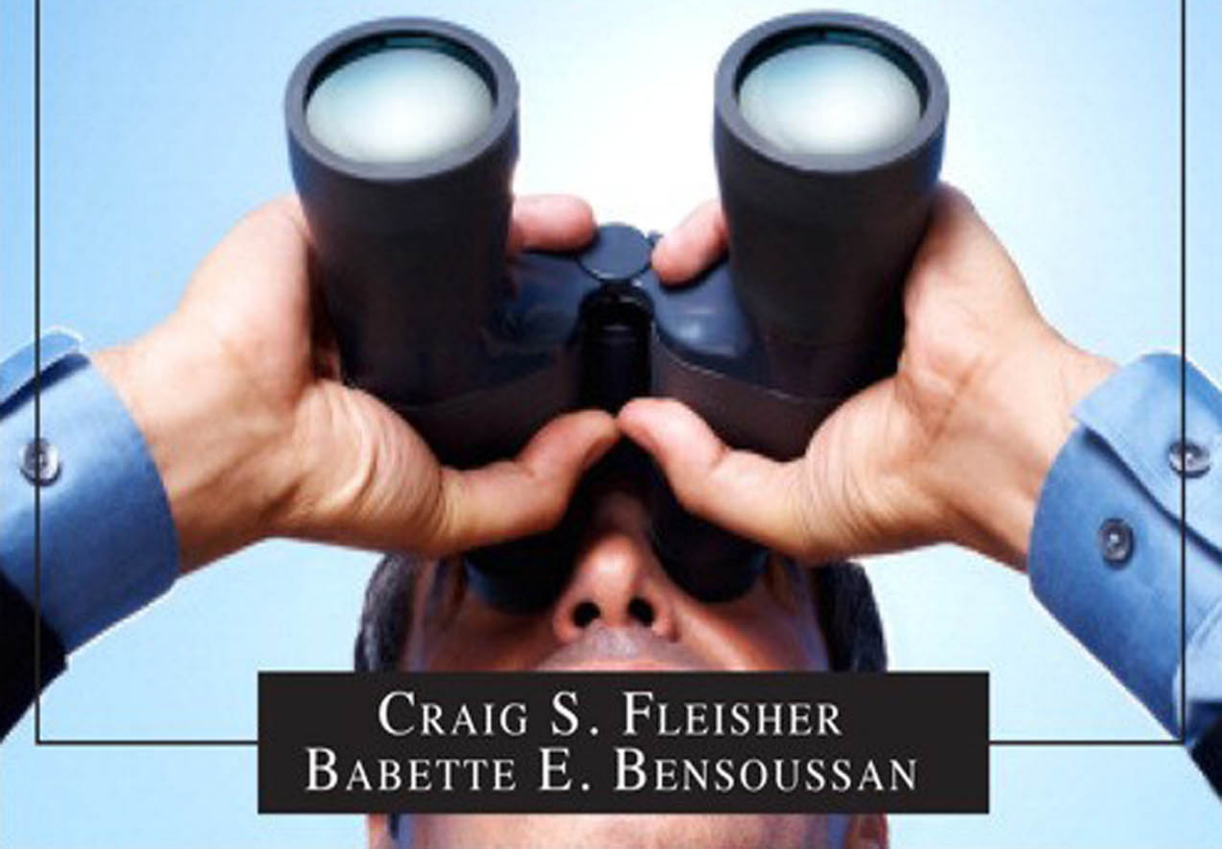


BUSINESS — AND — COMPETITIVE ANALYSIS

EFFECTIVE APPLICATION OF
NEW AND CLASSIC METHODS

S E C O N D E D I T I O N



CRAIG S. FLEISHER
BABETTE E. BENSOUSSAN

Praise for the Second Edition of *Business and Competitive Analysis*

“*Business and Competitive Analysis* should be part of every CI practitioner’s professional library. The methods presented provide valuable guidance to all levels, from novice to expert. The latest edition contains key updates, including new methods, updated case studies and applications, and a guide to help analysts choose the proper method from among the many presented in the text.”

—**Timothy J. Kindler**, Associate Director, Competitive Intelligence, Ernst & Young LLP and Former SCIP President

“Craig Fleisher and Babette Bensoussan’s second edition of the best-selling *Business and Competitive Analysis* raises the bar once again in the definitive ‘how to’ must-have texts for any business executive undertaking competitive analysis in a continually changing commercial environment. New stand-out features in this edition provide strong directional guidance to all seasoned and beginning executives, including how the questions that executives pose relate to the appropriate analytical technique, some new frameworks like the Actionable SWOT and Blended Industry Analysis, up-to-date examples of 24 techniques to use in order to confidently position that approach, walk-through worksheets, as well as authoritative context outlining all facets to ensure that the analysis lands successfully and the business takes action. The tried-and-tested FAROUT methodology again helps readers work out which of the techniques to apply first given their own unique position, and continues to provide that development framework to seek out opportunities to apply the rest. The combination of new and existing features continues to ensure that the text will never be far from a business’s problems, their analyses, and proposed recommendations. Like the previous authoritative titles from Fleisher and Bensoussan, without comparison, this second edition will become the next most sought-after installment in defining competitive analysis’ role and value for business executives in a continually changing environment.”

—**Andrew Beurschgens**, Head, Market and Competitive Intelligence, Everything Everywhere (EE) Ltd.

“In this second edition, a great book gets even better. The inclusion of business case studies, sample intelligence questions for each analysis technique, and worksheets could make this the only book beginning and experienced business practitioners need to improve the depth and relevance of their analyses. Even a quick skim through this book provides inspiration for new ways to think about and structure one’s analysis.”

—**Bill Fiora**, Principal, CSC ResearchNetwork (Computer Sciences Corporation)

“I was impressed with the clarity, insight, and rigor contained in the first edition of this text. This second edition confirms Fleisher and Bensoussan’s position as #1 experts in the field of competitive analysis with updated chapters, new methods, direct links to key questions typically faced by decision makers, and the addition of worksheets to aid the application of concepts to real situations. Once again, they have produced the means, and set the standards, for practitioners to achieve excellence in the analysis task. I would not consider the outcome of a decision-making process without being assured that the methods contained in this text had been consulted.”

—**Dr. Sheila Wright**, Director, Strategic Partnerships Ltd., UK, and Former Editor, *Journal of CI and Management*

“MBA students in both my Competitive Intelligence and Marketing Strategy courses have benefited for years from the first edition of *Business and Competitive Analysis*. This second edition builds on the solid foundation of the first edition by adding new business analysis methods and new case examples that demonstrate when, why, and how each of the diverse techniques can be effectively utilized as inputs to strategic decision making. Each method is linked to typical questions that executives ask, and the inclusion of worksheets facilitates the analytical methods being tailored to an individual organization’s particular situation. This book is a comprehensive compilation of which methods to use, why, how, and communicating the results to the appropriate stakeholders.”

—**Dr. David L. Blenkhorn**, Professor of Marketing, Wilfrid Laurier University, Waterloo, Ontario, Canada

Praise for the First Edition of *Business and Competitive Analysis*

“Baruch’s Law reminds us that, ‘when all you have is a hammer, everything looks like a nail,’ a condition describing the single most difficult challenge facing both business analysts and consultants, novice and veteran alike. In 2003, Fleisher and Bensoussan delivered what all leading intelligence thinkers agree was THE definitive guide to analytics and interpretation for the first half-decade of the new millennium. With their latest collaboration, this expert duo has defined the second-half of this decade as one guided by knowing the tools appropriate for the cognitive task at hand while expanding the toolkit available to be even more complete, valuable, and useful through the actionable detailing of 24 all-new techniques. Plus, the unique FAROUT approach to tool selection equips analysts to quickly and easily apply the right techniques more reliably and scientifically to the range of outcomes anticipated in every business-decision support situation.”

