



Business and Competitive Analysis: Definition, Context, and Benefits

Business competition now comes in many different forms and from a great variety of competitors, and the challenges are increasing. Successfully positioning the enterprise, properly deciding on the correct allocation of resources, and deciding what an acceptable level of performance might be in such a competitive environment are key tasks of senior decision makers. Consequently, skillful business and competitive analysis (BCA) is critically important in determining how an enterprise can compete and deliver value to its stakeholders.

This book is designed to assist analysts to develop high value insights, to aid them in making sense of the competitive environment confronting their organizations, and to guide them in advising their decision makers. Our underlying premise throughout this book is that a good analyst, working in any environment, must have a robust and healthy repertoire of methods, tools, and techniques to help answer important questions on the enterprise's ability to compete, not only in the present, but also the future. For the most part, the end users of an analyst's output are decision makers, and as such, they will be the clients or customers taking action based on those results.

Uniquely, this book focuses specifically on analysis, analysis methods/techniques, and the analysis process. It is not designed to be another strategic management or strategic planning text. There are plenty of good titles of those genres available,¹ although the processes and techniques described herein will certainly benefit strategic planners and managers. We have decades of experience advising, consulting, instructing, practicing, and researching how BCA is used in all types of enterprises.

What surprises us about competitive and strategic analysis is the relatively limited number of tools and techniques used by most practitioners and how little genuine insight emanates from them!

These adverse results occur not only because some tools are badly chosen, outdated, or incorrectly used, but also because they are misunderstood and/or misapplied. This book provides comprehensive instruction on a range of constructive processes, tools and techniques that are available, direction on how the method was developed, analysis of its strengths and weaknesses, an outline of the process used to actually employ the technique as well as sample applications, and identification of complementary techniques, resulting overall in that vital ingredient—insight.

Our first text in this area identified 24 different techniques.² Since the first book was published, we have seen many instances and heard countless anecdotes from practitioners who wished to have an “*analyst’s manual*” of BCA tools and techniques. We believe that this book goes some way toward meeting that desire.

Understanding the Terminology

This book emphasizes a handful of key words: *competitive*, *strategic*, *analysis*, and *intelligence*. These are all part of the normal business and management lexicon. As we use these words repeatedly, it is useful for us to clearly identify what we mean when we use them.

Competitive

In this book, we look at businesses that are in competitive markets and typically operate in a competitive mode. We are addressing the processes and means by which firms position themselves and their products or services against their rivals to win market share.

Competitive means that a contest is occurring between two or more parties. The sources of this can be multi-faceted, originating in product or service offerings, shelf-space negotiations, supplier contracts, and investor relations, to name just a few. Usually, competitive bouts end up with a winner, and no further contest is needed.

The focus of this book is on the market place, though, and this is quite a different proposition. Competition here is about achieving a sustainable winning performance, not delivering one action that simply wounds, but consistently beating the rest who are working, most likely, toward the same or very similar goals as your enterprise.

Strategic

Strategic is a word used today to describe almost every decision and/or action taken, when in reality there is a clear mix of the no less valuable, *tactical* decision making taking place. The generic use of a word such as “strategic” can diminish its real role and mask the impact that a true strategic decision has.

Strategic matters are a key focus of this book. Strategic decisions, as opposed to tactical, operational, or instantaneous decisions, have a unique set of characteristics to differentiate them. These distinctions occur along the dimensions of time, frequency, effort required, consequences, and impact. Strategic decisions typically:

- address at least a medium-term time horizon, at best long-term (time).
- occur infrequently or emerge from a formalized planning cycle (frequency).

- require significant input from key people (effort).
- require significant information input from key functions (effort).
- require substantial resources to formulate and implement (effort).
- affect the long-term direction of the organization (consequences).
- affect many, if not all, of the organization's activities (consequences).
- affect competitive dynamics (impact).
- involve major change to the firm's activities (impact).
- become the over-arching blue-print for subsequent decisions (impact).

If all or a significant number of the preceding elements are present, the greater the likelihood that the decision is indeed strategic. We want to make it clear that just because a decision is not strategic does not make it unimportant.³ Many non-strategic decisions help to determine the performance of an enterprise in a marketplace, particularly in the shorter term. Decisions such as seasonal price discounting, direct mail campaigns, product enhancements, and ambush marketing are all examples of non-strategic decisions. They have a short-term lifespan and a short-term effect.

