

**A COMPETITIVE INTELLIGENCE IMPLEMENTATION  
MODEL**

BY

**PIERRE FOUCHE**

SUBMITTED IN FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF

**MASTER OF INFORMATION SCIENCE**

AT THE

**UNIVERSITY OF SOUTH AFRICA**

SUPERVISOR: PROF HE AURET

**November 2006**

## ACKNOWLEDGEMENTS

I hereby want to acknowledge the following people for their support, patience, love and assistance:

- First and foremost to Marie-Louise and Danika for their love and support throughout completion of my studies. Marie-Louise, for all her patience and guidance.
- My parents for providing me with opportunity to study.
- My supervisor Prof H.E. Auret for his guidance.
- My employer for their trust in me to experiment with competitive intelligence.
- To my Creator for the grace and strength provided to me.

*The great end of life is not knowledge, but action" – Thomas Henry Huxley*

With all my love to Marie-Louise and Danika

# STATEMENT OF ORIGINALITY

I declare that **A COMPETITIVE INTELLIGENCE IMPLEMENTATION MODEL** is my own work and that all the sources that I have used have been indicated and acknowledged by means of a complete reference.

---

(MR P.A. FOUCHE)

---

DATE

# TABLE OF CONTENTS

---

ACKNOWLEDGEMENTS.....	2
DEDICATION.....	3
STATEMENT OF ORIGINALITY.....	4
TABLE OF CONTENTS.....	5
LIST OF FIGURES.....	7
LIST OF TABLES.....	8
APPENDICES.....	8
SUMMARY.....	9
KEY TERMS.....	10
<b>1. BACKGROUND TO THE STUDY.....</b>	<b>11</b>
1.1 INTRODUCTION .....	11
1.2 PROBLEM STATEMENT.....	16
1.3 IMPORTANCE OF THE STUDY.....	19
1.4 KEY DEFINITIONS .....	23
1.5 RESEARCH METHODOLOGY.....	27
1.6 PROFILE .....	29
<b>2. RESEARCH APPROACH AND METHODOLOGY .....</b>	<b>30</b>
2.1 INTRODUCTION .....	30
2.2 VALIDITY .....	31
2.3 CASE STUDY COMPONENTS AND METHODOLOGY .....	32
2.3.1 Components of Case Study Research.....	33
2.3.2 Methodology.....	36
2.4 CONCLUSION.....	37
<b>3. COMPETITIVE INTELLIGENCE IN CONTEXT WITHIN THE BUSINESS ENVIRONMENT .....</b>	<b>39</b>
3.1 INTRODUCTION .....	39
3.2 DEFINING KNOWLEDGE MANAGEMENT (KM).....	41
3.3 POSITIONING COMPETITIVE INTELLIGENCE WITHIN A KNOWLEDGE MANAGEMENT FRAMEWORK.....	43
3.3.1 A Framework for Knowledge Management .....	44
3.3.2 Business Intelligence .....	46
3.4 CONCLUSION.....	49
<b>4. A THEORETICAL BASE FOR COMPETITIVE INTELLIGENCE.....</b>	<b>50</b>
4.1 INTRODUCTION .....	50
4.2 DEFINING COMPETITIVE INTELLIGENCE (CI).....	51
4.3 WHY IS IT IMPORTANT FOR BUSINESS - A BUSINESS CASE FOR COMPETITIVE INTELLIGENCE.....	57
4.3.1 The Impact of a knowledge-based economy on the work environment.....	58
4.3.2 Making sense of the chaos and planning for the future within a knowledge based economy.....	60

4.3.3	Linking theory to practical examples .....	65
4.4	CONCLUSION.....	69
<b>5.</b>	<b>BEST PRACTICE IMPLEMENTATION APPROACH .....</b>	<b>71</b>
5.1	INTRODUCTION .....	71
5.2	MAIN CONSIDERATIONS.....	73
5.2.1	Key components linked to successful implementation based on case studies.....	73
5.2.2	Company specific examples .....	78
5.2.3	Barriers to execution – Change management .....	79
5.2.4	Measures of success .....	83
5.3	CONCLUSION.....	84
<b>6.</b>	<b>CASE STUDY: COMPETITIVE INTELLIGENCE IMPLEMENTATION MODEL.....</b>	<b>87</b>
6.1	INTRODUCTION .....	87
6.2	FIELD PROCEDURE.....	89
6.2.1	Procedure for data or information collection .....	89
6.3	MAIN CONSIDERATION.....	92
6.3.1	Competitive intelligence audit .....	92
6.3.2	Best practice research .....	102
6.3.3	Company culture and operating model.....	103
6.4	DEFINING THE “END STATE” OF THE COMPETITIVE INTELLIGENCE PROGRAMME .....	104
6.5	IMPLEMENTATION STRATEGY .....	105
6.5.1	Ensuring an effective specialist competitive intelligence capability was in place with sufficient governance.....	108
6.5.2	Ensuring there is a common underlying process to support the governance model.....	113
6.5.3	Improving access to competitive intelligence.....	125
6.5.4	Developing tailored outputs meeting specific requirements.....	133
6.5.5	Linking internal and external expertise to the existing competitive intelligence capability.....	135
6.5.6	Application: Ensuring effective decision making.....	135
6.6	CONCLUSION.....	146
<b>7.</b>	<b>ANALYSIS AND INTERPRETATION OF RESEARCH FINDINGS .....</b>	<b>148</b>
7.1	INTRODUCTION .....	148
7.2	COMPARISON BETWEEN IMPLEMENTATION APPROACH OF BEST PRACTICE COMPANIES AND CASE STUDY COMPANY.....	150
7.3	LESSONS LEARNED .....	162
7.4	ADAPTED COMPETITIVE INTELLIGENCE IMPLEMENTATION MODEL.....	166
7.5	CONCLUSION.....	169
<b>8.</b>	<b>LIST OF REFERENCES .....</b>	<b>172</b>

# LIST OF FIGURES

---

FIGURE 1: DATA, INFORMATION AND KNOWLEDGE	24
FIGURE 2: INFORMATION MANAGEMENT LIFE CYCLE	25
FIGURE 3: INFORMATION MANAGEMENT MODEL	26
FIGURE 4: KNOWLEDGE MANAGEMENT MODEL	42
FIGURE 5: CONTENT FOCUS AREAS FOR KNOWLEDGE MANAGEMENT WITHIN A FINANCIAL SERVICES INDUSTRY	45
FIGURE 6: LEVELS OF DECISION MAKING WITH ITS RELATION TO DIFFERENT INTELLIGENCE CLUSTERS	47
FIGURE 7: COMPETITIVE INTELLIGENCE AS A CLUSTER WITHIN THE BROADER SPECTRUM OF INTELLIGENCE (CONTENT) UTILISED IN BUSINESS	54
FIGURE 8: COMPETITIVE INTELLIGENCE CYCLE	55
FIGURE 9: BOTTOM LINE VALUE OF COMPETITIVE INTELLIGENCE	64
FIGURE 10: COMPETITIVE INTELLIGENCE AS A CRITICAL ELEMENT IN STRATEGY FORMULATION AND EXECUTION	65
FIGURE 11: BUSINESS CASE FOR COMPETITIVE INTELLIGENCE	67
FIGURE 12: CASE STUDIES THAT UNDERLINE THE NEED FOR A COMPETITIVE INTELLIGENCE FUNCTION	68
FIGURE 13: INTELLIGENCE CONTRIBUTION TO STRATEGY DEVELOPMENT	69
FIGURE 14: COMPETITIVE INTELLIGENCE IMPLEMENTATION PLAN	106
FIGURE 15: COMPETITIVE INTELLIGENCE MODEL	110
FIGURE 16: COMPETITIVE INFORMATION SOURCE CLASSIFICATION	119
FIGURE 17: SOURCE EVALUATION	119
FIGURE 18: BUILDING BLOCKS FOR DISSEMINATION	124
FIGURE 19: OVERVIEW OF THE MI SYSTEM	127
FIGURE 20: ROLE CLARITY TO ENSURE ACTIONABLE INTELLIGENCE	138
FIGURE 21: EXAMPLE OF INDIVIDUAL TRACKING MEASURES	141
FIGURE 22: COMPETITOR PROFILE MATRIX	142
FIGURE 23: COMPARATIVE POSITIONING AND RELATIVE STRENGTHS AND WEAKNESSES	142
FIGURE 24: POSITIONING OF INTELLIGENCE INTEGRATION MECHANISMS WITHIN THE COMPANY	143
FIGURE 25: TYPICAL COMPOSITION OF THE INTELLIGENCE INTEGRATION MECHANISM	144
FIGURE 26: UTILISATION OF ACTIVITY GRID	146

# LIST OF TABLES

---

TABLE 1: SUMMARY OF GLOBAL CONSIDERATIONS.....74

TABLE 2: COMPONENTS OF COMPETITIVE INTELLIGENCE  
PROGRAMME END STATE.....104

TABLE 3: COMPARISON - COMPETITIVE INTELLIGENCE IMPLEMENTATION MODEL -  
BEST PRACTICE VS CASE STUDY.....151

# APPENDICES

---

APPENDIX A: BEST PRACTICE EXAMPLES FOR COMPETITIVE INTELLIGENCE  
PROGRAMME IMPLEMENTATION .....181

APPENDIX B: CASE STUDY COMPANY – INFORMATION REQUIREMENT AND  
RESPONSIBILITIES.....191

APPENDIX C: KEY STAKEHOLDERS INTERVIEWED OR INVOLVED IN  
DISCUSSIONS.....198



## SUMMARY

Today companies are competing on the basis of what they know, how fast they learn it, and how well they use what they learn. At the heart of this knowledge-based competition lie knowledge and even more important intelligence. Competitive Intelligence, as a discipline, is increasingly being viewed as a critical enabler to reach competitive advantage.

Previous research, however, suggest that South African companies showed a general lack of appropriate processes or structures for competitive intelligence compared to their international counterparts.

The research aims to demonstrate, through a case study, how the theoretical concepts associated with competitive intelligence can be translated into practice so as to ensure efficient and cost effective competitive intelligence practices and thus contribute to the future success of competitive intelligence programmes in South Africa.

## KEY TERMS

Business Decision-making

Business Intelligence

Competitive Intelligence

Customer Intelligence

Information Management

Knowledge Management

Organisational Intelligence

Strategy Development

# 1. BACKGROUND TO THE STUDY

## 1.1 INTRODUCTION

Over the centuries businesses have strived to develop distinctive competencies to obtain a competitive advantage which can not be matched by competitors. This advantage is measured by an organisation's ability to generate and maintain sustainable levels of profitability above the industry average. Bensoussan and Fleisher (2003:2) argue that the process that is primarily associated with helping an organisation to attain competitive advantage is strategic planning. It is, however, also important to view the strategic planning process in the context of the current business environment. Today, companies are competing on the basis of what they know, how fast they learn it, and how well they use what they learn compared to the past, where access to physical resources such as capital, labour and materials were critical. It is what Herring (2003:5) calls knowledge-based competition. At the heart of this knowledge-based competition lies (as the term suggests) knowledge and, even more important, intelligence. Intelligence being defined as actionable knowledge which supports specific business objectives and decisions. The characteristics of a knowledge-based economy drive the growing importance for access to intelligence. These characteristics include the following (Hansen & Thompson 2002:20-35):

- **Increased complexity and speed.** The business environment is becoming increasingly complex, as a result of the increased size of organisations, the emergence of multinationals, processes and organisation structures. The time span of managerial decisions is lengthening due to larger capital investment expenditures in the sense of the impact on the future rather than the time taken to make decisions. This development directly affects decision risks, committing organisations further into an uncertain future.
- **Increased level of competition.** Due to factors like globalisation and enhanced information and communication technology, levels of competition are increasing. In addition the form of competition is also different.
- **Global economy is a knowledge economy.** Services and related intangibles now constitute the largest part of Gross Domestic Product (GDP) in most of the leading economies, and services are more knowledge based than material based.
- **Technology.** The rate of technology innovation is accelerating. A good deal of money is being spent on information systems as they have assumed greater strategic importance in many organisations.
- **Communication.** Improved communications have reduced the time available for decision-making.

These characteristics are forcing the distinction between information, knowledge and intelligence. Today companies amass data and information but it is becoming increasingly meaningless. It is a product of what economists call a “state of oversupply” in most developed countries, and this is also becoming true in the lesser-developed countries. Sustaining a competitive advantage requires companies to uniquely apply data and information, to create order out of chaos and complexity and to leverage and transfer knowledge while striving towards acquiring expertise. As such the emphasis has shifted from information to knowledge (information placed in context within a person’s frame of reference) but a further shift is required to convert knowledge into intelligence (actionable information and knowledge). This process requires a unique competence, not always associated with the traditional information science field of study. This competence embraces such things as experience, factual understanding of the industry and organisational conditions, decision-making and managerial skills, human networks and insightful value judgements (Bensoussan & Fleisher 2003:9).

A discipline called competitive intelligence (CI) started coming into prominence since about 1980 (in Europe and the United States) which focuses on a process to turn information and knowledge into actionable intelligence (Kahaner 1997:18). It is closely related to both knowledge management (KM) and the strategy development process of a company or organisation. It requires a dedicated focus and resources but when successfully implemented can show huge return on investment, such as Kodak, 3M, AT&T, Wal-Mart and others have demonstrated. In a survey,

Consulting Group Frost & Sullivan found that 78 percent of the successful companies (for example companies experiencing consistent growth in revenues) polled, stated that the competitive intelligence function was a critical element of their business and marketing strategy (Kilmetz & Bridge 1999:5).

As mentioned competitive intelligence distinguishes itself from the more traditional areas of library and information science in the sense that it is also involved in the process of evaluating information for relevance, placing information in context for the business and interpreting information. These additional skills required are essential in the current business environment (characterised by speed, complexity, information overload, to name a few). Decision makers don't want information but advice. Competitive intelligence (by utilising information management skills coupled with a thorough business understanding) is aimed at enabling managers to make more informed decisions (Corporate Strategy Board 2002:1).

Companies and organisations are attempting, through a competitive intelligence programme, to link the company's insights relating to its customers with market insight and insight related to the competitive environment to obtain foresight into future market conditions which will assist in strategy development and action. Many companies, however, fail in its attempts to develop and implement a successful competitive intelligence system, especially in the larger organisations. Implementing a successful long term competitive intelligence programme requires

integrating competitive intelligence into a company's "organisational fabric". In South Africa most large companies practice competitive intelligence in some form or other, yet there are few who have succeeded in establishing a fully integrated capability across all business units (Viviers & Muller 2004:58-59). In addition, most companies' competitive intelligence efforts remain firmly focused on the traditional tactical role of competitor monitoring; only the most progressive intelligence co-ordinators conduct competitive intelligence activities that consistently support senior decision makers. Gilad (1995:2) states that "Intelligence is not reactive competitor-tracking and certainly not a mindless collection of competitors' marketing data. It is a much more ambitious undertaking of creating a fully devoted guardian of the enterprise's overall competitiveness." Johnson (2003:10), a recognised thought leader in the field of competitive intelligence, states that; "the misunderstanding of the role of the competitive intelligence has led to the demise of many competitive intelligence units because of their failure to add value to the decision-making process. They are left with little to point towards as return-on-investment during the next budget cycle. Likewise, a failure by knowledge management professionals to deliver a manner of understanding of the applications for the knowledge within an organisation is just as likely to lead to their demise."

The theoretical framework for aspects such as competitive intelligence and knowledge management has been well documented, however, where companies fail is in their ability to execute on these theoretical concepts and frameworks and ensure that the output of these "systems"

are business relevant. This trend, however, is not unique to this discipline; the ability to execute on strategy in general is regarded as one of the key barriers to business performance. On average, nearly 40% of a strategy's potential value is lost during flawed operationalisation and execution of strategic plans (Corporate Strategy Board 2005:iv). It is against this background that this research would like to focus on providing a benchmark study on the translation of the theoretical concepts associated with competitive intelligence into the practical application thereof.

## 1.2 PROBLEM STATEMENT

The study aims to provide insight relating to one of the key business problems facing organisations in the current market environment – namely making sound business decisions based on the rigorous analysis of the current and future business environment (fact base). For an information professional within the business environment, this translates to “how do organisations ensure that information regarding the external business environment is managed in such a fashion so as to ensure that decision makers are not only aware of changes in this environment but that their decisions are supported by a well defined fact base?”

The research question relates to;

- the how and why of competitive intelligence,
- why competitive intelligence is an essential capability in the workplace,



- the successful implementation of a competitive intelligence capability, and
- the application of the theoretical concepts of competitive intelligence.

The study is based on the proposition that even though companies are putting dedicated resources in place to conduct competitive intelligence, most of these capabilities are not succeeding in impacting significantly on the decisions being made in companies. This research aims to illustrate that the design and execution of an implementation strategy is vital to the success of any competitive intelligence initiative.

It can therefore be said that the study aims to provide insight to the following problem:

How to translate the theoretical concepts associated with competitive intelligence into practice within a large organisation (corporate), so as to ensure efficient and cost effective competitive intelligence practices?

In order to reach the objective a case study will be conducted within a leading South African company relating to the implementation of a competitive intelligence programme, the findings will also be compared with the theoretical concepts and global best practice so as to develop a methodology for implementing a competitive intelligence programme.

The advantages of such a study are the following:

- It illustrates how an implementation strategy was developed and executed upon, thus translating strategy into action.
- It provides a case study where theoretical concepts related to competitive intelligence are aligned with practical experience.
- It provides guidelines for interested parties on the implementation of such a system with related lessons learned.
- It will illustrate the link between business performance and the utilisation of information and how it could be aligned.

***The ultimate objective of this study is to assist organisations in improving the implementation success of competitive intelligence programmes.***

In order to achieve this objective the research will attempt to provide answers to the following sub-problems:

1. What is competitive intelligence (theoretical base) and its relationship with knowledge management?
2. Why is it important (the need for competitive intelligence)?
3. What can be learned from other organisations in terms of the implementation of a competitive intelligence programme and can that be translated into an "implementation model" (best practice)?
4. How did the case study company approach the implementation of its competitive intelligence programme?
5. What were the lessons learned during the implementation?
6. Based on the lessons learned, what is recommended as the optimum implementation model?

### 1.3 IMPORTANCE OF THE STUDY

The importance of the study can be directly related to the state of competitive intelligence in South Africa. Viviers and Muller (2004:58-59) conducted research in 2001 and 2002 to determine the utilisation of competitive intelligence as a management tool by South African companies. The research states that by 2001, competitive intelligence in South Africa was slowly emerging and taking tentative steps in claiming its rightful place as a recognised management tool. Overall, however, it was still in its infancy. The study stated that a need has developed to properly *assess the way in which South African companies conduct competitive intelligence*. One of the aims of the study was to determine the competitive intelligence practices of South African companies. Research findings included the following:

- Overall, results suggested that South African companies showed a general lack of appropriate processes or structures for competitive intelligence.
- Companies were particularly poor in implementation of “formal” structures and processes for competitive intelligence.
- There was little evidence that systems in companies assist the competitive intelligence activities.
- There was also a lack of intelligence tools such as knowledge management and the intranet.
- Few companies had a central coordinating point for receiving competitive information.
- Few had dedicated competitive intelligence units.

- Few companies could claim that competitive intelligence was embedded in the whole company.
- Most worrying was the fact that in what is arguably the most important activity of competitive intelligence, analysis, South African companies fared poorly with a lack of appropriate skills and related to that, the lack of use of more advanced analysis tools.
- Little information sharing took place and people in the companies surveyed did not know what the focus of the intelligence activity was.

The study concluded that there is clear recognition that the world will become more competitive, how South African managers will meet these challenges is not clear and *few have actual plans to improve their ability to keep track of competitors*. There appears to be a degree of complacency and self-deception that is inhibiting managers from instigating effective planning to improve competitive intelligence, but few conduct competitive intelligence in a formal systematic manner. From the research, it is encouraging to note that managers recognise a need to better integrate competitive intelligence in their companies' business processes.

It is no secret that South Africa is lagging behind most countries in terms of competitiveness; the study of Viviers and Muller (2004:60) states that the World Economic Forum's ranking indicates that South Africa ranks 32 out of 102 economies in terms of growth competitiveness and 36 out of 102 in terms of networked readiness. The 2006/2007 report from the World

Economic Forum indicates that South Africa's overall ranking is 45 out of 125 countries thus indicating no substantial improvements (World Economic Forum 2006:2). Competitive intelligence as a strategic management tool should therefore form an integral part of efforts to enhance the competitive behaviour of South African companies and society as a whole.

The failure to successfully execute a competitive intelligence initiative is also not unique to South Africa. Research conducted by the Corporate Executive Board's Strategy Research Board (2000:8-10) notes that although a handful of companies have successfully established a competitive intelligence capability that meets the needs of the organisation's senior decision makers, most companies fail to adequately address three challenges central to supporting strategic decision making:

- **Identifying strategically significant market changes.** While intelligence groups typically monitor a wide array of indicators, few apply a strategic "filter" to identify events that should trigger or inform strategy efforts. This problem often results from insufficient links between monitoring and strategy-creation processes and from inadequate tools to analyse trends in the business environment.
- **Promoting fresh insights about strategic issues.** It can be difficult for decision makers to creatively interpret the intelligence they receive, because standard forums for discussion of strategic issues

are dominated by internal executives and other participants with similar experiences and assumptions. Outside experts who would be more likely to challenge the prevailing views of the senior team are often unknown or ignored.

- **Leveraging the value of all potential competitive intelligence contributors.** Few companies systematically tap fully into their potential intelligence resources, ranging from employees at all levels to alliance partners and external experts. Many people with valuable information are unaware that their knowledge is relevant to the company's strategic priorities, and methods for communicating with intelligence coordinators are often cumbersome and unclear.

This study aims to move beyond a high level review of the state of competitive intelligence within the business environment which has characterised research in this field within South Africa to date and to provide an in depth view related to the implementation of a company wide competitive intelligence programme within one of the largest South African financial services companies.

Once completed, the research should provide a comprehensive model of a competitive intelligence programme, which has been tested within the case study company. The research also provides a case study for the implementation of a competitive intelligence programme based on the

combination of theoretical best practice and the experience of the practical implementation within a South African company.

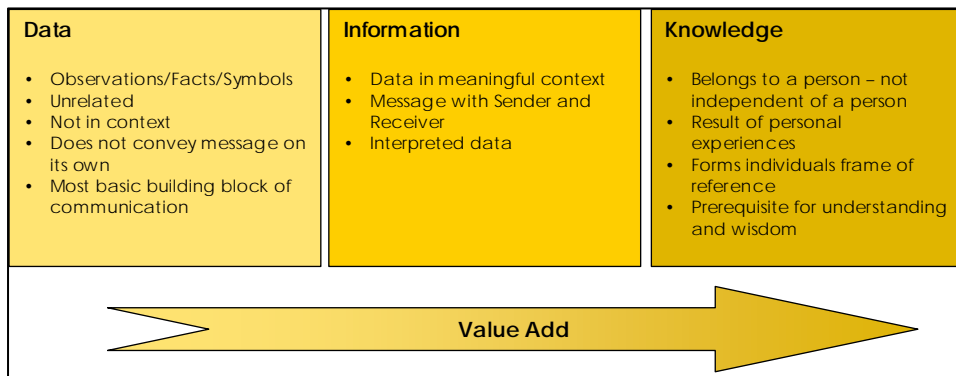
## 1.4 KEY DEFINITIONS

There are a number of key definitions that will be essential in the understanding and comprehension of the subject matter. It is important that these concepts be defined at the start as it will be utilised throughout the study. These definitions include data, information, knowledge, wisdom as well as definitions for concepts such as information management, knowledge management, competitive intelligence and strategy.

- **Data, information, knowledge/intelligence and wisdom.** As a first step it is important to understand the relations and differences between the basic terms data, information, knowledge and wisdom, which are linked. Data are unevaluated attributes, information is data put into perspective and context, while knowledge is information placed within one's own frame of reference thus justified true beliefs. Wisdom is the connection made between own beliefs and information thereby exhibiting insight into a given situation (UNISA 2003:2). Intelligence could be equated to knowledge but intelligence are always "forward looking" stating what is expected based on the knowledge at hand with the view of being acted upon. Figure 1 depicts the different characteristics of data, information and knowledge,

indicating that on this continuum there are definite aspects of added value to distinguish between the three. Whereas data and information are highly explicit, knowledge is often tacit. Tacit knowledge refers to knowledge and information, which is not codified, and resides within peoples' heads and explicit knowledge refers to documented or recorded information being shared in a common language. By definition tacit knowledge is "knowledge that is not made explicit because it is highly personal, not easily made available or expressed, and usually requires joint, shared activities in order to transmit it" (Hansen & Thompson 2002:16 - 17).

**FIGURE 1: DATA, INFORMATION AND KNOWLEDGE**



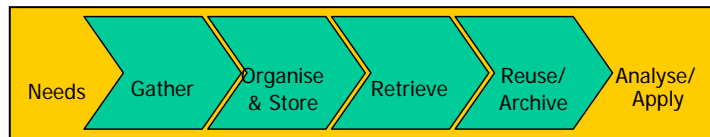
Source: Hansen and Thompson (2002:16-17).

- **Information management.** The concepts of information and knowledge and its increasing importance, have led to the focus on the management of information (IM) and knowledge (KM). Information- and knowledge management developed as related disciplines but with distinct differences. Information management refers to the cost-effective management of the information process, the information resources and the information architecture in pursuit of predetermined goals (UNISA 2003:2). It can also be



defined as the management of the information life cycle, illustrated in figure 2 (Van Tiddens 2001:3).

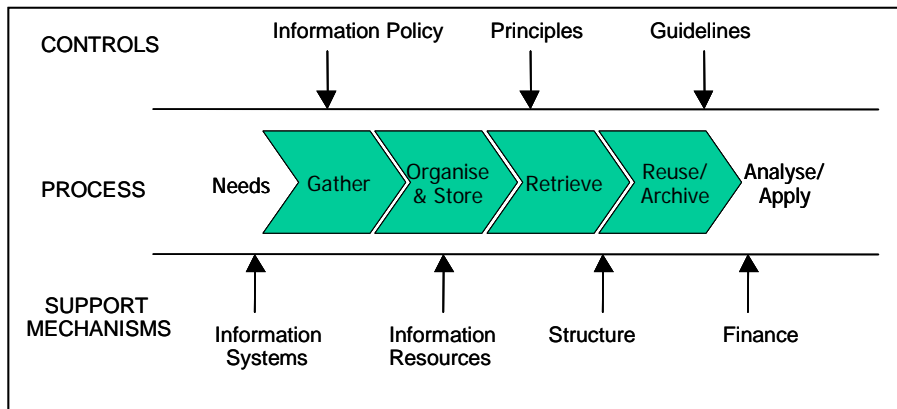
**FIGURE 2: INFORMATION MANAGEMENT LIFE CYCLE**



Source: Van Tiddens (2001:3).

