
Case Study 6 Checking a rumour

What our client needed

Our client, a business-to-business service company, had an associate company to which they supplied confidential information. This information was then used for custom analyses that were supposed to be used on joint work between our client and its associate.

Our client had heard a rumour that their associate was providing a competitor with products that also used this information. We were asked to confirm or deny the rumour. Our client would not have been able to ask the associate directly – if the rumour was true, the associate would not have wanted to admit it, and if it was false, the accusation could have damaged the business relationship. Instead, we were asked to investigate as a third party, without mentioning the client name or our knowledge of the relationships.

Background

Our client's product relies on information from a number of data suppliers – including the associate company. The associate company's business is to analyse information from various sources – and they then sell on the analysed information to a number of companies including competitors. Because of their relationship with our client, they are also given confidential client information that is used for particular analyses that benefits our client. The concern was that these in-company analyses were being supplied to the competitor.

What did we do?

Our initial enquiries were with our client to find out how the rumour had surfaced. The source turned out to be from a conversation that our client's managing director had had at an industry forum – and the client had no further details.

We telephoned the competitor company and asked questions about its products and services. We also asked about their information sources and whether we could purchase products that would have had to use information that originated with our client. (We did not mention the client – just the information type). The competitor denied using such information – and stressed that what we were asking was not obtainable. They admitted dealing with the associate company as a purchaser but only of products that were known and non-problematic. Although this, in itself, was not a surprise, it was important to us that they stressed that what we were asking about was not, and could not be available due to legal and ethical reasons.

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We then called the associate company, and spoke to their marketing director. We asked the same sort of questions that we had asked the competitor. The associate company admitted that they had access to such information due to their relationship with our client. However they said that they could not supply it externally, and that they valued the partnership with our client. (It is important to note that at no time did we mention our client, or even give an indication that we knew about this company, its products or its relationships).

The difficulty in assessing this kind of situation is that if there had been any illicit relationship it was unlikely that we would be told directly. Instead we looked for any statements that were inconsistent with what we already knew should be the situation – or any wariness or evasion. Further, if the rumour was false, we needed to find how it came about in the first place – and why. Otherwise, we could not be certain whether not finding anything was only because we had not found the relevant information – rather than that it did not exist.

In conversation with the associate company, we noted that the marketing director mentioned a third company a number of times. This third company was also a competitor to our client. Looking at our interview notes, after the conversation, we realised that this company was mentioned at certain key points – almost as if the subject was being changed, albeit in a way that that was not immediately obvious. Accordingly, we phoned this company – and asked similar questions to the questions we had asked the competitor. This time, we struck lucky. The third company had been having talks with the associate company regarding the production of a new product that would depend heavily on the associate company's analyses – and would use data from the third company, not from our client. This was fully acceptable – and did not breach confidentiality or agreements between our client and its associate company.

Further work showed that this was the source for the rumour. Our client had heard about the new product but not all the details, and deduced, mistakenly, that the new product depended on its own information.

How was the information used?

As we had shown that the rumour was false, and its origin, no action was taken. However had the rumour been true, we would have sought to obtain hard copies of those reports such that our client would have been able to take legal action against the associate for breaching non-disclosure agreements.

Lessons to be learned

When confronted with a rumour it is important to evaluate the source for reliability where possible. Many rumours start due to mistaken assumptions – based on half-truths. When looking at rumours, one needs an open mind and should bear in mind that the rumour could be false and based on incorrect assumptions or corporate beliefs. In this case, the source was a cursory conversation held by the managing director – who had made assumptions without having full details.

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Confirming or denying rumours can be particularly difficult – especially if no confirmation can be found. You need to show how the rumour arose in the first place as it is possible that the rumour could be true, but that no further evidence was found to support it. In some cases, it is possible to model alternative scenarios and evaluate the likelihood of these being true. Thus although no direct evidence is found, a knowledge of previous history and behaviour can lead to an estimate of the probability of a rumour being true. A further AWARE case study – Risk Analysis (case study 5) looks at this.

When interviewing people, it is crucial to listen or watch out for cues (verbal on the telephone, and also visual if face-to-face) that could indicate that they are not saying everything. In this case, the associate's marketing director changed the subject to the third company and in fact, gave away useful information to our client on this competitor company's own product development.

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