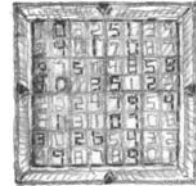


AVOIDING COMMON CI PITFALLS

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The controversial nature of competitive intelligence (CI) is often the result of common mistakes repeated over time by CI professionals. The following is an overview of the most common pitfalls that are partially responsible for damaging CI's reputation in corporations. The article includes a few recommendations to help you break the cycle of "bad press" and establish a successful strategic research function in your organization.

DEMYSTIFY THROUGH EFFECTIVE BRANDING AND COMMUNICATION

For historical and political reasons, the word intelligence is often associated with clandestine or covert activities. Many business executives who are not familiar with the purpose and ethical guidelines of competitive intelligence frown upon and question the need for or legitimacy of a CI entity in their organization.

To overcome this stigma and branding handicap, competitive intelligence practitioners must be proactive in clarifying, documenting, and communicating their mission, strategic objectives, and research methodology through official corporate publications or through their company's intranet. Some CI practitioners have found it advantageous to position themselves as "strategic research" or "decision support" rather than as an intelligence-related function. This approach may head off misunderstanding or confusion among management about the competitive intelligence function's goals and processes.

THINK LIKE A STRATEGIC RESEARCH CONSULTANT

Another potential problem is the mindset of competitive intelligence practitioners who view their primary job responsibility as systematically collecting exact (sometimes quantitative) and, therefore, potentially sensitive information on key competitors. CI practitioners should think of themselves as strategic research consultants rather than intelligence collectors.

For instance, knowing the exact quarterly net profit of a privately held competitor is less important to management than understanding that this competitor has generated an estimated net profit that is two to three times higher than your organization's. This information, although approximate, suggests that the competitor may have a more favorable debt situation and a more effective cost management approach than your organization has. Such knowledge could be more valuable to management than the exact net profit figure.

AVOID COMPETITIVE MYOPIA AND EXPAND YOUR OPERATIONAL SCOPE

Another common error that reflects negatively on the competitive intelligence function is a CI practitioner's inability to expand the scope of his or her activities beyond developing competitor profiles. Such profiles occupy a significant portion of CI practitioners' time and resources, and the return on investment is debatable. The collection of competitive information is far more difficult and potentially controversial than the

collection of customer, technology, or even market intelligence. Also, the value associated with a competitive profile is much more difficult to establish and not as clear as the value of information concerning a market entry or a customer segmentation study.

The key is to implement an effective communication strategy and educate management on the noncompetitive research capability of your department. One approach is to provide management with sample studies of noncompetitive subjects, applying market- or customer-related analytical frameworks and identifying potential strategic research needs in your organization.

DEFINE AND PUBLISH CLEAR AND EFFECTIVE GUIDELINES

Much like investigative journalists, competitive intelligence practitioners track and extract information from non-published sources through primary research and direct interviews. Some of the processes associated with direct interviewing can be controversial and need to be guided by a strict set of professional guidelines to ensure that they are fair and ethical for all parties.

Competitive intelligence professionals should formalize and disseminate a structured CI code of ethics for their organization. In addition to the legal protection such a code can offer, writing it provides an opportunity to confirm the processes, the basic information-collection guidelines, and the roles and responsibilities associated with competitive intelligence in your organization. The lack of a code of ethics leaves you vulnerable to legal fallout associated with CI practices

and prevents you from establishing competitive intelligence as an official business function in your organization.

ESTABLISH A DIALOGUE WITH MANAGEMENT

More often than not, competitive intelligence practitioners have limited knowledge of the business logic or the potential application of the information they are asked to generate. This lack of communication can lead to skewed search results and to spending unnecessary time and resources on difficult and possibly controversial assignments that might not have been fully thought through by management.

The establishment of a dialogue between competitive intelligence practitioners and decision-makers is crucial to the success of a healthy information support function in any organization. To establish and sustain such a dialogue, CI professionals must involve management in the major milestones and initiatives of their department. Management must be encouraged to:

- Review and approve the mission, objectives, budget, and ethical guidelines of competitive intelligence in the organization.
- Regularly review and update the organization's information-collection objectives.
- Sign off on the budget, resources, and key objectives of major external collection initiatives (including conferences, trade shows, and symposiums).

LEVERAGE INTERNAL AND EXTERNAL INDUSTRY EXPERTS



Competitive intelligence practitioners often subscribe to costly news aggregation services and commission external CI collection services to complete assignments for them. But these practices overlook the importance and value of networking,

CI practitioners are well advised to build a network of subject matter experts (SMEs) in selected industry or technology sectors who can help in difficult research assignments. SMEs usually have access to unique and potentially sensitive information by leveraging their own contacts in a certain industry or technology sector. It can be far less time-consuming and controversial to use SMEs to collect information than to conduct direct primary interviews through a third party entity.

The first step in building a network of experts is to staff your competitive intelligence department with part-time and recently retired employees from your own organization. These people usually have significant experience and knowledge of your company and industry, and can help you build and leverage a network of subject matter experts while at the same time reducing the need for aggressive and potentially controversial collection efforts.

In conclusion, to improve the perceived value of competitive intelligence in your organization and to avoid potential controversies, think outside the box and identify the wider value CI can bring to your organization. Be smart about clearly defining the roles and ethical guidelines you will use, building a network of experts, and communicating with management on how they will apply the information you gather.

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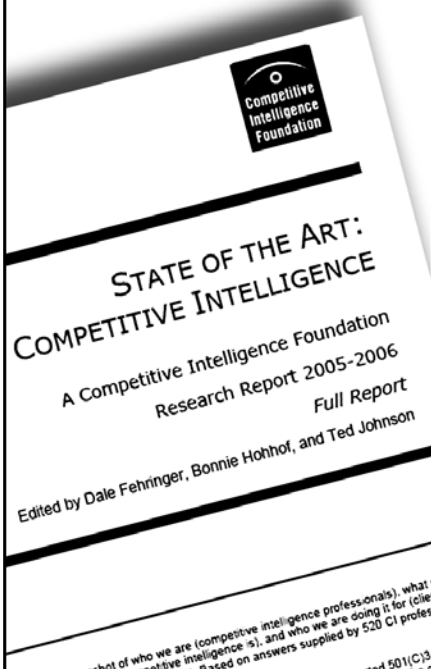



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Edited by Dale Fehringer, Bonnie Hohhof, and Ted Johnson

A snapshot of who we are (competitive intelligence professionals), what we are doing (competitive intelligence), and who we are doing it for (clients). Based on answers supplied by 520 CI professionals. Supported 501(C)3.