



The Case for Intelligence  
*And the role of the intelligence vendor*

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## INTRODUCTION

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Over the past 15 years, “business intelligence” has gained popularity within many American and European businesses. Part of this popularity may arise from the use of the term “intelligence” itself – in other words, if what I have from traditional business and market research isn’t enough, perhaps I need something sexier! For many, the term “intelligence” evokes visions of espionage. To further confuse matters, Gartner Group, Incorporated began in 1989 to apply the term to a class of on-line analytical processing tools (OLAP) that permit ad-hoc visual reporting on structured numeric data about corporate transactions – a far cry from the use of the term to describe a species of business research.

Those who understand that business intelligence *is* different from traditional business research, and that it *is not* (in that context) a class of software associated with data warehousing applications, are often nonetheless troubled by attempts to describe business intelligence. What is it, exactly? How does it differ from market research? Is it a process, or a product? How do you know that you have good intelligence – not just more data? ? How is it different from corporate espionage? Finally, once intelligence is adequately defined, how might one go about selecting an intelligence vendor for a specific project?

The document below is intended to help answer these and other questions.

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### **Beyond “competitor” intelligence**

Business intelligence is information that has been analyzed to the point where a decision can be made. Typically, the type of information that is the focus of intelligence is external information – information about the market environment, and about other players in that environment. Business intelligence goes beyond mere “competitor” intelligence, i.e., the acquisition and analysis of competitor activities, to include penetrating insights into customers, suppliers, potential partners and others. Properly prepared, good intelligence can improve the company’s focus on customers and encourage improvements in quality by giving corporate executives, salesmen, and others unstinting and accurate information about what customers really need, and “best practice” information about how other companies are moving to meet those needs.

### **What are the key benefits business intelligence?**

Research indicates that that companies with integrated programs for acquiring and managing external information report substantial business gains as a result. In fact, companies with active business intelligence programs share the following characteristics:

- **They perform better.** General industry studies show that these companies have significantly greater sales, industry market share and earnings per share than companies without business intelligence programs.
- **They have greater confidence in their products, plans and market initiatives.** Executives, especially, affirmed the importance of intelligence support in determining financial goals, sales and market share.
- **They report significant returns on their investment in external information.** The average ROI for these companies was nearly 310 percent payback over costs. Of the companies reporting specific dollar amounts, all indicated over \$50 million a year in revenues gained or not lost. Each company with a coordinated, integrated approach to business intelligence reported substantial savings and/or better value.
- **They report specific revenue enhancements/savings of millions of dollars annually.** Revenue enhancements include identifying opportunities, generating leads

and improving sales/closure ratios. Savings resulted from better managing risk, coordinating the purchase of information and lowering consulting costs.

Research further shows that companies who support decision-making with coordinated and integrated business intelligence can count on more than improved market performance. In fact, they change the terms of their engagement with competitors and the marketplace by finding and taking advantage of new opportunities with high value and low risk; by reducing the ability of competitors to respond effectively; and by anticipating and minimizing the impact of potentially dangerous trends. *Companies that implement effective business intelligence programs have effectively installed the “radar” needed to react to the constantly moving “targets” of the modern marketplace.* Failure or lost opportunities in many companies can be attributed to the absence of such early-warning systems.

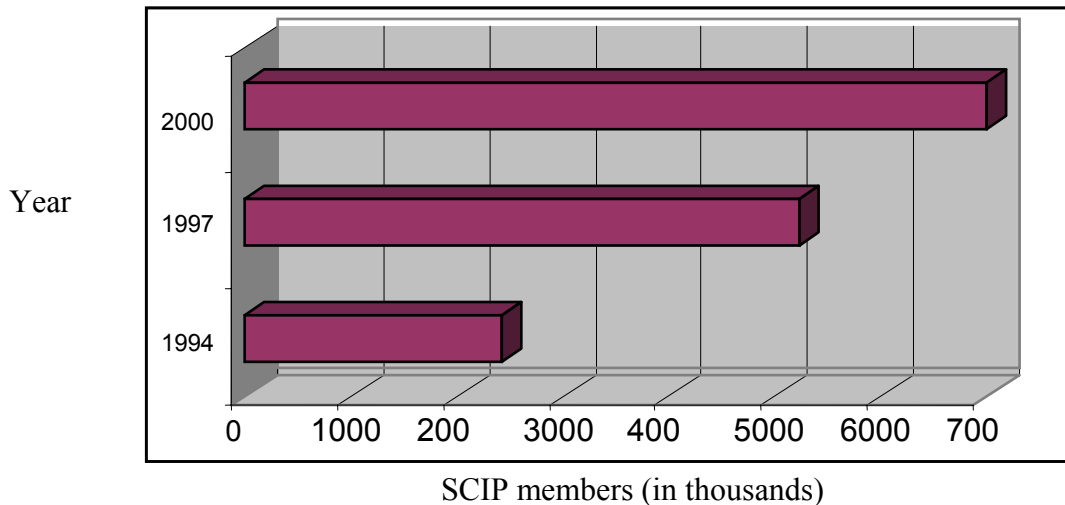
## **THE CASE FOR BUSINESS INTELLIGENCE**

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### **A dramatic growth in interest**

Over the last 20 years, American companies have shown an increasing interest in business intelligence. When the society for Competitive Intelligence Professionals was founded over ten years ago, most American companies relegated competitive intelligence to junior professionals within the market research and strategic planning functions at their corporate headquarters. (In contrast with this approach, many European and Asian firms had prior to 1985 already begun creating mature business and competitive intelligence functions comprised of senior personnel, and associated with significant budgets).

