

Competitive Intelligence:

Sue Myburgh



Records managers are perfectly positioned to ensure that the appropriate information is identified as key intelligence and is communicated proactively to the organization's decision-makers

At the Core

This article

- defines competitive intelligence (CI)
- provides seven basic CI functions
- discusses CI management
- examines the relationship between RIM and CI

Clearly, the functions and responsibilities of records management have changed, increased in scope, and diversified over the past two decades. This phenomenon is visible in changing job titles; in particular, the widespread use of the professional title of "records and information manager." While there may be debate over what information is and what the precise responsibilities of a records and information management

(RIM) professional are, there is unanimous consensus on one issue: Businesses would fail and organizations collapse were it not for the work done by RIM professionals in organizing, managing, and protecting information concerning the business transactions of the enterprise.

The transition from records manager to records *and* information manager signals a paradigmatic change of vocation. This has come about because the work has changed from filing paper to

Bridging Organizational Boundaries

handling sophisticated computerized RIM systems, interpreting laws, and applying international standards. RIM professionals no longer only protect records, but also encourage their effective use. There is a shift from RIM being seen as merely an overhead administrative expense to being understood as a strategic asset and business ally.

The Emphasis Shifts to Information

Largely because of the development and convergence of information and communication technologies (ICTs), there has been a considerable change in the way organizations are formed and in how they function. They now are described as networked, intelligent, virtual, and learning.

Changes in organizations and their operation have led to changes in the various disciplines that handle organizational information, including librarianship (managing published materials)

and records and archives management (managing unpublished business documents, of both active and historical value). Knowledge management (managing what employees know) and competitive intelligence (identifying and using strategic information about competitors) are two new areas that have developed to support corporate information resource management.

These four areas – librarianship, records and archives management (RAM), knowledge management (KM), and competitive intelligence (CI) – can be paired. Both librarianship and record-keeping have traditionally focused on managing documents. Identifying which documents to collect, organize, provide access to, and preserve has been the primary focus of such practitioners. In

both cases, however, many of the more mundane aspects of managing documents can now be performed automatically by sophisticated computer systems, leaving the professionals free to focus on the content of the documents (the information they contain) and the users of such information. Librarians often call themselves “information managers,” and records managers have – rightly – become RIM professionals or strategic information managers.

RIM professionals deal primarily with information that enables organizations to survive and thrive, so they deal with strategic information, which is found in a variety of sites. It is found in records – those documents that provide evidence of the organization's business transactions and that may originate either inside or outside the organization. However, strategic information is also located inside employees' heads – through their experience of working with colleagues, competitors, suppliers, and customers – this is the focus of KM. It is also located outside the organization and in the environment that comprises many sectors, including government, industry, and competitors. This is the domain explored by CI.

New Disciplinary Relationships

If RIM professionals are to facilitate the strategic use of information contained in the documents they manage, they need to have an awareness of KM and CI. KM is important to RIM practitioners, as it involves capturing corporate memory; CI is important, too, as it involves identifying strategic information and making it available to decision-makers.

RIM professionals have a central coordinating role in corporate information management and can ensure that intelligence is distributed to the key decision-makers in the organization. Additionally, RIM professionals can no longer focus only on what is happening inside their own organizations. They must be aware of what is happening in other organizations in their industries and in international standards, as well as beyond their professional and industrial boundaries. All these forces will affect the RIM professional sooner or later.

While RIM professionals may be aware that much information of strategic value originates from outside the organization's boundaries, CI provides them with the skills and techniques that identify the strategic intelligence in external information, interpret it, and make it useful to the enterprise. RIM professionals are no longer bound to the physicality of records

but increasingly must be concerned with their content – information.

There are those in the organization who do nothing but CI activities and those who need to be aware of their particular contribution to vital CI functions. For the most part, RIM professionals are among the latter group. Even though RIM professionals may not undertake the CI function in its entirety, they are in a position to contribute to the process, in particular by coordinating and analyzing the strategic information contained in records – especially those that originate outside the organization – so it can be transformed into intelligence on which to base decisions and action.

What Is CI?

All organizations need to develop strategies for action based on an adequate understanding and analysis of their marketplace and its environment. Decisions that inform such strategies must be timely and correct; they must also be informed. Too many business leaders make decisions – perilous decisions – on the fly. CI strategies have been developed specifically to avoid this.