Defining information management within the business environment is, however, not always so clear. It is often defined so vague that the essence is lost. For example within the information technology (IT) environment what is actually information systems management is referred to as information management and within the information science environment what is actually information content management is also called information management. For the purpose of this research both the content management as well as the information system management are defined as part of information management, thus linking the information process to controls (policies, principles, guidelines and standards) and support mechanisms (information architecture, resources, finances) This view coincides with Butcher and Rowley's (1998:34) which states that information management needs to accommodate both processes and the mechanisms necessary to manage information in its widest sense. These resources include hardware and people.

FIGURE 3: INFORMATION MANAGEMENT MODEL



Source: Adapted from Butcher and Rowley (1998:34).

- Knowledge management.** University of South Africa (2000:4) defines knowledge management as the way in which organisations are attempting to capture, enhance and utilise the knowledge necessary for survival. Tissen, Andriesen and Deprez (2000:30) argue that knowledge management link four components (market and strategy, process and structure, people and motivation and knowledge and systems) to create six abilities (abilities to produce, respond, anticipate, learn, create and last) which are required to ensure a company's survival in the knowledge era.
- Competitive intelligence.** Kahaner (1996:16) defines competitive intelligence as a systematic programme for gathering and analysing information about your competitors' activities and business trends to further your own company's goals. Bensoussan and Fleisher (2003:6) define competitive intelligence as the value added product resulting from the collection, evaluation, analysis, integration and interpretation of all available information that

pertains to one or more aspects of an executive's needs, and that is immediately or potentially significant to decision making. It differs from information management in the sense that it is aimed at specific business issues related to operational efficiency and strategic positioning. It must also be predictive in nature and thus implies a level of information analysis compared to only the management of the information.

- **Strategy.** There are many different definitions for strategy and not many scholars agree on a single definition. In essence strategy refers to the way in which a company differentiates itself from the competition to obtain a sustainable competitive advantage. Porter (1996:64) states that competitive strategy is about being different. It means deliberately choosing a set of activities to deliver a unique mix of value.

## 1.5 RESEARCH METHODOLOGY

The aim is to do a case study on the implementation of a competitive intelligence programme within a leading South African company and to benchmark it against the theoretical concepts and global best practice so as to develop a methodology for implementing a competitive intelligence programme.

In choosing a research methodology there are three conditions to consider according to Yin (2003:5) namely;

- the type of research question posed,
- the extent of control an investigator has over actual behavioural events, and
- the degree of focus on contemporary as opposed to historical events.

Case study research is considered relevant when a how and why question is being asked about a contemporary set of events, over which the investigator has little or no control. Benbasat, Goldstein and Mead (1987:389) concurred stating that the method is particularly well-suited to information science research, since the object of the discipline is the study of information systems in organisations, and "interest has shifted to organisational rather than technical issues".

The focus of this research relates to the above as it is contemporary in nature, the researcher has no control over the environment and it aims to address the how and why question of implementing a competitive intelligence programme. A survey methodology, for example, can try to deal with the phenomenon and context but their ability to investigate the context is extremely limited (Yin 2003:13). The case study as a research methodology in relation to this study will be further expanded on in chapter 2.

## 1.6 PROFILE

The research study includes the following chapters:

- **Chapter 1.** Background to the study.
- **Chapter 2.** Research approach and methodology.
- **Chapter 3.** Competitive intelligence in context within the business environment.
  - Defining knowledge management.
  - Positioning competitive intelligence within a knowledge management framework.
- **Chapter 4.** A theoretical base for competitive intelligence.
  - Defining competitive intelligence.
  - Why is it important for business: A business case for competitive intelligence
- **Chapter 5.** Best practice implementation approach.
- **Chapter 6.** Case study: Competitive intelligence implementation model
- **Chapter 7.** Analysis and interpretation

A list of references and four appendices completes the dissertation

## 2. RESEARCH APPROACH AND METHODOLOGY

### 2.1 INTRODUCTION

The aim of this research is to do a case study on the implementation of a competitive intelligence programme within a leading South African company and to benchmark it against the theoretical concepts and global best practice so as to develop an implementation methodology for a competitive intelligence programme.

The essence of a case study is that it tries to illuminate a decision or set of decisions: why they were taken, how they were implemented and with what result. It is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. A case study method is chosen when the researcher deliberately wants to cover contextual conditions, believing that they might be highly pertinent to the phenomenon of study (Yin 2003:12).

Case study research is considered relevant when a how and why question is being asked about a contemporary set of events, over which the investigator has little or no control (Yin 2003:5). The case study research

method is particularly well-suited to information science research, since the object of the discipline is the study of information systems in organisations, and "interest has shifted to organisational rather than technical issues" (Benbasat et al. 1987:389).

## 2.2 VALIDITY

Case studies as a research methodology have long been stereotyped as a "weak" scientific method because it is considered to have insufficient precision, objectivity or rigour. At the same time, however, case studies continue to be used extensively in social science research; including the traditional disciplines as well as the more practice orientated fields (Yin 2003:xiii).

There is a strong belief amongst certain researchers that the stereotype of the case study method is inaccurate. Tellis (1997:3) quotes Yin when he states that a frequent criticism of case study methodology is that its dependence on a single case renders it incapable of providing a generalisable conclusion. Tellis (1997:3) stated that Yin forcefully argued that the relative size of the sample, whether 2, 10, or 100 cases are used, does not transform a multiple case into a macroscopic study. The goal of the study should establish the parameters, and then should be applied to all research. In this way, even a single case could be considered acceptable, provided it met the established objective. Case study

research can be seen to satisfy the three tenets of the qualitative research method: describing, understanding, and explaining.

Case studies can be single or multiple-case designs, where a multiple design must follow a replication rather than sampling logic. When no other cases are available for replication, the researcher is limited to single-case designs. Yin (1994:68) pointed out that generalisation of results, from either single or multiple designs, is made to theory and not to populations. The unit of analysis is a critical factor in the case study. It is typically a system of action rather than an individual or group of individuals. Case studies tend to be selective, focusing on one or two issues that are fundamental to understanding the system being examined (Tellis 1997:3).

## **2.3 CASE STUDY COMPONENTS AND METHODOLOGY**

Case studies can be either single or multiple-case designs. In this research it will be aimed at a single case. Single cases are used to confirm or challenge a theory, or to represent a unique or extreme case. Single-case studies are also ideal for revelatory cases where an observer may have access to a phenomenon that was previously inaccessible. Single-case designs require careful investigation to avoid misrepresentation and to maximise the investigator's access to the evidence. These studies can be holistic or embedded, the latter occurring when the same case study involves more than one unit of analysis (Yin 1994:71).



### 2.3.1 Components of Case Study Research

Yin (2003:21) mentions five components of case study research design which are especially important, these are the following:

- **Study questions.** The case study is more appropriate to provide answers to how and why questions.
- **Study propositions.** The how and why question would not necessarily point to what should be studied, being forced to state some propositions will force the researcher in the right direction.
- **Unit of analysis.** This relates to the fundamental question of "what the case is."
- **Linking data to propositions.**
- **Criteria for interpreting a study's findings.**

Yin (1994:78) presented the protocol as a major component in asserting the reliability of the case study research. A typical protocol should have the following sections:

- An overview of the case study project (objectives, issues, topics being investigated).
- Field procedures (credentials and access to sites, sources of information).

- Case study questions (specific questions that the investigator must keep in mind during data collection).
- A guide for case study report (outline, format for the narrative).

Compared to Yin's profile for case studies this study dealt with the following required elements:

- **Overview.** Chapter 1 will provide the necessary background and overview. The aim of the study is to develop a methodology for implementing a competitive intelligence programme to assist in improving the implementation success of competitive intelligence programmes in South African companies. The unit of analysis in this case relates to the specific approach taken to establish a competitive intelligence capability in the company.
- **Field procedure.** The case study will focus on one of the leading financial services companies to which the researcher had direct access. The researcher was also directly involved in the implementation of the competitive intelligence programme within the case study company. In terms of the validity of the case study methodology it is important to use different sources of information. The following sources of evidence will be utilised to build the case:
  - **Documents.** Documents could be letters, memoranda, agendas, administrative documents, newspaper articles, or any document that is germane to the investigation. In the interest of

triangulation of evidence, the documents serve to corroborate the evidence from other sources.

- **Interviews.** This research utilised open-ended interviews. In an open-ended interview, key respondents are asked to comment on certain events. They may propose solutions or provide insight into events. They may also corroborate evidence obtained from other sources.
- **Direct observation.** Direct observation on the site of the case study. It could be as simple as casual data collection activities, or formal protocols to measure and record behaviours. This technique is useful for providing additional information about the topic being studied.
- **Case study questions.** The focus and boundaries of the study were determined by the following questions that needed answers:
  - What are the factors to consider when implementing a competitive intelligence function?
  - How to position the function to ensure business value?
  - What resources are required and how to organise these resources?
  - What should the outputs of such a function be?
  - What steps should be followed to implement, and in what sequence?
- **Study population.** Based on the access to the required sources of information it was decided to focus on a single company which is one of the leading financial services companies in South Africa. The company consists of a number of business units employing

approximately 33 000 people. Therefore although it is a single company the nature of the company, consisting of a number of business units, did provide the opportunity to compare results amongst different business units.

When it comes to analysing case study evidence, Yin (1994:87) presented two strategies for general use: One is to rely on theoretical propositions, and then to analyse the evidence based on those propositions. The other technique is to develop a case description, which would be a framework for organising the case study. This study will use the first approach where the theoretical approach will be used as a base from which the case study will be reviewed.

### **2.3.2 Methodology**

Using the components of case study research described above the research was conducted in three phases;

- Phase 1 focused on a literature review to establish a theoretical base to which to compare the findings of the case study.
- Phase 2 consisted of the data or information collection and analysis. For this purpose internal documentation, open ended interviews and direct observation were utilised.
- Phase 3 consisted of the conclusions that were drawn based on the comparison between the theoretical base and the manifestation of the implementation approach within different business units.

## 2.4 CONCLUSION

The approach and methodology, described above, aimed to provide relevant content for the “what and why component” of the case study framework, which could be summarised as follow:

- **What:** This study will assist with the implementation success of competitive intelligence programmes within companies in South Africa by developing of framework for implementation based upon practical experience within the corporate environment in South Africa.
- **Why:** Research has shown that although there is probably a sufficient theoretical base for competitive intelligence, these initiatives more often than not failed because of the inability to execute on the theoretical principles of competitive intelligence. The research by Viviers and Muller (2004:58-59) emphasises this:
  - Overall, results suggested that South African companies showed a general lack of appropriate processes or structures for competitive intelligence.
  - Companies were particularly poor in the formal organisation and process of intelligence.
  - There was little evidence that systems in companies assist the competitive intelligence activities.

The objective is, through this research to assist with the implementation success of competitive intelligence programmes in this country. In terms

of the approach, it was doubtful whether sufficient detail could have been obtained, to move beyond a basic understand of the theoretical approach to implementation, by focussing on more than one company. Based on the researcher's access to different sources of information at the case study company and the specific focus of the case study company on competitive intelligence, it is believed that the case study methodology, using a single case to be compared to best practice, would be the best approach. It must, however, be noted that although it is a single company the nature of the company, consisting of a number of business units, did provide the opportunity to compare results amongst different business units. The focus of the research (unit of analysis) was on (the approach to) implementation, utilising different sources of information to prove validity within the confines of the research questions which related to the when and how. The objective of the researcher was to focus specifically on the contextual conditions which impacted on the implementation to illustrate a specific approach to successful implementation.

## 3. COMPETITIVE INTELLIGENCE IN CONTEXT WITHIN THE BUSINESS ENVIRONMENT

### 3.1 INTRODUCTION

Chapters 3 to 5 will provide the theoretical base against which the case study will be benchmarked with the view to propose a competitive intelligence implementation model. The objectives within these three chapters will be to place competitive intelligence in context within existing information and knowledge management practices, investigate the need for such an initiative and document best practices related to the implementation of such an initiative.

Any successful implementation will be dependant on an understanding of the context in which such functionality is applied. Understanding the dynamics and interaction of different components within a system will impact on the approach taken to implement such an initiative successfully.

Changing information sources, technologies, management practices and organisational cultures are transforming the role of the information provider from a role of intermediary to one of enabler, providing mechanisms to supply quicker and more direct access to information. The development of competitive intelligence activities in organisations has

hastened this trend (Hohhof 1994:226). Competitive intelligence by nature deals with the management of information and knowledge and it should be investigated within the broader scope of information and knowledge management.

In recent years knowledge management has come to the fore as a discipline to deal with information complexity within the business environment (Wigg 1999:8). It has become an essential element in organisations' attempts to manage one of its most important assets, its intellectual capital. Within the business environment there are various components or elements of information and knowledge which needs to be managed. It is against this background that this research position competitive intelligence as a specific knowledge element and process within the larger scope of knowledge management (see fig 5 for different elements or focus areas which normally falls within the scope of knowledge management). It is therefore important to indicate the link between knowledge management and competitive intelligence.

The researcher will work from the assumption that competitive intelligence forms a vital component of knowledge management within the business environment. It is therefore essential to first define and set the boundaries for what is understood as knowledge management.



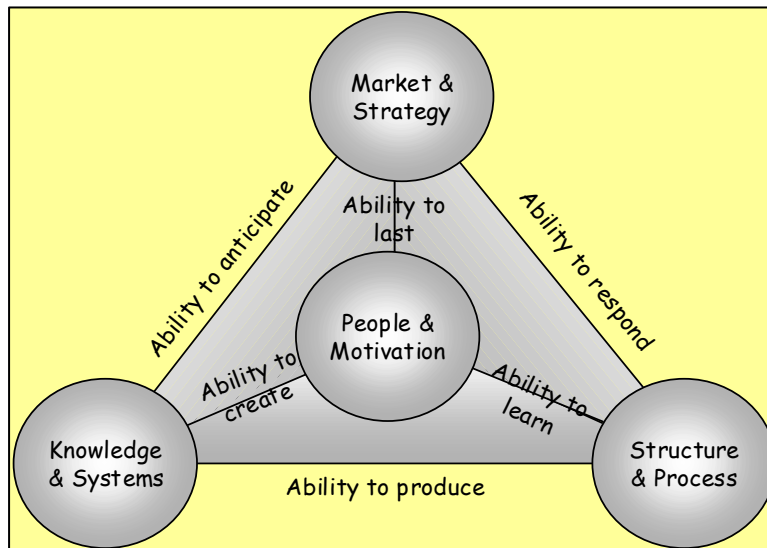
## 3.2 DEFINING KNOWLEDGE MANAGEMENT (KM)

There is no single definition for knowledge management. The lack of a clear definition is due to several factors like the intangibility of knowledge itself, the novelty of the concept and the wide range of applications and manifestations. Knowledge management can be seen as an integrated discipline that seeks to improve the performance of individual and organisation by maintaining and leveraging the present and future value of knowledge assets. Knowledge management is a structured effort to make accessible and share not only explicit factual information but also the tacit knowledge that exists in an organisation in order to support the organisation's strategy. The information is based on experience, know how and learnings of individuals (Rus & Lindvall 2002:60).

Gartner (2000:2) provided the following definition of knowledge management: Formalising the management of an enterprise's intellectual assets. Companies look to manage their intellectual assets because of the capital embedded in them. This embedded capital is not financial; rather it is human, organisational and relationship capital. These forms of capital are often hidden, are not highly utilised and are difficult to value. Tissen, Andriesen and Deprez (2000:30) arguably provide one of the best models to describe knowledge management within the business environment (because it illustrates the linkage between the different components of knowledge management with resultant business benefit). According to this model one needs to link four components (market and strategy, process and structure, people and motivation and knowledge

and systems) to create six abilities (abilities to produce, respond, anticipate, learn, create and last) which are required to ensure a company's survival in the knowledge era.

**FIGURE 4: KNOWLEDGE MANAGEMENT MODEL**



Source: Tissen, Andriesen and Deprez (2000:30).

In essence we can thus say that knowledge management needs to answer the following questions;

- how can people turn the knowledge they have into something which can add value to the markets in which they operate?,
- how can people generate meaningful knowledge rather than simply flooding an organisation with indiscriminate information?,
- how can people create knowledge-supportive organisations in which everybody is convinced of the contribution knowledge can make to the success of the company?, and
- how can the staff be managed to ensure they will increasingly become knowledge workers or professionals, motivating them to

generate knowledge and to share it with their peers on a structured basis?

The focus of competitive intelligence within this frame of reference is to build the capability to anticipate and respond to changes in the market place.

### **3.3 POSITIONING COMPETITIVE INTELLIGENCE WITHIN A KNOWLEDGE MANAGEMENT FRAMEWORK**

Within the financial services industry there are probably a number of reasons why companies and organisations focus on knowledge management. Hansen and Thompson (2002:20) highlight the following five potential benefits of effective knowledge management (within a business environment):

- Offset the effect of employee turnover.
- Gain insights for new product design, pricing and innovation.
- Foster existing customer relationships and build new ones.
- Support distribution channels of all kinds.
- Better respond to a diverse and ever-changing landscape.

In order to realise the benefits described above knowledge management needs to focus on different knowledge content or elements of knowledge. This is critical as in many cases these different focus areas require different skill sets to manage. Developing a typical (content related) framework for knowledge management (as being applied within the business

environment) will assist in understanding the nature, role and position of competitive intelligence within the broader knowledge management scope.

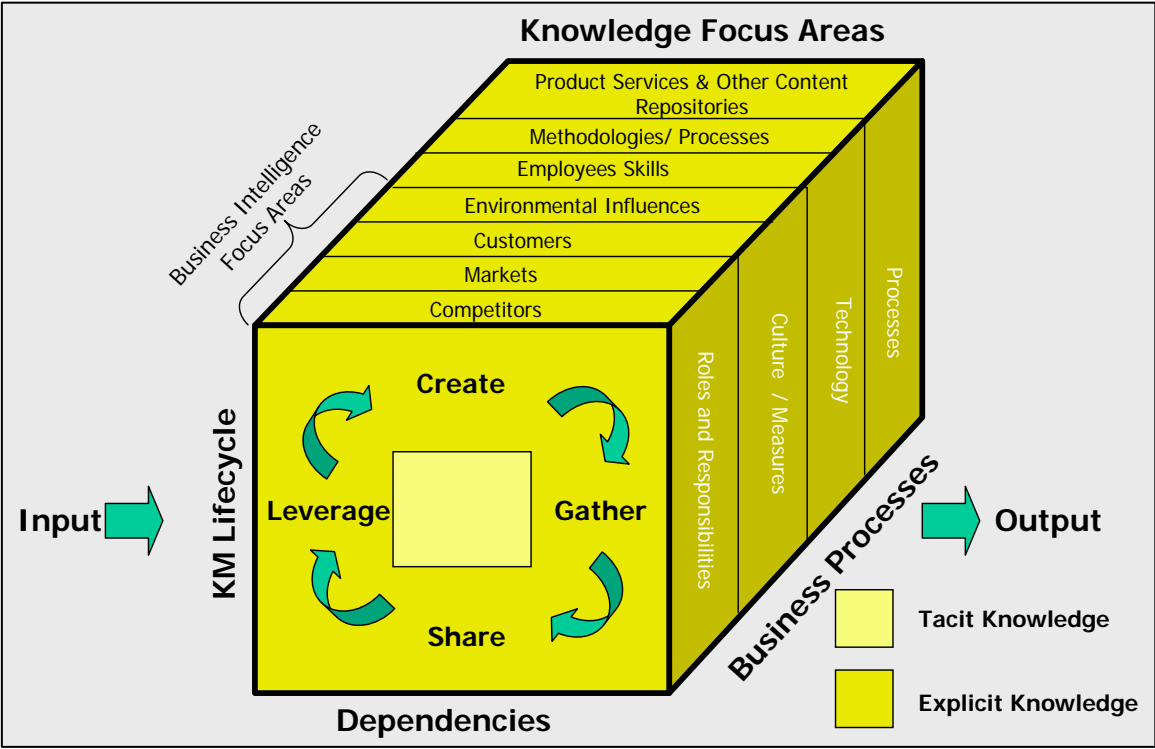
### 3.3.1 A Framework for Knowledge Management

The Tissen, Andriesen and Deprez knowledge management model (see figure 4) indicates that the ability to link markets and strategy to a knowledge base and people is essential in providing the capability to respond, anticipate and survive as a company (this model was utilised because of its close fit to business objectives). It is for this reason that most knowledge management programmes facilitate access to information, knowledge and intelligence related to the market and competitive environment. For the purposes of this study a typical knowledge management (content) framework can be classified (according to the researcher) in three broad categories namely:

- **Organisational and operational content.** This refers to internal processes, methodologies, skills, internal learning, to name a few.
- **Business performance.** This refers to areas related to business unit performance, capabilities and resources.
- **External focus area also defined as business intelligence.** This includes content related to customers, market condition, competitors and environmental influences.

Figure 5 illustrates some knowledge focus areas within a knowledge management model, adapted from the model by Ungerer and Kritzing (2003:6). Based on the Tissen, Andriesen and Deprez (2000:3) model, the knowledge base, which gives companies the ability to anticipate and respond to changes in the market place, is related to the third category namely business intelligence. This research does not utilise the more restrictive definition of business intelligence (as used by companies like IBM) which refers to a specific output which is based on an analytical process performed on structured information within an information technology environment.

**FIGURE 5: CONTENT FOCUS AREAS FOR KNOWLEDGE MANAGEMENT WITHIN A FINANCIAL SERVICES INDUSTRY**



Source: Ungerer and Kritzing (2003:6).

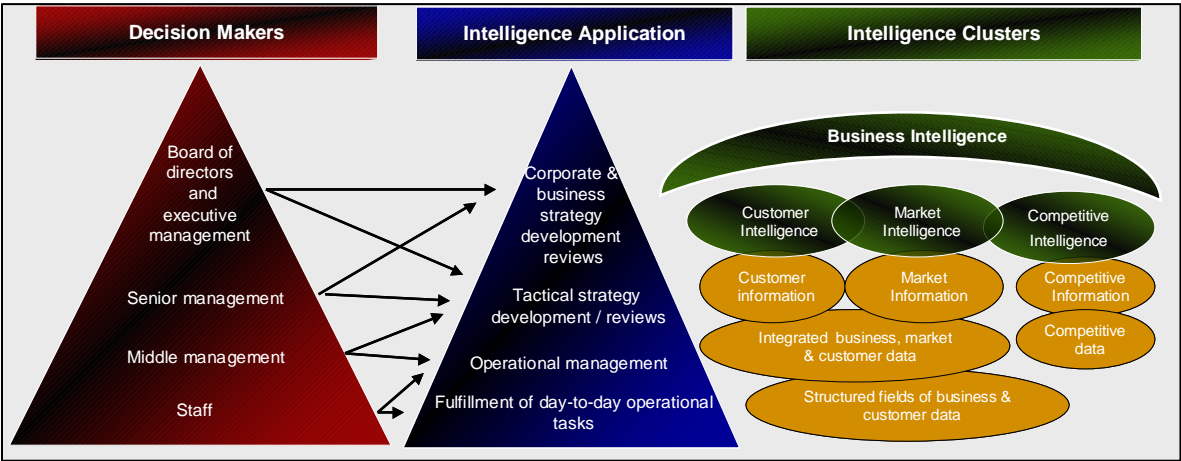
### 3.3.2 Business Intelligence

It is recognised that not all knowledge management frameworks include this business intelligence component. It is, however, becoming increasingly important to align customer, market, competitor and environmental trends with other internal information requirements. More than half of the managers in Fortune 1000 companies, responding to a survey in 2002, considered intelligence functions as part of their knowledge management programmes (Hansen & Thompson 2002:26). It can be argued that the business intelligence component within any knowledge management framework is the customer-focusing element of the knowledge management content. This component is becoming a key element in light of the current move toward customer centric business models. Key to any interaction with the customer is insight and intelligence. By analysing information and developing intelligence we can predict customer behaviour that results in customer leads (potential opportunity to sell a product or service to a customer based on a needs analysis) which facilitate cross- and up-selling (opportunity to sell more than one product and service to one customer based on its existing relationship with the company). By analysing the market business understands the customers' current and future needs and wants which allows business to develop a successful value proposition (delivering the "right" products and services, through the "right" sales or delivery channel at the "right" price within acceptable risk). By analysing the external environment and competitors business understands the forces impacting on the customers' decisions, and how competitors position to meet the

needs of customers. By integrating all three components it is possible to anticipate changes in the environment and assist to timeously respond in the most appropriate manner to these changes.

It is important to differentiate between the different elements (customer intelligence, market intelligence and competitive intelligence) of business intelligence, as competitive intelligence is viewed as a component of business intelligence and positioned accordingly. In understanding the concept of intelligence within the business environment, Van Tiddens (2001:5) points out that one needs to start with the users of intelligence and its application within the business context. It must be remembered that the sole application of intelligence is to make informed decisions; decision making by the respective role players takes place at different levels, applying different types of intelligence (See figure 6).

**FIGURE 6: LEVELS OF DECISION MAKING WITH ITS RELATION TO DIFFERENT INTELLIGENCE CLUSTERS**



Source: Van Tiddens (2001:5).

Therefore a differentiated and focused approach to intelligence generation is a critical enabler of informed decision making.

Achievement of differentiated and focused intelligence systems is driven by the intelligence needs (or application) of intelligence by the respective decision makers. In addition, each of the three components, customer intelligence, market intelligence and competitive intelligence requires its own unique skill sets to realise its full value. Customer intelligence requires the analysis of mostly structured data with a strong statistical capability as a prerequisite. Market intelligence revolves predominantly around research on the external current and potential customer base utilising qualitative and quantitative research techniques. Competitive intelligence focuses predominantly on qualitative research based on a well-developed process and relying also on a human source network. Having said this, it is important that the results or outputs of the different components be co-ordinated and integrated to provide the most accurate picture of what is called competitive reality.

Both customer and market intelligence have evolved over the years and are in general well established within the business environment. Although most companies have always analysed the competitive environment to some degree it is only recently that competitive intelligence as a separate discipline has come to the fore. It started coming into prominence (in Europe and the United States) only since the 1980s when the Society of Competitive Intelligence (SCIP) was formed (Kahaner 1997:18). It grew out of the developments in economics, marketing, military theory and strategic management. Today competitive intelligence has enough conceptual development and practical, historical and empirical support to stand on its own (Bensoussan & Fleisher 2003:9). Companies have



realised in order to keep track of the competitive environment it needs dedicated resources, processes and systems to support the analysis thereof.

### **3.4 CONCLUSION**

Although the purpose of this research is not to provide a detailed analysis of knowledge management it is essential to understand the concept of knowledge management as competitive intelligence is positioned as an element of knowledge management. Although it draws from many of the tools and techniques associated with knowledge management, competitive intelligence has a unique process and requires a specific skill set to successfully implement. It must be remembered that the basis for the competitive intelligence process was formed in the military during the 2<sup>nd</sup> World War; it thus has had a much longer time span (compared to knowledge management) to develop and optimise its associated processes and tools. It is for this reason that it also often treated as a distinct entity within the broader knowledge management environment.

