

The Ethics of Competitive Intelligence

The thought of engaging in shady behavior is one factor that prevents companies from performing competitive intelligence. Tales abound of dumpster diving and theft of trade secrets, but true competitive intelligence is both legal and ethical.

Not engaging in illegal activities is a given. But the ethics of competitive intelligence are a bit trickier. A good rule of thumb to use: If something feels wrong to you, it probably is.

"We have something called the Harm Rule," says Leonard Fuld, president of Fuld & Company, a Cambridge, MA-based competitive intelligence firm. "It says, 'I will not do anything that may now or in the future harm or embarrass the corporation.' If you feel that what you're doing might be the case, then don't do it."

John McGonagle, managing partner at Helicon Group, a Blandon, PA-based competitive intelligence company, advises his clients to follow the Front Page Rule. "Don't do anything that you would be embarrassed to see on the front page of your hometown paper."

The trouble is, that level of harm or embarrassment is different for every industry. Take that dignity-stealing tactic known as dumpster diving. "In some cases it's perfectly legal, in some cases it's highly illegal," McGonagle says. "I think it's unethical."

Nonetheless, there are certain guidelines everyone should follow.

"We never misrepresent who we are," McGonagle says. "If you're talking to people, you've got to be honest. Don't say you're a student doing a paper, that's highly unethical. Don't go into a trade show with a badge other than who you are. If you also work for a subsidiary, you can put your subsidiary's name on it. But don't use a fake name or put down that you're a consultant when you're actually the marketing director."

"If you come across a document that's marked with words like 'confidential' or 'proprietary,' get away from it," McGonagle adds. "Don't finish reading it. Get ahold of your lawyer right away and dump it on his or her desk. Anything that's a trade secret – I don't care even if someone says it's no longer a trade secret – you walk away from it. You could be facing criminal penalties, not just civil penalties."

Fuld & Company has a statement of ethics on its Web site (www.fuld.com), including the Ten Commandments of Legal and Ethical Intelligence Gathering (Commandment #4: Thou shalt not bribe). The Society of Competitive Intelligence Professionals (SCIP) also lists a code of ethics on its site (www.scip.org).

The bottom line: If in the name of competitive intelligence you do something that makes you feel like you need a shower afterward, then it's time to reconsider your methods.