The key to our identification of a strategic decision is that they are the ones typically made by senior executives, managing directors, and/or the senior management team. Consequently, the enterprise that gets the strategic decisions "right" has a far greater chance of also getting the non-strategic decisions right.

Analysis

Where does analysis fit in with competitive understanding? Competitive analysis is the cornerstone of effective strategy formulation and execution.⁴ Valuable analysis helps decision makers to understand and predict critical market-changing actions that may be taken by competitors and other competition-impacting stakeholders. These decision makers are charged with answering a small number of very powerful questions about their organization, including the following:

1. What is our current status or situation?
2. What are our options?
3. Which direction do we want to go?
4. Which direction should we go?
5. How can we get to where we have decided we are going?
6. How will we know that we have gotten there?

Many of the analysis tools in this book will be beneficial to strategic decision makers in their effort to address those critically important questions. Properly conceived analysis aids decision makers in generating, choosing, and validating appropriate strategic responses.

Analysis is a term that generates much controversy and disagreement. Before we provide our definition of analysis, it may be helpful to examine definitions put forth by others that are in common usage. These can be found in Table1-1.

Table 1-1
Common Definitions of Analysis as Used in Intelligence Contexts

Definition	Source
A critical evaluation, usually made by breaking down a subject (either material or intellectual) into its constituent parts, then describing the parts and their relationship to the whole.	Dictionary definition
The application of common sense and experience to raw information.	Fuld, 1995
A process where one does many of the following, in any order: observe, classify, count, compare, ask questions, role play (engage in war games, do scenarios, run simulations, etc.), and take action.	Halliman, 2003
The use of some methodology or technique to, first, find relationships between different pieces of information and then draw inferences from the relationships.	Halliman, 2003
A process where one converts information into actionable intelligence.	Halliman, 2003
A process where one asks, or answers, the "So What?" question.	Halliman, 2003
The application of individual and collective cognitive methods to weigh data and test hypotheses within a secret socio-cultural context.	Johnston, 2005
The process of evaluating data for reliability, validity, and relevance; integrating and analyzing it; and converting the product of this effort into a meaningful whole, which includes assessment of events and implications of the information collected.	Johnston, 2005
The primary output of the processing phase of the intelligence cycle is the human process of synthesizing pieces of information into finished intelligence.	Procyshn, 1998
The breaking down of a large problem into a number of smaller problems and performing mental operations on the data in order to arrive at a conclusion or generalization. It involves close examination of related items of information to determine the extent to which they confirm, supplement, or contradict each other and thus to establish probabilities and relationships.	Mathams, 1995
The heart of the intelligence process whereby meaning is derived from data.	IACLEA, 2001

Although there is some value in these definitions, we find each of them to be lacking in some aspect. As such, in this book, analysis is defined as: *"The skilled application of scientific and non-scientific methods and processes by which individuals interpret data or information to produce insightful intelligence findings and actionable recommendations for decision makers."*

Like many developing fields of inquiry, business and competitive analysis is NOT purely art or science, but a combination of substantial portions of both in its effective application. As with the type of research formally taught to scientists, the analysis process can be viewed as holding much in common with the scientific method. Analysts will observe certain events, persons, or actions, develop a proposition or hypothesis that describes/explains what they have observed, and then use the hypothesis to make predictions about what may subsequently occur. These predictions can then be further assessed through additional observations or data, and the hypotheses can be modified based on the results.⁵

This process, which can be applied in theory by analysts, gets complicated very quickly by factors present in the real world of business and market-place competition, as well as the politics and social nature of decision makers and enterprises. Analysts frequently work in groups or teams and benefit from the pooling of expertise. Hypotheses aren't always developed, tested, or reformulated, but are frequently modified in real-time by the evidence that is acquired. These factors point to genuine business and competitive analysis being more of a social scientific pursuit than that of physical or pure science.

The "real world" tends to bring out the "art" aspect of analysis. When conducting an experiment using control groups, we know that some percentage of a treatment group's analyses will not confirm the control group's analyses. Analysts in these two groups will weigh the same data or information differently, based on schemes that may be hard for others to accurately replicate. Even when analysts do substantively agree about the nature of the problems being addressed, they can still subsequently disagree about the proposed course of action. Consequently, analysts may never be able to "prove" they were right. It is these kinds of experiences that points to why analysis can sometimes be viewed as more akin to art than science. The following humorous parable helps point out some of the important differences between the two perspectives.

