labor structures, and the rhythm of contract accounting. When she saw risk, she usually saw it before others were ready to name it.

Yet numbers were never the only story on an overseas contract. Relationships shaped flow of information, access to systems, influence with leadership, and even perceptions of who belonged in what role. In Singapore, that meant understanding Mike and Maria.

Mike and Maria

Mike was in his seventies, an experienced Program Manager with deep operational knowledge and a strong reputation with the Navy. He was intelligent, disciplined, and fully capable of understanding the business. When Mike spoke about logistics, aviation support, supply chains, or contract execution, people listened. Rose did not think he was weak. Nor did she think he was confused. He made decisions. He understood the operating environment. He had the confidence of the customer.

But Mike relied heavily on Maria.

Maria, a Filipina in her early fifties, had worked with Mike previously in Diego Garcia. That history mattered. It gave her familiarity, access, and trust that others did not have. In Singapore, Maria served as Director of Operations, although that position was not required by the contract. Over time, Rose saw communication, decisions, and practical control flow increasingly through Maria's hands. System access requests were expected to move through her. Human resources processes were pulled toward her. Even accounting lines sometimes bent informally in her direction. Rose had seen this pattern before in overseas programs.

Informal authority would begin consolidating around one person. Once that happened, governance risk usually followed.

Rose did not think Maria lacked all value. Maria was confident, assertive, and comfortable speaking directly to Mike. She projected authority, and that alone can create influence in hierarchical environments. She also had some real operational familiarity from prior overseas work, especially in selected annex areas. But Rose also saw clear limits. In business management, accounting, budgeting, audit preparation, and human resources compliance, Maria lacked depth. In those areas, Rose and others carried the technical load. If Rose had to rate Maria from a professional and contractual standpoint, she would have put her at roughly four out of ten. Maria's presence was stronger than her compliance grounding. Her influence exceeded her technical base. That imbalance created risk.

There had already been signs of that risk. Leadership had floated Maria for roles in operational areas such as Air Operations and material management, even where contractual qualification requirements should have triggered immediate review. In Base Operations Support work, proposing personnel for qualification-sensitive roles is not a small administrative matter. It raises compliance risk, reputational risk, and customer confidence risk all at once. Employees noticed. They also noticed another pattern. People who challenged Maria, or who landed on the wrong side of a leadership decision involving Maria, often found that their contracts were not renewed. Few things chill an overseas workforce faster than that kind of lesson.

In Filipino culture, loyalty is powerful. Relationships matter. Support for one's people matters. Rose understood that instinct well. But she also understood that on a U.S. Government contract, loyalty cannot substitute for qualifications, internal controls, or contractual alignment.

That tension had been building for months before the budget made it impossible to ignore.

Guam and the Problem of Optics

The Guam bid trip was one of the moments when many employees began speaking quietly to one another about what they were seeing.

It made sense that Mike would travel. He was the Program Manager and a plausible future leader for work of that scale. It also made sense that Rick would go. He oversaw Business Development for the Southeast Asia region and had prior Program Manager experience on multiple Base Operations Support programs. He understood both contract economics and operations.

Maria's inclusion was different.

She had no formal business development role. Yet Singapore funds covered her travel. Mike approved her costs. She arranged flights and hotels. She and Mike flew business class and stayed in the same hotel on the same floor, while Rick stayed separately, two blocks away. Rose only saw part of the accounting trail, but what she saw was enough to notice that Maria's travel had been charged through Singapore, even though the trip was tied to a bid effort. From a governance perspective, that created avoidable optics and internal control risk.

The task Maria was reportedly assigned in Guam only sharpened Rose's questions. Maria was to explore labor-related issues through the Philippine Embassy and assess banking arrangements. In Rose's view, neither task clearly required the cost of international travel. A phone call or email might have accomplished the same purpose. When travel is charged against an operating contract, necessity matters.

Then there were the Facebook posts.

Maria had posted photos from a Japan trip with Mike and Mike's wife for Mike's seventy-first birthday. In several photos, Mike and Maria appeared together at the summit of Mount Fuji. Employees saw the posts. Rose saw them. She showed them to Rick because, to her, it was odd for an employee to vacation internationally with her boss in a way that would become public across the workforce.

Rick did not react theatrically. He did not accuse. He did not moralize. He looked at the images, asked Rose to take screenshots and send them to him, and said little else. Rose could still read his face. What concerned him was not merely personal conduct. It was institutional credibility. Public optics can destabilize trust even when the underlying facts remain disputed. In an overseas contract environment, perception can erode morale almost as quickly as misconduct.

By September, Rose believed morale was already eroding.

The Budget Cycle

Corporate's annual budget request for the coming year should have been routine. In most contracts, the exercise consisted largely of updating the prior year's estimates using current actuals, known staffing changes, subcontract adjustments, and inflation assumptions. That is incremental budgeting, and in stable operations it is the practical norm.

Corporate wanted an updated operating budget. It was supposed to be routine. A standard year-end submission. Nothing more.

It did not stay routine for long.

As Rick dug into the numbers, Rose watched his demeanor change. He became quieter, more deliberate, more guarded. Night after night, he worked through the contract labor structure line by line, annex by annex, matching positions to requirements, testing assumptions, following costs back to their source. In a Base Operations Support contract, labor is the biggest controllable expense. If the contract was bleeding for a structural reason, the answer would be buried there.

And that was exactly where he found it.

The contract was not profitable. Since February, it had been losing about $25,000 per quarter. Because the contract was shared-cost, the Government was absorbing part of that loss. Corporate had made clear that Singapore's strategic value extended beyond near-term margin. Strong Contract Performance Assessment Reports (CPARs) and strong past performance could position GovCon to compete for larger opportunities and possibly win back programs such as Bahrain and Diego Garcia. But strategic positioning did not authorize indefinite losses. Shared-cost structures reduce short-term pain, not long-term scrutiny.

Rick eventually narrowed the issue to one labor position.

One position not required by the contract.

One position costing roughly $150,000 a year in salary and benefits.

One position created in February.

Rose did not need him to say the name.

The First Meeting

The next day, Rose sat with Rick in Mike's office. Maria was not present.

Mike pressed Rick on the cause of the contract's declining performance. Rick answered directly. There was only one position on the contract that was not contractually authorized, he said, but was being subsidized by the program. It cost about $150,000 in annual salary and benefits. The contract had been profitable at roughly the same point the prior year and had not remained profitable since February, when the Director of Operations role had been created.

Silence followed.

No one in the room needed clarification.

Mike broke the silence by defending Maria's role as critical to operations and suggesting that other employees or expense areas might need to be cut instead. He directed Rick to return the following day with recommendations.

Rose said nothing in the meeting. But she understood that the case had moved beyond ordinary budget preparation. The financial question had exposed a power question.

The Recommendation

The next day, the tension in Mike's office was visible before anyone spoke. This time Maria was present.

Rick delivered his recommendation calmly. If the goal was to restore profitability in a way aligned with the contract, he said, the Director of Operations position should be eliminated. The contract did not require it. The operation had functioned before it existed. Removing that one role would return the budget to a defensible position.

Mike remained controlled, but Rose could sense the anger he was containing. He replied that he had already made clear Maria was staying. Then he directed Rick and Rose to produce a zero-based budget.

To Rose, the order did more than change methodology. It changed the battlefield. Rick had identified one clear, contractually unsupported cost driver: Maria's position. A zero-based budget shifted attention away from that single line and spread the discussion across the entire contract. If every position, subcontract, overtime hour, and expense category had to be rebuilt from zero, Maria's role would no longer sit alone as the obvious problem. It would be buried inside a much larger exercise. That gave Mike room to say he was getting lean, cutting costs, and responding seriously to the numbers, while protecting the one role he did not want touched.

Rose was stunned. So was Rick.

In practical terms, the order made little sense. They had one week before the corporate submission deadline. A true zero-based budget would have required each manager to rebuild costs from the ground up. That would take weeks, not days. In a Base Operations Support contract environment, directing zero-based budgeting under severe time constraint is often less a restructuring tool than a deflection mechanism. Rose had never done one under such circumstances in her contracting career. Rick had not either.

After the meeting, Rick called the corporate accountant responsible for the contract. Corporate confirmed what Rose expected. They were not requesting zero-based budgeting. They wanted a standard updated budget.

Rick told Rose to proceed accordingly.

Submission Day

Rose and Rick finished the budget using corporate's required methodology. The document reflected the contract's actual economics. It reflected the losses. It reflected the labor structure. It reflected reality.

On the morning of submission, Mike came directly into Rose's office and asked whether she and Rick had produced the zero-based budget he had ordered.

Rose answered honestly. They had followed corporate guidance.

Mike was visibly upset, although he said little. He instructed Rose to send the budget only to Maria and said Maria would submit it to corporate. Rose complied. In that moment, she did what many mid-level managers do in politicized systems. She followed the instruction immediately in front of her because the cost of open defiance was not abstract. It was close, personal, and visible.

Later, Rose told Rick what had happened.

Rick's response was measured. He told her that he understood she had done what she thought was best. Then he added, "That's interesting."

Neither Rose nor Rick saw the final email Maria sent to corporate.

Character	Age	Job Title / Role	Nationality	Brief Background / Relevant Notes
Rose	40’s	Finance Manager	Filipina	Finance lead and case narrator. Previously worked overseas in Cuba before relocating to Singapore. Brought in to strengthen accounting oversight, audit readiness, and financial control. Technically credible, observant, and politically cautious.
Rick	**38**	Senior Business Director	American	Senior business leader on the Singapore Base Operations Support contract. Arrived in early 2019. Improved morale quickly and was seen by Rose as methodical, contract-oriented, and disciplined. Rose rated his early performance 8/10, while recognizing the steep learning curve of a complex BOS environment.
Mike	**72**	Program Manager	American	Experienced BOS Program Manager with deep operational knowledge and strong customer credibility. Highly regarded by the Navy. Intelligent and decisive, but increasingly reliant on Maria, whose informal influence shaped key decisions.
Maria	**52**	Director of Operations	Filipina	Central figure in the case. Previously worked with Mike in Diego Garcia. Held a Singapore Director of Operations role that was not contractually required. Assertive and influential, with some operational familiarity, but weak in finance, budgeting, audit preparation, and HR compliance. Rose rated her roughly 4/10 from a professional and contractual standpoint.

Exhibit A: Timeline of Key Events

Approx. Date	Event	Relevance to the Case
Before 2019	Rose builds extensive overseas accounting experience in Cuba and later moves to Singapore.	Establishes Rose's credibility as a technically competent finance professional who recognizes risk early.
Early 2019	Rick arrives in Singapore as Senior Business Director. Morale improves, and Rose sees him as methodical and contract-oriented.	Establishes Rick as a credible counterweight to the existing power structure.
Early 2019	Maria serves as Director of Operations in Singapore, although the role is not contractually required. Her influence expands across HR, systems access, and operational decisions.	Sets up the core governance and labor-cost distortion at the center of the case.
Spring 2019	Leadership considers or promotes Maria for qualification-sensitive operational areas such as Air Operations and material management. Employees notice that those who challenge Maria often face non-renewal risk.	Signals growing informal authority consolidation and emerging governance risk.
Earlier in 2019	Guam bid trip occurs. Mike and Rick travel as expected; Maria is also included despite having no formal business development role. Singapore funds cover Maria's travel. Mike and Maria stay in the same hotel; Rick stays separately.	Becomes an early optics and internal-control flashpoint, raising questions about role legitimacy and cost necessity.
Earlier in 2019	Maria is assigned Guam-related tasks involving the Philippine Embassy and banking arrangements. Rose believes these could have been handled remotely.	Reinforces Rose's concern that Maria's travel was not operationally necessary.
Earlier in 2019	Employees see Maria's Facebook posts from a Japan trip with Mike and Mike's wife for Mike's 71st birthday, including photos of Mike and Maria together on Mount Fuji. Rose shows the posts to Rick.	Public optics intensify workforce concern and erode morale and institutional credibility.
By September 2019	Rose believes morale is already eroding.	Indicates that the issue has moved beyond isolated incidents into broader organizational climate damage.
September 2019	Corporate requests the annual updated operating budget for the coming year.	Triggers the financial review that reveals the structural problem.

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Approx. Date	Event	Relevance to the Case
September 2019	Rick digs deeply into the labor structure, tracing positions annex by annex and line by line against contract requirements.	This analysis identifies labor as the dominant controllable cost and reveals the underlying driver of losses.
Since February 2019	Contract has been losing about **$25,000 per quarter** under a shared-cost structure.	Demonstrates that the financial problem is ongoing and that the Government is absorbing part of the loss.
September 2019	Rick isolates one non-contractual labor position costing about **$150,000 annually** in salary and benefits, created in **February 2019**. Rose immediately knows it is Maria's position.	This is the central financial revelation of the case.
Next day, September 2019	**First meeting** in Mike's office. Maria is absent. Rick tells Mike the contract's profit problem is tied to one unauthorized position created in February. Mike defends Maria's role and asks Rick to return with recommendations.	Converts a budget discussion into a power and governance conflict.
Following day, September 2019	**Second meeting** in Mike's office. Maria is present. Rick recommends eliminating the Director of Operations role to restore profitability. Mike refuses and orders Rick and Rose to prepare a **zero-based budget**.	Marks the decisive moment when leadership rejects the financially supported recommendation.
Immediately after second meeting	Rose and Rick conclude zero-based budgeting is impractical under a one-week deadline. Rick contacts the corporate accountant, who confirms corporate wants only a standard updated budget.	Shows that Mike's directive is inconsistent with corporate guidance and may function as deflection rather than restructuring.
Submission week, late September / early October 2019	Rose and Rick complete the budget using the standard methodology requested by corporate.	Confirms that finance follows formal process rather than Mike's ad hoc directive.
Submission day	Mike asks whether they prepared the zero-based budget. Rose says they followed corporate guidance. Mike tells Rose to send the budget only to Maria, who will submit it to corporate.	Narrows visibility over the financial submission and materially weakens transparency and governance.
After submission day	Rose informs Rick what happened. Rick responds, "That's interesting." Neither Rose nor Rick ever sees the final email Maria sends to corporate.	Leaves the case at the decision threshold, with the financial truth known but the next step unresolved.

Acronym	Full Term	Brief Definition / Relevance to the Case
BOS	**Base Operations Support**	Contracted services that support installation operations such as transportation, air operations, material management, facilities support, human resources, accounting, and administrative control.
CPARs	**Contract Performance Assessment Reports**	Formal U.S. Government evaluations of contractor performance. In the case, strong CPARs are strategically important because they affect credibility and future contract awards.
FFP	**Firm Fixed Price**	A contract type in which the contractor assumes most cost risk and profitability depends on controlling costs effectively.
U.S.	**United States**	Refers to the U.S. Government, U.S. military activities, and U.S. contract environment central to the case.

The Numbers Do Not Lie

Teaching Note

Case Summary:

This case examines how a seemingly routine annual budget review exposes a deeper governance problem on a strategically important Singapore Base Operations Support contract. Through the perspective of Rose, the Finance Manager, students see an organization in which labor is the dominant controllable cost, informal authority has begun to outrun formal contract structure, and financial visibility is narrowing at the exact moment scrutiny should be increasing. Rose observes Rick, the Senior Business Director, identify the contract's central economic problem: a politically protected Director of Operations position that is not contractually required and is materially eroding profitability. When Rick recommends eliminating the role, Mike, the Program Manager, refuses and instead directs Rose and Rick to produce a zero-based budget under an unrealistic deadline. The conflict culminates when Mike instructs Rose to send the final budget only to Maria for submission to corporate, leaving Rose and Rick without visibility into what was ultimately transmitted.

At one level, the case is about contract economics, cost structure, and budgeting methodology. At a deeper level, it is about how informal influence, political protection, cultural loyalty, and organizational silence can weaken governance before anyone openly calls it misconduct. The case ends at the decision threshold: the numbers have revealed the truth, but no one has yet decided what to do next.

Teaching Use:

This case works well in courses on global leadership and management, business ethics, managerial accounting, organizational behavior, corporate governance, and government contracting. It is particularly effective for Executive MBA and doctoral students because the facts do not present an easy villain or a simple compliance violation. Instead, students must work through ambiguity, incentives, hierarchy, cultural context, and managerial courage.

This case can be taught in two ways.

Option 1: Stand-alone case

Used alone, the case focuses on financial truth, governance erosion, budgeting conflict, and the ethical obligations of mid-level leaders. The class can concentrate on Rose, Rick, Mike, and Maria as a contained managerial system.

Option 2: Part of the 8-case series

Within the larger series, this case functions as an escalation case. Earlier tensions around authority, role creation, favoritism, and organizational climate become visible here through budget logic and internal control. In the series structure, this case helps shift students from noticing troubling patterns to analyzing how those patterns begin to produce measurable organizational harm. It also sets up the "rest of the story" and later ethics-related developments.

Instructor note: If instructors draw on interview material in class preparation, all interview sources should be identified as **redacted for privacy purposes** and treated as background context rather than required student reading.