—**Arik Johnson**, Managing Director, Aurora WDC

“The realm of competitive intelligence has, in recent years, benefited from a profusion of books, handbooks, and essays, most of which deal with issues in intelligence collection: emerging techniques and technologies and general overviews of the business intelligence discipline. Fleisher and Bensoussan offer a choice of analytical models destined to narrow corporate course charting uncertainties and present a convincing case for matching science and art in the analysis process. This new book is an important addition to the definitive professional library on the art and science of business intelligence.”

—**Michael Belkine**, Managing Director, Splendour Ltd

“Having been involved in information analysis and strategic information support to companies for many years, I found this book very helpful and full of insights addressed not only to the newcomer, but also to an experienced person. The in-depth review of each analysis technique actually brings new ways of looking at problems: Information analysis becomes an instrument in the hands of a thinking person; it’s not an academic exercise or just a conceptual framework. Furthermore, in my experience usually some of the analysis techniques are known and used almost only by people working in a few functions inside a company. This book enters you in a fascinating multi-stage and multi-face analysis world: Everyone needs a way of organizing thoughts, and here you can find what you require to perform a good analysis and give insightful meanings to the information you manage, wherever you work in your company, whatever the problem you face is. Every day everyone needs to analyze information to understand phenomena and then act to achieve the best performance: hence you need to keep this book on your desk.”

—**Milena Motta**, Managing Director, Strategie & Innovazione, Italy

“There are very few books I recommend as a must-read to the managers who come to us from all over the world for professional training in competitive intelligence. Porter, Fuld, Gilad (of course), and Fleisher and Bensoussan.”

—**Dr. Benjamin Gilad**, President, The Fuld-Gilad-Herring Academy of Competitive Intelligence, www.academyci.com

“At last a comprehensive manual of tools and techniques for the business and competitive analysis professional! Fleisher and Bensoussan’s second collaborative work builds beautifully on their first. It provides the specific guidance desperately needed by company analysts to ensure that decision makers receive the right information at the right time to make the right decisions.”

—**Kirk W. M. Tyson**, CEO, Perpetual Strategist Ltd., Chicago, USA

“The dynamic collaborative team of Bensoussan and Fleisher has done it again. Expanding on their earlier text, *Strategic and Competitive Analysis*, the refined perspectives offered in their latest work, *Business and Competitive Analysis*, have raised the bar for essential literature in the profession of decision support. By artfully interweaving both pragmatic and theoretic principles, this book couples frameworks for critical thinking with practical operational guidance for the successful analyst. They never lose sight of the ultimate end game—sustainable competitive advantage through sound, evidence-based decision making. Very few enterprises seem capable of achieving this elusive objective in the hypercompetitive business environment of the 21st century. These thought leaders have built another pillar in the foundation of the business intelligence literature base that should be required reading in both academic and corporate settings.”

—**Clifford Kalb**, Vice President, Life Sciences, Wood Mackenzie, Inc.

“Bravo! Bensoussan and Fleisher have returned for an encore performance as your instructive desktop guides to thoughtfully assist analysts of all stripes in selecting and applying a wide-ranging array of frameworks, all designed to enhance analytical thinking, insight, and decision-making. This second volume, following their wildly successful first book, delivers exactly what it promises—to assist analysts in developing high value insights, to aid them in making sense of the competitive environment confronting their organizations, and to guide them in advising decision-makers—all contributing integrally to organizational performance. This book joins their first volume as a ‘must have’ addition to an analyst’s toolkit. I highly recommend it.”

—**Cyndi Allgaier**, Director, Strategic Analysis, AARP

“*Business and Competitive Analysis* by Fleisher and Bensoussan is an excellent complement to their earlier volume, *Strategic and Competitive Analysis*. Both books provide a comprehensive resource on analytical methods for the business and competitive analyst. I have found this book to be an excellent summary of many analytical tools commonly used by competitive intelligence, strategic planning, and marketing professionals, including some techniques that have not been well documented in the past. The standardized approach to describing methods is a welcome approach to showing how the methods work, as well as their history, applications, and strengths and limitations. Excellent references are also included. The detailed step-by-step descriptions of how to use the methods with realistic examples is especially valuable. I highly recommend this book for business analysis professionals seeking a basic reference on important tools or a readable source for learning about new methods.”

—**Dr. Brad Ashton**, Concurrent Technologies Corporation

“Governments and businesses, whether the emphasis is on product or service development, are all looking for the same thing, that next great new idea that will help them position themselves effectively and successfully in the marketplace with consumers or with the voting public. Through technology development in the last 15 years, more data is available to and within organizations than ever before to help achieve this goal. The struggle, and indeed it is, is for organizations to mine this data in a meaningful way and find that ‘insight’ that will give them the strategic advantage over a competitor. In *Business and Competitive Analysis*, Fleisher and Bensoussan have provided the pathway for data to be taken and mined and to be combined to find those insights. They have also cleverly aided the reader and the practitioners of competitive analysis by giving strong definitions for clarity around the data mining area. Anyone who is charged with competitive strategic analysis and intelligence *must* read this book.”

—**Louise McCann**, Chief Executive Officer, Research International, Australia and New Zealand

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**EFFECTIVE APPLICATION OF NEW
AND CLASSIC METHODS**

**Craig S. Fleisher
Babette E. Bensoussan**

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*This book is dedicated to my family, my wonderful wife Angela,
and three awesome boys Zachary, Austin, and Kieren.
They have contributed love, patience, time, and understanding.
I couldn't have done it without you and the support of my friends.*

—Craig S. Fleisher

*I dedicate this book to Garry Johnston, my husband and best friend.
His encouragement, patience, and love throughout the countless days, weeks,
and months involved were instrumental in me emerging with some semblance of sanity.
Garry, you have been a tower of strength. Thank you.*

—Babette E. Bensoussan

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Since the first edition of this book was released in 2007, I, **Babette Bensoussan**, acknowledge that I am still somewhat on the cutting edge of the competitive intelligence market in Australia. This positioning has not only presented me with a multiplicity of challenges when updating this book, but it has also kept me in a somewhat unique professional situation.

While I have been privileged to witness and indeed help develop the emergence of this field in Australia and Asia over the past two decades, the fact remains that relevant expertise is still very thin on the ground locally. In today's environment where most executives are drowning in information, and have little insights, the importance of delivering better decisions and minimizing risks is without a doubt one of the key imperatives of the future for management.

As always, putting this book together in these market circumstances has been personally fulfilling and challenging at the same time. However, this would not have happened without the knowledge that colleagues, clients, and friends who knew about my efforts added a dimension and fully supported me—even with just a few words of encouragement to keep me focused during the tougher times.

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About the Authors

Authors Fleisher and Bensoussan are uniquely placed as experts in the field of business and competitive analysis. They have extensive corporate consulting, research, and teaching experience in both strategy and intelligence fields, and have both published and spoken internationally. Their collaboration also brings the book a healthy balance of both theory and application.

Craig S. Fleisher is the Chief Learning Officer and Director of Professional Development, Aurora WDC, Madison, Wisconsin, USA. Craig was President of the Board of Directors of the international Strategic and Competitive Intelligence Professionals (SCIP), Chair of the Board of Trustees of the Competitive Intelligence Foundation (Washington, DC), founding Editor of the *Journal of the Competitive Intelligence and Management*, and is a SCIP Meritorious Award winner and Fellow. Author or editor of a dozen books and scores of scholarly articles and chapters, Craig is among the top-cited *Google Scholars* in several fields, and contributes on several scholarly journals' editorial boards. He was recognized as one of Canada's top MBA professors by *Canadian Business* magazine, is named in the Canadian Who's Who, and has taught university and executive courses in the strategy, analysis, and competitive intelligence areas for nearly three decades.

He was formerly a Professor, endowed research Chair, dean, MBA director and/or Institute Chair at the Universities of Calgary, New Brunswick, Windsor, and Wilfrid Laurier in Canada, as well as the College of Coastal Georgia. Craig holds a PhD in Business from the Katz Graduate School of Business, University of Pittsburgh, MBA in Human Resources Management and Marketing from the Owen Graduate School of Management at Vanderbilt University, and his BSBA (Finance, Insurance, and Real Estate) from the University of Florida.

