

Competitive Intelligence



Competition

“Competition has always been central to the agenda of companies.....indeed, competition has become one of the enduring themes of our time”

-Michael Porter, Harvard Professor, on why competitive strategy is still so widely read.

What is it?

- 2nd oldest profession:
- Bible, Numbers 13: 17,
"Moses sent 12 men to spy out the land of Canaan (to) see what the land is, and whether the people who dwell in it are strong or weak, whether there are few or many.....and whether the cities they dwell in are camps or strongholds"

What is it?

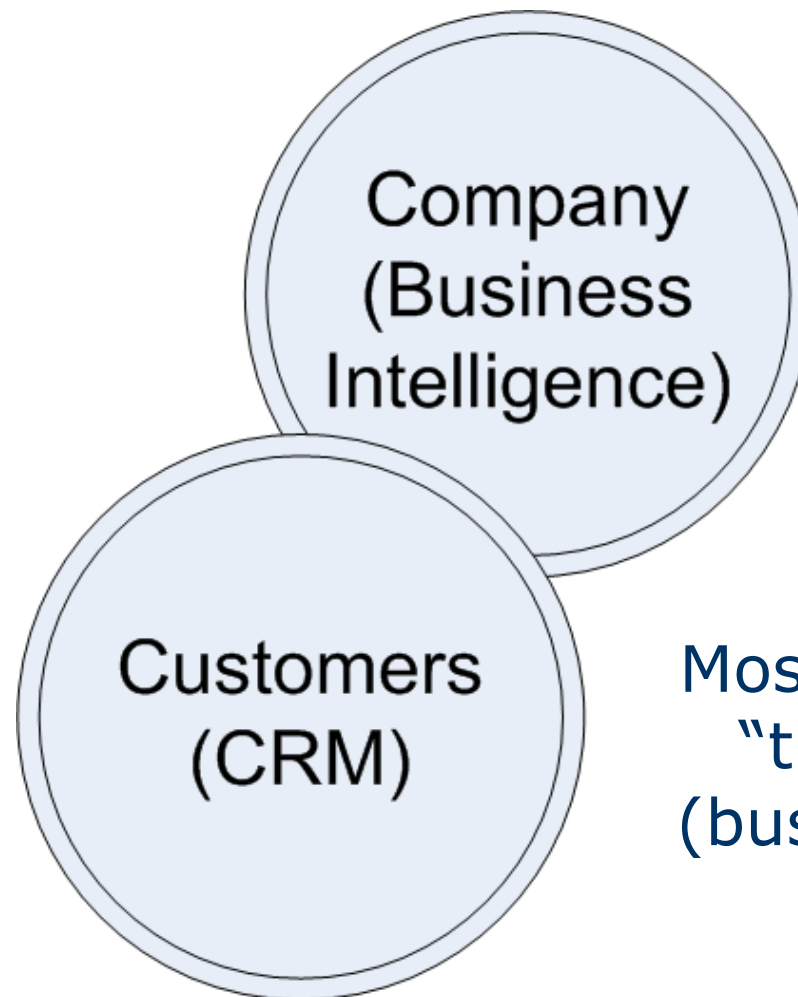
- SCIP definition:

“a systematic and **ethical** programme for gathering, analysing and managing external information that can affect your companies plans, decisions and operations”

What is it?

