

Global CI - Best Practice Methods

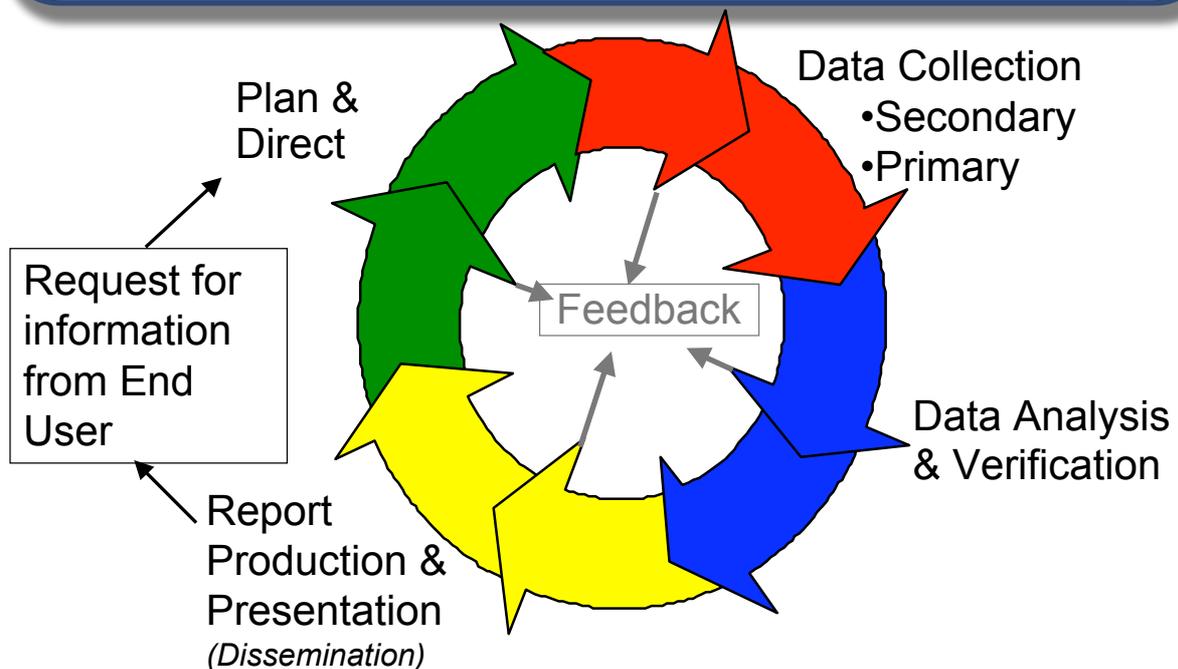
Arthur Weiss
AWARE

Marcus Evans Competitive Intelligence Conference
Somerset West - 23 August 2005



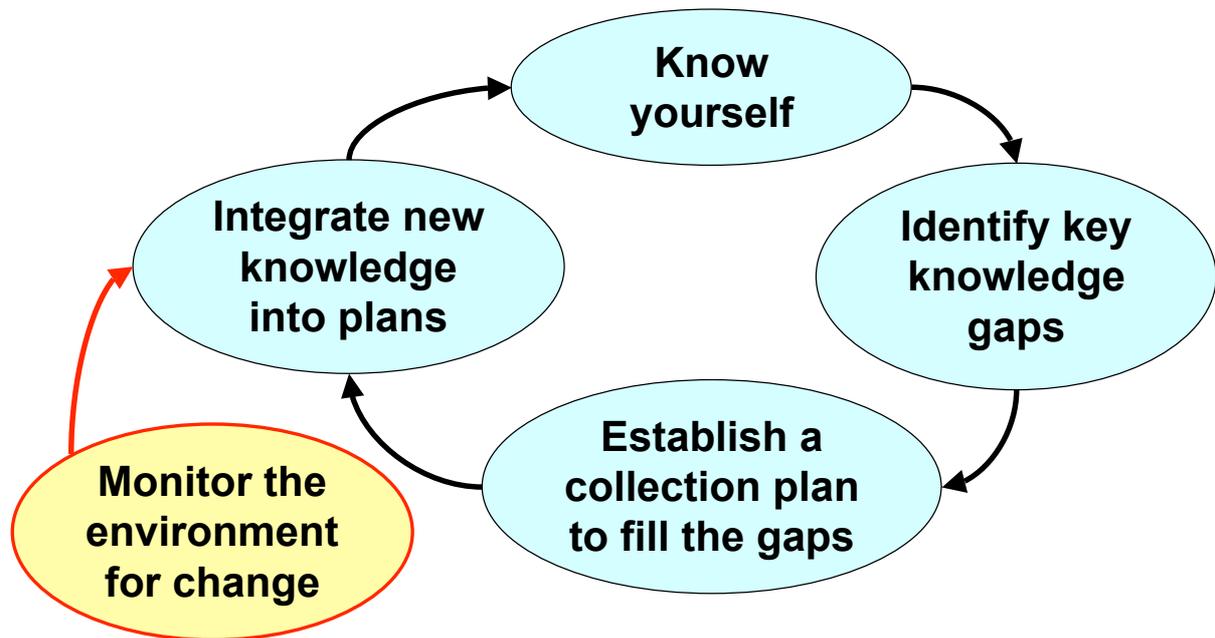
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The "Traditional" CI Process



