

# The Death of the Competitive Intelligence Professional

By Ken Sawka, *Outward Insights*

The Competitive Intelligence Professional is dead. Long live the CI Professional!

Increasingly, it seems to me that the number of companies employing full-time, professionally trained intelligence practitioners is declining. In their place, companies are adding competitive intelligence (CI) responsibilities to existing job functions, such as market research, product management, and marketing strategy. If true, does this trend portend the end of the CI profession as we know it?

Are organizations better off hiring, training, and developing full-time CI professionals, or equipping other businesspeople with basic intelligence skills that are add-ons to their existing roles and responsibilities? A strong case can be made for both.

On the one hand, to practice competitive intelligence as a profession – defined as an occupation involving prolonged training and formal qualification – brings a number of potential benefits to an organization, including:

**Objectivity.** Not linking CI with corporate functions helps ensure that intelligence does not espouse a particular strategy or point of view that favors marketing, pricing, or any other function with which CI is integrated.

**Efficiency.** Having a small number of dedicated CI professionals reduces the potential for duplicating efforts across more individuals performing intelligence tasks across different areas of the organization.

**Strategic positioning.** Presumably, CI as a stand-alone function can address more strategic issues, whereas embedding it in other functions may create a more tactical orientation.

**Legal and Ethical Conduct.** Professionally practiced CI is more easily governed by legal and ethical guidelines, whereas a distributed model that assigns small pieces of intelligence responsibility across multiple people could be harder to manage and more subject to ethical transgressions.

On the other hand, approaching and managing CI more as a discipline – defined as a branch of knowledge, typically studied in higher education – may bring a different set of benefits, including:

**A stronger integration with corporate culture.** CI would be able to adopt to prevailing research, analysis, and decision-making methods and more easily integrate with day-to-day operations.

**Broader coverage.** CI in this model is better able to address a wider variety of internal client intelligence requirements.

**Alignment.** By locating the practice of CI with the business roles directly involved in decision-making, an organization can apply intelligence directly to sales and marketing strategy, product development strategy, pricing strategy, and the like since CI is being conducted where those decisions are being formed and executed.

## TWO BASIC QUESTIONS

Whether competitive intelligence is approached as a profession or a discipline is directly linked to the organizational model a company adopts for its intelligence functions. Indeed, one of the questions I hear most frequently is: “What’s the best organizational model for my competitive intelligence function?” As with many issues related to CI function design, development, and management, there is no easy answer to this question. But at the heart of it are two basic questions:

- Should competitive intelligence be a centralized or a decentralized function within an organization?
- Should CI be practiced by dedicated, full-time CI professionals or embedded as a business discipline that is linked to other, more well-defined roles?

When competitive intelligence came into its own as a business function in the early 1980s, most organizations organized it as a centralized function. The leading CI companies of that time – Motorola, Nutrasweet, and others – tended to have highly centralized intelligence functions reporting to the CEO or to a central strategic planning organization.

More recently in the mid- to late-1990s, the competitive intelligence function started to become more decentralized, with individual business units, product teams, or other, non-corporate-staff individuals assuming a larger responsibility for conducting intelligence. Companies such as IBM, JPMorgan Chase, and others devolved CI responsibility away from corporate and into their individual and major lines of business.

## ORGANIZATIONAL MODELS AND ROLE CHANGES

Whether one organizational model is better or worse than the other can be debated. A larger issue, however, is what the different organizational models for the intelligence function mean for the CI professional. It’s my belief that the increasing popularity of the more decentralized function has diluted the quality of the CI professional. Why? Because, truth be told, when most companies adopt the decentralized model for competitive intelligence, those engaged in the practice of competitive intelligence are not full-time, trained CI professionals.

In some cases, companies pursuing a more decentralized organizational model for their CI function appoint at least one individual who serves as an intelligence coordinator at the corporate level. This person’s job is to coordinate CI activities and resources across the lines of business, consolidate external resources (research provider contracts, information services, training, etc), and in some cases extract the CI output from the business unit level and produce

strategic CI deliverables for corporate clients that address cross-business-unit competitive issues and concerns. But not all decentralized functions have such a corporate-level coordinator.

