



Key activities of competitive intelligence (2)

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This column examines the basic operational areas or constructs of competitive intelligence. In the previous issue, the planning and focus areas of competitive intelligence were scrutinized. This delivery will examine collection as an activity area. The other key operational areas of competitive intelligence are analysis, communication, awareness and culture, and process and structure.

Competitive intelligence (CI) has become a necessary activity in business – compelling companies and institutions to look beyond internal business activities and to integrate events of the external environment into the information picture on an ongoing basis – not once a year! Events like the impact of regulatory change, how a merger between two competitors changes the picture and the impact of the introduction of a new product on the market should be interpreted even before they occur. It is not that companies have done nothing in terms of competitive strategy up to now – the activity just has not been ongoing, comprehensive and dedicated. Different to knowledge management and other information management tools, competitive intelligence provides focus to the information management activity in companies, attempts to make sense of available information and interprets information to make it actionable for use in strategic decision making. It presupposes a human role – information is turned into intelligence through a process of interpretation. According to McGonagle and Vella 1990), competitive intelligence can assist business leaders to make better decisions than their competitors concerning:

- competitive activities (e.g. mergers and acquisitions);
- marketing planning (e.g. new product development);
- regulatory issues (e.g. impact of new legislation on the business); and
- customer activities (e.g. changing needs and preferences).

As mentioned in the previous column, for companies to realize lasting benefits from competitive intelligence that pays dividends to strategy development and execution, it is critical that the competitive intelligence be a systematic, ongoing activity that resides within the organization. Competitive intelligence starts with identifying the company's key intelligence needs or requirements and then collects and analysis information that would provide an answer to the intelligence need. Finally it communicates the intelligence to the decision maker. The operational areas are all important and not one can stand alone – there is no short cut. Omitting any part might have dire consequences, for example, leaving out the analysis task will lead to the delivery of un-integrated data summaries to management (Marceau and Sawka 1999).

Recapping the key operational areas and their role and function

The key operational areas of CI are the following:

- **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 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 useable 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 benefits from the CI process.
- **Organizational awareness and culture:** For a company to use its CI efforts successfully, an appropriate organizational awareness of CI and a culture of competitiveness is necessary. While decision makers should call the shots on what intelligence is required, information gathering should be on everyone's mind (Kahaner 1997).

Collection

In this issue, attention is paid to the collection area of competitive intelligence. It is during this phase that information on a company's competitors and the competitive environment is collected from a variety of sources for examination and verification during the competitive intelligence process. The aim is to find and develop information on competition, competitors and the competitive environment. Competitive intelligence practitioners use public but not necessarily published information. In other words, the information required is readily available and identified through legal means, which include open sources such as public documents, interviews, published sources and in-house expertise (Fleischer 2001).

In the modern business world, no company suffers from a lack of information – on the contrary, it drowns in the quantities available. However, companies seriously lack intelligence or interpreted actionable information. Sources of information are numerous but, for competitive intelligence to be effective, a variety of sources should be used, that is, primary sources (information from the horse's mouth, for example annual reports, homepages, CEO speeches, product launches, interviewees, product brochures, etc.) and secondary sources, for example industry analyst reports, numerous Internet sources, edited reports, trade journals, books, survey results and other publications. Studies of the competitive intelligence practices of South African companies show a good mix of primary and secondary sources being used for information-gathering activities although there is a tendency to over rely on secondary information (Viviers, Saayman, Muller and Calof 2002).

Information can be gathered using a variety of techniques. Most modern intelligence gathering is either electronic or human. The Internet is arguably the largest source of information. However, Internet information is also available to competitors and in itself no source of competitive advantage as it has leveled the playing field in terms of access to information. Effective gathering therefore still requires a human input and participation, and human sources are still the best sources from which to obtain the really critical intelligence pieces (Fleischer 2001). Gathering techniques also include surveys, interviews (personal and telephonic), focus group discussions, media scanning and observations. To ensure availability of the right information, it is necessary for the employees of the company to be sensitized to the information needs of the company and to be on the lookout for and report competitive information. Many companies that are successfully engaging in a competitive environment ensure that employees know exactly what competitive intelligence is, what

those key information needs are and how they should gather and report the required information. This is achieved through effective communication and sensitizing and training activities. A pharmaceutical company, for example, holds weekly meetings with its sales force during which information needs are communicated – it prides itself on the amounts of primary information it has available for analysis.

A note of caution: the competitive intelligence practitioner should evaluate sources of information for reliability and the information itself for credibility. Misinformation and disinformation can be dangerous when presented as the truth and used as such for decision making (Muller 2001). Misinformation is information that is unintentionally inaccurate while disinformation is an untruth that was intentionally published with the aim to misguide competitors. South African companies have been found to be lacking in this area, often using untested information in important decisions.

Here are a few tips on how to develop and expand on a winning collection capability – especially in light of the fact that companies are not in the intelligence business:

- Make sure that those employees that could contribute information know exactly what the company's key information needs are – communicate them through regular meetings with sales and marketing staff. Use such sessions to also foster a culture of competitiveness and sensitivity – it encourages staff to be alert to important events.
- Make it easy for staff to report information – create a hotline or a central e-mail address where information can be sent.
- Sensitize staff to report rumors and hunches – this might be a starting point to launch more in-depth research.
- Use your sales force to act as sensory organs for your company – they are constantly moving in the external environment and have developed an intuition regarding developments that seem out of the ordinary.
- Reward staff for the information they collect – this need not be financial. A large company has an annual award ceremony to honour those people that have contributed the best snippets of information. The prizes range from books to pens and paperweights. The reward is more important than its monetary value – people thrive on recognition and this has also led to a sense of competitiveness among staff to be on the lookout for really good information.

In the next issue, the analysis activity of competitive intelligence will be examined.

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