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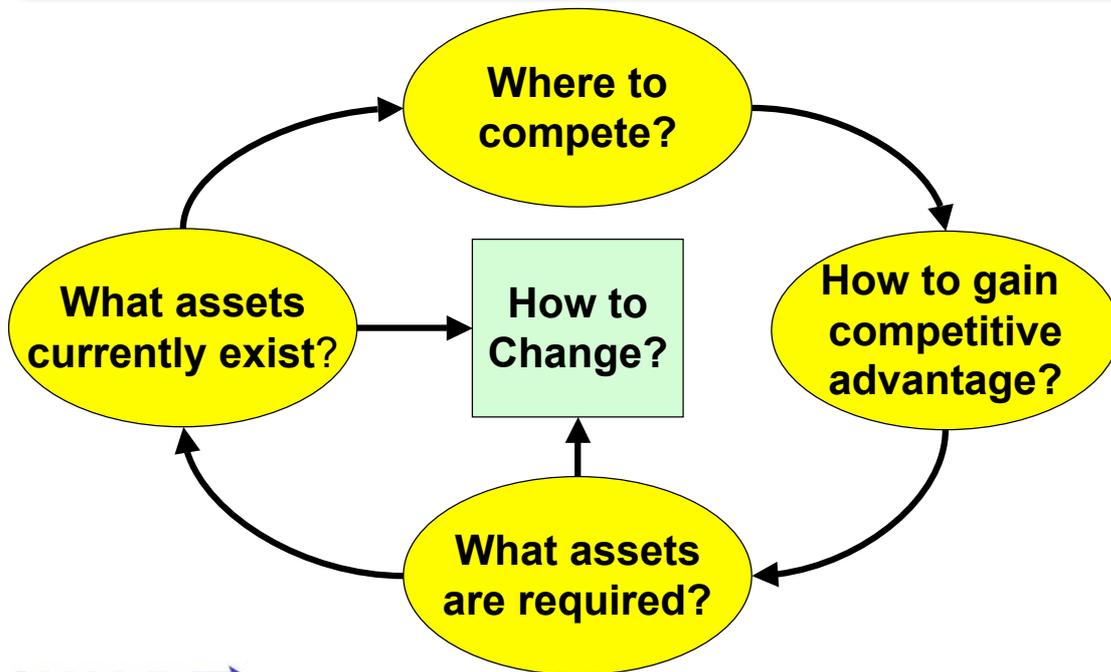
Best Practice CI



Know Yourself

- CI / Knowledge Audit
 - Who knows what within the organisation and its networks
 - Sales, Marketing, Logistics, Purchasing.....
 - Establishing a CI network
- Strengths and weaknesses assessment
 - What are the key success factors required for the industry?
 - What are the minimum entry requirements to succeed?
 - How does the organisation compare with these?
 - Strengths and weaknesses determination must be objective and “measurable”
 - Compare to competitors and industry

Assessing capabilities



Identify Key Knowledge Gaps

- What don't you know?
 - Competitor & industry performance to enable a strengths and weakness assessment?
 - Information on competitors to enable you to compete effectively?
 - Product comparisons & benchmarks
 - Sales tactics
 - Customer targets
 - General capabilities
 - Vulnerabilities
 - Strategic direction
 - Information on the overall environment to manage possible change?
 - Technological, social, economic, and legal changes (global and within S Africa)

Business Blindspots

- Unchallenged Assumptions
 - “It worked last year”
- Corporate Myths
 - “We’ve always done it that way”
 - “That’s just the way it is”
- Corporate Taboos
 - “The CEO grew up in the industry. He knows it inside out”
- The Seven deadly business sins:

“He who cannot change the very fabric of his thought will never be able to change reality, and will never, therefore make any progress”

