



Define Your CI Unit Position

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Actionable competitive intelligence supplies the key intelligence and information that provides knowledge about the external environment and improves the quality of senior managers' decisions. Creating a valuable competitive intelligence function that meets the various needs of internal clients requires its developer to consider the multiple facets of competitive intelligence. Leveraging resources, identifying key intelligence priorities, exploiting information sources, creating a culture of gathering and sharing information, building ethical processes, and applying information technology all play key roles in any competitive intelligence function.

The organization of competitive intelligence programs differ among firms. In fact, each program reflects the various factors that make it unique. For instance, the company's degree of its globalization, age, size, and culture all influence the development and the resources it invests in CI. But all competitive intelligence programs have similar choices in common:

- Do they produce marketing or technology intelligence?
- Is the unit positioned at the corporate or department level?
- How are external and internal sources exploited?
- Is the company using any future-oriented models when analyzing the environment?

Knowing the answers to these questions makes it possible to understand which aspects are more suitable for a specific organization.

In addition, all good competitive intelligence programs have mission statements that are developed and implemented based on the individual culture and needs of the specific organization. Mission statements help ensure that the competitive intelligence function meets the requirements of all its internal clients. These statements drive a strategy for advancing the competitive intelligence function. This article describes a framework for constructing an effective mission statement based on six key dimensions.

MISSION STATEMENT BASICS

Mission statements represent a clearly defined evolutionary strategy for how to develop and advance the competitive intelligence function in an organization (Comai 2005). Several individuals have developed definitions for the concept of competitive intelligence mission statements. For example, Simon wrote:

“The mission is a statement of business and purpose—the fundamental reason for the unit’s existence. It is the specific duties or services that a unit imposes on itself, often reflecting the core values of managers in an organization.” (1997, p91).

Pollard also saw the importance of a mission statement. “The benefit of competitor intelligence can only be maximized with the right competitor intelligence strategy, which might be summarized in a mission statement.” It should include “what intelligence should be produced and for whom, from what sources, and what process” (Pollard, 1999, p 30).

There is a fundamental difference between vision and mission. For De Wit and Meyer,

[t]he mission outlines the fundamental principles guiding strategic choices; a strategic vision outlines the desired future at which the company hopes to arrive. In other words, vision provides a business aim, while mission provides business principles (2004, p593).

Understanding and applying both concepts helps guide an individual competitive intelligence function to a world-class level.

MISSION STATEMENT MODEL

Competitive intelligence mission statements should be developed according to the needs of the individual organization. For example, MetLife believes the competitive intelligence function should “provide the right information, to the right people, at the right time, to make the right decision” (APQC, 1999, p 80).

The model discussed in this article presents a general overview of the potential of competitive intelligence as well as the “meta objectives” that an organization may adopt to guide the function. McKenney said, “Clearly stating your objectives is key for any successful implementation” (2005, p12).

A mission statement defines the aims of the competitive intelligence function and its future achievements. It also represents a guideline for allocating resources and capabilities. To develop an effective mission statement, create a steering committee and involve senior managers in the project at an early stage. According to Trim:

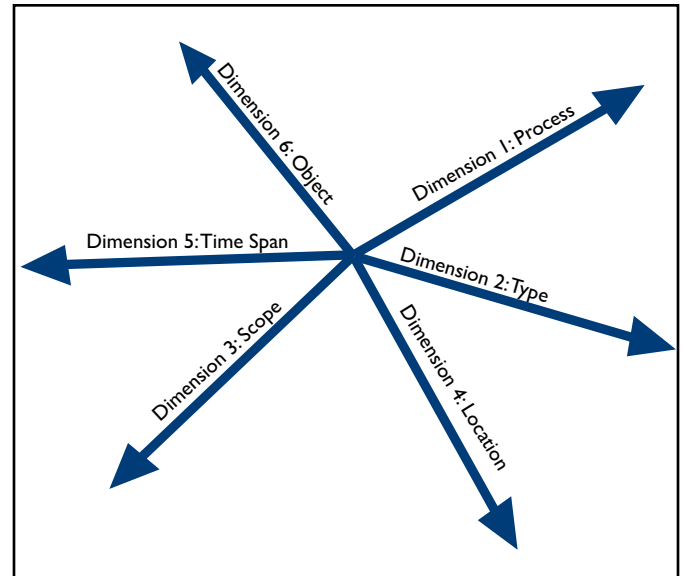


Figure 1: The Six Dimensions

In order that an effective Corporate Intelligence Unit is established it is essential that senior management defines what it is and what it involves (2001, p91).

THE SIX DIMENSIONS

An effective competitive intelligence mission statement incorporates elements that answer the following four key questions:

- What is driving our ideas?
- Why does the competitive intelligence function exist?
- What is the fundamental importance of the function?
- Where does the function operate?