Teaching Objectives:

Students should be able to:

1. Distinguish between formal contractual authority and informal operational influence.
2. Explain why labor is the dominant controllable cost variable in many Base Operations Support contracts.
3. Evaluate the financial and governance implications of carrying a non-contractual labor position.
4. Compare incremental budgeting and zero-based budgeting in a real managerial setting.
5. Assess how shared-cost structures reduce short-term pain but increase long-term scrutiny.
6. Analyze the ethical obligations of finance and operating leaders when visibility narrows.
7. Interpret the role of public optics and institutional credibility without collapsing into gossip or speculation.
8. Connect the case to broader themes of loyalty, duty, integrity, and personal courage.

Assignment Questions:

1. What is the real problem in this case: unprofitability, governance failure, leadership bias, or something else?
2. Was Rick correct to identify Maria's role as the central structural cost driver?
3. Was Mike's zero-based budgeting directive a legitimate management intervention, a deflection mechanism, or both?
4. What obligations did Rose have as Finance Manager once she knew the final budget submission was out of her and Rick's view?
5. How should corporate respond when a strategically important contract is losing money because of a politically protected, non-contractual role?
6. How should students interpret the Guam travel and Japan social media optics: as ethics facts, governance signals, or both?
7. How does this case change when taught as part of the 8-case series rather than as a stand-alone case?
8. What legal, contractual, and internal-control risks arise when a non-contractual labor position materially affects contract profitability and the final budget submission becomes less transparent?

Teaching Approach:

Option 1: Stand-alone discussion plan

A 75-minute class works well.

Begin with the financial question. Ask students what the budget review actually discovered. Push them to identify the non-contractual Director of Operations role as the central economic issue, not just "leadership conflict." Then move to governance: why did that role remain in place, and what does that reveal about authority on the contract? Only after those two layers are established should the class discuss Guam, Mount Fuji, and workforce perceptions. End with Rose's dilemma and the narrowed budget submission process.

Option 2: Series discussion plan

A 60- to 75-minute class works well.

Begin by asking students what this case reveals that earlier cases only suggested. The expected answer is that informal authority and organizational favoritism have now become financially measurable. Use the case to help students connect prior incidents to a more explicit pattern of governance drift. Then focus on why this case matters in the sequence: it is the point at which private concern becomes a budget issue, and a budget issue becomes a power issue. End by asking what this case sets up for the next one.

Legal Implications and Potential Consequences:

This case should be taught as **legal issue-spotting**, not legal adjudication. The primary legal concern is whether a protected, non-contractual labor cost created cost-accounting, internal-control, and disclosure risk.

First, **Maria's Director of Operations role raises cost-allowability and allocability questions.** If the position was not contractually required but was charged to the program, students should ask whether the cost was reasonable, allocable, properly approved, and supported by contract need. FAR cost principles require allowable costs to satisfy reasonableness, allocability, applicable accounting standards, contract terms, and FAR limitations.

Second, **the shared-cost structure increases Government scrutiny.** Because the Government absorbed part of the contract loss, a non-required labor position that materially contributed to the loss could invite audit review, questioned costs, or concern that the Government subsidized an unsupported management preference.

Third, **the zero-based budget directive creates internal-control risk.** Zero-based budgeting is not improper, but in this case it may function as procedural deflection because corporate requested a standard budget and the directive shifted attention away from the identified cost driver.

Fourth, **Maria's final submission of the budget creates reporting-integrity risk.** Once Rose and Rick lost visibility into what was transmitted to corporate, the issue moved from budget disagreement to financial transparency and control.

Potential consequences include questioned costs, internal audit review, disallowed costs, customer concern, weakened Contract Performance Assessment Report credibility, ethics review, and possible mandatory-disclosure analysis if credible evidence of fraud, false statement, or knowing mischarging later emerged. FAR ethics requirements require contractors to promote an ethical culture, exercise due diligence to prevent and detect misconduct, and maintain compliance-oriented internal controls.

Analysis and Suggested Discussion:

1. What is the core issue?

The strongest answer is not simply that Maria is unqualified or that Mike is protective. The core issue is that informal authority has overridden contractual discipline**,** and the annual budget review makes that visible. The contract is losing money, labor is the largest controllable cost, and the most obvious structural cost driver is a role the contract does not require. When Rick surfaces that fact, the response is not correction but procedural redirection. That is why the case is fundamentally about governance, not personality.

2. Why do the economics matter?

The financial details are essential. The contract is already losing about $25,000 per quarter, and the shared-cost structure means the Government is absorbing part of that loss. That reduces immediate crisis pressure but heightens long-run governance exposure. Rick's identification of a roughly $150,000 annual non-contractual labor burden is analytically coherent and managerially significant. Students should see that the budget is not just a spreadsheet exercise. It is the mechanism by which hidden structural choices become visible.

3. Was Rick right?

From the facts in the case, yes. Rick behaves like a disciplined business leader. He traces labor line by line against contract requirements, identifies the non-required role, links it to the decline in profitability since February, and proposes the narrowest structural fix. His recommendation is financially grounded and contractually aligned. His challenge is not analytical weakness. His challenge is that analytical truth collides with protected influence.

4. Was Mike irrational?

No. Mike's behavior is problematic, but it is not irrational. He may believe Maria is operationally indispensable, that loyalty and continuity matter, and that the strategic importance of CPARs and future bids justifies temporary pain. That does not make his decision sound. It makes it intelligible. This distinction matters in class discussion because it prevents caricature. Strong, experienced leaders can still become governance risks when personal trust begins to substitute for contract structure.

5. What is the meaning of the zero-based budget order?

Zero-based budgeting is not inherently wrong. In some settings it is useful. Here, however, the order arrives only after Rick recommends removing Maria's role, even though corporate requested only a standard updated budget and only one week remained before submission. In this context, the zero-based directive functions less as a genuine restructuring tool and more as a deflection mechanism. It creates motion without addressing the identified cost driver. Students should recognize that managerial process can sometimes be used to avoid managerial truth.

6. What makes Rose's position difficult?

Rose is not the final authority, but she is closest to the financial truth. She knows the contract is bleeding, knows why Rick is concerned, and knows the final submission process has become less transparent. Yet she also works in a climate where speaking up may carry direct professional consequences. Her choice to comply with Mike's immediate instruction while informing Rick afterward is ethically uncomfortable but realistic. That realism is one of the case's strengths. It allows students to discuss constrained agency rather than heroic simplification.

7. How should the optics be taught?

The Guam trip and the Japan social media posts should not be taught as a morality play about private relationships. The more disciplined interpretation is that these incidents are **governance signals**. They affect morale, trust, legitimacy, and internal perceptions of fairness. Rick's concern is framed as institutional credibility, not theatrical accusation. That is the right teaching emphasis. The question is not whether students can prove impropriety. The question is whether leaders understand how public optics can weaken authority and control in an already fragile organizational system.

8. Why is the narrowed budget submission so important?

The most serious control problem in the case may be the last one. Once Mike instructs Rose to send the budget only to Maria, and once neither Rose nor Rick sees the final transmission to corporate, internal governance has materially weakened. At that point, disagreement over budget methodology becomes a transparency issue. Students should identify this as the strongest trigger for escalation. It marks the shift from tension inside the process to reduced visibility over the process itself.

Class Flow:

1. **Financial discovery**
   What did the budget review actually reveal?
2. **Governance meaning**
   Why did the protected position remain in place?
3. **Legal implications**
   Cost allowability, allocability, shared-cost exposure, budget transparency, and internal controls.

4. **Rose's dilemma**
   What should Rose do after losing visibility into the final submission?
5. **Series linkage**
   How does financial truth become ethical escalation?

Suggested Wrap-Up:

For a stand-alone class, close with this question:

At what point does a protected staffing decision stop being a leadership preference and become a governance failure?

For a series-based class, close with this question:

What does this case reveal that earlier cases only hinted at, and what does it now make unavoidable in the next case?

Note: Instructors should use the legal issues to show how a budget dispute can become a contract-compliance problem when unsupported costs, shared Government exposure, and narrowed financial visibility converge.

The Rest of the Story

The budget dispute did not resolve the underlying issue. It clarified the leadership choice.

Once Rick tied the contract's declining profitability to the non-contractual Director of Operations position, Mike did not move to eliminate that role. Instead, Mike moved to protect it. From Rose's perspective, that was the clearest lesson of what followed. The issue was no longer whether the numbers were accurate. The issue was what leadership would do after the numbers made the problem visible.

Mike's answer was not to remove Maria's position. Mike's answer was to preserve Maria's position and make the rest of the contract absorb the cost.

In the period that followed, management pursued other savings measures. Subcontracted work was re-solicited, especially in higher-cost areas. At least one major vendor arrangement was replaced to reduce expense, and other vendors were pushed for lower pricing. Overtime controls tightened, with more formal approval required before additional labor hours could be worked. Later, management also reduced headcount, consolidated roles, and allowed some expensive expatriate positions to disappear without replacement. These actions did not suddenly make the contract strongly profitable, but they moved it closer to break-even. Rose understood the pattern clearly: rather than remove the one position Rick had identified as structurally unnecessary, Mike took other measures across the contract so that Maria's position could remain untouched.

That made the episode more consequential, not less.

Rose had already seen that the contract could function before Maria's Director of Operations role existed. She had also seen Rick make the narrowest and most financially direct recommendation: eliminate the one non-contractual role that was consuming margin. Mike rejected that path. What followed suggested not merely disagreement, but priority. Other employees, other labor hours, other subcontractors, and other expense lines could be cut. Maria's role would not be. From Rose's vantage point, that was the practical meaning of leadership protection.

The significance of that choice extended beyond finance. It taught employees what the real hierarchy was. Formal contracts, labor logic, and budget discipline still mattered, but not equally for everyone. If one role could be preserved despite its clear financial burden, while other roles and employees were exposed to cuts, then the organization was sending a message about whose position was negotiable and whose was not. In overseas environments, workforces notice that quickly. They do not always say it aloud, but they adjust their behavior around it.

What made the story even more uncomfortable was that performance did not immediately collapse when these other cuts occurred. Rose later recalled that some performance grades improved, while others were mixed. That did not prove every decision was sound, but it did weaken the argument that preserving Maria's role was the only way to protect the contract. The contract could survive structural cost reduction. Mike had simply chosen where the burden of that reduction would fall.

For Rose, that was the real rest of the story. The budget review had revealed the truth. Mike’s subsequent actions revealed the priority. He would take other measures, cut other costs, and accept other personnel consequences before allowing Maria’s position to be eliminated.

What happened next belongs to the cases that follow.

K. Ryan Jenkins

The Slow March to the Line: Red Flags, Loyalty, and the Ethics Complaint

Focal actor: *Jimmy, Transportation Manager and long-time witness to the Diego-Singapore transition environment.*
Time and place: *Diego Garcia, 2015–2018 and Singapore, Dec 2018–Dec 2019*
What has just happened: *Skippy's non-renewal, Guam travel optics, nepotism concerns, and the budget conflict have pushed quiet concern toward an ethics threshold.*
What this actor can see: *Jimmy lacks the authority to stop what he believes is wrong, but he sees enough to know that silence now protects the pattern.*
Immediate decision: *Should Jimmy press Rick to escalate formally even if both men understand that doing so may cost them their positions or careers?*

The Kind of Place That Teaches You What Matters

On Diego Garcia, in the middle of the Indian Ocean, the workforce lived on top of each other, and reputations traveled faster than emails. I, Jimmy, arrived as a mid-level manager with a practical mindset: learn the contract, keep vehicles moving, keep schedules clean, and avoid drama. I did not know Mike. I did not know Maria. I had met them only briefly during in-processing.

Within weeks, I learned that "drama" was not random. It was engineered.

I also learned something else, though it took longer to name: on remote contracts, the first casualty is not money. It is voice. I did not know it then, but the person who would later force my conscience into the open was Rick, the Senior Business Director I had worked for during closeout.

By the time I left Singapore in late 2019, the Senior Director I respected would sit across from me at lunch, stare at his plate, and admit that doing the right thing could end his career.

The Company and the Contract in Brief

GovCon operated overseas base operations support contracts across multiple locations. These contracts were complex, compliance-heavy, and operationally unforgiving. Performance grades mattered. Staffing qualifications mattered. Reporting structures mattered.

On paper, the Singapore Base Operations Support Contract (SBOSC) looked like a disciplined system: annex managers ran defined functional areas, the program manager carried ultimate accountability, and corporate oversight existed at a distance. In practice, the contract operated through informal networks. Access to the program manager, control of information flow, and influence over staffing decisions often shaped outcomes more than formal titles did.

I did not understand that fully when I arrived on Diego Garcia. I understood it viscerally by the end of Singapore.

Red Flag #1: "Stay away from Maria. That's Mike's girl."

The first warning came over beers on the beach in Diego Garcia, British Indian Ocean Territory.

A few middle managers and I were relaxing after work. Somebody asked the new guy question: "What have you heard so far?"

I joked that I had heard the usual, that the island was small and everybody had an opinion. Then one of them leaned in and said, with the casual certainty of a man reciting weather:

"Stay away from Maria. That's Mike's girl. Mike made that 'Quality of Life Manager' position for her so she could be close to him."

I dismissed it. I had no interest in Maria. I also had no reason to believe it. I treated it like island gossip.

Diego Garcia Base Operations Support Environment

Diego Garcia Base Operations Support (BOS) operated inside a geographically isolated U.S. military facility with a closed labor ecosystem. The contract functioned as an integrated municipal services platform: transportation, air terminal operations, public works, facilities maintenance, utilities, custodial services, food service, and subcontracted construction task orders. Unlike Singapore, where the contract operated within a mature urban services environment, Diego Garcia BOS required self-contained operations under logistical constraint, limited redundancy, and significant dependence on foreign national labor.

Workforce composition shaped governance dynamics. A large Filipino labor population, often supporting extended families through remittances, created high sensitivity to wage policy changes and employment continuity. In that context, social networks and trusted intermediaries became operational levers. A leader who could stabilize labor sentiment could protect production, but could also shape narratives, isolate dissent, and manage access to visiting corporate leaders.

The island's closed environment also compressed reputational risk. With limited privacy and few off-duty alternatives, informal information traveled quickly and became a parallel control system that often outran formal reporting lines.

Then I started seeing what they meant.

Maria, who was also Filipina, moved constantly through the Filipino workforce, smoothing, calming, persuading. When frustration rose, she translated it, reframed it, and contained it. Managers talked about "keeping the labor force stable." Maria became the instrument that kept it stable.

I also noticed the optics. Mike and Maria appeared together everywhere: meetings, the program office, after-hours events. When corporate leaders visited the island, Maria received the assignment. She escorted them, steered them, and shaped the message they heard.

At that stage, I had no proof of wrongdoing. I did not even have a firm conclusion. What I had was my first exposure to a system where one person held formal authority and another held informal authority, and everyone acted like the informal authority mattered more.

Red Flag #2: "We all wonder how that happened."

Wednesday pizza night at the island club was a strange ritual. Cheap food, loud music, and the kind of conversation people avoided in daylight. I sat with Carrie, a Filipina contracts manager, and we talked about backgrounds and hometowns. She mentioned she grew up in the same small community in the Philippines as Maria.

I asked, carefully, the question everyone wondered but few said out loud: how did Maria become Mike's right hand, higher than seasoned professionals in contracts, finance, and operations?

Carrie snorted, half amused, half bitter:

"We all wonder how that happened."

Then she offered her version of the story. She claimed Maria did not finish high school, spent more than 20 years as a flight attendant, arrived on island in a passenger terminal Assistant Manager role, and later rose rapidly after Mike created a "Quality of Life" position and shifted reporting lines toward Maria's control. She implied Maria's informal role was to "keep us in line" and prevent headaches for Mike. She also claimed a boyfriend relationship ended around the same period and that the boyfriend's contract was later not renewed.

I could not verify the personal details. I did not try. What stayed with me was the governance pattern: a non-contractual position appeared, reporting lines shifted, and people concluded power had consolidated.

Even if Carrie exaggerated, the system she described matched what I had begun to observe.

The Transition Period: Where Old Rules Die Quietly

As the Diego Garcia contract approached turnover, the workforce resisted wage cuts. Lowest-price follow-ons often meant lower pay. People called it many things. Functionally, it became a work refusal. Filipino employees, burdened by remittance expectations, felt wage cuts sharply. Maria worked behind the scenes to stabilize the workforce before handover. Management treated the outcome as a win. I started to see it as leverage: the person who can calm the workforce can also threaten to let it burn.

After my transportation role disappeared under the follow-on contractor, I stayed on island for months under the closeout structure, completing lingering task orders and subcontract threads.

That is when I worked closely with Rick.

Rick served as both the contract transition manager and Business Manager. Rick did not perform authority. Rick practiced it. He listened, clarified, decided, and then stood by decisions. He treated people with respect without surrendering standards. I considered him one of the most competent bosses I ever had.

In late 2018, Mike called me and offered me a transportation manager position in Singapore, he had been moved there to become the Program Manager. They wanted to expand heavy lift and crane capability. I had the experience. I accepted.

I thought I was moving to a bigger city and a cleaner contract.