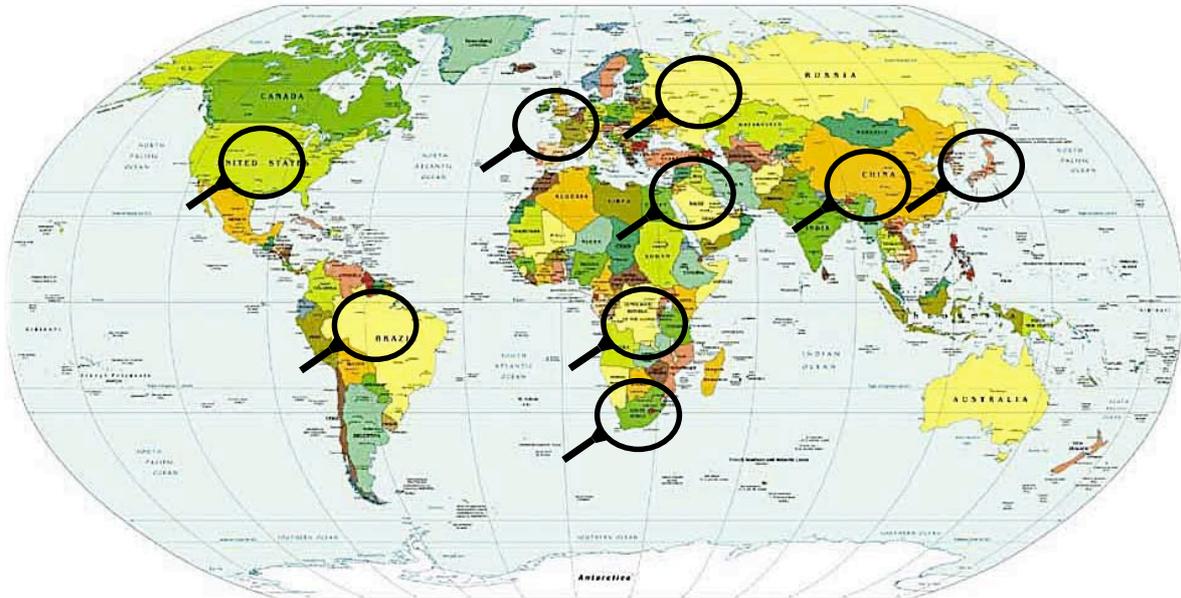
Anwar Sadat

Creating a Collection Plan

- Should be focused - so as to fill knowledge gaps
 - The KIT Process
 - Types of information:
 - Strategic question;
 - Early warning topics;
 - Key player information
 - Break down key topics into individual questions that, in combination, provide the required knowledge
 - Consider sources and methods for obtaining the information
 1. Why will the information be available?
 2. Where will it be held?
 3. Can it be obtained legally and ethically from this source?
 4. How can it be obtained?
 5. What clarification or checks are needed to verify the information?
 - Are there other sources that can or should be examined?

Global CI

Where is the focus....



Monitor the environment

- What else is happening?
 - Politico-legal impacts
 - Southern Africa, Globally
 - Economic aspects
 - Oil, Global economies, Local economies
 - Socio-cultural issues
 - Impact of religion, family cohesiveness, position of women....
 - Technological / Environmental changes
 - Digitisation, global warming, medical advances....
- “Messages in the bottle”
- Christopher Columbus



Integrating Knowledge

- $CI = C^3$ (*Collecting data* × *Converting it through analysis into meaningful information* × *Communicating it*)
 - Competitive Intelligence is the product of analysis combined with information gathered, which is then communicated to the individuals within the organisation who can act on it
 - Missing out any step will result in nothing as a multiplication by zero equals zero
 - The penultimate step is to use the intelligence in current decisions.
 - Failure to use the intelligence is a waste of time and money
 - Failure to use intelligence puts the organisation at risk
 - Intelligence gathered must be integrated into business strategy
 - The final step is to use the intelligence to improve long-term organisational know-how - “*self-knowledge*” - restarting the cycle

KEY analysis questions

1. Who is the competitor? Now? Five years from now?
 - Look at acquisitions and acquisition potential, channel changes, new technology, legislative changes (e.g. deregulation), general market changes....
2. What are the investment priorities, objectives & goals of your major competitors?
 - What are their assumptions? What have they achieved in the past? Where are they investing? What is their marketing focus?
3. How important is each market to each competitor, and what is the level of their commitment?
 - Consider the % of company profits in each market, whether the competitor sees growth potential in the market, profit margins and management attitudes to the market (e.g. emotional attachments)
4. What are competitors relative strengths & limitations?
 - How do they compare to you? To the industry? To prior performance?
 - Consider costs, product and service quality & value, innovation, financial position, attitude to risk, investment profile (long or short-term), level of determination, etc.