Under this perspective, thinking strategically about who and what the competitive intelligence function serves leads to an effective mission statement that can be formed around six dimensions (see Figure 1):

1. **Process.** Is the CI function systematic, an ad hoc-based project, or a mix between the two?
2. **Type.** How is the CI function managed in the organization?
3. **Scope.** At which level of the organization is the CI function’s focus located?
4. **Location.** Which department is involved in CI?
5. **Time span.** How future-oriented is the CI function?
6. **Object.** What kind of key actors does the organization follow?

1. PROCESS

The process dimension describes the degree of the competitive intelligence function's formalization within an organization. The more systematic the function, the more formalized it will be. Process is often related to the frequency of defining needs and collecting, analyzing, and distributing intelligence to decision makers. Fahey and King (1977) defined three types of competitive intelligence processes:

- Irregular, involving ad hoc studies
- Regular, including periodically updating studies
- Continuous

Generally speaking, competitive intelligence activities can be performed from three primary approaches:

- **Spot.** Intelligence is required and supplied on an irregular basis. Typically no staff is dedicated to the competitive intelligence function.
- **Project.** Competitive intelligence activities are performed upon specific corporate or decision-maker request and must be achieved within a fixed period of time. CI is often supervised by specialized staff.
- **Systematic.** Competitive intelligence involves ongoing scanning of the environment, information analysis, and distribution of intelligence throughout the organization. It generally includes a variety of intelligence products, each of which can have a specific time frame (Prescott and Williams, 2003).

Several studies have treated this issue as a major factor for distinguishing formal versus informal scanning or intelligence processes. Ghoshal's study revealed that a formal scanning activity has the systematic process of gathering and distributing information as well as having a formal structure and personnel dedicated to the scanning behavior (Ghoshal, 1985). Other authors suggest the need for a formal system. For instance, Hirschhorn from MetLife considers it very important to "have a formal process and to ensure that that process is documented" (Hirschhorn, 2004).

2. TYPE

Companies today have many organizational models, and the competitive intelligence function must adapt its operations to the current structure in use. Generally speaking, there are three commonly adopted major classifications for the competitive intelligence function:

- Centralized (APQC, 2000, p 77; McGonagle and Vella, 2003, p 31–32),
- Decentralized (McGonagle and Vella, 2003, p 31–32)
- Diffused or hybrid (Fuld, 1995, p 420–422)

Centralized competitive intelligence functions typically have a single person to set priorities, assign resources, and make decisions such as purchasing and consulting. Decentralized organizations assign intelligence responsibilities close to the division decision makers. More than one person often sets priorities, assigns resources, and makes decisions.

In diffused or hybrid structures, some activities are centralized and others are decentralized. For instance, collection activities and analysis of information regarding technology or markets can be managed by the departments. In contrast, the management of the access to the intelligence intranet or web is centrally developed.

3. SCOPE

An organization has three main decision-making levels: the tactical or operational level, the business unit level, and the corporate planning level (Fleisher and Bensoussan, 2002). Each level generally has a specific group of decision makers, and each often requires a different type of competitive intelligence. Whether a CI group provides any one or a combination of these decision supporters is heavily influenced by where the unit resides in the organization and where the CI champion is.

For instance, a telecommunications company placed a new competitive intelligence function at the corporate level where the CI champion was located, while a rubber tire company leveraged tactical intelligence from the sales department. Other CI functions have been managed by the marketing group.

A tactical orientation focuses on achieving a short-term bottom-line impact. Thus, tactical competitive intelligence is valuable for line-level personnel, such as brand managers, who can better understand the product, markets, or competitors.

Business unit-level competitive intelligence primarily benefits intermediate management positions in the company, such as business unit directors. Competitive intelligence programs can typically help midlevel managers by analyzing the entire business portfolio, or by providing deep-dive analyses of company products, corporate capabilities, or potential new markets.

Practitioners widely advocate the importance of supporting the strategic perspective for competitive intelligence. This perspective provides the CI function with the long-term view about the business. It also allows the function to anticipate key trends, detect opportunities and threats in the sector, and plan a warning system. Specific companies primarily allocate competitive intelligence resources to the strategic decision-making process.

Strategic-level intelligence is particularly valuable to senior managers and it contributes to more effective decision making. One example of strategic intelligence is the analysis

of non-market forces, such as governments, interest groups, activists, or the general public, as potential variables to be managed at the corporate level.

4. LOCATION

Location relates to the area of competitive intelligence specialization, or the primary support role of the function. There are several options for locating the CI function within the organization. Fuld (1988) identified up to 16 departments that work with different types of information and therefore are potential consumers (and contributors) of intelligence. The three most common locations are reviewed below.

Marketing intelligence can supply intelligence on competitive sales, advertising, market share, or competitor strategy. A recent SCIP survey showed that marketing or market research is one of the most frequent locations for the competitive intelligence unit (CI Foundation, 2006).

