

Competitive Intelligence on a small budget



send to a friend



your opinions?

By [Arthur Weiss](#), Managing Partner, [AWARE, UK](#).

This article examines gathering **Competitive Intelligence on minimal budgets**. It looks at why budgets may be small, the problems this can cause and some approaches to gathering intelligence that are low-cost or free. The areas discussed are:

- Reasons for small budgets
- Limitations on Competitive Intelligence caused by small budgets
- Gathering meaningful intelligence without spending money

Reasons for small budgets

There are a number of reasons for small CI budgets:

- **The business itself is small** - the overall budget for all research and information-collection processes is small
- There is a **lack of commitment** to the CI process - perhaps because the existing process has not showed its value, or because it is just starting up and is as yet unproved
- **CI is viewed as an overhead** and is perceived as a non-frontline activity. When budgets are cut back then CI will often also suffer
- Senior management have the **false perception** that they already collect all significant intelligence due to their industry contacts and network. The role of the CI department is thus reduced to little more than a clipping service—with a correspondingly small budget.

Unlike the first reason, the latter three reasons suggest a problem in the CI function itself within the business—the **CI staff need to justify their worth**.

If the CI process is new, then effective CI should lead to improvements in the overall decision-making processes and ultimately in increased budgets. With the

- Letters to the editor
- Subscriber of the month
- Bookmarks and Links
- Panel & Friends
- Upcoming events
- Search the archives
- CI Yellow Pages
- Subscription information
- Contact

last two reasons, however, the issues are more concerned with how CI is practised or perceived within the organization. This can occur if:

- relevant intelligence fails to reach or get used by the decision makers who require it, when they require it
- the information provided does not add to management's overall decision-making abilities

Improving the overall process effectiveness— from collection to dissemination can help correct such perceptions

Limitations on Competitive Intelligence caused by small budgets

Low budgets for CI result in a number of limitations on the CI function. These are relevant to all types of business— but are integral to small businesses or business units conducting CI.

- The CI analyst may not be full time
- The CI analyst may be relatively unskilled or unsuited to the job
- Hiring external consultants for specialist projects or research is not feasible
- Many online database sources and printed sources will be too expensive
- Attendance at conferences and some networking events may be restricted due to cost

It is important to differentiate between large and small businesses and businesses in dynamic, fast- growing industries compared to stable and relatively static industries.

In a small business staff:

- are usually much closer to the customer
- often have an acute awareness of the threats posed by competitors

The issues for small business are the skills and resources needed to develop effective strategies using CI— especially if competitors are much larger. The budgetary problem is not connected to the CI process per se but to the size of the firm.

This contrasts with the large business. Product or service management and even marketing may have little direct customer and market contact. As a result, disseminating information to decision makers becomes more important. The time and effort required to do this may restrict the time required for CI planning and information collection, reducing the efficiency of the first stages in the CI cycle.

This then leads to a **vicious circle**, whereby only obvious and easily accessible information sources are used— resulting in poorer quality or incomplete CI (or alternatively, good CI that is not disseminated to the relevant decision makers). This reinforces any negative views on the overall value of the CI process to the firm.

Breaking out of this loop requires superlative CI internally, or an external event that forces an awareness of the need for effective CI. In dynamic and fast-growing industries such an external event is more likely to occur making it **easier to persuade management** of the need for greater CI resources.

Gathering meaningful intelligence without spending money

The ability to **think laterally**—"outside-the-box" thinking—is an asset that all good CI analysts need to develop. When money is tight, this skill becomes essential. "Outside-the-box" thinking includes finding creative and alternative information sources that would not be immediately obvious. For example, one of the best free sources for aggregated **US news** is not from a US-based Web site, but the [UK Financial Times'](#) Web site.

Fully-funded CI departments will have access to a variety of research tools and sources. Such resources are not available on low budgets—and the CI analyst needs to be aware of low or no-cost sources. They need to **develop an antenna** for sources relevant to their industry. Membership of an **industry or trade association** may give free access to the association library—and relevant research reports, for example.

They also need to **become Internet experts**. (The adage that everything is on the Internet is untrue. What is true is that finding available information without a focused search strategy costs in time what it saves in money). The budget-constrained CI professional needs to know:

- The various Internet search tools—and their strengths and weaknesses. (A good Web site to learn about these is [SearchEngineWatch](#))
- The Internet news search tools—such as [NewsBot](#) and [Excite News](#)
- Industry portal sites—giving links to industry resources. An excellent search tool for finding industry portals quickly is [LookSmart](#).
- Relevant news groups, discussion forums and mailing lists—to keep up-to-date on industry discussions and news. These can be found using sources such as [DejaNews](#), [ForumOne](#) and [Liszt](#). There are also a multitude of discussion groups on e-Groups including the new [SCIP discussion forums](#).

There are also some prime Web sites that should be bookmarked:

- [FT.com](#) as mentioned above. The Financial Times e-strategy is to become **THE business portal**. In addition to the Financial Times' own content, industry newsletters and stockmarket information there is the World Reporter database aggregating news from over 3,000 publications worldwide. The FT.com service is free, including the World Reporter database.
- [Northern Light](#) describes itself as a **research engine**. As well as providing one of the best Web-search tools available, customized for the business user, it aggregates news and articles from over 6,400 sources into its **special collection, including stock market analysis and market research reports**. These are available at a cost of a few dollars for each story—with a money-back guarantee if the story is not what was expected. Northern Light is continually being enhanced—a recent addition

- is the alerting feature allowing users to be notified for new news stories.
- [Powerize](#) offers free, unlimited research from 2,400 sources covering a variety of industries, with pay-per-view access to several thousand more. Powerize also produce a number of **industry newsletters**.
 - [Transium](#) categorizes information on over 300,000 companies worldwide—making company searches particularly easy.
 - [Hoover's](#) produces company and industry profiles, including financials, on all major companies in an easy-to-read format, as well as linking to other sites for news stories.
 - [Company Sleuth](#) for tracking information posted on the Internet from a variety of sources on US publicly quoted companies.

As well as using secondary sources, all competent CI analysts will engage in primary research. Although the general principles for gathering primary information hold for all CI research the low-budget analyst will need to do this themselves—without the aid of outside consultants or market research firms. The following considerations thus take on an added importance:

- They must be aware of **ethical and legal constraints**
- **Planning and preparation** before any contacts are key
- They need to allow **time to collect information**. As they will not be outsourcing this work, they will need to do such research themselves—and as with Internet searching, need to be extremely focused to maximize their use of time.
- They need to continually grow their **list of network contacts**. Ideally, they will know in person all relevant people within their company and contact will be ongoing. However, they should also build an extensive database of external contacts with a knowledge of their industry. These will include customers, industry suppliers, trade association members, journalists writing for trade magazines, industry experts, etc.
- Asking for **referrals** has to become second nature
- **Industry networking** becomes essential. The analyst should endeavour to attend all relevant trade events (qv Competia Issue 7 on attending trade shows).
- The analyst should join relevant industry associations—often these offer networking events and free member journals.

Conclusions

Without money, the CI analyst needs to **think creatively** and find low-cost sources. There is also a tradeoff. Money can save time—so the low-budget CI analyst needs to be much more focused on time and to know when to stop.

There is no place for fear. Unless the analyst picks up the phone, sends the e-mail or arranges the meeting, they will not build up a network of contacts to tap into to gain information. Without the budget to employ others to do the work, the low-budget analyst has no choice but to do it themselves— or it won't get done.

Do you agree ?