## 4. A THEORETICAL BASE FOR COMPETITIVE INTELLIGENCE

### 4.1 INTRODUCTION

This chapter will aim to provide answers to the questions of what is competitive intelligence and why it is important. The importance of gathering competitive intelligence (CI) increased significantly over the past five years. It evolved from the traditional tactical approach of gathering and storing information on competitors to gathering, tracking, and analysing a broad array of indicators. The competitive intelligence function presently includes external information collection, analysis and formulation of strategic recommendations related to the organisation's competitiveness and ability to create a level of market hegemony in those practices that create value. An effective competitive intelligence process deciphers trends and changes in the market, and maps the competitive environment and the company's position in it. This chapter will continue to expand on the definition of competitive intelligence (and related terminology) and look at the reasons for its growing importance. It will also present a business case (business value) for its implementation within the business environment.

## 4.2 DEFINING COMPETITIVE INTELLIGENCE (CI)

Having placed competitive intelligence in context within business intelligence and business intelligence in context within knowledge management it is important to drill down into the deeper understanding of competitive intelligence and its associated processes. Competitive intelligence forms an integral part of the current focus on both information management and knowledge management within the business environment. In order to develop a blueprint for the implementation of a competitive intelligence programme it is important to have a common frame of reference pertaining to competitive intelligence. The following definitions have been utilised to assist in the implementation blueprint:

- **Intelligence.** Intelligence is a collection of information pieces that have been filtered, distilled and analysed. It has been turned into something that can be acted upon (Kahaner 1997:21). Intelligence is thus actionable information. The sole purpose of intelligence as defined in Chapter 2 is to optimise decision making. In business terms it means optimising stakeholder wealth (see figure 7 on page 54). It could be equated to knowledge but intelligence are always “forward looking” stating what is expected based on the knowledge at hand with the view of being acted upon.
- **Competitive intelligence.** Kahaner (1996:16) defines competitive intelligence as a systematic programme for gathering and analysing information about your competitors’ activities and

business trends to further your own company's goals. Bensoussan and Fleisher (2003:6) defines competitive intelligence as the value added product resulting from the collection, evaluation, analysis, integration and interpretation of all available information that pertains to one or more aspect of an executives' needs, and that is immediately or potentially significant to decision making. Most definitions related to competitive intelligence refers to similar concepts. These definitions have the following in common; it distinguishes intelligence from information (intelligence giving you the ability to act on); it highlights the dynamic cyclical nature (process based) approach and it highlights the fact that it is linked to business objectives and decision making. Competitive intelligence encompasses the potential effects created by all external elements of the business environment that impact on the current competitiveness and future competitive ability of an organisation. The driving purpose for conducting competitive intelligence is to better understand the related industry and competitors in order to make decisions and to develop a strategy that provides a competitive advantage that achieves continuing performance results superior to one's competitors (Bensoussan & Fleisher 2003:6). Based on these elements an own definition of competitive intelligence is the following: *"Competitive Intelligence is defined as actionable information about competitors and the external environment (which influences the activities of your company or organisation) utilised to further own goals. It is obtained through a systematic process of gathering, sharing and*

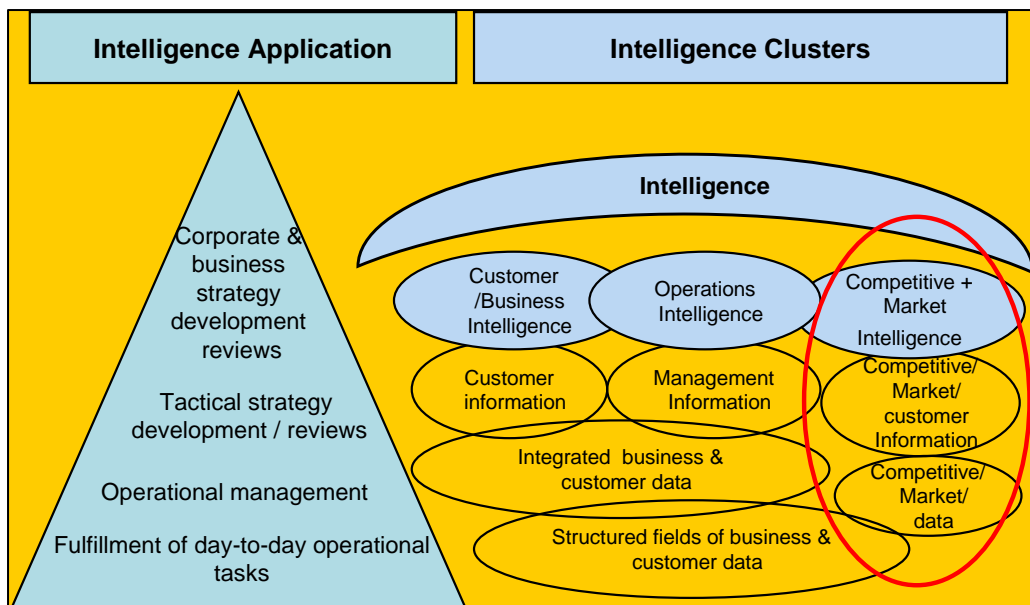
*analysing and it supports business objectives*". It forms part of a broader cluster of intelligence utilised for decision making within the business environment (see figure 7). Within the competitive intelligence domain we can also distinguish between strategic and tactical intelligence. Sawka (2004:16) provides the following definitions in this regard:

- **Strategic intelligence.** Strategic intelligence addresses competitive circumstances likely to affect an organisation two or more years into the future. It is highly analytical and future oriented. It leads to contingency plans more than solid decisions, and holds a tenuous link on measurable corporate (company) performance.
- **Tactical intelligence.** Tactical intelligence addresses immediate questions that managers are facing now and can fairly easily articulate. It is more based in fact, with analysis more interpretation of current and near future events rather than speculation of what might be. It ties more directly to specific corporate actions, and its impact on business results is easier to see.

The basis for differentiating between strategic and tactical competitive intelligence lies in the two complementary but different purposes of competitive intelligence, Cruywagen (2004:7) also refers to this when he states that one objective relates to operational

effectiveness or tactical intelligence (running the same race better) whilst the other relates to strategic positioning (running a different race). In developing a blueprint for the implementation of a competitive intelligence programme it is essential to take into account both components, although they require different approaches; these approaches are complementary to each other.

FIGURE 7: COMPETITIVE INTELLIGENCE AS A CLUSTER WITHIN THE BROADER SPECTRUM OF INTELLIGENCE (CONTENT) UTILISED IN BUSINESS

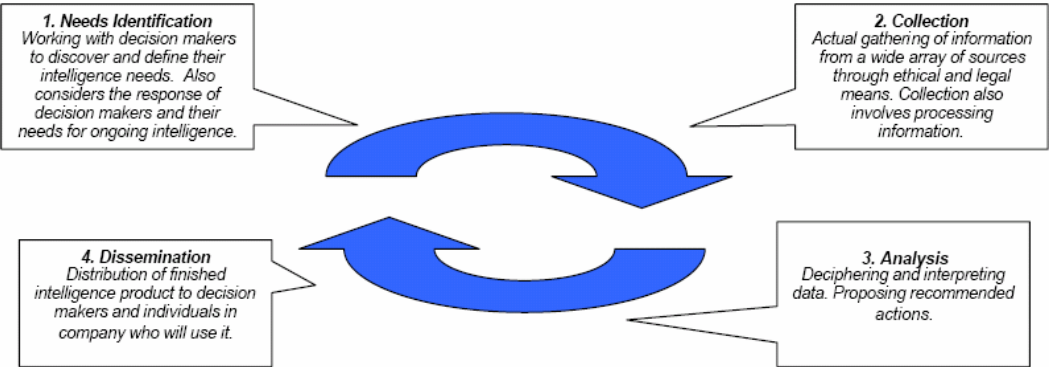


Source: Adapted from Van Tiddens (2001:5).

- **Competitive intelligence system.** A competitive intelligence system is the organisational process for systematically collecting, processing, analysing and distributing competitive intelligence to decision makers. Such a systematic process organises the flow of critical information and focuses it on operational and strategic issues and decisions (Hohhof 1994:227).

Key to the definition of competitive intelligence is a formalised (formally recognised and practiced as opposed to ad hoc processes which are not documented) process (referred to as the competitive intelligence cycle). The competitive cycle continuously encourages an organisation towards a constant examination of its own thinking and practices against the competitive reality of the industry environment. It facilitates the collection and deciphering of market signals. Figure 8, demonstrates how the competitive intelligence cycle transforms information into intelligence. The intelligence cycle represents a powerful and systematic process that relies primarily, but not exclusively, on human resources. The effectiveness of the cycle depends upon the optimal use of people in association with available tools (analytical and technology) and other resources (Council for Financial Competition 2004:3).

**FIGURE 8: COMPETITIVE INTELLIGENCE CYCLE**



Source: Council for Financial Competition (2004:3).

In practical terms it can therefore be said that competitive intelligence is a formalised process to:

- Identify threats or risks and opportunities.
- Map areas of threats or risks and opportunities.

- Determine indicators to enable early warning in these areas.
- Monitor indicators.
- Issue alerts.
- Assist in minimising risk and maximising opportunities.

The competitive intelligence cycle supports the following:

- Group and business unit strategy development and revision.
- Marketing strategy revision.
- Operational strategy revision.
- Research and Development acceleration or deceleration.

Competitive intelligence can thus also be described as an output of a process which is characterised by the following:

- A systematic and focussed approach.
- A permanent and dedicated organisational structure.
- An output that reflects all external areas of concern.
- An output that contributes to the sustainability of the company.
- Integrating and leveraging all capabilities, sources and resources within the company to support decision-making.

Although the objective of this research is not to do a detailed analysis of the competitive intelligence process, it is important to understand the process as it might impact on the approach taken when implementing a competitive intelligence programme.



## 4.3 WHY IS IT IMPORTANT FOR BUSINESS - A BUSINESS CASE FOR COMPETITIVE INTELLIGENCE

The preceding sections have provided the context for competitive intelligence within the broader scope of business intelligence and knowledge management. It also provided a basic overview of the key differentiating factors (from other subject matter within the knowledge management domain), namely its focus on the enhancement of the company's operational efficiency and strategic positioning through a formalised information management process. This section will argue for the need to allocate dedicated resources to the competitive intelligence process; an argument which needs to be strong enough to succeed in an environment which continues to focus on cost optimisation. Many companies have still to adapt to the realities of the knowledge based economy and are still reluctant to provide dedicated resources (beyond only information technology resources) for the management of information, knowledge and intelligence. In order to implement a competitive intelligence programme company executives will need to be convinced that its investment will provide the required financial returns. This provides one of the most challenging dilemmas in the implementation of a competitive intelligence programme, namely the need to provide proof and almost immediate return on investment to secure the required resources but yet initially these resources will probably not be available to assist with providing proof of financial return on investment. This needs to be taken into account when developing an implementation approach. It

is thus important to develop a business case for competitive intelligence, as it will assist in the positioning of such a programme within the business.

### **4.3.1 The Impact of a knowledge-based economy on the work environment**

The fundamentals of any business case for competitive intelligence relate to the demands of the so-called knowledge economy. Although previous chapters have touched on the demands of a knowledge based economy, these demands are key to any business case for competitive intelligence. Within the current business environment knowledge has become the key differentiator between companies. The environment we live in challenges organisations and individuals in many ways; it is characterised by complexity of decision making and the demand to act with speed, a requirement to respond to the unexpected and to unusual demands, coping with the shift from industrial activities to value added services, a need for a more customer centric approach and the need to constantly strive for innovation (Davenport and Prusak 1998:5). This radically changing organisational environment demands companies and people to react faster requiring information processing, information renewal and knowledge creation to take place at a faster pace. The changes that people will experience in the workplace according to Wiig (1997:399) will include:

- Emphasis on using interdisciplinary teams with focus on best mix of competencies and understanding to be applied to work at hand.

- Good understanding of the importance of relying upon strong conceptual knowledge to guide direction of work.
- Better understanding by knowledge workers of how to implement enterprise strategy through the small decisions and acts that are part of their daily work.
- Greater willingness to collaborate with associates and coordinate with other activities.
- Increased reliance on automated intelligent reasoning to support work. For example, when confronted with complex situations, automation may assist knowledge workers by identifying and making available relevant support information and knowledge making preliminary sense of the situations and locating and presenting suggestions for how it should be handled.
- New designs of the physical work environment will change the way people work together and allow greater richness and effectiveness of interaction.
- Improved understanding of different levels of work complexities and what that means for knowledge requirements.

It is essential that these dynamics are understood as it forms the main argument for knowledge management and as such for the development of a competitive intelligence programme within a company. Through the context provided in describing the demands of the new work environment, this research will argue a business case for competitive

intelligence based on the ever increasing requirement for relevant, accurate, timeous and actionable information (intelligence) to support business and strategic planning in a complex ever changing environment. In order to meet this demand a formalised process and dedicated resources are required, and this study would like to argue that these resources and processes could be aligned with the current drive to establish dedicated knowledge management practices within organisations.

#### **4.3.2 Making sense of the chaos and planning for the future within a knowledge based economy**

Having dedicated resources and a process alone will, however, not suffice. It is essential that any initiative needs to be linked to existing business processes for it to be sustainable. In this regard the strategy development process will be an essential link as it probably is the most important process associated with a company's efforts to make sense of the environment, hence the need for competitive intelligence. Key to a business case for competitive intelligence is to have an understanding of strategy development and where competitive intelligence will add value to this process.

Within this complex knowledge based economy businesses are striving to develop distinctive competencies to obtain a competitive advantage which can not be matched by competitors. This advantage is measured

by an organisation's ability to generate and maintain sustainable levels of profitability above the industry average. In order to reach a position of competitive advantage the concept of strategy has evolved over many decades. Although the purpose of this research is not to focus on the evolution of strategy it is essential to provide some background as strategy development is the process associated with making sense of the complexity and taking action based on knowledge of the business environment. Strategy is relative in terms of its definition and scope. As a business discipline, the concept of strategy and the activities associated with the practice of strategy have evolved significantly over the past several decades (Corporate Strategy Board 2003:1).

**Purpose of strategy formulation.** Ansoff (1989:10) has argued that the central purpose of strategy formulation is to prepare for the future, through systematic anticipation of future environmental challenges, and formulation of appropriate responses in the form of strategic plans. In the evolution of strategic thinking theories related to competitive positioning and dynamic competition are of specific relevance in building a business case for a competitive intelligence function. "Competitive Positioning" theories focus on analysis of a firm's position in relation to competitors within its industry. Organisations therefore develop strategy in order to leverage new or existing sources of competitive advantage, which are identified through this systemic industry examination. "Dynamic Competition" theories take it further and argue that business environments have become increasingly fast paced, rapidly changing and

unpredictable – therefore strategy must be more action-orientated and creative (Corporate Strategy Board 2003:1).

**Value of strategic thinking.** These theories and concepts around strategy and strategic planning form the basis for the need of systematic actionable intelligence regarding a company's competitors and macro environmental factors which influences decision making. However, in recent times an increasing number of organisations seem to be questioning the value of strategic thinking and long-term planning. The reasons for this hesitation and even skepticism can be attributed to one or more of the following reasons:

- Belief in rapid change and dramatic responses has been shaken by the bursting of the dotcom and stock market bubbles, and by the demise of such companies as .irms, Enron and Worldcom.
- The view that the environment is so complex and turbulent that it is pointless trying to anticipate future change. In these circumstances, it is argued, strategic planning becomes almost redundant.
- Organisations feel that they are forced to focus exclusively on short-term problems (and the achievement of operational goals) because without a successful resolution of these there will be no need for longer term planning (Roux 2004:1-4).

The Institute for Futures Research (Roux 2004:1-4) states that it is exactly in these (above) circumstances that strategic planning and long-term

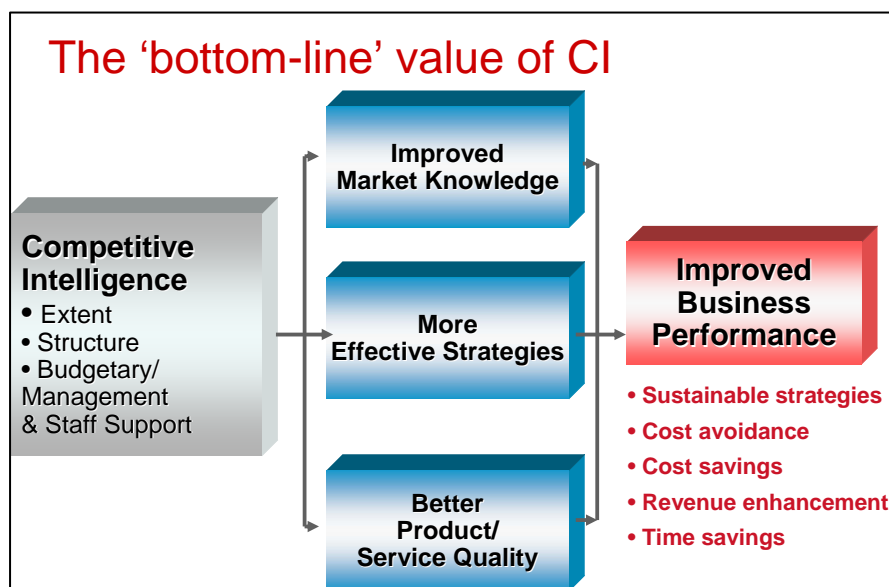
futures thinking become invaluable. One of the central tasks of business leadership is the creation of sustainable value for organisational stakeholders. And at the core of value creation is the ability to innovate and to implement new solutions before, and faster than anybody else. The challenge, then, is to learn from change and complexity, to understand it, value it, manage it effectively and, indeed, to embrace it as an agent of rebirth and growth. A precondition for meeting this challenge is the ability to develop foresight. As a conceptual tool for acquiring insight and understanding, foresight prepares companies for most eventualities by looking at the bigger, broader, longer term picture, rather than just focusing on the intricate financial detail of short-term decisions.

Strategists inevitably lament the fact that there is no way of eliminating uncertainty – indeed, the future can always turn out to be different from any forecast. But this is exactly why and how a futures-oriented mode of thinking is so useful. By nurturing a learning culture and engaging in exercises aimed at furthering strategic intent, learning organisations confront and absorb turbulence and uncertainty, rather than avoiding or reducing it. Such an organisation enhances its prospects for survival not by seeking out the unique strategy for its current circumstances, but by expanding its insight and understanding to cope with a broader variety of environmental contingencies (Roux 2004:1-4).

**Competitive intelligence and strategic thinking.** Milne (as quoted in Roux 2004:1-9) argues that: ‘Business activity, and therefore management activity, is entirely based on expectations. Management is about the

uncertain future.’ By implication, therefore, most, if not all, business activity is concerned with the future. Good business foresight requires good judgement rather than ‘accurate’ predictions. Judgement comes with an *appropriate experience* in a subject area which is honed by *environmental scanning* (or ‘business intelligence’) and an *open informed discourse* between concerned individuals; individuals who are competent in introducing different opinions and perspectives into the conversation. This process is strongly advocated by competitive intelligence professionals. Only by implementing a formalised process (competitive intelligence) to obtain business foresight and mechanisms to facilitate decision making on the basis of this foresight will strategic planning in business delivers on its expectations. Cruywagen (2004:10), a former president of the South African Association of Competitive Intelligence Professionals (SAACIP), illustrated the bottom line value of competitive intelligence during a conference on business intelligence as follows (figure 9).

FIGURE 9: BOTTOM LINE VALUE OF COMPETITIVE INTELLIGENCE



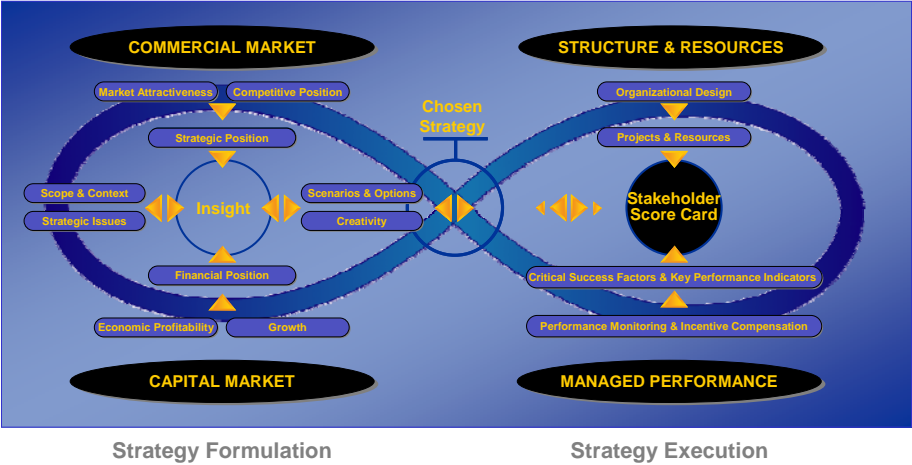
Source: Cruywagen (2004:10).



### 4.3.3 Linking theory to practical examples

If it is accepted that futures thinking, insight and foresight is a pre-requisite for strategic planning then it can be reasoned that there should be a major requirement for competitive intelligence as this function aims to provide exactly that. Competitive intelligence aims to support business planners, strategists and management in dealing with uncertainty through a formal process to assist with the understanding of the environment and the associated complexity and to be in a position to develop foresight. The process is also designed to increase a company's responsiveness to the competitive environment in which it operates. Johnson (2005:7) illustrates the strategy process in figure 10, highlighting the critical role that insight play in strategy formulation. An important component of this insight is market awareness and awareness of your (competitive) position relative to your competitors. It can thus be argued that competitive intelligence is as important as market research in determining your strategic position which will lead to a chosen strategy.

**FIGURE 10: COMPETITIVE INTELLIGENCE AS A CRITICAL ELEMENT IN STRATEGY FORMULATION AND EXECUTION**



Source: Johnson (2005:7).

There is also a symbiotic relationship between managing knowledge resources within an organisation and conducting competitive intelligence. The importance of gaining insight and foresight through the utilisation of available information in an organised fashion, as through the competitive intelligence process, can further be illustrated through the following examples:

- Efforts to compete in an increasingly competitive environment by gaining size through mergers and acquisitions or building reputation by branding effort have not guaranteed success. Of the companies in the Fortune 500 in 1970, 230 firms ceased to exist over the next two decades (Johnson 2005:2). In reality smaller companies need knowledge to a greater extent than larger companies because they don't carry the market leverage and may not have access to as many resources. In essence they have fewer chances of making wrong decisions without repercussions.
- Advances in technology have created a quicker pace to doing business, a pace that magnifies the "need to know now". Access to a greater amount of information, gathered at a quicker pace, delivered instantaneously in an electronic format creates an urgent need to manage this information and turn it into intelligence that will give companies a competitive edge. Darwin indicated, "It is not the strongest of the species that will survive, nor the most intelligent, but the one most responsive to change" quoted in Hansen & Thompson (2002:26). The financial services industry has

faced an incredible number of changes – new entrants into the marketplace, an evolving regulatory environment, new products, more sophisticated consumers, new distribution channels, access to more information and changing demographics. This has created a requirement to successfully “read” the future market and proactively respond to changes in the market. Hence the importance of competitive intelligence. Figure 11 provides some practical examples of the value competitive intelligence adds to the business planning process (Johnson 2005:6).

**FIGURE 11: BUSINESS CASE FOR COMPETITIVE INTELLIGENCE**





<b>Increasing Uncertainty Creates New Information Needs</b>		
<b><i>Changing External Environment.....</i></b>	<b><i>....puts unfamiliar challenges on the strategy agenda.....</i></b>	<b><i>....placing new demands on intelligence coordinators.</i></b>
Multitude of new entrants...	....requires analysis of new competitors' profit potential, sustainability and potential market advantages...	....mandating the continuous monitoring of a wide array events and early identification of both threats and opportunities.
Changing economics of communication...	....requires an understanding of increased potential for disintermediation and radical change in organisational structure ...	....mandating a vigilant watch on value chain players and potential out of industry entrants.
Accelerating introduction of new technologies...	....requires analysis for the potential for industry disruption and newly profitable applications...	....mandating continuous tracking of frontier R&D Work and competitors' technology investments.
Increasingly complex channel structure...	.... requires evaluation of changing relationships with customers, suppliers and partners ...	....mandating intelligence that monitors competitors' product delivery mechanisms and new technologies for customer interaction.

Source: Johnson (2005:6).

Figure 12 attempts to translate the theoretical arguments into some practical examples as to how strategic opportunity was missed due to the

mentioned companies' inability to accurately assess the competitive environment and obtain the required foresight; needless to say these companies mentioned in the examples are today some of the biggest advocates for formalised competitive intelligence programmes.




**FIGURE 12: CASE STUDIES THAT UNDERLINE THE NEED FOR A COMPETITIVE INTELLIGENCE FUNCTION**

Company	Strategic Industry Shift/ Competitive Events	Tactical Response	Missed Strategic Opportunity
	Second tier PC makers (e.g. Dell) improve product quality in the mid 1990's while maintaining lower prices; consumers migrate to cheaper PCs	Compaq responds with price reductions and marketing push to champion virtues of premium products	Compaq fails to immediately introduce cheaper, competitive line of PCs; new CEO eventually cuts 1/5 of workforce and cedes long-term market share to competitors
	Early 1990s sees a US recession and an influx of sophisticated, significantly cheaper Japanese luxury automobiles (e.g. Lexus)	Mercedes executives increase marketing expenditure, targeting a new advertising campaign intended to extol values of engineering	Mercedes fails to introduce a competitive product line; loses significant long-term market share to Japanese luxury automobile manufacturers
	Mid 1970s sees rise of competitors manufacturing low-cost film (e.g. Fuji) and marketing aggressively to amateur photographers	Kodak maintains status quo operation and responds with hesitant introduction of discount pricing on premium products	Kodak fails to introduce low-cost film alternative for nearly a decade; cedes market share to Fuji and other competitors
	Consumers begin migration in the late 1980s to low cost airlines serving regional cities and bypassing traditional, high volume airports (e.g. Southwest)	Continental responded with seasonal, periodic price discounts and ill prepared introduction of disastrous Continental Express, a low cost, no frills product	Continental fails to develop internal competencies required to effectively operate low cost competitive airline; failed initial experiment with Continental Express contributes to corporation's bankruptcy

Source: Corporate Strategy Board (2002:12).

Figure 13 illustrate the link between strategy development and intelligence by detailing the potential input from the competitive intelligence process to the strategy development process and business planning in general, again stressing the value competitive intelligence adds to this process.

FIGURE 13: INTELLIGENCE CONTRIBUTION TO STRATEGY DEVELOPMENT

Strategy Activity	Representative Strategy Challenge	Strategic Intelligence Contributions
<p>Near-Term Strategic Issue Resolution</p> 	<p>Unexpected competitor actions threaten current competitive advantage or present limited window of opportunity.</p>	<ul style="list-style-type: none"> <li>• Deep dives on competitors' strategic objectives in the market</li> <li>• In-depth technical and product-specific intelligence</li> <li>• Market and supplier research</li> </ul>
<p>Annual Strategic Planning</p> 	<p>New entrants are redefining industry, customer or supplier relationships by pursuing unconventional business models that threaten the sustainability of current strategic direction.</p>	<ul style="list-style-type: none"> <li>• War-gaming exercises</li> <li>• Market forecasting</li> <li>• In-depth value chain intelligence</li> <li>• Exploration of innovative channel structures, new entrant firms</li> </ul>
<p>Strategic Visioning Exercise</p> 	<p>Emerging or potential shifts in fundamental technology, industry economics or customer preferences threaten to overturn established competitive dynamics on which long-term strategic intent is based.</p>	<ul style="list-style-type: none"> <li>• Scenario planning</li> <li>• Strategic alternatives development</li> <li>• Future-focused technical intelligence</li> <li>• Technology mapping</li> <li>• Consultation with leading-edge scientists, technicians</li> </ul>

Source: Corporate Strategy Board (2000:10).