A well-traveled speaker, he regularly advises leading corporations, associations, and public sector agencies on analysis processes and insight development. Craig holds a Docent appointment in the Dept. of Business Information Mgmt. at Tampere University of Technology (FI), graduate faculty status at the *Università della Svizzera italiana* (CH), and visiting positions at universities in eight countries.

Babette E. Bensoussan is an internationally esteemed leader in the field of Competitive Intelligence (CI) and Strategy. Her credentials are built upon a long-standing series of outstanding achievements, both business and academic. She is Australia's only awarded CI professional and is one of the most published business authors. Throughout her career Babette has excelled as an entrepreneur, a consultant, a company director, a board member, an author, an academic and a business coach.

In 1992 Babette founded the MindShifts Group, a leading consulting company specializing in Competitive Intelligence and Strategy. As company director Babette has led the MindShifts Group through more than 350 projects with Australian and Fortune 500 companies. Her skills and expertise have been successfully applied to a huge range of industries, and her clients have included (but are not limited to) aerospace, information technology, pharmaceutical, manufacturing, and financial services companies. In 2006 Babette was the recipient of the SCIP Meritorious Award, the world's most prestigious award in the field of Competitive Intelligence.

In addition to providing her talent and experience to her clients, Babette has a strong passion for sharing her uniquely honed expertise with others through mentoring and coaching. Author of six books and scores of articles and chapters, she has taught executive courses and held teaching positions at many of Australia's leading universities and business schools. She is currently an Adjunct Professor in the School of Business at the University of Technology, Sydney.

Preface

This is a book about how individuals in organizations can turn data and information into insights that decision makers cannot, and will not, ignore. This book uniquely provides its readers with 24 demonstrated and commonly applied methods for helping generate actionable recommendations for decision makers, as well as a handful of detailed chapters that address the process of business and competitive analysis itself.

Given the priority of competitiveness in firms today, business managers need to have a benchmark defining what business and competitive analysis is and how it works. More importantly, they need to be able to convert the wealth of available data and information into a valuable form for decision-making and subsequent actions. What is collected must be converted into intelligence. This is accomplished through analysis.

Business and Competitive Analysis is a book about analysis. Analysis is one of the more difficult and critical roles a manager, consultant, functional specialist, strategist, or intelligence provider is called upon to perform. Although great strides have been made in recent years in terms of planning strategy and intelligence projects and executing or managing the collection of data, the same cannot be said for analysis.

Most of the background research we performed in developing this book was derived from practice and research in the larger field of business, competitive and market intelligence (hereafter, CI). This field is not one most of our readers will have encountered during their formal education, and their current employers may not have anybody with that discipline in their job titles. Nevertheless, nearly every firm performs some of the CI functions, and most of them perform it on a regular basis in advance of making key decisions. Analysis is one of the key roles performed by individuals in the CI field, and it is the one that arguably generates the highest value for executives. In our view, business and competitive analysis can and should be a key weapon in the firm's arsenal for achieving competitive advantage.

Despite many advances and steady growth in the CI field, some areas of this growing field have received more or less attention than others. The growth of digital communication and information technology, and especially social media and the Internet, has led to much attention being given to processes and techniques of data collection, as well as information and knowledge management. Planning competitive intelligence projects has also received a boost from the ever-present attention given more broadly to strategic planning and strategy development. Despite these areas of popular interest, two areas that have received disproportionately less attention are analysis and its communication. In fact, our own observations, experiences, and several studies support our contention that many practitioners have limited understanding of the breadth and depth of the challenge underlying these areas.

We seek to remedy this situation by offering this needed book, which is devoted entirely to the process and methods for conducting business and competitive analysis. Our first book in this subject matter area was *Strategic and Competitive Analysis: Methods and Techniques for Analyzing Business Competition*, published by Pearson/Prentice Hall in 2003 and subsequently translated into numerous languages. We received a lot of constructive feedback on that effort, particularly from managers and analysts who were using the techniques described in that book. Based on the feedback and reviews, readers typically found it to be an excellent, one-stop source for reminding and guiding them on the key steps of a particular tool to address a particular problem they were facing, as well as providing them with an enhanced idea of what was supposed to be accomplished by applying the tool. That book was used in many well-known enterprises to help train newly hired analysts and consultants. Finally, the book was used in business school courses in scores of countries to help students learn and apply these techniques to decision-oriented case studies and “real-world” projects.

We incorporated more than 10 years of rich feedback on all our prior books into this edition in the form of a wider range of proven techniques and a better background on the process and context of business and competitive analysis. This book is absolutely *not* merely a second edition—it contains a rich amount of completely new content. Combined with our other books *Strategic and Competitive Analysis* (2003, Pearson/Prentice Hall) and two editions of *Analysis without Paralysis* (2008, Second Edition in 2013), we provide lengthy coverage of over 50 different techniques, which is surely the most detailed coverage of business and competitive analysis methods ever produced.

We recognize that there are literally hundreds of business and competitive analysis techniques that we could have included in this book. It was not our intention to offer an exhaustive list and detailed description of all these techniques. Instead, we have extensively reviewed the literature in the field, considered survey research, and used our own experiences in determining those techniques we view as potentially being the most applicable across a broad range of decision-making contexts supported by the business and competitive analysis process.

Although we have tried to include both “classic” and evolving techniques, we recognize that some techniques being used in consulting and industry might not be included here. One reason for this is that some of these tools are—and remain—proprietary to the consultancies employing them. Another part of the reason we may not have included a useful tool here is that analysis is a process that requires both technical knowledge and creativity. We recognize and hope that managers and analysts will creatively develop techniques not included in this book that provide for better outcomes in their specific contexts. We find we are frequently having to creatively develop and apply unique analysis methods for clients in our own consultancy work.

The reader should also be alert to the fact that any listing of techniques is bound to run into a variety of problems of semantics and definitional confusion. Some of the techniques

included in this book are known by multiple names. This may have occurred because the technique came to be associated with a particular originating organization or particular company's use (such as McKinsey 7S), a particular author (Porter's Five Forces Model), or has retained a generic name (for example, benchmarking analysis). We recognize that some of the techniques included in this book have seen modifications in use over the years or are derivatives of other closely related techniques. In all cases, we have tried to include and describe the most popularly utilized versions of the techniques, as opposed to all of a technique's possible derivatives. Throughout our methods chapters, we have tried to alert the reader to where there is overlap between techniques by suggesting that the reader refer to the overlapping constructs elsewhere in the text.

Many of the techniques included in this book were created by leading economists, financial and cost accountants, futurists, sociologists, anthropologists, intelligence agencies, business professors, consultants, and other insightful practitioners or theoreticians. They often developed their ideas in an effort to solve pressing analytical problems that they faced. We are grateful to these individuals for enlightening our understanding of business and competitive analysis. We make a sincere attempt to acknowledge the originators of these techniques in the book.

We must also note to our readers that it was not our primary intention to "invent a new wheel" when it comes to analytical techniques. The techniques we have included all have a history, with some having been applied in various contexts for several decades or longer. This book's techniques have been and are in use in real organizations and do not exist just in concept or theory. However, we have included several methods that are likely to be unfamiliar or novel to many readers—even those who have gone through graduate business, management, or marketing courses—as well as individuals who have been performing analysis in their enterprises for many years. We believe strongly that unfamiliarity is a particularly bad indicator of a method's value. We believe our readers will find that even some of the new techniques (to them at least) will be of high potential value in helping them make sense of their firm's business and competitive contexts.

How to Use the Book

To assist our readers, the majority of this book is self-contained, with the array of analytical techniques being supported by references for further reading for those individuals who want lengthier treatments. The book is organized into two main sections: the first provides the reader with an understanding of what the evolving body of knowledge in the field has revealed about analysis in its real-world context, and the second section discusses how analysis methods actually are supposed to work.