By the year 2000, however, American membership in SCIP had sharply accelerated, with Americans making up a significant portion of new applicants.



Other indications of increasing American interest in intelligence include:

- An increasing number of academic journals and university programs dedicated to business or competitive intelligence
- The sharp increase in the growth of intelligence consultancies and competitive intelligence-related tasks allocated to less specialized organizations
- Most significant, sharp increases in the number of major corporate Chief Executives who indicated that they either “had developed or planned to develop” intelligence functions within their companies (up to 63%)

### **What happened to market research?**

Traditionally, many companies relied upon market research to provide the “external market view,” giving corporate leadership both early warning of threats and clear descriptions of opportunities. While it is difficult to determine precisely what conditions stimulated the remarkable growth of intelligence, some analysts believe the following business conditions constitute “key drivers” in that growth:

- Traditional market research techniques do not place adequate focus on the business-to-business service market, a core target for many large companies
- The accelerating pace of change within many business sectors has out-stripped the ability of traditional market research techniques to keep up (this is particularly true where those

techniques relied heavily upon the statistical and quantitative analysis of large volumes of normalized data)

- Management is increasingly flooded with highly relevant yet insignificant information; and market researchers have not been able to constitute new paradigms for managing, assessing, and exploiting this information. (Much information is *relevant* to enterprise concerns, yet is not particularly necessary – significant – in the light of any specific decision at hand).

### **Drucker’s critique**

In a 1998 article for Forbes, Dr. Peter Drucker<sup>1</sup> has offered the following analysis about this alleged “failure” of marketing, and about management’s need to find a cohesive approach for managing external information (paraphrased):

- Management’s principal job is to innovate and respond to the external environment, not to run the company
- Marketing has failed as a tool to bring the outside world into focus. It now aims at “getting people to buy things that you want to make.”
- There is no systematic approach for determining what “outside data we need” and “how to get them.”

Drucker goes on to say that American managers in particular are “internally focused” at their peril, and that information technology helps to sustain that focus. This is not to say that there is no external view – indeed, market research functions provides many companies with a consistent, and constantly refreshed picture of how well customers are satisfied with current products, and what new products customers might buy from the company.

The difficulty lies in the fact that the entire external orientation of many companies is weakly organized and poorly focused, relying *entirely* upon market research for information about competitors, customers, partners, and others – and that market researchers cannot provide the necessary information using the traditional tools of their trade.

Some analysts contend that intelligence techniques and processes can provide the “missing system” that Drucker sought for organizing and exploiting external data. Some of the organizing principles that make up the discipline of intelligence follow.

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<sup>1</sup> Forbes Magazine, “Management’s New Paradigm,” October 5, 1998

## WHAT CONSTITUTES INTELLIGENCE?

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### **Intelligence – product or process?**

Strictly speaking, intelligence is both the *product* of careful collection and analysis, and the *process* by which it is produced. Intelligence “products” provide just that information that is needed to make a decision. They do not provide mere “background” information, they are *the* information most crucial in a specific decision. Examples of intelligence products might include enough detail on competitor cost, pricing, or marketing plans to prepare a targeted response; advance notice of emerging market threats or specific opportunities; or insight into new regulations or technologies that could completely change the marketing landscape. Deciding which intelligence products to create, with what sources, and for whom — are all part of the intelligence process.

### **What distinguishes intelligence research from other types of business research?**

Three main characteristics distinguish intelligence from traditional business research:

- ⇒ As was mentioned above, intelligence is normally “entity focused,” meaning that it tends to focus on named players in the marketplace, not on mass or generalized trends. This means that intelligence is particularly unsuited for market segmentation studies, for example, but well suited to help convert observations about generalized trends into clear data about specifically emerging threats or opportunities.
- ⇒ Intelligence is often predictive, meaning that it is future-focused. The intent of much intelligence product is to determine the intent and/or likely action/reaction of specific market players, given certain stimulus. This is helpful in business negotiations, acquisition due-diligence, client account or supplier management – or any situation in which the intent or the true capability and condition of a specific market entity must be learned before a company can profitably act.
- ⇒ Intelligence is principally based on primary human sources, individuals who are aware of the intent of the target entities, and who have shared some portion of their knowledge with the intelligence collector. It is rare, of course, to get all the “right information” from one source at one time – intelligence tools are designed to permit the ethical collection and systematic

aggregation and analysis of data from many sources, synthesized into a complete picture that is tailor-made to answer the decision-maker's questions.

