Guidance for Requests to Use a Company in Which a Faculty Member Has a Financial Interest as a Vendor or Sub-awardee for Research

Purpose

Cornell University is committed to ensuring that research decisions are made in the best interests of the research and are free from the influence, or appearance of the influence, of personal financial interests. When a faculty member has a financial interest in a company, using that company as a vendor or sub-awardee creates a conflict of interest, or the perception of a conflict, that requires review by the Research Conflicts Committee (RCC).

This review helps ensure that research expenditures are based on needs of the research project rather than the financial interests of the participants. It also helps protect faculty by demonstrating that the decision to use a company in which they have a financial interest was based on objective, research-related considerations.

The RCC makes the presumption that Faculty cannot use a company in which they have a financial interest as a vendor or sub-awardee. If a faculty member believes that the research project will be harmed without including the conflicted company, the faculty member may rebut this presumption in writing. The RCC will consider the written rebuttal, and if it finds it compelling, will approve of the requested use of the company. In some cases, the RCC may ask the faculty member to attend a meeting to answer questions raised in the rebuttal. However, the RCC is not required to convene such a meeting.

The Committee's standard for approval is not whether the conflicted company can perform the work adequately, but whether the company is uniquely necessary to accomplish the research objectives.

What Makes a Compelling Rebuttal?

A compelling rebuttal demonstrates that the company possesses capabilities, products, expertise, or resources that are necessary for the proposed research and are not reasonably available from another company.

Examples include:

- Exclusive access to proprietary technology, patented intellectual property, specialized software, unique datasets, or other resources essential to the research.
- Unique technical expertise that cannot reasonably be obtained elsewhere, typically because the company developed or exclusively supports the required technology or methodology.
- Exclusive ability to manufacture, distribute, or provide a product or service required for the project.
- An objective explanation of why using any alternate company would materially alter the study design, compromise data quality or comparability, or otherwise prevent the research objectives from being achieved.

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The strongest rebuttals clearly demonstrate that the company's involvement is driven by the objective needs of the project rather than preferences of the research team.

Arguments That Are Not Compelling

The following arguments, standing alone, are generally insufficient because they do not demonstrate that the company is necessary for the research. Although some of these arguments may be included as supporting information in addition to a demonstrated objective need , they will not independently justify approval.

Argument	Why It Is Not Sufficient
Cost or financial considerations (e.g., lower cost, discounts, favorable pricing)	Low cost may benefit the project, but it also is likely to undercut commercial enterprises in a way that a university is not permitted to do.
Convenience or administrative efficiency (e.g., existing agreements, proximity, faster turnaround, reduced paperwork)	Convenience does not justify accepting the conflict of interest.
Faculty familiarity or personal preference (e.g., prior working relationship or familiarity with company personnel)	These factors arise from the relationship creating the conflict and do not support an objective need.
General reputation or quality (e.g., excellent reputation, experienced personnel, industry leadership)	Many companies may provide high-quality services; quality alone does not establish a need.
Project timelines or urgency	Schedule considerations generally do not justify directing research funds to a conflicted company.
Prior use of the company	Previous successful use alone does not justify continuation of the conflict but may be included as supporting information.
Continuity or avoiding change	Avoiding the effort of changing vendors is a convenience argument. Continuity can be persuasive only if changing vendors is objectively demonstrated to damage the validity of the research.

Argument	Why It Is Not Sufficient
Lack of a search for alternatives (e.g., "I don't know of another company.")	Lack of knowledge does not imply lack of existence and does not replace any of the compelling rebuttals listed above.
The faculty member invented the technology or the company licenses the faculty member's intellectual property	These facts explain why a conflict exists, but not why the company is uniquely necessary. The relevant question is whether the technology itself is objectively required and unavailable through another source.

Information to Include in Your Request for Approval

Prior to engaging a company in which an individual has a significant financial interest as a vendor or sub-awardee, a rebuttal of the presumption that such an arrangement cannot be allowed must be submitted to the Conflicts Management Office at coi@cornell.edu. Rebuttals should provide enough information for the RCC to evaluate whether the company's involvement is objectively necessary. Rebuttals should include:

- A brief description of the work the company will perform or the products or services it will provide.
- A clear explanation of why the company is necessary for the research.
- An explanation of reasonable alternatives considered, and why they would not meet the needs of the project.
- If applicable, an explanation of how using another company would significantly affect design, validity, quality, or feasibility of the research.
- Any additional supporting information, such as cost, timeline, prior experience, or administrative considerations. These factors may strengthen a request after objective necessity has been established but generally will not justify approval on their own.