There are many definitions of CI, all centering on ethical and legal selection, collection, processing, interpretation, analysis, and distribution of highly specific and timely information concerning industry rivals and the external business environment. CI is about mining information sources and using appropriate analytical techniques to put this information together – information becomes intelligence only after it is analyzed.

CI is both a product and a process. The product is actionable information that is used as the basis for a specific action. The process is the systematic acquisition, analysis, and evaluation of information for competitive advantage over known and potential competitors.

CI Objectives

The objectives of CI include managing and reducing risk, making knowledge profitable, avoiding information overload, ensuring privacy and security of information, and using corporate infor-

mation strategically. It is worth noting that they are similar to RIM objectives. In addition, CI can improve planning and decision-making within the organization, enhance forecasting of competitive threats, avoid blind spots, and prevent information leaks, as well as be used as counter intelligence to protect the organization's intellectual property and competitive advantage.

In his book *Monitoring the Competition: Finding Out What Is Really Going on Over There*, Leonard Fuld says CI seeks to provide "early warning signals to alert management to both threats and opportunities" and to assist in the decision-making process at all levels so that value can be added to information through analysis, interpretation, and presentation. CI also seeks to make better use of what the organization already has by way of information and experience of its competitors and industry.

Ethics

One of the first things that enters many people's minds when they hear "CI" is some kind of industrial espionage, usually of the most dubious kind. But that is not the case; CI involves identifying information readily available in the public domain and interpreting it in order to assess whether it has meaning for the organization. For example, CI might involve monitoring job advertisements placed by rival companies. This will indicate what kind of positions need filling and how frequently, which in turn might be a signal that either there is high staff turnover due to low morale or that the organization is expanding rapidly in a line of business.

CI then is the legal collection and analysis of open-source, or public domain, information – and does not involve illegal, immoral, or unethical activities. It is well understood that up to 90 percent of CI can be easily obtained by legal and ethical means – and the balance is accomplished by good analysis. CI practitioners, therefore, base their work on moral principles,

knowing the difference between right and wrong. This not only includes the non-information-gathering functions, but also avoiding conflict of interest in fulfilling duties, providing honest and

tion as well. After this, it is essential to prioritize the important decisionmakers, the relative importance of the various categories of information that they require, how often they require it, and

the relevant laws and regulations, newly enacted or pending, that may have bearing on the industry's future.

3. Identify Sources

Because information about competitors is needed, the next step is identifying information sources. This can be more complex – and more fun – than most people realize. Clearly, there is much information contained in a wide variety of documents, including published documents such as those that might be found in a library. Remember, however, that public information is not synonymous with “published” information – it means information that is available in the public domain.

Some questions to ask include: Where am I going to find what I want to know? How long will it take? What is it going to cost? Information sources can be internal, external, and third-party. They can include customers, industry periodicals, promotional materials, marketing research, analysis of competitors' products, competitors' annual reports, trade shows, distributors, the Internet, news media, academic research, specialists, associations, and patents, to name just a few.

There are many other types of sources. Internet features, such as listservs, enable keeping up to date with announcements, gossip, and rumors. Also useful is attending trade shows, professional association meetings, talking to consultants and customers, and looking at advertisements and anything else that could be a source – even noting what cars are driven by employees of rival companies. Each of these sources has different usefulness for providing corporate or market data.

Last, there is the information contained in the records with which RIM professionals deal on a daily basis. Many of the records may contain information that would aid decision-makers.

4. Information-gathering techniques

Actually gathering the information requires using certain tools and techniques, not all of which are suitable for

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realistic recommendations, and promoting ethics within an organization.

Basic CI Functions

Seven steps of CI – each related to essential CI functions – can be identified. However, it should be remembered that information gathering and interpreting processes are often iterative. This means that as information is assessed, it might be accepted or rejected, or it may indicate that more information is required or that it needs to be corrected. There is, therefore, fluid movement among these steps.

1. Ask the question

The first step is identifying the key decision-makers in the organization and determining their intelligence needs. Often they themselves don't know and so this step demands skillful questioning about what decisions they typically make and which sources of information they use.