In addition to these three main characteristics, *good* intelligence frequently identifies uncertainty, is highly perishable, and may include recommended actions to the decision-maker. A restatement of the traditional definition of intelligence (“the information that will allow you to make a decision”) might be as follows: *Good* intelligence not only “allows” decision-making, but is a necessary condition for *good* decision making. It is information that is:

- Necessary to the particular decision
- Sufficient (in detail, accuracy, and scale) to support that decision
- The result of a disciplined process of collection and analysis

It should be clear from these comments that intelligence information theory is associated with decision theory. *Intelligence production and use must be closely coupled with key decision processes, or it cannot be considered intelligence, regardless of who reads it, how it was produced, or how much it cost to create and disseminate*

### **The five streams of business intelligence information**

Many business intelligence projects and system handle five major streams of information. *We recommend consideration of the role and inter-relationships of all five of these streams in any system or project designed to produce intelligence:*

- Competitor information and trends
- Industry and macro-market information
- Customer information and trends
- Technology trend information
- Regulatory information and trends

In his book Competitive Strategy, Professor Michael Porter of Harvard describes the interplay of additional market forces that pass *beyond* the competitor in this manner:

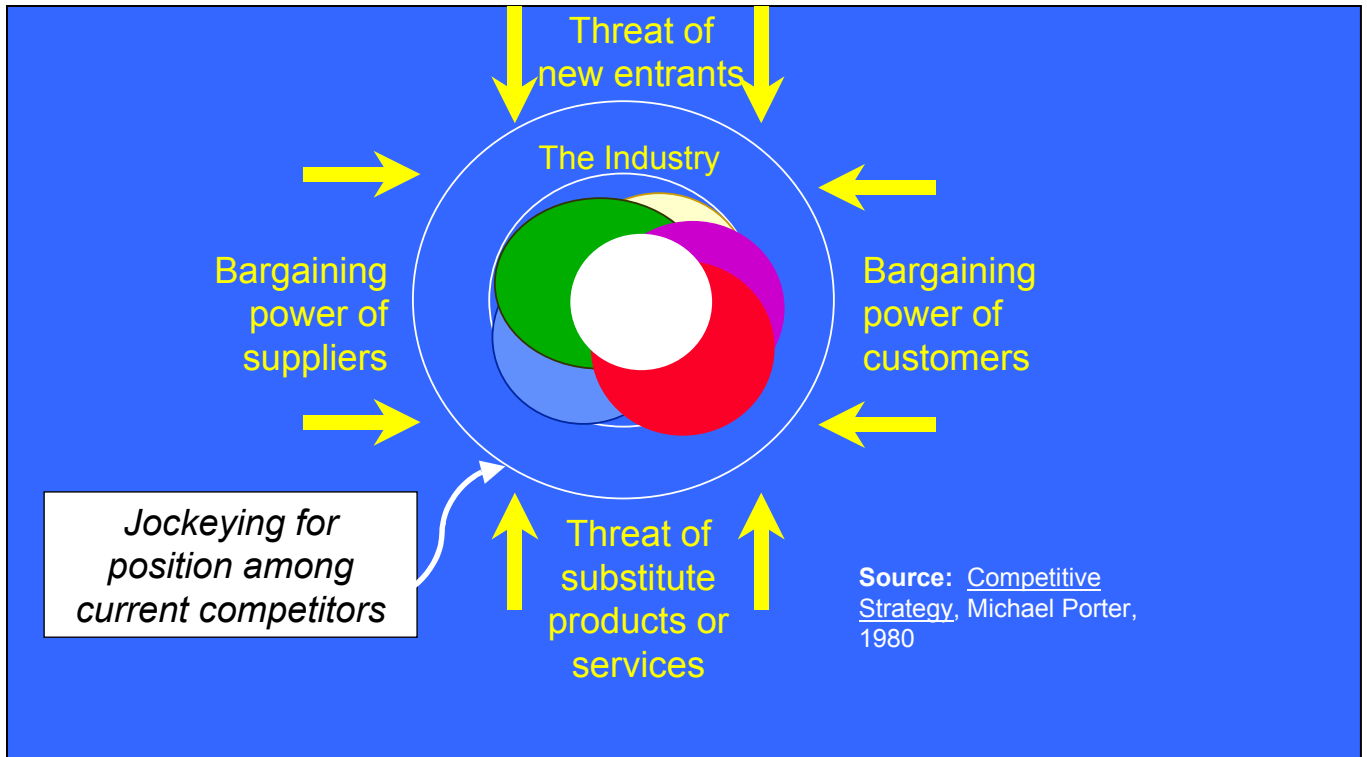


Figure 1: Michael Porter's Five Forces Model

## **THE GOAL OF ACTIONABLE INTELLIGENCE**

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*An increasingly competitive and dynamic marketplace* has generated the absolute requirement to establish processes that give decision makers the intelligence needed to predict, see, and respond to key opportunities and threats in the marketplace. To be useful in this way, intelligence information must be “actionable.” The simplest definition of actionable business intelligence is that information that is directly relevant *and* crucial to a company’s plans. In other words, actionable intelligence must be sufficiently reliable, detailed, accurate, and timely to facilitate a rigorous analysis of competitive opportunities and threats, and of the costs and benefits of various actions that might be taken in response.