A Parable About the Artist and the Scientist

There were once two people, a scientist and an artist, sitting next to each other, traveling on a bus. They had never met before, and there wasn't much conversation between the two. The artist was minding her own business, looking out her window at the beauty of the passing terrain. The scientist was uptight, trying to think of things he didn't know so he could try to figure them out. Finally, the scientist was so bored, that he said to the artist, "Hey, do you want to play a game?" The artist, being content with what she was doing, ignored him and continued looking out of the window, humming quietly to herself. This infuriated the scientist, who irritably asked again, "Hey, you, do you want to play a game? I'll ask you a question, and if you get it wrong, you give me \$5. Then, YOU ask ME a question, and if I can't answer it, I'll give YOU \$5." The artist thought about this for a moment, but she decided against it, seeing that the scientist was obviously a very wise man. She politely turned down the scientist's offer. The scientist, who, by this time was going mad, tried a final time. "Look, I'll ask you a question, and if you can't answer it, you give me \$5. Then you ask ME a question, and if I can't answer it, I'll give you \$100!"

Now, the artist, who was not that smart academically, wasn't stupid either. She readily accepted the offer. "OK," the scientist said, "what is the EXACT distance between the Earth and the Moon?" The artist, obviously not knowing the answer, didn't stop to think long about the scientist's question. She took a \$5 bill out of her pocket and handed it to the scientist. The scientist gladly accepted the bill and promptly said, "OK, now it's your turn."

The artist thought about this for a few minutes, and then asked, "All right, what goes up a mountain on three legs, but comes down on four?" The big smirk quickly vanished from

the scientist's face. He thought about this for a long while, taking out his pencil and making numerous calculations on his books. When that didn't lead to an answer, he took out his laptop and accessed the Internet. After about an hour of this, all the while with the artist quietly watching the mountains go by, the scientist *finally* gave up. He reluctantly handed the artist a \$100 bill. The artist accepted it graciously, turning back to the window. "Wait!" the scientist shouted. "You can't do this to me! What's the answer??" The artist smiled sweetly, pressed a \$5 bill into his hand, and said "I don't know."

Business and competitive analysts are tasked with making sense out of often ambiguous, complex, and challenging matters that decision makers care about. Like the artist on the bus, they too have to weigh up the odds, work through the scenarios, work out what they know as opposed to their competition, and take action. They have to make sense of, or create meaning from, a typically constrained sample of data and information. In an often-confused and rapidly moving competitive landscape, they try to answer the three critical questions commonly asked of them:

1. "What?"
2. "So what?"
3. "Now what?"

Any of these three questions may be answered in a variety of constructive ways using replicable procedures and methods (science), as well as intuitive or creative ones (art).

Intelligence

It is important to understand the place of intelligence within the larger context of an enterprise. The need to generate competitive intelligence (CI) is certainly not new. Sun Tzu plainly stated the rationale for intelligence over two thousand years ago. He wrote, "*Now the reason the enlightened prince and the wise general conquer the enemy whenever they move, and their achievements surpass those of ordinary men, is foreknowledge.*"⁶

Intelligence processes in business organizations have received significant attention in recent decades. The benefits gained by successfully anticipating a competitor's future plans and strategies are generally self-evident. The consequences of making decisions based on information that is incomplete, inaccurate, or late are as severe.

CI often engenders images of fictional secret agents such as James Bond using an impressive array of sophisticated gadgetry to eavesdrop on their business competition. In reality, CI can be exhilarating, but not because of illegal skullduggery. Modern CI practitioners are stimulated by using their unique set of skills, knowledge, abilities, and instincts to uncover relationships that enable their organizations to compete more effectively. Most CI practice includes a heavy dose of analytical capabilities. Analysts are prominent, central members of CI functions in today's successful, global enterprises.

