

Location! Location! Location!

Positioning CI in Your Organization

**WITHOUT
INDEPENDENCE,
CI DEPARTMENTS
BECOME PAWNS IN
INTER-DEPARTMENTAL
RIVALRIES.**

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A successful competitive intelligence process depends on bringing together people and resources from a wide range of internal sources and departments. In fact, given the right corporate culture and senior management support, CI can play the lead role in business integration. Yet, all too often CI departments are placed in a position where they can never reach their full potential.

Below, I'll discuss how the CI process, when properly located within a company, can be used to "tear down the silos" and promote information sharing throughout the organization. To support my case, I'll relate some of my experiences (both the good and the bad) as a marketing intelligence manager.

COMPETITIVE INTELLIGENCE VERSUS MARKET RESEARCH

CI is a continuous activity. Unlike traditional marketing research, which produces a snapshot of market conditions at a specific moment in time, the CI process provides a "real time" update of activities in the marketplace.¹

Market research allows a company to react to circumstances; CI provides signals or early warnings that allow a company to act first in anticipation of a competitor's moves, or

to adopt or counteract new technologies that will have an impact on their industry. While the results of market research are often shared only within senior management, the CI process facilitates the sharing of information among all levels of the organization.

Moreover, market research findings are typically used to implement policies originating from the upper echelons of a company (i.e., a top-to-bottom chain of command). CI, on the other hand, can be used to direct information and provide guidance from different areas of the organization.

There is still a place for traditional market research, but CI's role is unique: It is, or should be, a catalyst that mobilizes personnel from different areas of the company to cooperate in gathering and sharing competitive and market information.

THE NATURE OF THE CI PROCESS

An important part of the CI manager's job is to develop alliances and contacts with colleagues in such areas as sales, customer service, human resources, purchasing, finance, marketing, research and development, and the legal department. In most organizations, these are departments that rarely, if ever, communicate with each other. When information is shared, the organization can make informed decisions regarding the development or improvement of products and services, and the acquisition of competitors.

An active CI manager should "follow the money trail" and use the activities and resources of the various departments to:

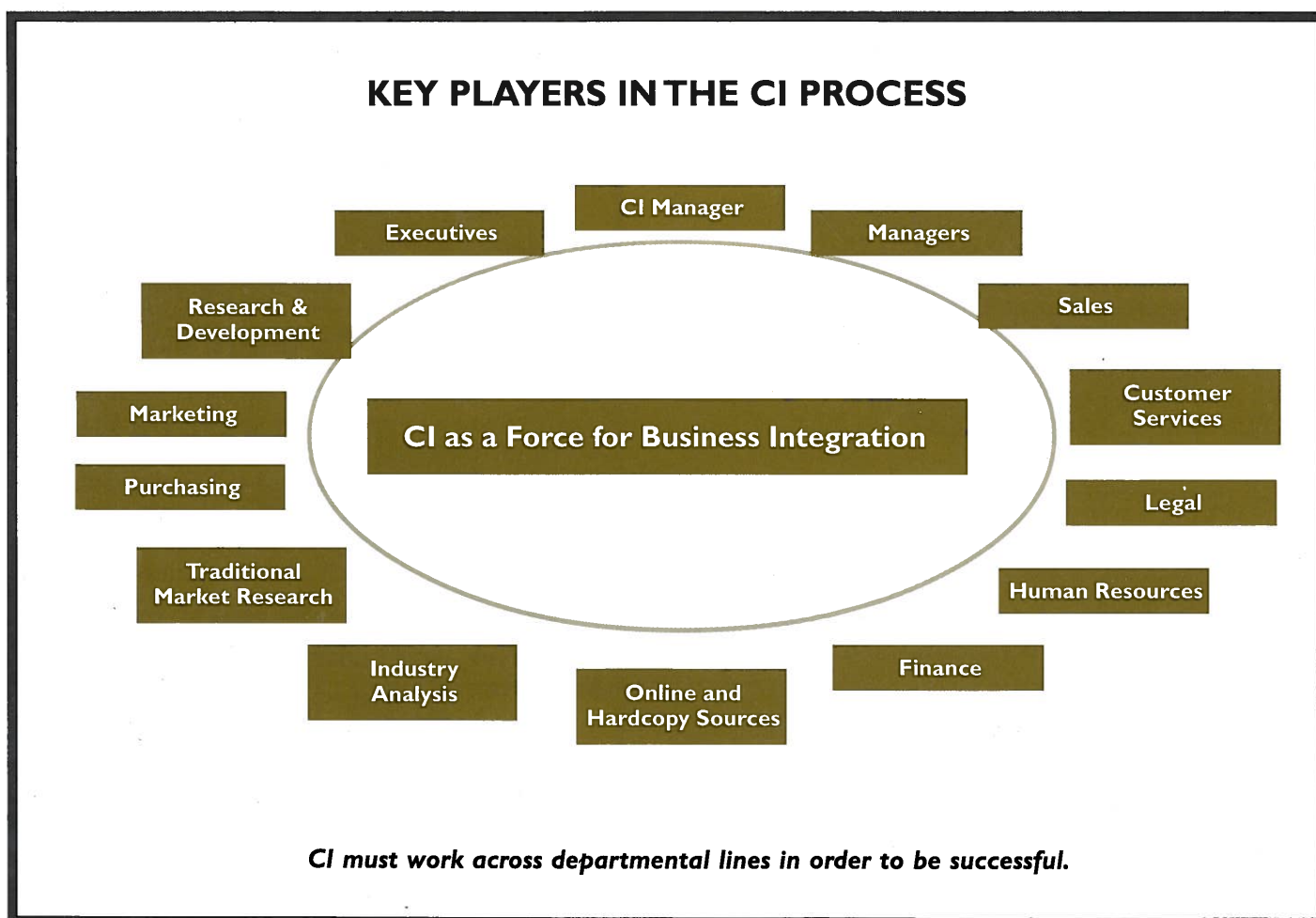
- *Develop new products and services.*
- *Upgrade the existing product and service mix.*
- *Improve customer service.*
- *Develop new training programs.*

