

## COMPETITOR INTELLIGENCE

# *The Intelligence Process: A Management Checklist*

Building a successful intelligence program may be easier than you thought. What you need may be available within your organization

by Leonard M. Fuld

**T**elecom Canada has given awards to employees for contributing vital market and competitor information to management. Adolph Coors avoids costly marketing mishaps because management methodically collects, organizes and assesses competitor information. Xerox regularly strips down its competitors' copiers to determine cost of manufacturing and other valuable benchmark data.

These are examples of how various companies make "intelligence" work. In each case, management reaps rewards by understanding that *people*, and not high-tech systems, are the most useful and valuable information resources available to management. A company's staff is its true database. Telecom Canada, Xerox and Adolph Coors have successfully tapped into their organizations' "people database" by identifying and responding to the following questions:

- Which employees have what kind of information?
- How does our organization store and communicate that information?
- How can our entire organization be made more aware of management's information needs?
- How can we motivate staff to contribute information?

Corporate management must assume that as much as 80 per cent of the information it needs on its marketplace

and on its competition is already available somewhere within the organization. Company employees attend R&D conferences, go to sales meetings, belong to professional societies, meet customers and deal with suppliers; all these business opportunities provide first-hand information on changes in market conditions far in advance of any newspaper or trade magazine article.

Many senior managers encounter frustration because they cannot find the appropriate data when they need it. But they realize that someone inside their company probably has the information or has a file cabinet or a database that contains what they need to know.

To develop a practical, functioning intelligence program, one that will contribute to both tactical and strategic decision making, management needs to identify and direct the company's information flow. To accomplish this goal will take management's commitment to the process and a better understanding of how information is used throughout the organization. The following components are integral to making a corporate intelligence program work and should be on any manager's Intelligence Process checklist. They are, in order: needs assessment; company-wide motivation; audit of information resources; storage of information; and use of existing communication channels.

### About the author...

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## The needs assessment

Initiating and building an intelligence program can be overwhelming: often, there is a morass of information to be organized. Taking an intelligence snapshot can give managers that much-needed focus.

An intelligence snapshot is a three-part needs assessment that examines an organization's true information needs, the resources it typically draws upon to meet those needs, and the communications channels used to send and receive information. As the term implies, it is a candid contemporary image of the organization. Typically, an intelligence snapshot can identify a number of hidden resources and discrete communications channels of benefit to others within the organization.

***"An intelligence snapshot is a candid contemporary image of the organization . . . which identifies a number of hidden resources."***

Taking the intelligence snapshot will help to focus the effort and energies of the individuals who must build the intelligence program. Also, it helps to identify the key people who must buy into the intelligence effort, both as suppliers and users. More important, the assessment will focus the planning and design of the intelligence program, pinpointing the informational areas that already exist as well as those that need development.

## Motivate the organization

Motivation is a critical component of intelligence programs, and ways to motivate the organization to contribute to the intelligence effort and move the information along must be included in

the process of building an intelligence system.

The "motivation component" actually consists of two parts: incentives and awareness. All large organizations constantly grapple with these two intelligence issues.

Incentives are a fairly common problem; without them, employees are not motivated to join the intelligence effort. Some individuals will not take the time to contribute because they do not see any personal benefit. Salespeople are under pressure to meet quotas, scientists to meet project timetables, production engineers to meet efficiency standards—anything that dis-

tracts from this effort is considered a nuisance and not worth the time. For many, management seems to ask for, and take, information without offering any in return.