KEY analysis questions

5. Are there any specific weaknesses that make the competitor vulnerable?
 - Look for lack of cash, low margins, poor growth, high cost base, over-dependence on few markets or accounts, strength in declining sector, short-termism, staff morale or problems, inconsistent strategies or unclear priorities, low customer retention, old / obsolescent products, predictability, bureaucratic, complacent (especially if high market share), low market share...
6. What future changes are competitors likely to make in their future strategies?
 - Look especially at individual products, divisions or subsidiaries?
7. What will the effect of all the competitors' strategies have on the industry, market and your strategy?

Using Competitive Intelligence

- Change sales tactics or prices
- Guard against attack
- Launch new products or services
- Promotional or PR campaigns
- Re-engineer processes
- Mergers, acquisitions and alliances
- Withdraw from market....

Competitive Strategy

- “Competitive Strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value”
- “A company can outperform rivals only if it can *establish a difference that it can preserve*”

Michael Porter, *What is Strategy?* in Harvard Business Review Nov-Dec 1996

Anticipate what could happen

- Be prepared
 - A key purpose of competitive intelligence is **NOT** to be caught by surprise
- Anticipate potential moves that could impact business
 - Competitor scenarios / scenario planning
- Incorporate alternatives in strategy plannings
- Keep an eye on the overall environment
 - Peripheral and “off the target” information
 - Messages in the bottle
- Don't ignore the bigger picture - take a long-term view

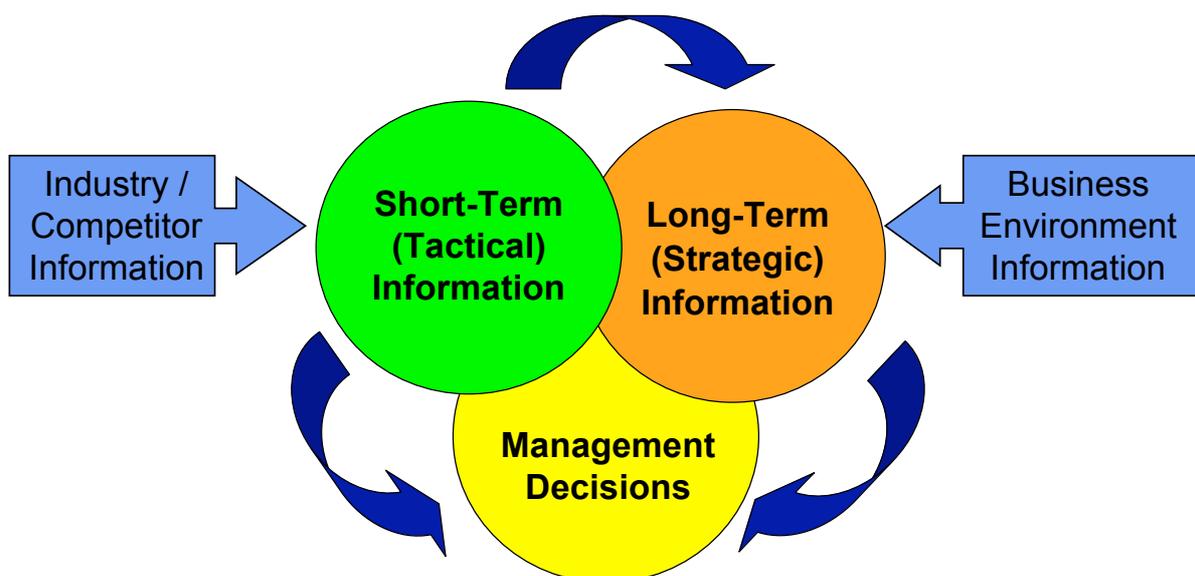
We could have been Sony, we could have been IBM.... It was my fault. I blame myself for not having a wider vision, a longer-term view. I'm more of a short-term trader; I want to have it now!

Alan Sugar, Head of Amstrad - Europe's largest computer manufacturer in the 1980s

Some final “take-aways”

- CI must be planned
 - An adhoc process gives adhoc results
- Internal knowledge is key to the process
 - Gather knowledge from all parts of the company
- CI requires external research actively looking for information on competitors and the environment
 - Secondary research (including the Internet)
 - Primary research for in-depth understanding
- CI = C³
- CI needs to be integrated with strategy and used

An Integrated Approach



Alice in Wonderland

Would you tell me, please, which
way I ought to go from here?

That depends a good deal on
where you want to get to

I don't much care where...

Then it doesn't matter which
way you go



The conversation between Alice and the Cheshire
Cat from Lewis Carroll's *Alice in Wonderland*

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