

'I want it fast, factual, actionable'—Tailoring Competitive Intelligence to Executives' Needs

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IN RECENT YEARS WE HAVE seen a fundamental shift in the way managers view competition. Whether, like Intel, the company is striving for industry dominance or, as in the case of DEC, the struggle is essentially one for survival, it has become increasingly apparent to managers that the ultimate test of strategic success is that of the performance of the enterprise relative to competition.

As top heavy management structures are de-layered in an endless series of corporate restructurings, as organizations downsize (or 'right size') in an effort to cut costs, improve productivity, streamline operations, and regain competitive advantage, and as some firms seek to radically transform themselves by reengineering their core business processes, managers at all levels are learning, many for the first time it seems, that business is first and foremost about competition; about winners and losers in the market place.

This is how Hammer and Champy describe the 'new' business reality:

Three forces, separately and in combination, are driving today's companies deeper and deeper into territory that most of their executives and managers find frighteningly unfamiliar. We call these forces the three Cs: Customers, Competition, and Change. Their names are hardly new, but the characteristics of the three Cs are remarkably different from what they were in the past.¹

Managers have come to realize that being very good at what you do is no longer good enough; that if their companies are to survive they must rigorously and

Today even corporate giants have been awakened from slumbering complacency by the intensifying forces of global competition. Deepening recession, political upheaval, volatile currency markets, and new, and more aggressive, competition all combined to signal the end of 'the good old days'. As the hard hit fortunes of DEC, GM, IBM, NEC, Merck, Philips Electronics, VW and others prove, no company is invincible.

In response to new and changing pressures in the competitive environment, managers virtually stumble into each other as they scramble for yet another look *inwards*, before the inevitable decision to restructure or fine-tune the organization and its offerings. But this is not enough.

In order to formulate, and effectively implement, winning competitive strategies the firm must have in place a formal mechanism to collect, process, analyse, and disseminate competitive intelligence. Competitive intelligence enables managers to understand what the competition can and will do, and when and where it plans to do it.

The article describes what competitive intelligence is, why it represents a key element in the strategic management system of the company, and how it works in practice.

relentlessly pursue, and achieve, 'three concurrent goals: customer satisfaction, market domination, and increased profitability'.² Even those firms that have introduced programmes built around 'empowerment', Just-In-Time (JIT) manufacturing, 'learning



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organizations', 'teams', Total Quality Management (TQM) and other fashionable management concepts are finding that unless these approaches translate into sustainable competitive advantage the battle is lost. In short, managers in the 1990s have rediscovered the central truth of Porter's observation that 'Competition is at the core of the success or failure of firms'.³

IBM UK provides one example of how a growing number of firms are responding to today's competitive challenges, and the profound impact this is having on the role of managers. The company has reorganized its home sales operation 'in a federation of some 30 separate businesses, each with the power to fix its prices and settle its costs'.⁴ This means 'business managers alone will be responsible for their profits, costs, and their customers' satisfaction'.⁵ In other words, throughout IBM's UK organization managers are now explicitly accountable for the competitive performance of their own business units. The bureaucracy which once sheltered IBM executives from the external environment, including competitors, is a thing of the past. IBM managers, in the tradition of their officer counterparts in the British army, are expected now to lead from the front.

But to lead from the front is a dangerous endeavour under the best of circumstances. Even great generals, with superior forces, better weaponry, more effective organization, and more efficient communications and logistics do not engage in offensive operations without first collecting and assessing information about enemy capabilities, disposition, and intentions. To do otherwise would be suicide. Equally for today's global enterprise, the consequences of formulating or implementing business strategy without the benefit of actionable competitive intelligence are no less severe.

No executive today can be unaware of the extent to which the complexity, the intensity, and the very nature of competition is changing, or the accelerating rate at which change now occurs. It is also unlikely that today's manager would disagree with the proposition that, in order to create and sustain competitive advantage, he or she must become better at understanding the competitor's 'future goals, current strategy, assumptions [held about itself and the industry], and capabilities'.⁶ Put another way, most managers now recognize that their organizations must become much better at gaining and using competitive intelligence (CI).

Unfortunately, despite the growing need of com-

panies for more accurate, more strategically relevant information about the future direction, plans, and intentions of emerging and existing competition, my experience suggests that what headway European firms are making towards the development of formal competitive intelligence programmes is, with a handful of exceptions, largely incremental, and therefore inadequate. As Hammer and Champy observe, 'Incrementalism is ... the surest way to fail at reengineering'.⁷ It is also the surest way to fail at competitive intelligence.

The effective competitive intelligence programme serves as a catalyst for radical change, and is therefore likely to meet organizational resistance from executives who jealously guard their carefully nurtured information turfs. Thus, if the competitive intelligence programme is to be effective—if it is to add measurable value to the bottom line performance of the firm—it requires continuous top management support including the resources that attach to such support.

