Competitive Intelligence

Be ahead of the competition.

more ▸

by Johannes Deltl

What is it about?

Do you have competitors breathing down your neck?
Does your competitive intelligence run smoothly in the enterprise?
How good are you compared to your competitors?

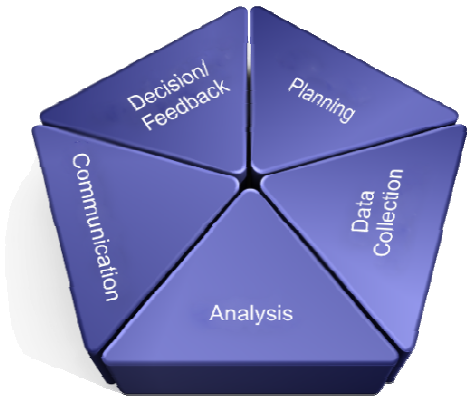
Competition is getting more intense. Globalisation has finally arrived in every country of the world. It is crucial to know your own strengths and weaknesses as well as these of your „enemies."

Companies that want to be "ahead of the competition" must have a well-performing radar system in order to analyse their competitors and market developments, and to be able to identify relevant opportunities or threats on time .

Competitive Intelligence is the art of always staying one step ahead of the competition.

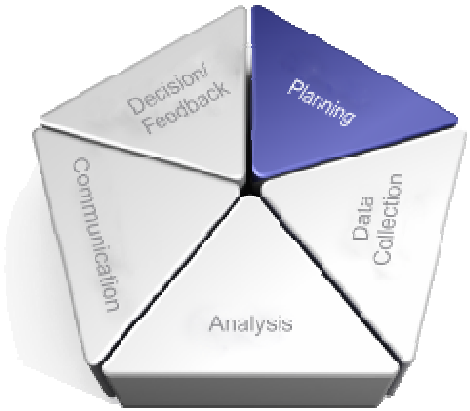
The following pages will give you a comprehensive overview as well as worth-while advice on competitive intelligence.

The Process



The deployment of competitive intelligence (CI) in companies can be demonstrated best on the basis of a recurrent process. It starts with the planning phase and runs through several individual phases until the final decision, which again is the basis for the planning phase.

It is important to elaborate the process and to discuss it within the enterprise. From our experience, we know that „to shoot from the hip“ doesn‘t produce any sustainable effects.



Planning – To Capture The Essence

The most important phase is the planning phase. Hence, we must understand and grasp what are the main motives for clients to set up CI within an enterprise.

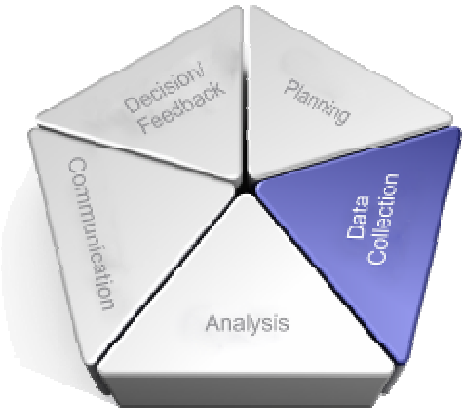
Explicit targets are concrete **„pain points“** and not „nice-to-have“ information. There is frequently a reason why an enterprise wants to occupy itself actively with the competition – there could be a new market player, altered framework conditions in the industry or an opening up of new markets.

Once the relevant ranges of topics are circumsribed (no comma) it is recommended to transform them into questions. From **Key Intelligence Topics** (KITs) emerge **Key Intelligence Questions** (KIQs). For instance, an internationalisation strategy of competitor X can be a KIT. The appropriate KIQ is: What are the activities announced and implemented by competitor X last year which support its internationalisation?

The implementation of a „CI Audit“ has been de facto established, where the actual information needs and accumulated knowledge are ascertained within the enterprise.

The most suitable method for this are face-to-face conversations; written surveys are inadvisable/not recommended.