Technical intelligence refers to the dominant use of science in business where technology is applied in the production process or the product. Technical intelligence typically includes the analysis of patents and other technological, engineering, or scientific sources. Technical competitive intelligence focuses on identifying technological trends, opportunities, and threats, mostly for research and development departments.

Financial intelligence is most common in organizations that are bottom-line oriented or companies that are significantly affected by a few largely financial transactions. Examples of companies that make heavy use of this type of intelligence are those involved in the financial industry. These organizations often require a specialized type of analysis oriented around financial information.

5. TIME SPAN

The time span characteristic refers to the length of time in which information used by the competitive intelligence unit remains valuable. Short-term information such as market share and competitor prices supports an immediate need, but does little to prepare for the future. Conversely, long-term or future-oriented competitive intelligence is prospective and anticipates the coming environment. Between those extremes, medium-term information assists with decisions that will affect the next quarter or next year.

6. OBJECT

This dimension involves the competitive intelligence research topics. Two main groups of topics are associated with the company's environment:

- The players or actors (also defined as stakeholders), including current and potential rivals, suppliers, clients, customers, associations, governments, lobbyists, and others.
- The factors or key trends that characterize the broader environment (Comai 2006).

Some competitive intelligence functions are focused on competitor intelligence, which involves the collection, analysis, and dissemination of intelligence on today's opponents. It is often the primary deliverable of the CI function in cases in which it takes top priority.

Other organizations, however, have their competitive intelligence functions monitor other actors, including consumers and other stakeholders (such as suppliers or regulators), or scan the general landscape. Freeman suggested this monitoring could include "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984).

On the other hand, key trends are other sources of information about the broader environment. Analyzing trends of a particular business as well as the whole industry helps to anticipate changes of actors, products, technology, or laws that may have a significant impact on the company activity.

SIMILARITIES AND DIFFERENCES

These six dimensions show several options for defining a competitive intelligence function, and a myriad of possible CI configurations. They also point to significant differences in the way an organization can structure and operate its competitive intelligence operations.

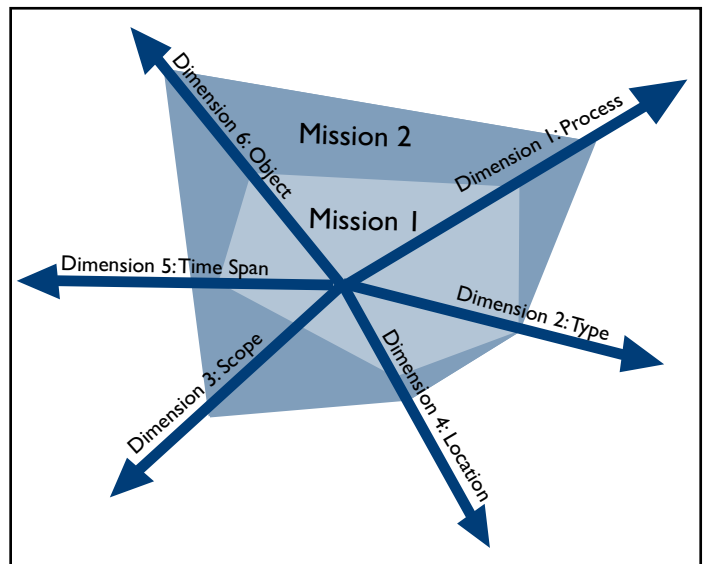


Figure 2: Dimensions and Missions

Despite these differences, there are similarities in some dimensions across industries. For instance, pharmaceutical companies typically spend significant resources on technical intelligence, while defense and aerospace companies tend to be strategic and oriented toward up-front intelligence. A study conducted by Comai, Wheeler, and Prescott (2005) showed that world-class competitive intelligence functions tend to have some common objectives that are independent to the industry.

An organization can effectively define where to invest the resources to develop its competitive intelligence function if it knows the differences and similarities between the various ways to focus its competitive intelligence function. It also assists in defining CI priorities within the company and the different dimensions that can be developed during that time.

Based on the six dimensions, the mission statement crystallizes the option that an organization has chosen for its competitive intelligence function. It allows the organization to not only communicate the focus for the current situation, but also determine the future of the CI function. Figure 2 shows how a mission can evolve by using the six dimensions in two different periods of time.

APPLYING THE SIX DIMENSIONS

When starting or revamping a competitive intelligence function, involved parties should consider these six dimensions and how they apply to their particular environment. Constructing the function around these dimensions will help to define the most effective competitive intelligence function within the organization.

Considering the six dimensions will also provide a framework for developing an effective competitive intelligence mission statement. Establishing and following a mission statement ensures that the CI function meets the needs of internal clients and provides actionable intelligence to the organization's decision-making process.

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