

COMPETITIVE INTELLIGENCE: MEANINGS, CONCEPTS AND APPLICATIONS

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Abstract: *Competitive intelligence or in short known as CI is a tool for strategic management that organizations could benefit from. CI provides clear guidance to business companies about what to expect based on the intelligence gathered through the CI process. Although CI has been playing its important role in business companies, there are still many who fail to capitalize and reap its potentials and benefits. This is because the precursor to CI establishment in any business companies is to understand the CI concepts before it can be put into practice. This paper attempts to highlight some of the many concepts that are deemed important in carrying out the CI work. The concepts could also be used as a framework for future research in CI.*

Keywords: *Competitive Intelligence, concepts of CI.*

INTRODUCTION

In today's business practices, competitive intelligence (CI) is regarded as one of the most important business tools at a company's disposal. CI provides a clear guidance to business companies about what to expect based on the intelligence gathered through the CI process. Although CI has been playing its important role in business companies, there are still many business companies which fail to capitalize and reap its potentials and benefits. This is because the precursor to CI establishment in any business companies is not only the understanding of the CI concepts but also their intricacy to put into practice. There are many concepts pertaining to CI that business companies have to be clear of before it can beneficially be implemented. This paper attempts to highlight some of the significant concepts that pertain to CI with the hope to provide a clearer understanding of what CI is really about, hence making it easier to be implemented and benefitted. The discussions begin with some meanings of CI for the purpose to underpin the important concepts that are embedded in the meanings. Thereafter, each of the important concepts are highlighted and discussed. The paper is concluded with a brief description of CI in action which is actually based on true happening but it is written with the purpose to highlight the need of CI in business competition.

MEANINGS OF CI

There is a profusion of CI meanings as discussed by many experts and practitioners of CI. Below are some of the meanings stated as the foundation for discussions. CI is the process of obtaining vital information on your markets and competitors, analyzing the data and using this knowledge to formulate strategies to gain competitive advantage [Yuan and Huang, 2001]. CI is

also the systematic legal, moral, and ethical gathering of business information on competitors, customers, and regulators” (Prencipe, 2000). CI is regarded as a business tool that can contribute to the strategic management process in modern business organizations, driving business performance and change by increasing knowledge, internal relationships and the quality of strategic plans (Bernhardt, 1993).

Viewing from the perspective of its objectives, CI is a tool used to manage and reduce risk, make knowledge profitable, avoid information overload, ensure privacy and security of information, and use corporate information strategically [Myburgh, 2004].

As reiterated by McGonagle and Vella [2002], CI could provide strategists with the understanding of the forces that influence the business environment.

CI is a product and a process. The product of CI is the information on the competitors in the market while the process of CI is the systematic acquisition, analysis and evaluation of information for competitive advantage over known and potential competitors [Myburgh, 2004].

A more appropriate meaning of CI as stated by Calof and Skinner [1998] is the actionable recommendations resulted from a process that is systematically conducted, involving planning, gathering, analyzing, and disseminating information on the external environment for opportunities, or developments that have the potential to affect a company’s or country’s competitive situation

According to Calof [2008], CI helps organizations sustain and develop distinct competitive advantages by using the entire organizations and their networks to develop actionable insights about the environment such as their customers, competitors, regulations, technology. In doing so, it uses a systematic and ethical process involving planning, collection, analysis, communication and management.

Perhaps, the most formal meaning of CI is given by the Society of Competitive Intelligence Professionals (SCIP) in which it states that CI is the process of ethically collecting, analyzing and disseminating accurate, relevant, specific, timely, foresighted and actionable intelligence regarding the implications of the business environment, competitors and the organization itself [What is CI? www.scip.org].

CONCEPTS OF COMPETITIVE INTELLIGENCE

With regards to competitive intelligence, there are many concepts that need to be made clear and understood so that the real benefits could be reaped by the organizations upon establishing it. There are some organizations lamenting on the failure to reap the benefits of competitive intelligence and from some informal discussions with the individuals who are responsible with its implementation. It is glaring that they are not very clear of the many concepts of competitive intelligence. Therefore, some of the many concepts that are discussed here would provide the understanding to guide the initiative of competitive intelligence in organizations.

