The trouble with the term “competitive intelligence” is that it’s exactly not what those words might imply. It has nothing to do with spying, which is how we often interpret the word “intelligence,” and very little to do with competitors. Instead, intelligence in this case refers to the process of analyzing information, while “competitive” refers to the entirety of your business environment.

Even so, CI, as it is commonly called, is still a bit of a shady concept, not because it strays into unethical areas but because so few business leaders know what it is and even fewer practice it. It’s not on their radar, as Seena Sharp puts it, because they think they already know everything they need to about their own business milieu. Or they have a project idea they feel so passionate about, they don’t see the need to check out its real-world viability.

Yet competitive intelligence is potentially the most powerful weapon you have at your disposal to give your organization a keen edge in an era of rapid and unremitting change. For example, Robert Flynn, former CEO of NutraSweet, believes the practice was worth $50m every year to his company in terms of revenues gained and revenues not lost to competitive activity.

And if that sounds like a magic formula then, like a magician who’s turned rogue, Seena Sharp, one of the best known and longest-standing practitioners of CI, reveals in this book the very secrets on which she founded and runs her internationally renowned organization, Sharp Market Intelligence. So, in part, this is a do-it-yourself guide, though she would presumably always argue that it’s better done by experts like her.

And she has the credentials - a pioneering business she’s been running for more than 30 years, with a client list that includes names like American Express, Chase Manhattan, Mitsubishi, Berkshire Hathaway and Hilton.

**CI: What It Is and What It Isn’t**

Let’s start with Sharp’s own definition: “Competitive intelligence is knowledge and foreknowledge about the entire business environment that results in action.” Each word in that definition has been carefully chosen. “Knowledge”, she tells us, refers to the past while “foreknowledge” points to the future. “Entire” means everything that can impact on your business success, and “action” refers to making and implementing a decision.
Because “intelligence” is a bit of a loaded word, some practitioners apparently prefer the word “insight.” Either way it’s still CI, and CI boils down to “good, old-fashioned investigation to gather and analyze business information and turn it into usable intelligence.” The reason you need it: It’s a tool for making sound, strategic decisions about the development of your company without being blindsided by the effects of ignorance of the myriad factors that might affect the outcome. Business life is full of surprises and opportunities. Without CI you may well miss them, or back the wrong one.

Conceptually, the process sits atop a pyramidal, gathering-and-filtering structure. At the foundation, there’s the vast bed of data a business accumulates or consciously gathers. Above, is a layer of information - broadly, selected relevant data plus qualitative elements. So, while data is a mass of facts and figures, information adds intangibles like value judgments and corporate culture to represent a more rounded impression of whatever one is researching.

Competitive intelligence is the process of sifting through that information and interpreting it for the purposes of making key business decisions. This includes testing ideas and, if necessary, abandoning them if CI suggests they won’t work. It’s also a continuous process. In one case, the author was commissioned to provide CI on the potential for a new gardening tool. The results were positive but the product then took two years to develop and, at that point, the client astutely re-commissioned her to re-check its viability. By then, the market had changed and the original idea had to be significantly modified, saving the company from a potential and costly disaster.

What CI is not, well…. it’s not specifically market research or other fact and rumor-finding activities, though these might contribute to the final CI process. And it’s definitely not competitor intelligence. To make the distinction, the author gives the example of a house-buying decision. If you were home-hunting, you might look at a number of houses but you would never make a decision purely on straight comparison, based on something like the number of bedrooms and square footage. That would be a competitor analysis. Instead, you would take account of other factors, like neighborhoods, local facilities that serve your needs and perhaps the length of the commute. Now you’re talking “competitive.”

Indeed this distinction is an issue the author is particularly focused on, devoting a whole chapter to why you shouldn’t fixate on the competition. The bottom line, she says, is that getting to know your customers is far more important in business strategizing than knowing what your competitors are up to. Yes, she says, there is a place for competitor intelligence but concentrating primarily on them is shortsighted “because competitors don’t buy your products - customers do.”