*We believe that to be actionable, intelligence information must:*

- Couple closely with key decision processes
- Be timely (i.e., delivered to the decision makers in time to effect their decision making)
- Be traceable to sources
- Contain an estimation of accuracy
- Make generating assumptions explicit

- Give executives means of grading the information for utility and value
- Be rich in attributes that directly support analysis of multiple, complex variables within the decision cycle
- Substantiated or validated in a methodical way, and graded for estimated reliability

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## **WHEN DO YOU KNOW YOU HAVE INTELLIGENCE (AND NOT JUST “MORE DATA”?)**

Below are four criteria for determining whether or not an intelligence product (or process) is successful. Not surprisingly, all of these criteria depend upon measuring the reaction of decision-makers to the intelligence provided. Bennion-Robertson considers that intelligence may have been produced when:

- ⇒ Intelligence reports cause the company to change marketing plans or the new product’s introduction date.
- ⇒ Corporate strategies explicitly consider competitor’s capabilities and intentions - and are adjusted in response to changes in competitor’s performance and/or actions
- ⇒ Senior management requests include personality assessments for their key decision makers, and intelligence situation assessments before key decisions
- ⇒ The company makes different decisions, act more decisively, see the whole competitive picture, and considers the competitor’s likely responses to next moves!

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## **DOES INTELLIGENCE SUPPORT STRATEGIC OR TACTICAL DECISIONS?**

The answer, of course, is “it depends.” A simple definition of “tactical intelligence” is intelligence that supports short-term decisions (up to six months out). Strategic intelligence supports longer-term decisions. Using these definitions, most successful corporate intelligence operations are strategic.

Most intelligence units also provide tactical intelligence – such as information in support of sales efforts, major negotiations, etc. – but not as a primary focus. Intelligence work usually requires careful planning and source development, extensive telephonic interviews, and a well thought-out approach. These tasks require an enormous investment to do effectively at the tactical level, where volume requirements are high and decision cycles short.

## A PLACE FOR COUNTERINTELLIGENCE

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Along with the five major streams of information that are the legitimate purview of business intelligence, a sixth area of focus emerges when *other companies'* use of competitive intelligence are considered. Without a program that adequately protects proprietary information, no amount of successful intelligence about others can ensure a company's success.

Oddly enough, many companies limit their protection of key information to “guns, locks, and dogs” – physical security attributes and employee awareness programs aimed at avoiding the physical penetration of ne'er do wells of any sort (wither hostile intelligence operatives or criminal perpetrators). The successful execution of a corporate counterintelligence program goes well beyond this approach, to assess and protect *only* that information that is *both* most valuable and most at risk. Surprisingly to some, there is no attempt under counterintelligence to stop the flow of ALL sensitive data to the outside – merely to manage that flow for competitive advantage, without deception. Hence, a good competitive intelligence program may begin with specific efforts to uncover one's own company's key secrets and vulnerabilities (perhaps by emulating the techniques that might be used by principal competitors to obtain information), then proceed to identify just that crucial information that is most likely at risk of disclosure.

Disclosure of sensitive information that is not as crucial may not be prohibited (as some information will escape regardless of all attempts to the contrary); indeed, the company may choose to designate specific information elements as “releasable” although they remain sensitive – especially if it is determined that this important yet (perhaps slightly dated) crucial information might be fed into a competitor's intelligence operation in a way that engages and distracts their efforts away from the real corporate “crown jewels.” This process – vulnerability assessment, threat assessment, and countermeasure development – make up effective corporate counterintelligence.

Even where a company does not specifically institute a specific counterintelligence program, it is imperative that the intelligence projects the company commissions do not “give away the store” through using market-research oriented methods such as extensive call lists, question protocols, and similar techniques. These methods make it fairly clear to an observant competitor or other target that they are being watched – and what the questioners are after. With this information, the target can alter their responses to ensure that the company collecting intelligence will receive information tailored to maintain a particular perception, obscuring the truth.

## THE INTELLIGENCE CYCLE --

### *The Organizing Principle behind Intelligence Systems*

The guiding model for intelligence production is found in the *intelligence cycle*. This model delineates how intelligence is “done” – planned, collected, analyzed, and used. It forms the core development concept behind most successful intelligence systems.