I was moving into a more refined version of the same human system.

Red Flag #3: "Absolutely not."

Singapore looked orderly. It felt professional. It also revealed spending patterns quickly.

I was given a corporate condo, a three-bedroom, two-bath unit for one person. Later I observed Maria had similar corporate housing. Most Filipino workers shared lower-level condos and used public transit. Maria's housing mirrored American "required position" standards. Later I noticed she also had a transportation allowance generally reserved for contract-required roles, but Mike picked her up and dropped her off every day to and from work.

Not illegal. Not definitive. A signal.

Soon after I arrived, Mike floated the idea that Maria should become a Director over the warehouse, transportation, and flight operations.

I shut it down immediately.

"Absolutely not."

From my view, Maria had no operational management experience in those annexes. Transportation and warehouse functions carry real-world consequences. People get hurt when competence becomes optional. I had been transferred to Singapore specifically because I could build a weight-handling equipment program and expand capability. Maria did not have the operational background to oversee it.

Mike relented on warehouse and transportation. But he argued Maria's airline background could justify flight operations oversight. I rejected that logic. Airline experience did not equal air operations management within a U.S. government contract environment that required citizenship, clearances, and aviation operations competency.

In that moment, Mike did not argue like a leader trying to optimize performance. Mike argued like a leader trying to justify placement.

Rick Arrives: Familiar Competence in a New Landscape

Rick arrived in February 2019. I felt relief. I already trusted him from Diego Garcia.

Rick took the Senior Business Director role, effectively the number two to Mike in practice, even if Mike later rejected that framing. Rick carried himself as a composed professional: measured, educated, strategic.

Our friendship resumed naturally. We began a weekend tradition: lunch on days off. Sometimes we met downtown on Singapore's famous Orchard Road. Sometimes we found a quieter spot. The setting mattered less than the routine. That routine became the platform where I watched Rick's internal struggle form, grow, and harden.

Rick never asked me to gossip. Rick asked me to interpret patterns.

I never asked Rick to crusade. I asked Rick to remain himself.

Red Flag #4: Skippy's non-renewal

I was close with Skippy, the Paya Lebar air operations manager. We met often. He described Maria inserting herself into his section, bypassing him in HR-related matters like leave authorizations. Everyone knew Maria had Mike's ear. Skippy felt his legitimacy erode.

Then Skippy's contract was suddenly not renewed.

No progressive discipline. No documented performance improvement plan. A decade-plus manager simply vanished.

I met Rick for weekend lunch and said it without softening:

"This isn't right. This isn't about performance. This is retaliation. Rick, you need to say something."

I knew Rick did not make the decision. But Rick sat closest to the authority structure. If anyone could disrupt the pattern, he could.

Rick did not rush to judgment. Rick asked what Skippy had documented. Rick asked who had seen what. Rick asked what the contract required.

Rick's questions mattered. They were the questions of a leader trying to stay fair while learning that fairness could be weaponized against him.

That was the first visible inflection point in Rick's arc: Rick began to realize that "not enough proof" could become the excuse a system used to avoid accountability indefinitely.

Red Flag #5: Guam, and the hotel problem

At brunch one weekend, Rick told me corporate had called. The Guam Base Operations Support contract bid was coming. Rick was energized. He described it as a whale, the kind of opportunity that reoriented careers.

Then Rick said: “We’re going to Guam for the preproposal conference.”

I asked: “We?”

Rick said: “Me, Mike, and Maria.”

I asked the obvious question: “Why Maria? She has no business development role.”

Rick shrugged. “Mike wants her to go.”

That answer bothered me. Vague rationales create ethical openings. Over time, vague rationales become policy.

When Rick returned, he described the week, the hotel arrangement, the networking disadvantage, and the optics. Rose later corroborated the same basic structure and the use of the Singapore Travel budget for Maria instead of the BD budget: Mike and Maria in one hotel, Rick in a separate hotel two blocks away, despite Rick being the senior director responsible for the bid posture alongside Mike.

I listened, then asked Rick directly:

“Rick, do you think Mike and Maria are in a romantic relationship?”

Rick paused. Rick admitted he had not seen overt proof. Rick acknowledged the pattern. Rick used the phrase he used when he suspected something but could not confirm it:

“A lot of things make me go, hmm.”

That moment became Rick’s second inflection point: Rick began to accept that perception and optics created governance risk even when evidence remained incomplete.

Red Flag #6: The nephew in the warehouse

Then I heard the warehouse story.

Maria had hired her nephew from the Philippines into a warehouse role. People in the warehouse reported he lacked material management experience. More concerning, the nephew sat inside Maria’s sphere of authority. Family tie plus reporting influence equals risk. If Maria controlled HR and operational approvals, she could influence timesheets, pay, annual evaluations, and contract renewals.

I brought it up to Rick at lunch. Rick did not know the new hire was related to Maria.

Rick reacted the way serious leaders react. Rick did not explode. Rick asked for documentation. Rick asked what HR said. Rick asked where the reporting line landed. Rick asked whether the relationship constituted a conflict of interest under corporate ethics standards and contract expectations.

Rick later told me HR dismissed it. The resume showed qualifications and "nephew is far enough removed." I told Rick what I had seen before: resumes within the workforce could be manufactured and socially verified through networks, but competence revealed itself quickly once the person arrived and performed.

Rick looked at me and said a sentence I never forgot:

"Even if it's permissible, it's still a governance stink. It installs loyalty and reduces dissent."

That was Rick's third inflection point: Rick began to treat ethics as system design, not just legal compliance.

Red Flag #7: The budget, and Rick's visible burden

Budget season exposed the contract's internal fracture.

Mike demanded a zero-based budget. Corporate wanted a standard estimate budget anchored in historical data. Zero-based budgeting takes time, detail, and staff capacity. It is not a two-week exercise.

Rick asked me: "If you had to do a true zero-based budget for transportation, how long would it take?"

I told Rick: "At least a month."

Rick had two weeks.

Rose later confirmed the same problem: a true zero-based budget was tedious and unrealistic, and the contract had never done it before.

The mismatch created a trap: if Rick complied with Mike, he would fail corporate expectations; if Rick complied with corporate, he would provoke Mike's resistance.

I watched Rick become guarded. His stress rose. He spoke less, not because he distrusted me, but because he carried the burden of consequence.

Rose later described how Mike's posture toward Rick shifted after Rick raised concerns about Maria's cost and role, and how Mike declared there was "no number two."

Rick was learning what many leaders learn too late: once a system identifies you as a threat, your performance becomes irrelevant. Your existence becomes the issue.

December 2019: The Point of No Return

Two weekends after the budget was submitted, Rick and I met for lunch again. We were downtown. The city moved around us, indifferent to the private strain inside one contract office.

Rick looked different. Same posture, less light. More weight behind the eyes.

I asked him plainly:

"You okay?"

Rick stared at me for a long time, then said:

"Jimmy, this will probably cost me my job. It could affect my career. I need your help capturing everything we've talked about. I'm going to submit an ethics complaint."

I did not celebrate. I understood what that meant. I also understood what it might cost me.

I said:

"Yes. I'm with you. You're making the right decision."

Rick nodded once. He did not look relieved. He looked resolved.

That night, after we separated, I kept replaying the way Rick had said it: measured, almost clinical, as if he needed discipline in his voice so fear would not leak into his voice. I knew what he would do next because I had watched the document take shape over months in fragments, in questions, in long pauses at lunch when he chose restraint over reaction.

Rick went home and opened the file he had been building in the margins of his days, a running account of what did not add up: recurring patterns, dates that clustered around key decisions, staffing moves that felt engineered, travel choices that created optics problems, reporting lines that bent without explanation, and financial observations that refused to reconcile. Later, Rose would describe it as an eight-to-ten-page submission that went straight to Peter, the CEO, but that night it was not "a submission." It was Rick's attempt to turn intuition into something defensible.

I imagined him alone at his desk, the room quiet except for the hum of an air conditioner, scrolling back through paragraphs he had rewritten too many times. Each sentence carried a cost. Every detail risked being dismissed as rumor, or worse, framed as disloyalty.

His cursor would have hovered over the "send" line longer than it needed to.

If he sent it, he would name a pattern he could not prove the way a courtroom demands, but could no longer ignore the way a leader must. If he did not send it, he would not be choosing neutrality. He would be choosing the contract's unspoken rule: keep your head down, protect your position, and let the system stand.

I knew Rick well enough to understand the real dilemma was not policy. It was identity.

The question that had been following him since Diego Garcia was waiting there in the silence, the same question I had been afraid to ask out loud until now:

Was he willing to pay the price of telling the truth, or the price of living with himself if he didn't?

Character	Age	Job Title / Role (as used in Case 6 v3)	Nationality	Brief Background / Relevant Notes
Jimmy	48	Transportation Annex Manager (Singapore); previously Transportation Manager (Diego Garcia)	American	Narrator and mid-level operations leader. Transfers from Diego Garcia to Singapore (Nov–Dec 2018). Pushes back on attempts to expand Maria's operational authority; becomes Rick's trusted confidant and moral catalyst for escalation.
Rick	38	Senior Business Director (Singapore)	American	Senior leader and Jimmy's close professional friend. Analytical and measured. Experiences rising constraint in the local power structure while documenting red flags; moves toward submitting an ethics complaint in late 2019.
Mike	72	Program Manager (Singapore)	American	Senior contract leader. Associated with repeated attempts to elevate/expand Maria's authority, travel decisions that create optics risk, and an environment where dissenters experience non-renewal.
Maria	52	Informal power node on contract; presented as de facto HR influence and attempted operations expansion	Filipina	Central figure in Jimmy's red-flag pattern: informal influence over workforce, proximity to Mike, repeated attempts to expand operational control, and family-network hiring into warehouse reporting sphere.
Skippy	60's	Paya Lebar Air Operations Manager	American	Long-tenured air operations manager. Reports Maria's interference and legitimacy erosion; contract is not renewed abruptly, which Jimmy interprets as retaliation and flags to Rick as a governance inflection point.
Carrie	Mid 50's	Contracts Manager (Diego Garcia)	Filipina	Shares hometown/community connection with Maria; provides a narrative that shapes Jimmy's early pattern recognition regarding Maria's rise and informal power consolidation.
Rose	40's	Senior accounting oversight / finance leader (Singapore)	Filipina	Mentioned as arriving during accounting scrutiny; viewed by Jimmy as competent and integrity-driven.

Date / Period	Location	Event	Relevance to Case Tension / Teaching Points
June 2015	Diego Garcia BOS	Maria joins the Diego Garcia contract.	Establishes early entry point for Maria's growing informal authority and proximity to senior leadership.
July 2016	Diego Garcia BOS	Maria becomes **Quality of Life Manager** (a role perceived as non-contractual by some managers).	Early indicator of **role creation/role inflation** and informal power consolidation.
2015–2017 (early tenure)	Diego Garcia BOS	Jimmy arrives on Diego Garcia; during informal orientation, middle managers warn him to "stay away from Maria," describing her as closely connected to Mike.	Introduces **informal power signals** and the "everybody knows" dynamic that precedes documentation.
2017–early 2018 (pre-turnover period)	Diego Garcia BOS	Maria frequently engages the Filipino workforce to prevent disruption; she is repeatedly paired with visiting corporate personnel to escort and shape messaging.	Demonstrates **control of narrative and access** as a governance mechanism.
March 2018	Diego Garcia BOS	Contract turnover: GovCon loses the contract; ASI wins the follow-on; workforce must apply through ASI portal; wage reductions occur.	Sets conditions for workforce instability and the value of labor-control intermediaries.
March–mid 2018	Diego Garcia BOS	Workforce refuses to complete work prior to turnover (described as a de facto strike); wages are eventually maintained. Maria is alleged to have influenced workforce resistance behind the scenes.	Illustrates **workforce leverage**, **informal influence**, and the risks of governance-by-intermediary.
Mid–late 2018	Diego Garcia BOS	ASI eliminates Jimmy's transportation role; Jimmy contacts Singapore leadership; Terry offers Jimmy a temporary **Quality Manager** role to close out remaining GovCon projects; Jimmy works with Rick during the closeout.	Builds Jimmy–Rick trust; illustrates how positions can be created/eliminated as structural tools.
Nov–Dec 2018	Transition to Singapore BOS	Jimmy transfers from Diego Garcia to Singapore to serve as Senior Transportation Manager / Transportation Annex Manager.	Introduces **cost optics** and sets Singapore scene.
Dec 2018	Singapore BOS	Singapore organizational structure at Jimmy's arrival: Mike (Program	Establishes **formal vs real authority** and early

Date / Period	Location	Event	Relevance to Case Tension / Teaching Points
		Manager); Maria functions as de facto HR lead, Terry transitioning out; Sara in accounting; Rose later brought in for accounting oversight.	consolidation points (HR/accounting).
Early 2019	Singapore BOS	Accounting scrutiny intensifies (Deloitte audit referenced); Rose installed in accounting oversight; Sara's authority reduced.	Highlights **financial opacity risk** and tightening of information control.
Early 2019	Singapore BOS	Attempt to elevate Maria into a "Director of Operations" construct covering Transportation, Air Ops, Warehouse/Material Management; Jimmy objects; Air Ops compliance requirements (U.S. citizen, clearance, aviation experience) block Maria's placement.	Central governance event: **competence displacement** and **contract compliance vs informal power**.
Feb 2019	Singapore BOS	Rick arrives in Singapore.	Begins the Jimmy–Rick relationship arc in Singapore (moral reinforcement).
Feb 2019	Singapore BOS	Rick arrives in Singapore (case narrative version).	**Standardize** in final draft: Jan vs Feb. Either way, this is the start of sustained weekend lunches and pattern analysis.
2019 (date not specified)	Singapore BOS	Skippy (Paya Lebar Air Operations Manager) is non-renewed after raising concerns about Maria's interference; Jimmy interprets the non-renewal as retaliatory and flags it to Rick as a governance inflection point.	Establishes **retaliation-by-non-renewal** and collapse of psychological safety.
2019 (preproposal period, date not specified)	Guam / Singapore	Guam BOS preproposal trip: Mike and Rick attend; Maria also travels despite no formal business development role; hotel separation occurs (Rick in separate hotel; Mike and Maria together).	Reinforces **optics risk**, **favoritism**, and informal authority; intensifies Rick's internal conflict.
2019 (date not specified)	Singapore BOS	Maria hires a family member (described as "nephew") into the warehouse function; concerns emerge about qualifications and reporting influence; Rick seeks HR	Captures **nepotism as loyalty architecture** and conflict-of-interest governance risk.

Date / Period	Location	Event	Relevance to Case Tension / Teaching Points
		clarification and receives minimizing rationale.	
Mid-2019	Singapore BOS	Financial scrutiny escalates; concerns about profitability and cost drivers intensify.	Builds toward budget conflict and ethics escalation threshold.
Budget season 2019 (date not specified)	Singapore BOS	Mike demands a **zero-based budget**; corporate expects a standard estimate based on historicals; timeline is infeasible (two weeks). Rose corroborates the impracticality.	Operationalizes governance dysfunction and places Rick in a compliance and loyalty trap.
Late 2019 (post-budget; two weekends later)	Singapore (downtown lunch)	Rick tells Jimmy he will submit an ethics complaint; requests Jimmy's help to capture and document the pattern.	Culmination of the "moral companionship" arc: Jimmy as catalyst, Rick as positional actor.
Nov–Dec 2019	Singapore / Corporate	Rick prepares and submits an ethics complaint (described as ~8–10 pages) routed to senior leadership and compliance/legal.	Decision point for classroom: **threshold for escalation under uncertainty** and the cost of voice.

THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

Glossary of Acronyms

Acronym	Term (spelled out)	Definition / Use in Case
BD	Business Development	Used to describe capture and proposal-related work associated with the Guam bid; Maria is described as having no formal BD role.
BOS	Base Operations Support	Refers to the integrated "municipal services" contract model supporting a U.S. military installation (e.g., Diego Garcia BOS and Singapore BOS contexts).
CEO	Chief Executive Officer	Used to describe the corporate recipient/escalation level for Rick's ethics submission (Peter identified as CEO in the narrative).
HR	Human Resources	Used to describe the functional area where Maria is perceived to operate as a de facto influence node and where the nepotism concern is discussed (HR response minimizes the relationship risk).
SBOSC	Singapore Base Operations Support Contract	The named Singapore contract; used to distinguish the Singapore BOS environment from Diego Garcia BOS and to frame the contract governance architecture.
U.S.	United States	Used to specify citizenship/clearance expectations in the contract environment (e.g., U.S. military facility and compliance-bound operational roles).

The Slow March to the Line: Red Flags, Loyalty, and the Ethics Complaint

Teaching Note

Case Synopsis:

This case is narrated by Jimmy, a mid-level Transportation Annex Manager who first observes informal power consolidation during the Diego Garcia Base Operations Support (BOS) contract and later sees similar patterns intensify in Singapore. Over 2018–2019, Jimmy detects a progression of governance “red flags”: role inflation beyond contract requirements, centralized information routing, potential nepotism (Maria’s nephew reporting directly to Maria), non-renewals that appear retaliatory, and travel and budgeting decisions that amplify optics and compliance risk.