There are numerous definitions of CI in contemporary practice and scholarship. Our current sense is that no single definition of CI is likely to be precise and universally accepted. As such, CI is generally viewed as *the process by which organizations gather actionable information about competitors and the competitive environment and, ideally, apply it to their planning*

processes and decision-making in order to improve their enterprise's performance. CI links signals, events, perceptions, and data into discernible patterns and trends concerning the business and competitive environment. CI can be simple scanning, such as analyzing a company's annual report and other public documents, or elaborate, such as performing a fully digitized war gaming exercise.⁷

CI is not business espionage; it is ethical, legal, legitimate, and essential. Business espionage develops intelligence by illegal or cloak-and-dagger means such as breaking and entering, bribery, coercion, deliberate deception or advertising "phantom" job vacancies, electronic eavesdropping, bugging or tapping, network infiltration, or systems hacking.⁸ CI practitioners use public, but not necessarily published, information. In other words, the information the CI practitioner seeks is readily available and identified through legal means of open sources such as public documents, interviews, and in-house expertise. It does not involve the theft of trade secrets.

One way to understand CI is to view it as a progression from raw inputs to finished outputs. In this perspective, CI begins with scattered bits of raw, basic data. This raw material is then organized by CI practitioners and becomes information. Information becomes intelligence when it is placed into a format useful to a decision-maker's unique or critical intelligence needs (CINs). Intelligence is therefore information that is analyzed, interpreted, and infused with developed implications—the basic focus of this book. Using this lens, CI is the refined intelligence product produced by an analyst that meets a decision-maker's unique needs for understanding a competitive aspect of the internal and/or external environment. Effective CI helps the decision-maker make a better decision!

CI can also be viewed as an organizational function ranging in scope between the broader area of business intelligence (BI) and the narrower version practiced as competitor analysis (CA). A CI function provides the foundation on which strategy and tactics are built, assessed, and modified. As a mostly staff-oriented function, CI will cut across and overlap other functions, in particular, those associated with marketing, planning, and strategy.

Competitive Intelligence Programs (CIPs) have goals such as proactively detecting opportunities or threats; eliminating or reducing blindspots, risks, and/or surprises; and reducing reaction time to competitor and marketplace changes. CIPs attempt to ensure that decision makers have accurate, current information about the organization's competitive environment, and a plan for using that information.⁹

Analysis as a Component in the Intelligence Cycle

Analysis is arguably that portion of the larger intelligence process in which the greatest value is generated.¹⁰ Much organizational experience suggests it can also be more difficult to do than the resource-draining data and information collection efforts that most organizations have emphasized in recent years. Nevertheless, there is a long series of research and publications that suggests that business and competitive analysis serves a variety of important, longstanding needs for organizations.¹¹ Although we intend to explore this context in much greater detail in other parts of this section, here we will briefly describe how analysis fits within the intelligence process.

Analysis is just one step of a larger process for developing intelligence for an organization. Most depictions of the so-called “intelligence cycle” show a series of 4 to 6 steps in a stripped-down form. These steps describe the functions of an intelligence operation in an enterprise and are illustrated in Figure 1.1.

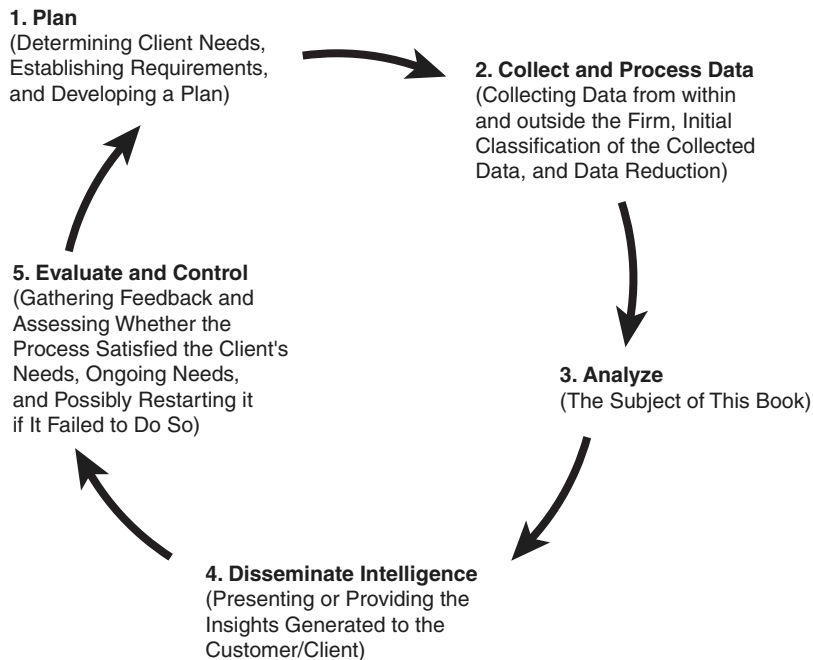


Figure 1.1 A generic intelligence cycle

The analysis step in this cycle involves its own set of sub-tasks that need to be conducted in order to generate effective outputs and outcomes. Analysis works interactively with all the sub-processes of data classification and synthesis to produce a finished product such as a chart, graph, table, text, summary, visual, or other communicative aids appropriate for dissemination.