Data Collection – Know Where



In this phase you must initially consider where you get answers to the KIQs (Key Intelligence Questions). Within the enterprise those important information treasures, therefore, become the enterprise's most important source of information.

Practical Experience

One memorable experience was the conduct of a location analysis for a high street bank. After time-exhausting external research all information had been finally collected and compiled. After the presentation was finalised – you got acquainted with a colleague from next door, who kept in his cabinet the exact similar scope as a completed report.

„We are drown in information but we are thirsty for knowledge."

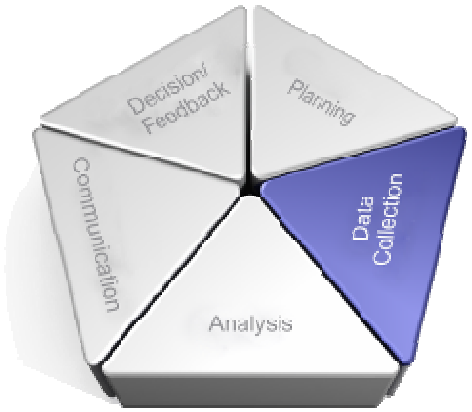
John Naisbitt

Besides the „usual suspects" like Google, directories, databases (so-called secondary sources), particularly primary sources are important for answering questions. Before picking up the phone you need to ask yourself the following question: Who else apart from me could be interested in that information? Possibly the requested information has already been collected from other interested parties (public institutions, consultants, associations, etc.).

Other „innovative" sources of information can be found in the report:

77 Practical Tips & Tricks to find valuable information about the competition

Analysis: „Refinement“ On Information



In the planning phase what should be considered carefully is which form of analysis is the most appropriate for the questioning (KIQs). Depending on the scope of the tasks, certain particular forms of analysis are better qualified than others.

In English the analysis is described as follows:

*Draw meaning from the information – the **“so what”***

An important basic rule is that the data and the information should be unified (on a mutual basis) in order to be able to compare them in the analysis. This is frequently not reflected enough in the study and sometimes it comes to comparing *“apples to oranges”.*

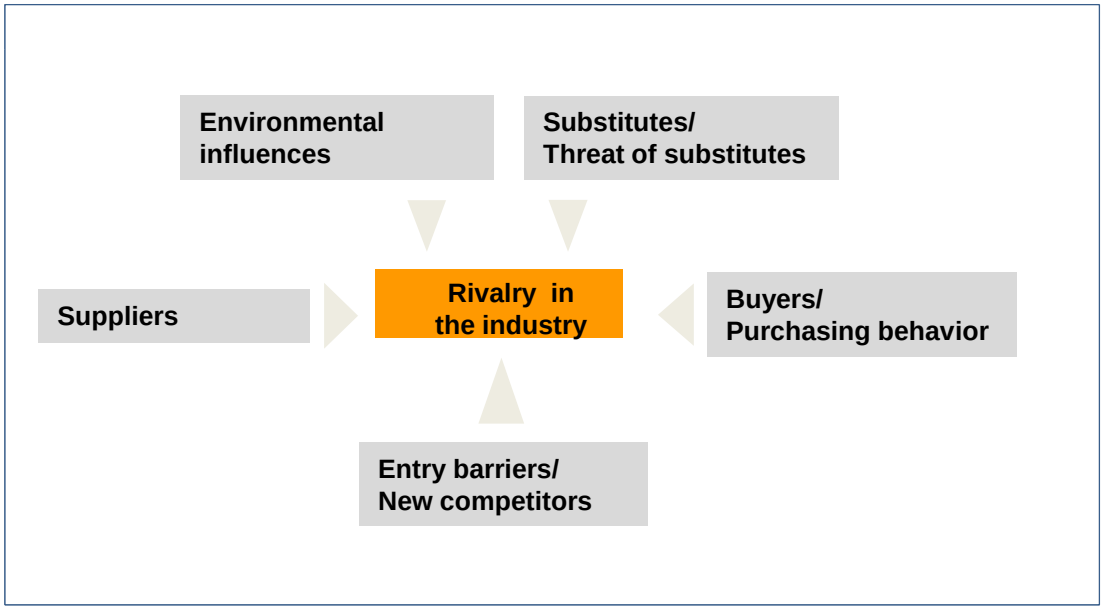
In the analysing phase information gaps that possibly lead to new research and information procurement should also be identified. Alternatively missing data could be incorporated into a model. To avoid analysing oneself to-death, stop in time.