The central leadership tension is relational and structural. Jimmy lacks positional authority to force corrective action, but Jimmy holds moral clarity and pattern recognition. Rick, a Senior Business Director, holds positional authority but confronts high personal downside risk. Through repeated weekend lunches, Jimmy functions as the catalyst who helps Rick sustain resolve long enough to choose escalation, culminating in the night before Rick submits an ethics complaint directly to the Chief Executive Officer.

Teaching Objectives:

Participants should be able to:

1. **Diagnose ethical erosion as pattern accumulation** rather than a single provable event by assessing converging “weak signals” across staffing, reporting, travel, and budgeting.
2. **Distinguish formal authority from functional authority** by mapping the “real org chart” and identifying information-control nodes (Human Resources and accounting routing).
3. **Analyze non-renewal as a retaliation mechanism** that preserves plausible deniability while suppressing voice and creating a chilling effect.
4. **Evaluate ethical escalation thresholds under uncertainty** by articulating a decision rule that balances incomplete evidence with mission, compliance, and people risk.
5. **Recognize moral companionship as leadership practice** by identifying how Jimmy’s loyalty, persistence, and support function as a force-multiplier for Rick’s action.

Assignment Questions:

Stand-alone use (ethics, governance, OB)

1. What are the three most probative red flags in this case and why do they matter more than isolated incidents?

2. Draw the formal org chart and the functional org chart. Where does power actually sit and how is it exercised?
3. What decision rule should Rick use to determine when to escalate, given uncertainty and personal risk?
4. How does non-renewal function as both a personnel action and a governance message?
5. What legal, contractual, and employment risks arise from non-renewal after protected concerns, nepotism allegations, controlled reporting channels, and Rick's ethics complaint?

Teaching Plan (75 minutes):

Time	Discussion Focus
0 to 10 min	Cold open: escalation threshold
10 to 25 min	Red-flag architecture
25 to 40 min	Formal versus functional authority map
40 to 52 min	Legal implications: protected disclosure, non-renewal, nepotism, and reporting-channel integrity
52 to 65 min	Rick's decision calculus
65 to 75 min	Jimmy as catalyst and second-order effects

Legal Implications and Potential Consequences

This case should be taught as **legal issue-spotting**, not legal adjudication. The primary legal concern is whether a pattern of red flags crossed into protected disclosure, retaliation risk, and internal-control failure.

First, **Rick's ethics complaint may implicate whistleblower protection.** Federal Acquisition Regulation contractor protections prohibit discharge, demotion, or discrimination as reprisal when an employee discloses reasonably believed evidence of gross mismanagement, gross waste, abuse of authority, contract-related legal violations, or danger to health or safety.

Second, **non-renewal can function as retaliation even when it appears administratively routine.** Skippy's non-renewal and Rick's feared employment consequences should be discussed as timing, motive, documentation, and pattern questions, not as automatic proof of unlawful reprisal.

Third, **the nephew-in-warehouse issue raises conflict-of-interest and internal-control concerns.** Family hiring is not necessarily unlawful, but it becomes risky when the related employee sits within the influence sphere of the person who may affect hiring, evaluation, pay, scheduling, or renewal decisions.

Fourth, **controlled Human Resources and reporting channels create ethics-program risk.** Contractors are expected to promote ethical conduct, exercise due diligence to prevent and detect misconduct, and maintain compliance-oriented internal controls.

Potential consequences include retaliation claims, internal investigation, corrective action, ethics-program scrutiny, employee-relations damage, questioned personnel decisions, and reputational harm. The executive lesson is that silence can become organizational complicity when leaders see enough pattern coherence to justify independent review.

Analysis and Teaching Guidance:

A. What makes this an MBA-level ethical leadership case

The case does not ask "did misconduct occur?" It asks "what should a leader do when governance signals converge but certainty is incomplete?" The pedagogical value is the tension between **epistemic restraint** and **moral obligation**.

B. Highest-value red flags (more teachable than rumor)

Instructors can steer students toward structurally grounded indicators:

- **Role inflation/attempted operational consolidation** under Maria despite qualification barriers.
- **Non-renewal of a long-tenured manager (Skippy) without progressive discipline** as a chilling governance signal.
- **Nepotism embedded in reporting power** (Maria's nephew reporting directly to Maria).
- **Information routing/access control** corroborated by Rose's account of communication and system-access conflict.
- **Budget irregularity and infeasible zero-based mandate** corroborated by Rose as unrealistic and inconsistent with practice.

C. Common student missteps and instructor redirects

- "No proof means no action." Redirect: escalation can request independent review; leaders manage risk, not litigation certainty.
- "It's cultural, therefore normal." Redirect: referral norms differ from conflict-of-interest reporting structures that suppress dissent.
- "Jimmy should have filed." Redirect: authority gradients matter; Jimmy's catalytic role is precisely the teaching point.

Teaching Option A: Stand-Alone Case:

Primary emphasis: Governance drift, psychological safety collapse, escalation under uncertainty.
Closing move: End the class at the night-before threshold and have students write a short "send/don't send" memo with rationale and mitigation.

What "good" looks like: Students articulate a decision rule grounded in: pattern coherence, materiality, irreversibility of harm, documentation discipline, and anti-retaliation mitigation.

Teaching Option B: 8-Case Series Integration:

Series function: This case becomes the series' **Integrity/Personal Courage crucible**: a leader chooses whether values remain performative or become costly action.

Link to series architecture (without spoilers):

- Demonstrates why "formal policy" is insufficient when informal networks control access and narrative.
- Prepares the learning ground for later governance and accountability mechanisms (including STO design logic) as the series evolves.
- Reinforces the multi-perspective design guidance by showing ethical action as socially reinforced, not individually heroic.

Closing move: Students identify what an STO would need to do in this environment (minimum viable mechanisms): independent reporting channel, audit cadence, separation of duties, non-renewal review triggers, and leadership behavior norms.

Source Note:

This teaching note draws on the case draft, the associated epilogue, and project interview materials. Any interview-based source used in the broader project should be identified as **redacted for privacy purposes**. Supporting interview materials are background development sources and should not be distributed as student handouts in this case.

Instructors should use the legal issues to show that ethical escalation often becomes legally significant when protected concerns, adverse personnel actions, conflicts of interest, and controlled reporting channels begin to converge.

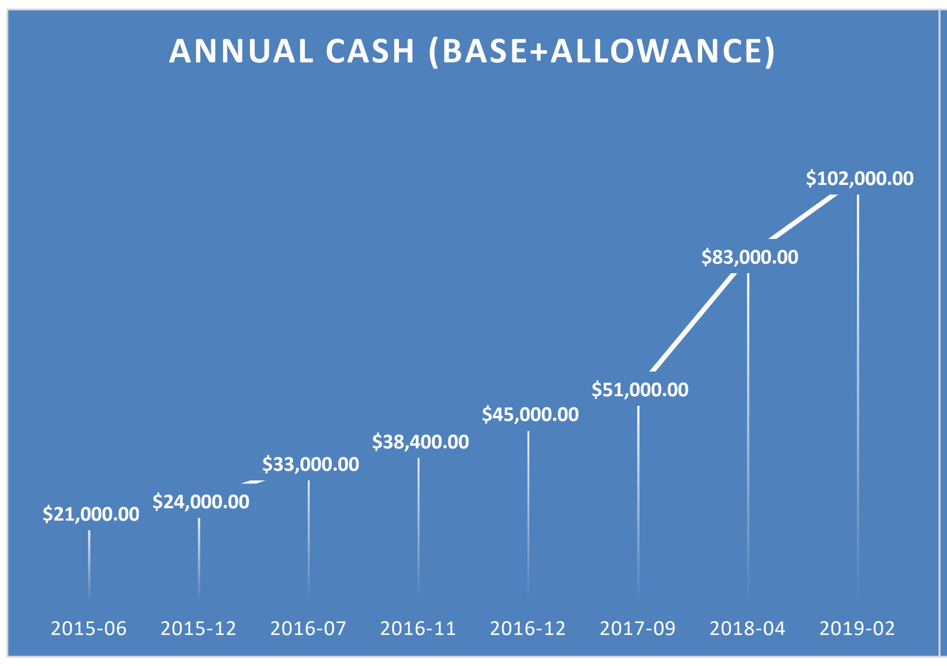
Rest of the Story

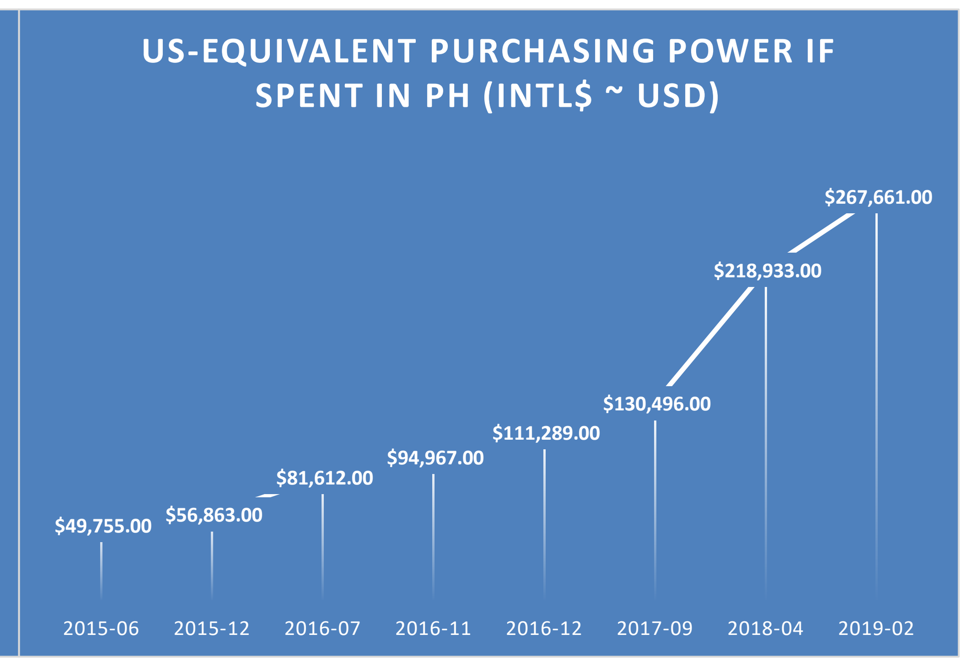
Rick drafted the ethics complaint the night before submission, then sent it directly to the Chief Executive Officer (CEO), Peter, rather than through the local chain or an intermediate corporate layer. In the immediate aftermath, the contract did not shift through a visible "investigation" process at the site level. Instead, Mike and Maria became suspicious of almost everyone. Communication tightened, informal conversations diminished, and managers became more cautious about what they said and what they wrote down.

Skippy's departure remained framed as an end-of-contract non-renewal, which preserved plausible deniability and reinforced the local lesson that dissent could disappear without formal process. Around the same period, Maria's nephew, hired into the warehouse function, reported directly to Maria, further consolidating control inside her influence sphere.

For Rick, the decision carried the cost he feared most: potential income disruption and reputational harm. Jimmy did not file separately because Jimmy believed only Rick's positional authority carried enough credibility to force the issue into corporate visibility.

Position Title	Location	Effective Month	Monthly Base Pay	Monthly Transportation Allowance	Allowance Note	Total Monthly Cash (Base+Allowance)	Annual Cash (Base+Allowance)	US-Equivalent Purchasing Power if Spent in PH (Intl$ ~ USD)	% Increase vs Prior (Step)	YoY % Increase	Total Increase (First→Last)	Company Vehicle (Qualitative)	Premium Housing (Qualitative)	Meals Provided (Qualitative)
Assistant Manager, Air Terminal	Diego Garcia (DGBOS)	2015-06	$ 1,750.00	$ -		$ 1,750.00	$ 21,000.00	$ 49,755.00				Yes	Yes	Yes
Assistant Manager, Air Terminal	Diego Garcia (DGBOS)	2015-12	$ 2,000.00	$ -		$ 2,000.00	$ 24,000.00	$ 56,863.00	14.3%			Yes	Yes	Yes
Quality of Life Manager	Diego Garcia (DGBOS)	2016-07	$ 2,750.00	$ -		$ 2,750.00	$ 33,000.00	$ 81,612.00	37.5%	57%		Yes	Yes	Yes
Quality of Life Manager	Diego Garcia (DGBOS)	2016-11	$ 3,200.00	$ -		$ 3,200.00	$ 38,400.00	$ 94,967.00	16.4%	83%		Yes	Yes	Yes
Quality of Life Manager	Diego Garcia (DGBOS)	2016-12	$ 3,750.00	$ -		$ 3,750.00	$ 45,000.00	$ 111,289.00	17.2%	88%		Yes	Yes	Yes
Operations Director, Philippines Support Office (PSC	Diego Garcia (DGBOS)	2017-09	$ 4,250.00	$ -		$ 4,250.00	$ 51,000.00	$ 130,496.00	13.3%	55%		Yes	Yes	Yes
Director of Operations	Singapore (SBOS)	2018-04	$ 5,916.67	$ 1,000.00	Allowance paid; commuted with Mike daily	$ 6,916.67	$ 83,000.00	$ 218,933.00	62.7%	84%		Yes	Yes	No
Director of Operations	Singapore (SBOS)	2019-02	$ 7,500.00	$ 1,000.00	Allowance paid; commuted with Mike daily	$ 8,500.00	$ 102,000.00	$ 267,661.00	22.9%	100%	386%	Yes	Yes	No



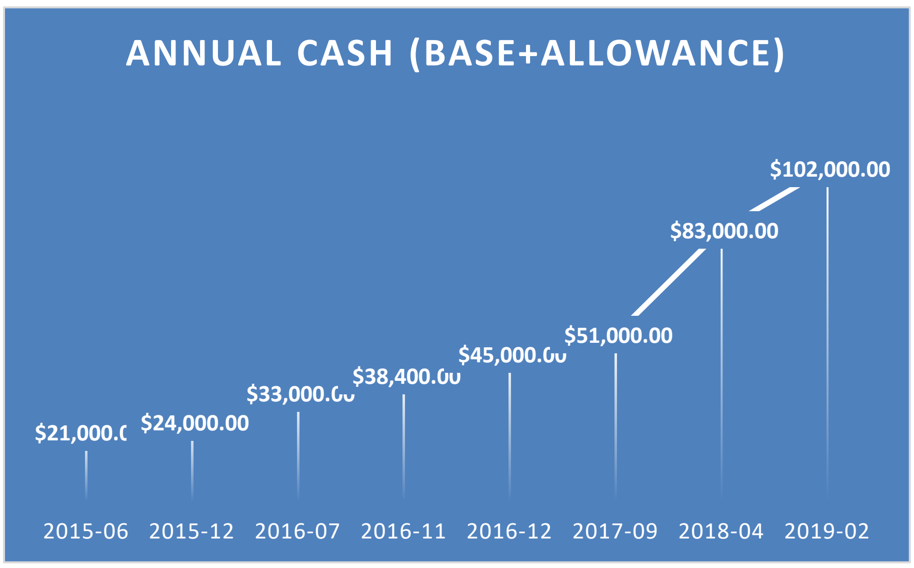


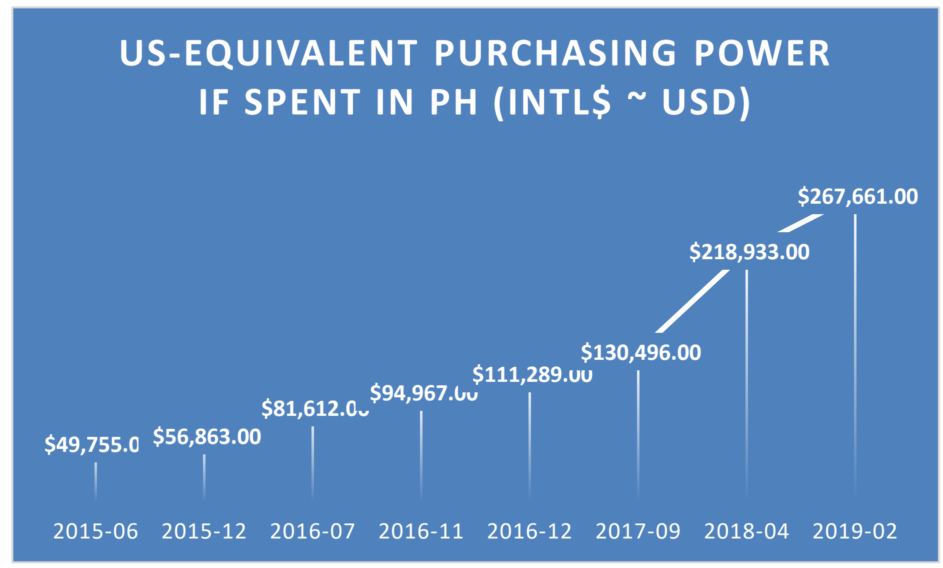
Note: Mike awarded Maria the highest Diego Garcia End of Contract bonus of all the employees (including Directors) of $25k USD in Mar 2018. This was equal to half Maria's annual salary at the time. This would equate to $65,900 of purchasing power in the Philippines.