The kind of information they need usually falls into one of two categories: strategic (e.g., acquisitions, takeovers, financial performance, new product development of competitors) or tactical (e.g., wins and losses, key customers and market niches, competitor prices, and campaigns).

Key decision-makers are found not only at the top of the organization, but also among middle managers and tactical staff, such as in sales. These individuals are often good sources of informa-

the best way in which intelligence should be provided to them.

2. Look at the organization, industry, and competitors

Getting to know the organization – its type of business, number of employees, annual sales, and key financial information – is essential. An understanding of the company's history and recent company news that relates to its stability and health is also important. Much of this information will already be known to the RIM professional.

CI practitioners must be familiar with the industry in which they work. This means looking at the industry's contribution to the gross national product (GNP) and the industry's history and development, noting events, historical and recent, that have shaped or significantly affected the industry as well as looking at the number of companies operating in the industry, nationally and internationally. How many people are employed in the industry? What is the total output or shipments?

Consider local and international competitors. Who are the other players, companies, suppliers, and customers? What is the relative market share of the organization's major competitors? Understand the competitor's assumptions and mindset, resources, capabilities, and commitments, as well as its culture and personality. Note also the larger competitive environment, the influential factors (social, technological, economic), and

all CI objectives; the CI specialist has to use judgment in determining the relevant CI needs and the most appropriate tools and techniques. These are chosen depending upon various factors such as CI needs, time constraints, financial constraints, staffing limitations, likelihood of obtaining the data, relative priorities of data, and sequencing of raw data.

Included in such information-gathering techniques are standard research methodologies such as interviews, focus groups, questionnaires, participant observation, data analysis, and measurement. In order to verify information (remember, in CI, a single source of information is seldom able to become intelligence), techniques such as triangulation are used, in which more than one measuring instrument is used to examine a single phenomenon. In addition to these formal techniques, RIM professionals must not forget the value of what they already know about the company, its objectives, and its staff. Often just one sentence or one word identified at the right time can be absolutely critical. Two notable information-gathering techniques in CI are: environmental scanning and competitive benchmarking.

Environmental scanning includes the gathering of information concerning the organization's external environment, the analysis and interpretation of this information, and the use of this analyzed intelligence in strategic decision-making

The environment can be divided broadly into two components:

- the general environment and other indirect impacts, such as political, social, economic, and technological forces
- the industry environment, which is likely to have a direct impact on company tasks and outcomes

If the practice of environmental scanning is going to have any long-term value and credibility, it must be a strategically acknowledged, systematic

process within the organization. There must be a logical framework to the scanning conducted and there must be evaluative rigor attached to the information collection. All employees should be encouraged to participate in this activity at some level – including RIM professionals.

Competitive benchmarking entails a thorough investigation of the desired

aspect or outcome, such as actual business practices or production costs of competitors. Benchmarks assist in anticipating the long-term strategic moves of the organization's identified competitors, especially when compared to the organization's resources.

5. Evaluation, synthesis, and analysis

Once information has been identified

and collected, it must be turned into intelligence. Most writers emphasize analysis of data and information in order to understand and make sense of what has been seen. However, this step must be preceded by two other steps: evaluation of the data and information and synthesis of the various types and sources of data and information.

times there is only minimal data with which to work, draw assumptions, create intelligence, and make predictions.

It is useful for the CI specialist to have an understanding of the entire information context so that technical, competitive, and market information from internal and external sources is understood. To contextualize the information

lar pieces of information from different sources that perhaps deal with, or enhance, other topics. A single piece of information on its own – without context – is seldom useful.

Often the relationship between pieces of information is not obvious. One way to overcome this problem is through formal synthesis of the information under a number of key intelligence topics (KIT). KIT usually include relationships; driving forces; objectives and intentions; strategies and tactics; products and services; focus and targets; methods and processes; resources; performance; and strengths and weaknesses. This enables the CI practitioner to get a handle on what is being examined and how to “read” the information and data. (These categories might also be useful at the gathering stage).