My first experience working with a company that created a purely decentralized CI function with no corporate level coordination came about six years ago. This technology company had created an intelligence function with absolutely no – nada – corporate level coordination. Management had directed its three lines of business to add CI skills into their product management function, and as a result 40 product managers were suddenly expected to become proficient in the practice of CI. Naturally, none of the 40 were relieved of any of their existing product management responsibilities, but were instead told to take on a CI role as part of their current positions.

Not surprisingly, despite their best efforts these 40 well-intentioned product managers were never really able to master and practice CI skills. With little additional reward offered in exchange for developing a competency in intelligence, and given the pressures of their existing responsibilities, a true CI discipline failed to develop inside this organization.

## KEY INTELLIGENCE TOPICS

So, are we facing a significant shift in the practice of competitive intelligence? Are we moving from dedicated, centralized, professionally trained practitioners to part-time but multitudinous professionals who are asked to embed the practice of CI into their other related responsibilities but who are likely not truly embrace CI due to their unfamiliarity with intelligence practices and the press of other business?

Before we can answer that question, we have to understand what is currently affecting how competitive intelligence is practiced and what the organization expects from its intelligence function. Fundamentally, it all comes back to Key Intelligence Topics. Before we can determine the best organizational model and professional orientation for an intelligence function, we have to know the issues that function is being asked to address.

Key Intelligence Topics (KITs) are the ongoing, critical intelligence needs of an organization. They are the basis for intelligence operations, structure, management, and output. Designing a CI function without first defining the organization’s KITs is like building a custom house without knowing anything about who will live there.

In addition to defining the organization’s overall intelligence requirements, KITs directly influence decisions regarding the resources necessary to meet those needs. According to Jan Herring, the number and nature of those initial KITs have three very important impacts:

- They define the organization's total intelligence needs.
- They establish the basic set of CI operations and the types of professional skills required to conduct those operations.
- They influence the selection of the organizational models and resources required to run those CI operations proficiently.

Recently, the KIT identification process and ensuing influence on CI function organizational and CI practitioner qualifications has been affected by several powerful business trends. Sidebar 1 outlines those trends, including:

- The shift to short-term thinking.
- Technology, business ecosystems, and globalization.
- Risk tolerance and the burden of proof.

To be sure, management's expectations for competitive intelligence are changing. If anything, the rate of this change has been accelerated by the recent financial crisis. It exposed the penalty that accrues to organizations which lack the intelligence and early warning capabilities to anticipate significant changes in the external environment, and to inform a dynamic strategy development process that can counter those changes well before they completely materialize.

## INTELLIGENCE AT A PRECIPICE

We may not know whether the CI professional is dead, in intensive care, or alive and kicking. What we do know, however, is that the practice of competitive intelligence is at a precipice. It must adapt to a new set of business realities which change the very nature and role of CI in any organization. I see three specific challenges related to the management of a CI function, and to the CI profession or discipline itself.

### Strategic Demands

The first is recognizing the current demands placed upon CI organizations and how they differ from the role CI performed in organizations until very recently. I have witnessed an inordinately greater number of demands being placed on CI functions, and a dramatic increase in the strategic significance of those demands. While this, I believe, is good news – it reinforces the necessity of a CI capability for most, if not all, businesses – it gives me pause as I consider whether the average corporate competitive intelligence function is up to the task.

For example, recently the senior management organization of an insurance industry company wanted its new competitive intelligence function to provide a strategic

## SIDEBAR 1: BUSINESS TRENDS AFFECTING THE KIT IDENTIFICATION PROCESS

### The shift to short-term thinking

The design of an intelligence function, and the investment in the training and development of CI professionals, should be expected to have long-term benefit for an organization. This requires defining KITs on a number of levels, most importantly for the design of the CI function at a highly strategic level.

Sadly, few senior executives can adopt a long-term perspective to defining their core business problems and intelligence needs. CI functions built and CI practitioners training based on short-term executive needs and expectations will likely not have sufficient longevity.

### Technology, business ecosystems, and globalization

Companies do not conduct business in isolation. They require a complex network of suppliers, buyers, regulators, partners and other entities that today span geographies, functions, and markets. While this has made defining KITs more difficult (the same organization can be a competitor, customer, and supplier), it has also put pressure on the design of the CI function and the skills required by the practitioner.