REAL USERS OF COMPETITIVE INTELLIGENCE

The most important aspect about competitive intelligence is that, it has users or more specifically, real users. Real users are individuals who really rely on the intelligence to assist them in their daily tasks. They are convinced with the use of intelligence because they have experienced enjoying the benefits of intelligence and therefore would continue demanding for more intelligence. But it is not an easy thing to have real users of intelligence in organizations. They have to be convinced of the true power of intelligence and to do this the intelligence has to be of high quality. In this context, there need to be a cultivation of awareness of intelligence and a culture of competitiveness in the organization (Garvin, 1993; Sinkula, 1994; Slater and Narver, 1995).. Employees at all levels of management need to be aware of the importance and the power of intelligence. This awareness is not only to mean that employees should capitalize on the intelligence against their competitors but with the awareness they would also be careful and sensitive with the intelligence that they possess so that it would not fall into the hands of their competitors. Apart from that, with the awareness, they would be willing to share the intelligence between each other. As for the culture of competitiveness, it would drive the need to gather intelligence among the employees within the organization in order to stay competitive and survive in the competition. Therefore, the cultivation of the awareness of intelligence and a culture of competitiveness in the organization would lead to the existence of real intelligence users in the organization. Real intelligence users demand quality intelligence and providing high quality intelligence is not an easy thing to do. As a general guidance, quality intelligence has to fulfill the needs of the users with the right intelligence for the right users, delivered at the right time, packaged in the right format and form and communicated through the preferred channel of communication.

INFORMATION AND KNOWLEDGE ARE THE FOUNDATION OF INTELLIGENCE

The foundation of competitive intelligence is the information and knowledge. This means that competitive intelligence cannot happen without information and knowledge. Relevant information available across sources are identified, collected and then analyzed together with the existing information and knowledge that are already available in the organization to form intelligence. In this context, it is important to understand that Intelligence is derived from information and knowledge of a situation. The adding up of knowledge to the analyzed information would lead to the enhancement of quality intelligence that is authoritative and actionable in nature. Therefore, intelligence cannot be produced just through the analysis of various sources of information without the addition of some elements of existing knowledge that already known to the organization pertaining to a situation. Gut feelings are also important to be considered in producing an intelligence product.

INTELLIGENCE AND ITS CHARACTERISTICS

Intelligence has its own characteristics and is derived from the analysis of bits and pieces of information and added to the existing knowledge in the organization. The most important characteristic of intelligence is that, it is an exclusive thing and not a public knowledge which is known to all. Intelligence is something that is exclusively guarded and only to be made known to selected individuals. This is likened in the war in which the intelligence gathered by the secret agents should not leak to other unrelated individuals. Further more, intelligence should not be

leaked to the enemy and in the context of business environment, it should not reach the competitors.

Another important characteristic of intelligence is that it has a strategic value in it (West, 2001). As a result of the analysis process, the intelligence should normally contain elements of strategic advantages that should be acted upon by the receivers of the intelligence. In the context of business environment, this kind of intelligence is normally known as competitive intelligence because of the nature of the intelligence is in fact for the purpose of competition to obtain strategic advantages over the competitors. Therefore, competitive intelligence would not bring any benefits to an organization if it is not acted upon or the intelligence is generated without any elements of strategic in it.

One of the characteristics of intelligence is that it is very sensitive to time (West, 2001). With regards to the strategic value of intelligence, time is the determining factor. Intelligence has to come at the right time for it to be of beneficial to the organization. The strategic value of the intelligence would no longer hold if the intelligence does not arrive at the time it is truly needed. For instance, decision whether or not to acquire the stocks has to be made at the time that it has to be made and no later than that. Delaying in getting the intelligence would only lead to missed opportunities.