This book includes five detailed chapters that describe, define, and discuss the basic facts about analysis, how analysis can ideally be performed, avoiding analytical pitfalls, and communicating analysis results. The last chapter in the opening section describes

our unique FAROUT method for understanding the application of the various tools. We strongly recommend that readers thoroughly review that particular chapter before progressing into the remaining chapters of the book that contain coverage of the analytical techniques themselves.

We have tried to make the book easy for the reader to use. Several changes have been made to this new edition as a result of feedback we received from readers of the earlier volume. These new sections within the chapters are noted in *italic* below. The basic structure of the chapters containing the analytical techniques is common throughout the second part of the book and contains the following format:

- **Short Description:** A brief definition of the purpose and objective of the analytical model to provide an analyst with a quick and handy reference guide.
- **Background:** To place the model in context of management, this section outlines a broad description of the history behind the development of the analytical technique.
- **Strategic Rationale and Implications:** Understanding the strategic thinking and implications associated with a particular analytical technique is important in order to evaluate the appropriateness of a particular tool. This section reviews the strategic issues inherent in each technique.
- **Key Intelligence Topics and Questions:** New to this edition, this section provides an “at a glance” listing of the common questions executives ask that would warrant the application of the method described in the chapter.
- **Strengths and Advantages:** Each model has its own strengths and advantages that need to be weighed in light of the purpose of the analysis. This section briefly reviews those strengths and advantages.
- **Weaknesses and Limitations:** Likewise, each model has its own inherent weaknesses and limitations. The weaknesses/limitations identified in this section need to be taken into account when performing the analysis.
- **Process for Applying the Technique:** This is the “how to” of the analytical technique and identifies the necessary steps required to use this tool. Case studies, figures, and tables are also provided to guide the analyst through the strategic thinking required for each model.
- **Sample Worksheet:** New to this edition, this is a sample template you can use in organizing the data for which to populate and apply the method. These are usually built out in one of the common Office software formats like spreadsheets, databases, or presentation decks. Many of our client companies further embed these within their intelligence solutions/systems to automate selected parts of the process.
- **FAROUT Summary:** Unique to this book, the FAROUT Summary allows analysts, at a quick glance, to identify the ease of use, practicality, and usefulness of each model.

- **Related Tools and Techniques:** Each model of analysis is related to or supported by a number of other techniques that may aid or enhance the analyst’s task. This section provides a useful guide of related tools and techniques that support the objective and purpose of each analytical model.
- **References:** For those analysts wanting to delve further into a particular technique, references for additional readings are provided at the end of each chapter.

Readers will benefit by becoming familiar with this template. This is a handbook and was not designed to be read in one sitting—if nothing else, its length would probably make that an extremely tiring task and practically impossible for most individuals. Instead, we have designed it as a comparison and reference source. In this respect, it can be most effectively applied in a “just in time” fashion so as to proactively or concurrently meet an organization’s analytical needs as they arise.

The book features conceptual ideas about business and competitive analysis, along with a strong bias toward practical application. Among the unique aspects of this book that readers should find valuable are the following:

- It provides in one easy location two dozen of the most common and popular models of analysis used in business. Normally, executives and students would have to go to multiple sources to locate each model. Here, the most commonly used models are defined and explained in *one* book.
- Every model is also uniquely evaluated using FAROUT—an evaluation process for identifying the ease of use, practicality, and usefulness of each model. FAROUT allows analysts or decision-makers to understand the strengths and weaknesses of the techniques.
- An easy-to-use, consistent format (template) is utilized to provide the reader with a faster understanding of how to apply the techniques.
- It offers applications of the techniques through the use of case studies. The vast majority of these case studies are recent and of recognizable companies, industries, or contexts. All of them further reinforce how the technique can drive the development of options for executives and assist their decision making.
- The book covers both the so-called “classic” strategy methods, such as our treatment of industry analysis, along with some newer techniques, such as business model analysis. Several of these models, such as win/loss analysis, strategic relationship analysis, driving forces analysis, and event and timeline analysis, among others, have never been treated this comprehensively in any other publication.
- It provides external techniques addressing the environments and industry that the organization competes in, along with the techniques for focusing internally on the organization.

- It provides references to more comprehensive treatments of the techniques for those who want to investigate them in greater depth.

We expect to stimulate others to begin closing some of the many knowledge gaps in business and competitive analysis that we have explicitly and implicitly identified throughout this book's chapters. We also hope that this book encourages practitioners to further share their experiences and observations with researchers and teachers like us in the field. We anticipate that the book will compel our readers to question some, if not a large number, of their current analysis practices and understanding. Our ultimate aim is that this book be viewed as a valuable contribution to the knowledge and practice of business and competitive analysis, as well as improving the development and execution of intelligence analysis in organizations. Whether or not we achieve our aim is left in your hands, our readers, as it should be. Please feel free to contact either of us if you would care to share your views.

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Business and Competitive Analysis: Definition, Context, and Benefits

“In business, the competition will bite you if you keep running; they will swallow you if you stand still.”

—Victor Kiam, Former President and CEO of Remington Products

Business competition has always been a prominent element in the landscape of analysts, directors, entrepreneurs, executives, founders, managers, and planners, among others. The challenges it presents remain dynamic, creating uncertainty and sometimes its corresponding cousins of fear and doubt in business executives as they seek to achieve their aims. Successfully positioning the enterprise, properly deciding on the correct allocation of resources, and deciding what an acceptable level of performance might be in such a competitive environment are key tasks of senior decision makers. Consequently, skillful business and competitive analysis (BCA) is critically important in determining how an enterprise can more effectively compete and deliver better value to its stakeholders. Without effective BCA, companies are like a blind and deaf deer that is about to wander onto a crowded highway—the results are seldom pretty!

This book is designed to assist analysts at all levels to develop better and more actionable insights, to aid them in gaining an enhanced grasp of the competitive environment confronting their organizations, and to guide them in advising their decision makers. Our underlying premise throughout this second edition, just as it was in our original volume, is that a good analyst must have a robust and healthy repertoire of conceptual methods, models, tools, and/or techniques to help answer vital questions on the enterprise’s ability to compete not only in the present, but also the future. For the most part, the end users of an analyst’s output are decision makers, and as such, they will be the clients or customers taking action based on those results.

Uniquely, this book focuses specifically on analysis, analysis methods/techniques, and the analysis process. It is not designed to be another strategic management or strategic planning text. Plenty of good titles of those genres are available¹ although the processes and techniques described herein will certainly benefit strategic planners and

managers. We have decades of experience advising, consulting, instructing, practicing, and researching how BCA is used in all types of enterprises. More importantly, we have hundreds of examples of where analysts used the methods described in the book to gain advantage, make a positive difference, enhance profitability, and increase stakeholder satisfaction.

Nevertheless, what surprises us about business, competitive, market, and/or most strategic analysis we see is the relatively limited number of tools and techniques used by most practitioners; unsurprisingly, it is not a surprise about how little genuine insight emanates from them! These adverse results occur not only because some tools are badly chosen, outdated, or incorrectly used, but also because they are often misunderstood and/or misapplied. This book provides comprehensive instruction on a range of constructive methods that are available; direction on how the method was developed; the kinds of questions asked by executives that lend themselves to methodological scrutiny; analysis of its strengths and weaknesses; an outline of the process used to actually employ the technique; as well as sample applications, sample worksheets, and identification of complementary techniques, resulting overall in that vital ingredient—insight.

Our first text in this subject area called *Strategic and Competitive Analysis* identified 24 different techniques. After the first book was published, we saw many instances and heard countless anecdotes from practitioners who wished to have an “analyst’s manual” of BCA tools and techniques. That was the genesis of the original edition of this handbook. This new, second edition goes even further than the prior ones toward meeting that desire.

Understanding the Terminology

This book emphasizes a handful of key words: *competitive*, *strategic*, *analysis*, and *intelligence*. These are all part of the normal business and management lexicon.² Because we use these words repeatedly, clearly identifying what we mean when we use them is useful.

