Written by Nick Sanders Monday, 25 March 2019 00:00



If you are reading this blog you may know John Panetta, Sr. You may have interacted with him at a meeting of the AIA Cost Principles Committee. You may have interacted with him at a meeting of the Finance Executives International's Committee on Government Business. You may have worked with him at THE Raytheon Company (as John would pronounce it).

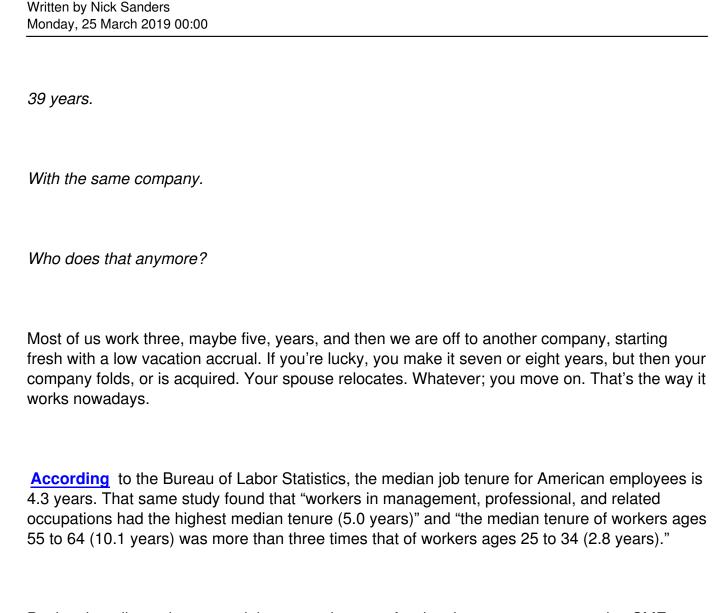
If you haven't met John in person, chances are you've read some of his precedent-setting cases before the ASBCA and Court of Federal Claims. It is a well-known fact that Raytheon has litigated—and won—many important cases in areas such as CAS cost impacts and cost allowability. Obviously, those areas are smack in the heart of what we write about so, as you may well imagine, we've written quite a bit about Raytheon's litigation victories. (Do a keyword search from the home page.) Most, if not all, of the cases we've written about have been personally sponsored by John (in coordination with both internal and external counsel). John was deposed, or personally testified, in many of those cases. Thus, to the extent important precedents were established as the result of Raytheon's willingness to litigate, we have John to thank in large part.

And if you haven't met John in person or read the important Raytheon cases he shepherded through many internal and external "hoops" that would have kept a lesser individual from persevering, here's a chance to see John testify before a Subcommittee of the House of Representatives' Armed Services Committee (HASC).

Why do we care about Mr. Panetta?

Well, he's retiring at the end of this month, after 39 years with Raytheon.

On Golden Pond



Putting that all together, you might expect that a professional government accounting SME might last as long as ten years at a single place of employment. *But 39 years?* That's six or seven standard deviations off the mean!

How did John accomplish this feat?

Those of us who do this for a living understand how hard the job is. We walk a tightrope between the needs of the business and the needs of compliance. We have to persuade leadership to invest in controls, and in training, and in other things that look very non-value-added because they don't actually contribute to revenue being generated. Sometimes we have to be the traffic cop, telling program managers "stop" because they are doing something that seems quite reasonable (from their point of view) but is actually a noncompliant practice that could lead to litigation.

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Speaking of litigation, it's a very hard task to persuade leadership to spend the unallowable money necessary to litigate—and to prevail—at a Board of Contract Appeal or at the Court of Federal Claims. There's a natural inclination to pay a penalty rather than pay for very expensive outside attorneys; and when you add in the perceived risk of upsetting the customers, that inclination becomes an almost unchangeable decision not to litigate.

Mr. Panetta successfully walked that tightrope for 39 years. During that time, he kept his employer relatively free from adverse audit findings and associated disallowances/penalties. He kept the many employees of Raytheon aligned in a culture of compliance. When necessary, he pushed and prodded and persuaded his leadership to "go to the mattresses" and litigate.

I watched him in action for six years. He accomplished all the above by being very, very, technically knowledgeable about the subject matter while at the same time being very good at working within the corporate system. Somehow, he found the right balance between being a FAR/CAS nerd and being a respected member of corporate leadership.

Readers probably don't know this, but John has been a quiet supporter of this blog for many years. While many people were advising me to shut it down because my opinions were perceived as not being politically correct (in the corporate sense), John was telling me that he was a regular reader who liked what he was reading. After I left Raytheon, I would still get occasional emails from John, encouraging me and telling me what he liked. Given John's ability to turn a phrase, I have always been proud to hear from him that he liked the use of this word or that sentence, or that he liked the way I tackled a topic. His encouragement mattered and, to some extent, has kept me going over the past decade of blogging.

Now John is riding off into the New England sunset, taking with him nearly 40 years of accumulated wisdom and knowledge in this arcane realm of government accounting and contract compliance.

I wish him the best. He will be missed.