Key intelligence needs. Roadmap of your competitive intelligence capability and activities

Marié-Luce Muller
IBIS Business and Information Services
mlm@ibis.co.za; www.ibis.co.za

1 Introduction

Like all successful products and services, competitive intelligence (CI) must satisfy a real need, for without a satisfied customer, the needs for that product – and, those who provide it – disappear! That is the basic tenet in all successful businesses. Competitive intelligence is no different. Consequently, the most critical activity in the overall intelligence process is the cogent identification of the organization's real intelligence needs. When properly done, such a needs identification process not only provides the CI operation with its most important tasks but also gives it the ability to continuously adapt to the organization's changing needs in its competitive environment. When this happens, the CI function becomes an organic part of the company and the management that it serves. Eventually it becomes a part of that organization's culture (Herring 2003).

In the previous series on CI, the following key activities or operational areas of CI were discussed:

- **Planning and focus.** Competitive intelligence should only focus on those business issues that are of critical importance for a company to know. These issues are known as key intelligence needs (KIN) or requirements.
- **Collection**. It is during this phase that information is collected from a variety of sources for examination and verification during the CI process. Collection comes from a variety of different sources and gathering techniques.
- **Analysis**. During this phase, information is turned into intelligence through a process of interpretation and the results should be usable in strategic decision-making.
- **Communication**. The results of the CI process are communicated to those with the authority and responsibility to act on the findings in an appropriate format and at the right time.
- **Process and structure**. CI requires appropriate policies, procedures and an infrastructure so that employees may contribute effectively to the CI system as well as gain the benefits from the CI process.
- **Organizational awareness and culture**. For a company to utilize its CI efforts successfully, an appropriate organizational awareness of CI and a culture of competitiveness are required. While decision-makers should call the shots on what intelligence is required, information gathering should be on everyone's mind (Kahaner 1997).

Future contributions in this column will focus on the factors that contribute to the success of

a CI capability, starting with the arguably more difficult but most important activity of defining the critical intelligence needs or KIN of the company. These intelligence needs provide the roadmap of any CI capability – whether large or small, formal or informal. The ability to formulate a set of KIN is most important. That said, it must be added that it is not as simple an activity as one may think. Many managers say 'Give me all you have' and when they receive bundles and reams of printouts, annual reports and statistics, they realize that this will not lead to insights. What managers need is not more information but more intelligence. But intelligence on what?

Managers do not always know what they know or what they need to know. Most are too busy managing the company and chasing profits to care about tracking key events, players to stakeholders in their competitive environment. It is often up to the CI manager or analyst to map the competitive environment and prioritize intelligence needs. Another reality is that companies often do not have the resources that afford them the luxury of focusing on a multitude of important issues – these must be reduced to critical needs.

The ability to define KIN will also guarantee that management receives the intelligence it really needs. One of the problem areas of CI is just this lack of focus and often capabilities fail due to management not seeing any benefit from such a function.

The KIN vary greatly from company to company and really are the direction drivers for CI. If these are not described, determined and communicated accurately, the whole capability can fail. It is also vitally import that the primary users of CI (most often the top decision-makers and senior managers) not only back CI but also make use of CI as an integral part of strategy formulation and business planning. It should never be seen as a separate function and an end in itself (Calof 2001).

2 How to define KIN

CI expert Jan Herring propagates the use of a systematized or formal 'management-needs identification process' to create a cooperative environment between intelligence users and CI professionals that supports the two-way communication necessary for identifying and defining the company's real intelligence needs. He bases his model on the process used by state intelligence organizations to identify national intelligence priorities (Herring 1999).

Figure 1 Benefits of a KIN identification process

- Gets everybody on the same wavelength
- Ensures competitive thinking company-wide
- Creates the ability to anticipate needs
- Provides focus to a CI unit
- Delivers needed intelligence and not nice-to-haves
- Helps management to identify and define intelligence requirements
- Creates critical communication channels necessary to produce credible and actionable intelligence
- Ensures efficient planning and direction of the intelligence operations.

2.1 Interviews and intelligence uses
The process for identifying KIN calls for constant, close communication between the intelligence professionals in a company and the management of a company. Knowing the minds of managers and knowing where the company wants to go is critically important because the intelligence professionals or practitioners can then determine what might constitute opportunities or threats. If, for example, a company wants to enter a new market in a neighbouring country, the CI practitioner might then anticipate that management would

need to know the size of the market, who the players are, what the payers look like, what opportunities and threats there are or what legislation the company should take note of.

CI practitioners should be included in management and strategy meetings and in other important discussion forums where strategic and operational issues are discussed. Ideally these people should provide regular feedback on the 'state of the environment' with brief presentations on developments in the competitive environment, such as mergers activities, player strategies, product and company image and sales figure changes. This will prevent distractions and ensure that the unit focuses on the right things and has useful actionable intelligence on a continuous basis.

The intelligence practitioner should go to these interviews fully prepared and must also be able to provide guidance and insight as managers are often not able to formulate their intelligence needs. Experience has taught that there are many company CEOs, marketing managers, etc. that will not be able to name or prioritize their competitors, so the intelligence practitioner should be prepared to provide leads and guidance and to ask probing questions. He or she should also be prepared to break down communication barriers by instilling confidence and confidentiality – there should be no secrets between managers and the CI unit.

The CI professionals should know the difference between 'nice to have' and 'need to have' information and be prepared to provide guidance in this regard. Ordering a bouquet for the boss's wife or organizing to have a child picked up from kindergarten are not intelligence needs! Requests that are best satisfied by other departments, such as market research, should not be directed to the CI unit.