Competitive

In this book, we look at businesses that are in competitive markets, have competitive mindsets, and that try to achieve success, or win, in their markets. We address the processes and means by which firms position themselves and their products or services against their rivals to win market share.

Competitive in a business or commercial sense means that a contest is occurring between two or more parties. The sources of this can be multifaceted, originating in product or service offerings, shelf-space negotiations, supplier contracts, and investor relations, or access to key capital or resources, to name just a few. Usually, competitive bouts end up with a winner, and no further contest is needed.

The focus of this book is on the marketplace, though, and this is quite a different proposition. Competition here is about achieving a sustainable winning performance, not delivering one action that simply wounds, but consistently beating the rest who are working, most likely, toward the same or similar goals as your enterprise.

Strategic

Strategic is a word used today to describe almost every decision and/or action taken, when in reality there is a clear mix of the no less valuable, *tactical* decision making taking place. The generic use of a word such as “strategic” can diminish its real role and mask the impact that a true strategic decision has.

Strategic matters are a key focus of this book. Strategic decisions, as opposed to tactical, operational, or instantaneous decisions, have a unique set of characteristics to differentiate them. These distinctions occur along the dimensions of time, frequency, effort required, consequences, and impact. Strategic decisions typically do the following:

- Address at least a medium-term time horizon, at best long-term (time)
- Occur infrequently or emerge from a formalized planning cycle (frequency)
- Require significant input from key people (effort)
- Require significant information input from and across key functions (effort)
- Require substantial resources to formulate and implement (effort)
- Affect the long-term direction of the organization (consequences)
- Affect many, if not all, of the organization’s key activities (consequences)
- Affect competitive dynamics (impact)
- Involve major change to the firm’s activities (impact)
- Become the over-arching blueprint for subsequent decisions (impact)

If all or a significant number of the preceding elements are present, the greater the likelihood that the decision is indeed strategic. We want to make it clear that just because a decision is not strategic does not make it unimportant.³ Many non-strategic decisions help to determine the performance of an enterprise in a marketplace, particularly in the shorter term. Decisions such as seasonal price discounting, direct mail campaigns, product enhancements, advertising channels, and ambush marketing are all examples of non-strategic decisions. They have a short-term lifespan and a shorter-term effect.

The key to our identification of a strategic decision is that they are the ones typically made by senior executives, managing directors, and/or the senior management team, those individuals often working out of the so-called “C-suite.” Consequently, the enterprise that gets the strategic decisions “right” has a greater chance of also getting the non-strategic decisions right.

Analysis

“If you do not know how to ask the right question, you discover nothing.”

—W. Edwards Deming, U.S. father of the “quality” movement

Where does analysis fit in with competitive understanding? Competitive analysis is a cornerstone of effective strategy formulation and execution.⁴ Valuable analysis helps decision makers to understand and predict critical market-changing actions that may be taken by competitors and other competition-impacting stakeholders. These decision makers are charged with answering a small number of very powerful questions about their organization, including the following:

1. What is our current status or situation?
2. What are our options?
3. In which direction(s) do we want to go?
4. Which direction can and should we go?
5. How can we effectively get to where we have decided we are going?
6. How will we know that we have reached our desired goal(s)?

Many of the analysis tools in this book will be beneficial to strategic decision makers in their effort to address those critically important questions. Properly conceived analysis aids decision makers in generating, choosing, and validating appropriate strategic responses.

Analysis is a term that generates much controversy and disagreement. Before we provide our definition of it, examining definitions put forth by others that are in common usage might be helpful. These can be found in Table 1.1.

Table 1.1 Common Definitions of Analysis as Used in Intelligence Contexts

Definition	Source
Apply substantive expertise, all-source information, and tough-minded tradecraft to produce assessments that provide distinctive value-add.	Davis, 2003
A critical evaluation, usually made by breaking down a subject (either material or intellectual) into its constituent parts, then describing the parts and their relationship to the whole.	Dictionary definition
A process where one does many of the following, in any order: observe, classify, count, compare, ask questions, role play (engage in war games, do scenarios, run simulations, etc.), and take action.	Halliman, 2003

Definition	Source
The use of some methodology or technique to, first, find relationships between different pieces of information and then draw inferences from the relationships.	Halliman, 2003
A process where one converts information into actionable intelligence.	Halliman, 2003
A process where one asks, or answers, the “So What?” question.	Halliman, 2003
The application of individual and collective cognitive methods to weigh data and test hypotheses within a secret socio-cultural context.	Johnston, 2005
The process of evaluating data for reliability, validity, and relevance; integrating and analyzing it; and converting the product of this effort into a meaningful whole, which includes assessment of events and implications of the information collected.	Johnston, 2005
The heart of the intelligence process whereby meaning is derived from data.	IALEA, 2001
Intelligence as a process is characterized by the different functions it performs.	Pruncken, 2010

Although there is some value in these definitions, we find each of them to be lacking in some aspect. As such, in this book, analysis is defined as *“The skilled application of scientific and non-scientific methods and processes by which individuals interpret data and information to produce insightful intelligence findings and actionable recommendations for decision makers.”*

Like many developing fields of inquiry, business and competitive analysis is NOT purely art or science, but a combination of substantial portions of both in its effective application. As with the type of research formally taught to scientists, the analysis process can be viewed as holding much in common with the scientific method. Analysts will observe certain events, persons, or actions; develop a proposition or hypothesis that describes/explains what they have observed; and then use the hypothesis to make predictions about what may subsequently occur. These predictions can then be further assessed through additional observations or data, and the hypotheses can be modified based on the results.⁵

This process, which analysts can apply in theory, gets muddled very quickly by factors present in the real world of business and marketplace competition. It gets further complicated as well by the politics and social nature of decision makers and enterprises. Analysts frequently work in groups or teams and benefit from the pooling of expertise. Hypotheses aren’t always developed, tested, or reformulated, but are frequently modified in real time by the evidence that is acquired. Many factors being analyzed do not act or will not behave according to history, logic, or certainty. The nature and range of

variances underlying these factors suggest business and competitive analysis is more of a social scientific pursuit than a physical or pure science one.

The “real world” of organizations and their environments tends to bring out the “art” aspect of analysis. When conducting an experiment using control groups, we know that some percentage of a treatment group’s analyses will not confirm the control group’s analyses. Analysts in these two groups will weigh the same data or information differently, based on schemes that may be hard for others to accurately replicate. Even when analysts do substantively agree about the nature of the problems being addressed, they can still subsequently disagree about the proposed course of action. Consequently, analysts may never be able to “prove” they were right. These kinds of experiences point to why analysis can sometimes be viewed as more akin to art than science.

Business and competitive analysts are tasked with making sense out of often ambiguous, complex, and challenging matters that decision makers care about. They, too, have to weigh up the odds, work through the scenarios, work out what they know as opposed to their competition, and take action. They have to use sound judgment, make sense of, or create meaning from a typically constrained sample of data and information. In an often-confused and rapidly moving competitive landscape, they try to answer the three critical questions commonly asked of them:

1. “What?”
2. “So What?”
3. “Now What?”

Some of the most seasoned analysts will seek to provide an answer to a fourth question that is often not asked of or expected by their clients, that being the contingency scenario of:

4. “What Then?”

Any of these questions may be answered in a variety of constructive ways using replicable procedures and methods (science), as well as intuitive or creative ones (art). And although the core of this book primarily focuses on methods of business and competitive analysis, methods are neither black boxes nor panaceas. They must always be combined with other factors, including business, industry, and market knowledge; cognitive sense-making and thinking skills; analytical traits and abilities; and thoughtful, practical experience (craft).

Intelligence

“A point of view can be a dangerous luxury when substituted for insight and understanding.”