Item	Value
Felt standard of living method	Uses WDI 'price level ratio of PPP conversion factor (GDP) to market exchange rate' (PA.NUS.PPPC.RF). US-equivalent ≈ USD income / price level ratio.
Philippines price level ratios used (2015–201	From UNdata WDI record view for PA.NUS.PPPC.RF (Philippines).
Interpretation caution	Purchasing-power equivalence only; not a labor-market or job-level equivalence.

Effective Month	Annual Cash (Base+Allowance)
2015-06	$ 21,000.00
2015-12	$ 24,000.00
2016-07	$ 33,000.00
2016-11	$ 38,400.00
2016-12	$ 45,000.00
2017-09	$ 51,000.00
2018-04	$ 83,000.00
2019-02	$102,000.00

Effective Month	US-Equivalent Purchasing Power if Spent in PH (Intl$ ~ USD)
2015-06	$ 49,755.00
2015-12	$ 56,863.00
2016-07	$ 81,612.00
2016-11	$ 94,967.00
2016-12	$ 111,289.00
2017-09	$ 130,496.00
2018-04	$ 218,933.00
2019-02	$ 267,661.00





K. Ryan Jenkins

The Email Trail: Allegations, Investigation, and Separation

Focal actor: *Harry, Senior Director of Global Compliance at headquarters.*
Time and place: *Late November 2019 to January 2020, headquarters and Singapore.*
What has just happened: *Rick has filed a detailed ethics complaint, compliance has opened a review, and Mike has now issued Rick a non-renewal notice effective 31 January 2020.*
What this actor can see: *Harry sees only the documentary record, the timing, and the risks that can be substantiated quickly.*
Immediate decision: *Within five business days, what should Harry recommend to the CEO to protect the integrity of the review without destabilizing Singapore performance?*

GovCon Inc. performs Base Operations Support (BOS) for U.S. Government installations overseas. On BOS programs, the Program Manager holds broad day-to-day authority, while corporate oversight can lag because operations run far from headquarters and customer focus prioritizes continuity of performance. This case consists of an internal email file and limited exhibits.

Decision Prompt

You are Harry, Senior Director of Global Compliance at GovCon headquarters. Based only on the email file and exhibits, you must brief the CEO within five business days with: (1) an initial assessment, (2) a risk summary, and (3) recommended immediate actions that protect the integrity of the review without destabilizing SBOS performance.

Email File (reverse chronology)

Most recent message first. Minor formatting adjustments made for readability; content reflects the underlying file.

```
From: Mike.ProgramManager-Singapore@GovCon.com

Sent: 15 January 2020

To: Rick.SeniorBusinessDirector-Singapore@GovCon.com

Subject: Notice for End of Employment Agreement (Non-Renewal)
Private & Confidential

Dear Rick,

You are hereby notified that GovCon Inc. is not renewing your
Employment Agreement dated Feb 1, 2019.  Your employment will end on
Jan 31, 2020, which is the cessation date of your Agreement.
```

GovCon Inc. will reimburse your authorized transportation expenses from Singapore to your Point of Origin, in accordance with the applicable repatriation and travel provisions of your Agreement. You are required to return all company property issued to you and to comply with the confidentiality and post-employment obligations contained in your Agreement.

Kindly reply to this email to acknowledge receipt of this notice. Thank you for your contribution to SBOS. I wish you success in your future endeavors.
Sincerely,

Mike
Project Manager, SBOS
GovCon Inc.

Intervening Note (Rick)

Upon opening this email Rick was surprised but not surprised. He read the message once, then again, absorbing what it did and did not say. The note was administrative, restrained, and final, and that was precisely what unsettled him. In this business, non-renewal rarely announces itself as retaliation; it presents as routine. The absence of specifics was not reassurance. It was insulation.

Rick then opened his sent folder and pulled up the full email trail that had led to this point. He re-read every thread in sequence, including the compliance acknowledgments and the supporting analysis he had assembled. He checked dates, titles, and compensation figures, and he compared them against the spreadsheet he had prepared to ensure the math and assumptions remained defensible. He scrutinized his own language for overstatement, inference, and any phrase that could be reframed as personal animus instead of governance risk. He had learned that investigations do not test only the accused; they also test the complainant's precision.

He also rechecked what he could not quantify: the atmosphere in meetings, the quiet warnings from colleagues, the subtle shifts in who would speak and who would not. Those details were real, but they were harder to prove, and Rick knew that provable facts would carry more weight than moral certainty. If the company chose to treat this as a personnel matter rather than a compliance matter, the documentary record would be his only protection. He had not heard anything from corporate since December 15th, 2019. Maybe it was because of the Christmas Holiday season?

Only after that review did Rick draft a reply to Mike. It would be short, professional, and controlled, the kind of acknowledgment that conceded nothing beyond receipt. He understood that he had entered a phase where every sentence could become an exhibit.

From: Rick.SeniorBusinessDirector-Singapore@GovCon.com

Sent: 15 January 2020

To: Mike.ProgramManager-Singapore@GovCon.com

Subject: RE: Notice for End of Employment Agreement (Non-Renewal)

Mike,

I acknowledge receipt of your notice. Please confirm the point of contact for out-processing and repatriation coordination.

Rick
Senior Business Director, SBOS

From: Rick.SeniorBusinessDirector-Singapore@GovCon.com

Sent: 15 December 2019

To: Harry.SeniorDirectorGlobalCompliance@GovCon.com

Subject: RE: Acknowledgment of Receipt and Compliance Review: SBOS Allegations

Harry,

I wanted to thank you for the extended discussion yesterday, my night, your morning. Below is the analysis of Maria's pay that you requested. As you mentioned in the call, you are less familiar with global labor rates and norms so I will explain below in plain language. I want to anchor the attached spreadsheet analysis in the labor-market reality of U.S. Government (USG) contracting in the Indo-Pacific, where we routinely employ large Filipino workforces at materially lower labor rates than U.S. or Singaporean labor.

1) Why GovCon and USG contractors hire Filipinos at lower labor rates

On OCONUS BOS contracts, Filipino labor often provides an optimal mix of reliability, English proficiency, and technical aptitude at a cost structure that supports contract affordability and margin discipline. In practical terms, a $25,000 USD annual salary is commonly perceived by Filipino employees as a strong, upwardly mobile wage relative to typical Philippine earning power. Consequently, many qualified candidates will "gladly" accept work in the $20K to $30K range because it represents a high-quality economic opportunity for them and their families.

2) "Felt standard of living" (PPP purchasing-power equivalence)
To make this intuitive, the spreadsheet includes a "felt standard of living" metric, which uses Purchasing Power Parity (PPP) to translate a USD income into an approximate U.S.-equivalent consumption level if the income is spent primarily in the Philippines.

Plain language: a dollar stretches farther in lower-price economies. PPP provides a mechanism to estimate what a salary "feels like" in consumption terms. The spreadsheet applies the World Bank/ICP construct of the price level ratio (PPP-to-market exchange-rate ratio).

This metric does not claim job-level equivalence. It is a comparator for consumption power and workforce perception.

3) The compensation escalation becomes more material in this context
Using the spreadsheet's definition of cash pay as base salary plus transportation allowance where applicable, Maria's recurring cash compensation moved from:
$1,750/month (June 2015) to
$8,500/month (February 2019; $90,000 base + $12,000 allowance annualized)

That is a 386% increase in under five years, and it is directionally inconsistent with the normal Filipino labor market the contract relies on.

4) Labor substitution reality: 4–5 Filipino hires for the price of one overhead role

At Maria's Singapore compensation level, we could hire roughly 4–5 Filipino employees at competitive BOS rates for the annualized cost of her package. This matters because her role is an overhead position and not a directly funded contract labor category, so the cost burden reduces flexibility to staff funded operational requirements and sustain profitability.

5) Internal equity comparator: Rose's pay as the local-market benchmark

For internal equity, the most relevant comparison is Rose, our Filipina Finance Manager. Rose holds an accounting degree and has 5+ years of BOS experience, and she is making approximately $45,000 USD annually. Rose is the next-highest paid Filipino on the program, and she occupies a role with clear, defensible finance deliverables tied to contract performance and corporate reporting expectations.
In contrast, Maria's position sequence reflects a pattern of roles created and structurally enabled by Mike, each one escalating her

pay while remaining an overhead cost to the project. The step increases versus prior rates are materially above standard practice, and they occurred at the sole discretion of Mike as PM.

6) Why this framing is important to the investigation

This is not merely a question of “high pay.” It is the combination of:

- exceptionally rapid compensation escalation,
- overhead positioning outside funded labor categories,
- labor substitution opportunity costs (4–5 hires), and
- internal inequity against the contract’s most senior Filipino finance professional (Rose),

all occurring in a program environment where Filipino labor economics constitute a core premise of the staffing model.

I hope this helps to clarify this aspect of the investigation. I stand by to provide any additional documentation or discussions.

See attached.

Respectfully,

Rick
Senior Business Director, SBOS

From: Harry.SeniorDirectorGlobalCompliance@GovCon.com

Sent: 26 November 2019

To: Rick.SeniorBusinessDirector-Singapore@GovCon.com

Subject: Acknowledgment of Receipt and Compliance Review: SBOS Allegations

Rick,

I am an attorney with the Legal and Compliance Department at GovCon headquarters, in Washington, DC. I am contacting you because I received a copy of the nine-page email you provided to executive management regarding allegations of inappropriate relationships and conduct on the Singapore Base Operations Support (SBOS) contract.

I am undertaking a review and investigation on behalf of the Company into the information you provided. I will contact you in the near future to schedule a discussion. In the interim, if you have any additional concerns, documents, or information that you believe may be relevant, please direct them to my attention.

Regards,

Harry
Senior Director, Global Compliance
Legal and Compliance Department, GovCon Inc.

From: Peter.CEO@GovCon.com

Sent: 26 November 2019

To: Harry.SeniorDirectorGlobalCompliance@GovCon.com
CC: Rick.SeniorBusinessDirector-Singapore@GovCon.com

Subject: FW: Ethics Complaint: Singapore BOS Allegations Involving PM Mike and Director Maria (2015–2019) — Request for Immediate Corporate Review

Harry,

Please open a confidential compliance review into the below allegations from Rick (SBD, SBOS) regarding Mike (PM) and Maria (Director of Operations). Inquire with Rick about relevant pay records and conduct an interview with Rick to discuss the allegations. Provide me an initial assessment, risk summary, and recommended actions.

Peter
CEO, GovCon Inc.

From: Rick.SeniorBusinessDirector-Singapore@GovCon.com

Sent: 25 November 2019

To: Peter.CEO@GovCon.com

Subject: Ethics Complaint: Singapore BOS Allegations Involving PM Mike and Director Maria (2015–2019) — Request for Immediate Corporate Review

Peter,

I am submitting this ethics complaint in my capacity as the Senior Business Director on the Singapore Base Operations Support contract. I previously served as the Acting Program Manager on the Diego Garcia Base Operations Support contract and as the Program Manager in Bahrain. I request a confidential review, a written non-retaliation directive, and preservation of relevant records.

I am using names and full titles throughout to improve readability and reduce ambiguity.

1) Witnesses and Points of Contact

The following individuals can corroborate specific facts, salary data, travel, organizational structure, and workplace climate:

- Rose (Filipina), Finance Manager, Singapore Base Operations Support
- Jennifer (Filipina), Senior Accountant, Diego Garcia Base Operations Support
- Jimmy (American), Indefinite Delivery, Indefinite Quantity Manager, Diego Garcia Base Operations Support; Transportation Manager, Singapore Base Operations Support
- Skippy (American), Paya Lebar Airbase Manager, Singapore Base Operations Support
- Rick (American), Senior Business Director, Singapore Base Operations Support (complainant)

2) Allegation Set 1: Inappropriate Relationship and Favoritism

Parties:

- Mike (American), Program Manager, Singapore Base Operations Support (formerly Program Manager, Diego Garcia Base Operations Support)
- Maria (Filipina), Director of Operations, Singapore Base Operations Support (formerly Philippines Support Office Operations Director and Quality of Life Manager; formerly a passenger terminal employee on Diego Garcia)

2.1 Creation of position and preferential treatment on Diego Garcia (2015–2017)

- Before Diego Garcia, Maria worked for years as a flight attendant with Philippine Airlines.
- On Diego Garcia, Maria worked as a passenger terminal employee earning approximately $1,500 to $2,000 per month. Jennifer can verify the pay records.
- Mike created a new role for Maria titled "Quality of Life Manager", placed her office next to his, and increased her compensation materially.
- During that period, Maria also received benefits and positioning that other similarly situated employees did not receive, including:
  - An apartment in Mike's building, widely described as the best housing available.
  - A company-provided vehicle with company-paid fuel and maintenance.
  - A place on the senior leadership team.
- Mike and Maria traveled together frequently between Diego Garcia, Singapore, and the Philippines. They were observed together continuously, which created persistent rumors of an intimate relationship that later continued into Singapore operations.
- At the end of the Diego Garcia contract period, Maria received the largest performance bonus on the contract ($25,000), including higher than director-level employees. Jennifer can verify bonus and payroll records.

2.2 Carried-over relationship and high visibility in Singapore (2017–2019)

- In Singapore, Mike and Maria openly display a close personal relationship.
- They took multiple vacations together, including:
  - A September 2018 trip to Japan where they climbed Mount Fuji for Mike's birthday. A social media post used "we" language referring to both of them. (A screenshot exists but was removed from distribution for privacy.)
  - Multiple trips together to the Philippines.
- Mike and Maria commute together daily in Mike's vehicle, arriving early and leaving early together.
- Despite commuting with Mike, Maria receives a transportation allowance of approximately $1,200 per month. Rose can confirm the allowance payments.
- Mike calls Maria daily while away and does not maintain the same routine contact with other directors.

- Mike and Maria take daily lunches together, frequently visit each other's offices with the door closed, and undertake private weekend and lunchtime bike rides without including other staff.
- Mike reportedly told employees at Paya Lebar Airbase that Maria is "not having his baby," which acknowledges that their relationship has been the subject of ongoing staff speculation. Skippy can confirm the relationship is common knowledge among employees and subcontractors.

2.3 Perception and reputational risk

- Employees and subcontractors widely perceive Mike and Maria to have an intimate relationship and to operate as a "package deal."
- This perception undermines trust in impartial management and creates legal and reputational exposure for favoritism, discrimination, and hostile work environment claims. It also affects credibility and confidence in Program Manager selection.

3) Allegation Set 2: Unnecessary Position, Excessive Cost, and Unqualified Authority

3.1 Creation of Director of Operations role for Maria in Singapore

- After Diego Garcia, Mike brought Maria to Singapore in 2017 and created a Director of Operations role for her.
- This role is not identified as a key or required position in the contract or the Performance Work Statement.
- Maria does not have a documented engineering or business degree, does not have eight years of base operations support contract management experience, and is not a U.S. citizen with a security clearance, which are required for the Program Manager role under Performance Work Statement requirements.
- It is rumored Mike assigned a contracts employee to investigate procuring an economics degree for Maria from a degree mill in the Philippines.
- Mike nevertheless selected Maria to act as interim Program Manager during his leave. The U.S. Government Contracting Officer reportedly expressed concern because interim Program Manager roles are typically filled by the Senior Business Director on comparable contracts.

3.2 Compensation and cost profile

- Maria’s total annual cost to the Singapore contract is approximately $150,000, including:
    - Approximate salary of $90,000 per year (after increase).
    - Transportation allowance of approximately $12,000 per year.
    - Condominium cost of approximately $22,000 per year.
    - Benefits and associated overhead.
- In February 2019, Maria received a “meritorious” mid-year increase from approximately $71,000 to $90,000 annually, roughly a 25% increase.
- Standard annual increases on the contract are typically around 1.5%, and no other employee has received a comparable mid-year increase of this magnitude.
- Maria’s role is not funded as a key contract position; the burden reduces gross profit materially (more than 13% by internal estimates). At this cost level, the contract could hire approximately five additional workers.

3.3 Role appropriateness and duties

- Maria’s responsibilities overlap with and displace duties that typically belong to the Senior Business Director, the Human Resources Manager, the Public Works Director, and other managers.
- In practice, Maria exercises business management, human resources oversight, housing management, customer interface, and budget involvement despite lack of documented qualification and without a formal business justification for the role.

4) Allegation Set 3: Concentration of Power, Erosion of Checks and Balances, and Human Resources Control

4.1 Control over corporate interface and human resources

- Mike designated Maria as the primary point of contact with corporate and instructed staff not to approach corporate directly.
- Maria has been placed over Human Resources functions in practice despite having no Human Resources qualifications.
- Mike has advocated for minimal corporate oversight and expressed a desire to have no director or vice president above him so he can “remain under the radar.”

- Employees report that complaints and recourse flow through Maria, which they view as unsafe given her alignment with Mike.

