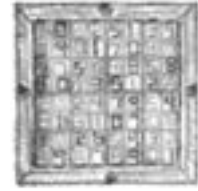


GLOBAL RESEARCH METHODOLOGY: FINDING THE FACTS

RAOUL FARCOT, *Cipher Systems*



The intelligence process is never clear-cut. Important details come from both public and private information sources. And sometimes the most valuable pieces of the puzzle come directly from the field and far-flung expert sources. Aggregating this information, analyzing it, and discerning the implications are all intricate tasks. While this complexity is at the crux of CI practice, it becomes even more of a factor in global research. In this column I focus on a prescriptive approach to exposing international intelligence.

As borders open up and the demand for sophisticated western technologies and practices increase, regions such as Eastern Europe and Asia-Pacific increasingly become the targets of interest for US companies looking to further expand overseas. But those who want to be successful in these areas not only have to outsmart their competitors, they have to understand the particulars of working in these nations. This includes understanding government regulations, local customs, and provincial differentiating factors. Uncovering all of the critical challenges and opportunities in these nations and molding competitive intelligence practice to fit the area under scrutiny are both vital components of global research.

We often remind ourselves that competitive intelligence is not a *one-size-fit-all* proposition. The nature of your business, your industry, and your individual research concerns all shape your practice and the tactics you use to get the job done. The same is especially true here. Based on our experience, here are guidelines that will help you to tailor your research with an international focus.

START WITH SECONDARY SOURCES

When doing domestic research, head straight to the source. You likely already have a strong network of expert sources to tap when researching a specific question. Typically you then supplement this information with secondary sources to validate and flesh out the details. In areas where you have established credible sources this expedites the process.

For global research you are better off starting with secondary source information. (See Table 1.) The environment changes quickly overseas, particularly in high growth areas. Key players change quickly and the nature of their alliances are influenced by too many factors to ensure ongoing reliability. Having the facts gleaned from secondary sources gives you the appropriate framework to field primary sources.

Several good places to start collecting data include the CIA World Fact Book, the Heritage Foundation, the World Bank Group and other similar resources. In addition to the

typical sources you use for your industry queries, they will give you the foundation you need to put your research questions in context, and uncover principal indicators to guide your analysis.

INTERVIEW CREDIBLE SOURCES

Next, you need to interview plant managers, subject professionals, and other industry experts from businesses located in the region. Consider individuals at both local and foreign-owned operations. American corporations, for example, can provide unique insight by sharing the problems they may have encountered through their own experience in that area. For example, in one project a company was informed that a target location in a third world company had an *effective distribution system* only to find when they got onsite that it consisted of a horse and sled.

But where do you locate credible sources in the region? While it may be fairly easy to find branches of large corporations in the area, the best place to start building a comprehensive source list is by contacting the State Department Business Development officer attached to the US Embassy in the target country. While these people may have specific allegiances that color some of the information provided, they are undoubtedly an invaluable resource for local information. They are familiar with local customs and regulations and can offer leads and sometimes even direct introductions to expert sources in the region.

Similarly many local business development councils in target countries, particularly in high growth

TABLE 1: TACTICAL CHECKLIST

Secondary source data collection
✓ international focus / industry focus
Primary source data collection
✓ Contact State Department business development office, US Embassy
✓ Contact local business development councils
✓ Other local experts
✓ Targeted companies / customers
✓ Analysis and strategic implications

areas, aggressively promote new business development. These local business development councils are a great source of data in third world countries. But be sure to check their data carefully and verify their preliminary numbers through later primary interviews.

After you have gathered source contact details, continue with your primary data collection by qualifying leads. Then gather further information about the target location through either telephone or written interviews. In some cases you will need to use an interpreter. Be aware that any translations may alter the meaning of some statements. You should be able to validate information by comparing interview transcripts and comparing their content with supporting secondary evidence.

SEE FOR YOURSELF

You may already have gathered enough details at this point to support the analysis necessary to answer the research questions under consideration. In other cases, the next step will be to do a physical assessment of the target location.

This may require an actual physical evaluation of a particular site, or face-to-face meetings with local experts who are not willing to discuss important details over the phone, by mail, or electronically. If you do not have the time or budget resources to do this in-house, there are many qualified independent subcontractors available. Your best bet is to work with a research firm that already has established relationships in your target area.

Finally, use the primary and secondary source information collected in your competitive intelligence system for analysis and implications identification. Deliverables generated from this should tie back to your key research questions that support the higher-level key intelligence topics that were defined prior to your fact-finding mission.

INFORMATION REQUIREMENTS

The sample research checklist in Table 2 provides a list of basic details required for international manufacturing or industrial research projects. Your specific needs will vary based on the key topics under consideration.

The level of difficulty to obtain required information varies, and depends on the industry and region being investigated. Make sure that you have a qualified staff of researchers to expedite the process. Also triangulate any information with different levels of staff interpretations and with details from different sources to ensure both internal and external validity of the data.

IMPLEMENTATION

This article outlines some of the basic concerns in international research and serves as a solid foundation for global competitive intelligence practice.

TABLE 2: SAMPLE RESEARCH CHECKLIST

- ✓ Education level of workforce
- ✓ Average wage rates and benefits necessary
- ✓ Availability of workers and skill sets available
- ✓ Taxes, tax incentives, free trade zone incentives, government restrictions
- ✓ Growth rate by country
- ✓ Import/export climate
- ✓ Analysis and strategic implications
- ✓ Growth rate
- ✓ Available transportation and distribution systems by country
- ✓ Raw materials supply - availability and cost
- ✓ Utility costs
- ✓ Costs of land
- ✓ Building costs
- ✓ Environmental restrictions
- ✓ Problems/successes encountered by others
- ✓ Other industry specific areas of interest

It should guide you in answering research questions that cross borders. However, complex projects and ongoing efforts may require a more integrated approach and sometimes even third party resources.

Strategic research consulting firms are a good option for corporations considering global expansion regardless of their goal. Whether investigating a potential merger or acquisition, expanding existing global capabilities, or doing initial due diligence on a region, experienced external firms offer a cost effective approach to competitive intelligence. They eliminate most project startup costs and generally reduce the time needed to complete the project.

When selecting a firm be sure to choose one that already has established contacts and experience in the areas under consideration. This raises confidence in the information gathered and ensures the results are comprehensive and timely. [Editors note: for additional information on selecting firms, see Leslie Siconolfi's article 'Food for thought: the impact of agency selection on successful global CI outcomes,' *CIM* May/June 2003, v6n3, p31-34.]

REFERENCE LINKS

- CIA World Fact Book: <http://www.cia.gov/cia/publications/factbook/>
- Heritage Foundation: <http://www.heritage.org/>
- World Bank Group: <http://www.worldbank.org/>

Raoul Farcot is a vice president at Cipher Systems (www.cipher-sys.com). Cipher specializes in competitive intelligence consulting services and technology solutions for both the public and private sectors. Raoul is responsible for managing technology and strategic research projects for Cipher's corporate clients and is an expert in global research. He can be reached at r.farcot@cipher-sys.com or (410) 451-6889.