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a monthly
column devoted
to answering
questions relating
to Competitive
Intelligence

Dear CIC: I work in the CI unit of a high-tech firm, and many of the product managers are concerned about the possibility of leaks of our company's technological know-how to competitive firms. We have seen examples of some competitors putting to market products that are similar to what we have developed internally after much research. As a company, we have become rather frustrated because of this apparent industrial espionage. What actions do you suggest to monitor and pre-empt these technology leaks? **CI Manager**

Dear CI Manager: In the June 19, 2006 edition of the *Korea Times*, an article written by Cho Jin-seo indicates that more than half of that country's top 20 high-tech firms have suffered leaks of industrial know-how over the past three years.

These are companies who made that highest investment in R & D and are now seeing the results of their sacrifice turned into profits and market gains by their competitors.

The extent of technology theft is now growing ever quicker.

A significant amount of this apparent knowledge theft is believed to take place when employees change companies. In the past, South Korea (like Japan and other Asian countries) offered their employees lifetime jobs and thus garnered their loyalty. South Korean workers no longer see their current employers as providing lifetime jobs. Thus, there is no loyalty. In fact, two-thirds of suspected technology thefts involve former employees.

One can imagine what the situation is in North America, where for decades workers have been used to working for a number of different companies.

In South Korea, the major high tech companies have increasingly responded to technology theft with legal action.

As CI Manager, it is incumbent upon you not only to implement CI programs to analyze the competitive landscape but also to minimize (if not prevent) the leakage of key knowledge to your competitors.

These are some suggested measures:

1. Investigate Suspected Cases of Technology Leaks

Are the products offered by your competitors truly identical to your products? Or are they cheap or substandard imitations? Do they do the same things as your products or are your competitors making exaggerated claims?

Investigate your competitors thoroughly to ensure that there is indeed evidence of theft. If the competitors are making exaggerated claims about their products, then you can provide your sales and marketing people with ways on how to refute the competitors' claims.

2. Look Into Whereabouts of Former Employees

If there is enough evidence to indicate the possibility of technology theft, investigate where former employees are working now. It is possible that their former colleagues in your company may know where they are currently employed.

If there is strong evidence or suspi-

cion that a former employee is responsible for technology theft, then the company should seek legal counsel for further action.

3. Prevention is the Best Medicine

All employees working in sensitive areas of the company should be made to sign letters of confidentiality binding them to promises to not pass on technology secrets to competitors. There is something about signing a document that has a lasting effect on a person. Get your legal department involved in preparing the documentation.

Tip – Technology theft and leaks of information of strategic importance can be minimized if you look for ways on how and where these leaks occur. Once you come across a possible source, take immediate action to assess, isolate and remove the leak thereby preventing the loss of strategic information before it happens.

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