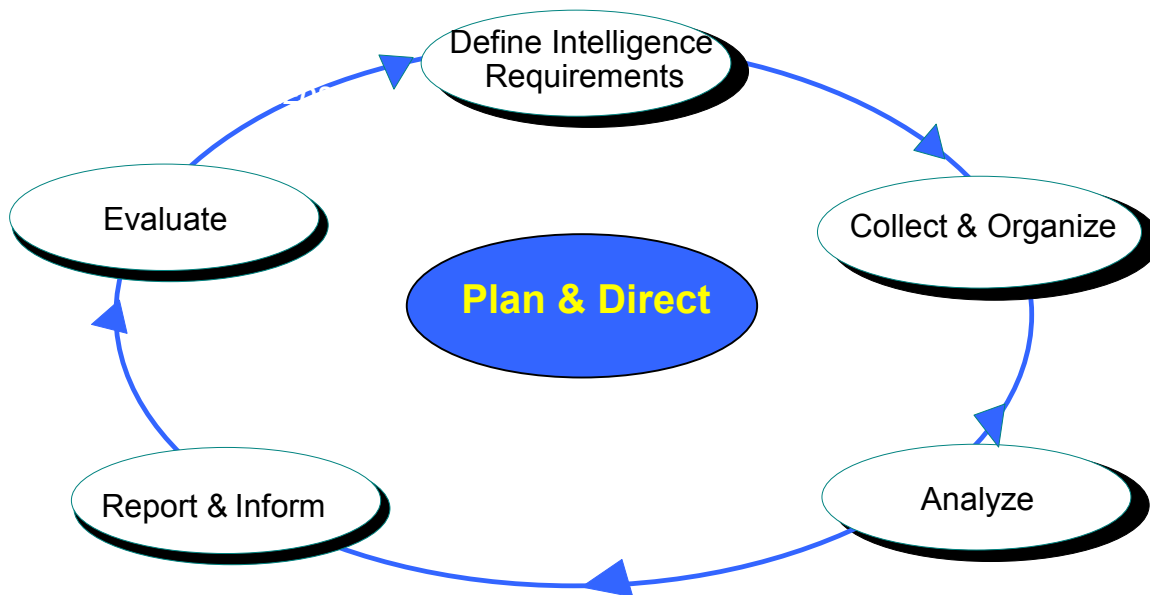


Figure 2: The Intelligence Cycle Model

According to this model:

- Intelligence requirements must first be defined in concert with key decision makers
- A collection plan is developed that identifies overarching hypotheses that can be decomposed into supporting indicators or “observables” that either confirm or deny the basic hypotheses
- Secondary and primary research information is collected, normalized, and assessed
- Intelligence information is analyzed to yield the “so what?” (*answering the need*)
- The results are distributed to the original requestor and to others that need it
- The entire process is measured, assessed, and reviewed on a regular basis.

Please note that although the intelligence cycle shown below makes it appear that intelligence production is essentially a single, closed-loop process; it is in fact iterative, with constant

interaction between decision-makers and staff, information collectors, analysts, and intelligence consumers.

## **ETHICS – BLACK, WHITE, AND GRAY**

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Besides business intelligence, there are three other activities with which it is frequently confused. Least confusing of these three is ***national intelligence*** – operations conducted by sovereign nations to help them define and defend their national policies in a frequently hostile world. Because business intelligence aims at improving or defending corporate profit, not national policy, it is easily distinguished from this the former.

Despite this differentiation, there are clearly certain legal, ethical activities *derived* from successful practices used to produce national intelligence, that are equally applicable within the business world. Of course, what is “legal” for a sovereign state in defense of national security may not be legal for a company in maintaining its profit. Note, for example, that national intelligence may include elements of espionage – the sophisticated use of ruses and deceptions to collect and use information that is not in the public arena. In the business world, although sophisticated (and similar) collection techniques may often be used, the use of deception is proscribed, removing the collection process from the realm of espionage.

Beyond the traditional military and political targets, some national intelligence services also direct their intelligence resources to employ ***economic espionage*** to collect foreign technical and business information from specific companies in support of their own national industries. In addition, companies with no connection to any foreign government may decide to ***conduct corporate espionage***, stepping outside norms of business behavior<sup>2</sup> to use espionage techniques against other companies for their own competitive advantage. Because the targets (private and public business entities) are similar to those legitimately included under the rubric of business intelligence, there is occasional confusion between these activities. Please note, however, that espionage operations may well include deceptions and ruses that are strictly prohibited by the code of ethics of the Society for Competitive Intelligence Professionals (SCIP) – and by U.S. Law (The Economic Espionage Act of 1996).

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<sup>2</sup> Please note that what is an “accepted norm” in one country is markedly unacceptable in some others. Hence, many companies based in some countries, for example, often engage in good conscience in activities that are strictly proscribed by most firms in others, or that are even prohibited by the national law of their host nations.

To help uphold a high standard for the conduct of business intelligence, SCIP continually refines and updates its code of ethics. At its core is the prohibition of the use of deceit. Because deceit is required for nearly all espionage (but not for intelligence research work), this helps ensure that intelligence professionals that belong to SCIP remain free from the taint of scandal. Beyond the SCIP code, however, Bennion-Robertson also recommends (and adheres to) another, simpler ethical code in the conduct of all its research:

1. The No-harm Rule: *Never do anything that would embarrass ones's own firm (or one's client) if the activity were published in the local paper*
2. Never deceive
3. Never do anything that feels uncomfortable, or that you wouldn't want your mother to know
4. Never knowingly violate another's *reasonable* expectation of privacy
5. Never harm a source

*Because intelligence is about the rigorous collection, validation, and management of information in support of key decisions, Bennion-Robertson has never found this code of ethics to be a burden. Good intelligence collection methods can typically obtain tremendously detailed information without violating either the law or one's conscience.*

## **SELECTING AN INTELLIGENCE VENDOR**

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### **When do companies select a vendor?**

Companies often first become aware the need for better intelligence through one of the following scenarios:

1. Emerging technologies or new market entrants dramatically change understood marketing paradigms that have served as basic planning assumptions for years. Intelligence is seen as a means of exploring new opportunities and likely competitor responses to the marketing moves that take advantage of the new conditions.
2. The company is surprised by dramatic, unexpected, and market-altering choices made by principal competitors, key suppliers, or important customers.
3. In a saturated or mature market, the company becomes deeply interested in finding new means to penetrate a market dominated by (a) powerful competitor(s).