Thinking about competition makes you focus too much on the existing marketplace rather than expanding it, or may make you try to outmaneuver their tactics when these may turn out to be flawed. Anyway, most of the time, you don’t really know what they’re planning until they start doing it. That means you’re constantly trailing them, when there are so many other external factors that could be giving you a jump on business and product strategies. Watching your competitors is living in the past.

For example, focusing on the needs of the traveling customer for a faster but cost effective alternative to land transport prompted Southwest Airlines to launch its outstanding budget air service. The activities of other airlines simply were not a significant part of the company’s strategic deliberations.
There are many other directions in which you should be looking, rather than over your competitors’ shoulders. What’s happening in the world of technology, for example, could have profound influence on the direction of your business. Think about the way FedEx seized on the opportunity to provide real-time shipment tracking, thereby seizing the package shipping market from the US Postal Service, or how MapQuest and Google Maps have virtually eliminated the market for paper maps. These companies were not trying to outdo something their competitors were already doing but instead they were looking at how technology could enable them to innovate. Changing demographics (like the ageing population), cultural trends with new lifestyles and attitudes, the state of the economy and even the regulatory environment, are all fruitful areas for monitoring and strategic consideration that have nothing directly to do with your competitors.

“Detect opportunities from change, not from competitors,” the author advises.

Getting Into CI

If you’ve never done competitive intelligence before - and we’ll get to the tools and the sources of information a little later - you should start by identifying a critical or costly project where CI can produce the highest benefit. This might be one where the risk of failure would be extremely costly or where success promises a high-value return.

These might include times when you’re considering entering a new market or geographical area - like the German manufacturer of wrestling gear who wanted to get into the American market. Without CI, it wouldn’t have discovered that the fastest growing area of the sport was among females - opening up a niche opportunity that other manufacturers had not spotted.

It could help you uncover previously unrecognized markets. For instance many people buy Kosher foods for non-religious reasons, women-owned businesses employ more people than all Fortune 500 companies combined, adults make up 10% of the market for Lego toy bricks, and the fastest-growing sector in the motorcycle market are female bikers. These are typical commercial intelligence findings that point to strategic actions you might consider.

CI is also a prudent move when serious change looms in your industry. If the California producer of Wonder Bread had analyzed its marketplace when demand for its white loaf slumped, it might not have shut its doors. Another baker, Pepperidge Farm, discovered there was an unmet demand for more nutritious white bread and launched three new varieties to great acclaim. The same principle of market watching is applied every day by Richard Branson’s Virgin Group for spotting industries where a product or service has not changed or where customers are being poorly served.

Now, if you’re ready to get into the CI game, here are half a dozen success factor tips from the author, for a quick start:

1. Swiftly beef up your knowledge by taking out multiple subscriptions to trade magazines and newsletters. Read beyond your usual horizon, she advises, like technology publications or entirely unrelated material that might spark ideas.
2. Actively solicit feedback from your employees, invite their ideas and reward them accordingly. Hold regular meetings to hear their views.

3. Be happy to listen to dissenting voices - they often carry grains of truth. Indeed, when exploring a new idea, appoint a kind of devil’s advocate to argue against it, the way the Catholic Church does when considering a beatification.

4. Consider how you can use technology to improve the flow of data and information. For example, establish a company database into which anyone can input ideas and observations.

5. Be aware that change is a constant, continuously reviewing and re-evaluating your knowledge. It’s a good idea to make this a formal process where you actively go through the changes that occurred in your entire business during the past year.

6. Tune in to blogs and social media, monitoring what they say about you, your marketplace and your competitors. What are your customers saying to each other? How are their needs changing?

Some of these ideas point to an important aspect of competitive intelligence. They are not merely actions you should be taking by yourself. At its most successful level, CI should be imbedded into the culture of your business, drawing in your entire workforce. After all, everyone has their own unique insight into your marketplace as well as individual experiences of change in the world around them. So, for example, you could hold an annual employee forum to solicit ideas or perhaps invite a speaker from a totally unrelated industry to talk about what’s happening in their market.