Another characteristic of intelligence is that it has to be accurate (West, 2001). Nothing can be more damaging than inaccurate intelligence provided to individuals who are tasked with making strategic decisions for the organization. Likened to wrong intelligence provided during the war, the damage it could bring is unimaginable. How does an organization derive accurate intelligence? Many factors have to be taken into consideration and one of the factors is that the information must be collected from authoritative sources. Another important factor is that a proper analysis, using suitable analysis tool has to be conducted on the information collected and addition to that, as stated earlier in this paper, elements of existing of organizational knowledge need to be added to the intelligence.

SOURCES OF INTELLIGENCE

Sources of intelligence are abundance and therefore it is important that the sources must be authoritatively collected to ensure accuracy of intelligence (Richard, 2004). Sources of intelligence can come in many types and forms such as books, annual reports, newsletters, patents, journal articles, speeches, news, conferences, meetings, trade shows, consultants, journalists, employee, customers, suppliers, sales representatives, information systems, web sites, and organizations (West, 2001). It is also important to note that the sources of intelligence should encompass internal and external sources. Identifying these sources can be daunting and it will be more daunting when collecting them because of the difficulty in accessing and organizing them which consume a lot of time and effort. Nevertheless, too much time should not be allocated for identifying and collecting of information from these sources because if it does, then the intelligence products will reach the users late and it may miss the value of the intelligence as indicated earlier that time. As such, identifying and collecting of sources of intelligence need to be done by the information specialist who should be a member of the

competitive intelligence team. Information specialists are individuals who are trained with specific knowledge and skills about information work that encompasses identifying, selecting, collecting, organizing, designing, disseminating, and evaluating the needs of the information users.

ANALYSIS AS THE DOMINANT STAGE OF CI PROCESS

Competitive intelligence work involves many stages before intelligence products can be realized and disseminated to the intelligence users. In other words, CI is conducted through what is recognized as intelligence cycles. The intelligence cycles consist of planning and focusing (Daft et al., 1988; Herring, 1998; Gilad, 1989), information gathering (Collins, 1997; Herring, 1998), information analysis which resulted in intelligence (Gilad and Gilad, 1985, 1986; Kahaner, 1997; Calof and Miller, 1997; Herring, 1998), disseminating and communicating of intelligence products (Garvin, 1993; Huber, 1990; Hurley, et al., 1998; Kahaner, 1996), and finally use and feedbacks on the intelligence products. It is argued that among all the stages, information analysis stage is the most dominant stage because it is the heart of the competitive intelligence process. In other words, there would be no intelligence, but merely a collection of information, if the analysis work is not performed. Because intelligence is going to be dependent and acted upon by managers in making strategic decisions, intelligence has to be accurate and of high quality. Taking all other factors to be satisfactory, accuracy of intelligence is determined by the analysis done on the information gathered. In competitive intelligence, the work of analysis involves using many analysis tools and techniques. Depending on the purpose of the analysis, among the tools and models applicable are like the SWOT Analysis, Personality Profiling, Company Profiling, Market Analysis, Industry Analysis, Patent Analysis, Competitor Analysis, Stakeholder Analysis (Fleisher and Bensoussan, 2003) and many more. It is important to note that, these are just merely tools and techniques for analyzing information but the final product of the analysis i.e. the intelligence still need human judgment and existing organizational knowledge.

CI AS A TEAM EFFORT AND CONDUCTED IN A TEAM

Another important concept of CI is the CI team. CI is normally conducted in a team. One apparent reason is because the tasks involve, using a variety of skills and knowledge that could not possibly possessed by a single individual. Therefore, a team is the best approach to gather individuals with different skills and knowledge that are needed for the CI tasks. As such, it is very crucial that the team should comprise of individuals with related and relevant skills and knowledge for all the CI work.

CI team can take the shape of an ad hoc or a permanent team. Ad hoc means that the team is established as and when there is a need for intelligence in the organization. The team will conduct the CI tasks as required by the organization and after the CI tasks have completed, the team will be dissolved. A new team will be re-established if there is a need for intelligence arises again.