COMPONENTS OF THE CI PROCESS

CI is not, despite the common image, a cloak-and-dagger activity. Rather, it is a "people activity," a process by which the CI manager can access a wide range of internal and external sources to develop the intelligence required by decision-makers.

Here are a few things a would-be CI manager should keep in mind:

- *The CI unit should be an independent group reporting directly to the CEO.*
- *Obtaining senior management support and conducting a CI audit are the cornerstones to building an effective CI process.*
- *Be aware of the corporate culture; it's not profitable to create something the company's executives do not want.*
- *Be extra careful if there was a previous, failed attempt to set up a CI department. Those who remember the failure may dismiss you as the "flavor of the month."*
- *"People" skills are essential to developing the trust and confidence of potential allies.*



CI is a “people activity” that brings together information from departments that traditionally don’t communicate with each other.

- Sales and customer service reps are often the least respected employees. Showing them respect not only gets their attention, but will win you the buy-in of some of your more important allies.
- Don’t expect a large number of people to actively participate in the process. Ally yourself with a few strong supporters, and eventually others will join in (especially if they see you succeeding).
- Communications (via newsletter, e-mail, intranet, etc.) must be a constant, as part of a continuous selling job.
- Provide recognition to those who bring in vital information.
- Be willing to give information in order to get information; for example, sharing information obtained from market research studies or online articles with other departments.
- Be aware of feedback loops that can help in providing competitive information; e.g., win-loss analysis usually shared by account executives and their sales managers.
- Be aware of internal sources of information, such as market research studies, financial reports, etc.
- Be active and organized; the competitive intelligence process requires a lot of energy and is not for the faint of heart.

EXPERIENCE 1.

DEALING WITH SENIOR MANAGEMENT

When considering the establishment of a CI process, be aware of the company’s corporate culture, as well as the subcultures in different areas or departments. You can get a sense of the corporate culture when conducting an audit to assess the CI needs of the various senior managers and their departments.

Be aware of the danger signals, or signs that indicate some of the potential challenges your department will face:

- Does there seem to be a distrust or lack of cooperation between departments?

Evidence of this may include:

- Research or information gathering conducted by one department and not shared with others.
- One department blaming another for the loss of a client or a selling opportunity.
- Sales reps claiming that they send competitive information to the marketing department but never get any feedback.
- Is the company geared towards selling, without giving much thought to anything else?

This comes up in statements such as:

- “We’ve got all the competitive intelligence or market research we need.”
- “We don’t need competitive intelligence, or any other kind of research.”

This is why it’s important to obtain *written* support from the CEO.

The CI manager’s position is strengthened both politically and in terms of job security if he/she reports directly to the CEO. I say this from both experience and observation.

If the CI group is affiliated with any other department, it will weaken its ability to promote information sharing across the organization. In too many cases, for example, the CI manager reports to the VP/director of marketing. When the CI manager discusses the need to share information between departments, he/she is viewed as an agent of the marketing department. This can create difficulties if inter-department rivalries exist (and they usually do).

On the other hand, when the CI department has the CEO’s backing, the CI manager carries the authority of the CEO when asking for the cooperation of various departments. The likelihood of interference from inter-departmental politics is lessened.

