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5 Ways to Shrink the Threat of an Employee's Exit to Proprietary Info

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Eric Ostroff

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Employee departures present one of the greatest threats to a company's proprietary information.

Certainly, employees need access to such information to do their jobs. But when they leave a company, they might use it against the firm, particularly if they continue working in the same industry. Employers too often ignore this risk to their critical information.

Based on my experience helping companies in these situations, here are five ways to minimize the risk:

1. Conduct exit interviews. When employees leave a company, exit interviews are the most powerful tool to protect proprietary information. On or near the employees' last day, meet with them to address practical and legal issues accompanying their departure.

If the employees have previously signed confidentiality, noncompete or similar agreements, remind them of these contractual obligations. If they did not sign these agreements, the exit interviews still provide you with an opportunity to remind the departing employees that they cannot disclose your company's trade secrets. Have the departing employees sign acknowledgements of their ongoing confidentiality and noncompete obligations as well as acknowledgements that they returned all company documents.

Exit interviews are a great time to gather information about where the employees will be working next, if they will be working for competitor or starting competing

businesses. If they won't disclose this information, you'll know to be on alert. Should you have concerns about any departing employees, consult with qualified attorneys as soon as possible, since time is of the essence in these situations. Be sure to get the employees' contact information, including their addresses and phone numbers. If it becomes necessary to file lawsuits, your lawyers will need to know where to send the process servers.

2. Collect company devices. Hopefully, you've maintained an inventory of all computers, phones and other devices provided to every employee. (If not, you should implement this process immediately.) When conducting exit interviews, make sure all of these are returned and have the departing employees acknowledge compliance in writing.

3. Disable electronic access. Establish routine procedures that cut off the employees' access to email and other electronic systems immediately upon their departure; any delays in disabling access puts your information at risk.

4. Audit data use. Because employees often begin planning for their departures long before they leave, use IT solutions to determine whether they improperly downloaded or emailed themselves any documents containing proprietary information in the months before their last day. If so, consult with an attorney to discuss your options.

5. Inform customers and vendors. If the departing employees work with third parties like customers and vendors, be sure they know about the employees' departure. Let your customers and vendors know whom they should work with going forward. If vendors have access to your proprietary information, make sure they know that they cannot share this information with the departing employees any longer.

Be aware of relationships between the departing employees and those remaining at the company. If these are close friendships, it's always possible that the remaining staffers could later give employees who left proprietary information, whether intentionally or inadvertently.

Also, don't forget about the new employees hired to replace the ones who left. Make sure the new employees will not violate any noncompete or similar agreements signed with their former employers. When hired, they should confirm this in writing. If you want to hire employees who have signed noncompete agreements with

previous employers, consult with an attorney first.

If the new employees will be bound by your company's noncompete or confidentiality agreements, be sure they are signed and dated. (While this might seem obvious, noncompete agreements often go unsigned.)

Employee departures are a normal part of all that goes on at a company. By proactively addressing the risks accompanying these departures, you can minimize the unwanted disclosure of proprietary information and put yourself in the best-possible position to react if this information is disclosed.