There are several very simple, low-cost solutions to cure the "what's-in-it-for-me" syndrome, including simply feeding back information. This can be done in the form of a newsletter or the totally egalitarian information-sharing environment found in Digital Equipment Corporation's electronic mail network, where everyone can contribute as well as tap into a variety of competitor information bulletin boards. Electronic or low-tech, any method the

### How to Achieve Intelligence Program Goals: A Trouble-Shooting Checklist

Checklist step	Approach
Needs assessment	<ul style="list-style-type: none"><li>✓ Use a 2- or 3-person interview team</li><li>✓ Ask for actual needs, not an ideal wish list</li><li>✓ Identify most-used resources</li></ul>
Intelligence audit	<ul style="list-style-type: none"><li>✓ Locate information sources beyond traditional library collection</li><li>✓ Create a catalogue or index of non-traditional resources, such as a listing of internal experts by expertise; privately maintained databases; individual collections of market research studies</li></ul>
Storage of information	<ul style="list-style-type: none"><li>✓ Start with a relatively small, easy-to-maintain database</li><li>✓ If the database does not add significant value to management decisions, consider an alternative, such as building a manual file</li><li>✓ Do not select the database software before information needs are determined</li></ul>
Communication of information	<ul style="list-style-type: none"><li>✓ Often, the simplest communications tools—such as bulletin boards or voice mail—convey the most information</li><li>✓ E-Mail only works if the organization uses it broadly</li><li>✓ An intelligence program must employ many communications tools to ensure its message will be heard</li></ul>

intelligence program can use to get information back out to the employees who supply the system will provide the proper incentives.

One manager at a very large chemical company has built an electronic mail intelligence network with almost 500 contributors. He receives as many as 30 news items about the competition each week. In turn, he produces an electronically transmitted newsletter, which takes each of these news items and distributes them to the entire network. The newsletter acts as a wonderful incentive, giving each contributor the whole picture, not just the informational bit he or she contributed. This chemical company now has a robust, highly active network of contacts around the world who are willing to share and exchange information.

***“A simple ‘thank you’ from the CEO or vice-president can charge up staff.”***

Other companies, such as Telecom Canada, have tried giving awards to acknowledge contributions to the intelligence effort. For other firms, a simple “thank you” from the CEO or vice-president can charge up staff. A senior-level thank you telegraphs an important message to the troops that what they are doing is important and is being heard upstairs in the executive suite.

The second side of the motivational coin is awareness, an invisible problem. Even in high-morale organizations where employees are happy to contribute vital information to management, individuals frequently do not know what information is important or who needs it.

There are many ways to raise awareness, most of them simple and low cost. Xerox’s copier group makes it their business to constantly broadcast competitor information throughout the

organization, using bulletin boards and displays. On a long stretch of hallway, the Competitive Assessment team at Xerox has posted newspaper advertisements of competitors’ copiers. The ads raise awareness of the competitors’ products, features and prices. The group also rolled rival copiers into the employee lunchroom to allow an estimated 7,000 employees, including marketing executives, engineers and purchasing agents, to touch and feel the actual competing product. Simple exposure, as demonstrated by Xerox, can go a long way toward heightening an organization’s knowledge of the competition.

## **Audit the resources**

Once the needs assessment has been completed and the organization motivated, the intelligence program’s planners must attempt to uncover hidden information resources located inside the company—from personal competitor files located in an executive’s desk drawer to the myriad databases containing competitive information that are often found on company computers.

An intelligence audit goes beyond an inventory of the physical resources; it attempts to capture the company’s existing expertise. The successful intelligence program catalogues its information assets, much as a company

### **The Audit of a Healthcare Company**

*An intelligence audit of a pharmaceuticals company revealed that, although their corporate library was efficient and vast in its collection of traditional scientific literature, it lacked a means to direct its executives to particular company experts or specialized databases maintained by individual departments.*

*The initial needs assessment of over 30 executives indicated that the company employed dozens of individuals who had once worked for various competitors. The assessment further revealed that few executives used the library to gather timely information; rather, they relied upon each other and their own personal network for marketplace “scuttle-but”.*

*The goal of the intelligence audit, in this instance, was to find the information repositories resulting from the firm’s many personal and informal networks.*

*The survey was handed to each of the 20 major departments. Each resource was catalogued on a simple database file. In the end, the audit collected and catalogued over 1,000 formerly hidden information resources, including: over 300 experts with technical and market expertise; dozens of highly specific databases that analysed products, sales and markets; over 100 competitor-related files maintained throughout the company; names of individuals and the professional societies they belonged to; and the major meetings regularly being held throughout the company, at which information was exchanged on topics ranging from licensing agreements to new product development.*

*The audit findings were published as a directory and distributed to each department. For the first time, the company had an alternative index to its information resources. Ironically, the index itself acted as a catalyst and incentive for all company executives to contribute to the ever-growing intelligence network in the organization.*

library catalogues its books and magazines.

