

CI in Action – Key Steps to Building an Internal CI Function

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It does not matter if you are working to improve an existing competitive intelligence (CI) function or if you are starting from scratch. Our experience shows there are seven key steps that need to be addressed to be successful. Each of the seven steps builds upon the ones that came before it. You will see the logical progression as you work through them (See Sidebar 1).

While this article serves as a prescriptive guide to building an internal CI function, all of the steps can be incorporated at some level into your individual day-to-day efforts. We present here a number of takeaway concepts that you can put to use immediately.

TAKE STOCK

Assess the current competitive intelligence capability of your department or organization, and put in place a checkpoint process so that you can position yourself for continuous improvement. While you may not have a formal CI function in place, chances are you are doing some form of data collection, analysis, and reporting in various departments throughout the organization.

SIDEBAR 1: SEVEN KEY STEPS

- Assessing the CI capability of your department or organization
- Defining your CI mission statement
- Branding and promoting your CI department
- Setting ethical guidelines
- Defining an incentive system
- Implementing performance (ROI) measurements
- Building a CI Team

Is your current process centralized or decentralized? What are all of the inputs, what reports are created and where are they distributed? What deliverables are actually being used? These are just a few of the basic questions you need to answer to perform a basic audit of your current CI capabilities.

If you are not responsible for the overall competitive intelligence effort, you may want to suggest to management a formal survey of key participants across business units. A structured interview process will help you identify areas of the organization that are duplicating information sources and perhaps even creating the same intelligence deliverables. Doing a formal analysis helps to identify areas where efficiencies may be realized through consolidation and pinpoint gaps where more work is needed.

In our experience, companies often find that this initial inventory clearly shows the specific parts of the organization that have adequate access to the intelligence they need and others that are lacking support. Further, two specific critical functions, collection and analysis, are typically accomplished in different areas and may not be consistent throughout the organization. The results at this stage help you as you layout out your plans for improvement.

DEFINE YOUR MISSION

Clearly stating your objectives is key for any successful implementation. At a department or organization level an overall competitive intelligence mission statement enables management to better integrate the CI function with strategy development. At a personal level, defining your own mission statement helps set objective performance expectations while also providing a better understanding of how you are directly contributing to higher level organizational goals.

Another key component of your mission statement is the clear definition of who you are serving – your customers. Will you be serving specific business units, corporate-level management or both? The answer to this question will determine if your overall mission will be more tactical or strategic in focus. The resulting mission statement will help guide you in developing the overall requirements for your CI function.

Mission statements will vary from organization to organization. Include all key stakeholders when developing the statement. Make sure everyone is in agreement on the CI function's primary customers, how CI will add value to the organization and its main purpose within the organization. We suggest creating a sample and then passing it along for review.

TELL PEOPLE ABOUT IT

We often hear from clients that people within their organization have a hard time understanding what competitive intelligence is and where it fits in. Clearly brand and promote your CI effort. This helps you gain not only recognition, but also may incite participation from a greater number of people. You know there is a lot of valuable information throughout the organization – make it easy for more people to contribute.

We have learned several tips and tricks over the years. For example, when branding your function avoid the word *intelligence*. Some people have a specific connotation associated with this term and you may not be able to achieve mass appeal with this word. Rather, pick a non-controversial and easy to remember label. For example, “CRIC – Corporate Research and Information Center” is simple and represents a cross functional team.

Once you have determined a name, create a logo and letterhead that clearly reflect your new brand and contact information. Be sure to create a consistent format for all deliverables that incorporates the logo and contact detail. Communicate your function and purpose through vehicles like internal newsletters, the corporate intranet and presentations (e.g., executive briefings, lunch and learns).

DO THE RIGHT THING

Competitive intelligence is not about stealing confidential information or lying to get it. The reputations of your organization and its employees for unquestioned honesty, integrity, and fair dealing are priceless assets that must not be compromised. Set clear ethical guidelines and document them. These are intended to serve as a basis for how anyone involved in competitive intelligence activities and the gathering of intelligence information should conduct themselves. Keep these guidelines where you can find them,

SIDEBAR 2: SAMPLE ETHICAL MEANS FOR GATHERING INTELLIGENCE

- Use published materials like local newspapers and press accounts.
- Watch public filings (e.g., zoning, building permits, litigation, etc.).
- Access published financial information and broker reports.
- See brochures, reports, and other information distributed by or about competitors that can be collected at trade shows, exhibits, etc.
- Refer to fee-based and free market surveys and consultant reports.
- Attend open houses and other facility tours or visits.
- Do “Mystery shopping” of the competition — gathering information that a company generally makes available to its customers by acting as a shopper.

and refer to them frequently. Your corporate intranet site is a good place for this.

There are many ethical means for gathering intelligence. Sidebar 2 contains just a few examples. Use common sense. Ask the following questions. If you answer yes to any of them, then refrain from the action being considered.

