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The Art Of Deliberately Leaking Corporate Secrets

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After watching a James Bond movie with my then nine-year-old, I mentioned that I'd once applied to be a spy. His eyes widened. "You mean you were almost a spy?" he asked. "Well, if I was, I couldn't tell you," I teased. "Maybe when I say I'm going to Toronto for business, I'm really on a secret mission." I wondered how long it would take before one of the other parents from his school sidled up to me and whispered, "Who did you say you worked for?"

I had engaged in what David Hannah, Ian McCarthy and Jan Kietzmann of Simon Fraser University's Beedie School of Business describe in their research as dissembling, openly disclosing a concocted leak. In their recent article, "[We're leaking, and everything's fine: How and why companies deliberately leak secrets](#)," they propose that doing so may be beneficial to companies and provide a framework to help managers decide whether "to leak or not to leak."

Hannah et al. classify deliberate leaks into four types: informing, dissembling, misdirecting and provoking. Informing is when a company leaks information and is open about doing so, often as a marketing strategy.

"They can get customers excited about upcoming product offerings, such as the new Star Wars movie. In other cases, they may keep consumers from buying competing products in anticipation of leaked release dates or feature sets."

A promotional trailer of the Star Wars movie *The Force Awakens*, which included glimpses of the Millennium Falcon spaceship, generated over 55 million views in the first two months following its release on YouTube.

Dissembling, the second type of leak, includes misleading the public about the secrecy of information. An example used is the Caramilk chocolate bar manufactured by Cadbury and sold in Canada. For over 40 years the company's advertising campaign focused on "one of life's sweet mysteries," a tongue-in-cheek, concocted secret about how they get the caramel inside the Caramilk bars. The campaign was so successful that it remains an entrenched part of Canadian pop culture.

Another example used to illustrate dissembling fed my fascination with espionage.

"The truthfulness of a leak can also be linked to the desire to trick and catch people and organizations who themselves are doing unwanted leaking. For example, after a series of leaks at Tesla Motors in 2008, CEO Elon Musk reportedly sent employees slightly different versions of a sensitive email to see which version would be leaked, and thus reveal the leaker."

The third type of deliberate leak, misdirecting, involves companies trying to send competitors, consumers, or investors in the wrong

direction while claiming that the leak was unintentional. The advantage to a company in doing so is that the misled parties waste resources trying to understand and respond to the leak. The example used refers to research by [McGrath, Chen and MacMillan \(1998\)](#) that describes how Ralston, a U.S. producer of pet foods, "used a concocted secret to create a strategic feint." Ralston announced the development and launch of a high-end pet food for pet superstores as a strategic change. Competitors responded in kind, allocating resources into low-margin product in a very competitive channel.

"With the deception successfully enacted, Ralston continued to consolidate its position with its more lucrative products and the more profitable supermarket channel."

Provoking, the fourth type of leak, involves companies leaking truthful information in the hopes of obtaining useful information. In "[How Apple Does Controlled Leaks](#)" John Martellaro suggests that before launching the iPad, Apple may have released tablet information early for several reasons including wanting to gauge reaction to a US\$1,000 price point; to panic or confuse competitors; or to whet analyst expectations. Hannah et al. caution that provoking could backfire if affected parties act on information they assume to be final but that subsequently turns out not to be, negatively affecting a company's reputation.

Although there may be risks for companies in leaking secrets, the researchers make a strong case for doing so when appropriate.

"It appears that some of the most prolific and careful leakers are also among the most profitable companies in the world."

As for the status of my application to the Canadian Security Intelligence Service, I'm still waiting for a response -- 25 years, now.

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