



Protecting Trade Secrets in an Electronic Age

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From the first inventions of tools and weapons, civilizations have guarded the intellectual property that gives them an advantage. Despite all of that history, and the fact that an estimated 70 percent of an average business's value is held within its information systems, small companies still aren't doing enough to protect their trade secrets from walking out the door.

Information that once was locked in a single file cabinet now can reside on individual laptops, servers, PDAs, thumb drives or CDs. It's far more difficult today for small businesses to protect their confidential and proprietary information.

This is especially true with salespeople, who often have access not only to the company client list, the most commonly stolen confidential information, but also to data that reveal when contracts are up for renewal, the customer's pricing structure and the company's margins and costs. If a sales employee joins a competitor and takes this information with him or her, the results can be devastating, particularly if the company hasn't ensured that its information is a "protectable interest."

Protecting trade secrets requires small businesses to walk a fine line. Workers need access to the information required for their jobs, but in smaller organizations, staff members often are cross-trained, extending the number of individuals who have access to trade secrets.

The good news is that the very technology that creates more gateways to proprietary data also makes it possible for companies to limit access only to those workers who need specific information. In fact, controlling access provides additional legal protections. Courts often examine, for example, whether a business has restricted access to only those files an employee legitimately needs to know, implemented password protections for sensitive files, controlled remote access to confidential information on the office computer system and informed employees of the company's right to monitor electronic communications.

A small business's trade secrets are as critical today as early weapons were to the survival of ancient civilizations. Employers must deploy an arsenal of electronic weapons to retain their competitive edge.

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