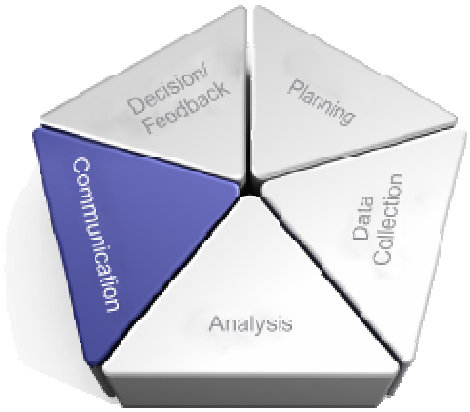
Analyse - but not too much!

Most important forms of analysis are SWOT, Competitor profiles, Patent Analyses, Win-Loss Analysis, Market Forces Model

Market Forces Analysis

For visualisation of the enterprise's current situation and for discussion about possible external effects on the industry, the market forces model is most suitable (Porter's Five Forces model). The reduced illustration is well-suited for conducting overall and strategic discussions.





Communication: The „Right“ Format

What‘s the use of having the best report if it doesn‘t reach the right person – or it‘s not been read by that person? For this reason it is advisable to ponder already during the planning phase, the best way to present the results to an executive. CFOs are usually figure fetishists while marketing managers prefer visual reports.

Basic rules: **Simple, clear and understandable**

- At the right time
- In the right format
- To the right person
- Pull and Push formats

For reduction of the complexity and increase in the recognition within the target audience, it is recommended to develop standardised „CI-products“. The frequency and the target audience for the „CI-product“ should be represented in a matrix.

Examples of some different communication formats are:

Battlecards, Alerts, Competitor Profiles, Competitor Newsletter, CI-Dashboards ….

Decision Making / Feedback

The final phase and initial point for the new process run is the decision-making and feedback phase. A famous relevant quote states: *„Intelligence has no value until it is used“.* Once the processed data and analyses affect decision making, the hard work has paid off.

For this reason it is important that the responsible persons for CI receive feedback in order to optimise the process. However, this succeeds with the installation of feedback mechanisms that can be used by the executive in a simple and rapid manner (e.g., short questionnaire with report or email feedback).

After receiving the feedback, the questions (KIQs) need to be adapted, and the process starts over again.

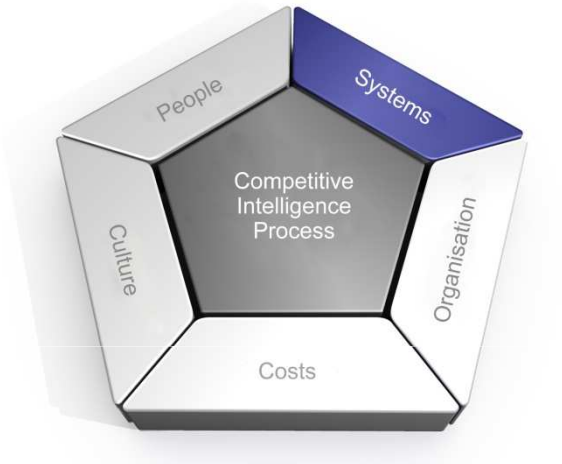
A (negative) Example of Practice

The person in change for CI at a German multi-corporate enterprise prepares the Weekly Management Reports for the Chairman, but in fact he never has had any personal contact with the Chairman for three years – not to mention any feedback.