Analysis – Too often, too much time is spent on collection or research, leaving inadequate time for analysis. Without analysis, the CI will provide either a recital of facts or a “dump” of data with little confirmation or advice and so must caution the customer of the possible incompleteness of the information. Analyzing the information and gleaning meaning from it is the most important part of CI. There are more than 100 different analytical techniques that can be used to extract meaning from the data and information that has been collected. These analytical models include

- blindspot analysis
- competitive position matrix
- competitor benchmarking
- core competencies analysis
- STEPP
- experience curve analysis
- GAP analysis
- Porter’s Five Forces
- product lifecycle analysis
- S-curve analysis
- SWOT (TWOS)
- war game simulation
- win/loss analysis
- market share analysis



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Evaluation – Evaluation of the information and data that has been collected is essential in order to ensure its integrity. Data that lacks accuracy and reliability may be marginally correct data, a concoction of good data and bad data, or even disinformation. The information needs to be assessed for quality, validity, and usefulness – and these criteria tend to be tempo-spatially based (e.g., where or when the information was created or will be used). It is necessary to ask questions such as:

- Why was this information created?
- By whom was it collected?
- What might happen as a result of this information, or what caused it?
- Are we able to confirm this through using other sources as well?
- How do we “read” this information – is there more than one way?
- Does this information tell us anything we did not know that we need to know? Or might it be useful to someone else?

Wherever possible, the origin of the information should be ascertained and the methodologies employed in creating the information examined and tested for accuracy. Often this is not possible and it becomes necessary to rely on judgment and experience. Also, some-

being gathered, it is important to examine and understand the STEPP factors (trends in the sociological, technological, economic, political, and physical environments). Such localization will enhance the meaningfulness of the information, as well as assist in predicting future trends.

This leads to interpretation of the information. Information can be understood through interpretation and dialogue (known as hermeneutics). Understanding and interpreting information is highly subjective and depends on an individual’s personality, knowledge framework, experience, and even the time of day. Through such exchange and interpretation, the CI specialist is able to blend tacit and explicit knowledge in order to determine new meanings, which can become the basis for decisions leading to action. The CI is therefore engaged in a producer/creator model of information seeking and use and is not only a consumer.

Synthesis – In “The Art of Scanning the Environment,” an article published in the *Bulletin of the American Society for Information Science*, Chun Wei Choo notes that information collection is “an organizational function that requires continuous planning, coordination, innovation, evaluation, and fine-tuning.” Part of information collection is bringing together and comparing simi-

- vulnerability analysis
- distinctive competence

These models are often categorized as strategic, corporate, customer, environmental, or evolutionary. Craig Fleischer and Babette Bensoussan's FAROUT criteria are useful in interpreting these models:

- F Future orientation
- A Accuracy
- R Resource efficiency
- O Objectivity
- U Usefulness
- T Timeliness

Applying this formula enables the selection of the appropriate analytical technique for the problem that must be solved and the nature of the information collected. A framework for competitor analysis should also be developed and the following must be determined:

- what issues of competition must be looked at
- intellectual capital
- market share
- growth capabilities
- quality of product
- innovation
- price

6. Dissemination and communication

Finally, the intelligence – the value-added information – must be communicated to the key decision-makers.

Delivery of information should be done through vehicles and in formats that match the work habits and preferences of these key people.

The intelligence also must meet certain requirements of presentation: its content, format, orientation, and other attributes must address the situational requirements that affect the resolution of the problem or class of problems that is handled by the decision-maker. For optimal value and use, the information should be coordinated, checked, cross-referenced, compared, critiqued, categorized, customized, and condensed.

There are various types of intelligence that will be communicated in myriad ways. Different types of intelligence include current, basic, technical, early warning, estimated, work group, targeted, crisis, foreign, and counter-intelligence. The delivery service should be sensitive to constraints and cover a range of time horizons and provide different levels of focus or detail. These levels include urgent news and detailed reports; some prognosticate the future and are speculative.

Ideally, there should be no gap between the individuals making decisions and the CI that they need in order to make such decisions according to their importance, timing, quantity, or quality.

7. Outcomes

Business is a series of decisions. Businesses have an increasing need for intelligence on which to base decisions concerning the conduct and development of each of their strategic objec-

and recommendation processes of CI is the action that is taken by a decision-maker.