Definition

Competitive intelligence is at once both a process and a product, rooted firmly in the notion that 'Increased understanding of competitors' strengths and weaknesses ... leads to more effective strategy formulation'. Competitive intelligence thus ranks as 'one of the most important strategic tools that managers possess'.⁸

We can use the following as a two-part working definition of competitive intelligence:

1. An analytical process that transforms disaggregated competitor, industry, and market data into actionable strategic knowledge about the competitor's capabilities, intentions, performance, and position; and it is
2. The end product, or output, from that process.

Senior managers in large scale companies are quick to point to market research resources (both internal and external), to strategic planning processes, and to competitor analysis activities that, while perhaps not 'perfect', appear to get the job done. Yet among most European based firms 'There are very few fully integrated [competitive intelligence] systems, i.e., CI programmes integrated with other information activities in the company'.⁹ In other

words, and contrary to the conventional wisdom, most European managers do not participate in, or benefit from, an ongoing, systematic process designed to produce actionable strategic knowledge about the capabilities, intentions, performance, and position of competitors. At a time when competitive pressures have never been so great, and show no signs of weakening, this is pure folly.

The main aims of this paper are four-fold; to

- ❑ Offer an explicit description of the competitive intelligence activity.
- ❑ Suggest how competitive intelligence should be organized.
- ❑ Review some of the collection and analytical techniques that are available.
- ❑ Explain the benefits and results that firms may expect.

The Competitive Intelligence Activity

It is well known by managers and scholars alike that 'A first step in understanding the position of an organization is to examine it against competitors or rivals it faces'.¹⁰ This means answering questions such as:

- ❑ What are the competitor's objectives?
- ❑ What are the competitor's comparative strengths and weaknesses?
- ❑ How has the competitor performed to date?
- ❑ What is its current strategy?

In many instances the firm will develop its strategy without clear answers to these questions; perhaps because managers believe the information cannot be obtained, or possibly because there is no organizational mechanism in place to collect, evaluate, and deliver it.

In matters of intelligence, companies can learn much from the experience of the state and the military. The United States Central Intelligence Agency (CIA) describes the intelligence process, or cycle, in terms of five interdependent phases (Figure 1). The phases are:

1. Planning and direction (or 'tasking')

2. Collection
3. Processing
4. Analysis and production
5. Dissemination

I will consider each phase in turn.

Planning and Direction

Before any competitive data or information is collected, the intelligence consumer (usually the policymaker) must first articulate an explicit intelligence need. In practice, the intelligence requirement cannot be said to exist without appropriate answers to three basic questions:

1. What do we need to know?
2. Why do we need to know it?
3. What decision is to be made, or action taken, once we know it?

Because the main purposes of competitive intelligence are to underpin and enhance strategic decision-making at the business unit level—the level at which competition occurs—the answers to these questions must be framed within a context strategically relevant to the firm. As Robertson observes, 'one cannot formulate intelligence requirements until politicians [managers] formulate policies'.¹¹ Competitive intelligence serves to 'highlight the critical gaps in the knowledge of decision makers, illuminate the key uncertainties, clarify the ambiguities to the extent possible, and provoke debate whenever necessary'¹²—it prompts the most central of questions: how are our competitors trying to beat us? and therefore, how are we going to beat them?

In reality, however, the ever changing complexity of big—particularly global—businesses means that 'The policymaker cannot possibly be aware of all the problems and challenges likely to confront him, so it is precisely one of the tasks of intelligence to alert him to the dangers and opportunities that he may face'.¹³ Intelligence must warn management 'of the trouble before it occurs'.¹⁴ In one sense, then, the Competitive Intelligence Co-ordinator, or Manager, must be able to anticipate, as well as respond to, intelligence needs.

Managers should also be clear about what competitive intelligence is not. It is not a surrogate for tasks