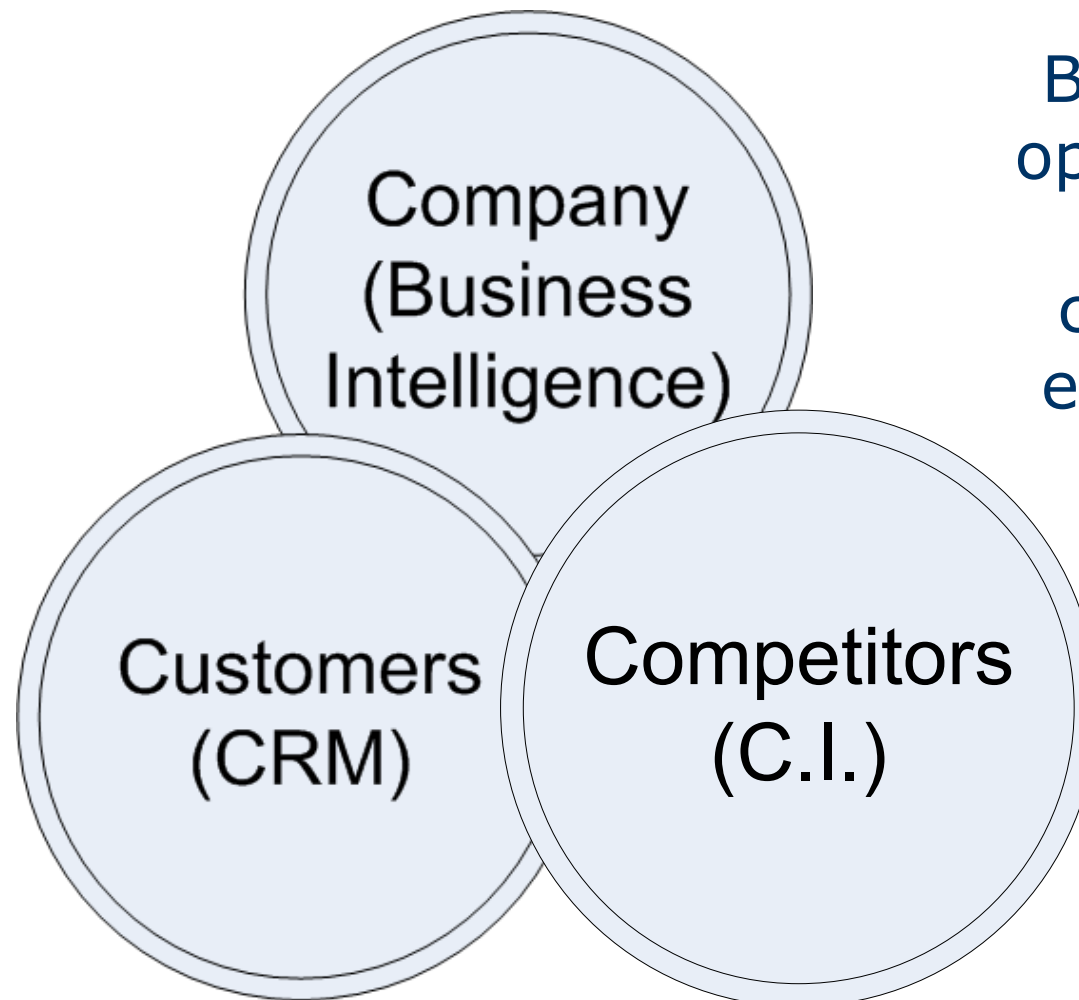
- Information about other businesses that may have a significant impact on your business
- Direct competition that you encounter on a daily basis
- Indirect competitors who offer a substitute product

The 2 Cs'



Most organisations readily “track” internal metrics (business Intelligence) and their customers

The 3 Cs'



But miss the opportunity to track their competitive environment

How is it Different from B.I. & K.M.?

| B.I. | K.M. | C.I. |
|---|---|---|
| Internal Focus | Internal focus | External focus |
| Key operational data | Store of ALL data sources | Strategic and tactical |
| Typically 'dash board' updates for senior execs | All staff | Used by all levels of staff |
| Used to benchmark/improve internal processes | Can be so generic that people struggle to use | Wide range of info for tactical and strategic use |

Why is it important?

- Evaluate your performance
- Identify (& exploit) competitors weaknesses
- Address competitor strengths
- Support decision making
- Risk management
- Innovate
- Identify new customers and segments
- Keep business planning focussed

Why is it important?



