



HIGH-DEFINITION NEWS

Building a Competitive Intelligence Capability: What's Your 'CIQ?'

By Clark Crowdus

Quickly! What is the one thing *all* executives dread more than taxes, regulators, or missing quarterly forecasts? Answer — a jolt out of left field, a "haymaker," a cheap shot they didn't see coming. In short: a competitive surprise.

In the blood-sport that is business, CEOs and CMOs use market and competitive intelligence to give them strategic insight into future moves of competitors. That same intelligence also determines *their own actions* in the marketplace. I'll call it the "CIQ" or Competitive Intelligence Quotient. The higher your company's CIQ, the happier your shareholders, customers, regulators, and other stakeholders are likely to be.

It's important to have good marketplace *data* — such as economic, geographic, and demographic information; market size; an understanding of barriers to entry; and other fundamentals. But it is much more important to have great marketplace *intelligence*, which is a value-added form of information that usually determines the winners and losers.

What competitive intelligence can do is help senior managers, business unit leaders, and marketers mitigate risk and make good decisions. By closely tracking the direction of every major competitor and institutionalizing feedback mechanisms, a company can anticipate reactions to offensive moves and initiatives and keep on top of changes in the overall business environment.

In the process, the CI function can eliminate or mitigate surprises and enhance competitive position by reducing reaction time.

Here's a formula that CI pros often start from when they look at the competitive landscape:

- Intent + Capability = Threat

And companies, like individuals, leave 'paper trails' that can help you legally and ethically mine detailed information about your competitors. The job of the CI function is to understand the corporate world well enough to find the data. You just have to know where and how to look.

But as a beginning, if you're a manager looking to help your corporate decision makers, start with a 'CIQ meeting' in which you ask top managers these questions:

- What are the biggest issues you will face in the next *year*?

- What are the biggest decisions you will make in the next *six months*?
- What are the risks if the *wrong* decisions are made?

Once you know what's ahead for the company and the rationale behind its plans, it's the job of the CI function to develop an intelligence gathering model that directly supports those key initiatives and decisions and increases the company's CIQ.

For example, if you know that in the next year, you're going to make a major investment in a new product launch — one that your company will stake its brand reputation upon — you must anticipate the reactions to that launch not only of your competitors, but also of regulators, shareholders, and, of course, customers. Of your key competitors, which will you agitate the most with this launch? What is their reaction likely to be? Can you anticipate other reactions and predict their probability with any accuracy?

Your CI capability should be able to answer these questions to a reasonable certainty so that executive decision-makers can guide the company. As a roadmap to building your company's CIQ, consider the following steps:

Update the situation analysis — Update your SWOT (Strengths/Weaknesses/Opportunities/Threats) analysis as well as marketplace and economic conditions.

Establish goals and strategies of your CI initiative — Identify with management the top risks and opportunities that face the company or your business unit. Articulate decisions that will require strategic focus; then, overlay the risks and opportunities to clarify direction.

Create CI "products" that meet the needs of management — Create standard reports or reporting mechanisms that include profiling, predictive analysis, competitor reaction scenarios, and probability models.

Identify the resources needed to deliver specific CI capability — Skill sets, databases, subscriptions, software programs, and other requisite tools. Also, assess staffing levels; create timelines for delivery of CI "products;" estimate costs; and establish how the function will fit into the organization.

Present a plan to senior management and business unit leaders — Get understanding and buy-in from the organization, top to bottom.

Roll out the initiative — Introduce the initiative and its benefits to business units; set expectations; and establish procedures and security levels for access to information. Be sure to check in with constituents as to their level of satisfaction at least every six months. As a choice, start smaller rather than larger.

The higher your CIQ, the farther ahead you'll be able to anticipate your opponents' moves. And besides, your neck will feel better if you do. After all, you won't be surprised by the "haymaker" coming over your shoulder.

Your feedback is welcomed and should be directed to Clark Crowdus, Principal, High-Definition Consulting Group at clark@high-def.biz.

RESOURCES:

The following resources are recommended by High-Definition Consulting Group:

Association: Society of Competitive Intelligence Professionals — A leading association of CI pros. <http://www.scip.org/>

Academic Web site: Economic and Competitive Intelligence — Site of CI information and resources compiled by the Loyola College, Maryland.
<http://www.loyola.edu/dept/politics/ecintel.html>

Article: Using the Internet for Competitive Intelligence — From CIO Magazine.
http://www.cio.com/CIO/arch_0695_cicolumn.html

Article: The Wise Use of Intelligence — Web reprint on law.com of National Law Journal article by Leigh Jones. <http://www.law.com/jsp/article.jsp?id=1113222913512>

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