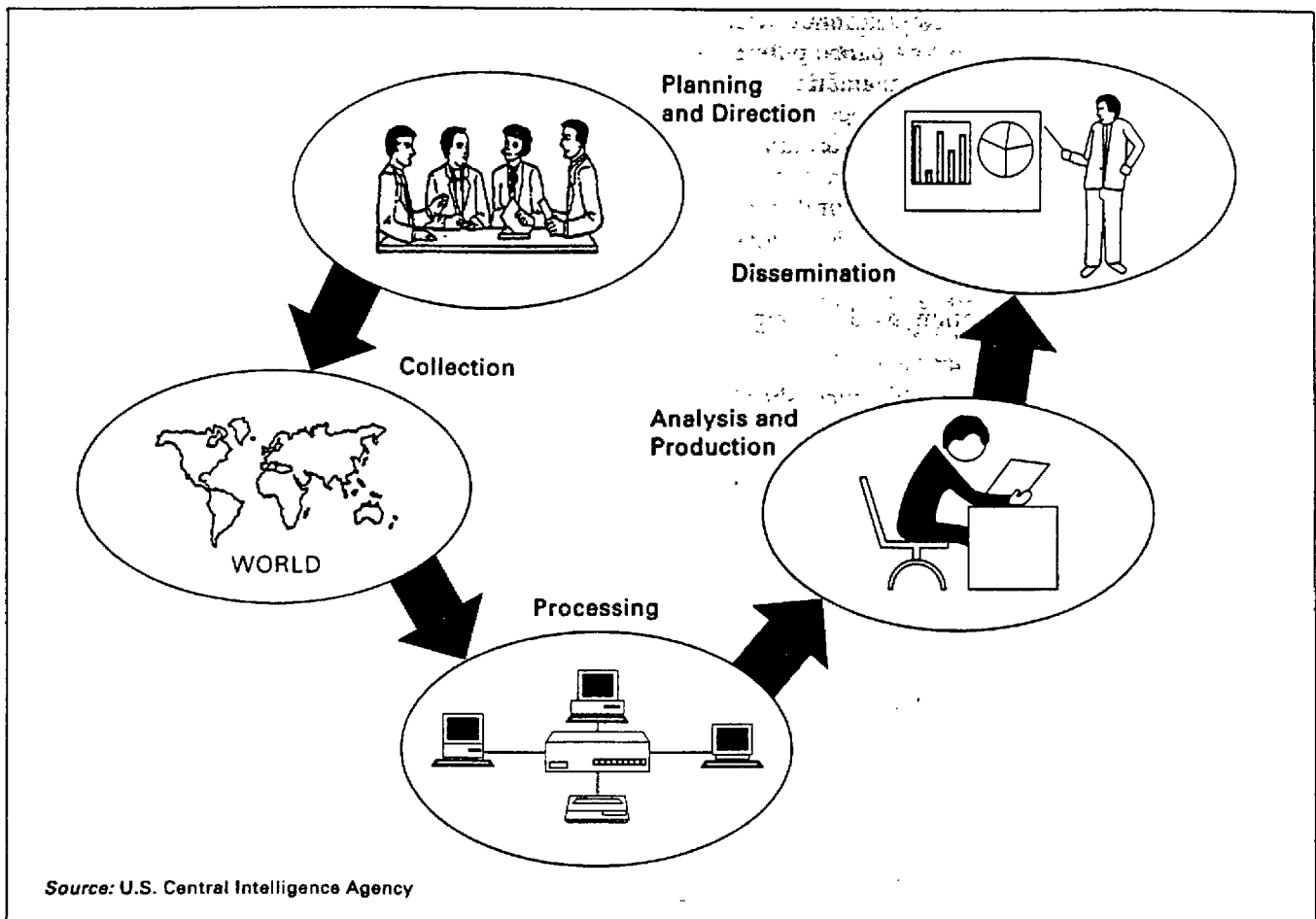


FIGURE 1. The Intelligence Process.

which properly fall within the domains of the corporate library or market research department; it is not market intelligence *per se* (e.g. the focus of competitive intelligence is often on financial, R & D, or technical issues; market research is more likely to involve problems and issues associated with the profitable marketing of the firm's product and service offerings); and it is not to be confused with, nor is it a sub-component of, the firm's environmental scanning system. Scanning systems provide early warning of competitive threats that may exist. The task of competitive intelligence, on the other hand, is to determine whether or not the warnings are valid, to probe further if they are, to evaluate the strategic impact (if any) on the firm, and to make estimates and submit recommendations.

Competitive intelligence is a discrete process, generating a unique product, which from the outset is tailored to the particular requirements of the intelligence consumer.

Ultimately a successful product is one that consistently (and profitably) meets customer expectations and needs. Intelligence is no exception. It is the intelligence consumer—the policymaker—who determines, sometimes explicitly, sometimes implicitly, the intelligence that is needed, what the intelligence priorities are, and, finally, judges the quality and usefulness of the intelligence product. The competitive intelligence product is the output resulting from the intelligence process (or cycle) that enables policymakers to make informed decisions as a prelude to action. The competitive intelligence

process, like any 'core business process "creates" value by the capabilities it gives the company for competitiveness'.¹⁵

Each intelligence project involves meticulous planning and careful management. For example:

- ❑ Intelligence needs and objectives must be clearly and explicitly defined (to the mutual 'satisfaction' of consumer(s), researchers, and analysts).
- ❑ Various responsibilities (for collection, analysis, etc.) must be delegated to executives, researchers, and analysts.
- ❑ Financial and other resources must be allocated.
- ❑ Consultants, if they are involved, must be briefed.
- ❑ Time scales need to be agreed upon.
- ❑ Preliminary information sources should be identified.