## 4.4 CONCLUSION

This chapter provided a basic overview of competitive intelligence as a discipline, highlighting its multidimensional character, its focus on a systematic process and its linkage with strategic and business planning. It has argued for the need for competitive intelligence against the background of a changing business environment brought about by a move towards a knowledge based economy. The chapter ended with some practical examples as to the value that competitive intelligence adds to current business processes by which it is believed to provide a strong business case for a formalised approach to the management of information relating to the competitive space in which companies

operate. As mentioned this chapter provided the context to what competitive intelligence is and why it is important to ensure that organisations focus on this discipline. The next chapter will evaluate how organisations and companies have implemented this discipline. As such it will provide the practical implementation component to the theoretical base which was discussed in this chapter.

## 5. BEST PRACTICE IMPLEMENTATION APPROACH

### 5.1 INTRODUCTION

Chapters 3 and 4 have placed competitive intelligence in context within the business environment and it has made a case for the establishment of such a capability. The focus of this research, however, is not on defining competitive intelligence or the role of competitive intelligence but on how to develop or establish such a capability. Chapter 6 and 7 will analyse the approach taken by a specific company to establish such a capability with the view of obtaining lessons learned. It was felt that investigating a single company (within the financial services) will provide sufficient detail, with the appropriate level of access, to make a significant contribution (investigating a number of companies with various levels of access to those companies would only provide a high level view). In addition the researcher also found no other South African financial services companies who have implemented such an initiative on the same scale. In order to evaluate the case study company's approach to and success of its competitive intelligence implementation, it is important to establish some sort of "control" for it to be measured against. In order to establish the control, this research will compile a "best practice" implementation approach which will be detailed in this chapter.

When establishing a competitive intelligence programme there are a number of factors to consider. These include:

- determining what the need for competitive intelligence is,
- who the users are,
- what model will be utilised to ensure the optimum utilisation of resources,
- aspects related to the competitive intelligence process, such as access to sources of information,
- analytical skills required, and
- means of dissemination.

Other aspects such as information technology support to enable the process, can also be considered critical. These aspects need also to be balanced against the existing company operating model and culture; it needs to be embedded in the existing corporate DNA. All of this does not happen by accident; it is planned for, executed, and promoted as part of an ongoing process. This chapter provides an overview of the best practices of leading companies that implemented competitive intelligence.



## 5.2 MAIN CONSIDERATIONS

Tuller (2005:15) mentions in his article “Metlife’s roadmap for actionable intelligence” that “to create a competitive intelligence (CI) unit that produces competitive intelligence and drives business success, you need to develop it to the point where it is a part of the enterprise’s culture”. That’s easy to say and not so easy to do. There is no silver bullet. It takes time, hard work, and a very focused and formal effort. Competitive Intelligence that is actionable does not happen by accident – it is planned, executed, and then promoted, and it is an ongoing process”. A competitive intelligence process becomes part of an enterprise’s culture when competitive intelligence becomes a critical component of the decision-making process for opportunity assessment, mergers and acquisitions, and product and service development. It also helps sales people sell and support brand messaging and marketing communications. Actionable competitive intelligence is the result of a partnership between the competitive intelligence team and the people it is charged with supporting. Actionable competitive intelligence happens when the CI unit contributes their expertise in competitive research and analysis and the business partners contribute expertise in their respective businesses and markets.

### 5.2.1 Key components linked to successful implementation based on case studies

The considerations and requirements for a successful competitive intelligence programme have been documented extensively. Especially

the international Society of Competitive Intelligence Professionals (SCIP) facilitate through their members access to best practice and success stories. There are, of course, different views and approaches to the implementation of a competitive intelligence programme and there is no golden rule for implementation as it is very much dependant on the specific company or organisation’s approach and culture. Nevertheless it is important to review some of these considerations as it constitutes one of the inputs to the process of developing a competitive intelligence programme. Table 1 on page 74 provides a consolidated overview of a literature study on the topic of establishing a competitive intelligence programme based on consensus from leading practitioners across the globe (Corporate Strategy Board 2002:1-28; Bernhardt 2002:6-10; Fuld 1985:31-85; Fuld 1995:10-30, Kahaner 1996:10–58). These considerations are vital for any initiative associated with the establishment of such a programme. The issue column in table 1 indicates advice given by practitioners whilst the best practice column provides related examples.

**TABLE 1: SUMMARY OF GLOBAL CONSIDERATIONS**

Ser No	Issue	Best Practice
1	Definition: Set the boundaries	Competitive intelligence is a systematic programme for gathering and analysing information about your competitor’s activities and general business trends to further your own company’s goals.
2	Typical Users: Determine who the users are	Company executives, product managers, strategy planners, business unit heads

Ser No	Issue	Best Practice	
3	Requirement for competitive intelligence: Understand the user requirement	<ul style="list-style-type: none"> <li>• The pace of business is increasing rapidly</li> <li>• Information overload</li> <li>• Increased competition from new competitors</li> <li>• Existing competitors are becoming more aggressive</li> <li>• Effect of political changes</li> <li>• Rapid technological change</li> <li>• Time taken for decision-making has decreased</li> <li>• Implication of wrong decisions bigger</li> </ul>	
4	Competitive Intelligence Programme Capabilities: Understand what needs to be delivered – based on user requirement.	<ul style="list-style-type: none"> <li>• Anticipate changes in the market place</li> <li>• Anticipate actions of competitors</li> <li>• Discover new or potential competitors</li> <li>• Learn from success and failures of other</li> <li>• Increase the range and quality of acquisition targets</li> <li>• Learn about new products, technologies and processes that affect our business</li> <li>• Learn about political, legislative or regulatory changes that affect our business</li> <li>• Enter new business</li> <li>• Look at own business practices with an open mind</li> <li>• Help implement the latest management tools</li> </ul>	
5	Competitive Intelligence Process: Implement a formalised process	Competitive Intelligence Cycle	Direction and Planning
	Collection		
	Analysis		
	Dissemination		
6	Personnel: Assign dedicated resources	Average 3 – 5 fulltime	Additional part time in decentralised structure
7	Structure: Decide on appropriate competitive intelligence model that is aligned with the business model	Centralised	<p><b>Advantages</b></p> <p>The strategic corporate overview of a centralised competitive intelligence function enables it to respond quickly to the needs of top management</p> <p>Provided that the company consists of divisions facing similar competitors or operating in similar markets, a centralised function can usually serve all the company divisions sufficiently</p>

Ser No	Issue	Best Practice	
			<p><b>Disadvantages</b></p> <p>Divisions may consider the analysis provided by corporate analysts to be irrelevant</p> <p>Standardisation of intelligence for firms operating in different industries, markets and countries may be inappropriate</p> <p>Analysts at the corporate level may not be familiar enough with specific business units to understand the significance of data</p> <p>A large number of competitors inhibits effective data analysis at the corporate level</p>
		Decentralised	<p><b>Advantages</b></p> <p>Competitive intelligence needs and questions can be answered faster in a decentralised structure</p> <p>There may be fewer conflicts over priorities in answering the needs of employees</p> <p>Analysts become knowledgeable about the industry, product lines and competitors in a particular division</p> <p>Competitive Intelligence analysts are closer to the collection network and can more easily control and direct the flow of incoming data.</p>
			<p><b>Disadvantages</b></p> <p>A decentralised function may not afford the strategic point of view necessary for the corporate parent.</p> <p>Divisions may not have the resources, expertise and staff needed to run the function in a formal manner</p> <p>If divisions operate in the same or similar markets, duplication of effort is likely to occur</p>
8	Reporting Line: Determine what level of sponsorship will be required	Independent reporting to an Executive Committee Member Part of Marketing	<p>Must get operating mandate from top management, report to top management</p> <p>Position should be as close as possible to key decision makers</p>

Ser No	Issue	Best Practice	
		Part of Strategy Development	
9	Focus of Analysis: Ensure relevant analytical skills are in place	<ul style="list-style-type: none"> <li>• Acquisitions</li> <li>• Compensation at competitor institutions</li> <li>• Financial performance</li> <li>• Key alliances</li> <li>• Leadership or organisational changes</li> <li>• League table standings</li> <li>• Pricing strategies</li> <li>• Product data</li> <li>• Progression of employees at competitor institutions</li> <li>• Strategic direction</li> </ul>	
10	Sources of Information: Develop a "pipeline" of relevant information through dedicated resources	Internal	<ul style="list-style-type: none"> <li>• Personal contacts</li> <li>• Competitive Intelligence personnel</li> <li>• Internal reports and data</li> <li>• Alliance and research partners</li> <li>• Competitive intelligence database</li> </ul>
		External	<ul style="list-style-type: none"> <li>• Publications and documents</li> <li>• Consultants and contract services</li> <li>• Informal personal contacts</li> <li>• On-line databases</li> <li>• Trade shows, seminars and exhibitions</li> </ul>
11	Dissemination: Ensure effective communication and visualisation	Type	<ul style="list-style-type: none"> <li>• Alerts (threats and opportunities)</li> <li>• Regular competitor updates (weekly, quarterly)</li> <li>• Research requests</li> </ul>
		Format	<ul style="list-style-type: none"> <li>• Hard copy</li> <li>• Email</li> <li>• Presentations</li> <li>• Intranet</li> </ul>
12	Best Practice Advice: General	Rich Analysis	Rather than simply condensing information clipped from newspapers or downloaded from the internet, Competitive intelligence analysts should seek to form own conclusions and draw out the underlying implications of public information.
		Long term objectives	Competitive intelligence functions that focus on long-term objectives rather than short-term efforts control resource expenditures to manageable levels. Furthermore, those functions that establish long-term goals and objectives according to a conservative budget plan avoid unnecessary expenditures on expensive data storage technology.

Ser No	Issue	Best Practice	
		Employee Involvement	Company employees typically possess knowledge of nearly 80% of the information needed about competitors. Successful competitive intelligence functions build and grow extensive internal communication networks and fully utilise the breadth of information provided by employees.
		Direction of Information Flow	The structure of most organisations encourages the vertical flow of information rather than the horizontal flow across boundaries. Competitive intelligence functions should therefore create mechanisms or frameworks that impel the cross functional exchange of information
		Differentiation between information and intelligence	Competitive intelligence functions can easily amass an abundance of information about competitors, the challenge facing the function is to filter out unnecessary data, to interpret the significance of the pertinent data and to synthesise that data into meaningful conclusions and analysis
		Benchmarking	Companies creating and developing a competitive intelligence function should observe and adopt best practice implementation by successful competitive intelligence functions
		Broad focus on competitors	Comprehensive competitive intelligence analysis should span the overall competencies of competitors rather than focus purely on financial aspects.

Sources: Corporate Strategy Board (2002:1-28); Corporate Strategy Board (2000:1-6); Fuld (1985:31-85); Fuld (1995:10-30), Kahaner (1996:10-58).

## 5.2.2 Company specific examples

Appendix A on pages 180 to 189 provides an assessment of individual companies' approach to implementing competitive intelligence programmes. In these cases companies like Metlife, Toyota SA, Kodak,

Nippon Steel, Ford and others expressed their views on an implementation approach to competitive intelligence as a whole or relates their experience to certain components of a competitive intelligence capability.

### 5.2.3 Barriers to execution – Change management

It was mentioned (in this research) that the success of a competitive intelligence programme will be dependant on the degree to which the initiative are embedded in the organisational culture (Prescott 2001:7). In essence competitive intelligence relates to how staff interact with information, the value they place on information and the alignment of the competitive intelligence process (cycle) with existing decision making processes. To succeed in the implementation of a competitive intelligence programme it is inevitable that a process of change management needs to be undertaken to address the way in which staff interact with information.

According to the Council for Financial Competition (1999:6-15) (an international membership research organisation) there are primarily three barriers to execution of such an initiative:

- **Ineffectual leadership.**
  - Disagreement between senior stakeholders can produce an inconsistent vision.

- Insular leadership and traditional corporate culture can prevent the recognition of risks and opportunities.
- Minimal involvement by senior stakeholders can diminish enthusiasm for change and slow implementation.
- **Poor Timing**
  - Attempts to complete broad changes simultaneously can prompt a total rejection of the program.
  - Changing the largest or most profitable business units first can pre-empt “warm up” learning opportunities.
  - Premature satisfaction with initial successes can halt change momentum.
- **Inadequate Behaviour Management**
  - Disengaged groups can become islands of resistance, preventing the broad promotion of change.
  - Silent resisters can undermine the change vision by promoting personal agendas.
  - Poor alignment between rewards and expectations can present an ambiguous change message and discourage changed behaviour.

Based on its interaction with its members the Council for Financial Competition (1999:15-30) has provided the following advice in terms of dealing with these barriers to execution:



- **Ineffectual Leadership.**
  - **Create a change coalition.** Most major change programs begin with only one or two people, but successful transformation often requires a powerful coalition early in the change process.
  - **Involve outsiders to add perspective to the leadership vision.** Fresh leadership often spurs established companies to challenge assumptions and break with tradition; examples of leaders who brought fresh perspectives at the beginning of their tenures include Walter Haas at Levi's, Harry Cunningham at Kmart, Jack Welch at GE and Colin Marshall at British Airways. Newcomers can encourage change through objective observation and strategic innovation.
  - **Engage middle management to execute the change.** Research suggests that the engagement of middle managers grants legitimacy to leaders and promotes the success of change programs.
  
- **Timing**
  - **Alleviate anxiety and encourage participation in change by employing a thorough communication plan.** In a survey of 43 changing organisations, the most commonly cited reason for the failure of a change effort was the presence of inaccurate or negative rumours, often caused by management neglecting to provide timely or accurate information. Another commonly identified cause of failure

was management's reliance on a "lean" communication channel, such as a memo instead of a face-to-face meeting.

- **Identify change resisters through careful performance monitoring.** Research suggests that during a typical change initiative, 15 percent of people seek out and embrace change, 15 percent resolutely resist it and 70 percent are reluctant "fence-sitters." Thus, change leaders must sway approximately 85 percent of the staff toward the programme's strategic goals. This challenge is especially difficult when reluctant employees are not immediately visible. As "silent resisters," individuals often verbally agree to change without actually supporting the vision in their actions; if they hold management positions, silent resisters can quietly spread dissent throughout the organisation.

- **Behaviour Management**

- **Prioritise initiatives instead of trying to change everything at once.** According to Pratt of Boston Financial (Council for Financial Competition 1999:20), change requires explicit priorities. He noted the potential danger of hasty, widespread change: "Particularly when you have a burning platform situation, no one takes the time to plan the communications and get everybody involved and moving in the same direction; everybody is too busy fighting fires".

- **Expect a substantial delay before change initiatives gain acceptance and generate results.** Almost all change experts warn that major change initiatives require substantial time before coming to fruition. The implication is that change leaders should not rush through their agendas.
- **Sustain change momentum through constant adjustments and the introduction of new challenges.** Because change initiatives require such persistence, many employees find it tempting to relent before a program is completed. According to Kotter (Council for Financial Competition 1999:22), most people will not continue beyond 12 to 14 months in a change process if they do not see compelling evidence that the program is producing the expected results. Thus, effective change plans require a series of short-term victories and check-up points. These minor campaigns can provide concrete proof of success, and periodic self-assessments can help change leaders gauge how the company is aligning with the strategic vision behind the change.

#### 5.2.4 Measures of success

One of the key considerations in the implementation of any competitive intelligence programme is to determine at the initial stages what the

measures of success will be. Prescott (2001) in his article "Competitive intelligence: Lessons from the trenches" identified four overarching lessons which could also be utilised as criteria to measure future success by, these are:

- A competitive intelligence programme needs a clearly articulated role that emerges through a process of (re)learning in the intelligence needs of organisational members.
- A successful competitive intelligence programme has a range of outputs that are provided on a timely basis, provide actionable implications and are perceived as credible and trustworthy.
- An intelligence driven culture based on intelligence related skills, human networks and mechanisms that facilitated the flow of information.
- Continuous evolution of the programme driven by the needs of the company, feedback and quality-enhancement techniques.

### **5.3 CONCLUSION**

From the research it is clear that there is no single approach to implementing a competitive intelligence programme as it is very much dependant on the objective, the company culture and business model and the resources at the disposal of the company. However, based on the findings of the literature review, it can be concluded that "best practice" companies approach the implementation of a competitive intelligence programme in the following manner:

- Determine the requirement for competitive intelligence. This includes who the users are, what information is required, what already exists and the major gaps that currently exist.
- Determine the objective. It is important to determine upfront what the objective is; the "end state" needs to be clearly articulated.
- Position the Programme correctly. This include who the sponsor will be (reporting line), aligning competitive intelligence model or framework to the business model and culture and ensure a governance framework is in place.
- Map the key processes based on this model.
- Put necessary human resources in place (based on the model and processes).
- Develop a data and information supply chain in support of the business requirement (information collection plan).
- Develop enabling technology capable of integrating all relevant, accurate information to one command source for a single business view.
- Develop mechanisms, where needed, to integrate and analyse information from disparate sources.
- Demonstrate value as soon as possible. This can be done by improving access to existing information relating to competitive intelligence (through a portal or intranet) and by focussing initial analysis on priority issues and "quick wins".

- Address barriers to execution through a dedicated change management programme which includes creating change agents in the company, focussed communication and training.
- Over time develop a full range of competitive intelligence outputs which will support decisions relating to strategic positioning and operational effectiveness. Align the output with the business decisions that need to be taken. Ensure that output is relevant, timeous and “actionable”.
- Align output of competitive intelligence with existing decision making mechanisms to ensure application and action based on available intelligence.
- Assess and adapt programme continuously based on lessons from the implementation.

The objective of this chapter was to obtain a high level overview, based on “best practice” of the approach to implementation of a competitive intelligence programme. This provides a framework for analysis for a South African case study. The case study findings will be described in the next chapter after which conclusions will be drawn as to a competitive intelligence implementation model.

## 6. CASE STUDY: COMPETITIVE INTELLIGENCE IMPLEMENTATION MODEL

### 6.1 INTRODUCTION

The previous chapter provided a consolidated view of the characteristics associated with the successful implementation of a competitive intelligence programme and resulted in a best practice “component list” for successful implementation. This provides a framework for reviewing the implementation model of the selected case study company. This chapter will analyse in detail the selected case study company’s, implementation model of its competitive intelligence programme by reviewing the basic components or building blocks of the implementation model. The following chapter will then compare the best practice model to the case study implementation model.

The case study focuses on a company in the financial services industry which was in the process of implementing a company wide competitive intelligence programme across a number of business units and support functions.

The company had total assets worth ZAR 322,8bn, market capitalisation of ZAR 66,1bn and approximately 32 500 staff members. It provides the full array of retail and corporate banking, insurance and other financial products and services. The company has a domestic customer base of

approximately 7.1 million customers being served, amongst others, by 700 branches and 5233 Automated Teller Machines (ATMs).

As in most cases of innovation the real underlying impetus for enhancing the company's competitive intelligence capability were imbedded in negative drivers. During 2003/2004 concern was being expressed by the company's senior management regarding the company's ability to anticipate certain market changes and to counter or anticipate competitor movements. The need for a "pro-active response to competitor trends and economic cycles" was emphasised by senior management; this implied a need for actionable, co-ordinated and integrated intelligence across different market segments. This objective was unattainable without formalised processes drawing from the collective capability of the company and mechanisms to facilitate interpretation and converting intelligence into action.

At the time, the company's Marketing Division had a competitive intelligence programme in place with the aim of supporting the various marketing teams across the company. The division undertook an initiative to enhance the company's competitive intelligence capability. It was decided, because of the complex nature of the initiative, to follow a phased approach (starting small), growing the capability throughout the company, aligned with the different business units' maturity in utilising and managing information.



## 6.2 FIELD PROCEDURE

### 6.2.1 Procedure for data or information collection

A detailed description of the methodology followed is provided in chapter 2. In terms of the procedure for data or information collection within the case study company the following sources of evidence were utilised:

- **Documents.** Internal company documents (to which the researcher had access) constituted the primary source of information. A study of the available documentation enabled the researcher to construct an implementation model utilised by the company. The documentation types included the following;
  - **Presentations.** The presentations were internal to the company relating to the subject matter. The objectives of these presentations were to explain the programme, obtain executive support for the programme, obtain resources for the programme and align all stakeholders to the programme. The majority of these presentations were compiled by the competitive intelligence centre within the company's marketing department.
  - **Business case documentation.** This company's internal documentation relates primarily to supporting documentation required by the company to release funds associated with the programme.

- **Competitive intelligence blueprint.** This document specified the different components associated with the programme and focussed on describing the roles and responsibilities of the different stakeholders associated with the programme.
  
- **Interviews.** For the purposes of this research open-ended interviews were utilised. The objective of these interviews was to obtain a better understanding of the context within which the programme implementation was conducted. These included the obstacles faced, lessons learned and the value derived from the programme. The interviews was thus utilised to support the information gained from the company specific documents. Although it was unstructured interviews and thus did not have a formal structure the key questions related to the following:
  - How did you approach the implementation of the programme?
  - What were your critical success factors?
  - What controls did you put in place to ensure success?
  - What process did you follow?
  - What enablers did you utilise to support the competitive intelligence programme?
  - How did you ensure alignment between the different stakeholders involved in the process?
  - How did you ensure a link between the competitive intelligence output and the decision making process in the company?

- Does the business have a better understanding of the competitive environment after the implementation of the programme?
- Does the business actively utilise the outputs of the competitive intelligence programme in its decision making process?
- Are there sufficient resources allocated to the process?
- Does the business have better access to competitive intelligence after the implementation of the programme?
- Do you consider the analysis of the information to be business relevant, valuable and futures orientated?
- Do the decision makers receive relevant competitive intelligence pro-actively and in a format that supports the decision making process?
- What would you do differently if you had another chance to implement the competitive intelligence programme?
- What lessons did you learn from this process?

Appendix C on page 198 indicates key stakeholders interviewed or involved in discussions. The objective was to talk to a wide variety of stakeholders directly or indirectly involved in the process.

- **Direct observation.** Because the researcher was also an employee of the case study company and actively involved in the competitive intelligence programme it provided him with a first

hand opportunity to observe both the planning phase for implementation as well as the implementation itself .

Based on the information collected through the field procedure described above the remainder of this chapter will focus on the implementation approach followed by the case study company.

## **6.3 MAIN CONSIDERATION**

The following three components were utilised as main considerations in its approach to implementation;

- A competitive intelligence audit to determine the requirement for competitive intelligence, the stakeholders involved and their specific requirements.
- Best practice research relating to the implementation programme.
- The company's existing operating model and culture.

### **6.3.1 Competitive intelligence audit**

The results of a competitive intelligence audit were utilised to determine the different stakeholders, the services required and the competitive intelligence content required. The team responsible for implementation had the advantage that an information audit was conducted in previous

years (as part of a different project) and those results could therefore be utilised as input. The focus was predominantly on the customer facing business units.

A summary of the results of the audit was presented in a company internal document which was utilised as the basis for the development of an implementation strategy. An overall impression of the "as is" situation, based on the audit, was that the company had a tremendous capability to produce intelligence on the external competitive environment but that these capabilities were dispersed and not coordinated nor focussed on specific business objectives. Intelligence did not flow across the different business units (silos) involved in analysing the external environment. Capabilities are primarily located within the support functions and therefore geared at the high level requirements associated with corporate strategy. The business units benefited little from the existing capabilities and at the same time the capabilities situated within the business units were not leveraged to support company objectives.

Although there were processes in place to create competitive intelligence products it was not standardised and in most cases not linked with business objectives or decisions that needed to be made. On business unit level there were also a lack of appreciation in terms of the effort and capability required to produce actionable information on the competitive environment, hence the limited resources allocated to this function. There was, however, tremendous potential to develop this management tool to contribute to gaining and maintaining the company's competitive edge

based on the existing capabilities within the support functions and developing the largely untapped capabilities within the business units. It was clear that there was a requirement for competitive intelligence on strategic as well as on the operational or tactical levels and the challenge was going to be to develop the process to facilitate this.

- **Clients of competitive intelligence.** The first objective of the audit was to determine who utilised competitive intelligence. The results indicated the following:
  - The output provided by the functionalities situated within the support functions was primarily utilised by the company's corporate management teams. These included the Chairman, the Group Chief Executive, the Group Executive Directors, the Group Executive Committee (EXCO), and various Company decision making bodies. Secondary clients included the different business units and group specialist functions (GSF) management teams.
  - The output provided by the current capabilities situated within the business units had the specific business units' management team as its primary clients, whilst it also occasionally provides intelligence to corporate management teams. Additional clients include middle management, regional managers and the sales force on the operational and tactical level which

required information on competitor products, pricing and marketing campaigns, to name a few.

- **Services required by users of competitive intelligence.** Due to the fact that no formal competitive intelligence system was in place at the time of the audit, it was in some cases difficult to determine the levels of service required from such a system. It was determined, primarily through interviews with different role players, that the following outputs would be required from a formalised competitive intelligence system:
  - Regular reviews of the current competitive environment.
  - Regular forecasts of the future competitive environment.
  - Identification of threats and opportunities (on a daily basis) arising from the competitive environment.
  - Customised research on identified topics or issues to support decision making.
  - Support with the initiation of new strategy or actions, the recalibration of strategy or actions and assistance in determining whether existing strategy or actions is still relevant.
  - Requirement for an intelligence service to support daily operational and tactical decision-making.
  
- **Existing output (Prior to implementation).** Based on the requirements of the users of competitive intelligence it was

interesting to note that the competitive intelligence capability at the time of the audit provided the following outputs:

- o The primary focus was on ad hoc research, aimed to investigate specific issues, trends or topics, if and when required. These investigations were done primarily within the support functions aimed at own objectives with little interaction from other entities. Inputs from other entities, when utilised, were obtained through existing contact networks. These types of investigations were done within some of the business units but on a very limited scale. Support functions such as, the Company Strategy department, also provided customised intelligence products on request for business units when they had the capacity to assist.
  
- o Integrated reviews and forecasts of the existing and future competitive environment were done formally on “corporate” level to assist the strategy development process and to a lesser degree on the business unit level. It was, however, only updated annually. Reviews within specific entities (such as the Economic Research department) were done with regular intervals aimed at a specific audience. There was a very limited capability within the business units to support the strategy development process or even the operational planning process. Strategy development within the business units made use of a “snap shot” of the competitive environment, compiled as a once-off for a specific session.