Analysis involves the skillful application of a variety of techniques. We are sharing many good ones in the upcoming chapters of this book. All of these will help decision makers make sense of intelligence.

Intelligence analysis is always context-specific in that it does not occur within a vacuum, a static condition, or under experimental conditions. Because analysis is performed by practitioners in active organizational and competitive conditions, it is important to identify the nature of competition that analysts examine as a part of their work task.

Competitive Analysis and Decision Making

Most organizations today are not structured or organized properly to make good decisions that will help them outperform their competition in the marketplace.¹²

It is commonplace for this book's authors to hear from decisions makers who lament in retrospect: *"If only I'd known that, I'd never have made that decision or taken that action."* Such comments reflect an absence of intelligence supporting the decision maker and the lack of greater insight behind their decisions and subsequent actions.

There is no shortage of examples where poor decisions have adversely affected many stakeholders. Read the business section of your local paper, and you will hear of bankruptcies, down-sizing because of poor sales, over-optimistic new product revenue/volume predictions, wasted R&D efforts, or plant closures due to outdated technology or cheap imports. Intelligence failures relative to national decision making are also well publicized and again point to decision makers who were not properly prepared to make optimal decisions.¹³

Although it is often difficult to find decision makers who will publicly take the responsibility for having made poor choices, we all know of individuals who, with hindsight, would have done things differently. Unfortunately, we are unaware of anyone who has figured out how to either roll back the clock or to reverse time!¹⁴ Making better choices and decisions the first time creates a greater need for effective analysis and intelligence.

Today's managers face an abundance of information in their decision-making contexts, and sometimes this information abundance causes them to be paralyzed. Benjamin Gilad notes how information arriving to top managers is invariably biased, subjective, filtered, and/or late. Analysts have the means for helping reduce both the volume and rate of this information flow while simultaneously assuring the quality of the product being delivered. They can then greatly enhance the executive's actual ability and confidence in effective decision making.

Analysis has been revitalized in the "knowledge" era, or the era of intellectual capital. Whatever we should call it, knowledge is increasingly recognized as a key organizational asset that can distinguish between the winners and losers in many competitive marketplaces.¹⁵ Organizations that can effectively generate, capture, disseminate, and apply knowledge better and faster than their competitors stand a higher probability of achieving successful performance. Analysts are a critical part of this knowledge-oriented process as they are among the primary directors of knowledge in an organization. One thing we hope to emphasize in this book is that analysts must provide direction and guidance to those individuals responsible for collecting data and information. They are the link to gathered data and the organization's key decisions.

Analysis is just as important because of the increased recognition and value on good thinking skills. Analysis cannot be conducted in the absence of thinking. Without it, we would have random choice and luck. This is not the best foundation for a considered outcome and is increasingly likely to suffer from "extinction by instinct." The other end of the continuum is from "paralysis by analysis." That is not to summarily discount the value of instinct, but it has to be measured alongside more reliable and tested methods of analysis.

As access to data or information has increased, the highest value is now placed on not just obtaining appropriate data, but more importantly, to making good sense of it. That's analysis!

The Competitive Context Facing Contemporary Enterprises

Beating competitors, in many industries, has become a necessity rather than a desirable goal. More insightful strategy development and execution has been needed since even a decade ago. We would suggest the following reasons are among the most critical ones underlying increased competition, all of which produce a greater need for improved business and competitive analysis.

Explosion of access to cheap and fast information: Whether it is employee mobility, greater access to higher education in both traditional and online formats, companies showing less loyalty to their employees, or those same employees showing less loyalty to their employers, the window on competition and competitive opportunities has grown wider and more transparent. Because of changing information and communication technology, as well as changing socio-cultural value systems, keeping key competitive information proprietary and out of the sight or hands of competitors has become more difficult than ever before.