Another point to keep in mind: When a company downsizes, the marketing department often bears the brunt of the impact. The most “junior” group in the marketing area—and the first to be out—is CI.

EXPERIENCE 2.

CI IS A “PEOPLE ACTIVITY”

A truly effective CI process can help cut through the invisible walls created by departmental rivalry, the so-called “silos.”

Several excellent articles have been written in *Competitive Intelligence Magazine* about using sales people as frontline troops in gathering competitive information.² It has been suggested, for instance, that sales reps are often the least respected and least valued employees in the company. But I’d argue that this dubious honor belongs to the customer service reps (CSRs). Yet the CSRs often rival the sales force in getting competitive information from clients.

On one occasion when I worked as a marketing intelligence manager for a large office equipment company, a number of CSRs told me that clients were calling into report that a rival’s sales reps were claiming that their parts and

equipment were compatible with ours. We realized that if our clients installed the competitor's parts in our equipment, they would risk violating the sales agreement they had with us. Then, if anything went wrong with the machine in question, who would accept responsibility for repairing the machine? The competitor or us?

In response to this information, our company launched an information campaign to warn our clients against installing the competitor's parts and equipment in our machines.

Other departments that can help gather competitive information include finance and human resources. The finance department may have information on the financial health of competitors (including their debt situation), and provide clues on their possible plans to invest in R&D.

The human resources department may have information on employees from competitors who have been sending in unsolicited résumés: What are their specialties (sales? IT?), and why are they interested in leaving their employer?

This is another reason why the CI department should report directly to the CEO. What is the likelihood that the human resources will readily agree to provide the above-mentioned information if CI reports to the marketing department instead of to the CEO?

EXPERIENCE 3. COMMUNICATION

Along with the support of the CEO, communication is a key to the long-term success of the CI department.

Of all the means of communication a CI manager can use, the most effective is the newsletter. Newsletters provide a visible CI presence, reaching employees throughout the company. It also helps to create a recognizable "brand" for CI.³

The newsletter can serve the CI department in various capacities:

- *Educating fellow employees on what CI is, and what role they can play in gathering competitive information.*
- *A call to action; employees can be enlisted to seek information on a specific competitor's product or service.*
- *A means to share competitive information or to discuss how CI helped achieve a company objective.*
- *A vehicle to recognize the efforts of employees who made important contributions to the CI effort.*

EXPERIENCE 4. PROTECTION FROM CENSORS

The newsletter serves as another example to prove my argument that the CI department should report directly to the CEO, as opposed to the marketing department. When I was a marketing intelligence manager, I faced an attempt to censor some information I intended to publish in the newsletter. (At the time, I reported directly to the VP of Marketing). The offending piece was a discussion on how a new technology being developed by a competitor could affect our industry. Some of the marketers were afraid that the publication of the article could become "a discouragement to our sales force," and that somehow I was going to "make the marketing department look bad."

Communications, especially newsletters, can promote and strengthen the CI department.

My response was that the sales force was a key source of competitive information, and that they deserved an honest and open discussion of technologies affecting the industry. Also, I pointed out that the sales force was going to find out about this technology sooner or later, either through the rumor mill or from the competition. It would be better if they found out from within the company.

In the end, the article on the new technology was published, causing some friction between the marketers and myself. I was vindicated about two months later when a major newspaper wrote a full-page article on this technology. I prevented a great deal of anxiety by publishing the article in our newsletter first.

CONCLUSION

The CI process can, and must, play a leadership role in an organization. In order to do so, and to allow it to promote information sharing among all areas within the company, CI must be positioned above inter-departmental rivalries.

Given the right corporate culture and senior management support, the CI process can help a company to remain strong during bad economic times, and to flourish when the economy improves.

ENDNOTES

1. See, for example, "Industry Risk Management: CI's Next Step," by Ben Gilad, *Competitive Intelligence Magazine* 4(3), May-June 2001, pp. 21-27. See also, in the same issue, "CI for a 'Road Runner' Economy," pp. 8-9 (a report on the keynote address at SCIP's 2001 Annual Conference). Both are online at www.scip.org/news/cimagazine.asp (scroll down to vol. 4, no. 3).
2. See, for example, "Capturing Competitive Intelligence from Your Sales Force," by Ellen Naylor, *Competitive Intelligence Magazine*, 3(1), January-March 2000, pp.24-29. Online at www.scip.org/news/cimagazine.asp (scroll down to vol. 3, no. 1).
3. See, for example, "Hot Off the Wires! Improve the Effectiveness of Your CI Newsletter," by Dale Fehringer, *Competitive Intelligence Magazine*, 4(3), May-June 2001, pp. 11-14. Online at www.scip.org/news/cimagazine.asp (scroll down to vol. 4, no. 3).

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