The competitive intelligence process is a focused, intellectually exhausting, user driven activity, and must be managed accordingly.

Collection and Processing

Collection 'involves the gathering of the raw information from which finished intelligence will be produced'.¹⁶ It is the research phase of the intelligence process.

Most texts on the subject of competitive intelligence deal at considerable length with the issue of secondary—mainly published—data and information sources. The list of such 'open' sources is infinite—annual reports, government documents, directories of every description, newspapers, statistics, trade journals, 'on-line' database services, etc.—and will typically account for 80 per cent or more of the data and information input. But *the intelligence yield from secondary sources relative to that gained from primary—mainly human—sources is negligible. The intelligence product which serves as a springboard for managerial action—i.e., it is actionable—is generated mainly from information collected from reliable primary sources.* If a number of well placed sources, independently of each other, and in different offices (and possibly countries) provide the same response to a particular question, the information is likely to be true.

For example, Figure 2 illustrates the approach the

intelligence researcher might take in trying to discover the current status of a drug (which I shall call sunshine) under development by a major international pharmaceutical manufacturer for the treatment of depression. The researcher has already reviewed secondary information which suggests clinical trials are in Phase II development in the United States—the objective is to validate these assumptions.

The intelligence value from this series of interviews is obvious. The researcher now knows that:

- ❑ clinical development of sunshine is ongoing.
- ❑ Phase II trials have only recently begun, in the United States only.
- ❑ there is a possibility that trials in Europe may start in the near future.
- ❑ problems with nausea have been experienced.

Each 'finding' in this instance has important strategic consequences for the 'client' firm.

Another example of how competitive intelligence works in practice is found in the market for household cleaning agents (bathroom cleaners, carpet shampoos, dishwasher detergents, fabric softeners, laundry detergents, water softeners, etc.).

In this case a major European player (with headquarters in country A wishes to improve its understanding of the competitor's cost structure. The company therefore decides to examine supply chain issues more closely. Part of the analysis involves answering the key question: *which contract packers or manufacturers supply the country B market with the competitor's products?*

A four step collection process involved 15 hours of research, and 30 minutes of on-line database 'searching' to answer the question (see Figure 3).

The pharmaceutical industry provides one further example of competitive intelligence in practice.

A European pharmaceutical company knows that a competitor plans to soon launch a drug (which I shall refer to as wizbang) in the company's home market (country X), which poses a strong competitive threat to one of the company's major products. Moreover, it appears that the competitor intends to enter the market at a lower price.

The product currently generates annual worldwide sales of several hundred million dollars, and is the market leader for its indication. Positioning and pricing strategy require urgent reassessment.

INTERVIEWEE	QUESTION	RESPONSE
Director of Corporate Communications (New York)	I would like to talk to you briefly, if I may, about the clinical trials now underway in Europe with <i>Sunshine</i> .	I'm sorry ... I can only say that yes, at present early studies of <i>Sunshine</i> are taking place... but in the United States only... not in Europe.
Investigating clinician at one trial centre in Boston	Would you be able to help me with some information about your Phase III trials with <i>Sunshine</i> for depression ?	We are investigating <i>Sunshine</i> , but the study is an early Phase II study, not Phase III.
Vice President, company R & D centre, Philadelphia	I understand you are about to move into Phase III clinical development with <i>Sunshine</i> for the treatment of depression... I suppose this means you will soon be filing an NDA (New Drug Application) ?	Well... actually... we only began Phase II trials last month ... it will be at least two years before we are ready to submit NDAs... it depends on many things... but I am not at liberty to discuss the matter further.
Medical Information Officer, Brussels subsidiary	I was interested to learn about your progress with the development of <i>Sunshine</i> ... I assume this means there is no real issue with side effects.	We're not really involved with this compound in Europe ... although we do have a protocol ready ... we're waiting for a decision from the US... but you're right, apart from some problems with nausea there are no other problems with side effects I am aware of... my understanding is that <i>Sunshine</i> is proving to be effective.

FIGURE 2. Intelligence Research for 'sunshine'—an anti-depressant drug.

Step No.	Source interviewed	Information obtained
1.	CEO of competitor's subsidiary in Country B	<ul style="list-style-type: none"> ✓ Listing of product brand names and types, in each major category (e.g. dishwasher detergents) the company supplies ✓ The specific products <i>manufactured</i> in Country B, and manufacturing locations for the products made <i>outside</i> Country B ✓ Confirmation that the firm had no manufacturing sites of its own in Country B – responsible for marketing and sales only
2.	Product managers and other executives at the competitor's head office and Country B subsidiary	<ul style="list-style-type: none"> ✓ Names and locations of the contract packers/manufacturers
3.	Database search of the contract packers/manufacturers	<ul style="list-style-type: none"> ✓ News items concerning recent contracts ✓ Basic financial details ✓ General information about the scope of each company
4.	Marketing, Sales, and Technical managers at each contract packer/manufacturer	<ul style="list-style-type: none"> ✓ Confirmation of specific products each contract packer/manufacturer supplied on behalf of both the competitor, <i>and other rivals</i> ✓ 'Packages' of information on each company's full range of capabilities and product/service offerings

FIGURE 3. Collecting competitive intelligence—A four-step process.