In contrast to an ad hoc CI team, permanent CI team consists of individuals who are permanently conducting the CI tasks. This team will play the role of delivering CI in a consistent basis to the organization. This team plays a proactive role in providing the CI products

regardless of the needs. This team normally exists in its physical state as a unit or a department in the organization known as CI Unit or CI Department.

PURPOSE AND BENEFITS OF CI

One of the strength of CI lies in its purposes and benefits. In an organizational context. The main purpose of CI is to utilize one of the most important resources in business activities, i.e. intelligence which not many business organizations have been successful in capitalizing it. It leads to many benefits for the business organizations, such as early warnings, competitive advantages, knowledge about competitors, knowledge of the competitive landscape, new or increased revenue, new product or services, cost savings/avoidance, time savings, profit increases, and financial goals met (Calof and Wright, 2008).

Gaining competitive and strategic advantages are crucial for the survival of a business organization. In this context, CI has assisted many organizations either in a formal or an informal way. There are numerous benefits that can be acquired from CI implementations. Generally, CI benefits the organization in a way that it contributes to the overall goals of the organization like maintaining and improving its competitiveness and viability, decision making activities, and strategy formulations.

Presenting the organization with early warnings is another meaningful benefit to organizations. In business competition, surprises from competitors are something that an organization would like to avoid. The development that takes place in the environment can be tracked systematically through systematic CI work and any important trends that are of concerned to the organization could be relayed to the organization for suitable action before the surprise happens. However, one of the most important benefits of CI to organizations competing in present day environment is the ability to assist organizations in their innovation process. Striving to be competitive through innovation is very important in today's business and it is recognized that information and intelligence are among the important factors that can contribute to the innovation process.

Other benefits of CI to an organization are, assisting in deciding on the acquisition and merger candidates; providing competitive background at the market, industry, and corporation level; identifying possible opportunities and threats to the organizations; understanding competitors' moves, customers' preferences, partners' and suppliers' stability; understanding the characteristics of significant individuals that an organization would possibly come in contact such as the CEOs of other companies, ministers that are relevant to their business; and understanding the situation of the political, economic, social, environmental, and technological advancement of a country (Bose, 2008, Berner, 2001).

NEEDS AWARENESS AND CULTURE OF CI

For a CI to be properly established and able to contribute significantly to an organization, there need to be an awareness of intelligence and a culture of competitiveness in the organization (Garvin, 1993; Sinkula, 1994; Slater and Narver, 1995). As indicated earlier, awareness of intelligence and culture of competitiveness are important for the cultivation of real intelligence

users in which real users will demand high quality intelligence. Expanding from that point, organizations therefore have to erect the system and structure to facilitate the process of CI which is carried out through a number of stages known as the CI cycle. Basically, CI cycle consists of CI Planning Stage, Information Gathering Stage, Information Analysis Stage, Intelligence Dissemination and Communication Stage, and CI Feedback Stage.

CI Planning Stage involves the activities of soliciting the intelligence needs of the users and determining all the aspects pertaining to intelligence such as when, why and how the intelligence product should reach the users. Information Gathering Stage involves the activities of locating sources of information, searching and collecting them. Appropriate searching techniques are utilized at this stage to ensure the right information is gathered just for the right intelligence without spending too much time which could impact the quality of intelligence. Information Analysis Stage involves the activities of processing and analyzing the information into intelligence as required by the users. Suitable analysis techniques are chosen by the analyst to synthesize the information and convert it into intelligence.

Intelligence Dissemination and Communication Stage involves the activities in which the intelligence is forwarded to the users through channels that are preferred by the users. CI Feedback Stage involves the activities where CI users would provide feedback regarding the usefulness of the intelligence in the context of their tasks provided to them. The feedbacks are used to improve the intelligence provision in the future needs of the users. In a formal set up, the CI processes are normally conducted by the CI personnel who are professionally trained and placed in a department.

