

Example of conflict of interest in competitive intelligence essay

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Conflicts of interest encountered while practicing competitive intelligence

Competitive Intelligence has come to occupy an important space in the modern business and industrial landscape. The need to identify threats and opportunities and be prepared to tackle them when they arise has necessitated gathering of competitive intelligence.

However, the process of gathering competitive intelligence also involves taking ethical decisions. Gathering of data for competitive intelligence and analysis is fraught with ethical challenges, wherein one needs to be sensitive to the ways and means of gathering competitor data and whether these are in consonance with principles of ethical business practice.

For example, Business Ethics Magazine reported an example of breach of business ethics as removing of 10, 000 pages of documents by a firm from its competitor's dumpster on the latter's property (Western, 1995).

Such illegal means adopted in collecting competitive intelligence sometimes has created a negative image for competitive intelligence professionals in the media. They often use terms such as 'snoops', 'corporate spooks', 'James Bond Tactics' and 'spies/spying' while reporting on competitive intelligence practices, thus questioning the legitimacy of the corporate intelligence field. (Dumaine, 1988).

Competitive intelligence practice is relatively young and ethical guidelines are not yet well specified, as has been noted by the study of various CI literature. The Society for Competitive Intelligence Professionals established in the 1990s to promote CI as a profession is acutely aware of this fact, and has been taking measures to address this issue. It was this concern for

ethical issues that led the SCIP to commission a study on ethics in CI as far back as 1997. (Trevino & Weaver, 1997)

However, defining ethics and good business practices in CI is not always as straightforward as one would expect it to be. As stated earlier, CI is a relatively new profession and the principles and guidelines on what constitutes ethical business practice in this area are still evolving.

And that is where conflicts of interest often arise. A conflict of interest is said to exist when an employee's personal interest, activity, or judgment hinders them from properly performing their duties, responsibilities, or loyalties toward their employers.

In the context of competitive intelligence, conflict of interest is often faced by consultants who are hired to perform the competitive intelligence and analysis for the business. There are a number of situations where such conflicts of interest could arise. Consultants are specialists and experts in the field, and are therefore hired by various companies to perform CI activities. However, this also means that they will be hired by competing companies to perform CI activities. Such consultants who are privy to loads of confidential data of companies within a vertical can find it conflicting to maintain confidentiality of a client even while working in the best interest of another client at the same time.

Firstly the question of whether to accept work from a firm while they are servicing its competitor presents a conflict in itself. A project for a particular company may require gathering information about competitors' strengths and weaknesses and market opportunities. If a consultant is working for the

competitor as well, she may be privy to such confidential data about the company. Using such information to service another competing client however would constitute a breach of confidentiality agreement between the consultant and the former client.

Therefore consultants need to be cautious while taking up work from multiple companies within the same vertical. A way of resolving this issue is to have information silos within the consulting organization and separate teams that work with separate clients. However, sharing of confidential data between teams serving competing clients cannot be ruled out, given that the consulting organization would have its own profitability in mind.

One essential characteristic of CI consulting, or of any consulting for that matter, is that the consultant needs to keep the identity of the client hidden while collecting data on their behalf. For example take the instance of a consultant surveying managers of competing companies on what new initiatives they are likely to take in the near future, so that the client can anticipate these moves and prepare itself accordingly to defeat the competitors. As an ethical business practice, it is incumbent on the consultant to reveal the true purpose of such survey. However, if they reveal the true purpose, the respondents in all likelihood may refuse to respond, which would mean that the best interest of the client has not been served. This represents another conflict of interest for the consultant while practicing competitive intelligence.

Competitive intelligence as a profession is still evolving and so are the guidelines as to what constitutes ethical business practice in this profession. Some of the ethical issues facing CI practitioners are ambiguous and

debatable that they are not likely to go away unless CI practitioners can agree about what is and is not appropriate.

References

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