And the author can’t stress enough how important your customers are as a source of information. Think right now about what you do to listen to your customers. Do you use complaints as a platform of opportunity? How about customer satisfaction surveys? Does anyone do personalized follow-up calls? Have you spoken to your distributors about what customers are saying regarding your products or services? Have you ever gone onto the frontline and spoken personally to your customers? Ignore these aspects and you are missing the whole point of CI, which enables you to take preemptive action in your marketplace.

You might consider setting up a competitive intelligence unit. This doesn’t have to be a big production, but it requires three precise functions: data and information research, direct contact (that means speaking directly to individuals) and skilled analysis. The first of these could be outsourced, and the other two could be done by one person if they have the requisite skills. But a word of warning: You’re looking for an experienced, seasoned, intellectually astute individual here, managerial level, not a graduate straight out of college. Good communication skills are essential too.

**A Competitive Intelligence Toolkit**

“The goal of competitive intelligence is to produce actionable intelligence for decision makers,” the author reminds us, “and to do so, you need to ask the right questions. But what are these right questions?”
She provides us with four checklists of questions that you should ask yourself and others. In particular, she suggests, you can fire these questions off randomly to colleagues and employees at meetings or during coffee breaks.

The first category covers how you identify and deal with change. For example, what are your mechanisms and resources for spotting changes? In what way are your customers changing and what is happening outside of your industry that could impact your business? Think about what is no longer true about your business and customer environment and what is beginning to appear on the horizon. Have you got an early warning system or should you be putting one in place?

Next, consider whether you have anything like an information gathering and intelligence process in place and if not, whether you really know enough about what’s happening in your marketplace. Speaking from her vast experience, the author suggests that you don’t. What’s going on right now with those people you regularly connect with like suppliers, distributors and so on? Are you speaking to them regularly to find out the key issues that concern them? Do you frequently read key information sources, like trade publications, and can you count on your staff to pass on useful information from customers and others?

Third comes a series of searching questions you should use to challenge your own perceptions. For example:

- If all the assumptions you’re making about your business turned out to be incorrect, what would you do?
- Has something unexpected, like the action of a competitor or change in demand surprised you? Consider not only why the change took place but also why you didn’t foresee it.
- Have you recently dismissed information you thought was irrelevant? Think about it again.
- Do your customers’ opinions align with yours about your products and services? If you don’t know, you have work to do.
- What’s your process for pulling together and organizing disparate pieces of information in a way that makes it useful and actionable?
- In a meeting, question whether you have all the right people there.
- What’s your review and action process for dealing with things that didn’t go as expected?

Finally, says Sharp, you should create a checklist that you and your stakeholders can review at least once every year. This should cover things like identifying how the industry and market has evolved in the past year and if customer feedback (especially complaints) has changed. Who are your new customers and why did they choose to buy your product or service? Are people using your product differently than the way they used to? Why?
“(S)tart thinking about what’s important for your business and what information and intelligence will propel your firm to the next level,” she advises. “Preparation, insights, and unlearning are key to success, more rapid success and a far easier journey.”

A key element of that process is your ability to acquire information that is pertinent to your needs and, if possible, that other potential market participants don’t know about. The trouble, as most of us know today, is that the business world is awash with information. The downside of that is not only the amount of time it takes to sift through it but also the very real danger that you’ll be looking in the wrong places, namely those that are obvious or easiest to access.

For instance, the Internet is not nearly as useful for CI gathering as many of us might believe. It’s just convenient. But it’s not comprehensive, or, when valuable information actually is available, it doesn’t show up in conventional searches, an aspect that has led to the coining of the phrase “the hidden web” - information that is mainly available only via subscription access or from obscure, unindexed sites.

As a matter of interest, the vast majority of specialist publications are not available digitally. The Standard Periodical Directory lists more than 60,000 US and Canadian periodicals but less than a third are available online. In addition, there are literally tens of thousands more publications, in the form of White Papers, newsletters, surveys and studies, academic papers, Government publications and even SEC filings that contain valuable information and insights.