- There were some capabilities aimed towards providing operational and tactical competitive intelligence. These capabilities were primarily located within the different marketing components of the business units and did not take into consideration all the requirements for information on the business unit level.
- Pro active environmental scanning did not exist at the time of the audit. There were no or very limited formal outputs reflecting on opportunities or threats arising from a daily scanning process of the external environment.
- **Content requirement.** Appendix B on pages 191 to 197 provides a consolidated view of the content requirements from the different stakeholders (this requirement was later refined).
- **Competitive intelligence process.** The competitive intelligence audit has revealed a number of gaps and overlaps pertaining to the process associated with the conduct of competitive intelligence. The results of the audit will be explained as per the competitive intelligence process which consists of the following phases:
  - **Planning and direction.** With a couple of exceptions very little was done in terms of planning and direction. Within the support

functions the ad hoc requests for intelligence were planned to some extent. There was, however, no formal scoping of client requirements, aligning it with business objectives and focussing it to support critical decisions. This resulted in inadequate lead time to create competitive intelligence products or a trade off in terms of the quality of the output. The existing focus within the research entities was on high-level trends whilst most business units did not have a dedicated function to plan and direct a process to create competitive intelligence to support business decisions. No single view, for example, existed within the business units in terms of their external information requirement. There was also no planning forum or mechanism to prioritise and coordinate the competitive intelligence effort within the company or the specific business unit.

- o **Collection.** Although access to the “public” information sources was well covered it was not utilised cost effectively. Prior to the audit there was no single view of the company’s access to external information sources. There was a definite requirement to align the information and library service’s current access to sources of information with the competitive intelligence process and market the capabilities and content focus of these sources within the competitive intelligence system. It was important to extend the library’s capability to the competitive intelligence analysts and leverage the skills of the library personnel to the advantage of the competitive intelligence system. Competitive

intelligence analysts also had limited access to public information on their computer desktop. Most role players indicated the requirement for self help in terms of information searches. Subject specific sources were well covered within the support functions whilst the business units' access to public sources was severely restricted. However, the major shortcoming in terms of the collection process was the inability to leverage sourcing capabilities located throughout the company, these included network contacts. The business units and to some degree the support functions had access to vast amounts of information obtained from "non public" sources. There was, however, no formal process or system in place through which this information could be channelled. The company was also not exploiting its alliance partners' access to information. The overlaps pertaining to collection resided primarily in the access to sources of information. This, however, was not a major concern as it had no major cost impact. The biggest concern was related to the fact that there was no single view of what information were available where within the company. The result was that more than one entity could purchase the same information from a service provider. This is especially applicable for on-line service providers such as Lafferty, Economist Intelligence Unit and Gartner, where specific reports were purchased.

- **Analysis.** The biggest gap pertaining to analysis was the fact that there was a very limited capability to analyse external information within the various business units. This has led to a situation where analysis of business unit related aspects were done on a “corporate” level with the following implications:
  - Company structures did not always have the capacity to assist all the business units resulting in some projects being turned down or long delays being experienced in dissemination.
  - Analysts on the “corporate” level weren’t always in touch with business unit requirements and processes, resulting in time delays to understand the business and exact requirements. In other cases the output did not always meet the requirements of the business units. In addition the information available within the business unit wasn’t always available to analysts.
  - Because the business units weren’t part of the process the output did not always have legitimacy or high value within the business unit.
  
- **Dissemination.** It was accepted that each of the current entities analysing the external environment disseminate reports to meet specific requirements within a specific context, therefore there are no real gaps and overlaps in terms of dissemination. An aspect which needed to be addressed,

however, was a shift to more pro active dissemination of competitive intelligence products as opposed to the ad hoc investigations and reviews. As a result of the overlap in the content focus within the different entities it can also happen that analyses can differ within the company on the same topic or that different entities use different data or information (on the same topic) to base the analyses on.

The information audit provided a fact base and foundation, impacting on the design of an implementation strategy for a competitive intelligence function. It identified the following criteria to be taken into account when designing such a function:

- The need to leverage from the total capacity of the company. Any process implemented needs to address the interaction between business units as well as between specialist functions and business units.
- Central control and governance are essential in terms of providing policies, procedures, guidelines and standards for the process.
- A strong focus must be on actioning the available competitive intelligence, the output of the process need therefore be integrated with the existing decision making process and mechanisms in the company. The competitive intelligence effort also needs to support specific business objectives.
- The "system" needs to support strategic as well as operational and tactical decision making. The current capability only catered for

the strategic component to some extent, therefore emphasis should also be placed on the daily operational scanning of the environment and integrating these developments into the decision making process – need for an early warning system.

- The process needs to cater for the continuous updating of business requirements, as well as prioritising of requirements based on changing business objectives.
- The process needs to support the cost effective utilisation of external information sources as well as leveraging from the comprehensive internal knowledge base.
- Analysis needs to draw from the total capability vested in the company; business units need to be part of the analysis process so as to leverage from business unit insight as well as early adoption of output.
- Dissemination needs to cater for both a “push” and “pull” functionality where intelligence are pushed towards end users to ensure timely response but also creating the functionality for users to “pull” relevant information from a central base.

### **6.3.2 Best practice research**

The company reviewed existing best practice relating to competitive intelligence in order to gain additional insight related to lessons learned. As chapter 5 also reviewed best practices it will not be dealt with again within this chapter.

### 6.3.3 Company culture and operating model

A third consideration, in addition to the audit and best practice, was a review of the existing business operating model and culture within the company, as this would impact on how individuals and entities would interact with each other and with information. In addition it provided a view off the existing decision making processes and mechanisms in the company which would constitute the primary clients for the output of any competitive intelligence programme.

The company's operating model consisted of customer facing elements which cater for sales and delivery channel solutions; these are being supported by specific market segment areas and specialist product development areas. In addition there are a number of company specialist functions such as Group Marketing which supports the customer facing elements as well as the segment and product areas. The mentioned product and market segment components functioned as separate business units. More importantly, however, was to understand the decision making process within this operating model. Key to this process was the establishment of decision-making forums to ensure integration across a number of specialist areas. In order for these forums to make sound decisions it is vital to supply these forums with relevant, accurate and timeous intelligence of which competitive intelligence was one such component. In developing a competitive intelligence programme it was important to build on this "matrix management"

concept and also utilise it as a key component of the competitive intelligence process.

### 6.4 DEFINING THE “END STATE” OF THE COMPETITIVE INTELLIGENCE PROGRAMME

Based on the three primary inputs, namely the information audit, best practice and the company’s operating model and culture it, was decided to proceed with the implementation of a competitive intelligence programme. The first step in the process was to define the end state (what does good look like) in relation to what needed to be achieved over time. It was decided that the programme needs to enhance or develop four components, depicted in table 2.

**TABLE 2: COMPONENTS OF COMPETITIVE INTELLIGENCE PROGRAMME “END STATE”**

Ser No	Component	End State
1	Improved access to competitive intelligence	An information supply chain capable of rolling up all relevant and accurate data and information to one command source for a single enterprise view.
2	Enhanced insight based on understanding of the competitive environment	A dedicated capability in place to provide, integrated, pro-active, actionable fact based intelligence in support of decision making on different levels drawing from the collective resources of the company.
3	Enhanced application of competitive intelligence	Institutionalised decision making mechanisms committed to and equipped with relevant intelligence and tools to ensure action is taken based on the available competitive intelligence.



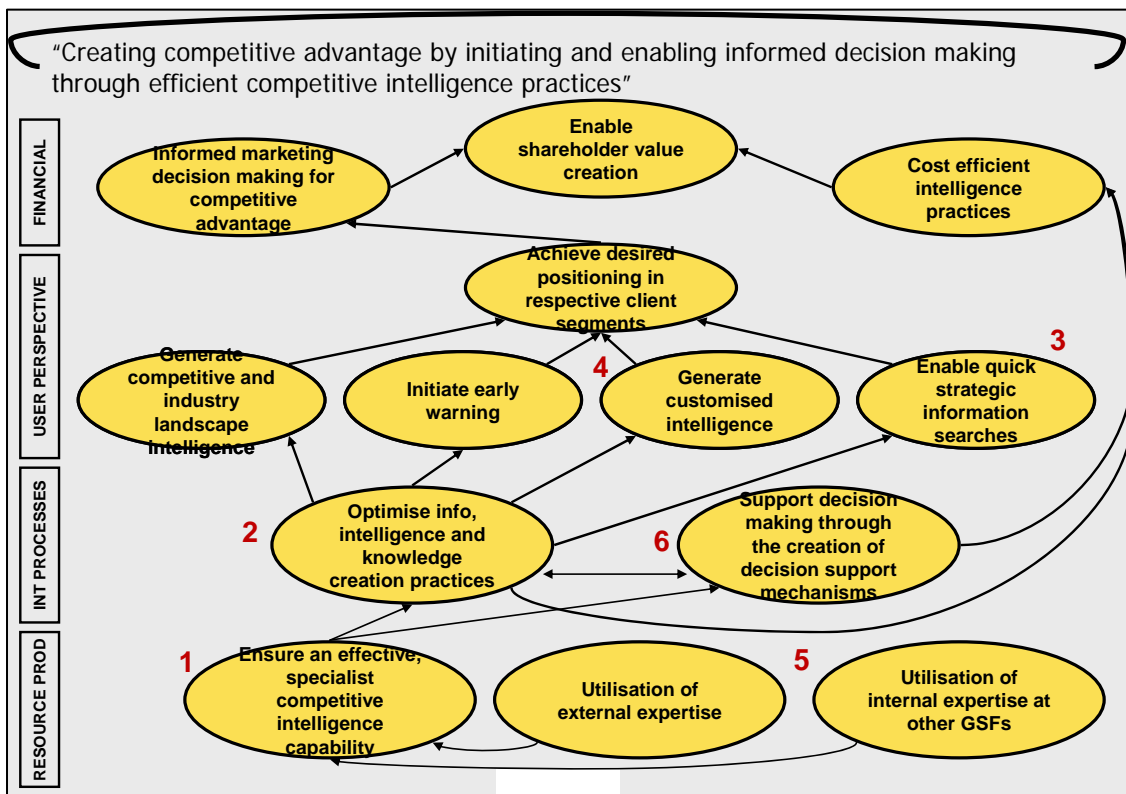
Ser No	Component	End State
4	Sufficient governance	A governance model in place which governs the different components of competitive intelligence and aligned with the company's operating model

Source: Based on internal company documentation and interviews with different stakeholders

## 6.5 IMPLEMENTATION STRATEGY

Once the end state was determined the company needed to formulate an approach for implementation (implementation strategy) to reach the set objectives. This can almost be compared to some sort of high level project plan, indicating what must happen when, in order to achieve the end state. It must be remembered that competitive intelligence or elements of competitive intelligence were always practiced (to some degree), so the objective with the programme was not to re-invent the wheel but rather to draw on the existing resources and pockets of excellence that existed in the company. Figure 14 illustrates the approach taken by the company to establish a competitive intelligence capability. This framework will also be utilised to investigate the detailed components associated with each of the steps. The figure illustrates the different components of the implementation strategy with their respective links and interdependencies. It also links to the appropriate business and financial objectives of the company. The sequencing of the implementation is indicated by the numbers and the same sequence will be utilised to explain the different components. The information that constitutes this section was obtained via insights obtained from company documentation, unstructured interviews and observations.

FIGURE 14: COMPETITIVE INTELLIGENCE IMPLEMENTATION PLAN



Source: Fouche (2005:9)

The sequencing of events was considered critical in achieving the objectives of the programme as it was critical to deliver value to the business as soon as possible. The strategy map (figure 14) explains this sequence and indicate the approach taken (Fouche 2005:9);

- The first objective was put in place an effective specialist capability implying that some basic resources were required to lead both the implementation process and at the same time deliver some key competitive intelligence outputs (reports) to prove value.
- Once the resources were in place these resources implemented a "formal" process (Competitive Intelligence Cycle) to ensure consistent information collection, analysis and dissemination

practices thus optimising the intelligence and knowledge creation processes.

- The third step (which was considered a quick win) was to leverage from the existing information and intelligence already being produced within the company. The objective was to co-locate this information or intelligence and make it available through a central access point; thus improving the company's access to competitive intelligence. This would allow clients to do quick strategic information searches to locate relevant information. Enabling technology was key to achieving this objective.
- The first three steps were critical to illustrate early value to the company and once these components were in place the objective shifted towards addressing the specific needs of different clients through tailored outputs; thus enhancing and expanding the "service offering" to company clients.
- The next step in the approach was to supplement the basic resources with internal and external specialists to address specific gaps and expand on the capability of the competitive intelligence team.
- The final component focused on linking these tailored outputs to the key decision making mechanisms and to ensure that the competitive intelligence output was embedded in the decision making process within the company.

This chapter will continue to describe in more detail some of the key components of this strategy to illustrate the specific approach taken by the company.

### **6.5.1 Ensuring an effective specialist competitive intelligence capability was in place with sufficient governance**

The first step in the company's implementation strategy was develop an dedicated competitive intelligence capability. Key to this step was to decide on an appropriate governance model that would suit the company and thereafter obtaining the key resources to ensure effective implementation of the strategy. In terms of the governance model there were three alternatives available, namely to follow a centralised, decentralised or a hybrid of these two models. Based on the audit, company culture and best practice research the company decided to follow a hybrid model approach. This implied centralised control and co-ordination whilst leveraging from the total (decentralised) capability of the Company. The advantages of this model were considered to be the following:

- It ensures a focussed effort.
- It ensures that competitive intelligence forms an integral part of the decision making process within business.
- It ensures decision makers' requirements are met (in touch with requirements).

- It provides a capability to leverage resources and skills throughout the enterprise.
- It provides a “face” to the competitive intelligence function throughout the company.
- It ensures that communication with users is easier.
- It makes provision for formalised standard procedures and formats.

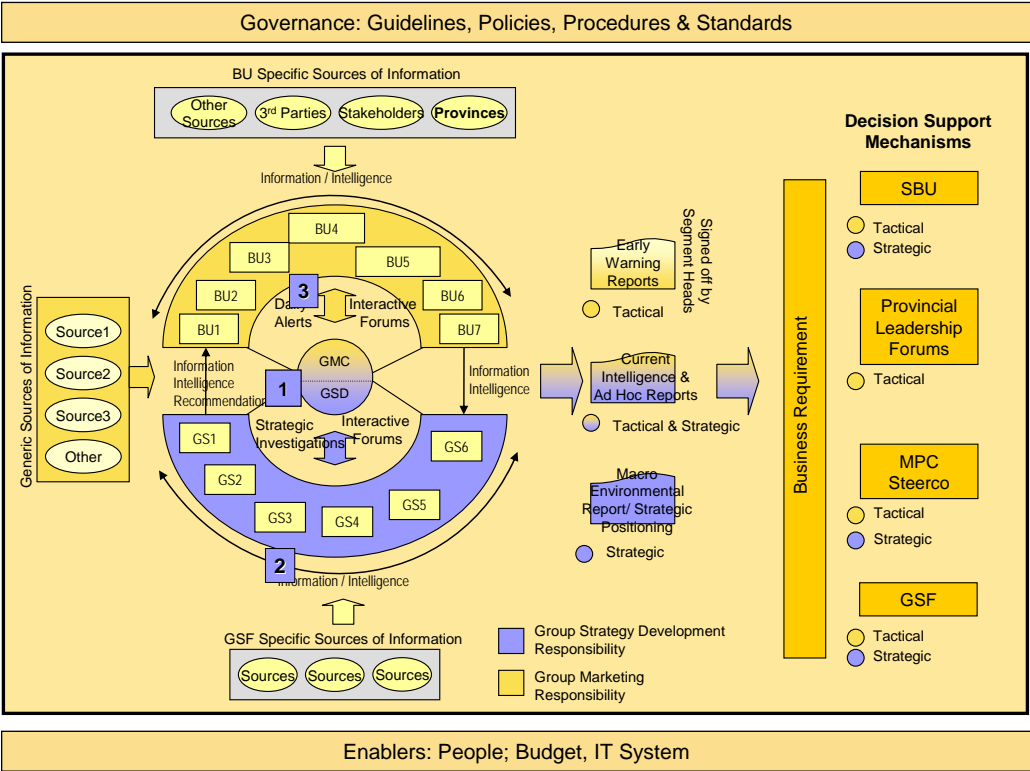
Disadvantages of the model were considered to be the following:

- The Competitive Intelligence Centre has no control over the competitive intelligence functions within the Company Specialist Functions or Business Units and has to rely on their cooperation to ensure success.
- The degree of collaboration required to make this successful is high.
- There were different views and visions for competitive intelligence within the Specialist Functions and Business Units.
- The ability and willingness of Specialist Functions and Business Units to commit resources to the competitive intelligence system were questionable.

The requirements of the primary clients were used to develop the competitive intelligence governance model to provide the required services. The competitive intelligence governance model illustrated in figure 15, on page 110, indicates the various role players and their relationships pertaining to competitive intelligence. The model emphasises decentralised conduct of competitive intelligence but with central control and coordination. The main consideration leading to this

model was to maintain the expertise situated within the various support functions and business units but ensure, through central control, an enterprise focus and a capability to leverage all resources and skills within the enterprise.

FIGURE 15: COMPETITIVE INTELLIGENCE MODEL



Source: Company internal documentation.

The model can be explained as follow:

- Annotation 1.** At the centre of the competitive intelligence governance model is the *Competitive Intelligence Centre* which acts as a ring master responsible for the coordination of subject specific content, ensuring a business focus and coordinating source management, information management and information technology supporting the competitive intelligence system. Because of the nature of the company's operating model this

function was split between the Strategy Division which interacted with the specialist functions and the Marketing Division which interacted with the business units. For the purposes of this study the focus will be on the role of the competitive intelligence centre as it relates to the role which the Marketing Division fulfilled. The responsibilities of the Centre are primarily directed at the coordination and integration of the company's competitive intelligence system which involve the following;

- Develop and monitor compliance to policies and procedures pertaining to collection, storing, processing, analysis, dissemination, access control and intelligence classification.
- Coordinate maintenance of enterprise and subject specific competitive intelligence designs.
- Coordinate content of network linked specialists and generic intelligence repositories and information databases.
- Coordinate the required IT infrastructure for competitive intelligence repositories, information databases and networks.
- Coordinate single entry point and meta data on competitive intelligence and information.
- Manage all generic information sources, including printed media and electronic services.
- Management of generic competitive intelligence.
  - Collection and source management.
  - Storing and maintenance of data.
  - Analysis of integrated intelligence.

- Provide customised intelligence products on generic requirements.
  
- **Annotation 2.** According to the company's operating model it has a number of *specialist units* such as Information Management, Information Technology, Economic Research and Marketing to name a few. Most of these specialist units have a research or analytical capacity within their own field of expertise which needed to be harnessed (it was not considered an option to establish a large centralised unit). The role of the specialist functions in relation to competitive intelligence is primarily related to the management of subject matter specific competitive intelligence which entails the following:
  - Maintaining subject specialist intelligence design.
  - Sourcing of subject matter specific information and management of subject specific sources.
  - Storing and maintenance of subject specific data on the linked competitive intelligence architecture.
  - Generating subject specific intelligence products.
  - Disseminating of subject specific intelligence products
  
- **Annotation 3.** Information and intelligence need to be applied within a specific business context; the competitive intelligence model recognised that the best place to take ownership of its application is within the *business unit*. The business units therefore



also have a responsibility to source, analyse and disseminate information pertaining to their own area. To co-ordinate this function within the team and to ensure accountability, a competitive intelligence champion was assigned within each business unit. The responsibilities of such a champion relates to the co-ordination of the competitive intelligence system within the Business Unit (BU) and the conduct of competitive intelligence pertaining to the BU. Specific roles include the following:

- Assess user or decision-maker requirements.
- Maintain BU specific intelligence design.
- Sourcing of BU specific information and management of BU specific sources.
- Route requests for non-BU specific information to competitive intelligence centre or specialist intelligence cells.
- Maintain BU specific current intelligence.
- Storing of BU specific current intelligence on the linked competitive intelligence architecture.
- Disseminate intelligence products.

### **6.5.2 Ensuring there is a common underlying process to support the governance model**

As the CI model makes provision for the decentralised creation of competitive intelligence, the success of the coordination and integration process will be determined, to a large extent, by a common process

utilised within each of the units responsible for supplying competitive intelligence. The process advocated in the company is generally referred to as the competitive intelligence cycle (see figure 8 on page 55) and is the standard process applied in most companies. It is also based on research methodology in general and would therefore not differ too much from the existing practices within these competitive intelligence cells. It implies that there are 4 phases in creating competitive intelligence namely a phase involving planning and direction, the collection or sourcing of relevant information, the analysis of this information to create intelligence and a dissemination phase where a competitive intelligence product gets disseminated to a client.

Within the company guidelines, policies, procedures and standards were issued for each of the phases of this cycle. This ensured improved access, better quality insight and actionable intelligence in support of business relevant decisions. In terms of the approach for implementation, each of the components of this cycle was addressed to ensure an enhanced competitive intelligence capability. Once the governance model was in place the first objective was to improve the access to relevant and accurate competitive intelligence.

- **Understanding the business requirement.** One of the key criteria, which ensure an effective competitive intelligence system, is a focussed approach. The suppliers of competitive intelligence need to focus on supporting decision-making. Competitive intelligence is not an information service assisting personnel to source information.

It is geared towards the goals and objectives of the clients. It is therefore vital to understand the business requirement on different levels of decision making. The following main considerations were utilised to map the business requirements:

- o Determine who the users of competitive intelligence are.
- o Ensure a clear understanding of the user's needs, including his or her time constraints. Understand what the intelligence will be used for and why it is needed.
- o Design information requirements around goals, objectives and critical success factors of the user. Users don't often respond well when confronted with "what are your requirements for information?"
- o Establish a collection and analysis plan. Depending on the time available and the intelligence items requested, set up a plan outlining what information should be collected. Formulate your brief from the user into a problem statement or question, test it with the users; this will ensure that relevant information is collected.
- o Keep the user informed. Test your plan with the user. Let him or her know what is possible and what is not possible, the time frame and resources required to do the job.

Based on these guidelines an integrated competitive intelligence framework was developed reflecting the company's key business

questions on strategic, tactical and operational level. Examples of these questions on the different levels were;

o **Strategic level.**

- What new innovations are and will influence the environment?
- Who are playing in those markets?
- Who are the leaders and why?
- What are the competitors' primary strategic thrusts?
- What drives the key competitors (its future goals; assumptions)?
- What are the competitors current strategies and capabilities?
- Are the key competitors satisfied with their current position?
- What likely moves and strategy shifts will the competitor make?
- Where is the competitor vulnerable?

o **Tactical level.**

- How are competitors positioning against our targeted market segments?
- What are the key events originating from the external (PESTL – Political, Economic, Social, Technology, Legislation) environment which will impact on the current planning cycle?

- **Operational level (Regular tracking requirement).**
  - Does the company dominate the competitive space in terms of strength of brand?
  - Does the company dominate the competitive space in terms of customer service?
  - Does the company differentiate itself in the market place in terms of customer experience?
  - Does the company differentiate itself in the market place based on its product offering?
  - Is the company on par with competitors when it comes to pricing?
  - Is the company marketing message reaching the targeted audience and is it achieving the desired results?

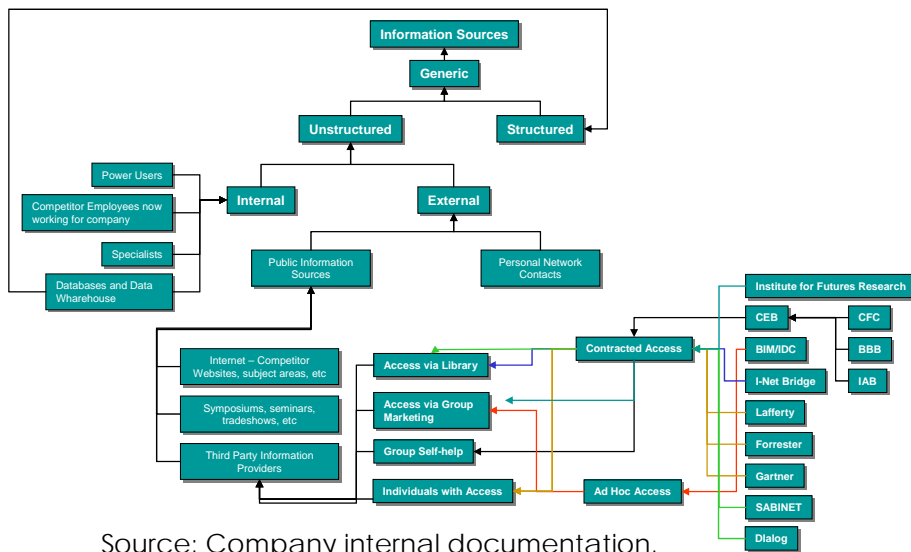
Once the requirements were mapped, a collection plan was compiled to ensure the sources of information were in place to deliver information against this requirement. As the competitive intelligence governance model was a federated (hybrid) model it was important to assign roles and responsibilities pertaining to the delivery of information.

- **Sourcing or collecting relevant information.** Collection or sourcing as it is often referred to involve obtaining information relevant to your collection plan that will be turned into usable and actionable intelligence. Information sources are usually classified according to primary and secondary sources. Primary sources are unadulterated

facts from the source. Secondary sources offer altered information. What separates primary from secondary material is that primary material is raw, unchanged, and usually in its entirety, while secondary sources have been selectively pared from larger information sources or altered by opinion. In the case study company, as in most companies, both entities are used extensively. However, as the competitive intelligence model is based on a federated approach it is important to understand the various responsibilities pertaining to collection or sourcing and the different sources involved. Figure 15 on page 110 (The Competitive Intelligence Model) indicates that access to sources of information is dependant on the nature of the source. There will be subject specific sources, such as market research, which are managed by the subject specialist, and there might also be business unit specific information, such as access to the deeds office database from a home loan perspective.

The company's competitive intelligence model promotes decentralised ownership of these sources but centralised ownership, through the competitive intelligence centre, of generic information. Generic sources of information are classified as sources which can be applied across more than one subject area or business unit. The competitive intelligence centre is responsible to manage the company's access to these sources. Figure 16 provides a classification of generic sources.

**FIGURE 16: COMPETITIVE INFORMATION SOURCE CLASSIFICATION**



Source: Company internal documentation.

Figure 17 provides an example of how available sources were evaluated in terms of content focus and functionality to determine best mix in terms of generic information sources (suppliers).