—Marshall McLuhan, well-known Canadian communication professor

It is important to understand the place of intelligence within the larger context of an enterprise. The need to generate competitive intelligence (CI) is certainly not new. Sun Tzu plainly stated the rationale for intelligence more than two thousand years ago. He wrote, “*Now the reason the enlightened prince and the wise general conquer the enemy whenever they move, and their achievements surpass those of ordinary men, is foreknowledge.*”

Intelligence processes in business organizations have received significant attention in recent decades. The benefits gained by successfully anticipating a competitor’s future plans and strategies are generally self-evident. The consequences of making decisions based on information that is incomplete, inaccurate, or late are as severe.

CI often engenders images of fictional secret agents such as James Bond using an impressive array of sophisticated gadgetry to eavesdrop on their business competition. In reality, CI can be exhilarating, but not because of illegal skullduggery. Modern CI practitioners are stimulated by using their unique set of skills, knowledge, abilities, and instincts to uncover relationships that enable their organizations to compete more effectively. Most CI practice includes a heavy dose of analytical capabilities. Analysts are prominent, central members of CI functions in today’s successful, global enterprises.

Numerous definitions of CI exist in contemporary practice and scholarship. Our current sense is that no single definition of CI is likely to be precise and universally accepted. As such, we view CI in this book as *the process by which organizations gather actionable information about competitors and the competitive environment and, ideally, apply it to their planning processes and decision-making in order to improve their enterprise’s performance*. CI links signals, events, perceptions, and data into discernible patterns and trends concerning the business and competitive environment. CI can be simple scanning, such as analyzing a company’s annual report and other public documents, or elaborate, such as performing a fully digitized, multi-day, war-gaming exercise.⁶

CI is not business espionage; it is ethical, legal, legitimate, and essential. Business espionage develops intelligence by illegal or cloak-and-dagger means such as breaking and entering, bribery, coercion, deliberate deception or advertising “phantom” job vacancies, electronic eavesdropping, bugging or tapping, network infiltration, or systems hacking.⁷ CI practitioners use public, but not necessarily published, information. In other words, the information the CI practitioner seeks is readily available and identified through legal means of open sources such as public documents, interviews, and in-house expertise. It does not involve the theft of trade secrets.

One way to understand CI is to view it as a progression from raw inputs to finished outputs. In this perspective, CI begins with scattered bits of raw, basic data. This raw material is then organized by CI practitioners and becomes information. Information becomes intelligence when it is placed into a format useful to a decision-maker’s unique or critical intelligence needs (CINs). Intelligence is therefore information that is analyzed, interpreted, and infused with developed implications—the basic focus of this

book. Using this lens, CI is the refined intelligence product produced by an analyst that meets a decision-maker's unique needs for understanding a competitive aspect of the internal and/or external environment. Effective CI helps the decision-maker make a better decision!

CI can also be viewed as an organizational function ranging in scope between the broader area of business intelligence (BI) and the narrower version practiced as competitor analysis (CA). A CI function provides the foundation on which strategy and tactics are built, assessed, and modified. As a mostly staff-oriented function, CI will cut across and overlap other functions, in particular, those associated with marketing, planning, and strategy.

Competitive intelligence programs (CIPs) have goals such as proactively detecting opportunities or threats; eliminating or reducing blind-spots, risks, and/or surprises; and reducing reaction time to competitor and marketplace changes. CIPs attempt to ensure that decision makers have accurate, current information about the organization's competitive environment, and a plan for using that information.⁸

Analysis as a Component in the Intelligence Cycle

“The goal is to turn data into information, and information into insight.”

—Carly Fiorina, former CEO of Hewlett-Packard

Analysis is arguably that portion of the larger intelligence process in which the greatest value is generated.⁹ Much organizational experience suggests it can also be more difficult to do than the resource-draining data and information collection efforts that most organizations have emphasized in recent years. Nevertheless, a long series of research and publications suggests that business and competitive analysis serves a variety of important, longstanding needs for organizations.¹⁰ Although we intend to explore this context in much greater detail in other parts of this section, here we will briefly describe how analysis fits within the intelligence process.

Analysis is just one step of a larger process for developing intelligence for an organization. Most depictions of the so-called “intelligence cycle” show a series of four to six steps in a stripped-down form. These steps describe the functions of an intelligence operation in an enterprise and are illustrated in Figure 1.1.

The analysis step in this cycle involves its own set of sub-tasks that need to be conducted to generate effective outputs and outcomes. Analysis works interactively with all the subprocesses of data classification and synthesis to produce a finished product such as a chart, graph, table, text, summary, visual, or other communicative aids appropriate for dissemination.

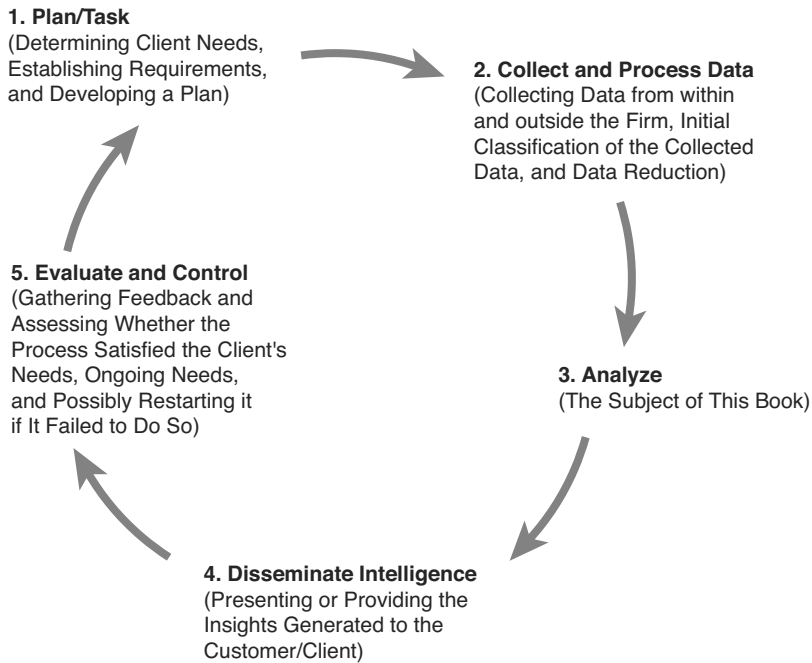


Figure 1.1 A generic intelligence cycle

Analysis involves the skillful application of a variety of techniques. We are sharing many good ones in the upcoming chapters of this book. All of these will help decision makers make sense of intelligence.

Intelligence analysis is always context-specific in that it does not occur within a vacuum, a static condition, or under experimental conditions. Because analysis is performed by practitioners in active organizational and competitive conditions, identifying the nature of competition that analysts examine as a part of their work task is important.

Competitive Analysis and Decision Making

“I never guess. It is a capital mistake to theorize before one has data. Insensibly one begins to twist facts to suit theories, instead of theories to suit facts.”

—Sir Arthur Conan Doyle, author of Sherlock Holmes stories

Most organizations today are not structured or organized properly to make good decisions that will help them outperform their competition in the marketplace.¹¹

It is commonplace for this book's authors to hear from decisions makers who lament in retrospect: "*If only I'd known that, I'd never have made that decision or taken that action.*" Such comments reflect an absence of intelligence supporting the decision maker and the lack of greater insight behind their decisions and subsequent actions.

There is no shortage of examples where poor decisions have adversely affected many stakeholders. Read the business section of your local paper, and you will hear of bankruptcies, down-sizing because of poor sales, over-optimistic new product revenue/volume predictions, wasted research and development (R&D) efforts, or plant closures due to outdated technology or cheap imports. Intelligence failures relative to national decision making are also well publicized and again point to decision makers who were not properly prepared to make optimal decisions.¹²

Although finding decision makers who will publicly take the responsibility for having made poor choices is often difficult, we all know of individuals who, with hindsight, would have done things differently. Unfortunately, we are unaware of anyone who has figured out how to either roll back the clock or to reverse time! Making better choices and decisions the first time creates a greater need for effective analysis and intelligence.