Maturation of industries and businesses: Many industries that were prominent in the twentieth century were resource-based industries, such as forest products, manufacturing, steel, and so on. These have rapidly matured or have seen a dramatic slowdown compared to past rates of growth. Many have struggled to institutionalize innovation capabilities, resources, strategies, new resource inputs, new production processes, new product development challenges, new employee skill recruitment and integration, new distribution channels, and/or understanding new customer needs. These are quite different challenges to simply trying to build market share in an existing static and simple market space, and the potential for them to miss the disruptive forms of activity that may be occurring on the fringes of their still-lucrative markets is high.¹⁶

Loss of traditional means of competitive structuring and advantage: Traditionally, companies could achieve competitive advantage through scale economies, segment entrenchment, first-mover advantages, and other such industry level gains. While still existing in some sectors, these approaches are now so quickly and easily imitated that they no longer deliver sustainable advantage. While the generic strategies of *cost*, *differentiation*, and *focus* described by Michael Porter are still conceptually fruitful, they are hard to achieve and sustain in practice. In a later paper, Porter himself reconsidered the traditional approaches and concluded that the achievement of advantage is positioning, rather than resource-based.

Sophisticated and better-informed consumers: Customers are better informed than ever before and have access to significantly more information on which to base their purchasing decisions. As with B2B markets, buying habits are less ingrained, and purchases are increasingly based on specification, cost, and value. Today's consumer is less likely to be swayed by an emotional appeal and will do hard-nosed research before striking a deal, especially with big ticket items.

Companies that still think they can sell anything they like, at any price, to a gullible customer may well do so once, but not again. Bad news travels fast, and the presence of customer pressure groups, Internet blogs, and vociferous word-of-mouth channels will quickly damage a brand.

Dynamic and rapidly evolving technology: Physical strengths are being replaced by intangible assets such as intellectual property, knowledge, intelligence, brands, R&D teams, and market position, resulting in volume-based advantages being less prominent.¹⁷ Even in industries where scale-based advantages still exist, typically manufacturing, the continual push by businesses across the globe to improve operational efficiency has made it harder to sustain such advantages.¹⁸ This has made the development of effectiveness-based strategy and execution more critical than ever.

There is little doubt that competition compels organizations to respond, preferably in a proactive manner. Designing these responses and assessing their impact are the primary task of the business and competitive analyst. The context within which the analysis is undertaken and the organization within which the analyst is working, will, inevitably, produce unique demands. The following section elaborates on the unique contextual factors impacting business and competitive analysts.

Contemporary Context Facing the Analyst

Being an analyst in an enterprise facing a high degree of competitive rivalry is difficult, especially when inexperienced and/or lacking appreciation of analysis science. Analysts have always had to satisfy decision makers who want and need their assistance. If anything, the challenge for the analyst today is more daunting than in the past. We think there are several prominent reasons why this state of affairs exists, such as the following:

Lack of recognition that analysts are mission-critical: It is rare to find a student coming onto a business degree program who claims that he or she wants to be a competitive analyst. In contrast, hundreds, if not thousands, will say that they want to be a management accountant, financial analyst, a sales specialist, or a brand manager. Similarly, it is rare to hear a CEO or a CFO claim that their competitive advantage came from their analytical team or their capabilities. We know that analysis underlies many company's competitive advantages, but it is often called something else, or the process is embedded among other functional activities. Enlightened organizations recognize the unique value that analysis generates, and as a result, then put significant resources behind it to ensure that they continue to derive competitive advantage.

Decision makers cannot always articulate their decision needs: Analysis requires proper direction at the outset for the process to produce a satisfactory output. Unfortunately, decision makers may not ask the right questions of the analyst. They may not even know what the questions are. So it is up to the analyst to focus their decision-maker on the "must know," as opposed to the all embracing "like to know" style that we witness too frequently.

Pressure for a quick judgment: Competitors are moving fast, investors and shareholders want the quarterly performance targets on time, customers want solutions yesterday, and nobody is willing to wait. Time is the most precious resource for an analyst; consequently, time will always be in short supply. Decisions are often made on the basis of "what we know now" because the situation simply will not allow for more delay. As such, analysts need to constantly seek established data collection and classification systems that can provide reliable outputs quickly. They need to provide intelligence despite that being at a lower level of confidence than usually expected. Analysts and decision makers need to address the increasingly time-starved context within which they both work and assess its ramifications.