Herring speaks of a responsive and a pro-active method for determining KIN. For the responsive mode, the CI unit should develop and act on a set of cleared and categorized intelligence requests. It is more reactive and focused on what was expressed as KIN. In the pro-active mode, the intelligence worker should have the ability and skill to anticipate KIN through constant watch, tracking and scanning. Discipline and a wide focus on various relevant issues are required. The intelligence worker should take the initiative and assist in identifying issues by asking the right questions, for example: 'What decision and/or actions will you or your team be facing in the next few months, where CI could make a significant difference? How will you use that CI? When will it be needed? Who do you want more information on? What do we need to know about them? What surprises would you like to avoid? Asking the right questions might provide the right answers and make the intelligence worker's job far easier.

2.2 Formulate an intelligence set
The intelligence professional, having interviewed a number of senior managers, now has to formulate all the intelligence requests. A note of caution: Be careful of trying to be everything to everybody – the CI unit is neither the library nor the information unit. It has often been found that such units are swamped with plain research and information requests and, consequently, never have time to develop intelligence insights.

2.3 Categorise KIN
Once all the questions and pointers have been written down, formulated and reduced, they can be categorized under various headings, such as players, new developments or products. Herring uses the following three functional categories (Herring 1999):

2.3.1 Strategic decisions and actions
Typical strategic issues could include (Prescott, 2001):

- Plans to enter a new market in Africa: What is the market like? Who else plays there? What is the market size and shares? What is the banking system like? Comments on personal safety issues?
- Entering a new market raises the question of market entry strategy: How should we enter? What lessons can be learnt from previous failures? What options are available? What are the advantages and disadvantages of these options and what is recommended?
- Company growth: What would be the best way to grow? Organically or through mergers and acquisitions? What are the options? What are the players and possible partners like?
- Product development – strategies to improve competitive advantage
- Investment decisions, dispositions and resource allocations.

2.3.2 Early warning intelligence

This category contains issues and questions that management would like to avoid – those nasty surprises that could have been averted had the right intelligence been produced. Typical early warning issues could include:

- Intelligence on competitor initiatives
- Monitoring specific technological issues to anticipate changes that might drastically influence the product, production cost, etc.
- Monitoring the suppliers' or partners' competitive environment to tell them of potential threats – their inability to deliver might impact negatively on a company's business
- Profiling customers and their changing needs and spending power. Assessing what they think of the competitive product, price sensitivity, etc.

Changes in legislative or regulatory issues.

2.3.3 Intelligence on key players, competitors, suppliers, customers, distributors, partners

Typical issues and questions in this category could include the following:

- Analyse XYZ to determine why it changed its marketing strategy
- Profile a competitor to analyse its customer retention strategy
- Profile a competitor to analyse its strategic growth strategy and determine which markets it targets for expansion and why
- Profile the youth market in South Africa to determine their taste preferences, buying patterns, what they think of other products, their spending power, etc.
- One of the suppliers is struggling to make ends meet – analyse the impact of a possible liquidation; who else can be approached for supplies, etc.

2.4 Discussions with managers

The intelligence practitioner should return to the managers who were interviewed, who asked the questions or expressed the KIN in the first place and read the questions back to them asking whether this indeed is what they need to know. Often, by this time, they have had time to rethink the questions and might add information or questions or clarify and modify your formulated KIN.

2.5 Update regularly

In today's fast-evolving business environment, what is relevant and important today might be totally irrelevant tomorrow, so KIN should be updated regularly to prevent focusing on unimportant aspects. Ideally, this should be done on a weekly basis after meetings, discussions or interviews or the CI professional could remain informed by reading,

discussing and pro-actively updating the intelligence set after discussing changes with the primary users of intelligence.

2.6 What makes good intelligence?

- React to KIN as fast as possible
- Produce the CI you believe is needed by your management
- Take the initiative by asking what decisions and actions would be beneficial and where good intelligence would be helpful in making the right choices
- Constant learning – KIN is a learning curve. The more communication, the better the mutual understanding, the better the anticipation and the more focused and refined the intelligence operation
- Deliver intelligence at the right time, in the right format to the right people
- Ensure accuracy at all times – inaccurate intelligence can have costly repercussions.

For the intelligence professional well-defined intelligence needs are the prescription for planning and carrying out the right intelligence operations and producing the appropriate intelligence products. Both players have a critical stake in getting the 'requirement' right. To accomplish this successfully requires a well-educated user and an experienced CI manager who together have created the professional environment necessary to identify and communicate real intelligence needs throughout the company. Mutual respect, trust, and confidential dialogue are the essential elements of such communications (Herring 1999).

3 References

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About the author
Marié-Luce Muller is a consulting competitive intelligence analyst with IBIS Business and Information Services (Pty) Ltd, a leading Pretoria-based CI consultancy. She has a distinguished career in competitive intelligence. Her primary experience lies in assisting companies in honing their CI capabilities. She also performs tracking and scanning activities on behalf of companies. Marié-Luce has published many articles on competitive intelligence (*CEO Magazine, Finance Week, Business Week, Beeld, Die Burger*, and the *South African Journal of Business Management*), including an article on South Africa as an emerging CI player, which was published in an international publication of the Society of Competitive Intelligence Professionals (SCIP). She has also published a series of booklets on competitive intelligence (Nuts and Bolts business series, published by Knowledge Resources) and is a member of a research team participating in an international study of competitive intelligence practices among exporting companies. Previously, she was involved in research into the status of competitive intelligence practices in South Africa. A member of SCIP, she holds a postgraduate degree from the University of Stellenbosch.

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