



Should the Competitive Intelligence Functions Be Renamed?

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Executive Summary

The competitive intelligence function is a relatively new phenomenon within the corporate structure. Traditionally, this function has been a part of the market research department and often outsourced to external consultants. However, new technology, especially internet crawlers, changed all that by enabling the efficient collection of data by internal operatives often reporting to the financial or the technical staff groups. Unfortunately, in reality this meant that the whole function was reduced to low-level employees who did not have any means/ sources of data gathering other than through the internet.

These employees are removed from the decision making process and company leaders and, as a result, they have no prayer of influencing the company strategy or company planning.

This article deals with the whole issue of competitive intelligence, its true function and real purpose within company strategy, and offers suggestions on how this function should be repositioned so that it would become truly valuable to the company's success in the marketplace.

This Cinderella never gets to go to the ball

Recently, I attended a conference of competitive intelligence professionals and was thunderstruck by many of their comments regarding their isolated and low position in the corporate hierarchy. They were vocal about being shoved out of the spotlight, not having access to decision

makers, not ever knowing the true nature of their assignments, its relevance and potential impact on the organization. They rarely received feedback from specific business units/users of their services and, therefore, could not whether and how their information was actually used.

What is the true purpose of competitive intelligence?

Nobody collects competitive intelligence just for curiosity's sake. Companies need to

have knowledge because it serves as basis for growth, long-term planning and strategy

and creation of an unassailable competitive advantage. To achieve that, competitive data collection ought to include the following:

- ▶ major events in the marketplace at large
- ▶ key trends in the market, political, economic and global arenas that may impact company performance
- ▶ major customers, their need states and requirements from their suppliers such as the company being evaluated
- ▶ competitors, their activities, possible strategies and benchmarking against the researching company

- ▶ the market opinion and evaluation of each supplier against one another and in the absolute, as well as their ability to perform to customer's satisfaction.

Thus, the knowledge that the company tries to amass does certainly include competitive intelligence but goes far beyond that – the data is only valuable when it provides a 360 degree evaluation of the company and its environment.

Clearly, the data itself is only valuable if analyzed properly with insights, implications and the “so what” conclusions derived from it.

The reality of the CI function is, unfortunately, different

That is not what is happening right now. Beyond technically intensive data searches that include scientific investigation, patents and regulatory constraints and are usually conducted/supervised by technical experts, competitive intelligence is assigned to relatively low-level employees/junior

personnel. These people can only use the internet/secondary research and, by the nature of their position, they are precluded from aggressively reaching out to customers, suppliers and market experts who would provide truly valuable insights. Thus, they are limited to fulfilling narrow requests for

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information in bits and pieces not seeing the full picture. And God help them if they become “too aggressive” and try to learn the market on their own initiative.

Here is a telling example. Recently, we were asked by the internal CI group of a major consumer goods company to develop a customer knowledge repository that would include customer needs, relations with suppliers and an evaluation of suppliers against key customer criteria. This assessment had to be done by the independent third party like our company in order to ensure objectivity. The project resulted in development of customer insights that, in turn, had serious long-term implications for the company, its organization and current ways of dealing with customers.

Unfortunately, once the project was completed and presented, the competitive intelligence group was taken to task and virtually accused by the corporate sales department of overstepping its bounds, encroaching onto the sales territory and even of “spying” on sales activities. As a result, the project was aborted and its recommendations never implemented.

At another client, working with the corporate CI group, we learned how separated the group was from business units who sent

them requests for information. The CI group had limited interaction with actual users of this information, and any request on their part for clarifications or additional information about the project would either remain unanswered or go through a cumbersome and lengthy multi-level chain of intermediaries.

There are two major reasons why CI groups are usually removed from decision-makers and, particularly, the CEO.

REASON I

The CI group today is often perceived as a data gathering function and relegated only to data gathering. While they may have good analytical skills within the group, these skills are often wasted since the group is not privy to strategic discussions and never sees the entire picture. Therefore, they can only bring the bag of data and drop it on someone’s table – certainly, the CEO’s do not need that. What they need is recommendations and the “so what” implications that could impact the company strategy and long-term plans. Today, the CI group can not provide this higher-level value added function since they rarely have sufficient expertise and knowledge for this task.

REASON II

There is another subtle but not so insignificant issue. CI is an unfortunate acronym too similar to that of the CIA. Thus,

it has a connotation of spying and undercover activities that makes CEO's shy away from the group.

How do we change this unfortunate status quo and make the data intelligence function truly effective?

Here are some practical suggestions on saving the CI profession and raising its status to the level that it deserves:

- A. Rename the function. -- Business intelligence would be the most appropriate functional name as it encompasses 360 degree data gathering and also suggests an analytical competence relevant to the larger strategic needs of the business
- B. Put senior seasoned executives in charge and make them report to the top management personnel – This will raise the group status and also provide personnel with the skills and experience to analyze the data and develop insights/implications for the company.
- C. Streamline the internal communication process – The business intelligence group should have direct access to strategic development and planning. That

would allow the group to decide independently on the type of data required and ways to get it. The group should also have direct line to various functions in the organization in order to disseminate and exchange information to its maximum effectiveness. There is a lot of knowledge locked in various functions that are never exchanged, most certainly, not with the CI personnel who may be charged to find out information that already exists within the organization.

This has the biggest implication for any organization since it requires breaking functional silos and creating the integrated information exchange process. Jan Herring, a renowned expert in creating such internal CI/BI processes can be certainly of help in this area.

- D. Create a process to cut through red tape if the information obtained

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warrants it. – Should the intelligence group learn about an impending acquisition by a competitor, or any other development in the marketplace that may affect the company in the near future, they should have an ability to go directly and immediately to a decision-maker with this information. Too much valuable data and time is being lost in the lengthy chain of command. The right data often arrives at the right desk too late for effective action. Once the intelligence group gets an elevated status and highly visible senior personnel, this issue may be easier to resolve. Nevertheless, a formal “emergency notification” process should be developed and include the following:

- ▶ an evaluation criteria to screen for timeliness and importance of the data;
- ▶ a template for the degree of impact this data may have on the organization
- ▶ a recommendation on an immediate response

This is a huge job! But once done right, intelligence professionals will get their place in the sun by providing clear evidence of the competitive advantage and strategic value they provide to the company.

About Eaton & Company

We specialize in identifying growth opportunities in global markets for US companies. These efforts are based on primary research, especially, when no published data is available. We are a full service firm providing value from data gathering to its analysis, implications and recommendations, to market entry strategy development and actual hands-on implementation.

We serve Fortune 100 clients across numerous industry verticals worldwide.

See our web-site: www.eleanoreaton.com

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