

Professional Standards Advisory PS-11 (October 2009)

PROFESSIONAL CONFLICTS OF INTEREST

All PRSA members pledge adherence to the Society's Member Code of Ethics. As issues arise relating to the practice of public relations, the Board of Ethics and Professional Standards (BEPS) is charged with providing guidance on such issues within the framework of the Code provisions. The PRSA Board of Directors then announces these guidelines through this series of professional standards advisories. The PRSA Member Code of Ethics may be found online at www.prsa.org.

ISSUE: Conflicts of interest have the potential to undermine or compromise the impartiality, credibility or trustworthiness of a practitioner due to the possibility of a clash between the practitioner's self-interest and a professional-interest, or their public-interest, or their client's interest.

BACKGROUND:

Conflicts of interest situations occur all the time in our personal lives and in our professional lives. We also live in a very competitive world, where, by definition, individuals, corporate and public interests are in conflict. A professional in the public relations industry must avoid situations of conflict of interests, or situations that have the appearance of conflict of interests.

Definitions

Personal interest. The potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional-interest or public interest.**

Limited action. A party's responsibility to a second party limits its ability to discharge its responsibility to a third party.**

Client Conflict: When invited to represent the interest of one client, whose interests, products, services and even operating philosophy are at odds with existing clients already employing you. This includes situations where a conflicting client has not been active for years.

Professional conflict. When the specific knowledge you have as a professional, professional advisor or consultant is being sought or could be used to the detriment of your clients.

Self-dealing. When an official who controls an organization causes it to enter into a transaction with the official or with another organization that benefits the official. The official is on both sides of the "deal."

Outside employment. The interests of one job or employer contradict another.

Family interests. A spouse, child or other close relative is employed (or applies for employment) or where goods or services are purchased from a relative or a firm controlled by a relative.

Gifts. From friends who do business with the person receiving the gifts. (Such gifts could include non-tangible things of value such as transportation and lodging.)

** Business Dictionary.com

RELEVANT SECTIONS OF THE PRSA CODE: At least four Code provisions and three professional values relate to this issue.

Code Provisions

Disclosure of Information. Be honest and accurate in all communications. Avoid deceptive practices.

Conflicts of Interests. Avoid actions and circumstances that may appear to compromise good business judgment or create a conflict between personal and professional interests.

Enhancing the Profession. Build respect and credibility with the public for the profession of public relations.

Professional Values

Honesty. We adhere to the highest standards of accuracy and truth in advancing the interests of those we represent and in communicating with the public.

Independence. We provide objective counsel to those we represent. We are accountable for our actions.

Loyalty. We are faithful to those we represent, while honoring our obligation to serve the public interest.

Fairness. We deal fairly with clients, employers, competitors, peers, vendors, the media, and the general public. We respect all opinions and support the right of free expression.

EXAMPLES OF IMPROPER PRACTICES AND SOLUTIONS:

- You have a personal interest conflict. You are working for a large corporation on a brochure. Your PR firm recommends that you use the service of a printing company who has the best quality and price. Your spouse is the owner of the printing company. What do you do?
 - You inform your boss of the relationship you have with the printing company.
 - You remove yourself from making the decision.
 - You suggest to your boss that he does not hire the printing company to avoid the appearance of a conflict of interest.
- You have a personal interest conflict. A professional colleague approaches you for inside information about the progress of a PR firm search of one of your clients. You are advising your client (a long term relationship) on elements of the search, as well as candidate firms to interview. However the search turns out, your relationship with this client is likely to continue. There is little personal risk to you if you decide to share information with your friend. What do you do?
 - You decline to inform your colleague about the search. The information is not for you to give and doing so would violate your client's trust. Furthermore you do not know your colleague's motivation in trying to obtain that information.
 - You suggest to your colleague that he addresses his inquiry directly to your client.
 - You could also inform your client of the inquiry to find out if the information is confidential or not.
- You have a client conflict. Your Agency represents a soft drink company in your satellite office in San Francisco. The managing director of your office in Beijing informs you that the agency has been approached by another soft drink company for a PR campaign. The soft drink company is a direct competitor of your client in San Francisco. What do you do?
 - You inform your current client in San Francisco that your Beijing office has been approached by the competitor. If your client sees no objection (different markets) you are free to pursue the relationship with the competitor in Beijing.
 - If your client in SF objects to your company working for the competitor in Beijing, you either resign the account with your current client in SF and pursue the business opportunity in Beijing, or you decline to work for the Beijing client.
- You have a client conflict. You have just begun advising a local independent medical school as they begin a search for a long-term partner institution. Quite by accident you come across some old client files that indicate that you advised a competing school in the past and that school is still a competitor and the most likely candidate for merger with your current client. What do you do?
 - You inform your current client of your past relationship with the potential merger candidate.
 - You do not divulge to your current client any information you might have in your files about the potential competitor.
 - You inform your past client that you are now representing the new client.
- You have a professional conflict. You are working for a large public relations firm. One of your corporate clients informs you that he needs an attorney specialized in specific area of the law and asks you to identify one. Your best friend is an attorney with the exact profile your client is looking for. Your friend had promised you that he would pay you a \$2500 "finders' fee" for any new client you brought to his firm. What do you do?
 - You first find out if you have the right to accept the finder's fee according to both your company's guidelines and the law firm's guideline.
 - If it is acceptable:
 1. You inform your direct report.
 2. You inform your client.
 - If neither have an objection, you can take the money.

- You have a professional conflict. In casual conversation with another practitioner you find out that the medical organization he works for has been having some unusual problems in surgery at their outpatient surgical center. There have been a number of incidents where a specific medical device has broken off during implantation on patients. The fragment remains in the body after surgery and shows up in later x-rays. They can be easily removed. What do you do?
 - You first find out if the information you received is true.
 - If the information is true, you encourage the practitioner to inform the in-house legal counsel and/or the board of the medical organization where the problem is occurring.
 - If he or she refuses to do so or if no action is taken, you report what you heard to the medical or legal authorities. Identifying the source of your information is a decision you will have to make.

RECOMMENDED BEST PRACTICES:

- Use common sense. If the relationship, situation or decision fails to pass the laugh or the straight face tests, avoid or terminate the activity.
- Get independent, knowledgeable outside help in determining whether you are facing a conflict of interest situation.
- Deal with the appearance of a conflict of interest as seriously as you would with a real conflict.
- Presence or absence of conflicts of interest can only be determined by all parties affected. Whatever the number of parties involved, it takes objection from only one to establish a situation of conflict.
- Larger agencies are beginning to solicit and take on competing clients, claiming to provide appropriate separation of client interests, special or proprietary knowledge, and the risk of conflict. Strict, continuous vigilance and immediate disclosure to affected parties are required to prevent, detect, deter and promptly expose conflicts of interest.
- If a situation, relationship or decision takes more than 150 words to explain why an apparent conflict of interest situation is in reality free of conflict, the situation will always have the appearance of conflict.
- If a situation has the appearance of conflict it most likely is a conflict of interest.

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