**FIGURE 17: SOURCE EVALUATION**

Business Requirement Criteria	Source Evaluation									
	I-net Bridge	IFR	CEB	BMI	IDC	Lafferty	Gartner	Forrester	Dialog	
<b>Local Content</b>										
News Related	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗
Company Info	✓	✗	✗	✗	✗	✗	✗	✗	✗	✓
Trends = Best Practice – Financial Industry	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Influencing environment										
> Economic	✓	✓	✗	✗	✗	✗	✗	✗	✗	✓
> Socio Political	✓	✓	✗	✗	✗	✗	✗	✗	✗	✓
> IT	✗	✗	✗	✓	✗	✗	✗	✗	✗	✗
> Market	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
<b>International Content</b>										
News Related	✗	✗	✗	✗	✗	✓	✗	✗	✗	✓
Company Info	✗	✗	✗	✗	✗	✗	✗	✗	✗	✓
Trends = Best Practice – Financial Industry	✗	✗	✓	✗	✗	✓	✗	✗	✗	✓
Influencing environment										
> Economic	✓	✗	✗	✗	✗	✗	✗	✗	✗	✓
> Socio Political	✓	✗	✗	✗	✗	✗	✗	✗	✗	✓
> IT	✗	✗	✓	✗	✓	✗	✓	✓	✓	✓
> Market	✗	✗	✓	✗	✗	✓	✗	✗	✗	✓
<b>Process</b>										
Group Wide Access	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗
Full Database Access	Extra Cost	✓	✓	✗	✗	✗	✗	✗	✗	✗
Ability to transfer	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗
Interpretation	✗	✓	✓	✓	✓	✓	✓	✓	✓	✗

Source: Company internal documentation.

In summarising, the responsibilities, related to sourcing of information as per the governance model, were as follow:

- **Competitive Intelligence Champions (In both specialist units and business units).** Competitive intelligence champions are responsible to obtain and maintain access to the following sources of information:
  - **Subject or business specific on-line service providers, associations and research organisations.**
  - **Personal contact network.** It is also their responsibility to maintain a personal contact network (formalised) pertaining to their area of concern. The competitive intelligence cell must make this source map available to the competitive intelligence centre, however, they maintain the access and utilisation of these sources.
  
- **Competitive Intelligence Centre.** The competitive intelligence centre will obtain access to and maintain the following sources:
  - Generic on-line service providers, associations and research organisations.
  - Network of internal expertise including personnel previously employed at competitors.



- It is also the responsibility of the competitive intelligence centre to maintain a company source map.
  
- **Interpretation of information.** The competitive intelligence governance model (see figure 15) proposes that the responsibility for interpretation of information on the external competitive environment is decentralised and lies within the different subject areas or business units. There is a dual focus in terms of interpretation with one component analysing different subject content whilst the business units provides relevant business expertise to place different subject matter in context for the specific business unit. It was decided that the Group Marketing Division will co-ordinate analysis between business units whilst Group Strategy Development would liaise with the different specialist units. The responsibilities associated with interpretation relate to *evaluating* information sources in terms of relevance, accuracy and priority, to *collate* information according to pre-determined profile and to *interpret* information with the view of adding value. Once this process has been completed the analysts has converted various elements of information to intelligence. Although the competitive intelligence centre could not prescribe to the different analyst in this regard it was, however, important to have a clear view of the different content responsibilities pertaining to analysis.
  - **Service requirement from different clients.** The intelligence audit done by the competitive intelligence centre has

confirmed that the major clients for intelligence will be the decision makers on both the corporate and business levels. An overview of their high level requirements for a competitive intelligence service indicates the following:

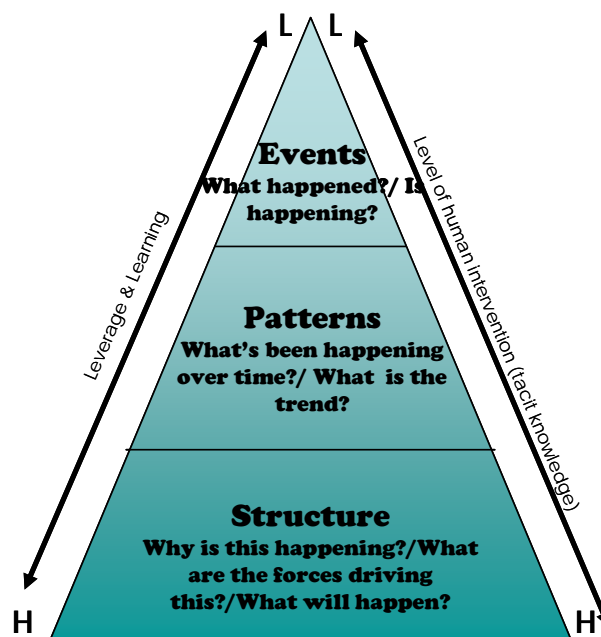
- Need to provide decision makers with a regular overview of the external environment.
  - Need to provide a forecast of the future competitive environment.
  - Need to identify threats and opportunities for Company or SBU originating in the external environment.
  - Need to provide customised research on request.
  - Need to provide quick and easy access to relevant *information* on the competitive environment (Information service)
- **Role clarity.** In order to ensure the above-mentioned service is available at different levels it is important to be aware of who is responsible for what (content) in terms of the analysis of information. It will also assist in locating relevant information within the company competitive intelligence System. Appendix B on pages 190 to 196 gives a high level indication of the different content responsibilities for analysis, between the different role players.

- o **Analytical tools.** The competitive intelligence centre was not prescriptive on the use of certain analytical tools or methodologies as it is dependant on the requirement and the objective of the analysis. It was, however, noted that the ability to utilise advanced analytical techniques will be critical to the success of the programme. At the time, skills in this regard were limited and mostly restricted to the use of SWOT analysis, competitor profiling and utilising Porter's Five Forces Model. It was the responsibility of the competitive intelligence centre to introduce new techniques appropriate to specific requirements.
  
- **Dissemination of intelligence.** Once the user requirement was documented and understood, the collection of information based on the requirement was taking place and a system was available to collate the information and assist with the analysis, the focus shifted to the analysis of the information and the dissemination of competitive intelligence reports. The objective was to provide both a re-active and pro-active service in support of the business requirements. This phase of the implementation was critical as it focussed on the content required for decision making. Initially the competitive intelligence centre took the lead in the compilation of these reports as it was important to prove return on investment, demonstrate the capability and assist with growing the maturity relating to competitive intelligence. The competitive intelligence

dissemination strategy was based on the following building blocks (illustrated in figure 18 on page 124);

- **Tracking events.** This is a continuous environmental scanning process to determine what happened or is happening.
- **Determining patterns.** Once a process was in place to track the events it was important to determine what has been happening over time (trends).
- **Determining the underlying structure.** Once the patterns were identified the focus must shift to understanding the underlying structure; why are the patterns manifesting, what are the forces driving this and what will happen next are key questions to be answered during this phase.

FIGURE 18: BUILDING BLOCKS FOR DISSEMINATION



Source: Based on internal company documentation and interviews with different stakeholders

### 6.5.3 Improving access to competitive intelligence

The ability to not only access relevant and accurate competitive intelligence but also to integrate the intelligence from disparate sources into a single view was considered critical to the future success of any competitive intelligence system. In improving the company's access to competitive intelligence it was decided to focus on understanding the business requirement for competitive intelligence on different levels of application. This meant ensuring that an information collection plan was in place to deliver against the business requirements. This plan also provides a single access point to all relevant competitive intelligence that exists throughout the company. The company already had a whole range of resources delivering information for decision making and the objective was therefore also to align these resources to deliver against the requirements.

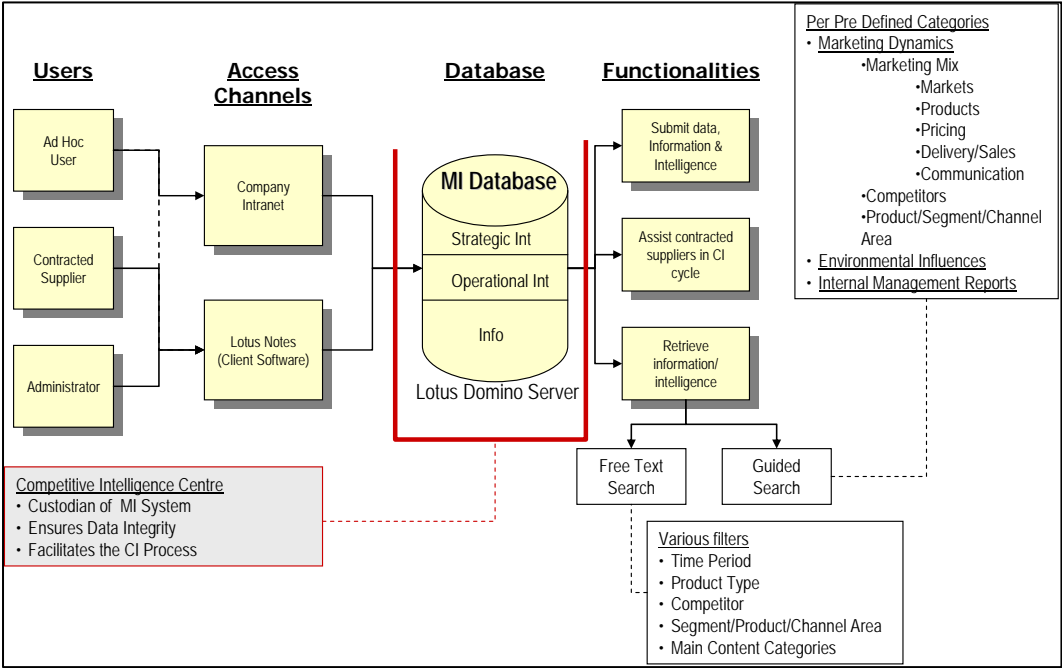
In terms of the competitive intelligence programme objectives one of the quick wins that were identified was to collate all relevant existing information and intelligence into a central database and make it readily available to all users. The Marketing Intelligence System or MI system was developed to support the competitive intelligence process and although it was originally aimed at only the marketing community (due to the pilot phase of the programme being implemented in Group Marketing), it became the nodule point for available information and intelligence on the external environment within the Company. In developing the

Marketing Intelligence System the following high level and added value considerations were included in the functional specification of the system:

- **High level considerations:**
  - Simple, practical quick implementation.
  - Single Entry Point for information or intelligence relating to the competitive environment.
  - Must be compatible with existing and planned company IT architecture.
  - Ability to link and synchronise different role players.
  - Cost effective.
  - Easily accessible and quick find.
  - Ability to accommodate security.
  - Must be designed within the current limitations of hardware, bandwidth and server capacity in mind.
  
- **Added benefits:**
  - Means to do quality control.
  - Security or access control.
  - Version control.
  - Identity control.
  - Manage expiry and review dates.
  - Management information.

The system that was developed can probably best be described by means of utilising a diagram to explain its functionalities (see figure 19).

**FIGURE 19: OVERVIEW OF THE MI SYSTEM**



Source: Based on internal company documentation and interviews with different stakeholders

The following aspects of the MI System explain its function:

- **Users.** The MI system distinguishes between three types of users.
  - **Ad hoc users.** These are users who (as the name suggest) use the MI system on an ad hoc basis to either search for intelligence or information or to submit information or a report.
  - **Contracted suppliers.** Within the model there are a number of contracted suppliers of intelligence (specialist functions and competitive intelligence champions). As part of their performance measurement they are expected to source,

collate, interpret and disseminate information pertaining to the environment. Besides using the system to submit and retrieve information, they will also utilise it to register and plan intelligence projects and manage the data integrity of the information on their area of responsibility.

- **Administrator.** The administrator's function is to manage the MI system, this includes overall responsibility for data integrity, the flow of information onto the system ensuring information is cross-indexed, and marketing of the system.
- **Access channels.** Access to the system can be obtained in the following ways:
  - **Intranet access.** The MI system can be accessed via the company intranet. This enables every employee with access to the intranet to access the system. Because the system will not be able to identify the person, this access is primarily aimed at the ad hoc user. The only requirement is browser software to be installed on the personal computer (PC). (Already available for most Company employees)
  - **Lotus notes access.** Access can also be obtained through Lotus Notes client software if installed on the PC. Contracted suppliers and the administrator have access to the MI system through Lotus Notes as it provides them with additional functionality not available through the browser interface.



- **IT architecture.** Information on the system is stored on Lotus Domino server software and is collated on a dedicated intelligence database. Provision has been made to distinguish between information and intelligence. Information being unevaluated pieces of data whilst intelligence is considered as information which went through a process of evaluation, collation and interpretation and therefore converted to intelligence. The system has a built-in approval cycle through which the administrator ensures the integrity of the information or intelligence.
  
- **Functionalities.** The primary functionalities can be described as follows:
  - **Submit information or intelligence.** The system makes provision for company personnel with access (either through the Intranet or Lotus Notes) to submit information or intelligence. It will, however, distinguish between ad hoc users and contracted suppliers where the administrative component related to the ad hoc user is kept to the minimum.
  
  - **Retrieve information.** The MI system enables the user to retrieve information or intelligence by means of the following:

- **Advanced search.** This is a free text search facility with added functionality to link it to specific filters. Similar to most search engines on the Internet.
  - **Guided search.** This function guides the user to the relevant information through various category options linked to the environmental dynamics. The user will “drill down” within pre-defined categories to retrieve the relevant information.
- **Functionalities associated with contracted suppliers.** Additional functions were built in to assist the contracted suppliers of intelligence with the competitive intelligence process; these include the following:
- **MI projects.** It provides the opportunity to register new Intelligence Projects and to scope these projects. The aim of this function is to have a single access point to all MI requirements throughout the Marketing Division. It also provides the opportunity for the competitive intelligence centre to manage sources of information to meet these requirements and enables pro active sourcing. In addition the system provides a view of all past projects with associated outcome (report) and all other associated documentation (evidence trail). This function also enables the administrator and suppliers to manage the planning related to current projects.

- **Competitor profile.** The MI system provides quick access to a basic competitor profile with views of specific information categories such as salient features, branding and communication. The aim of this is to provide a quick reference to basic competitor information.
  
- **Responsibility view.** The MI system's database has been designed according to a specific content structure. Responsibility for information has also been assigned to the various contracted suppliers according to this content structure. The system provides a view of the information on the database per area of responsibility or accountability. This provides the contracted suppliers with the functionality to view all information or intelligence on their specific area of responsibility. This will assist them in determining new submissions and a single view of their area of responsibility.
  
- **Submitted by view.** As mentioned, every employee with access to the system can submit information. The system provides the opportunity to view all information per person submitting the information or intelligence. This will help the administrator to monitor the flow of information into the system and therefore identify areas of concern and the overall utilisation of the system within the Company.

- **Expert view.** The system provides the option to view the contact details of all the contracted suppliers. The enables the user to contact the relevant person when required.
  
- **Functionalities associated with administrator.** The system provides the administrator with some additional functionalities which include the following:
  - Ability to manage and adapt the content structure (taxonomy) of the database.
  
  - Ability to manage and adapt all “pick lists” such as individual competitors.
  
  - Ability to set expiry or review dates on information or reports.
  
  - Ability to delete submissions from the database.
  
  - Ability to add to the expert list.
  
  - Ability to place a notice on the intranet notice board.
  
  - The administrator manages the approval cycle and therefore the system will route all submissions to the administrator who will then “publish” it on the system.

#### 6.5.4 Developing tailored outputs meeting specific requirements

This chapter already alluded to a dissemination strategy which formed the foundation of dissemination of competitive intelligence outputs to various clients. Within the implementation approach it was, however, also a specific focus to ensure a full range of outputs was delivered over a period of time. The objective was also to systematically introduce these outputs over time to consistently demonstrate value over time. Initially the focus was on outputs which required minimum analysis (alert service) to create the awareness and to supplement these (once the resources were in place) with more “added value” reports which required more advanced analysis. The company’s basic competitive intelligence product range is as follow:

- **Competitive intelligence alert.** Competitive intelligence alerts are the first in a series of outputs. Its aim is to alert clients to critical developments within the industry – thus focussing on events. There is very little analysis associated with these alerts as it is aimed to inform stakeholders of developments as it happen. It is disseminated via email to the competitive intelligence champions within the relevant business units who will disseminate it to key stakeholders within the business.
- **Current intelligence reports.** These reports are the result of the environmental scanning process. Once an alert has been issued,

depending on the relevance and urgency, a Current Intelligence Report will follow the alert – thus also aimed at events. The objective of the Current Intelligence Report is to source all relevant information relating to the issue, collate it and interpret it in order to provide context and an opinion of expected (future orientated) developments. These reports are compiled both pro-actively, where reports will be pushed to stakeholders and re-actively where it will be done on request of a client. The emphasis is on current developments, thus analysing developments as and when it occurs. The structure of the report caters for a summary of the event, an interpretation and a view of what is expected to happen in the future.

- **Intelligence estimate or review.** These products are produced at regular intervals and can differ in nature. It is aimed at analysing the events over a period of time to understand the underlying trends. These reports also formed the basis for the Company's Early Warning Intelligence and are compiled for each business unit.
- **Strategic investigations.** These are competitive intelligence reports created to meet specific requirements (Ad Hoc), it is normally reactive in nature or the result of a requirement to further investigate an event. It is an in-depth investigation on a specific topic or issue aimed to understand the underlying structure (reason for manifestation) to a trend or issue.

These reports form the building blocks of the competitive intelligence outputs. It must be remembered that although these reports could be considered as written reports, in some cases (from a review and strategic investigation perspective especially) these reports are supplemented by face to face briefings to the clients.

### **6.5.5 Linking internal and external expertise to the existing competitive intelligence capability**

Being part of a large corporate the competitive intelligence team realised they have access to a vast amount of resources both within the company but also, through the company's alliances, to external partners. They set about identifying potential contributors to the process and started engaging with these partners on a regular basis. Internally these partners included various specialists residing in the different company specialist areas such as the economic and IT research departments. Externally these partners included some of the tertiary institutions, vendors and alliance partners within the country as well as research organisations.

### **6.5.6 Application: Ensuring effective decision making**

One of the key components when designing the competitive intelligence programme was to ensure that the intelligence should be acted upon. This proved quite a challenge as the model utilised relied on a number of

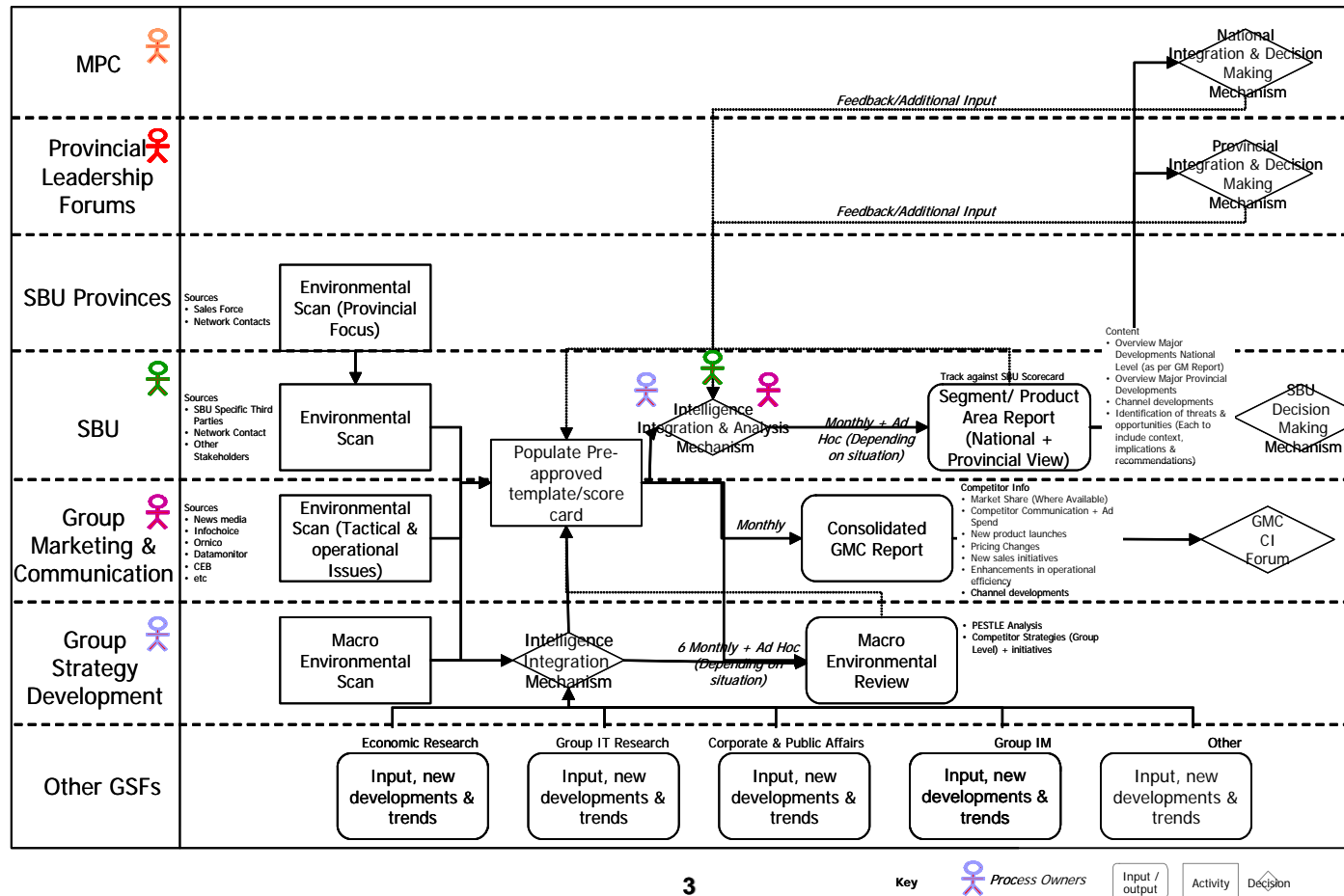
different content owners situated in both the Group Specialist Functions but also within the business units. The requirement was there to integrate the information from disparate sources into a single view (at business level or point of opportunity). This implied that information needed to be collated, synthesised and integrated to provide a single view to the client based on the joint understanding of a number of specialists. This process worked from the premise that decision-makers want recommendations as opposed to intelligence. The objective therefore was to facilitate a process with key business personnel to convert the intelligence into actionable recommendations before it reached the necessary decision-makers. The challenge was not only to replicate this across different business units but integrate the output to provide a view across business units for decision making within different company decision making mechanisms. In order to ensure actionable intelligence the following key steps were taken: ensuring role clarity in terms of responsibilities of different people in this process; creating an integration template to ensure that relevant intelligence is integrated at the right level to ensure sensible discussion around these issues; and implementing an integration mechanism to enable business insight which leads to the formulation of implications for and recommendations to business.

- **Ensuring role clarity.** Because of the nature of the competitive intelligence model that was implemented, it was essential that the different stakeholders knew what was expected and their respective roles in the process. A “swim lane” diagram was utilised to illustrate the different roles and how these roles complemented



each other. Figure 20 provides a high level indication of such a diagram utilised to clarify the roles and responsibilities of the respective stakeholders.

FIGURE 20: ROLE CLARITY TO ENSURE ACTIONABLE INTELLIGENCE

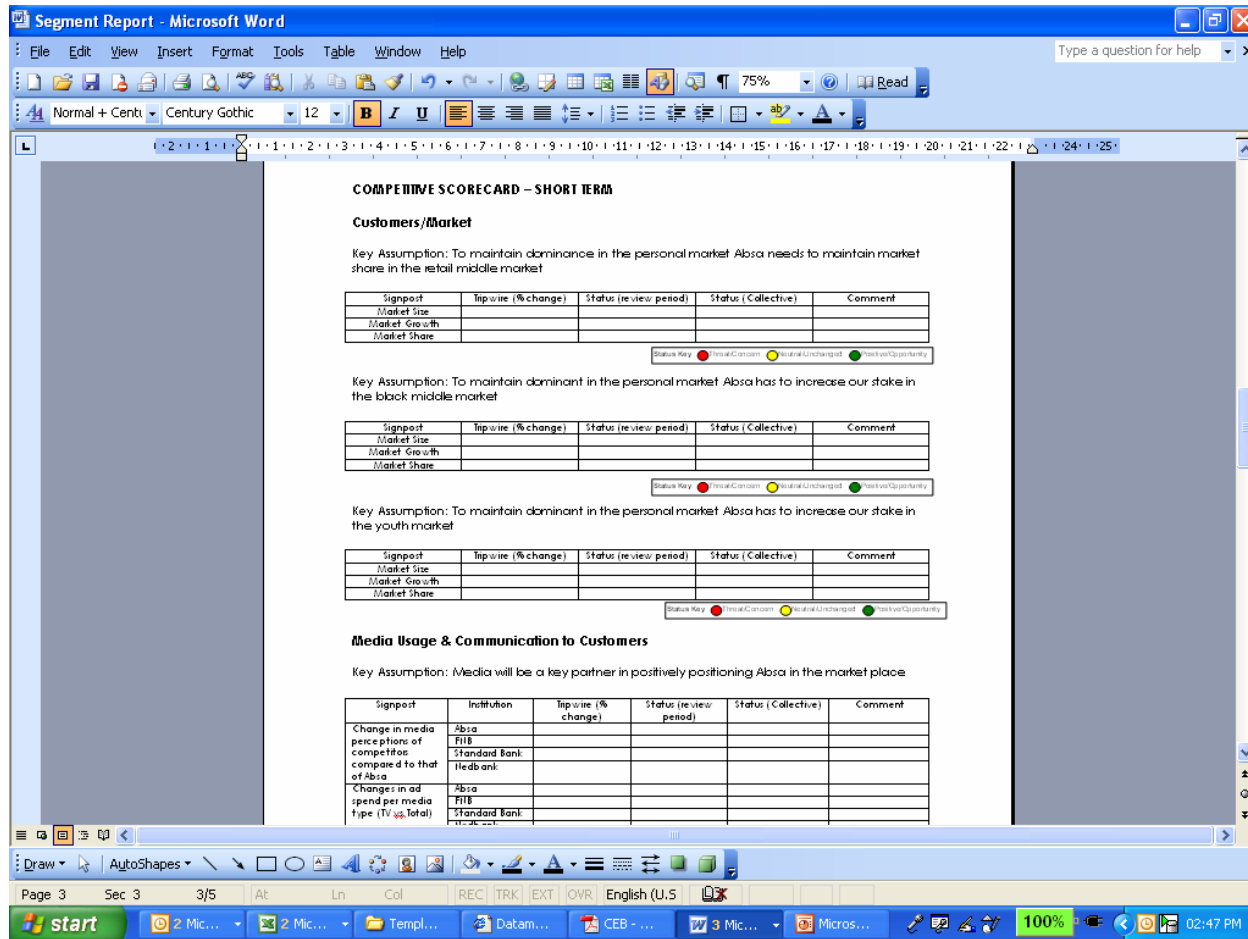


Source: Based on internal company documentation and interviews with different stakeholder

- **Integration.** One of the critical components within this process was to integrate information from disparate sources. It was essential that the integration reflects the key business drivers to ensure business relevance. To facilitate this an integration template was developed reflecting the key business drivers that contributed to the success of the business. This template comprised of two sections namely a tracking section where the identified drivers are individually tracked by an identified specialist. The second section provides an interpretation level where key threats and opportunities are identified and contextualised (based on the drivers being tracked) and recommendation made. This is essentially the output of the integration mechanism. Based on the tracking of the individual drivers, these drivers are also scored to provide a positioning of the company relative to the competitors. Figure 21 provides an example of how the individual measures are tracked – in this case market share and media usage and communication. It provides for a long and a short term view (indicator) which could be green (performing well or opportunity), yellow (neutral) or red (problem area or threat). It also provides the opportunity to link it to a tripwire (if applicable). The tripwire is a pre-defined “level of movement” to give an indication of when action is required. For example a tripwire of -0.5% could be linked to the market share indicator. This means if 0.5%

market share is lost over the pre-defined period then there is a problem and action is required. It must, however, be noted that not all measures are necessarily quantifiable and therefore tripwires would not be set for all measures. Determining the level of operational efficiency of a competitor is dependant on a number of factors and an indicator is usually assigned through consensus by the team. An added benefit of the tracking process is that a competitor profile matrix (figure 22) can be compiled which indicates own competitive positioning relative to the competitors (total score as it relates to rating of all measures) as well as strengths and weaknesses relative to competitors (based on individual scores associated with measures) as in figure 23. The template is also utilised by the integration mechanism to determine the key threats and opportunities based on the indicators – the red indicators are discussed to determine potential threats and if necessary elevated to the threats and opportunities page where necessary context, implications and recommendations are provided. Likewise in terms of the green indicators which can be viewed as potential opportunities.

