

# A Consultant's View

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## Protecting Corporate Secrets

In the 1780's, Britain had a significant advantage in textiles due to a number of inventions. That advantage was so profitable that laws were passed to prevent anyone from leaving the country with the knowledge of them. However, the class structure meant that not everyone got what they thought was a fair share of that profit.

In 1789, one Samuel Slater escaped England with the knowledge of how to build a mechanic loom in his head lured by the high bounty American businesses were willing to pay for that knowledge. With his knowledge, the American textile industry was born.

Over the last several hundred years, numerous technical advances have enriched their owners. Many have tried to protect their income by limiting those who knew the details. Non-compete and non-disclosure agreements are part of that attempt. Attempts to stop knowledge "leakage" have included agreements and death penalties for espionage. All have eventually failed. Knowledge eventually gets out.

The problem with trying to keep something secret is that when the economic value of knowledge is high, it is almost impossible to keep the secret. There are people who believe that all knowledge is common property and should be shared as widely as possible. It appears to be part of human nature that when there is a strong disparity of anything, some people will not "respect" any rules protecting that

disparity. We can see that in nearly any part of life from money to property rights to knowledge. In extreme, opposing political parties will share any secret they learn about their opponents no matter how it is learned nor at what cost to our country.

American industry has greatly benefited from this trend in nearly every field. Textile manufacture copied designs from Britain. Cotton seeds were smuggled out

of Mexico leading to a crop that resisted cotton rot. Numerous early patents were copies of ideas patented in other countries. We take ideas from nearly everywhere and improved them.

There have been groups where secrets have been kept. In order to have a

secret kept, the group has had both a strong purpose and strong cohesion within the group. We see this in how certain secrets from WWII have come out only after many years and declassification. Those who knew those secrets felt like they were part of a special group and supported its purpose.

For a corporation to be able to keep secrets, the corporation needs a strong moral goal and strong cohesion among all employees. Property rights and especially intellectual property rights are respected only between people who feel like they are connected to each other. The more separation there is between people in a corporation, the less the corporate secrets are protected. Large global corporations have a worse problem because of cultural differences as well as the huge wealth disparity.

It is not possible to preserve a secret idea that is a source of great wealth.

## Cohesive Groups Kept Secrets

## Strategic Planning Flaw

Many a company has worked on strategic planning. Many a corporate retreat has focused on that. But strategic planning has a fatal flaw: it assumes we can know what the future will bring and that all we have to do in order to succeed is to perceive that future and align our efforts to it. But nobody really knows the future or we would not have Ebola in this country right now.

Strategic planning is valuable when considered more of "contingency planning". General Patton had his staff generating plan after plan. In his orders, his opinion of plans is "Plans must be simple and flexible. Actually, they only form a datum plane from which you build as necessity directs or opportunity offers." But it is well known that "no battle plan ever survives contact with the enemy." In business, no strategic plan survives contact with a prospect.

Peter J Deming in a recent Communications of the A.C.M. talked about how successful planning is more a matter of "surfing the future waves" than actually planning what to do.

In surfing, we do need to plan what we think we could do with a wave. We do need to select how we will enter a wave and when we need to exit it. However, each wave is different and how we ride it will change based on that difference. That is the art part of surfing.

Thus, strategic planning is both a science and an art. We learn as much as we can about our current reality and devise a plan. That is the science. Then, we need to adapt the plan on the fly to fit the new reality we find in the new day. That is the art.

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## Risky World

Recent hype has been about "big data". The problem is that humans will see patterns where none really exist. The more data, the harder it is to get real information as data points have random spikes and valleys along with bad inputs that have to be cleaned out. Sensors go on the blink and have to be repaired.

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