4.2 Hiring and firing authority

- Mike and Maria allegedly control hiring and termination decisions.
- Example: Skippy was not re-contracted after more than ten years in Singapore:
    - No Performance Improvement Plan or counseling was provided.
    - Skippy received 30 days' notice without prior discussion.
    - Mike justified the decision by alleging Skippy had difficulty reporting to a Filipina female. Skippy's stated concern was the legitimacy of Maria's role and oversight.
    - Many employees perceived this as a deliberate example to deter questioning of Maria's status.

4.3 Access to sensitive information

- Maria is reportedly the only person with access to employment agreements, including those of U.S. employees with security clearances.
- The Senior Business Director has been denied access, hindering budget oversight, accrual planning, and risk management.
- Maria negotiates and manages housing arrangements and retains leases, including Mike's personal condominium lease, without Senior Business Director involvement.
- Maria holds a company credit card, which is typically restricted to procurement, the Senior Business Director, and the Program Manager.

5) Allegation Set 4: Undermining of Senior Business Director Role and Organizational Manipulation

5.1 Undermining authority and credibility

- The Senior Business Director role functions as the contract's de facto Chief Financial Officer, overseeing finance, procurement, contracts, and business development.
- Mike has stated publicly that there is "no number two," sidelining me, the Senior Business Director.

- Mike has told employees and U.S. Government personnel that the Senior Business Director is “only book smart” and lacks operational experience.
- This misrepresents credentials. I am the only person on the contract who fully meets the Performance Work Statement requirements for Program Manager based on prior BOS Program Manager experience.

5.2 Reassignment of business functions away from, me, the Senior Business Director

- Accounting, procurement, and contracts functions that typically sit under the Senior Business Director have been redirected to Maria or directly to Mike.
- A new Contracts Manager was hired outside the Senior Business Director’s reporting chain.
- An accountant was tasked to perform financial analysis reporting to Maria rather than to the Senior Business Director.
- The Procurement Manager now reports directly to Mike.
- The Senior Business Director has been excluded from hiring decisions and internal transfers.

5.3 Budget ownership and misrepresentation

- Maria submitted the budget on Mike’s behalf.
- Mike reported to corporate that the Senior Business Director did not complete the budget and fails to produce required work.
- In reality, Rose and I worked extensively on the budget and communicated throughout with the Corporate Budget Manager.
- Mike now criticizes the Senior Business Director for not doing a “zero-based budget,” although neither corporate nor Mike previously directed that approach.
- The Corporate Budget Manager, Rose, and I viewed Mike’s “zero-based budget” demand as unnecessary and not part of corporate instruction.
- No formal counseling, Performance Improvement Plan, or documented performance standards were provided to me beyond contract expectations.

5.4 Threats to non-renew employment

- In September 2018, Mike advocated to senior leadership that I be considered for a promotion to Vice President over BOS programs.

- By October 2018, Mike told me he was considering not renewing my employment, reportedly because I aligned with corporate budget instructions rather than Mike's preferences.
- The budget necessarily included costs associated with Maria's role, which reduced gross profit.

6) Allegation Set 5: Guam BOS Preproposal Conference and Questionable Travel Justification

- For the Guam Base Operations Support preproposal conference, I was a logical attendee due to prior BOS Program Manager experience and proposal participation.
- The Corporate Vice President of Business Development specifically requested Mike and Rick for proposal-team participation.
- Mike pushed for Maria to attend as well, initially intending to fund her travel from the Singapore contract until business development funding was approved.
- The Singapore annexes Maria manages are not part of the Guam Request for Proposal.
- In Guam, Maria conducted banking-related activity and visited the Philippine embassy despite Guam's restrictive posture on foreign labor in favor of local residents.
- Maria had no defined proposal deliverables and did not contribute to proposal-team work.
- Mike reportedly intended for Maria to deploy with him to Guam if the contract were won, despite her not being proposed as key personnel.

7) Allegation Set 6: Other Concerns, Nepotism, and Workplace Climate

7.1 "Package deal" behavior and competitor loyalty concerns

- Mike reportedly interviewed with a competitor for a Program Manager role and expressed interest in bringing key Singapore staff, including Maria.
- The competitor declined reportedly because Mike insisted that he and Maria were a "package deal."
- This raises concerns regarding loyalty and potential misuse of internal talent planning for competing bids.

7.2 Nepotism and conflicts of interest

- Maria has repeatedly traveled to the Philippines to recruit employees despite availability of Singapore labor.
- A recent hire, Omar, is Maria’s nephew, reports directly to her, and she signs his overtime, indicating a conflict of interest.

7.3 Tolerance of disrespectful leadership behavior

- Mike allows the Public Works Director to speak to employees, managers, and U.S. Government personnel in a condescending and contemptuous manner.
- This contributes to a toxic leadership climate.

7.4 Role creation driven by personal relationships

- Mike attempted to create a Quality Manager role for a personal friend. When the friend accepted a role in Africa, Mike stopped pursuing the Quality Manager role through corporate.

7.5 Climate and morale

- Employees describe the environment as toxic.
- Many managers and employees are actively searching for jobs due to fear, instability, and perceived favoritism.

8) Recommended Corporate Actions

Given the breadth and depth of these issues, I recommend:

1. A confidential, third-party climate assessment allowing employees to speak without fear of reprisal.
2. An immediate corporate site visit focused on ethical culture, contract compliance, human resources process integrity, conflicts of interest, and a targeted internal audit of pay, allowances, housing, travel, and credit card activity.
3. A comprehensive review of Maria’s role, cost justification, qualifications, and access to sensitive information.
4. A review of Mike’s leadership conduct, governance posture, and potential retaliation patterns.

Please confirm receipt and advise next steps.

Respectfully,

Rick
Senior Business Director, Singapore Base Operations Support
Former Acting Program Manager, Diego Garcia Base Operations Support;
Program Manager, Bahrain

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Name	Age	Job Title / Role	Nationality	Brief Background / Relevant Notes
Rick	37	Senior Business Director (SBD), Singapore Base Operations Support (SBOS); former Acting Program Manager (PM), Diego Garcia; former PM, Bahrain	American	Narrator/complainant. Leads finance, contracts, procurement, and business stewardship; escalates ethics and governance concerns.
Mike	72	Program Manager (PM), SBOS; former PM, Diego Garcia Base Operations Support (DGBOS)	American	Senior site executive with broad discretion in a remote-contract setting; alleged to have created/expanded roles and compensation for Maria.
Maria	52	Director of Operations, SBOS; former Operations Director, Philippines Support Office (PSO); former Quality of Life Manager, DGBOS; former Air Terminal employee, DGBOS	Filipina	Central figure in allegations: rapid pay escalation, overhead roles, allowance payments, and expanded authority; perceived as closely aligned with Mike.
Peter	50	Chief Executive Officer (CEO), GovCon Inc.	Not stated	Receives Rick's ethics complaint; directs compliance review.
Harry	Not stated	Senior Director, Global Compliance; Attorney, Legal and Compliance Department (GovCon headquarters)	Not stated	Corporate investigator and advisor to the CEO; opens confidential review and interviews complainant.
Rose	40's	Finance Manager, SBOS	Filipina	Finance lead supporting budgeting and pay administration; corroborating witness for allowances and internal equity comparator.
Jennifer	50's	Senior Accountant, DGBOS	Filipina	Can corroborate pay history, bonus records, and salary changes during the Diego Garcia period.
Jimmy	47	IDIQ Manager, DGBOS; Transportation Manager, SBOS	American	Operational/business systems witness; can corroborate travel patterns, organizational structure, and workplace climate.

Name	Age	Job Title / Role	Nationality	Brief Background / Relevant Notes
Skippy	60's	Paya Lebar Airbase Manager, SBOS	American	Referenced as a non-renewal example; can corroborate workplace climate and common knowledge of relationship speculation.
Omar	30's	Warehouseman, Annex 10, SBOS	Not stated	Referenced as Maria's nephew; alleged conflict of interest due to direct reporting line and overtime approval.
Director of Public Works (DPW)	Not stated	Director of Public Works, SBOS	Not stated	Referenced for condescending leadership behavior; part of workplace toxicity allegations.
Contracts Manager (unnamed)	Not stated	Contracts Manager, SBOS (referenced)	Filipina (as described)	Referenced regarding rumored inquiry into degree procurement for Maria; potential witness to role/qualification issues.
Corporate Budget Manager (CBM) (unnamed)	Not stated	Corporate Budget Manager, GovCon headquarters	Not stated	Referenced as budget interface; can corroborate budget process and the "zero-based budget" dispute.
Corporate VP, Business Development (VP BD) (unnamed)	Not stated	Vice President, Business Development, GovCon headquarters	Not stated	Referenced regarding proposal travel participation and expected deliverables; can corroborate travel justification.
Senior VP and Division President (unnamed)	Not stated	Senior executive leadership, GovCon	Not stated	Referenced regarding Rick's potential promotion and later non-renewal threat context.
U.S. Government Contracting Officer (KO) (unnamed)	Not stated	Contracting Officer, U.S. Government customer	Not stated	Referenced as expressing concern about interim PM selection and key personnel suitability.
Competitor (unnamed)	Not stated	Competing contractor (organization)	Not stated	Referenced as having interviewed Mike; declined purportedly due to "package deal" insistence. (Entity included for completeness.)

Consolidated Investigative Lines of Inquiry (from the complaint)

The following questions consolidate the inquiry prompts removed from the main email for readability.

- What was Maria's salary and benefit package before promotion to Quality-of-Life Manager, and what was it afterward? Was Quality-of-Life Manager a legit position per contract? Or it was an overhead position created by Mike? Was anyone else involved in this position approval? Job description, qualifications, requirements, salary level, LCAT, etc.
- Was the position open to other employees to apply?
- What percentage increase did she receive, and how does this compare to standard salary increases on the contract?
- What was the amount and percentage of Maria's end-of-contract bonus relative to her salary and relative to bonuses awarded to similarly situated employees?
- To what extent is it acceptable within company policy for a PM to vacation, travel, and commute daily alone with a subordinate, especially one who is the beneficiary of significant pay increases and special assignments? Is there any company policy about fraternization?
- Is it ethical and compliant for an employee to receive a transportation stipend while being driven by the PM on a daily basis? Was there a company SOP or policy about transportation stipend to show Maria was authorized to receive it?
- How widely known is the relationship, and what reputational and liability implications does this have for the company?
- What was the formal business justification for creating the Director of Operations role, and why was Maria selected over more experienced personnel? Was this job opening publicly announced?
- Why was Maria chosen as interim PM to stand in front of the USG when she does not meet the PWS requirements for PM or other key positions? What were the risks that Mike ignored by making that decision?
- Who approved her midyear "meritorious" increase, and what written performance justification exists? Was the midyear performance assessment applied for everyone?
- What analysis, if any, was performed to evaluate the return on investment for Maria's role relative to alternative staffing of funded positions? The GovCon Inc HQ ever raised questions about this? Who was overseeing Mike and the contract at the HQ?
- Why has Maria been placed over HR and corporate communication and what formal approvals exist?
- What hiring and termination processes were followed in Skippy's case and were company PIP and counseling procedures complied with?
- Why is a foreign national, not in a designated HR or business role, the sole holder of confidential employment agreements for U.S. employees? I see a risk of contract breach from USG for OPSEC and other security concerns.

- What expenses have been charged to Maria's company credit card and how do they align with her position description and cost authority? Was there an internal audit process to check and balance this?
- Is it appropriate for Maria to arrange and manage Mike's personal housing and leases? Does anyone in the office have access to housing leases for all employees including Mike's?
- Why has Mike systematically diverted business functions and reporting lines away from the SBD?
- What accurate record exists of who prepared the budget and who interfaced with corporate on financial planning?
- What documented performance deficiencies, if any, exist for the SBD and were normal coaching and PIP processes followed?
- How has the inclusion of Maria's unfunded position affected gross margin, and who authorized that tradeoff?
- Was there any quarter, biannual, or annual performance assessment?
- What specific value did Maria deliver to the Guam BOS proposal according to VP of BD?
- Was her travel necessary and compliant with BD funding and travel justification standards?
- Is Mike positioning to create another unfunded role for Maria on Guam if the contract is awarded?
- Why is Mike repeatedly tying his own employment and strategic moves to Maria's presence?
- Were conflict of interest and nepotism policies followed in hiring Maria's nephew and placing him under her direct supervision?
- What has been done to address complaints regarding the behavior of the DPW and general workplace toxicity?
- What formal climate or engagement surveys, if any, have been conducted to measure the severity of staff dissatisfaction?

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Timeline of Key Events

Date	Location/Context	Event	Relevance to Case Issues
Jun 2015	Diego Garcia Base Operations Support (DGBOS)	Maria starts as **Assistant Manager, Air Terminal** at **$1,750/month**.	Baseline compensation for later escalation analysis.
Dec 2015	DGBOS	Maria pay increases to **$2,000/month** (same role).	Early step increase; establishes pattern of discretionary adjustments.
Jul 2016	DGBOS	Mike creates/assigns Maria to **Quality of Life Manager** at **$2,750/month** (overhead role).	Role creation and pay acceleration; governance and internal-control signal.
Nov 2016	DGBOS	Maria pay increases to **$3,200/month** (Quality of Life Manager).	Large step increase vs prior rate.
Dec 2016	DGBOS	Maria pay increases to **$3,750/month** (Quality of Life Manager).	Continued high-velocity pay growth.
Sep 2017	DGBOS / Philippines Support Office (PSO)	Maria becomes **Operations Director, PSO** at **$4,250/month** (overhead role).	Overhead role expansion; increased authority and pay.
Sep 2018	Japan (personal travel)	Mike and Maria travel together to Japan (Mt. Fuji trip referenced in allegations).	Reinforces perceived relationship/favoritism risk and workplace climate effects.
Mar 2018	End of DGBOS period	Maria receives **end-of-contract bonus** (prior record reflected $25,000).	Compensation governance, internal equity, and optics.
Apr 2018	Singapore Base Operations Support (SBOS)	Maria transitions to Singapore with Mike; compensation shifts to **$71,000/year base** plus **$12,000/year transportation allowance** (annualized **$83,000/year**).	Transition to SBOS; allowance and overhead-cost salience; internal controls.
Feb 2019	SBOS	Maria receives increase to **$90,000/year base** plus **$12,000/year transportation allowance** (annualized **$102,000/year**).	Major increase; step-change pattern; overhead burden and internal equity.
2018–2019 (date not specified)	Guam BOS capture activity	Guam BOS preproposal conference travel occurs; Rick attends; Maria's	Travel justification, proposal governance, and potential replication of overhead-role pattern.

Date	Location/Context	Event	Relevance to Case Issues
		attendance questioned in allegations.	
25 Nov 2019	SBOS / Corporate	Rick sends ethics complaint email to Peter (CEO), naming witnesses and allegation sets.	Formal escalation and initiation of compliance exposure.
Late Nov 2019 (date not specified)	Corporate	Peter directs Harry (Global Compliance) to open a confidential review, interview Rick, and provide an initial assessment and recommendations.	Establishes corporate response expectations and investigative mandate.
Early Dec 2019 (date not specified)	Corporate / SBOS	Harry contacts Rick, acknowledges receipt, and initiates review/investigation channel.	Formalizes investigative posture; sets communication pathway.
15 Dec 2019	Corporate / SBOS	Rick provides follow-on analytic email explaining compensation escalation and PPP “felt standard of living” framing.	Converts allegations into quantified governance and labor-economics risk framing.
15 Jan 2020	SBOS	Mike issues **Private & Confidential** non-renewal notice to Rick (employment ends **31 Jan 2020**).	Central ambiguity: routine administration vs risk mitigation vs retaliation signal.
31 Jan 2020	SBOS	Rick’s employment ends (cessation date).	End-state outcome; sets conditions for Case 8 continuity.

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Glossary of Acronyms

Acronym	Term
BD	Business Development
BOS	Base Operations Support
CBM	Corporate Budget Manager
CFO	Chief Financial Officer
COVID-19	Coronavirus Disease 2019
DGBOS	Diego Garcia Base Operations Support
DPW	Director of Public Works
HQ	Headquarters
HR	Human Resources
ICP	International Comparison Program
IDIQ	Indefinite Delivery, Indefinite Quantity
KO	Contracting Officer
LCAT	Labor Category
OCONUS	Outside the Continental United States
OPSEC	Operations Security
PAX	Passengers (Passenger)
PIP	Performance Improvement Plan
PM	Program Manager
PPP	Purchasing Power Parity
PSO	Philippines Support Office
PWS	Performance Work Statement
RFP	Request for Proposal
SBOS	Singapore Base Operations Support
SBD	Senior Business Director
SOP	Standard Operating Procedure
USG	United States Government
VP	Vice President
WDI	World Development Indicators

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The Email Trail: Allegations, Investigation, and Separation

Teaching Note

Teaching Use Options:

Option A (Stand-alone case): Use the reverse-chronological email file to teach **compliance triage, investigative design, and governance under managerial discretion** in a remote Base Operations Support environment.

Option B (8-case series integration): Teach this case as the series' **documentary inflection point**, where prior patterns culminate in a formal ethics escalation and a consequential personnel action, while preserving ambiguity about intent and causality.