The Base

Utilising Competitive Intelligence successfully in the enterprise doesn't stand only for a clearly elaborated process. Also the required framework conditions – the so-called base – should exist in order to ensure successful implementation.

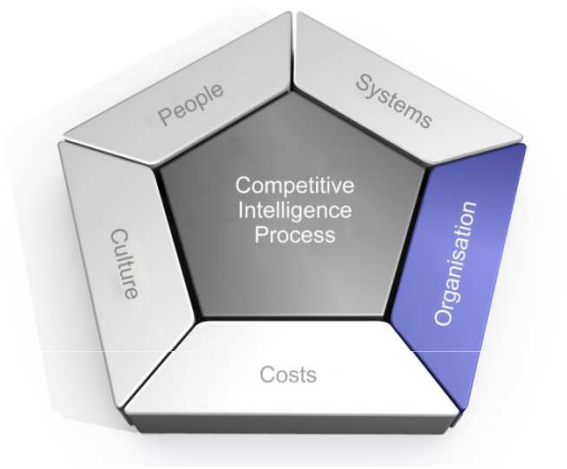
Systems: Without Technology, Almost Nothing Goes



First of all: Competitive Intelligence is not an IT project. However it happens quite often that CI ends up in the IT division where it doesn't belong. Although the use of IT is a basic element for successful CI work.

Therefore you can find a vast number of technical support opportunities like Excel, Access, Lotus or own Competitive Intelligence portals.

My rule-of-thumb: not more than 20 percent of the CI budget should be used for IT ; for research and analysis, it should be 80 percent!



Organisation: Who does it?

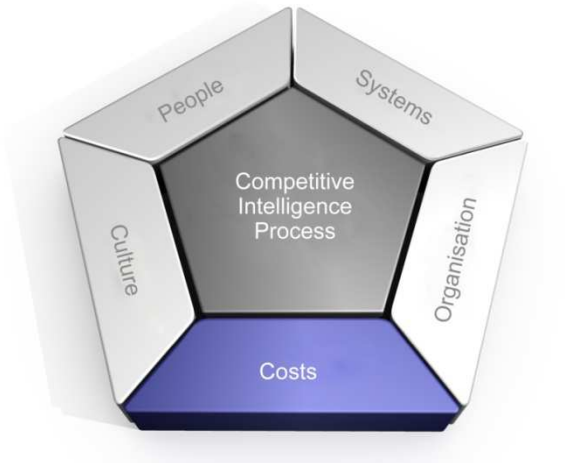
Besides knowing the exact localisation of the department (the person) it is even more important to know whether the necessary support is available or not.

Everybody wants to have it but nobody wants to make an effort. It seems that trainees or people who are unfamiliar with the business are conducting research. Isn't that blameworthy and careless? CI is located either in Research & Development, in Sales, in Strategic Department, in Marketing, in Market Research, in Information Centre or in own staff units. Or – how often in large enterprises – in several of these departments.

The topic is only „top-down" feasible; that means the management or the decision maker gives the kickoff!

A (negative) Example of Practice

An industrial enterprise assigned the ongoing „filling" of market information to the front desk lady, who was supposed to collect data during „free-of-call" time. It was no surprise that after a few months, the whole project Competitive Intelligence failed miserably.



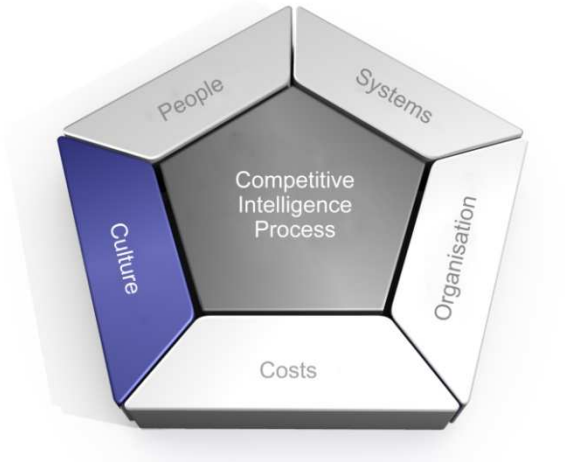
Costs: An Investment in the Future?