The questions asked of the competitive intelligence consultants are the following:

- ❑ What is the launch date/status of *wizbang* for the country X market?
- ❑ Is the competitor expecting to get a product licence, and when?
- ❑ Does the competitor have any problems with the

formulation? What type of data has been submitted to the regulatory authorities about them?

Approximately 20 primary sources were interviewed during the research process. These included: executives in offices of the competitor firm in four countries; various pharmaceutical industry associations; pharmaceutical products distributors; regulatory agencies; clinicians; and charitable organiza-

tions concerned with the disease. The combined responses from these sources enabled the consulting firm to answer all questions.

Perhaps the most revealing information was provided by managers at two offices—in different countries—of the competitor's advertising agency. One manager, when asked if there was anything new in the pipeline, said 'nothing new at the moment . . .', then added that he typically is given 3 to 6 months' notice by the competitor to prepare advertising and other promotional material. The second manager confirmed that his office was 'not working on any products for the [X market] now'.

Three of the most valuable primary sources of competitor information available are:

- ❑ the competitor organization itself,
- ❑ customers,
- ❑ agents and suppliers (both yours and the competitor's).

Using proven interviewing techniques¹⁷ it is possible to learn from competitors, customers, and suppliers most of what the firm needs to know in order to complete the intelligence puzzle. Some 'targets' are harder to 'penetrate' than others, but none are invulnerable. *Although it often requires scores of interviews, at times on a global basis, experienced intelligence researchers can collect from external primary sources nearly every essential element of information they need regarding competitors.*

Most of the intelligence that managers require already exists inside the firm. The problem, generally, is that no formal mechanism is in place to leverage internal information resources. Managers and staff from engineering, finance, human resources, manufacturing, marketing, R & D, and sales, all have something to contribute in terms of valuable competitive information. In addition, they can all benefit from intelligence feedback. But someone must talk to and motivate them. *It is a key function of the CI activity to harness the power and add value to the capabilities of these 'knowledge assets'.*

One major international aerospace manufacturer requires that every executive travelling abroad (from whatever department and for whatever reason) should be 'briefed' before the trip by a member of the corporate business intelligence unit, and on his or her return report back with findings related to the issues and questions raised at the briefing. This provides

the company with a continuous stream of up to date, often vital information at no additional cost.

Analysis and Production

Analysis represents the 'value added' element of intelligence. It is analysis, and the options and recommendations which emerge from analysis, that senior managers use for strategy formulation and decision-making purposes.

Essentially analysis involves the transformation of raw information into the finished intelligence product. Herbert Meyer, formerly vice-chairman of the US National Intelligence Council, and an assistant to William Casey (Director of Central Intelligence from 1981 to 1987), suggests that '*An intelligence outfit earns its pay by choosing well—by deciding which experts to back or even whether to ignore them all; by resolving its own internal differences; and by sending forward to policymakers a series of judgements, conclusions, and projections that will, in the end, prove valid.*'¹⁸

Good analysis, however, is not enough. Managers must be receptive to intelligence—especially when the 'news' is not what they expect, or wish, to hear. Although Roosevelt and his commanders were fully aware of the threat posed by Japan before the 'surprise' attack on Pearl Harbour, 'Simply, the thing was thought to be impossible'.¹⁹

The ever present risk in intelligence is that of overproduction. Laqueur notes that 'The more intelligence there is, the more difficult it will be to establish priorities, and the greater the danger that truly important developments and events will be lost in a tidal wave of information ranging from the mildly interesting to the irrelevant'.²⁰ Managers do not need yet more lorry loads of 'facts' or information, they need an analytical intelligence product, delivered on time, and in a format that can be easily and quickly assimilated. Indeed, analysis for intelligence purposes must be 'time based'.

Tyson offers one list of questions related to time based analysis (Figure 4).

A discussion of the range of analytical tools available for intelligence purposes—of which many (e.g. Weihrich's TOWS Matrix,²¹ Leidecker's and Bruno's discussion of Critical Success Factors,²² competitive benchmarking²³) have been considered in this journal—is outside the scope of this paper. In any event, there is no one intelligence toolbox. The

• Does the information relate to the current strategy of the competitor ?
• Does the information represent a change in strategy ?
• Does the information reflect long-term changes forthcoming in the market (or industry) ?
• Does the information indicate changes in resources devoted to the market ?
• Does the information describe personality or culture ?
• Does the information suggest changed assumptions about market (or industry) conditions ?
• Does the information have an immediate impact on your company's future direction ? A potential impact ?