Interview sources: Any interview and meeting transcript references are **redacted for privacy purposes**.

1. Case Synopsis

This case is structured as a **reverse-chronological email trail**. It opens with Mike's "Private & Confidential" non-renewal notice to Rick, ending Rick's employment effective **31 January 2020**.

The trail then moves backward to Rick's **25 November 2019** ethics complaint to Peter (CEO), the CEO's directive to Harry (Global Compliance) to open a confidential review and interview Rick, Harry's acknowledgment that Legal and Compliance is investigating, and Rick's analytic follow-up explaining compensation escalation and PPP "felt standard of living" in plain language.

2. Learning Objectives

Students will be able to:

1. Diagnose governance and internal-control failure modes in high-discretion, geographically dispersed programs.
2. Distinguish allegation categories and map each to an evidence plan (records, witnesses, disconfirming tests).
3. Evaluate ambiguity around retaliation risk using only **timing, procedure, and documentary signals**, without assuming motive.
4. Interpret compensation escalation as a governance signal (overhead versus funded labor, internal equity, labor substitution logic).
5. Explain PPP purchasing-power equivalence as a consumption-power comparator and assess its appropriate use in compliance communications.

3. Assignment Questions

1. What are the **three most material enterprise risks** surfaced by the record, and what evidence supports each risk?
2. Which allegations are most **readily testable** using objective records (pay, allowances, travel, housing, HR actions, approvals), and which depend on perception?
3. Build the strongest argument that the non-renewal email is: (a) routine administration, (b) risk mitigation, and (c) retaliation.
4. Why does Rick include PPP "felt standard of living," and what are the methodological limits of that framing?
5. As Harry, what actions do you recommend to Peter within **five business days**?
6. What legal, contractual, and employment risks should Harry address immediately after Rick's ethics complaint and subsequent non-renewal notice?

4. Teaching Plan (75 minutes)

0–10 min | Cold open: non-renewal document triage

- Prompt: "What does this email do procedurally, and what does it avoid substantively?"

10–25 min | Reconstruct chronology and identify decision points

- Students reverse-map: non-renewal → complaint → CEO directive → compliance acknowledgment → analytic follow-up.

25–45 min | Allegation taxonomy + evidence ladder (small groups)

- Each group: pick two allegation sets and produce:
  - record pulls (pay history, allowances, housing leases, credit card, HR files, approvals),
  - witness order (corroborators first),
  - disconfirming tests (what would falsify the claim).

45–60 min | Compensation and PPP as an executive communication tool

- Instructor clarifies: PPP is **consumption-power equivalence**, not job-level equivalence.
- Use the case's explicit figures: "$1,750/month (June 2015) to $8,500/month (Feb 2019)" and "386% increase," plus "4–5 Filipino hires" and Rose's ~$45,000 benchmark.

60–75 min | In-class deliverable: Harry-to-CEO action memo

- Students write a one-page memo with:
  - Immediate controls (0–10 business days),
  - Investigation plan (10–30 days),
  - CEO decisions required now.

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5. Analysis and Teaching Guidance

A. The case's designed ambiguity

The record supports competing interpretations. High-quality analysis separates:

- **facts** (what the emails state),
- **inferences** (what timing and structure suggest), and
- **controls** warranted regardless of ultimate intent.

B. High-confidence "record-supported" points

- Non-renewal is presented as an administrative action with cessation date and repatriation/property-return language.
- CEO directs Global Compliance to open a confidential review, interview Rick, and provide "initial assessment, risk summary, and recommended actions."
- Rick frames labor-market context and explains PPP "felt standard of living," asserting a "386% increase" and labor substitution logic.

C. What excellent Harry-to-CEO memos include

- **Document hold**: payroll records, allowance approvals, travel, housing leases, credit card statements, HR actions, and approval emails.
- **Non-retaliation controls** that preserve operations: written directive, witness-contact protocol, restricted approval authorities during the review.
- **Interim governance**: dual approvals for compensation/allowances and HR separations; segregation of duties for sensitive records and housing/finance approvals.
- **Sequenced interviews**: complainant first, then records custodians and corroborators, then subjects.

Legal Implications and Potential Consequences:

This case should be taught as **legal issue-spotting**, not legal adjudication. Harry's immediate concern is protecting the integrity of the review while reducing retaliation, evidence-preservation, cost, and disclosure risk.

First, **Rick's complaint may constitute protected activity.** The non-renewal notice creates retaliation risk because it follows a detailed ethics complaint and compliance review. FAR contractor whistleblower protections prohibit reprisal for disclosures involving reasonably believed evidence of gross mismanagement, abuse of authority, contract-related legal violations, or danger to health or safety.

Second, **Harry must preserve evidence and protect witnesses.** Payroll records, allowance approvals, housing files, travel charges, credit-card records, Human Resources actions, employment agreements, budget submissions, and relevant emails should be preserved immediately.

Third, **the compensation, travel, housing, and credit-card allegations raise cost-allowability and allocability questions.** FAR cost principles require costs to satisfy reasonableness, allocability, accounting standards, contract terms, and FAR limitations.

Fourth, **the complaint may require mandatory-disclosure analysis.** FAR 52.203-13 requires contractors to promote ethical conduct, exercise due diligence to prevent and detect misconduct, and maintain internal controls. If credible evidence later supports fraud, false statements, significant overpayment, or False Claims Act exposure, disclosure analysis becomes necessary.

Potential consequences include retaliation claims, litigation hold failures, questioned costs, internal-control findings, customer notification issues, employment claims, reputational harm, and possible suspension or debarment exposure if serious misconduct is ignored. The executive lesson is that Harry does not need final proof before acting. He needs immediate controls that protect the review, the complainant, the witnesses, the contract, and the company.

Instructors should use the legal issues to show that the first compliance decision is not whether allegations are true, but whether the company has imposed sufficient controls to protect evidence, prevent retaliation, test cost issues, and preserve investigation credibility.

6. Series Integration Guidance (Option B)

Use Case 7 to:

- help students connect earlier operational and cultural patterns to a formal ethics escalation,
- sharpen their ability to distinguish **organizational risk** from **interpersonal narrative**, and
- practice executive decision-making under incomplete information, without requiring knowledge of subsequent case outcomes.

THUNDERBIRD
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The Rest of the Story

Case 8 immediately follows this case and has "the rest of the story".

THUNDERBIRD
SCHOOL OF GLOBAL MANAGEMENT

K. Ryan Jenkins

The Trip Report

Who Runs Singapore Base Operations Support?

Focal actor: *Peter, Chief Executive Officer, informed through Aaron's site assessment and Harry's compliance channel.*
Time and place: *Early 2020, headquarters after Aaron's Singapore visit.*
What has just happened: *Aaron's "clean" trip report confirms governance anomalies in Singapore, and Rick's non-renewal now sits in sequence with a detailed ethics complaint.*
What this actor can see: *Peter sees a contract that performs well, a customer that appears satisfied, a Guam bid of strategic importance, and an operating system that may be teaching the wrong lesson.*
Immediate decision: *Should Peter prioritize short-term continuity and bid posture, or intervene decisively to protect ethics credibility, succession integrity, and long-term governance?*

First impressions

The Singapore team never offered Aaron a single East Coast time slot.

Every pre-visit call landed at 9:00 p.m. in Washington or 4:00 a.m. depending on the week, as if headquarters existed on a different planet. Aaron had spent years moving labor and leaders across continents, and he had learned one reliable rule: when a remote site refuses to synchronize with corporate, it is not a scheduling problem. It is a power signal.

On the final pre-visit call, the pattern became unmistakable. Aaron joined from Washington late at night, expecting the Program Manager to set the agenda. Maria answered first. She opened with pleasantries, then moved quickly to operational highlights and staffing details. Mike appeared briefly, offered a cordial greeting, and then deferred: "Maria can cover that." The call continued for nearly an hour. Most questions, even questions that touched staffing authority and operational priorities, routed through Maria. When Aaron suggested shifting to U.S. business hours for the remaining calls, Maria smiled and said Singapore could accommodate, but no alternative slots ever materialized. Aaron ended the call with one note: the site was not merely busy. The site was comfortable being unsynchronized.

Harry, GovCon Inc.'s senior corporate leader for compliance-adjacent issues and executive workforce decisions, had ordered the visit without drama. He gave Aaron a clean mandate: fly to Singapore, observe the Base Operations Support (BOS) program, test the labor pipeline, and return with a trip report that could withstand cross-examination in the CEO's office.

Harry did not tell Aaron why he wanted an unprimed assessment. He did not mention the ethics submission that had arrived at corporate. He did not mention that the report was nine pages and written by Rick, a rising executive being groomed for larger program leadership. Harry wanted Aaron to see Singapore as it was, not as rumor framed it.

Company and Contract Context

GovCon Inc. competed in the global market for U.S. government contingency and overseas installation support, where past performance often functioned as currency. In that market, BOS contracts could be deceptively simple in description and brutally complex in execution: utilities, housing, public works, logistics, facilities maintenance, and service ticketing, delivered under constant customer scrutiny and tight cost controls.

Within GovCon's portfolio, Singapore BOS held an unusual status. It was not the largest contract, but it was among the most coveted. Competitors pursued it because the customer visibility was high, the quality of life attracted strong talent, and strong performance could translate into Contractor Performance Assessment Reporting System (CPARS) narratives that supported future wins.

At the same time, GovCon's capture team was waiting on the Navy's decision for Guam BOS, a pursuit whose total contract value could exceed $1B over the life of the award. The Navy had not yet announced an award. GovCon expected decision protests because protests were common in acquisitions of that magnitude. Even if GovCon won, it could be close to two years before full performance began when decision timing, protest resolution, and transition requirements were considered. In that environment, key personnel credibility mattered. The Program Manager (PM) and deputy-equivalent roles functioned as discriminators in many Navy evaluations, whether explicitly stated or tacitly weighted.

Aaron's Role

Aaron served as Director of Global Talent Acquisition, with direct exposure to the labor pipelines that made overseas BOS contracts viable. He had managed recruitment ecosystems on multiple continents and understood the economics that drove the U.S. government's reliance on non-U.S. labor offshore. He also carried a corporate operator's bias: he distrusted stories until he could map them to systems, roles, and incentives.

Arrival in Singapore

Singapore did not feel like Diego Garcia, Afghanistan, or the other austere sites that shaped GovCon's institutional muscle memory. The physical environment was polished: tidy bungalows, clean pathways, and a city-state's economy just beyond the base perimeter. The comfort was not merely a lifestyle detail. Comfort reduced turnover pressure, and low turnover made entrenched structures harder to dislodge.

Aaron's approach was consistent: he wanted to see the work before reviewing the slides. He walked through functional areas, asked to meet section leads, and watched how the program translated customer needs into work orders and outcomes.

Maria's Presence

Maria, the Director of Operations, escorted Aaron everywhere

She did not introduce Aaron to section heads and then step out. She stayed. She sat in briefings, followed him between meetings, and positioned herself as the continuous interpreter of what he saw. The effect was subtle and cumulative: every conversation occurred in Maria's shadow, and every observation arrived pre-framed by the person who controlled access.

Aaron met with each operational section. Maria attended. Aaron had a brief conversation with Rick and Rose. Rick, a rising GovCon leader being developed for future Program Manager responsibilities and later bid as the Senior Finance Director on the Guam Base Operations Support pursuit, introduced Rose, the contract's Finance Manager and a key internal check on budget discipline and labor-cost controls. Maria attended. Aaron asked for a private meeting with the PM, Mike, and Maria joined that meeting as well.

On the first walkthrough, Aaron asked to meet housing maintenance leaders in their work area rather than in a conference room. Maria agreed and led him to the shop. The supervisors were polite, professional, and prepared. Aaron asked routine diagnostic questions: what failed most often, which housing blocks generated repeat tickets, how parts were requested, and where delays accumulated. Each time a supervisor began to answer, their eyes flicked to Maria before returning to Aaron. The answers were accurate, but curated. No one offered side comments. When Aaron asked if he could speak with a supervisor alone for ten minutes to understand constraints, Maria stayed seated and continued taking notes, as if the request had never been made.

Later that day, the Navy's housing representative described the program's improvement in blunt, operational language. Work orders that once took weeks now closed in days. Repeat calls dropped. Complaints about unresolved maintenance issues declined. The representative cited housing maintenance responsiveness as a visible change from the previous contractor and spoke with confidence about the current leadership team. Mike attended the meeting but did not dominate it. He listened, nodded, and offered short confirmations. Maria supplied details: staffing patterns, on-call rotations, and what she described as tighter coordination between work control and field teams. Aaron wrote a second note: customer legitimacy was real, not performative.

Aaron then requested a private meeting with Mike, the type of one-on-one conversation corporate assessors use to test accountability and candor. Mike agreed. When Aaron arrived at Mike's office, Maria was already there. Mike remained behind his desk, posture relaxed. Aaron asked who owned the housing maintenance bottlenecks and who could authorize rapid shifts in manpower. Mike answered once, then redirected: "Maria runs day-to-day operations." Aaron asked about succession depth, who could step in if a key leader departed, and how the program ensured independent reporting to headquarters. Mike smiled, then looked to Maria. Maria answered with practiced certainty. Mike added little. Aaron left with a third note: formal authority and functional authority were not aligned.

Between meetings, Aaron heard a phrase more than once, stated as if it were common knowledge. A foreman described a schedule change and said, "Maria has to approve it." Another employee, speaking quietly, offered advice without being asked: "If you want something to move, talk to Maria. Mike talks to the Navy." No one said it with resentment. They said it as a description of how the system worked.

That evening, Aaron opened his notebook and wrote three headings: Customer, Controls, Succession.

Under Customer, he wrote: "Housing maintenance responsiveness praised; trust in current delivery model."

Under Controls, he wrote: "Single-channel access; responses shaped in front of gatekeeper; limited independent verification."

Under Succession, he wrote: "Thin bench by design; authority concentrated; deputy role ambiguous."

What Worked

The output metrics were strong. The Navy customer spoke positively about responsiveness and service delivery. The program's ticketing performance had improved materially compared to the prior contractor, the type of operational narrative that could support strong CPARS ratings. Employee Appreciation Day reinforced a cohesive internal culture, complete with award certificates and a Jollibee buffet that resonated with a Filipino-heavy workforce.

What Felt Structurally Unusual

Aaron expected a familiar overseas BOS hierarchy: U.S. citizen leadership at the top, interfacing with the Navy; a large workforce of Third Country Nationals (TCNs) delivering most services; and Local Nationals (LNs) where host-nation labor made sense. Instead, Aaron observed non-U.S. staff occupying unusually central decision lanes.

The strongest signal was interpersonal rather than documentary. Mike did not behave like a PM hosting a corporate review. Mike remained in his office for much of the visit and deferred repeatedly to Maria as the primary liaison and public face of the program. In meeting after meeting, Maria spoke first, answered most questions, and framed operational realities as if the contract's center of gravity sat with her, not with the PM.

Mike's Credibility and the Succession Problem

Mike had a career story that carried weight with the Navy. He had enlisted during the Vietnam era and later left the Navy as a senior officer, O-6 Captain, before moving into contracting. That biography often functioned as an informal performance bond: customers trusted the familiar face who spoke their language.

Aaron also saw the shadow side of that credibility. He was not an ageist, but he understood how quickly the Navy's culture and leadership norms evolved. A PM who once sat across from peer-aged counterparts eventually sat across from leaders who were several generations younger. The contract did not automatically fail under that shift, but the PM's authority increasingly depended on legacy trust rather than adaptive leadership.

In that context, Rick represented a different kind of asset: younger, ambitious, and positioned as an up-and-comer with runway. Corporate leaders had discussed Rick as future PM and VP material. To Aaron, the logic was straightforward: the presence of a credible successor threatened any incumbent whose leverage depended on being irreplaceable.

Aaron's Working Theory

Aaron did not claim proof. He described a working theory.

If Mike empowered a younger U.S. deputy, he would cultivate a successor who could plausibly replace him. If Mike instead delegated operational control to Maria, a non-U.S. leader who could not realistically become the Navy-facing PM, Mike could preserve strategic control while offloading workload and narrowing internal subversion. Maria's constant escorting behavior now read less like hospitality and more like disciplined message management.

Guam in the Background

The Singapore dynamics mattered even more because Guam was unresolved. Mike served as the bid PM on the Guam BOS proposal. Rick was bid as the Senior Finance Director on Guam, a role that effectively functioned as a deputy on a contract expected to exceed $1B. Peter also knew that Mike intended to bring Maria to Guam if GovCon won, extending the same operating system into the company's largest growth opportunity.

The Trip Report Meeting in Washington

A few days after returning, Aaron sat with Harry and Peter in a quiet conference room near the corporate office. Harry asked Aaron to start from the beginning and describe what he observed, not what he suspected. Aaron reported strong customer satisfaction, strong performance outputs, and a cohesive workforce culture. He then described the anomalies: corporate scheduling indifference, unusual authority lanes, Maria's continuous presence, and Mike's consistent deferral.