## **Store information**

Storage is the next important component to tackle. Within months after management begins its intelligence program and offers its organization the right incentives, it is likely that information will begin to flow—sometimes faster than management's ability to handle it.

A word of warning: keep the storage system simple. Do not build in so many bells and whistles that it becomes too complicated to organize or access the information. When some managers first address the storage issue, they take their eyes off the intelligence program's true objective of delivering timely, analysed information to management. Instead, many become entangled in a technological web that absorbs staff time and money—resources better spent raising awareness of the critical issues.

***“Those managing the intelligence program must constantly ask themselves how they are adding value by building a database or filing system.”***

Those managing the intelligence program must constantly ask themselves how they are adding value by building a database or filing system. If the particular database does not help speed analysis or help management make decisions, it should not be built.

In the early 1980s, Motorola began experimenting with a sophisticated “electronic library” concept. But over time, the mainframe software designed

to absorb and sort through millions of words of text became too unwieldy and too expensive. Although its designers could claim some benefits from the system's ability to pull together massive and disparate chunks of data, it became difficult to reconcile the somewhat intangible benefits with the large dollar outlay needed to feed and maintain the system.

Instead of trying to build one database to solve all intelligence problems, management should concentrate on building, or locating, discrete mini-databases to address individual issues. Smaller databases are easier to maintain and update; therefore, they are often more accurate and timely.

Many of these smaller, dedicated databases may already exist inside a company. During the audit of a major pharmaceutical company, dozens of databases were uncovered that dealt with a variety of competitive topics, from pricing to licensing. While none were actually labelled “intelligence databases,” that is, in effect, what they were. By recognizing this, the audit gave the company a host of new information resources that would have been too costly and time consuming to build from scratch.

Finally, any centralized database built by the intelligence program should direct management to the actual resources, rather than become a data repository itself. It is much easier to build and maintain a directory than to keep a news-type database current.

As an example, a competitive analyst at Becton-Dickinson, a medical diagnostics company, regularly attends scientific conferences and collects the latest research papers. Each time she learns of a new technical development, she enters a brief blurb on a spreadsheet, entering the information by product category and company. She then distributes the updated spreadsheet to Becton-Dickinson's scientists and marketing managers. By scanning the spreadsheet's various columns and rows, the reader can quickly spot changes in market and R&D conditions. Readers who need more information can contact the analyst, who can pull out the complete documents and paper files.

## **Use existing channels**

Changing or creating corporate communications channels is like trying to redirect the course of a mighty river. It can take a great deal of manpower, equipment and time. Intelligence program planners need to identify and use existing channels and not try to force new—perhaps culturally unacceptable—ones onto the organization.

***“Changing or creating corporate communications channels is like trying to redirect the course of a mighty river.”***

Digital Equipment Corporation (DEC) has one of the most successful, extensive and widely used electronic mail systems. The system is used to convey competitor information throughout the organization. DEC has developed scores of electronic bulletin boards, and each board discusses a particular competitor's product or marketing strategy.

Electronic mail is not the only vital communications link; some firms use voice mail to convey timely information to the appropriate people.

Always look for existing and widely used communications tools to transmit your message. Using communications channels that are already in place speeds the growth of the intelligence program throughout the organization.

## **Conclusion**

Building an intelligence program takes time, perhaps as long as three to five years. Following this step-by-step checklist will enable planners to achieve measurable results without wasting their time, as well as gain their organization's goodwill and support. An effective intelligence program will allow an organization to reap the benefits of better decisions for years to come. 