Today's managers face an abundance of information in their decision-making contexts, and sometimes this information abundance causes them to be paralyzed. Much information arriving to top managers is biased, distorted, subjective, filtered, and/or late. Analysts have the means for helping reduce both the volume and rate of this information flow while simultaneously assuring the quality of the product being delivered. They can then greatly enhance the executive's actual ability and confidence in effective decision making.

Analysis has been revitalized in the "knowledge" era, or the era of intellectual capital. Whatever we should call it, knowledge is increasingly recognized as a key organizational asset that can distinguish between the winners and losers in many competitive marketplaces.¹³ Organizations that can effectively generate, capture, disseminate, and apply knowledge better and faster than their competitors stand a higher probability of achieving successful performance. Analysts are a critical part of this process as they are among the primary directors of knowledge in an organization. One thing we hope to emphasize in this book is that analysts must provide direction and guidance to those individuals responsible for collecting data and information. They are the link to gathered data and the organization's key decisions.

Analysis is just as important because of the increased recognition and value on good thinking skills. Analysis cannot be conducted in the absence of thinking.¹⁴ Without it, we would have random choice and luck. This is not the best foundation for a considered outcome and is increasingly likely to suffer from "extinction by instinct." The other end of the continuum is from "paralysis by analysis." That is not to summarily discount the value of instinct, but it has to be measured alongside more reliable and tested methods of analysis.

As access to data or information has increased, the highest value is now placed on not just obtaining appropriate data, but more importantly, to making good sense of it and then communicating that sense to others who need to know it. That is analysis!

The Competitive Context Facing Contemporary Enterprises

“War is ninety percent information.”

—Napoleon Bonaparte

Beating competitors, in many industries, has become a necessity rather than a desirable goal. More insightful strategy development and execution has been needed since even a decade ago. We would suggest the following reasons are among the most critical ones underlying increased competition, all of which produce a greater need for improved business and competitive analysis.

Explosion of access to cheap and fast information: Whether it is employee mobility, greater access to higher education in both traditional and online formats, companies showing less loyalty to their employees, or those same employees showing less loyalty to their employers, the window on competition and competitive opportunities has grown wider and more transparent. Keeping key competitive information proprietary and out of the sight or hands of competitors has become more difficult than ever before. This is because of ever-improving information and communication technology, the use of “big data,” enhanced analytic modeling, as well as changing socio-cultural value systems, among other factors.

Maturation of industries and businesses: Many industries that were prominent in the twentieth century were resource-based industries, such as forest products, manufacturing, steel, and so on. These have rapidly matured or have seen a dramatic slowdown compared to past rates of growth. Many have struggled to institutionalize innovation capabilities, resources, strategies, new resource inputs, new production processes, new product development challenges, new employee skill recruitment and integration, new distribution channels, and/or understanding new customer needs. These are quite different challenges to simply trying to build market share in an existing static and simple market space, and the potential for them to miss the disruptive forms of activity that may be occurring on the fringes of their still-lucrative markets is high.¹⁵

Loss of traditional means of competitive structuring and advantage: Traditionally, companies could achieve competitive advantage through scale economies, segment entrenchment, first-mover advantages, and other such industry level gains. While still present in some sectors, these approaches are now so quickly and easily imitated that they no longer deliver sustainable advantage. Many of the new strategy experts suggest that there may not be such a thing as “sustainable competitive advantage”; instead, many of them are converging on concepts around being able to consistently achieve temporary advantages

and staying ahead of the competition. While the generic strategies of *cost*, *differentiation*, and *focus* originally described so cogently by Michael Porter are still conceptually fruitful, they are hard to achieve and sustain in practice. And much debate continues about whether the achievement of advantage is from positioning, is resource-based, or comes from some other source(s).

Sophisticated and better-informed consumers: Customers are better informed than ever before and have access to significantly more information from point-of-purchase sources and social media on which to base their purchasing decisions. As with business-to-business (B2B) markets, buying habits are less ingrained, and purchases are increasingly based on specification, cost, and value. Today's consumer is less likely to be swayed by an emotional appeal and will do hard-nosed research before striking a deal, especially with big ticket items.

Companies that still think they can sell anything they like, at any price, to a gullible customer may well do so once, but not again. Bad news travels fast, and the presence of social media, customer pressure groups, protest blogs and sites, and vociferous word-of-mouth channels will quickly damage a brand.

Dynamic and rapidly evolving technology: Physical strengths are being replaced by intangible assets such as intellectual property, knowledge, intelligence, brands, R&D teams, and market position, resulting in volume-based advantages being less prominent.¹⁶ Even in industries where scale-based advantages still exist, typically manufacturing, the continual push by businesses across the globe to improve operational efficiency has made it harder to sustain such advantages.¹⁷ This has made the development of effectiveness-based strategy and execution more critical than ever.

There is little doubt that competition compels organizations to respond, preferably in a proactive manner. Designing these responses and assessing their impact are the primary task of the business and competitive analyst. The context within which the analysis is undertaken and the organization within which the analyst is working, will, inevitably, produce unique demands. The following section elaborates on the unique contextual factors impacting business and competitive analysts.

Contemporary Context Facing the Analyst

“He who would search for pearls—must dive below.”

—John Dryden, historic author

Being an analyst in an enterprise facing a high degree of competitive rivalry is difficult, especially when inexperienced and/or lacking appreciation of analysis science. Analysts have always had to satisfy decision makers who want and need their assistance. If anything, the challenge for the analyst today is more daunting than in the past. We think there are several prominent reasons why this state of affairs exists, such as the following:

Lack of recognition that analysts are mission-critical: It is rare to find a student coming onto a business degree program who claims that he or she wants to be a competitive analyst. In contrast, hundreds, if not thousands, will say that they want to be a management accountant, financial analyst, sales specialist, or brand manager. Similarly, it is rare to hear CEOs or CFOs claim that their competitive advantage came from their analytical team or their capabilities. We know that analysis underlies many companies' competitive advantages, but it is often called something else, or the process is embedded among other functional activities. Enlightened organizations recognize the unique value that analysis generates, and as a result, then put significant resources behind it to ensure that they continue to derive competitive advantage.

Decision makers cannot always articulate their decision needs: Analysis requires proper direction at the outset for the process to produce a satisfactory output. Unfortunately, decision makers may not ask the right questions of the analyst. They may not even know what the questions are. So it is up to the analyst to focus their decision-maker on the "must know," as opposed to the ubiquitous "like to know" style that we frequently witness.

Pressure for a quick judgment: Competitors are moving fast, investors and shareholders want the quarterly performance targets on time, customers want solutions yesterday, and nobody is willing to wait. Time is the most precious resource for an analyst; consequently, time will always be in short supply. Decisions are often made on the basis of "what we know now" because the situation simply will not allow for more delay. As such, analysts need to constantly seek established data collection and classification solutions and systems that can provide reliable outputs quickly. They need to provide intelligence despite that being at a lower level of confidence than usually expected. Analysts and decision makers need to address the increasingly time-starved context within which they both work and assess its ramifications.

Highly ambiguous situations: Ambiguity comes in many forms for both the decision itself and the analyst. It can emanate from the nature of competition, the range of competitive tactics employed, key stakeholders' responses in a competitive arena, product and/or process enhancements, consumer responses to competitive tactics, and so on. These types of interjections have been studied by researchers who have recognized that ambiguity can be a potent barrier to competitive imitation¹⁸ and allow for a competitor to sustain their advantage for a longer period.

Incrementally received/processed information: Rarely will an analyst get the information he or she needs, on time and in the required format. The inability of traditional executive information systems to capture, classify, and rank rumors, gossip, grapevine data, and knowledge held by employees out in the field means that analysts lack the kind of primary source information that has always been the "jewel in the crown" element that makes analysis so valuable.¹⁹

Shifting Organizational Priorities for Analysts and Analysis

“The alchemists in their search for gold discovered many things of greater value.”

