



Marketing Messages

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Competitive intelligence builds base for business-winning strategy

Before you go off and hire James Bond to snoop around your competitors, let me explain. Competitive intelligence is the systematic and ethical collection and analysis of information to turn it into knowledge and strategy. You don't need to hire a detective to get it. You do however need to make a concerted and organized effort to acquire information and further analysis to make it actionable. In order to decide your company's competitive moves, you must be aware of the perspectives of your competitors. CI goes beyond industry statistics and trade gossip. It involves close observation of competitors to learn where they are strong and where they are weak. Understanding your competition is an important element of examining the external influences and environment of your business. From a strategic perspective CI is vital. These are the questions you should be asking. Who is the competition now? Who might it be 5 years from now? What are the strategies, objectives and goals of my major competitors? What is the performance record of my competitors? Specifically, what is their sales growth, market share and profitability? How important is each target market to my competitors? How satisfied do my competitors appear with their performance? What is their level of commitment to each of these markets? What are the strengths and limitation of my competitors? What weaknesses make my competitors vulnerable? What strategic changes are my competitors likely to make? What effects might these have on my strategy? Locally, companies such as **Telus, Crystal Decisions, Pivotal Software, Intrawest** and **Future Shop** are all actively involved in CI practices. **Jeff Crowter, Director Marketing Operations** at **Telus** heads a team of individuals who devote their sole efforts to obtaining information and strategically using it to keep the company on the leading edge of a fiercely competitive marketplace. CI is a centralized function of marketing and corporate development at **Telus**, but stresses Jeff, "we rely not only on our department but all employees for the collection of CI information. We also openly share much of this information through a company intranet portal, so all departments can benefit." There are 3 general sources for CI information; what competitors say about themselves, what others say about them and what you are able to gather through your research efforts. There are a number of techniques to keep tabs on your competition.

i. Look at published materials and public documents. Some examples include: financial reports, annual reports, speeches, web sites, newspaper and magazine articles, books and TV or radio interviews. Clipping services can be hired to scan articles in the media concerning designated competitors and publications such as *Business in Vancouver* make back issue articles searchable on line for easy access. Job postings on a web site or career ads may indicate competitor intentions and planned strategies. If your competition is a publicly traded company, buy some shares so you receive shareholder information. Analyze their financial statements. 80-90% of all CI information is public knowledge. You just need to use journalistic qualities to take one fact and follow it through to get the critical pieces of information. **ii. Source information from government agencies under the Freedom of Information Act.** License applications and agreements with provincial and municipal governments may indicate future intentions of competitors. **iii. Observe competitors or analyze physical evidence.** Visit your competitors operations and evaluate service and product offerings. Buy your competitor's products and tear them down. Analyze manufacturing methods and production costs. **iv. Conduct a company profile.** Look at your competitors financial situation, technology, workforce, facilities, capabilities, supply and distribution chain, management strengths, key executives, strategic alliances and positioning strategy. You need to know as much about these competitive factors as you can. **v. Do a personality profile of key personnel at competing companies.** Look at recent changes in staffing. Past successes, failures, strengths, weaknesses, mentors, and associates may indicate future strategies or competitive style. **vi. Talk to recruits or employees of competing companies.** Often unrewarded employees are anxious to impress. This can be done in job interviews or at trade show networking. Let ethical behaviour be your guide. You must not overtly ask pointed questions of a competitive nature, but you can certainly listen. **vii. Talk to your competitors customers.** Again, ethics should guide your behaviour. **viii. Conduct personal interviews.** This can be one of the best techniques. You should approach this with the intent to learn something, but with the willingness to give some information back which can be shared. This will ensure your source doesn't feel exploited and will keep the line of contact open for the future.

Noticeably absent from this list is the "dumpster diving" technique of looking through your competitors trash or the practice of luring key competitors management through recruitment with the aim of obtaining trade secrets and insider knowledge. "Ethical collection is the only way to ensure good business practices over the long term", says **Derek Thompson, senior associate with Ibis Research**, a company specializing in business intelligence and knowledge management. "Data collected through questionable ethics invariably will catch up with you. The resulting negative media coverage or worse, legal action will have damaging effects. Once you have accumulated information, you can start to turn it into knowledge and strategy through analysis. The management model "PortersFive Forces" provides a solid framework to classify your information. It incorporates the areas of: potential new entrants, substitute products/services, power of suppliers, power of buyers and the influence of technology, demographics, economy and government regulations.

Although not critical for the small business owner, large corporations with teams devoted to CI might consider investing in software analysis tools. Derik Thompson, of **Ibis Research** notes that business intelligence software is quite data collection and management focused at the moment. He suggests referring to the **Fuld and Co.** website (www.fuld.com) for a detailed review of 13 intelligence software products. **Fuld and Co.** is a Cambridge, Massachusetts based world leader in competitive intelligence. However, your existing word processing, spreadsheet and database software might be all you need to build a list of contacts and store data on competitors. Remember that software is a tool. Your program will only be as good as the human-source intelligence it is built on. You may wish to solicit the assistance of an outside organization. Marketing research firms or business intelligence and knowledge management companies engage in different forms of CI. The benefit here is in the expert data collection and analysis. The **Canadian Business Intelligence Association** (www.cbia.ca), the **Society of Competitive Intelligence Professionals** (www.scip.org) and the **Professional Marketing Research Society** (www.pmrms-aprm.com) are all good sources for professional assistance. In today's competitive environment to ignore your competition is to do so at your own peril. From a strategic perspective, competitive intelligence is vital to your company's success.

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