



Conflict of Interest (COI) Policy

Introduction

The mission of Harvard Business School is to educate leaders who make a difference in the world. Faculty members accomplish this mission by creating managerially-relevant knowledge, teaching the art and science of general management, and communicating important ideas to people around the world.

HBS faculty members share a *primary interest* in advancing the School's mission and core values, which include assurance of personal and institutional integrity; independent, objective, and ethical scholarship; accountability for actions and conduct; and preservation of the School's standing as an institution worthy of public trust. Arguably, the School's greatest asset is its reputation for scholarly integrity in the creation and dissemination of knowledge, a reputation that benefits all members of the Harvard community.

In its efforts to create and disseminate managerially-relevant knowledge, the School encourages faculty members to engage with outside organizations through a variety of activities ranging from research and teaching to consulting and other advisory work. Such interactions promote intellectual exchange, enhance professional development, and further our mission of societal service. Contact with outside organizations is particularly important for HBS faculty because it provides opportunities for collaboration on case studies and other forms of field research, provides access to new and unique types of data, and serves as a proving ground for new theories, frameworks and ideas. Indeed, contact with outside organizations—including companies, government agencies, regulatory agencies, and non-profit organizations—is a critical part of the School's commitment to being at the forefront of management practice.

Although valuable from a scholarly perspective, a faculty member's relationship with outside organizations creates opportunities for personal gain, financial or otherwise. At times, these *secondary interests* may conflict with the faculty member's primary interest in and obligations to the School and its mission. Such conflicts can damage scholarly credibility and reduce impact particularly if not managed carefully or eliminated. For this reason, the School has established several policies, including this policy on Conflicts of Interest, to ensure that faculty members do not engage in activities or behaviors that compromise the School's reputation for scholarly integrity or erode the public's trust in the institution.¹

¹ In addition to this COI policy, faculty members must abide by the HBS policies on Outside Activities and on Faculty Involvement in Student Ventures as well as Harvard University's Policy on Individual Financial Conflicts of Interest (amended and approved on 5/23/2012). These policies describe the range and extent of permitted activities. Faculty members who are contemplating or are receiving external funding from government agencies such as the National Science Foundation (NSF) or other entities should consult with the Dean's Office regarding the possibility of additional COI reporting or disclosure requirements.



Policy on Conflicts of Interest

This policy specifically addresses the potential for conflicts of interest—real and perceived—between a faculty member's primary interest in and obligations to the School and any secondary interests stemming from personal or financial involvement with outside organizations, or other personal endeavors. A conflict of interest is defined as:

a set of circumstances that reasonable observers would believe creates an undue risk that an individual's judgment or actions regarding a primary interest of the School will be inappropriately influenced by a secondary interest, financial or otherwise.

Because conflicts of interest can harm both individual and institutional reputations, the School has adopted a two-part policy to govern potential conflicts of interest. The first part of the policy is preventative. The educational and research activities of the School should be motivated by an objective concern for the advancement of knowledge. Accordingly, faculty members should not permit outside activities and/or financial holdings to compromise their independence, objectivity, or judgment. They should also refrain from actions that could discredit their scholarly or other University-related work, and should avoid activities where the prospect of personal gain could inappropriately influence their actions or judgment.

The second part of the policy is a requirement to disclose outside activities and financial holdings as a way to promote transparency and, as a result, to enhance the public's trust in the independent and objective nature of our scholarship. Public disclosure of relevant outside activities and financial interests helps consumers of the relevant work (i.e., readers and listeners) to identify potential conflicts and interpret work products with appropriate care. In the end, greater transparency should enhance the credibility and impact of our scholarly work.

Consistent with University policies, HBS requires *disclosure* of all potential conflicts through public and/or private mechanisms as described below. Although disclosure does not resolve a potential conflict of interest, it is a critical step in limiting the impact of such a conflict. A more complete response may require management or elimination of a potential conflict (see the section below on ***Policy Implementation and Oversight***). For this reason, faculty members should inform relevant organizations of the School's disclosure policy and consider whether a particular engagement has the potential to create a conflict of interest before agreeing to participate in an outside activity or to acquire a material financial holding in a company.

