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Managing For Success

Learning To Look Through The Screen

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The watchword in business these days is competitive intelligence.

Put simply, CI is a method of collecting and analyzing information that lets companies gain an edge knowing what's around the corner.

Data can be gleaned from public or private sources, from networking with a competitor's staff or customers or from research in the field.

A key rule is that all activity must be lawful. CI practitioners must also disclose their identities at all times and not collect information under false pretenses.

Thousands of CI experts work as advisers or on the staffs of U.S. businesses, helping cut through smoke screens that obscure a typical company's future.

The idea is old. Tycoon T. Boone Pickens practiced a form of CI in his early days in the oil and gas business. He hired spotters to observe rivals' drilling activity. Using field glasses, spotters could watch from a mile and a half away and count how many joints and drill pipes competitors were using. From that, it was easy to calculate how deep they were drilling.

CI's power is catapulting through the use of computer technology. Servers and software make it possible to predict trends with the click of a mouse. More companies today are using CI to stay ahead of potential disruptions.

This is helping supporters get their message to clients that CI is more than market research, which focuses narrowly on customers.

Backers say it takes a larger view and looks at rival companies, suppliers and new technologies that might shift the market.

If they're right, it means that CI can give early warning of major changes that could shift the competitive landscape. Competitive intelligence can also provide near-term tactical and strategic direction for companies looking at a rival that is coming up fast.

CI is more of an art than a science, says Leonard Fuld, president of Fuld & Co., a research and consulting firm based in Cambridge, Mass. Techniques for gathering and studying information about rivals and market conditions vary greatly, says Fuld, author of the new book "The Secret Language of Competitive Intelligence."

The key to CI is being able to take the available information and make a recommendation about a course of action, he says.

"It's not about writing long reports," Fuld said. "It's about distilling the questions into really cogent answers that people can act on quickly. That's the bottom line. . . . This should be part and parcel of how you do business. In some companies it's so buried and so not used that they suffer."

Tracing Patterns

Techniques used by competitive intelligence professionals range from interviewing former employees, trolling the Internet and scouring public records to enacting elaborate "war games."

The best competitive intelligence analysts are good at pattern recognition, says Alex Graham, executive director of the Society of Competitive Intelligence Professionals, or SCIP. What makes CI special is how analysts put all the data together, he says. "They take information from disparate sources and look for similar patterns and then match it all up in the end and draw conclusions," he said. "Many people in the CI field have said that they feel most akin to investigative journalists in terms of the tenacity and what you're looking at."

That could mean poring over patent filings one minute and then searching the Internet the next for informational interviews that were done at a trade show to see if something matches up with the patent filings, Graham says.

A recent survey by SCIP found that internal employees and customers were the most important primary sources of information, and publications and Web sites were the most important secondary sources.

Business activities most often supported by competitive intelligence include corporate or business strategy, market entry decisions and sales and business development.

Despite the increased interest in CI, few companies could be called world class in its use, Fuld says. Many are still in the early stages of figuring out how best to put it into the practice.

Pickens Not Alone

In addition to Pickens, well-known users of CI have included Robert Crandall, former CEO of **AMR**, ([AMR](#)) parent of American Airlines and Jeff Taylor, founder of **Monster.com**. ([MNST](#))

Crandall was numbers driven. He used metrics to compare his airline to others to determine what drove traffic to and from American. He looked at everything from rivals' in-flight meals to published and actual flight departure and arrival times.

His use of CI led him to build the first computer reservations systems, known as Sabre. His research also drove him to create the hub-and-spoke system, which made American's scheduling more efficient, and to pioneer a frequent flier loyalty program.

Taylor, founder and former chief executive at Monster.com, the Internet career and job matching service, would go right to his rivals' newspaper classified ad sections and ask questions. He also was fast in reacting to the data he gathered.

Companies sometimes fail by not acting in a timely manner, Fuld says. **Eastman Kodak** ([EK](#)) was a pioneer in digital photography. But it didn't make the switch soon enough from film-based photography.

On the other hand, Visa International successfully used CI to explore the threat posed to its credit card business by electronic payment systems on the Internet, Fuld says.

CI gives companies the information with which to make an informed decision, but the suggested course of action often involves risk, Fuld says.

Despite such risks, most of the 3,200 members of SCIP are from large multinationals. About 30% are from outside the U.S.

CI professionals also are going out of their way to counter public perceptions that the field involves something shady. CI isn't corporate espionage, Graham says. Bugging, bribery and other illegal acts would be a violation of SCIP's ethical guidelines.

Efforts to promote CI are bearing fruit. One sign that CI is taking off is the job placements on SCIP's Web site. In the first quarter of 2006, there were more jobs placed on the site than in all of 2005, Graham says. Nearly 200 jobs were posted, he says, and more keep coming in.

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