For example, a global insurance company with which I recently worked has to design a competitive intelligence organization that services – and extracts information from – more than 20 sales and client support offices located around the world; abides by prevailing insurance industry regulations that differ across these geographies and markets, and creates some way to handle the firehose flood of information that is available every day on customers, competitors, and other industry participants.

### Risk tolerance and the burden of proof

One of the most significant benefits competitive intelligence can bring to an organization is surprise avoidance. Alerts and reports provide a timely heads-up of impending competitive circumstances, and include their implications for company strategy, tactics, and market positioning.

This benefit, however, is a double-edged sword in many ways. On one hand, it satisfies increasing requirements for both financial and non-financial risk management – policies and practices that identify and plan for prevailing business risk. On the other hand, it fails to satisfy managers' inherent skepticism and propensity to wait for more and more information before deciding to act. By definition, achieving higher information quantity and quality before pulling the trigger to expend resources on a decision reduces managers' flexibility and latitude to act.

overview of customers and competitors that local sales offices and senior executives can use for local and corporate business planning, and sales and marketing strategy. In essence, this organization is expecting its new CI department to provide the informational and analytical basis to support account planning, local market competitive strategy across dozens of international markets, sales and marketing strategy and organization, and top-level business strategy.

To be sure, this is a coup for a new CI department, guaranteed to give it exposure within the organization as well as a central role in strategy setting and execution. But it also imposes significant demands and expectations: the CI function must have a mastery of market research, industry analysis, pricing assessments, competitor analysis, and sales force effectiveness.

### Early Warning and Risk Management

Second, the increase in uncertainty and external risk in all industries following the global financial crisis has underscored the importance of early warning and risk management as core expectations of any CI function. Providing in-depth assessments of competitor strategy, industry structure and trends, and other similar reports – no matter how good and insightful the analysis – is not enough. Competitive intelligence functions are now expected to play a major role in risk management and the mitigation of external uncertainties, with a core objective of helping management avoid being surprised.

A US financial services company reoriented its competitive intelligence function in just this fashion. During the depths of the financial crisis, the company conducted a comprehensive, scenario-based review of its business. A key objective was to identify plausible future situations that would present both extreme opportunities and extreme challenges to its business model. It applied the scenario process to develop contingency plans to deal with potential future unexpected events and developments, and added a strong early warning monitoring and analysis capability to its existing competitive intelligence function. The company's goals were to reduce the impact of strategic surprise and to connect intelligence with the development and execution of a dynamic and flexible strategy able to withstand unpredictable industry developments.

### Professionalization

Third, executive management at companies which support a CI capability must do a better job to professionalize competitive intelligence within their organizations. Too many managers still pay lip service to creating or improving their competitive intelligence functionality, but then fail to provide adequate resources to do so.

Similarly, individuals engaged in the practice of competitive intelligence – be it as a profession or a discipline – must have more opportunities for professional career development. Too often, CI practitioners are caught in a career dead end, with no obvious progression from an intelligence role to a more senior position with more responsibility. Many organizations do not recruit, train and develop new CI practitioners appropriately, and instead fill such positions rather haphazardly.

The practice of competitive intelligence is at a cross roads. We can rise up to the challenge of the new expectations placed on the work we do, and make the case for our organizations to provide the resources, professional development, and career path necessary to sustain a CI capability that confronts the trends I have cited here. Or we can shy away from this challenge and be resigned to providing informational research on non-core business trends and issues, and fail to seize the opportunity to contribute in a meaningful way to the growth and success of our organizations.

### REFERENCE

Herring, Jan (2008). "Defining competitive intelligence needs: the role of Key Intelligence Topics." In *Starting a Competitive Intelligence Function*, (Sawka and Hohhof, eds), SCIP, Alexandria VA .

---

*Kenneth Sawka is the Managing Partner at Outward Insights, a Boston-area competitive intelligence and strategic planning consulting firm. He has 25 years experience in the practice of intelligence in both business and government sectors. Ken served on the SCIP Board of Directors from 1999 - 2002, is a SCIP Fellows Award recipient, and was awarded the 2010 SCIP Meritorious Award, the Society's highest honor. He can be reached at ksawka@outwardinsights.com.*