Sun Tzu 500BC

- **“If you know your enemy and yourself; you will win every battle.**
- **If you know yourself, but not your enemy; for every battle won you will suffer a loss.**
- **But if you are ignorant of your enemy, and yourself;
You are a fool and certain to be defeated in every battle.”**

Intangible benefits

- Reduce complacency and improve discipline
- Foster a culture of change
- Respect that competitors have satisfied customers and reasons for it
- Recognition that your business must continually improve

What you need to know

- Who are your competitors?
- What do they offer?
- What is their pricing policy?
- Who are their customers?
- How do they promote themselves?

What you need to know

- Who are their suppliers?
- How financially secure are they?
- What kind of organisation are they?
- What are their strengths & weaknesses
- What is their strategy

What you need to know

- Economic Trends
- Industry Trends
- Legislation
- Media
- M & A Activity

Ethics

(<http://www.kiplinger.com/businessresource/summary/archive/2008/ethical-competition-ci.html>)

- A CI program must be subject to two types of rules - those based on law
- Economic Espionage Act 1996 (USA) – Guidance

.....and those based on ethics

- Ethics are more of a personal perspective and interpretation
- CI practitioners should not misrepresent themselves
- Do not hire a third party to do what you will not
- Do not ask for information that you know to be proprietary or otherwise restricted

Ethics

(<http://www.kiplinger.com/businessresource/summary/archive/2008/ethical-competition-ci.html>)

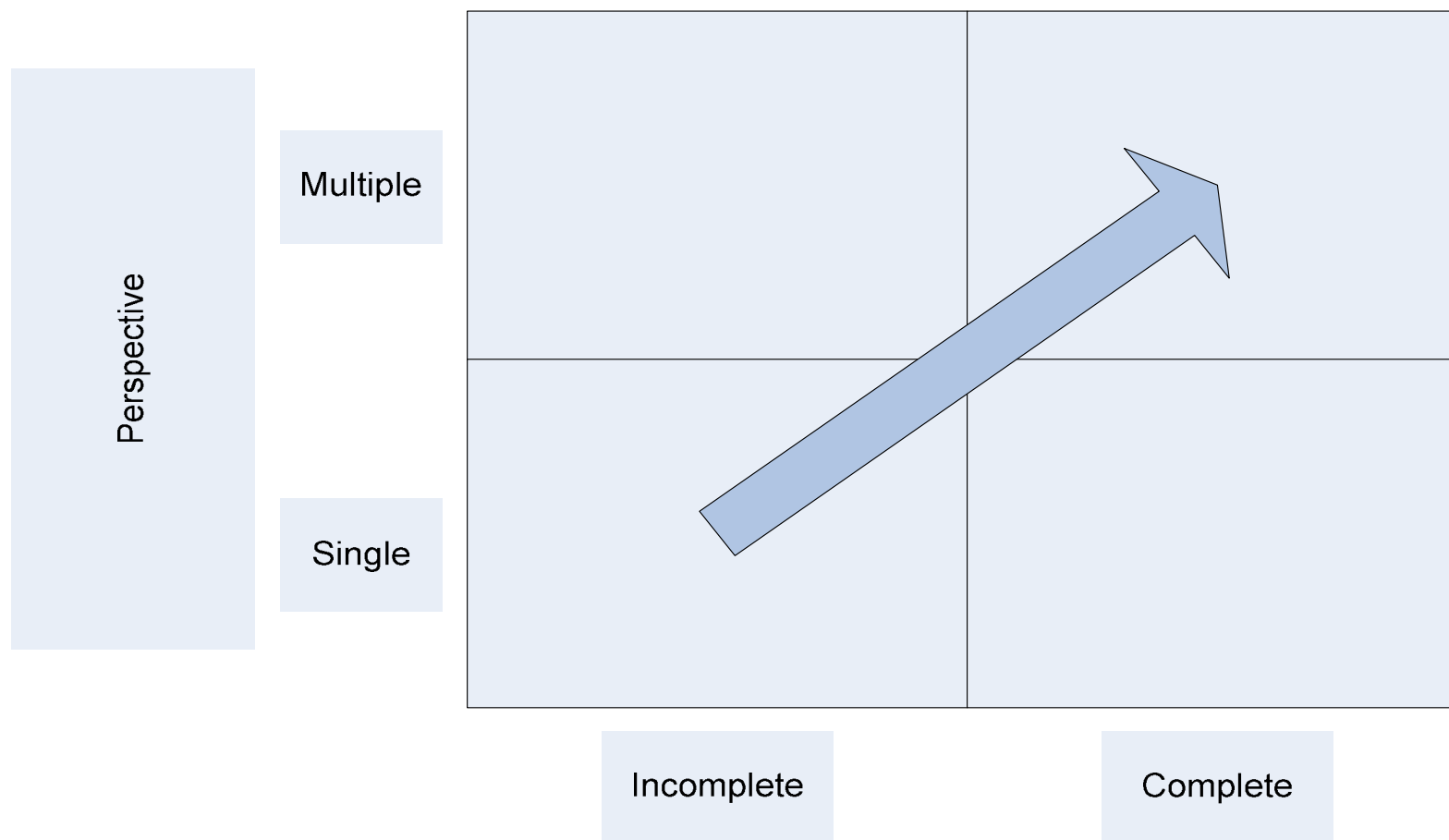
- what about hiring people from your competitors? This is almost always legal and also very common.
- leveraging the knowledge of employees hired from competitors is a CI "best practice."
- has to be done under a strong legal and ethical framework
- avoid knowingly asking a new hire from a competitor a question that would cause him/her to reveal confidential information.

