

Organizing the Competitive Intelligence Effort

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The development of strategies to compete is essential for the survival of every organization. Competition is increasing from everywhere, ranging from small startups to global companies leveraging resources in the shared economy. Understanding this external global environment is now part of how you must strategize. Competitive Intelligence (CI) is the process by which you collect and analyze information to understand the external environment. The product of Competitive Intelligence is knowledge that facilitates decision making, both strategic and operational. Therefore, CI is both a process and a product.

Finding sources for competitive intelligence is not a problem. However, sources can vary widely. Examples include press releases from the competition, trade journals, customers, suppliers, employees, banks, investors, government reports, and market surveys. The challenge is organizing and making competitive intelligence a core competency within the organization.

One good place to start is with a competitive intelligence audit; i.e. take an inventory of what you already have. Pull together all of the pockets of information scattered throughout your organization. Over half of all competitive intelligence information is accessible through your own organization. Once you have completed the CI Audit, define your competitive intelligence objectives and outline a plan that will make competitive intelligence a major decision support service within the organization.

Some critical questions to ask include:

- How much information do we already have?
- What additional information do we need?
- How will we use this information?
- How will we transform this data into intelligence? What formats will we use?
- How much time and effort is required for CI?

Also place emphasis on the following:

- Design competitive intelligence so that it anticipates future events, such as changes to the competition through mergers.
- Competitive intelligence should tell you what areas to avoid as well as possible opportunities.
- Competitive intelligence will fill gaps or areas that otherwise would go unnoticed by the organization.
- Make sure competitive intelligence is a continuous process since the competitive landscape is always changing.

One of the main outputs of competitive intelligence is identification of the competition. A customer driven approach is a good place to start. Identify those companies that compete against your company

at the product or service level. What other companies offer similar products and services? Once you have identified the competing companies, isolate the differences between your company and the competition. Since an analysis of differences can be difficult, focus on strategic differences. For example, key differences have to do with competitive advantages and disadvantages. What areas are we better and worse at in relation to our competition? Try to pick up on trends and patterns that are going forward. For example, what are the relationships between your company and the competition regarding price, cost, distribution, quality, innovative products, and other value propositions for the customer.

If price represents a basis for competition, then your CI effort needs to identify the cost structure going forward. If quality is important to competing, then CI will need to obtain information about customer satisfaction. Keep in mind that your competition is seeking to match or exceed **your** competitive advantages. Therefore, protecting your competitive advantages is one of the key benefits behind competitive intelligence.

Organizing a competitive intelligence effort is paramount to protecting your values within the marketplace. Competitive intelligence allows you to manage and react quickly to changes in the external environment. Competitive intelligence not only helps you identify and monitor the competition, but it allows you to monitor issues that profoundly impact your organization (such as deregulation, technology, social changes, etc.). Finally, the process of competitive intelligence will require substantial support from senior management since it must become an integral function within the organization. Without some form of competitive intelligence in place, strategic decision-making will run the risk of being too inward thinking. In today's global competitive marketplace, you must give consideration to the external environment. Competitive intelligence forces you to see things externally which is absolutely essential to running a business in today's global connected world.