Highly ambiguous situations: Ambiguity comes in many forms for both the decision itself and the analyst. It can emanate from the nature of competition, the range of competitive tactics employed, key stakeholders' responses in a competitive arena, product and/or process enhancements, consumer responses to competitive tactics, and so on. These types of interjections have been studied by researchers who have recognized that ambiguity can be a potent barrier to competitive imitation¹⁹ and allow for a competitor to sustain their advantage for a longer period.

Incrementally received/processed information: Rarely will an analyst get the information he or she needs, in time and in the format they require. The inability of traditional executive information systems to capture, classify, and rank rumors, gossip, grapevine data, and knowledge held by employees out in the field means that analysts lack the kind of primary source information that has always been the "jewel in the crown" element that makes analysis so valuable.²⁰

Shifting Organizational Priorities for Analysts and Analysis

We know there has been a fundamental shift in the nature and sequence of organizational priorities for analysts. Though change is not uniform across sectors, it is possible to decipher the outline of a transformation toward improved analytical capabilities through the following principles.

Adding Value to Intelligence: A priority for analysts is to deliver a product that adds context and meaning to raw data and information. In today's information-overloaded environment, intelligence competes for the attention of the decision maker. John Gannon, former Deputy Director of the Central Intelligence Agency, commented, "It is our challenging but rewarding job to keep telling these smart but overworked folks, decision or policy makers, what's happening in a complicated world." Keeping ahead of the competition and keeping the attention of intelligence users cannot be taken for granted. Some commentators consider that the insufficient and poor training of analysts has been a primary reason for the low effectiveness of intelligence programs.²¹

One of the ways to stay relevant is to build and maintain subject matter expertise, continuity, and depth within the organization's analytical ranks. Information alone will not be useful to the consumer if it is not interpreted correctly and presented in a credible way by a recognized expert. This issue has been addressed in some organizations through the creation of a senior-level council that is responsible for strategic planning and addresses the areas of CI recruitment, assignments, core skills, standards, and training. Others have relied upon the continuous delivery of learning opportunities, through apprenticeships, traditional classroom, and virtual means, by which analysts can upgrade their capabilities. Finally, some organizations have outsourced to specialist companies who they believe can provide the needed services better than internal resources. The variety of ways that best practice CI organizations have attempted to address this need has been catalogued in several studies.²²

Answering Questions in Real Time: Analysts have traditionally met intelligence needs through the regular briefings and overviews, usually tailored to the client's needs. These deliveries can also be supplemented with personalized electronic or paper memos that respond to incidental or supplementary questions. Analysts may provide daily or, when a

crisis erupts, minute-by-minute support. While the vast majority of an organization's analytical tasks will be carried out in response to specific questions, over the course of a typical year, an analyst or analytical team will provide hundreds of ad-hoc briefings on virtually every aspect of the enterprise.

Concentrating Resources: Analysts must be vigilant about prioritization, and they are expected to use all the latest technology to stay ahead of the competition without wasting scarce resources. Consequently, there is a need to continually press for clarification of a critical intelligence need. Organizations have to find innovative ways to build in flexibility within their collection and analysis efforts so that new priorities can be addressed on an as-needed basis. This flexibility is seldom considered when devising a competitive analysis or intelligence system, but has become increasingly important in a resource-constrained context.

Forging Partnerships: Another priority is how the organization, its data collectors, and analysts relate with the broader community. Partnership is a concept that has taken hold as organizations seek to take advantage of others' specialized expertise and resources. Cooperative efforts between CI and other departments have built formal and informal networks of functional and subject experts throughout the organization. Rarely does all the expertise on any particular issue reside in one part of an organization or a single unit. Tapping into analytic expertise across the firm is important to overcome commonly experienced budget and personnel constraints.

Looking Over the Horizon: The focus on decision-tailored support helps make analysis more relevant and useful to the client. It also ensures that intelligence resources are going where they need to be. Providing such high-level support makes an enormous claim on resources, particular staffing and time. At worst, analysts risk becoming prisoners of their inboxes and unable to put daily events in a broader context, which is essential if they are to provide timely warning of emerging opportunities or threats. The challenge is to step back and consider what the organization might face tomorrow, next week, or next year. Analysts have to look beyond the immediate and the obvious, toward those forces that might be moving slowly but inexorably toward their organization. Giving decision makers a sense of the possible, rather than the probable, must be a key priority for analysts, and it is precisely this that sets them apart from others in the organization.