CI AND CORPORATE ESPIONAGE

Another important concept that needs to be highlighted is the fact that CI is not A corporate espionage and it should not be conducted like a corporate espionage. CI is not only legally conducted but it is also conducted in an ethical manner as opposed to corporate espionage which violates all aspects of legal, ethical, human dignity and also to the extreme of endangering the human life. CI is about the ability of some organizations to use intelligence to assist them in their business competitions. The intelligence is derived from the analysis process of a variety of information identified and collected from authoritative sources that are publicly available. In this context, the intelligence as a product is genuinely developed and produced by the organization. There is no element of illegal and unethical acquisition of information from “hazy” sources. Furthermore, the intelligence is specifically used for healthy competition for business activities. In contrast, corporate espionage does not only carry the negative connotation to its name, but it also practices and uses all means of acquiring the intelligence regardless of the repercussions that could possibly faced by the organization like legally sued or monetary reparation. At all times, organizations should check on their CI practices so that they will not fall into the corporate espionage trap and smear their reputations.

Having discussed some of the important concepts of CI, the next section of this paper will present a brief example of a situation that narrated about how an organization could have known its competitor’s move in the market if only CI has been conducted by the organization.

This example is based on real event but it is written in such a way to highlight the importance of CI as a tool in assisting the organization in their daily operation to survive competitiveness. ‘

COMPETITIVE INTELLIGENCE IN ACTION

University A and University B are two private owned universities that are stiff in competition. Their competitions cover a wide range of aspects but the one that is very obvious is the offerings of new academic programs. New academic program particularly the one that is timely and relevant to the needs of the prospective students could attract prospective students coming to the university. In their series of stiff competitions, University A has recently been shocked by the move made by University B in which University B surprisingly offered a new futuristic academic program for the upcoming academic year. University A has never expected that University B would take the bold strategy to offer a new program. Curious to know how University B could come up with the bold strategy, University A conducted an investigation and later found out that what University B has done was not a spontaneous move but rather a well thought out strategy through what is known as competitive intelligence (CI).

University B has been gathering from various sources not only information about academic programs currently offered by other universities in the country but also by other universities outside of the country. University B has also been communicating with relevant government agencies, such as the Ministry of Higher Education, Ministry of Human Resources, The Economic Planning Unit, closely following the Government Economic Transformation Program (ETP), talking to many relevant ministries while also acquiring documents, such as write ups in the daily newspapers, speeches, and annual reports of relevant business organizations. University B also broadened their search to understand about the academic program by talking to some of the experts in the relevant fields. An extensive survey has also been conducted by the university in which questionnaires were distributed to pre-university students in various schools in the country. Having acquired substantial amount of information from all the efforts, the university sat down and conduct a comprehensive analysis by merging all the pieces of the information. As a result of the analysis, University B saw an opportunity in which a new field of academic program was truly needed by the market. Basing on that development, the university started to build up their capability by sending some of the lecturers for training in the field while also recruiting new lecturers related to the academic program that is going to be offered. Parallel to beefing up the capability, the university also enhanced their physical capacity by building up new infrastructure, such as new computer labs, classrooms, and other amenities. Building contractors were selected through tenders and Request for Proposals (RFPs), advertised in the major newspapers. The development in University B was well on its way while university A was engrossed with their daily academic activities. Finally, University B was all ready to surprise not only University A but all its competitors and the new futuristic academic program was advertised with a “BANG” in all channels of advertisements.

The competitive intelligence (CI) adopted by University B is seldom taken up by many organizations. Competitive intelligence (CI) has proven that, organizations that conduct CI are the ones that survived business competition just like the military intelligence has provided strategic win over the enemies in any war that has been fought. Military intelligence is

indispensable in war and competitive intelligence (CI) is crucial at the business organizations' disposal.

CONCLUSION

Competitive intelligence is a tool for strategic management that organizations could benefit from. However, before it can be of benefit to any organization, CI has to be properly understood. This paper has attempted to highlight some of the concepts that are deemed important. Understanding of these concepts is the precursor to the successful implementation of CI in an organizational context.

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