Public Disclosure Requirements

As of July 1, 2012, faculty members are required to disclose publicly all paid and unpaid outside activities, sources of external funding, and material financial holdings that are directly related to a work product that is available to the public. For purposes of clarity, the following definitions apply:

- *outside activities* refers to activities such as speaking engagements, teaching, consulting, or other advisory work done outside of Harvard University. It also includes executive teaching assignments done through HBS for incremental compensation;

- *sources of external funding* includes but is not limited to sponsored research or the reimbursement of travel or other research-related expenses;
- *material financial holdings* include direct ownership of stock, debt obligations, derivative instruments, or other financial instruments (including intellectual property, patents, copyrights, and licenses) with a market value greater than \$10,000. When market values are not readily determined, investments totaling more than \$10,000 are considered *material*;
- *work product* includes but is not limited to written documents (including HBS cases, teaching notes, and subject notes), electronic publications and communications (e.g., blogs but not email correspondence), oral communications (in person or by video), and Harvard classes;
- *directly related* means the work product mentions or refers to a person, organization, or company from which a faculty member has derived income for services or had a significant *pro bono* involvement in the prior three years, or had a material financial holding in the prior year.² To the extent a work product refers to a subject, competing firm or organization, or an industry that is related to an outside activity or a material financial holding, faculty members face a judgment call on the question of "relatedness." To facilitate this determination, a "related" person, organization, or company is defined as one whose policies, stated objectives, or financial interests are, or could reasonably be, affected by the work product. In these instances, faculty members should disclose the related activity or financial holding particularly if the work product is intended to inform or shape public policy. If in doubt, faculty members should seek advice from the Dean's Office to resolve questions of relatedness.³
- *available to the public* means all teaching and speaking engagements (inside or outside of Harvard University) and all work products—including working papers, case drafts, and seminars—available to other people whether inside or outside of Harvard University.

Although the exact placement and wording of the disclosure is left to the faculty member's discretion, the disclosure statement should be readily observable and should include the organization's name (the ultimate beneficiary in the case of an intermediary such as a consulting firm), the nature of the activity, and the dates of service in the case of relevant outside activities, and a statement regarding the entity's name and the existence of a material financial holding in the case of financial holdings. If a signed confidentiality agreement precludes certain disclosures, the faculty member must acknowledge the existence of the agreement and provide as much information as permissible under the agreement.

The public disclosure requirement applies to all faculty members, including retired or emeritus faculty members and people with fractional appointments, as well as any co-authors or

² The 3-year and 1-year horizons shall be determined based on when the work product becomes available to the public, and shall remain on the work product forever.

³ To guide disclosure decisions, faculty members are encouraged to apply the "reasonable reader/listener" test as paraphrased from the International Committee of Medical Journal Editors: report other relationships or activities that a reasonable reader could perceive to have influenced, or that give the appearance of potentially influencing, the submitted work.

collaborators even if they are not employed by HBS in which case the HBS faculty member should take reasonable steps to ensure compliance on joint work. Should a faculty member's spouse, partner, or dependent child have a related activity or a material financial holding (either individually or collectively), this fact should also be disclosed by the faculty member. Visiting professors and visiting scholars with appointments lasting six months or more, and all people with teaching appointments, must also comply with this policy.

Faculty members are also required to disclose publicly all outside activities and material financial holdings that pertain to University-related activities such as teaching, mentoring, advising, or serving on committees. These disclosures should be done orally or, to the extent possible, in writing before engaging in the relevant activity.

Comprehensive Internal Reporting (Confidential)

In addition to the public disclosure requirements, and consistent with current policy, faculty members must file and update comprehensive reports with the Dean's Office in which they disclose all outside activities, including those subject to confidentiality agreements, as well as all related and material financial holdings (i.e., financial holdings related to specific work products or University activities) and external funding sources. These reports will be updated annually and at the commencement of a new outside activity, the acquisition of a material financial holding, or the receipt of a new external funding source; will be reviewed by the Dean's Office and, if required, by Harvard University officials; and will be kept confidential.

Policy Implementation and Oversight

The Dean's Office is responsible for implementing, monitoring, and enforcing this policy. As part of this obligation, the Dean's Office will review all faculty members on a periodic basis to ensure compliance with the public disclosure and internal reporting requirements, and to ensure specific conflicts have been identified, managed, and/or eliminated. In disputed cases, the Dean bears ultimate responsibility for determining if a conflict exists, if a management plan is sufficient to address an existing or potential conflict, and if a faculty member should terminate a conflicted activity.

The Dean may appoint or designate a Conflicts of Interest Officer (COIO) to assist with implementation, to advise faculty on specific interpretation and implementation issues, and to monitor compliance. The Dean's Office and the COIO are available to advise faculty on the management of existing or potential conflicts as well as the process for complying with this policy. The Dean will also appoint a COI Committee to provide advice on general policy and implementation issues. This committee will review the COI Policy annually and bring it to the Faculty for review and re-approval within three years.

Reviewed by the HBS faculty on 30 May 2012 and approved by Harvard University Conflict of Interest Standing Committee on 16 July 2012