Providing Timely Support: Analysis is most relevant when it is provided directly to the decision maker. Analysts are at their best when deployed on-site and in regular contact with the organization's managers, negotiating teams, and front-line decision makers. This ensures a better understanding of shifting agendas, prime movers, and quick feedback on their outputs. This all helps to better target the intelligence effort. As mentioned already in this section, time is a luxury that few decision makers enjoy, so anything that puts the analyst closer to the problem can only speed up the solution identification process.

Summary

Excellent analysis is the key to successful insights and/or intelligence and can provide high-value strategic decision support capability in contemporary enterprises. Intelligence about customers, competitors, potential partners, suppliers, and other influential stakeholders is a company's first, and often only, line of offense/defense. Maintaining this capability into the

future requires analysts and competitive intelligence practitioners to exploit every opportunity to provide their decision makers with analysis that is persuasive, relevant, timely, perceptive, and actionable. Analysts must provide their decision makers with the essential insight needed to preserve their organization's competitiveness and provide early warnings of market changes.

Contemporary analysts are expected to offer direct and immediate support to resolve different types of queries, work more closely with their counterparts responsible for human and technical collection, package their analyses in a variety of new forms, and deliver them through whatever means are best suited to the recipient.

In fulfilling this mission for the future, competitive intelligence-driven organizations and members of the analytical community face many fresh challenges. Success will be determined, at least in part, by how well these individuals and functions manage their scarce resources, balance frequently conflicting demands, produce longer-term analysis, continue to develop both broad and deep analytic expertise, and forge new relationships with others both inside and outside their organizations. This is not the time for analysts to be resting on their laurels. New ways of working and critical issues are appearing at a far greater pace than in the past. Analysts need all the help they can get to rise to the challenge of tomorrow's demands.

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Endnotes

- ¹ The field of strategy and strategic management is frequently covered in most university business or management curricula. The books used in these courses do a fine job in covering the processes and content of strategy. This book assumes some knowledge of these concepts, but does not require high levels of prior strategy knowledge to be applicable.
- ² Fleisher, C.S., and B. Bensoussan (2003). *Strategic and Competitive Analysis: Methods and Techniques for Analyzing Business Competition*. Upper Saddle River, NJ: Prentice Hall.
- ³ We will distinguish between strategic, tactical, and operational decisions types in later chapters. This book's methods will be at least somewhat applicable to all three types, although admittedly it will disproportionately be focused on strategic decisions.
- ⁴ Zahra and Chaples, 1993.
- ⁵ Clark, 2004.
- ⁶ Tzu, 1988.
- ⁷ Shaker and Gembicki, 1999.
- ⁸ Fleisher, 2001.
- ⁹ McGonagle and Vella, 1990; Prescott & Gibbons, 1993.

¹⁰ We recognize that there are likely key conceptual if not practical differences between the terms “business” and “competitive” intelligence. As explaining these differences would require far more detail than we can provide here, we refer readers to Fleisher’s discussion of these terms in greater depth in Chapter 5 of the edited book (with D. Blenkhorn) entitled *Controversies in Competitive Intelligence: The Enduring Issues*, Westport, CT: Praeger Publishers (2003).

¹¹ Dishman, Fleisher, and Knip, 2003; Fleisher, Knip, and Dishman, 2003; Knip, Fleisher, and Dishman, 2003.

¹² Rogers and Blenko, 2005.

¹³ For a poignant example of these, Robert Steele does a nice job of identifying the varying nature of the failures that occurred associated with the 9-11 events that dramatically affected the United States. See “What went wrong and why,” pp. 3–10 in Steele, Robert David (2002). *The New Craft of Intelligence: Personal, Public & Political*, Oakton, VA: OSS International Press.

¹⁴ This fact won’t stop people from trying! This is another reason why strategic decisions need to be made correctly the first time, every time.

¹⁵ Waltz, 2003.

¹⁶ Christensen, 2000.

¹⁷ Hall, 1993.

¹⁸ Porter, 1996.

¹⁹ Dierickx and Cool, 1989.

²⁰ Chender, 2006.

²¹ Werther, 2001.

²² Namely, APQC (2000), Lackman *et al* (2000), and Prescott *et al* (1998).