Source: Kirk Tyson International, Business Intelligence Seminar, 1991.

FIGURE 4. Assessing competitor intelligence.

concepts and analytical approach used when examining the competitor's strategic intent, say, will be different from those employed when carrying out a sustainable growth rate analysis, or a personality profile analysis of the competitor's CEO.

The questions to be asked at the outset are:

- ❑ how does the intelligence consumer want to see it—from what analytical perspective?
- ❑ what makes sense—what is actionable?

Dissemination

Dissemination is the last step of the intelligence cycle, and involves the communication, or delivery of the finished intelligence product to policymakers (see box).

The intelligence product is disseminated in various formats. It is easiest to conceive of the formats in terms of the hierarchy shown in Figure 5.

Monthly competitor news bulletins are another form of report generated by some competitive intelligence units—usually at the corporate level. Caterpillar, for example, publishes *CI Newsletter* at the company's Peoria, Illinois headquarters. The Corporate communications unit of ABB Asea Brown Boveri,

in Zürich, too, circulates to many of the company's offices world-wide a bulletin, *Competitor News*. Generally, however, such bulletins or newsletters are of little strategic value.

The Special Intelligence Briefing reports intelligence of the highest strategic value. It will deal with one, or a set of, strategic issues, it will include key findings (with sources!), and in many cases it will highlight alternative strategies, and offer recommendations. Effective intelligence briefings are decision-oriented, contain supporting information only if relevant to the key issue(s), and is distributed under strict security guidelines (which vary by firm).

Organization

Porter, in his work, *Competitive Strategy*, argues that in order for the firm 'To be effective, there is a need for an organized mechanism—some sort of competitor intelligence system—to insure that the process [of compiling data for competitor analysis] is efficient'.²⁴ What Porter does not do, however, is describe how this can be achieved, or the scope of such an 'organized mechanism'.

Competitive intelligence does not just happen. Similar to other management processes, competitive

Kevin Sharer, Executive Vice President of MCI Communications Corporation.

"You need to understand that I don't have enough time to do my job. I don't have time for academic stuff. My attention span is very short. Combine my lack of time and a feeling that I know it all and you have a tough sales call to make.

"So, how do I like to get intelligence? I like to get it fast and I like to understand the facts. Facts can be a lot of things. They can be analytic evaluation of cost structure, market research, or what the salesperson tells you. Every time I am listening to someone, I have one question going through my mind—so what? When you call on me, within one minute I am starting to form conclusions about whether I want to keep talking to you or not.

"So, I want it fast, I want it factual, I want it integrated. Please don't come out of a wheelbarrow and say, "Hey, look what I got! I got all these jigsaw puzzle parts", and dump them down on my carpet and sit there and try to guess with me what sort of picture it makes. Please put the puzzle together before you see me.

"I want it actionable, too. That's interesting, so what? You don't need to make cosmic predictions. You've gone out, you've collected information, you've reflected, and your view is that we are 95% right in what we are doing. But here's a little course correction we could make."