This constitutes information use, which is a dynamic, interactive social process of inquiry that may result in the making of meaning or decisions. The constant movement in making sense and meaning of the information that one is given, moving from the general to the particular, to the whole and back to each part, requires active participation by the user. In addition, the user must challenge assumptions made, identify the origins of the information, question how it was obtained, and determine many other qualities of information. Determining such qualities of information assists in its use and application.

Making decisions is one of the toughest things that people need to do – both professionally and personally. In the current business environment, making decisions on the fly with inadequate information or time to reflect is common – but making the right decisions is crucial to the success of every organization. The RIM professional must understand how decisions are made and ensure that the organization learns from past experiences, something that can be achieved through CI processes.

Managing the Intelligence Program

The CI process begins and ends with the activities of planning and direction. Appropriate management of the CI function is essential from these early stages so that scope and importance of the work is understood. If the organization's CI processes and objectives are well understood, senior management should be in a stronger position to allocate supporting funds as well as to champion and publicize CI activities. It is only after this that information gathering, interpretation, analysis, dissemination, and use can take place. Like many other management functions, CI management revolves around five key elements: plan, people, position, processes, and performance.

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Because they may be scattered throughout the organization, the first step is ensuring that the correct intelligence makes its way to the correct destination.

tives, as well as the protection of their business against competitive threats. The final result of the information gathering, interpretation, analysis,

Plan - Planning involves devising the right strategy and determining CI requirements.

People - It is naturally important to get the right people with the right skills doing CI. However, all employees have a CI role to play.

Position - CI must be integrated into the business, with senior-management support. It should also be located at an appropriately senior level.

Processes - The business processes, including aims, objectives, and information needs, must be well understood for CI to take place.

Performance - Measuring CI performance is important to ensure continued management support. Measurable items include the quality of internal information collected, its use by key decision-makers, and its impact on decision-making. Another measurement is identifying the gap between what is needed and what the business already has.

Counter-Competitive Intelligence

Another important component of CI management is the counter-competitive intelligence program (CCI). The amount of information an organization's CI specialists can legally and ethically gather and analyze about its competition is the same information equally available to the competition. The CCI program must reduce the vulnerability of the corporation's competitive advantage and safeguard its assets from exploitation, theft, and fraud. Without such a safeguard, the company would not be sustainable and, over time, would surrender itself to the competition.

Plant, personnel, information systems, records, strategic plans, intellectual property, and intangible assets such as information and knowledge must all be protected. (RIM professionals are, of course, already familiar with many aspects of this through risk and vital records programs.) There are, therefore, various levels of protection that must be considered: physical, identification of information flows, and evaluation of the information itself, all with relation to competitive advantage. Important

questions to ask are: What would competitors look for? and how would they be able to get access to it? The answers will suggest ways in which an organization's CI can be protected.

Beyond Organizational Boundaries

A substantial proportion of the information that an organization needs for intelligence analysis already exists within the organization. Mostly this is scattered, and people are often unaware of its value and the necessity to share it. Otherwise, it is assumed that this information will be picked up by someone else. While a central locus, such as a CI officer or coordinator, may be needed to coordinate, interrelate, and integrate the disparate streams of information and analysis produced in the organization, it is nonetheless important to recognize the valuable contribution that can be made by all employees, and RIM professionals in particular, who have many of the skills, abilities, and opportunities necessary to support a CI program. Strategic information partnerships are

essential between CI specialists and decision-makers, and also between CI, IT, KM, and RIM professionals.

The RIM professional can no longer be confined to managing records in isolation, without an awareness of how this can be used in the competitive environment outside the organization. RIM professionals are perfectly placed to ensure appropriate information is identified as key intelligence and is communicated proactively to the responsible decision-maker. This means moving beyond managing records and supplying documents on demand; it implies intelligent understanding of the content of the documents that RIM professionals deal with and accurate appreciation of the value of records beyond their evidential role. RIM professionals are also well-placed to ensure that counter-intelligence procedures are developed, those which might go well beyond security considerations. The RIM professional must look beyond organizational boundaries in order to understand the strategic and competitive importance of the records that are handled on a daily basis. ■

Sue Myburgh is Senior Lecturer and Program Director, Knowledge Management, at the University of South Australia-Adelaide School of Communication, Information, and New Media. She may be contacted at sue.myburgh@unisa.edu.au.

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