When the Complaint Outlives the Complainant

Harry saved the one fact that restructured the entire trip report.

"Aaron," he said, "before you departed, an ethics case came in. Rick submitted it. The allegations involved Mike and Maria. I did not tell you because I needed your assessment without that lens."

Peter, the CEO, did not correct Harry. He let the sentence stand. Aaron understood why: Peter wanted an unimpeachable operational diagnosis, and he also wanted the problem to simplify itself.

Harry continued. “Aaron, on your return travel back to D.C., Rick contacted me again. Mike told him he would not be re-contracted.”

A pause settled over the room, long enough for Aaron to register: in Rick’s position, the sequence could read as cause-and-effect even if no one in corporate chose to name it.

Aaron looked at Peter. He did not accuse. He forced clarity.

“That honestly does not surprise me. Does the ethics case proceed independent of Rick’s employment status,” Aaron asked, “or does it effectively go fade away once he’s no longer with GovCon Inc?”

Peter exhaled. “We can’t say we ignore an ethics case,” he said. Then he added, more candidly than a CEO usually allows: “I also won’t pretend it isn’t inconvenient.”

He held Aaron’s gaze and spoke to the deeper history.

“I’ve heard complaints about Mike and Maria for years, even going back to their former assignment in Diego Garcia,” Peter said. “Nothing has ever been substantiated by HR. There’s always been smoke, never fire. But this ethics submission wasn’t a paragraph. It was detailed. Nine pages.”

Aaron’s face did not change, but his questions sharpened.

“If we allow Rick’s non-renewal to stand,” Aaron asked, “what happens to the nine-page complaint? Who owns it? HR? Legal? Compliance? All three? And what will it look like to others on the contract if the complainant exits before any visible action occurs?”

Peter did not answer directly. He shifted to the constraint he felt the most: the customer, the Navy.

“Mike has an excellent relationship with the Navy,” Peter said. “Singapore is a flagship. The customer likes stability. The contract’s performance matters.”

Aaron accepted the constraint and reframed it as governance.

“Understood,” he said. “But if corporate does nothing, the site learns a lesson. If corporate overrides the PM, the site learns a different lesson. Either way, we teach the organization who has the power on the contract.”

He then posed the question Peter was trying not to confront.

"Are we willing to exercise corporate authority over who stays in Singapore," Aaron asked, "or are we defering that decision entirely to the PM?"

Peter glanced at Harry, then back at Aaron. "If I override Mike and keep Rick," he said, "I will lose Mike and also Maria."

Aaron leaned forward slightly, controlled but pointed.

"And if Rick believes the timing of the non-renewal connects to the complaint," Aaron said, "what does that do to his willingness to stay quiet, to move on, or to trust the company's process?"

Peter did not respond. The silence answered enough.

Then Peter added the detail that shifted the decision from a Singapore problem into a portfolio problem.

"And this isn't only Singapore," Peter said. "Guam hasn't been decided."

Peter looked at Aaron, then back to Harry.

"Mike is the bid PM on Guam," he said. "The PM position is a critical discriminator in the Navy's decision matrix. If I destabilize Mike now, while the Navy is still evaluating, I risk scuttling the whole opportunity. And I've heard Mike intends to bring Maria to Guam if we win."

Closing Dilemma

Peter looked down at Aaron's notes, then at Harry.

He could keep Mike and stabilize the Navy relationship while Guam remained undecided, accepting that the ethics case would unfold under the shadow of a non-renewal and that Mike and Maria's operating system might migrate to the company's largest pursuit.

Or he could keep Rick and preserve the next generation of leadership, asserting corporate control now at the cost of near-term customer disruption and a potential blow to a $1B+ opportunity still under evaluation.

Peter closed the folder.

"I'll decide in twenty-four hours," he said. "And whichever way I decide, we will lose someone."

Exhibit A. Timeline

Event	What Happened
T-2 to T-1 weeks	Pre-visit calls scheduled on Singapore's time; Maria is prominent; corporate time zones not accommodated.
T-0	Aaron deploys to Singapore for a five-day site assessment.
During visit	Maria escorts Aaron to all sections; Mike remains largely in office and defers to Maria in interactions.
Return travel	Rick informs Harry that Mike told Rick he would not be re-contracted.
Trip report meeting	Harry reveals ethics case submitted by Rick (nine pages) involving Mike and Maria; Peter frames decision constraints (Singapore flagship; Guam undecided; $1B+).

Exhibit B. Stakeholder and Authority Map

Stakeholder	Formal Role	Primary Leverage	Primary Risk
Peter	Chief Executive Officer (CEO)	Enterprise authority; bid posture	External legitimacy vs internal legitimacy
Harry	Corporate leader (compliance-adjacent)	Process control; information broker	Credibility of ethics process
Aaron	Director, Global Talent Acquisition	Independent diagnostic credibility	Limited authority; must persuade
Mike	Singapore Program Manager (PM); Guam bid PM	Customer capital; incumbency	Single-point dependency; governance drift
Maria	Director of Operations	Control of messaging and access	Perceived capture of processes and authority lanes
Rick	Emerging leader; Guam Sr Finance Director (deputy-equivalent)	Succession runway; governance orientation	Talent loss; interpretive sequence risk
Navy	Customer	CPARS ratings; award decisions	Operational continuity; perception of instability

Exhibit C. CEO Decision Tree (Singapore and Guam)

Option	Immediate Benefit	Primary Cost / Risk
1. Allow Rick non-renewal; keep Mike/Maria	Customer continuity; protects Guam bid optics	Talent loss; ethics credibility risk; operating system propagates to Guam

2. Override non-renewal; keep Rick; keep Mike/Maria	Signals corporate authority; retains talent	Mike/Maria may exit; dual-power instability; Guam bid credibility risk
3. Remove Mike; elevate Rick as successor	Clear succession; governance reset; preserves future bench	Highest customer disruption risk; Guam evaluation risk if bid PM changes
4. Keep Mike/Maria; launch formal HR/legal/compliance inquiry	Procedural defensibility; avoids immediate bid disruption	Distance-execution difficulty; perceived softness; trust erosion

Glossary of Acronyms

BOS: Base Operations Support (integrated installation services such as facilities maintenance, housing support, utilities, logistics, and customer service ticketing).

CEO: Chief Executive Officer (enterprise head with portfolio-level decision authority).

CPARS: Contractor Performance Assessment Reporting System (U.S. Government system for documenting contractor performance, commonly used as past performance evidence in

HR: Human Resources (organizational function responsible for staffing actions, personnel policy, and associated investigations in coordination with legal/compliance when appropriate).

PM: Program Manager (primary on-site leader accountable to the customer and corporate leadership for contract performance).

The Trip Report

Who Runs Singapore Base Operations Support?

Teaching Note

Synopsis:

Aaron, a corporate assessor, travels to Singapore to evaluate the Singapore Base Operations Support (BOS) program after Harry directs a "clean" assessment. On site, Aaron observes strong Navy satisfaction alongside governance anomalies: Maria accompanies Aaron throughout the visit and functions as the program's principal interface, while Mike, the Program Manager (PM), remains insulated and repeatedly defers to Maria as the operational "face" of the contract.

After Aaron returns, Harry discloses that Rick submitted a detailed, nine-page ethics complaint involving Mike and Maria before Aaron departed, and that Rick received notice of non-recontracting during Aaron's return travel.

The CEO, Peter, must decide how to manage ethics-process credibility, customer continuity, and leadership succession. The decision is intensified by an unresolved Guam BOS bid valued at $1B+ over contract life, where Mike serves as bid PM and Rick is positioned as a deputy-equivalent senior finance leader; Peter also understands Mike intends to bring Maria to Guam if GovCon wins.

Teaching objectives:

By the end of the session, students will be able to:

1. **Diagnose governance drift under high performance**: explain how customer satisfaction can coexist with weak controls, ambiguous accountability, and single-point dependency.
2. **Distinguish allegation adjudication from governance design**: treat an ethics complaint as an enterprise risk signal independent of the complainant's employment status.
3. **Interpret "message control" as a control system**: analyze how access intermediation (Maria escorting all interactions) constrains information flow, shapes perceptions, and affects auditability.
4. **Evaluate CEO trade-offs across time horizons**: balance near-term customer legitimacy and bid optics against long-term leadership bench strength and ethics credibility.
5. **Translate ambiguity into executable choices**: generate a decision tree with operational and reputational consequences, rather than defaulting to delay.

Option 1: Teach as a stand-alone case (75 minutes):

Pre-class assignment questions

1. What is the core decision Peter must make, stated in one sentence with an explicit trade-off?
2. List five *observable* governance signals in Singapore that are independent of whether any allegation is true.
3. What should Peter do in the next 72 hours to protect: (a) customer confidence, (b) ethics-process credibility, and (c) Guam bid posture?
4. What are the second-order effects of letting Rick's non-renewal stand (organizational voice, talent market signaling, and future reporting behavior)?
5. What legal, contractual, and enterprise-governance risks should Peter consider before allowing Rick's non-renewal to stand or intervening in Singapore leadership?

Class plan (75 minutes)

- **0–10** Opening vote: "Is this primarily ethics, governance, or capture strategy?"
- **10–25** Fact pattern and timeline: students separate *facts* from *inferences* (no intent language).
- **25–45** Governance diagnosis: authority map and information-flow analysis (Maria's escorting; Mike's deferral). Legal implications: retaliation, investigation independence, CPARS, responsibility, and Guam bid risk
- **45–60** Decision-tree stress test: evaluate each branch with Guam implications (key personnel credibility; time horizon).
- **60–72** CEO memo drill: one-page, 5 bullets, 72-hour plan.
- **72–75** Closing: "What single new fact would change your recommendation?"

Legal Implications and Potential Consequences:

This case should be taught as **legal issue-spotting**, not legal adjudication. Peter's decision implicates enterprise risk because ethics credibility, customer continuity, succession integrity, and Guam bid posture now converge.

First, **Rick's non-renewal creates retaliation-risk exposure.** Because Rick filed a detailed ethics complaint before receiving notice of non-renewal, Peter must treat timing, process, documentation, and decision authority as material facts. FAR whistleblower protections prohibit reprisal for protected contract-related disclosures.

Second, **Peter must preserve investigation independence.** The complaint should proceed regardless of Rick's employment status. Evidence preservation, witness protection, and interim controls matter more than whether Peter has reached a final conclusion.

Third, **Singapore performance does not eliminate governance risk.** Strong customer satisfaction and positive Contractor Performance Assessment Reporting System potential can coexist with weak internal controls. FAR past-performance information includes factors such as conformity to requirements, cost control, schedule adherence, management, business relations, customer satisfaction, integrity, business ethics, and concern for the customer's interests.

Fourth, **Guam transforms a site issue into an enterprise issue.** If Mike remains bid Program Manager while unresolved ethics and succession concerns persist, GovCon may face key-personnel credibility, responsibility, bid-protest, and reputational risk. FAR responsibility standards require prospective contractors to demonstrate, among other things, integrity, business ethics, organization, experience, accounting controls, operational controls, and technical skills.

Potential consequences include retaliation claims, weakened ethics-process credibility, impaired employee reporting, adverse customer perception, bid credibility risk, loss of emerging leadership talent, and reputational harm. The executive lesson is that inaction is also a governance decision: it teaches the organization which authority structure the enterprise will protect.

Instructor analysis (stand-alone):

Key interpretive pivot: The case is not asking students to "solve" allegations. It asks them to evaluate whether **the operating system** (authority, information control, succession architecture) produces predictable governance risk even under strong performance. Maria's omnipresence and Mike's insulation are not "style," they are **control signals**.

What to surface:

- **Message control:** A single actor escorting a corporate assessor across all sections constrains independent verification and suppresses variance in reporting.
- **Role-accountability mismatch:** Mike retains formal authority while Maria acts as interface and gatekeeper, creating ambiguity about who owns the system's risks.
- **Ethics-process credibility:** When non-recontracting follows a detailed complaint in close sequence, employees can interpret the sequence in ways that harm voice norms even absent proven intent.
- **Portfolio amplifier:** Guam transforms a local governance problem into an enterprise strategy problem; Peter's options are constrained by bid optics and key personnel credibility.

Option 2: Teach as part of the 8-case series (75 minutes):

Series framing (what changes):

As a series case, Case 8 functions as the **executive convergence point**: prior cases establish Mike's consolidation tendencies, Maria's rapid role elevation, and Rick's succession trajectory; Case 8 forces a CEO decision where students must integrate ethics, governance, and capture economics.

Pre-class assignment questions (series):

1. What patterns from Cases 1–7 are consistent with "succession suppression" and centralized narrative control? (Students must cite prior cases and this case.)
2. How does Peter's Guam constraint alter what "good governance" looks like in the short run?

3. If you were Harry, what would you have done differently before sending Aaron, and why did the "blind assessment" logic still make sense?
4. What organizational norm will employees infer depending on whether Rick stays or exits? (Do not use intent labels.)

Teaching plan adjustment (series):

- Replace 10 minutes of "timeline reconstruction" with a **cross-case pattern board**:
  - Column 1: evidence of customer capital dependency
  - Column 2: evidence of governance drift
  - Column 3: evidence of career consequences following speaking up
- Then run the same decision-tree stress test, but explicitly ask: *"What series-level theme does Peter's decision teach?"*

Instructor analysis (series):

As part of the series, students should see that Peter is not only choosing between individuals. He is choosing between competing institutional logics:

- **Capture logic:** preserve the face the Navy trusts while Guam remains undecided.
- **Governance logic:** protect process integrity and succession capacity even when it disrupts bid posture.
- **Cultural logic:** what the organization learns about the consequences of raising concerns.

Board plan (works for both options):

1. **Facts** (student-supplied):
   - Maria escorts Aaron everywhere; meetings with sections and Rick/Rose occur with Maria present; Mike defers to Maria and stays insulated.
   - Harry discloses Rick's nine-page ethics submission and Rick's non-recontracting notice.
   - Guam $1B+ stake; Mike bid PM; PM is a discriminator; expected protests; long runway to performance; Mike intends to bring Maria to Guam if won.
2. **Interpretations** (student debate):
   - What governance risks exist even if allegations are false?
   - How will employees interpret sequence and what happens to speak-up norms?
3. **Decision** (CEO options):
   - Use the case's CEO option space and force a recommendation with risk mitigations.

Recommended exhibits (optional but high yield):

- **Exhibit 1:** Timeline (ethics submission → site visit → non-recontracting → CEO decision window)
- **Exhibit 2:** Stakeholder/authority map (formal authority vs actual influence)
- **Exhibit 3:** Decision tree with Guam implications (as provided in case)

Source Note:

This teaching note draws on the case draft, the associated epilogue, and project interview materials. Any interview-based source used in the broader project should be identified as **redacted for privacy purposes**. Supporting interview materials are background development sources and should not be distributed as student handouts in this case.

Instructors should use the legal issues to show that Peter's first duty is not to decide whether every allegation is true, but to protect the integrity of the ethics process, preserve evidence, prevent retaliation, and prevent a local governance problem from becoming an enterprise credibility failure.

Rest of the Story

Rick was not re-contracted. Jimmy was also not re-contracted.

After Rick's departure, corporate allowed the ethics complaint to dissipate rather than treating it as a sustained enterprise-risk matter. The only operational restriction implemented concerned the transportation arrangement: if Maria continued to receive the transportation stipend, Mike could no longer drive Maria to and from work.

With Rick gone, Maria moved into Rick's prior position as Business Director. Maria received Rick's company vehicle and began commuting independently, which resolved the stipend issue without changing the underlying reporting structure.

Mike then formalized Maria's placement with the Navy contracting office through written justification. Mike asserted that the Business Director position did not require a security clearance because the contract already had two Americans with security clearances available to cover cleared requirements. Mike also argued that assigning Maria to the position reduced cost, and he set Maria's base salary at $110,000, which he presented as a savings relative to Rick's compensation. In practice, this represented yet another pay increase for Maria while preserving the appearance of cost containment.

The Business Director position also required a business, finance, accounting, or related degree. To satisfy that requirement, Mike directed a Filipino employee to obtain an economics degree through a diploma mill in the Philippines on Maria's behalf. Mike then submitted that credential package to the Navy contracting office as part of the position-qualification file.

These actions consolidated Maria as the functional number two on the Singapore BOS contract. The governance model Aaron identified during his site visit persisted: Mike retained the customer-facing role and formal PM authority while Maria held internal operational control and managed information flow.

COVID-19 later amplified this stability. The pandemic made leadership replacement and personnel rotation difficult, which reduced corporate optionality and increased reliance on incumbents. Over time, through attrition and leadership turnover at headquarters, the earlier concerns faded from active corporate attention. The CEO and corporate leaders involved in the original decision eventually moved to other positions and companies.

Mike remained Program Manager until retiring at age 79. Maria remained on the Singapore contract.

GovCon did not win the Guam BOS contract. The incumbent contractor won, although GovCon submitted the lowest-priced bid. GovCon did not win additional BOS contracts after that outcome. GovCon did, however, win the Singapore BOS recompete, but only after implementing deeper cost reductions.