There is no free lunch! Well, CI also costs money. However, only solidly educated, qualified and motivated employees can move the enterprise forward. Setting up Competitive Intelligence professionally, pays off every investment over and over.

For a well-performing Competitive Intelligence unit, you need qualified employees, IT systems (at least one database), access to paid data sources (databases, studies, and so on), training and continuing education, as well as external service provider.

Think twice:

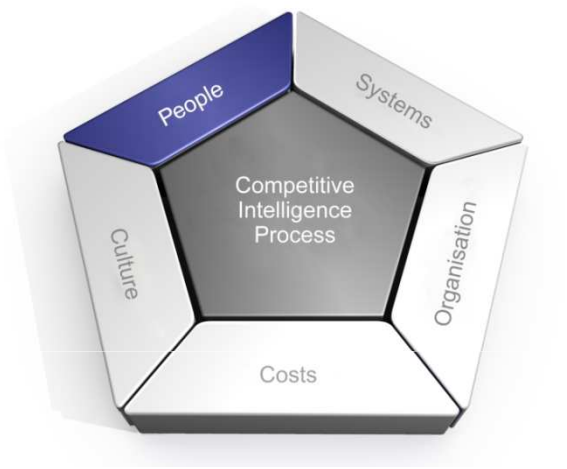
Can you really afford to give up a professional Competitive Intelligence?



Culture: Knowledge is Power

Even within the enterprise, the slogan „Don‘t Share Your Strengths!“ is valid. Knowledge is power! This is particularly noted in the marketing department. The target is to achieve a cooperation across the departments‘ borders and to reach an active involvement of other departments into CI activity. That kind of cooperation works differentially efficient in practice.

Very often according to the „carrot-and-stick“ approach. On the one hand, incentive systems will be created (e.g. the sales & marketing department obtains information in advance) and on the other hand „pressure will be built up“ on executives to share knowledge. Hence, an example setup on the part of the executives is certainly required .



People: The Right Skills

First of all, the perfect CI manager doesn't exist because that role postulates a wide range of qualities, which are rarely to be found in one person. Therefore, this should be a person (depending on the tasks) with conceptual and strategic thinking. But it is also essential to have a good rapport with the top management. Analytics expertise and self-organisation are required as well as team guidance, good communication skills and cross-linking within the enterprise.

As we said above: This is the PERFECT profile.

The 10 Success factors

1. Management must stand behind the topic Competitive Intelligence and act as mentor.
2. KISS. Keep It Simple and Smart.
3. Find out first what data already exist within the enterprise .
4. Work systematically and structured.
5. Availability of a central databank (CI systems).
6. Start Small – start from scratch and quickly bring good results
7. First of all, start pragmatic/operative and produce rapid success, then boost the strategic components.
8. From day one, get the distribution department on board.
9. Define clear competences/responsibilities.
10. Have Fun! Approach with fun and engagement.

About the Author

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Johannes Deltl is managing director of ACRASIO (www.acrasio.com) a consultancy firm focussing on strategic support for large sized companies. He graduated in business administration from the University of Economics in Vienna and has hands-on experience in medical engineering, in the banking industry and in the consulting business.

Johannes is an expert in the field of competitive intelligence and has exhaustive experience in setting up new CI-structures, acting as a sparring-partner of existing CI units and supporting senior executives with advice towards intelligence issues.

He represents the global research company Evalueserve in the German-speaking region. Evalueserve, with 2.500 knowledge professionals, provides services from its research centres in India, China, Chile and Romania.

Deltl gives speeches on the subject of CI and is the author of the (german) book "Strategische Wettbewerbsbeobachtung (Competitive Intelligence). So sind Sie Ihren Konkurrenten laufend einen Schritt voraus." including Case Studies of companies like Audi, 3M ESPE, Siemens Building Technologies ...

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