Storage

Collection of data is often fragmented, information is often captured (and not shared) in specialised silos.....this leads to 2 problems:

1. Risk of making critical decisions based on incomplete information
2. The entire company is denied the insight that comes from having a comprehensive, multi dimensional picture of their competitive environment

Storing and Sharing



What you should do!

- Decide what information you need about your competitors, don't try and do everything!
- It takes too long and you spend more time analysing than actioning
- Decide where you will get the information from

What you should do!

Work out where you will get the information from, there are 3 main sources:

1. What competitors say about themselves
2. What others say about them
3. Research to meet your specific needs

Sources – What competitors say about themselves

- Sales literature
- Advertisements
- Mail shots
- Press releases
- Exhibitions
- Web sites
- Company accounts

Sources – What others say about your competitors

- Customers
- Directories
- Internet search (google news? blogs)
- Market research companies (e.g. keynote reports)

Sources- Research for your specific needs

- Your organisation
- Market research agencies
- Specialist C.I. consultant

Sources -

- www.exhibitions.co.uk
- www.marketresearch.com (50,000 publications)
- www.alexa.com
- www.britishservices.co.uk/associations.htm
- www.keynote.co.uk
- www.mintel.co.uk
- www.ft.com (archive search)
- www.companieshouse.co.uk

R.O.I. from Competitive Affairs

- Increase revenue by making more sales
- Increase revenue on a per sales basis
- Reduce cost and increase efficiency of research
- Reduce customer attrition

Ignoring Competitive Affairs hurts the bottom line

- Inattention to C.I. in the sales process leads to price cutting
- Effective R&D efforts require diligence in trying to develop an understanding of the R&D activities of competitors
- Legal depts responsible for protection of an organisations intellectual property

C.I. is the next logical step in productivity

In summary, the bottom line is clear;

- increase marketing effectiveness
- increase sales revenue while reducing the cost of sales
- ensure a 'first to market position' for new technologies, prevent theft of the companies I.P.
- focus time and resources on strategies that provide best advantage
- create a history of knowledge in the company.

Read more?

- CETISME (2002) Economic Intelligence. A guide for beginners and practitioners. Commission of the European Communities
- D. Burkhart (2003) Competitive Intelligence – Acquiring and using corporate intelligence and counter intelligence: Prentice Hall
- Porter M.E. (1980) Competitive Strategy: Techniques for analysing industries and competitors: Free Press
- Flesher C.S. & Bensoussan, B.E. (2002) Strategic and Competitive Analysis: Methods and techniques for analysing business competition. Prentice Hall