Once a company has determined the need for better intelligence, it has two choices. It can either work to develop its own intelligence processes with a goal of producing most of the intelligence it requires, or it can choose to outsource intelligence production to professional intelligence research firm. The most frequent choice is a combination of the two: An initial research project is commissioned, followed by other research projects that validate the felt need for intelligence. As the company profitably acts on the information received, it determines that it will alter its approach to produce much of the required information internally. This decision typically requires formalized intelligence training, and organizational and process design and development.

Regardless of how much intelligence is developed “in-house,” many companies nonetheless retain intelligence consultants to do research that is beyond the capability of the small corporate intelligence “cell” – or that, by nature of the project, cannot be ethically done by the host company without deceit (it is much easier for an intelligence research firm to ethically collect sensitive information when the research firm is not the end user of that data -- for obvious reasons).

### **What decision criteria might help to select an intelligence vendor?**

Observations of how many successful clients select intelligence vendors yield at least five clear criteria. Some of these principles are astoundingly simple, but experience indicates that many companies overlook them – to their harm. Many firms hire intelligence researchers from the ranks of business school graduates, trained in traditional business research. This is simply not enough! The intelligence vendor should....

1. **Be trained in intelligence!** Unfortunately, very few public universities train students in business intelligence. Nearly all of the university-level programs that exist have come into being over the last five years; and many of these are focused on helping librarians and business students make better use of secondary sources –not on the human source collection that is so crucial to intelligence work.

No U.S. University currently offers, to our knowledge, a degree in business intelligence, and very few mainstream MBA programs include it as part of their curriculum. This leaves the United States Government as the principal intelligence trainer, with extensive practical programs in decision support, intelligence collection management, intelligence collection

(including the development and maintenance of human source networks), the psychology of intelligence, intelligence analysis, and intelligence product evaluation.

2. Have a firm business background. This is the “other side of the coin” from the first point. Ideally, this background should include both academic training and business experience. Firms that use only new graduates – or, equally problematic, only retired intelligence officers without business background – are handicapped. A background in both formal intelligence procedures and basic business is essential for the vendor to be able to adequately frame and respond to the client’s intelligence requirements.
3. Be committed to formal collection planning and understand how it is done. Intelligence collection management (best developed within the U.S. Government, especially the military) is the art of focusing only on those information elements that are both necessary and sufficient to make the decision at hand. An intelligence vendor that understands the need for this function will insist on in-depth client meetings at the beginning of the engagement that delve into the client’s needs for the information targeted, known sources, and other market data that will help the vendor develop a competent collection plan.<sup>3</sup>
4. Deeply understand and exercise human source intelligence collection techniques. These include conversational intelligence, psychological profiling of prospective sources when necessary, and human source management methods. Some vendors believe that traditional business research methods – such as secondary source work, followed by a litany of questions asked of a roster of target individuals – constitutes intelligence. This is not the case. Cognitive psychologists have indicated that most people remember questions better than the discursive conversation that makes up much of our interaction with others in casual conversation.

*We have repeatedly heard from clients* that first learned that intelligence research firms were targeting them when they realized that specific individuals were calling – over and over, throughout the firm – to ask highly specific questions. Under those conditions, it is an easy matter to determine the areas of interest – and to ensure that the callers get no useful (and perhaps deliberately misleading) information. Intelligence techniques such as conversational

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<sup>3</sup> One indicator of the emphasis the vendor places on collection planning can often be found in the initial research proposal. If the proposal addresses specific information taskings, but nonetheless is not divided into time segments for execution– i.e., into the number of hours the vendor anticipates will be required to perform the task, or at least to prepare the collection plan – the vendor may not be committed to the type of planning that will yield actionable intelligence.

intelligence avoid this problem entirely by deriving the needed intelligence from more normal conversations, deliberately designed to give useful benefits to both parties (avoiding sheer exploitation).

5. Use an integrated intelligence/counterintelligence approach to all operations. This approach ensures the careful validation of the information collected, always maintaining a watchful eye for deliberate deception or rumor. It also maintains the security of the research effort. Normally, the accrual of excellent intelligence information does not counterbalance the damage that occurs when the competitor knows what you have and how you plan to use it.

### **What types of intelligence vendors are there?**

Increases in global SCIP membership parallels another development in business intelligence – an increase in the number and size of firms marketing intelligence services for commercial clients. These companies typically come from one of five different origins. The most common origins of such companies include:

1. Firms established specifically for the purpose of business intelligence consulting and research
2. Small marketing or literature research or management consulting firms that develop a business intelligence practice in concert with their marketing research or strategic advisement services
3. Security and private investigation companies that see intelligence as a direct extension of their investigative services, and
4. Secondary research firms and news aggregators – providers of subscription content - that develop a business intelligence practice to help clients make better use of the other information they provide (this same rationale holds in part for the marketing research firms)
5. Management consulting firms (such as the “big five” accounting and consulting firms) that build a business intelligence capability to complement their strategic consulting work<sup>4</sup>

For the purpose of this review, we won’t delve deeply into the fourth or fifth categories of intelligence providers. There are two reasons for this. First, most of the firms in those categories do not specifically market intelligence services as such (they are usually bundled into a much

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<sup>4</sup> Such firms conduct some external business research as part of most major engagements, although most of their revenue is derived from helping their client reposition and redesign themselves to suit new strategic initiatives

larger contract); secondly, most of the firms in those categories miss nearly every one of the criteria listed for evaluating intelligence offerors except one – a grounding in basic business principles. (Many firms in these categories frequently acknowledge this shortfall, and aggressively hire pure business intelligence firms to work for them on a project basis).

