MEMORANDUM FOR:

Upon my replacement of Gen Bradburn I felt it appropriate to reaffirm prior SP policies and provide the contractors with some of my personal views.

Attached is a copy of a letter which I have sent to all of our major contractors. I have also provided Les Dirks and Capt Darcy with complimentary copies for their information.

JOHN E. KULPA, JR.
Brigadier General
Dear 

I look forward to working closely with you and your people as I assume the job of Director of Special Projects, and take this opportunity to reaffirm the basic policies which govern our business relationships. We are each part of a team which must continue to work hard at developing the finest satellite intelligence collection systems that we can produce with the resources available to us.

The policies and procedures which have been developed over the years have worked very well, and we will continue to use them. Because of the very unique nature of our interfaces, I would like to highlight four areas that deserve special comment and emphasis at your level and mine — contract management, security, marketing, and ethics.

With regards to contract management, the office of Special Projects has long placed emphasis on incentive contracts which give highest ranking to technical performance. We will continue to do so, at the same time insuring that maximum fees can be earned only by achieving our goal of truly superior technical performance. I believe we must work together toward this common goal without creating an adversary relationship; however, SAFSP will hold a strong line in negotiations to insure that prices are realistic, fair and reasonable to all parties and will work to assure that contracted performance is achieved. I plan to maximize competition on new program procurements and, when appropriate, existing program major modifications. I intend to do all I can to engender a sound, healthy, and highly competitive industrial base which in the ultimate analysis will certainly benefit the national satellite reconnaissance effort.
The present environment of ever-increasing costs is having a significant adverse impact on Defense dollars, and our pro-
grams are in stiff competition for government funds. Maintenance
of programs within target cost deserves extremely close manage-
ment attention at all levels. We will look closely at the neces-
sity for any proposed system changes, and we must jointly identify
potential problems at the very earliest possible date and work
vigorously to resolve them.

The second area, security, requires constant attention. Sat-
ellite intelligence collection systems are vital to the nation -- and extremely vulnerable. This vulnerability not
only includes the threat of physical damage but extends into
potential political countermeasures. The system serves to prevent unfriendly nations from sending reasons
to exert political pressures against our reconnaissance
satellites, as well as protecting their true capabilities
and the military and industrial base engaged in their develop-
ment and operation. Adversary nations are known to be taking
satellites. We cannot afford to give them any advantage. The
recent public revelations of various aspects of satellite re-
connaissance have been unfortunate. However, we must continue
not to comment on printed stores nor openly discuss this sub-
ject. We each need to reaffirm to all of our people that the
policies and procedures of the system must be
followed in spite of greater public awareness; if, in the
future, there are changes in security policy, they will be
conveyed to you directly and quickly from me.

The third area is marketing. We encourage independent
investigation and planning as a step toward introducing new
and better products for the mutual benefit of the government
and company. However, the conventional marketing approach
has never been compatible with the protection needed for
sensitive intelligence collection apparatus and operations
and is not endorsed by SAFSP. You must continue to channel
ideas regarding space reconnaissance systems to the appro-
priate
Finally, a word on ethics. Satellite reconnaissance is a legal endeavor, consistent with federal statutes. No one engaged in the program in any capacity, in government or industry, must ever be directed to perform an illegal act. The special security requirements of the program can be followed legally and by using good common sense. Because of the lower visibility afforded by our security we need to be particularly sensitized to our personal conduct. We must avoid not only true conflicts of interest, but also any appearance of a conflict of interest. I will not permit my people to accept any form of gratuities or special favors and I ask your full support to preclude possible embarrassing situations.

In this reaffirmation of policies I want to assure that our relationship works both ways and my door is open for discussion. Should you wish to do so, I encourage you to convey to me your ideas on these subjects or any others that are of mutual concern. Because these thoughts are generally applicable to everyone who works within the satellite reconnaissance program, I suggest that they be disseminated widely. Making them work requires strong management effort from both of us, and I look forward to a continued fine working relationship between our organizations.

Sincerely,

JOHN E. KULPA, JR.
Brigadier General, USAF
Director