FIGURE 21: EXAMPLE OF INDIVIDUAL TRACKING MEASURES



Source: Internal company documentation

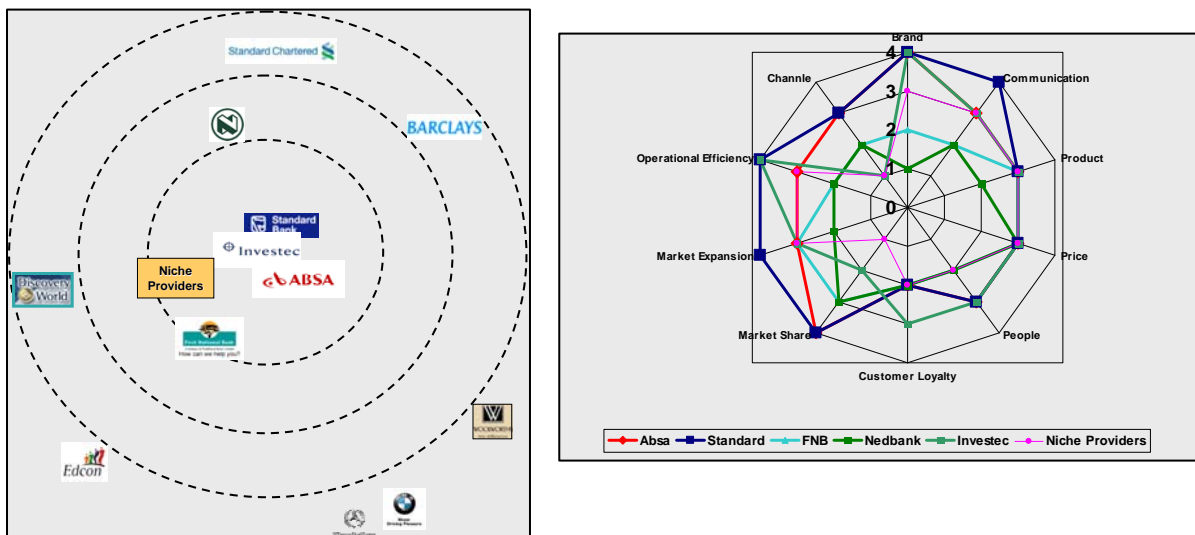
FIGURE 22: COMPETITOR PROFILE MATRIX

Peer Competitors		Standard Bank		FNB		Nedbank		Pick ' n Pay		Standard Chartered		Telcos	
Competitive Factors	Weight	Rating*	Score	Rating*	Score	Rating*	Score	Score	Rating*	Rating*	Score	Rating*	Score
Advertising	15												
Product Range & Quality	5												
Product Innovation	5												
Price Competitiveness	10												
Management	5												
Financial Position	10												
Customer Loyalty	10												
Market Share	5												
Market Share: Black Market	5												
Market Expansion	15												
Operational Efficiency / Innovation	10												
Accessibility / Channel Distribution	5												
<b>Total</b>	<b>100</b>												

**Note:**  
\* The ratings values are as follows: 1 = major weakness, 2 = minor weakness, 3 = minor strength, 4 = major strength

Source: Internal company documentation

FIGURE 23: COMPARATIVE POSITIONING AND RELATIVE STRENGTHS AND WEAKNESSES

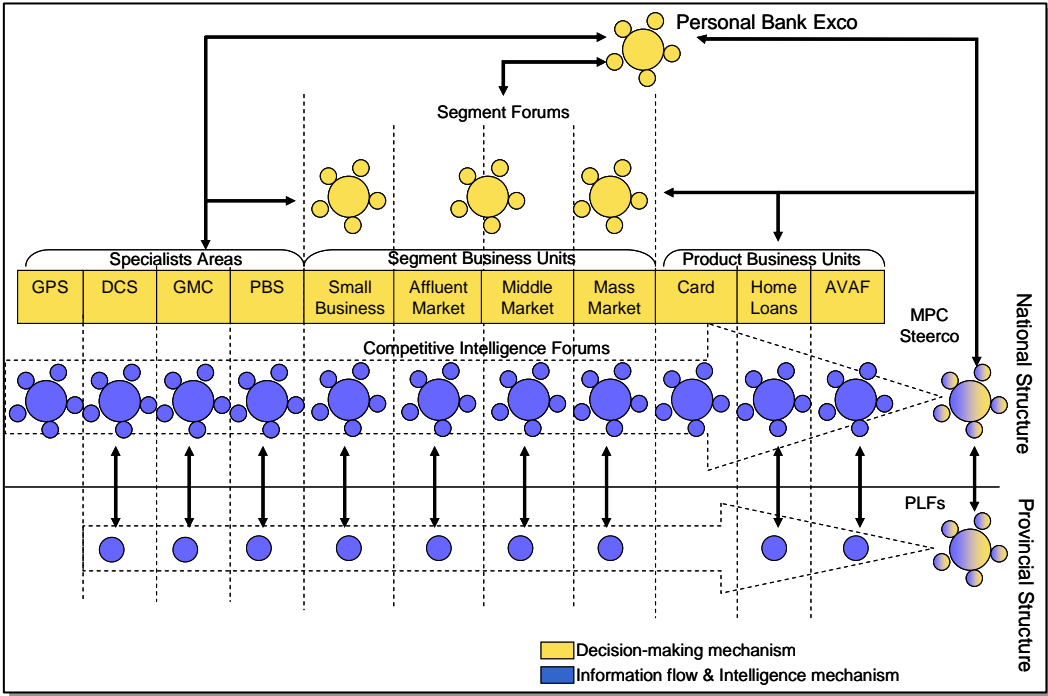


Source: Internal company documentation

- **Intelligence integration mechanism.** Whilst the different specialist areas can track developments relevant to the business, the necessary business context, implications and recommendations for

actions can only be derived from a team with the necessary skills and experience who are comfortable with introducing new ideas to business. It was therefore considered essential that integration mechanism(s) were established where the relevant specialist are linked up with the necessary business experience. These integration mechanisms were set up within different business units but also across business units. Figure 24 provides a view of where the integration mechanisms exist (Blue) and how it interacts with the decision making mechanisms that already exist within the company.

**FIGURE 24: POSITIONING OF INTELLIGENCE INTEGRATION MECHANISMS WITHIN THE COMPANY**



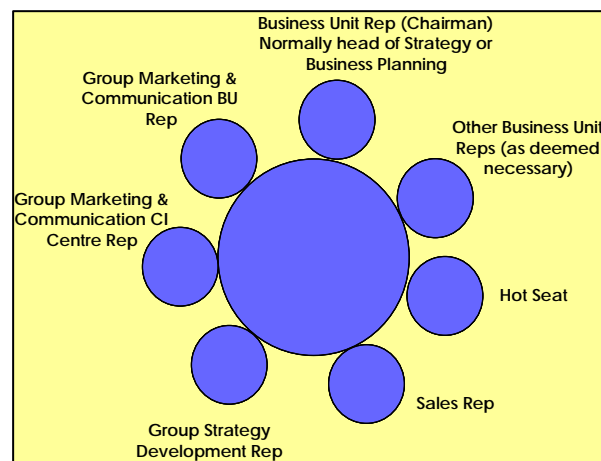
Source: Based on internal company documentation and interviews with different stakeholders

The composition of the integration mechanism is not fixed but dependent on the requirement of the specific business units (refer to figure 25) – What works in one unit does not necessarily apply in

the next. The role of this mechanism is associated with the following tasks:

- o Review competitive intelligence input facilitated by competitive intelligence centre.
- o Provide business context to developments.
- o Indicate business specific implications.
- o Make recommendation to the Executive Committee - Exco (or other relevant decision making bodies) in terms of proposed actions based on understanding of developments in the external environment.
- o Direct intelligence resources based on requirements

**FIGURE 25: TYPICAL COMPOSITION OF THE INTELLIGENCE INTEGRATION MECHANISM**

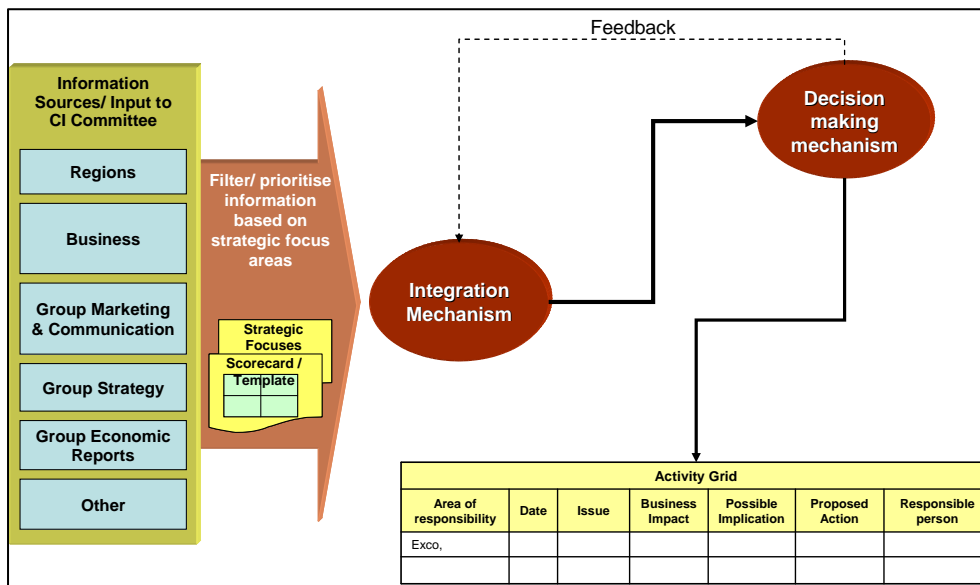


Source: Based on internal company documentation and interviews with different stakeholders



- **Taking action.** Whilst the integration mechanism ensured that the decision makers received actionable recommendations based on information from disparate sources and subjected to rigorous analysis, it was essential to ensure that the decision makers would utilise the intelligence and recommendation(s) to make decisions. Although it might be considered logical, it was also clear that the decision making process does not necessarily take the intelligence and recommendation(s) into consideration. The objective with this component of the programme was to create an auditable trail of intelligence being provided in relation to the decisions being made. In most cases this meant implementing a simple activity grid at the different decision making mechanisms to track the opportunities and threats being introduced with the resultant decisions being made. This became a management tool to also track progress relating to the different decisions that were taken. Figure 26 illustrates the different components from where the information gets integrated from disparate sources via an integration template. Business context and insight are added through the integration mechanism and recommendations to existing threats and opportunities are disseminated to the various decision making mechanisms which tracks decisions by means of an activity grid.

FIGURE 26: UTILISATION OF ACTIVITY GRID



Source: Based on internal company documentation and interviews with different stakeholders

## 6.6 CONCLUSION

The competitive intelligence implementation model was derived from an information audit, best practice research and alignment with the case study company's operating model and culture. Based on these factors the following implementation approach was taken (in the given sequence):

1. Design the optimum competitive intelligence model and put the basic resources in place (aligned to the model).
2. Implement competitive intelligence process to optimise collection, interpretation and dissemination of information and intelligence.

3. Enable central access (through technology) to available information and intelligence.
4. Develop a range of competitive intelligence outputs over time based on trade off between highest value vs time taken to compile.
5. Enhance the competitive intelligence resources through partnerships with internal and external resources.
6. Embed the competitive intelligence output in the existing decision making mechanisms of the company.

In the final chapter this implementation model will be compared with best practice and the experience gained by staff, to derive some lessons learned and re-evaluate this model with the view of presenting a final recommendation for an implementation model.

# 7. ANALYSIS AND INTERPRETATION OF RESEARCH FINDINGS

## 7.1 INTRODUCTION

The objective of the last chapter will be to evaluate the competitive intelligence model with the view to obtain the lessons learned and refine the model, in order to position such model as a best practice case study for companies and corporates aiming to develop a formalised competitive intelligence programme. The criteria to be utilised will be the following components identified in Chapter 5, namely:

- Determine the requirement for competitive intelligence. This includes who the users are, what information is required, what already exists and the major gaps that currently exist.
- Determine the objective. It is important to determine upfront what the objective is, the “end state” needs to be clearly articulated.
- Position the Programme correctly. This includes who the sponsor will be (reporting line), aligning competitive intelligence model or framework to the business model and culture and ensures a governance framework is in place.
- Map the key processes based on this model.
- Put required people resources in place (based on the model and processes).

- Develop a data and information supply chain in support of the business requirement (information collection plan).
- Develop enabling technology capable of integrating all relevant, accurate information to one command source for a single business view.
- Develop mechanisms, where relevant, to integrate and analyse information from disparate sources.
- Demonstrate value as soon as possible. This can be done by improving access to existing information relating to competitive intelligence (through a portal or intranet) and by focussing initial analysis on priority issues and “quick wins”.
- Address barriers to execution through a dedicated change management programme which includes creating change agents in the company, focussed communication and training.
- Over time develop a full range of competitive intelligence outputs which will support decisions relating to strategic positioning and operational effectiveness. Align the output with the business decisions that needs to be taken. Ensure that output is relevant, timeous and “actionable”.
- Align output of competitive intelligence with existing decision making mechanisms to ensure application and action based on available intelligence.
- Assess and adapt programme continuously based on lessons from the implementation.

The methodology utilised was an overall critical assessment of the programme by means of comparing the best practice approach with the case study approach. These findings were further supplemented by evaluating the case study approach (in terms of success) with insights obtained through personal observation and unstructured interviews with key stakeholders involved in the implementation of the programme (A list of these stakeholders is given in Appendix C on page 198).

## **7.2 COMPARISON BETWEEN IMPLEMENTATION APPROACH OF BEST PRACTICE COMPANIES AND CASE STUDY COMPANY**

The objective of this section is compare the implementation model utilised by the case study company to world best practice approaches to determine potential gaps or shortcomings in the approach and also to understand if it differed and why it differed. The following table (table 3) will be utilised to illustrate the relationships between the different approaches:

**TABLE 3: COMPARISON – COMPETITIVE INTELLIGENCE IMPLEMENTATION MODEL – BEST PRACTICE vs CASE STUDY**

Ser No	Best Practice Implementation Model	Case Study Implementation Model	Comments
1	Determine the requirement for competitive intelligence. This includes who the users are, what information is required, what information already exists and the major gaps that currently exist in the availability of information.	An information audit was utilised to determine who the users of competitive intelligence were and what their requirements were on different levels of application.	None
2	Determine the objective. It is important to determine upfront what the objective of the competitive intelligence initiative is; the “end state” needs to be clearly articulated.	The case study approach fell short in this respect as a clearly articulated end state was never specified. The approach was rather to start small and treat it rather like a “proof of concept” as opposed to a formal project with a	The case study approach had its advantages and disadvantages. An advantage was that expectations were not set – and therefore the threat of not delivering against those

Ser No	Best Practice Implementation Model	Case Study Implementation Model	Comments
		clearly articulated end state. As value was being demonstrated the initiative grew and the objective became more ambitious.	expectations was absent. The disadvantage was that the initiative probably fell short in terms of the value it could have delivered if all stakeholders agreed upfront to the end state and committed to achieve it.
3	Position the programme correctly. Determine who the sponsor will be (reporting line), align the competitive intelligence model or framework to the business model and culture of the company and ensure a governance framework is in place.	The case study initiative was positioned within the Marketing Department. The effect being that the priority focus of this initiative was probably in support of marketing initiatives. The sponsor was the Head of Marketing and although not part of the company's executive	Best practice dictates that positioning competitive intelligence within a marketing department is probably not the best option – positioning it as an independent department reporting directly to the CEO is probably considered the



Ser No	Best Practice Implementation Model	Case Study Implementation Model	Comments
		committee was in a good position to influence decision making. The competitive intelligence model was well aligned with the business model as it relied on the marketing infrastructure which was well embedded in the business structures	preferred option. However, reality dictates that this is not always possible, companies in general will not invest resources (to form another department) if there is not sufficient proof of the value that will be delivered. The case study company was confronted with these realities and therefore the first objective was to demonstrate value within a department that had the appetite to invest some resources for this purpose
4	Put necessary people resources in	The case study company decided to	Having a dedicated team proved

Ser No	Best Practice Implementation Model	Case Study Implementation Model	Comments
	<p>place (based on the model and processes) and start focussing on the priority issues confronting the business.</p>	<p>put a small team (2 persons) in place with a dedicated focus on competitive intelligence. This was supplemented over time with a competitive intelligence representative in each business unit. Responsibilities of these people were, however, not fully dedicated to competitive intelligence but they assigned "some" of their time to the function.</p>	<p>vital to the success of the initiative. The case study company, prior to this initiative, conducted competitive intelligence on an ad hoc basis (as required). Again the case study company decided to start small and although the "ad hoc" representatives were probably not the ideal it provided a platform for the competitive intelligence function in the different business units. It also allowed the centralised competitive intelligence team to draw from</p>

Ser No	Best Practice Implementation Model	Case Study Implementation Model	Comments
			business expertise, when required.
5	Map the key processes based on this model.	The case study company followed a hybrid organisational model based on a small centralised function and decentralised capabilities in the different business units. It also relied heavily on the inputs from various specialist functions. It was therefore vital to map the processes associated with the function and ensure role clarity amongst the stakeholders.	There were two sets of processes that were relevant. The first relates to the process relating to the conduct of intelligence (creating intelligence) whilst the second relates to the process that governs the interactions between the different stakeholders involved with competitive intelligence.
6	Develop a data and information supply chain in support of the business requirement (information collection	This proved to be probably one of the biggest challenges for the competitive intelligence unit, because the unit did	A formal change management initiative to support a competitive intelligence programme would

Ser No	Best Practice Implementation Model	Case Study Implementation Model	Comments
	plan).	not have the mandate to enforce any decisions outside the marketing division. Where information was required from other divisions or units the relevant stakeholders had to be convinced of the relevance and importance.	shorten the implementation time and enhance the chance for successful implementation.
7	Develop enabling technology capable integrating all relevant, accurate information to one command source for a single business view.	The competitive intelligence unit considered this as a "quick win" within its implementation approach. One of the first steps was to develop a competitive intelligence "portal" to co-locate existing information and intelligence relevant to competitive intelligence.	Implementation of technology enablers need to be associated with a training programme – again the requirement for change management.

Ser No	Best Practice Implementation Model	Case Study Implementation Model	Comments
8	Develop mechanisms, where relevant, to integrate and analyse information from disparate sources.	This was considered critical in the case study implementation model so as to draw from the existing expertise located in different parts of the company.	In the case study company the successes in implementing these mechanisms varied and were directly related to the units information "maturity". This relates to how the unit viewed the role of competitive intelligence and the importance thereof.
9	Demonstrate value as soon as possible. This can be done by improving access to existing information relating to competitive intelligence (through a portal or intranet) and by focussing initial	As the competitive intelligence unit of the case study company did not receive a significant budget it was important for the unit to start delivering relevant outputs as soon as possible to demonstrate value.	In the case study company this led to the gradual increase in budget assigned to competitive intelligence as reflected in additional personnel as well as subscription to additional sources

Ser No	Best Practice Implementation Model	Case Study Implementation Model	Comments
	analysis on priority issues and "quick wins".		of external information.
10	Address barriers to execution through a dedicated change management programme which includes creating change agents in the company, focussed communication and training.	The case study company did not implement a formalised change management programme to address barriers to execution.	The result of not "formally" addressing certain barriers to execution was that successful interaction with the designated business units was dependant on the level of "information maturity" of the business unit. Where business units did not see the need or potential value the adoption rate was very slow.
11	Over time develop a full range of competitive intelligence outputs	The competitive intelligence unit of the case study company evolved its	In the case study company the evolution of the product range was

Ser No	Best Practice Implementation Model	Case Study Implementation Model	Comments
	<p>which will support decisions relating to strategic positioning and operational effectiveness. Align the output with the business decisions that needs to be taken. Ensure that output is relevant, timeous and "actionable".</p>	<p>product range over time. It started with basic competitive intelligence outputs such as competitive intelligence alerts (which required minimum analysis) and progressed to deliver trend reports and strategic investigations (requiring complex analysis and inputs from various resources across the company).</p>	<p>influenced by both the business requirement and the existing skills and resources at the disposal of the competitive intelligence unit.</p>
12	<p>Align output of competitive intelligence with existing decision making mechanisms to ensure application and action based on available intelligence.</p>	<p>Alignment to the existing business decision making mechanisms was identified as a key milestone by the competitive intelligence unit in the development of the initiative. Success in this regard varied between different</p>	<p>Success seemed to be directly related to the individuals involved in the process. Where individuals were committed to the process the business benefited tremendously but where individuals did not have</p>

Ser No	Best Practice Implementation Model	Case Study Implementation Model	Comments
		<p>business units. Where a business unit was committed to the process and understood the objectives and value that could be delivered it worked well but where business was not committed and where it did not play an active role it did not have the same impact.</p>	<p>the commitment or where the “relevant” individuals were not involved in the process the output of the process was of lesser value.</p>
13	<p>Assess and adapt programme continuously based on lessons from the implementation.</p>	<p>Because the implementation approach of the programme determined that the competitive intelligence unit should start small and grow as value was being delivered and the demand increased, it was continuously adapted as the demand grew and new requirements</p>	<p>Although at the time of research no formal client feedback process was implemented the unit utilised the monthly competitive intelligence forums at the various business units to obtain feedback. This was utilised to adjust the programme</p>



Ser No	Best Practice Implementation Model	Case Study Implementation Model	Comments
		were identified.	continuously and ensure the output of the programme remained business relevant at all times.

## 7.3 LESSONS LEARNED

Despite careful planning some initiatives in certain business units within the case study company failed. It was not always clear what the reasons for the failures in some instances and the success in other cases were, but the following key considerations, which will impact on the success of any competitive intelligence programme, were deducted from this research:

- In a large company the implementation of a competitive intelligence programme can be daunting. Don't over promise and under deliver, the credibility of the competitive intelligence function is critical to its future success; thus start small with high impact initiatives.
- In a large company competitive intelligence can not be limited to a single organisational unit - it happens across the organisation. Leveraging existing skills in the organisation and adopting a partnership mentality are critical to ensure success (the competitive intelligence function or process should embed itself in existing company processes).
- Information technology is not a dictator but merely an enabler of competitive intelligence - a critical (and expensive) enabler. In

large organisations information technology is essential to ensure connectivity between resources and clients of competitive intelligence, it ensures efficiency and cost effectiveness.

- Don't underestimate the human element in such an initiative. At the end it's the attitude of the people that counts - their willingness to bring information to the table and to release it will determine success.
- Successful implementation of a competitive intelligence programme will require the re-organisation and re-defining of roles and responsibilities. Managing change is a critical part of this process.
- Taking business action based on the available competitive intelligence will be the critical test to the success of such a programme; thus, linking the competitive intelligence output to formalised decision making mechanisms is critical.
- A single approach to the implementation of a competitive intelligence programme in multiple business units will probably not succeed. Flexibility is required; adapt the approach to align with the business unit's requirements.

- It is essential for such a programme to demonstrate value as soon as possible, start with small achievable outputs which has business relevance and adds value to the business.
- Don't try to do too much with too little. Resource allocation will be the key to the successful implementation of a competitive intelligence initiative. If the decision has been made to implement a competitive intelligence programme, allocate sufficient resources to be able to demonstrate value. The value of a skillful competitive intelligence manager can not be overestimated. The competitive intelligence team should be small, flexible, well trained and with different but complementary skills.
- Do not try and duplicate existing services such as the library's clipping service; success depends on the ability of the team to demonstrate its expertise in the subject area. The service needs to take up the role of trusted advisor to business decision makers.
- If the output of this service is not delivered in an effective and cost efficient way it will not survive.
- Spending too much time investigating (benchmarking) how different companies have approached the implementation will have a limited impact on the success of the programme.

Companies are unique, the primary reason for success lies in the relationship between provider and user.

- One of the main reasons for competitive intelligence failures relates to compartmentalisation (pigeonholing). It is essential to see the bigger picture; information sharing is critical and building networks to gain access to different types of information is vital.
- The biggest challenge for any programme remains convincing decision-makers of the value of competitive intelligence. Decision-makers are optimists by nature and therefore most of them believe they don't need competitive intelligence as they are in control of the business direction and have taken all factors into account. Have a change management plan in place.
- A senior executive, who believes in the value of competitive intelligence, acting as a champion will go a long way in contributing to the success of the programme.
- It is essential to be pro-active, don't wait for requests for competitive intelligence. Ensure that the team understands the environment and push intelligence to the decision-makers.

- Probably the biggest contributing factor to the success of any such initiative lies in the people involved in the process. Their belief in what they do and the passion with which they execute the task will directly impact on the success of the initiative.

## **7.4 ADAPTED COMPETITIVE INTELLIGENCE IMPLEMENTATION MODEL**

Based on insights obtained from best practice implementation cases and the insights obtained from the case study company with associated lessons learned, it is concluded that the following implementation model can be considered to be best practice:

- Step 1: Determine the requirement for competitive intelligence; this includes who the users are, the key business problems that need to be answered and the current access to information resources.
- Step 2: Determine the end state of the competitive intelligence programme – determine “what good looks like” and what the key components of such a programme should look like.
- Step 3: Determine the best “operating model” to reach the defined end state, this includes;
  - how to position the competitive intelligence initiative,

- the reporting structure,
  - how to best align the programme with the existing business operating model to ensure the best possible flow of information,
  - how to ensure access to key resources; and
  - what the key outputs of the programme should be.
- 
- Step 4: Based on the competitive intelligence model, put the key resources or skills in place. The objective is to put a dedicated team in place to initiate the programme and to deliver basic competitive intelligence outputs which will add value to the business. The initial focus should be on basic reporting to demonstrate value.
  
  - Step 5: Consider putting enabling technology in place – this provides a quick win to build momentum for the initiative. It provides an opportunity to collocate existing information in a single place. The objective is to improve access to existing competitive intelligence.
  
  - Step 6: Develop interpretation mechanisms that are aligned with the existing decision making mechanism. Where a small centralised team of competitive intelligence experts exists which support various business units, it becomes difficult to develop business insight and context. Mechanisms to draw from the expertise within

the business will be essential to support analysis and to build credibility within the business.