Of the remaining firms that market intelligence services, most sell two principal services: Intelligence training and research. Under *training*, firms offering these services normally teach students how to set up an intelligence research project, collect the required information (normally using interview techniques), analyze the findings, and produce a report from the results. Some training includes tradeshow and conference exploitation techniques, the construction and management of human source networks, and intelligence process implementation within companies. Training is normally offered as individually paid seats in advertised public courses, or as tailored in-house training at the client site for groups of up to 25 individuals.

Firms that specifically market intelligence research services often develop either (a) internal vertical “silos” of expertise surrounding named industry sectors (such as consumer products, financial services, etc.), or (b) focus on developing advanced intelligence collection techniques and a large source network. The small size of most of the firms selling intelligence services from categories 1-3 above seem to normally preclude simultaneous development of vertical industry expertise *and* significant intelligence expertise and networks.

A further service provided by a small number of intelligence consulting firms lies in the development of systemic organizational intelligence production capabilities within the client firm. This mingles intelligence expertise with traditional management consulting, with a goal of lessening the client’s dependence on paid intelligence providers, and improving the client’s ability to anticipate and respond to market signals.

## **THE INTELLIGENCE APPROACH – HOW “TYPICAL” PROJECTS UNFOLD**

### **What is “conversational intelligence”?**

In the previous section, we discussed “intelligence techniques” as a key differentiator between firms that provided true business intelligence and those that principally provided market or traditional business research – under another name. Before proceeding to describe how a

“typical” intelligence research project is done, we should consider one of the key tools used by skilled intelligence providers – conversational intelligence.

Business intelligence collection focuses on ethically obtaining information from individuals that actually *know* the target company’s plans – it moves beyond an understanding of that which the company can do (capabilities), to what it *intends do*, and when. It is usually not possible to get this information ethically through simple interview techniques that rely on sophisticated questioning.

Questions inevitably invoke process. We all recognize this, intrinsically - and so prepare carefully when asking sensitive questions of co-workers, spouses, family and friends. Sensitive questions, once posed, seem to hang in the air like an artifact of some sort, while the answerer composes a response that will give the questioner what he (the respondent) wants them to hear.

Think of a job interview. "What was your most embarrassing moment at work?" the interviewer asks. You may think of the day that you arrived with different colored socks (or worse); yet you tell the interviewer something different - perhaps about how embarrassed you were when a co-worker failed to perform.

In the business of intelligence, we must have information; this "process" gets in the way. Hence - just as in many other situations in our lives - we teach methods of carefully planning our conversations in such a way as to minimize process, and maximize data. Because most people don't know how to get information without asking questions, this can be difficult at first. It begins with an assessment of who has the information we need - and then, of what information THEY need, in turn. If we can provide them with useful information, we can help ensure that we've built a "win-win" dialogue avoids real exploitation. What do they know? What do they want? Then, what will get them to talk? Most of us will converse freely on subjects of interest to us. What interests this particular source? How can we ensure that the conversation is fruitful, non-threatening, and interesting to them?

Conversational intelligence techniques are lubricants that improve our ability to obtain critical information in an non-threatening way. Conversational intelligence simply expands - often vastly - the repertoire of techniques taught in communications courses over the years. There are at least 20 discrete techniques, and careful planning procedures, that an accomplished elicitor must learn. There are also a few rules, for business intelligence...such as "never harm the source." Source protection and confidentiality are key. For all of its complexity, however, conversational intelligence is just one of many tools available to the skilled business intelligence specialist.

## Getting Started – Kick-off Meeting to Collection Plan

Most projects begin with a discussion between the intelligence provider and client key staff to ensure correct mutually agreeable project focus and project management procedures. This meeting also reviews internal (client) sources of data that may be helpful in expediting the project. Finally, the research project manager uses this meeting to ensure that he or she understands the information to be collected and the uses to which this information will be put. This depth of understanding will ensure:

- Formulation of an appropriate intelligence collection plan
- Engagement of appropriate intelligence collection assets to meet target objectives
- Capture of “serendipitous” information – the capture of information that collectors encounter that is useful to the client, *even though* such information elements are not specified as part of the formalized information objectives, this becomes possible when we know the uses to which this information will be put, and the decisions to be made.

The second phase of most projects is an open-source survey of the target company. This includes a review of published comments about management structure, corporate culture, recent trends and developments, and current key issues. This survey provides much of the “grist” for eliciting information from corporate players and other sources throughout the project. Sources for this survey include published, secondary and syndicated research, and news. Where a leadership profile is planned, the survey may also seek to uncover contacts that may have worked with or for the target company or leadership players

As the second phase of the project is concluded, most project managers use the assembled data to construct a collection plan. Collection plans are typically task matrices that are built after analysis of the requirements to identify all explicit and tacit taskings. Such taskings must be accomplished to perform explicitly described taskings, but are often not clearly explained in original task planning documents. Defining tacit requirements typically requires the careful exposition of assumptions buried in the original task, and includes work to validate/scope those tasks in the light of conditions as they exist on the ground at various target sites.