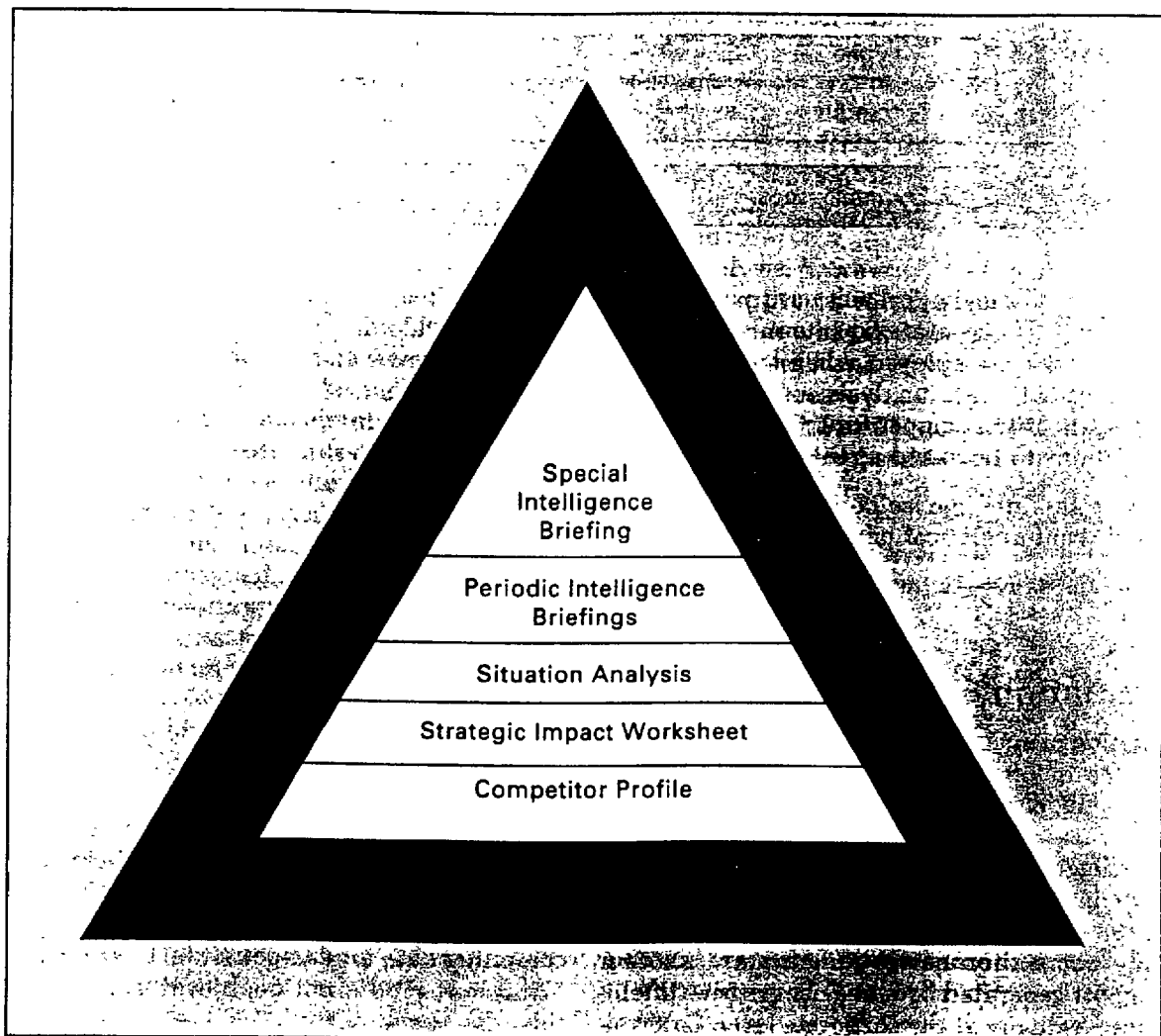


FIGURE 5. Hierarchy of Intelligence Reports.

intelligence involves 'a set of activities that, taken together, produce a result of value to a customer'.²⁵ In order to manage this 'set of activities' successfully, formal direction and co-ordination—Porter's 'organized mechanism'—is necessary.

Competitive intelligence units are usually small in size (even in large of companies five staff or less is not uncommon). Moreover, effective units tend to share the following characteristics:

- ❑ the head of Competitive Intelligence is a seasoned manager, with strong analytical abilities and a good grasp of the total business. He or she also enjoys the explicit support of (and direct line to) top management, and understands the exercise of power in the organization;
- ❑ the CI unit is part of Business Development or the Planning group; not Marketing or Market Research;
- ❑ the CI unit leverages the internal and external resources of the firm to produce its output, and does not duplicate tasks more appropriately

carried out by more expert or larger departments (in part this requires good personal 'networking' throughout the company.

Firms that delegate part-time CI responsibilities to members of market research or other organizational units without structured, centralized co-ordination will fail to realize the full power and potential of competitive intelligence. Competitive intelligence is as essential to the long term survival and prosperity of the firm as any other strategic activity or process. Award winning products, 'global' brands, skilled managers, world class manufacturing processes, and even strong balance sheets do not, alone or in concert, guarantee the success of companies. What matters most is how these and other assets are utilized relative to the competition.

Kirk Tyson, a well known American consultant in the field of competitive intelligence, argues that intelligence gathering and analysis should be carried out as close to line management and markets as possible. Figure 6 below is a simplified illustration of how the intelligence function in a diversified company might be organized.