- Are you causing anyone to act contrary to his or her set of personal ethical beliefs?
- Do you think that what you are doing is okay because “everybody else is going it”?
- Are you doing anything that will jeopardize your business relationship with the information source being questioned?
- What would you tell your kids if they asked you what you did today?
- How would it look if this activity appeared on the front page of the *Wall Street Journal*? Your local newspaper?

Once documented, your ethical guidelines are an effective means for promoting and establishing credibility for your competitive intelligence function. Here's a suggestion we have seen work at a number of organizations. Develop a short list of the top ten key points from your code of ethics and have it printed on the back of business cards. The front of the cards should reflect the CI logo and branding you have already established. This is a great way to educate people throughout your organization while also getting the word out.

PROVIDE INCENTIVES

A few carefully chosen incentives can motivate various employee groups within a company (sales, marketing, R&D, and others) to contribute to the competitive intelligence effort. Getting the support from upper management is critical. Encourage management to make CI one of the key criteria in evaluating an employee's performance. This will increase the quality and quantity of contributions.

Think of the simple things. For example, always say *thank you*. People like to feel appreciated. Treat everyone with respect and acknowledge contributors with write-ups in company publications and through letters to their managers. You can also offer prizes and rewards for exceptional CI submissions and use important company events to acknowledge significant contributors.

Your organizational culture will impact the incentive plan you develop. Don't try to force fit public recognition or other prizes if that is not generally accepted practice within your company. Do try to come up with a plan that capitalizes on existing incentive programs. We have seen everything from monetary rewards and bonuses to prizes like weekend getaways and phone cards. Recognition from management and peers is also prevalent.

In addition to incentive programs, make sure that you are providing information in a format and with content that people can really use on the job. Map your competitive intelligence efforts to promotional campaigns, for example. If the people in the field see results that make a positive impact on their own performance, they will be more likely to take part in the process.

SHOW PROGRESS, HIGHLIGHT SUCCESS

CI activities need to be measured to track which activities are providing value to the organization and to justify the return on CI investment. Measuring ROI in CI is not always easy, but if you set out with a documented tracking system you will be able to accurately answer management's questions when they ask about your use of resources and the overall contribution of your department. You will also be able to continuously improve your function as you will know which deliverables are most valuable and which you can potentially eliminate.

Several key areas can help you measure the success of your competitive intelligence function. These include time savings, cost savings, cost avoidance, and revenue enhancements. Pick key strategic issues and track projects that impact them. Communicate directly with users and use their feedback when measuring success. Publish results and bring the details to the attention of management.

Be sure to benchmark the current status of areas that may be impacted prior to implementing a new project or tool. For example, some of our software clients claim that they are able to create reports and newsletters in half the time

now that they have implemented a formal CI system. Because we assessed the production time both prior to and after the implementation, they are able to clearly demonstrate this return in terms of time and cost savings.

We have learned that the most effective way to track overall progress is to maintain a running list of all competitive intelligence assignments and track when, what, and how much the effort saved or produced. For each one, you need to evaluate the potential financial or organizational impact intended. Consider for example if the intelligence gathered is meant to save money, generate additional revenue opportunities, provide a time savings, etc. Then, measure the outcome against the intended results. This will give you an ongoing tracking mechanism to provide feedback to management. It will also help you better allocate your resources.

PUT THE RIGHT PEOPLE IN PLACE.

A dedicated, talented team of individuals should be selected to carry out competitive intelligence activities. The size of your team will depend on the nature of the intelligence required, the scope of your effort, and the time available to complete the effort. You must also establish an effective clearinghouse to support the CI effort.

There are two distinct ways to define your competitive intelligence function. You may be the sole practitioner and have to rely on part-time support from subject matter or functional experts across different departments or business units. In this model you will spend a lot of time managing resources across departments and compiling the results of the information they collect. If resources allow, the more preferable format is to have dedicated resources for collection, analysis, and project management. Then you only need to tap the functional experts as needed and all efforts are more consistent.

Regardless of the way your function is delineated, there are three critical areas that must be supported to complete activities: management, data collection, and analysis (including functional experts in finance, marketing, etc.) In addition, there are two other aspects to consider. You need to take into account technical requirements that may involve your IT department and consider the general functional areas of your users. We also recommend that you arrange appropriate administrative support for your CI function.

The resources required for data collection versus analysis and project management can be quite different in terms of the personalities and skill sets required. However most organizations we work with face resource constraints, particularly in competitive intelligence.

We have learned a number of ways to be creative. Consider interns from local colleges, recent retirees that may want part-time work and other sources for support that may supplement your dedicated team at a lower cost than full

time hires. Recent retirees are especially good if they have already established authority and recognition within your organization. Their participation further builds the credibility of your team.

GET IT ALL TOGETHER

Keeping in mind all of the critical success factors outlined in this article will put you on the path for success. These steps will help you audit existing processes, set expectations, establish credibility, do the right thing, encourage involvement, show progress, highlight success and put the right people in place. All are important to the overall success of the CI effort in your organization.

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