- Step 7: Develop a change management plan and implement in parallel with the competitive intelligence programme. This should include:
  - Create a change coalition consisting of different stakeholders. Identify key role players in business and obtain their support.
  - Develop a thorough communication plan. Sell the concept aggressively. Also consider using external experts to add perspective to the vision.
  - Engage middle management and get them involved in the competitive intelligence process.
  - Prioritise initiatives instead of trying to focus on everything at once. Determine what will add most value through available resources.
  - Expect a substantial delay before change initiatives gain acceptance and generate results.
  
- Step 8: Over time expand and improve the system gradually. Align and involve external partners.



## 7.5 CONCLUSION

At the heart of knowledge-based competition lies (as the term suggest) knowledge and even more important intelligence. Intelligence being defined as actionable knowledge which supports specific business objectives and decisions. The characteristics of a knowledge-based economy drive the growing importance for access to intelligence. Sustaining a competitive advantage requires companies to uniquely apply data and information, to create order out of chaos and complexity, and to leverage and transfer knowledge while striving towards acquiring expertise. As such the emphasis has shifted from information to knowledge (information placed in context within a person's frame of reference) but a further shift is required to convert knowledge into intelligence (actionable information and knowledge).

A discipline called competitive intelligence has evolved since about 1980 which focus on a process to turn information and knowledge into actionable intelligence. It is closely related to both knowledge management (KM) and the strategy development process of a company or organisation. Many companies are trying to gain a better understanding of the competitive environment in which they operate through the implementation a formal competitive intelligence programmes. However, research has shown (Viviers & Muller 2004:58-59) many companies fail in their attempts to develop and implement a successful competitive intelligence system, especially in the larger

organisations. In South Africa most large corporations practice competitive intelligence in some form or other, yet there are few who have succeeded in establishing a fully integrated capability across all business units. In addition, most companies' competitive intelligence efforts remain firmly focused on the traditional tactical role of competitor monitoring; only the most progressive intelligence coordinators conduct competitive intelligence activities that consistently support senior decision makers.

The objective of this study was to translate the theoretical concepts associated with competitive intelligence into practice within a large organisation (corporate), so as to ensure efficient and cost effective competitive intelligence practices. The ultimate objective being to assist organisations in improving the implementation success of competitive intelligence programmes. The research related to the how and why of competitive intelligence, it aimed to address why competitive intelligence is an essential capability in the workplace and how to implement such a capability successfully. It aimed to illustrate that the design and execution of an implementation strategy is vital to the success of any competitive intelligence initiative.

To achieve this, the research utilised case study methodology to benchmark the case study company's approach to global best practices, to determine lessons learned and a best practice implementation approach. The focus of the research (unit of analysis) was on the approach to implementation, utilising different sources of information to

prove validity within the confines of the research questions which related to the when and how.

The study attempted to achieve the following:

- Illustrate how an implementation strategy was developed and executed upon –translating strategy into action.
- Provide a case study where theoretical concepts related to competitive intelligence are aligned with practical experience.
- Provide guidelines for interested parties on the implementation of such a system with related lessons learned.
- Illustrate the link between business performance and the utilisation of information, and how it could be aligned

It can be concluded that although this research focussed on the development of a best practice approach to the implementation of a competitive intelligence programme, the research also found that most companies are unique and that what works in one won't necessarily work in another. The most critical element to the successful implementation of such a programme lies in knowledgeable individuals with a passion for their work. With such resources and proper planning, competitive intelligence should be successfully implemented in any company.

## 8. LIST OF REFERENCES

Ansoff, I. 1989. *The new corporate strategy*. New York: John Wiley & Sons.

Auster, E & Choo, CW. 1994. CEOs, information and decision making:  
Scanning the environment for strategy. *Library trends*, 43(2):206-225.

Benbasat, I, Goldstein, DK & Mead, M. 1987. The Case Research Strategy  
in Studies of Information Systems. *MIS quarterly*, 11(3):369-389.

Bensoussan, BE & Fleisher, CS. 2003. *Strategic and competitive analysis*.  
New Jersey. Prentice Hall.

Bernhardt, DC. 2002. Strategic intelligence: the sword and the shield of  
the enterprise. *Competitive intelligence magazine*, 5(5): 6-10.

Bingham, J. 2004. Sizing Up the Competition. *ABA bank marketing*, 1  
July:16-18.

Bowonder, B and Miyake, T. 1992. Creating and sustaining  
competitiveness: Strategies of Nippon Steel Corporation. *International  
journal of information management*, (12):39-56.

Butcher, D & Rowley, J. 1998. *The 7 R's of information management.*

*Managing information*, 5(2):34-36.

Chase, D. 1998. The 21<sup>st</sup> Century Company - An Intelligent Enterprise.

*Information outlook*, 6(3):24-28.

Corporate Strategy Board. 2005. *Building support for change. Translating strategy into action.* Washington, DC.

Corporate Strategy Board. 2003. *Viewpoints on the nature of strategy.*

Washington, DC.

Corporate Strategy Board. 2002. *Excellence in competitive intelligence processes.* Washington, DC.

Corporate Strategy Board. 2002<sup>2</sup>. *Structure and role of the competitive intelligence function.* Washington, DC.

Corporate Strategy Board. 2000. *Strategic intelligence: Providing critical intelligence for strategic decision making.* Washington, DC.

Council for Financial Competition. 2004. *Competitive intelligence: Best practices for identifying competitors*. Washington, DC.

Council for Financial Competition. 2000. *Strategic early warning system*. Washington, DC.

Council for Financial Competition. 1999. *Change management: Red flags and lessons learned*. Washington.

Cruywagen, A. 2004. The competitive intelligence product line. *Presentation at business intelligence word conference*. Terrapinn Conference, Sandton Convention Centre, 2 November 2004.

Davenport, TH & Prusak, L. 1998. *Working knowledge: how organisations manage what they know*. Boston: Harvard Business School Press.

Du Toit, ASA. 2003. Competitive intelligence in the knowledge economy. *International journal of information management*, 23(2):111-120.

Fouche, PA. 2005. Enhancing Absa's competitive intelligence capability. *Presentation at Marcus Evans conference on competitive intelligence*. Lord Charles Somerset Hotel, Somerset West. 22 – 24 August 2005.

Fuld, LM. 1985. *Competitor intelligence*. New York: John Wiley and Sons.

Fuld, LM. 1995. *The new competitor intelligence*. New York: John Wiley and Sons.

Gartner. 2000. *Building an effective CI organisation – lessons from Sun*.

Available: < <http://www.gartner.com> > (accessed 2 August 2005).

Gilad, B. 1995. Competitive Intelligence: What has gone wrong? *Across the board*. 1 October:1-7.

Hansen, JI & Thompson, C.A. 2002. Panning for gold: Knowledge management at work. *Limra international research*.

Available: < <http://www.limra.com> > (accessed 15 April 2006).

Havens, C & Kapp, E. 1999. Easing into knowledge management. *Strategy & leadership*, 27(2):31-35.

Herring, J. 2003. The future of competitive intelligence: driven by knowledge based competition. *Competitive intelligence magazine*, 6(2): 3-7.

Herring, J & Gilad, B. 2001. "CI Certification: Do We Need It," *Competitive intelligence magazine* March:10-14.

Hohhof, B. 1994. Developing information systems for competitive intelligence support. *Library trends*, 43(2):226-238.

Hovis, JM. 2000. CI at Avnet: A Bottom Line Impact. *Competitive intelligence review*.

Available: < <http://www.scip.com> > (accessed 22 August 2006).

Huyette, WI & Viguerie, SP. 2005. Extreme competition. *The McKinsey quarterly*. 2005(1):47-57.

Johnson, AR. 2003. Competitive Intelligence and knowledge management. *Inside knowledge*, 3(3): 10-16.

Johnson, AR. 2005. Risk and opportunity – key intelligence topics for pattern recognition & early warning. *AuroraWDC. CI for innovation conference*, 25-27 May 2005. Midrand, Johannesburg.

Kahaner, L. 1996. *Competitive intelligence – how to gather, analyze and use information to move your business to the top*. New York: Touchstone.

Kilmetz, SD & Bridge, RS. 1999. Gauging the returns on investments in competitive intelligence. *Competitive intelligence review*, 10(1) 4-11.



Kindler, T. 2003. Creating a successful CI operation in today's corporate environment. *Competitive intelligence magazine*, 6(5):6-9.

Levy, S. 2003. A call to integrate: CI, customer relationship management and sales force automation. *Competitive intelligence magazine*, 6(2):10-13.

Marketing Leadership Council. 2000. *An overview of leading competitive intelligence practices*. Washington, DC.

Porter, M. 1996. *Competitive advantage : creating and sustaining superior performance*. New York: Free Press.

Prescott, JE. 2001. Competitive intelligence: lessons from the trenches. *Competitive intelligence review*, 12(2): 5-19.

Rouach, D & Santi, P. 2001. Competitive intelligence adds value: Five intelligence attitudes. *European management journal*, 19(5): 552-559.

Roux, A (Ed). 2004. *Business futures 2004*. Stellenbosch: University of Stellenbosch. Institute for Futures Research.

Rus, I & Lindvall, M. 2002. Knowledge management in software engineering. *IEEE Software*, 19(3):26-60.

Sawka, K. 2004. Strategic intelligence: an oxymoron. *Competitive intelligence magazine*, 7(1):14-17.

Tellis, W. 1997. Introduction to case study. *The qualitative report*, 3(2): 1-14.  
Available: ><http://www.nova.edu/ssss/QR/QR3-2/tellis1.html><.  
(accessed: 20 June 2006)

Tissen, R, Andriesen, D & Deprez, F.L. 2000. *The knowledge dividend*.  
London: Prentice Hall.

Tuller, F. 2005. MetLife's roadmap for actionable competitive intelligence part 1 & 2. *Competitive intelligence magazine* 8(2):5-17.

Ungerer, M & Kritzinger, J. 2003. Knowledge management champions workshop, *Presentation to Absa staff*, 6 March 2003. Absa Towers.  
Johannesburg.

University of South Africa. Department of Information Science. 2003. Only study guide for INK 303-3 (Information management). Pretoria.

University of South Africa. Department of Information Science. 2000.

*Tutorial letter 102/2001 for INK 303-3 (Information management).*

Pretoria.

Van Tiddens, H. 2001. Optimising Absa's intelligence capability.

*Presentation at RAU/Ernest & Young conference on business*

*intelligence*, 18 September 2001. Absa Towers. Johannesburg.

Van Zyl, J. 2005. Competitive intelligence at Toyota SA. *Presentation at CI*

*for innovation conference, IBIS*. 26-27 May. Johannesburg.

Viviers, M & Muller, M. 2004. The evolution of competitive intelligence in

South Africa. *Journal of competitive intelligence and management*,

2(2):53-67

Wigg, KM. 1997. Integrating intellectual capital and knowledge

management. *Long range planning*, 30(3):399-405

Wigg, KM. 1999. *Knowledge management: An emerging*

*discipline rotted in a long history*. Available:

><http://www.krii.com/articles.htm><

(accessed 20 March 2005).

World Economic Forum. 2006. *Global Competitiveness Report*.

Available: >

<http://www.weforum.org/en/initiatives/gcp/Global%20Competitiveness%20Report/index.htm>. (accessed: 05 February 2007)

Yin, R. 1993. *Applications of case study research*. Beverly Hills, CA: Sage.

Yin, R. 1994. *Case study research: Design and methods* 2nd ed.  
Beverly Hills, CA: Sage

Yin, R. 2003. *Case study research: Design and Methods*, 3rd ed.  
Newbury Park, Sage.

## Appendix A: Best practice examples for competitive intelligence programme implementation

Ser No	Company	Theme	Advice on implementation strategy	Source
1	Metlife	General	<ul style="list-style-type: none"> <li>▪ Create process documentation and formalise the process.</li> <li>▪ Focus on relationships and understand the decision-making needs of your clients.</li> <li>▪ Be involved in the annual planning process.</li> <li>▪ Align output with decisions the enterprise needs to make.</li> <li>▪ Integrate or closely align competitive intelligence with market research to make it easier for managers to make decisions that take both the competition and the needs of the marketplace into consideration.</li> <li>▪ Develop a standard set of competitive intelligence products and services that meet the varying needs of the organisation.</li> <li>▪ Aggressively brand and promote competitive intelligence within the enterprise.</li> <li>▪ Measure what you can.</li> </ul>	Tuller (2005: 17)
2	Toyota SA	General	Toyota SA provides the following general	Van Zyl (2005:

Ser No	Company	Theme	Advice on implementation strategy	Source
			<p>principles for successful execution of an competitive intelligence programme</p> <ul style="list-style-type: none"> <li>• Accurate, updated, verified info. <ul style="list-style-type: none"> <li>– (Only as intelligent as the source)</li> </ul> </li> <li>• Ethics and principles.</li> <li>• Information must be analysed and interpreted.</li> <li>• Sharp brief reports (Visualisation).</li> <li>• Information must be shared on all levels.</li> <li>• Integration of intelligence into strategy and business planning is essential.</li> </ul>	8)
3	Kodak	Processes	<p>Ensure a formal process is followed generally referred to as the competitive intelligence cycle. Kodak provides the following advice from experience gained at Kodak:</p> <ul style="list-style-type: none"> <li>o <u>Understanding the requirement.</u> Proactive needs assessment is an on-going, iterative process. High-level goals are normally set during the annual budgeting process and</li> </ul>	Kindler (2003:6- 9)

Ser No	Company	Theme	Advice on implementation strategy	Source
			<p>monitored quarterly. Agreement should be reached on what competitors and industry segments to monitor, and what specific intelligence gaps to close. This is commonly accomplished through the identification of Key Intelligence Topics. Adjustments can be made throughout the year, as required, during both scheduled and impromptu meetings with key clients. Although the ultimate goal is to eliminate competitive surprise, minimising surprise is more realistic. As unanticipated events emerge, it will be necessary to reactively derive intelligence needs as well.</p> <ul style="list-style-type: none"> <li>o <u>Collection</u>. Although the collection phase is most synonymous with public perceptions of competitive intelligence, collection is necessary but not sufficient to create a successful competitive intelligence process. The other three phases are actually more important. Public, semi-public, and private sources are</li> </ul>	

Ser No	Company	Theme	Advice on implementation strategy	Source
			<p>abounding. Seek out and cultivate sources that over time provide reliable information and a signal-to-noise ratio that is manageable.</p> <ul style="list-style-type: none"> <li>o <u>Analysis</u>. By using a variety of analytical tools, Competitive intelligence analysts must leverage the collected data — the information — and create the requisite illumination. Analytic tools provide a means to create intelligence. The foundation of analytical learning, built up over time, creates insights and perspectives regarding the capabilities, vulnerabilities, and intentions of business competitors. This information is needed by executives to assess alternatives and reduce risk moving forward. Tuller (2005;7) provides the following advice on analysis: <ul style="list-style-type: none"> <li>▪ Create a deeper understanding of key competitors.</li> <li>▪ Provide insightful analysis on the competition – where they are now, and most importantly, where they</li> </ul> </li> </ul>	



Ser No	Company	Theme	Advice on implementation strategy	Source
			<p>are going.</p> <ul style="list-style-type: none"> <li>▪ Provide insight on causes and likely future outcomes – why did things happen as they did, what is likely to happen in the future, how can the enterprise capitalise.</li> <li>▪ Identify potential opportunities and threats.</li> <li>▪ Make it easy for them to do business with you – make efficient use of their time and provide analysis packaged so it is easy for them to understand the key point.</li> </ul> <p>○ <b><u>Dissemination and Communication.</u></b></p> <p>Frequent, multi-faceted communication is critical for success. Be proactive and provocative. Understand your management’s hot buttons and feed them relevant analyses. Experiment and customise. Try various communication mediums, including newsletters, reports, presentations, voicemail, face-to-face and one-on-one meetings. Determine the preferred</p>	

Ser No	Company	Theme	Advice on implementation strategy	Source
			<p>communication method for individual key clients. Communication should be focused on one or both of the following objectives:</p> <ul style="list-style-type: none"> <li>▪ Provide insight on a particular issue or question.</li> <li>▪ Raise the overall awareness level of the competitive landscape throughout the organisation.</li> <li>▪ Include insights and implications in all communications.</li> <li>▪ This enhances the factual information with contextual material that tells why something is important and what might happen next.</li> </ul>	
4	Nippon Steel Corporation	Processes Enabling technology	<ul style="list-style-type: none"> <li>• Implementation model must allow for the continuous accumulation of information through databases and the formal sharing of information between various operating units and functional divisions</li> <li>• Focus on formal processes to continuously track the environment.</li> </ul>	Bowonder and Miyake (1992:49)

Ser No	Company	Theme	Advice on implementation strategy	Source
			<p>Nippon Steel Corporation considers the implementation of an environmental scanning and analysis process vital to the collection of relevant information. This consists of four phases:</p> <ul style="list-style-type: none"> <li>▪ Scanning the environment to detect warning signals.</li> <li>▪ Monitoring environmental trends.</li> <li>▪ Forecasting the future direction of environmental changes.</li> <li>• Determining the implications of these changes for the organisation</li> <li>• Nippon Steel Corporation implemented three information systems, one of which catered for the corporate business and market information</li> </ul>	
5	Ford Credit	Understanding business requirements	<ul style="list-style-type: none"> <li>• Understand the key business requirements. The Ford Credit team identified 122 significant business intelligence questions, which it organised into 48 key intelligence topics (KIT) in three categories: strategic decision, early warning and key players. The team then</li> </ul>	Herring and Gilad (2001:12)

Ser No	Company	Theme	Advice on implementation strategy	Source
			interviewed another 95 company employees including directors, managers and supervisors to identify existing data and information sources, information flows and analysis efforts.	
6	Canadian Manufacturing Industry	Formalised information collection initiative	<p>Research done by Auster and Choo indicated that companies utilised primarily the following sources to assist with information collection:</p> <ul style="list-style-type: none"> <li>▪ Employees previously employed by competitors</li> <li>▪ Customers</li> <li>▪ Business partners</li> <li>▪ Newspapers and periodicals</li> <li>▪ Internal reports and studies</li> </ul>	Auster and Choo (1994:222)
7	Wachovia Bank	Formalised information collection initiative	<p>Wachovia Bank provides the following guidelines:</p> <ul style="list-style-type: none"> <li>▪ Look at analyst and management presentations for a "point in time snapshot"</li> <li>▪ Glean from bank websites for pricing information</li> <li>▪ Pay attention to news and new hires</li> <li>▪ Talk to the competitor's customers, because "they're contacting yours"</li> <li>▪ Gather anecdotal evidence from</li> </ul>	Bingham (2004:18)

Ser No	Company	Theme	Advice on implementation strategy	Source
			current employees and ex-employees of other banks	
8	Shell International IT	Enabling Technology	Utilise enabling technology to support the competitive intelligence process. Shell developed a business intelligence knowledge management system - Shell IT International's objectives for its competitive intelligence knowledge management system are first to create a medium where gathered information is routed to a central point to be organised, processed and posted to the benefit of the entire organisation. Secondly, to facilitate and encourage true organisational learning, as it opens up the business and enables collaborative knowledge sharing, rather than a knowledge hoarding culture.	Marketing Leadership Council (2002:11)
9	Avnet	Application	Avnet linked its competitive intelligence practices with its strategic management system. The comprehensive strategic planning system, integrates competitive intelligence processes into the strategic thinking and planning process at Avnet.	Hovis (2000:6)
10	DAIMLER CHRYSLER AEROSPACE AG'S (DASA)	Application	DASA integrates its future-focused strategic planning activities with	Council for Financial

Ser No	Company	Theme	Advice on implementation strategy	Source
			<p>continuous, strategically focused monitoring activities that rigorously track environmental and market events and report critical shifts to decision makers. The strategic early warning system establishes specific "signposts" that enable early identification of events with strategic implications.</p>	<p>Competition (2000:10)</p>

## Appendix B: Case study company - information requirement and responsibilities

Ser No	Competitive Intelligence Cell	Main Focus			Comment
Group Support Functions					
1	Group Strategy Development	Competitors	Peer Competitors	Corporate Overview	Group Structure  Management Shareholding  Core Holdings      Equity  Geographical representation  Strategic Intent Mission Statement Business Scope Focus Areas/ Strategic Objectives
				Corporate features      Salient	
			Corporate Strategy		
			Other SA Banks	As Above	
			Assurers	As Above	
			Short Term Insurers	As Above	
			Niche Providers	Home Loans	
				Instalment Finance	
				Personal Funding	
				Other Loans	
			Foreign Banks	Overview	
				Strategic Areas      Focus	
			Micro Lenders	Overview	
				Strategic Areas      Focus	
		Retail Manufacturers	Overview		
			Strategic Areas      Focus		
		Other Investment Managers	Overview		
			Strategic Areas      Focus		
		Corporate Financial Advisors	Overview		
			Strategic Areas      Focus		
Industry	Entry Barriers				
	Suppliers' Customers				
	Substitution				
	Rivalry				

Ser No	Competitive Intelligence Cell	Main Focus			Comment
			Customers		
		Benchmarking	Metrics	Theory Global Trends and Statistics RSA Trends and Statistics	
2	Marketing Intelligence	Competitors	Corporate	Customer Base	Names Features Strengths Weaknesses Pricing Product Statistics
				Marketing Strategy	
				Product Offering	
				Price	
				Channels	
				Promotions	
				Staff	
				Service	
		Customer	Product Segment	Size of Current Market	
				Possible Future Markets	
				Lifestyle	
				Needs and Wants	
				Awareness	
				Usage	
Staff	Awareness	Brands			
		Products			
		Advertising			
		Sponsorship			
		Logo			
		Pay-of-Line			
Community	Awareness	As Above			
Shareholder	Awareness	As Above			
3	Group Economic Research	International	Overview	US Economy	
				EU Economy	
				Japanese Economy	
				Emerging Markets	
		SADC	Overview		



Ser No	Competitive Intelligence Cell	Main Focus		Comment
			Political Demography Social and Health Profile Ecn Infrastructure Ecn Activity and Development Consumption Investment Labour Market Government Finance Financial and Monetary Sector Foreign Trade Foreign Debt and Development Aid Country Risk Economic Freedom and Competiveness Natural resources	
		RSA	Structure of RSA Economy <ul style="list-style-type: none"> <li>National</li> <li>Provincial</li> </ul> Investment Overview <ul style="list-style-type: none"> <li>Equity Market</li> <li>Bond Market</li> <li>Money Market</li> <li>Forex Market</li> <li>Price Developments</li> <li>Building Costs</li> <li>Mortgage Finance</li> <li>Affordable Housing</li> <li>Expected Developments</li> </ul> Sector Analysis <ul style="list-style-type: none"> <li>Mining Resources</li> <li>Non Mining</li> <li>Financial</li> <li>Industrial</li> <li>Insurance</li> <li>Real Estate</li> <li>Other</li> </ul> Sectoral Prospects <ul style="list-style-type: none"> <li>Overview</li> <li>Sectoral Composition</li> <li>Sectoral Comparison</li> <li>Sector Analysis</li> </ul>	

Ser No	Competitive Intelligence Cell	Main Focus			Comment
			Foreign Trade	Current Account	
				Indicators	
				Trade	
				Imports	
				Exports	
4	Group IT Research	Global Perspective	IT	Emerging Trends	Information Technology
					Communication Technology
					Materials Technology
					Energy Technology
					BIO Technology
					Transport Technology
		RSA Perspective		Application	
				Impact	
				Variations	
		Context		Application	
				Implication	
		Competitor Capabilities	IT	Current Architecture	
				Expenditure	
				Group IT Strategy	Alignment with Corporate Business Strategy
					Strategic Intent
					Mission Statement
					Focus Areas/ Strategic Objectives
					Strengths
					Weaknesses
5	Group Corporate and Public Affairs	Social Environment	International	Overview	
				Threat	
				Opportunities	
			Regional	As Above	
			Domestic	Demography	
				Employment	
				Security	
				Health	
				Black Empowerment Ecn	
				Welfare	
				Land Reforms	
				Housing	

Ser No	Competitive Intelligence Cell	Main Focus			Comment		
				Race Issues			
		Political Environment	International	Overview			
				Opportunities			
				Threats			
			Regional	As Above			
			Domestic	Government			
				Political Parties			
		Perceptions of Company					
6	People Management	Labour Market	Legislation	LRA			
				Employment Equity			
				Basic Conditions of Employment			
				Skills Development Act			
				Impact of Aids	Statistics		
					Forecast		
			PM Trends and Issues	Intellectual Capital			
				Human Capital			
				People Provision			
				Performance Management			
			OD Trends and Issues	General			
				Culture			
				Leadership			
				Organisational Architecture			
			L and D Trends and Issues	ETD Legislation			
				HRD Business Processes			
				Quality Processes			
				Instructional Design			
				Performance Consulting			
				Multimedia delivery of Learning			
				HRD Processes			
				Business Metrics			
			Competitors	Staff Profile	Number		
					Demographics		
					Cost		
		7	ERM	JSE Indices and listed shares	Equity market derived characteristics	Equity market risk premium	
						Equity betas	

Ser No	Competitive Intelligence Cell	Main Focus			Comment	
		Local banking sector peers	Equity market direct characteristics	Equity price history		
				Number of shares in issue		
		JSE listed companies	Financial statements			
			Share price			
			Calculated default probabilities	Selected SA and European Companies		
			Mappings of default probabilities to S&P ratings			
		South African Sundry Economic Statistics	Company liquidation records			
			Insolvencies (legal records) in respect of natural persons and CC's			
			Business confidence index			
		International credit spreads				
		Local insurance competitors	Claims ratios			
			Free assets to total liabilities			
			Net asset value to future liabilities			
		Fraud	Profiles			
			Trends			
		Industry	Best practice standards	Risk-reward	Profile measurement	
					Monitoring	
					Management	
			House price index	Regional		
				Municipality		
			Second-hand car resale values			
		8	Group Finance and Investor Relations	Investor Dynamics	To be determined	
				Finance	Competitors	Financial Analysis
		Business Units				

Ser No	Competitive Intelligence Cell	Main Focus			Comment
9	Generic for all business units	Competitors	Dependant business unit on	Corporate Overview	
				Business Unit Salient Features	Structure
					Management
					Share Holding
					Financial Statistics
					Ratio Analysis
					Product Statistics
					Channel Statistics
				Business Unit Strategy	Alignment with Corporate Strategy
					Strategic Intent
					Mission Statement
					Focus Areas/Strategic Objectives
					Functional Strategies
					Strategic Initiatives
					Strengths
Weaknesses					

### Appendix C: Key stakeholders interviewed or involved in discussions

Serial No	Business Area	Role Description
1	Marketing	General Manager Marketing Services
2	Marketing	Head Market Research
3	Marketing	Group Executive Marketing
4	Strategy Development	Head Strategic Intelligence Unit
5	Strategy Development	Strategy Development Consultant
6	Affluent Market Business Unit	Head Business Planning
7	Mass Market Business Unit	Head Business Planning
8	Small Business – Business Unit	Consultant Business Planning