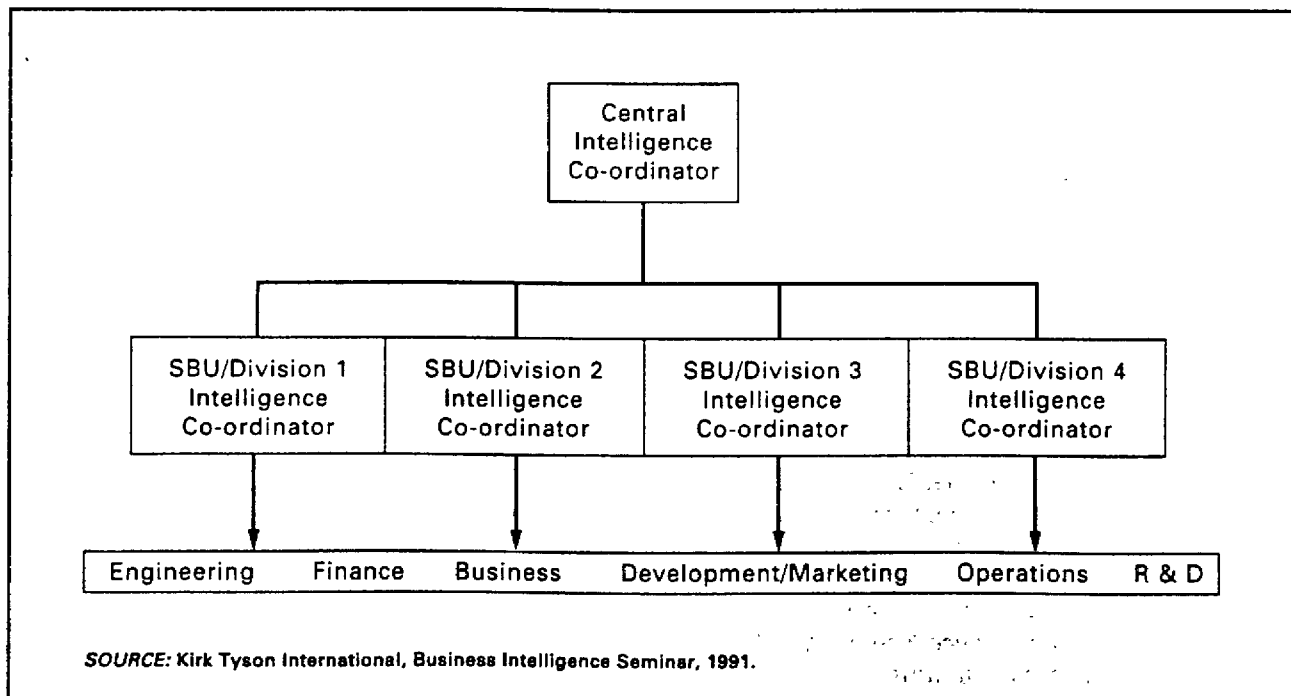


FIGURE 6. The Competitive Intelligence Function.

The intelligence co-ordinator has a multi-function role. It includes:

- ❑ acting as a catalyst (a change agent) in the development of the organization-wide intelligence system,
- ❑ co-ordinating 'network' issues,
- ❑ directing and monitoring the intelligence function,
- ❑ ensuring that the intelligence needs of the CEO and other senior managers are being met,
- ❑ providing centralized resources (e.g. external research and consulting firms),
- ❑ training of intelligence personnel.

My experience, and that of Tyson's, is that effective intelligence programmes share several important characteristics:

- ❑ 'Networking' is conducted proactively and systematically.
- ❑ An evolutionary, prototyping approach is used—the most effective competitive intelligence units started as pilot programmes.
- ❑ The intelligence consumers 'call the shots'—they are given what they need to make decisions in a form they can use.
- ❑ The intelligence needs of individual business units or business development teams are co-ordinated.
- ❑ They are of flexible design, and allow for change.
- ❑ They, and the mechanized information systems employed, are less than ideal ('ideal' systems are never implemented).

Needless to say, the competitive intelligence function must be tailored to the specific needs, and to the cultural and organizational circumstances, of each firm. While there are valuable lessons to be learned from firms such as 3M, AT&T, Motorola, SmithKline Beecham, and others who are exceptionally good at competitive intelligence, there are no ready-made organizational templates available.

Benefits and Results

The benefits of understanding competitors and their activities are many. Aaker highlights four:

1. 'An understanding of the current strategy strengths and weaknesses of a competitor can suggest opportunities and threats that well merit a response.'
2. 'Insights into future competitive strategy may allow the prediction of emerging threats and opportunities.'
3. 'A decision about strategic alternatives might easily hinge on the ability to forecast the likely reaction of key competitors.'
4. 'Competitor analysis may result in the identification of some strategic questions, questions that will be worth monitoring over time.'²⁶

In addition, there is much evidence to suggest that it is *'more effective to concentrate on extensive and in-depth information on one particular company with a specific goal in mind, even long term'*,²⁷ rather than *'continuous monitoring of a whole array of competitors'*. Focused intelligence efforts also achieve recognizable results quickly.

In 1992, under the sponsorship of SCIP²⁸ in the United States, an empirical study on the role of competitive intelligence in corporate strategy and performance was begun. Although as this paper is written the final report has yet to be published, preliminary findings were made available early in 1993. The researchers, Professors Jaworski and Wee, found 'solid evidence that the extent of competitive intelligence activities leads directly to:

- ❑ more positive relationships among the internal functional areas of the firm
- ❑ higher quality strategic plans
- ❑ increases in the SBU's knowledge of their market/business environment'.²⁹

Competitive intelligence, in other words, drives business performance by increasing market knowledge, internal relationships, and the quality of strategic plans.³⁰ Competitive intelligence is, in short, a net contributor to the firms 'bottom line'.

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