Useful sources of these types of documents include academic institutions (like MIT and Wharton), trade associations (of which there are more than 25,000), and presentations, conferences and exhibitions (at which literature is often distributed). Industry or company research reports can be obtained from the likes of Mintel, Gartner and Data Monitor. Many magazines produce special issues or supplements focusing on particular industries or companies. Find details at www.special-issues.com. Or, if you want to explore future trends, try www.trendwatching.com or www.springwise.com.

Yes, it’s difficult to know where to start, isn’t it? One place, suggests the author, might be the Gale Directory Library - www.gale.cengage.com or, for a list of newsletters in print, just www.gale.com. Gale’s listings are phenomenal resources that detail available publications, document collections, newsletters and broadcasting services. They even list special libraries and information centers of which there are said to be more than 30,000.

Often, of course, you’ll have to be prepared to pay for information but it’s usually possible to get samples for evaluation so you can judge their relevance. And don’t forget that many public and commercial libraries have extensive collections of publications, reports and reference books.

A useful tip when selecting the sources you will use is to think not only about your particular industry but also to consider related areas that you may also want to monitor. For instance, if you were in the plastics industry you would want to know what was happening in the key raw materials industries of oils and related specialty agricultural crops.

All of this is not to suggest the Internet is useless. It does have a contribution to make. For instance company websites, though usually one-sided, can be a valuable source of intelligence in revealing how they want to be perceived, what type of people they’re hiring and
changes in leadership, as well as a source of regulatory filings. And, if you are checking out your competitors, don’t forget to visit chat rooms, blogs and angry customer sites - all valuable sources of competitor insight.

Last but certainly not least, one of the most valuable sources of information on which you can build intelligence is other people. These include your own employees, industry experts, academics, distributors, supplier and retailers, reporters, consultants, retired executives and, yes, even your competitors. Information from these sources comes under the umbrella term of human intelligence, or humint.

You may be surprised, Sharp concedes, that some of these people, especially your competitors, would talk directly to you, but they will because helping people is part of human nature, especially in North American culture. Trade shows are a particularly good place to talk with your competitors and press reps - but you should never misrepresent your intentions or disguise who you are. Attending presentations gives you a chance to question a speaker, while joining association meetings gives you a great opportunity to garner others’ views.

So much for the plethora of sources. How about planning your CI project?

Well, you do need a plan, probably a very carefully thought out and detailed one, whether you are selecting data and information sources for a holistic dedicated CI operation, or just a specific project related activity.

That means having a written document that identifies the purpose and scope of your CI activities, identifying how they will be organized, resources available, budget, timetable (if it’s a specific exercise), and dissemination, such as how progress and final conclusions will be fed back – say as a report or via a presentation.

If you’re doing the CI yourself, begin by establishing what is already known in your targeted area of interest, both within your business and in the industry. Maybe someone has researched the same area before. Your own research should cover a detailed review of the industry or area, including an analysis of strengths, weaknesses, opportunities and threats (SWOT), focusing on market changes, competitors and target customers. Look for patterns, barriers to possible market entry and keep a special eye out for innovations or sudden changes in customer preferences. Know, however, that you will never amass all the relevant detail within a specific timeframe. Accept that perfection is not achievable, as the author comfortably tells us.

Conclusion

Competitive Intelligence is a vast but potentially hugely-rewarding business activity. Data and selective qualitative information are the raw material. CI is the process of analyzing them to test business strategies or reveal opportunities others have not yet identified.

You can use it to conduct a broad strategic sweep, explore a specific project idea, or as an ongoing process in which information is constantly monitored, harvested and turned into a pragmatic process for anticipating market changes and signaling new directions.

You may have specific projects that demand a competitive intelligence exercise but the truth is that, done right, it’s an ongoing process.
“Competitive intelligence actually ‘un-levels’ the playing field,” the author declares. “While every company has the ability to get the same information, most don’t bother to access it.”

By opening the door into her world, Seena Sharp gives you the chance to get out there and play.