—Arthur Schopenhauer, German philosopher

We know there has been a fundamental shift in the nature and sequence of organizational priorities for analysts. Though change is not uniform across sectors, deciphering the outline of a transformation toward improved analytical capabilities is possible through the following principles.

Adding Value to Intelligence: A priority for analysts is to deliver a product that adds context and meaning to raw data and information. In today’s information-overloaded environment, intelligence competes for the attention of the decision maker. John Gannon, former Deputy Director of the Central Intelligence Agency, commented, *“It is our challenging but rewarding job to keep telling these smart but overworked folks, decision or policy makers, what’s happening in a complicated world.”* Keeping ahead of the competition and keeping the attention of intelligence users cannot be taken for granted. Some commentators consider that the insufficient and poor training of analysts has been a primary reason for the low effectiveness of intelligence programs.²⁰

One of the ways to stay relevant is to build and maintain subject matter expertise, continuity, and depth within the organization’s analytical ranks. Information alone will not be useful to the consumer if it is not interpreted correctly and presented in a credible way by a recognized expert. This issue has been addressed in some organizations through the creation of a senior-level council that is responsible for strategic planning and addresses the areas of CI recruitment, assignments, core skills, standards, and training. Others have relied upon the continuous delivery of learning opportunities, through apprenticeships, traditional classroom, and virtual means, by which analysts can upgrade their capabilities. Finally, some organizations have outsourced to specialist companies that they believe can provide the needed services better than internal resources. The variety of ways that best practice CI organizations have attempted to address this need has been catalogued in several studies.²¹

Answering Questions in Real Time: Analysts have traditionally met intelligence needs through regular briefings and overviews, usually tailored to the client’s needs. These deliveries can also be supplemented with personalized digital, instant messages or memos that respond to incidental or supplementary questions. Using highly developed specialized software and solutions, analysts may provide daily or, when a crisis erupts, minute-by-minute support. While the vast majority of an organization’s analytical tasks will be carried out in response to specific questions, over the course of a typical year, an analyst or analytical team will provide hundreds of ad-hoc briefings on virtually every aspect of the enterprise, thousands if one factors in the insights delivered by today’s information solutions.²²

Concentrating Resources: Analysts must be vigilant about prioritization, and they are expected to use all the latest technology to stay ahead of the competition without wasting scarce resources. Consequently, a need exists to continually press for clarification of a critical intelligence need. Organizations have to find innovative ways to build in flexibility within their collection and analysis efforts so that new priorities can be addressed on an as-needed basis. This flexibility is seldom considered when devising a competitive analysis or intelligence system, but has become increasingly important in a resource-constrained context.

Forging Partnerships: Another priority is how the organization, its data collectors, and analysts relate with the broader community. Partnership is a concept that has taken hold as organizations seek to take advantage of others' specialized expertise and resources. Co-operative efforts between CI and other departments have built formal and informal networks of functional and subject experts throughout the organization. Rarely does all the expertise on any particular issue reside in one part of an organization or a single unit. Tapping into analytic expertise across the firm is important to overcome commonly experienced budget and personnel constraints.

Looking Over the Horizon: The focus on decision-tailored support helps make analysis more relevant and useful to the client. It also ensures that intelligence resources are going where they need to be. Providing such high-level support makes an enormous claim on resources, particularly staffing and time. At worst, analysts risk becoming prisoners of their inboxes and unable to put daily events in a broader context—which is essential if they are to provide timely warning of emerging opportunities or threats. The challenge is to step back and consider what the organization might face tomorrow, next week, or next year. Analysts have to look beyond the immediate and the obvious, toward those forces that might be moving slowly but inexorably toward their organization. Giving decision makers a sense of the possible, rather than the probable, must be a key priority for analysts, and it is precisely this that sets them apart from others in the organization.

Providing Timely Support: Analysis is most relevant when it is provided directly to the decision maker. Analysts are at their best when deployed on-site and in regular contact with the organization's managers, negotiating teams, and front-line decision makers. This ensures a better understanding of shifting agendas, prime movers, and quick feedback on their outputs. This all helps to better target the intelligence effort. As mentioned already in this section, time is a luxury that few decision makers enjoy, so anything that puts the analyst closer to the problem can only speed up the solution identification process.

Summary

Excellent analysis is the key to successful insights and/or intelligence and can provide high-value strategic decision support capability in contemporary enterprises.

Intelligence about customers, competitors, potential partners, suppliers, and other influential stakeholders is a company's first, and often only, line of offense/defense. Maintaining this capability into the future requires analysts and competitive intelligence practitioners to exploit every opportunity to provide their decision makers with analysis that is persuasive, relevant, timely, perceptive, and actionable. Analysts must provide their decision makers with the essential insight needed to preserve their organization's competitiveness and provide early warnings of market changes.

Contemporary analysts are expected to offer direct and immediate support to resolve different types of queries, work more closely with their counterparts responsible for human and technical collection, package their analyses in a variety of new forms, and deliver them through whatever means are best suited to the recipient.

In fulfilling this mission for the future, competitive intelligence-driven organizations and members of the analytical community face many fresh challenges. Success will be determined, at least in part, by how well these individuals and functions manage their scarce resources, balance frequently conflicting demands, produce longer-term analysis, continue to develop both broad and deep analytic expertise, and forge new relationships with others both inside and outside their organizations. This is not the time for analysts to be resting on their laurels. New ways of working and critical issues are appearing at a far greater pace than in the past. Analysts need all the help they can get to rise to the challenge of tomorrow's demands.

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Endnotes

1. The field of strategy and strategic management is frequently covered in most university business or management curricula. The books used in these courses do a fine job in covering the processes and content of strategy. This book assumes some knowledge of these concepts, but does not require high levels of prior strategy knowledge to be applicable.
2. A good source for business and management terminology is McGonagle and Vella, 2012.

3. We will distinguish between strategic, tactical, operational, and micro decision types in later chapters. This book's methods will be at least somewhat applicable to all these types, although we designed it to be mainly focused on strategic decisions.
4. Zahra and Chaples, 1993.
5. Clark, 2004.
6. Gilad, 2009; Shaker and Gembicki, 1999.
7. Horowitz, 2011.
8. El-Nasri, 2012; Prescott and Gibbons, 1993.
9. We recognize that there are likely key conceptual if not practical differences between the kinds of analysis done within "business" and "competitive" intelligence. As explaining these differences would require far more detail than we can provide here, we refer readers to Fleisher's discussion of these terms in greater depth in Chapter 5 of the edited book (with D. Blenkhorn) entitled *Controversies in Competitive Intelligence: The Enduring Issues*, Westport, CT: Praeger Publishers (2003).
10. Clark, 2004; Dishman, Fleisher, and Knip, 2003; Fleisher, Knip, and Dishman, 2003; Herring and Leavitt, 2011; Johnston, 2005; Knip, Fleisher, and Dishman, 2003.
11. Rogers and Blenko, 2005; Wright, 2013.
12. For a poignant example of these, Robert Steele does a nice job of identifying the varying nature of the failures that occurred associated with the 9-11 events that dramatically affected the United States. See "What went wrong and why," pp. 3–10 in Steele, Robert David (2002). *The New Craft of Intelligence: Personal, Public & Political*, Oakton, VA: OSS International Press.
13. Waltz, 2003.
14. This is best exemplified by understanding the difference between Systems 1 and 2 thinking so fully elaborated by Nobel Prize winner Daniel Kahneman in his 2011 book.
15. Christensen, Raynor, Dyer, and Gregersen, 2013.
16. McGrath, 2013.
17. Porter, 1996, 1980.
18. Dierickx and Cool, 1989.
19. Wright, 2013; Chender, 2006.
20. Fleisher and Wright, 2013; Werther, 2001.
21. Namely, APQC, 2000; Lackman *et al*, 2000, Prescott *et al*, 1998; Wight, 2013.
22. Bouthillier and Shearer, 2013; Ziegler, 2012.

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accuracy, FAROUT method, 96

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