Collection plans typically consist of three elements: A full description of the task that includes a delineation of what categories of data elements are necessary to fulfill the task, and indications of *how much* information might be considered *sufficient* in each category. In intelligence, the

definition of that information that is both “necessary and sufficient” by information class provides “thresholds” or indicator groups that help ensure that only that information which *must* be collected *is* collected, helping avoid superfluous effort.

Two more elements follow: A description of what *sources* must be tapped to obtain the desired information, and a description of the *resources and methods* the collector plans to use in tapping those sources. As work proceeds, the collection plan then helps determine the sufficiency of the data collected, and to revise the approach when necessary.

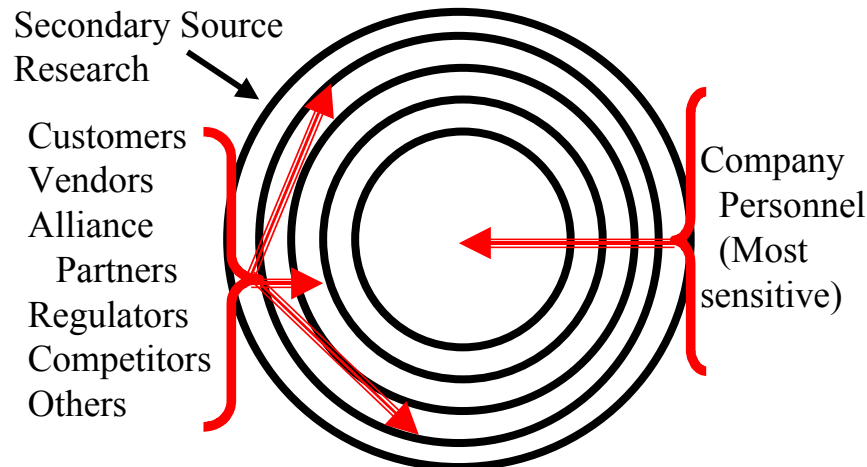
### **Developing a Human Source Network.**

Once the collection plan is in place, some vendors use standard intelligence techniques to develop and test a network of sources within the target and related industries, mutual suppliers, and other contact points, sufficient to ensure that such sources:

- Either possess or have access to those who possess the desired information
- Are likely to provide the information required in an accurate, reliable way
- Are willing to provide information without either compromising the collection effort, or engaging in unethical conduct.

Human Source Network development for some target areas require a considerable amount of effort to ensure that this intelligence effort is both accurate and secure (i.e., is not compromised through unauthorized disclosures). In each case, a wise approach begins with the least sensitive sources (i.e., vendors, suppliers, and others) and progressively moves closer to the target company as the project progresses.

## “Peeling the Onion” - Source Access



Sensitivity Considerations: Successive Access to Sources

### **WORKING WITH A VENDOR**

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A frequent question at intelligence conferences concerns explanations for common causes of failure among intelligence projects. The normal answer (regardless of the answering “expert”) lies in a lack of executive involvement and commitment to intelligence. We note that although this answer is normally applied to discussions about why some corporate in-house intelligence organizations go wrong, it could equally be applied to companies that purchase (or out-source) intelligence production, but that fail to make use of the purchased intelligence.

Many companies fail to adequately prioritize their intelligence requirements before engaging a research vendor. If the client cannot adequately answer questions such as, “what will you do with the information,” and “what might you do *differently* if you had it,” they will not know how to use it when they get it. Any information collected will nonetheless be slightly wrong – either too little or too much; too general or too specific.

To optimize use of the selected vendor, the client should require an early, in-depth review of all the information already held at the client site. This should come *after* there is a clear sense of what the client will do with the information. *Both the vendor and the client* should be ready to

perform a “gap analysis” to focus research efforts on only those *most crucial* elements of information that are clearly not already held by the client – or where the client wishes external validation of information already believed to be true.

Once the task is underway, a well-managed project includes occasional discussions between the research vendor and the client. These meetings help ensure that the vendor correctly identifies the significance of the information uncovered during the research, and keeps the research effort focused along productive lines. For most true intelligence projects, the client should not expect that the research vendor will be able to produce significant findings until at least six weeks have passed. *It normally takes at least five or six weeks to build and/or test the human source network* each project requires.

## **SUMMARY**

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Intelligence – properly done, for a client that understands its uses and limitations – can often serve as a competitive discriminator differentiating between “usable” corporate plans and staff-generated “shelf-ware.” For a company in a highly competitive environment, intelligence can answer Drucker’s critique by providing a cohesive system for harvesting crucial information from that environment and acting on its implications *ahead* of the emergence of key market threats and opportunities. The use of intelligence helps differentiate between market makers and market followers, yielding substantial competitive advantage when it is acted on. Intelligence can thus actually *change the terms* of a company’s engagement with the marketplace, ensuring that the company sets the terms of that market engagement, and is not left simply wondering what happened – and why the company didn’t see it coming.