

## The Economic Crisis: Will Your CI Function Survive?

**Kenneth A. Sawka**

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Competitive intelligence stalwart Merck & Co. announced last month that it was cutting 7,200 jobs and closing three research laboratories. Other blue-chip names – Ford, General Motors, Yahoo, National City – also have announced severe staff reductions. In October 2008 alone, the US economy lost 240,000 jobs, and the unemployment rate spiked to 6.5% from 6.1%. Anyone still keeping tabs on their 401 (k) knows that the credit crisis, gloomy earnings forecasts, and a sharp decline in consumer confidence has sent stock markets down almost 40 percent since the beginning of the year.

What is perhaps most worrisome is that few saw the severity of the downturn as it was taking shape, and many top minds are at a loss to explain it. In a less-than-confidence-inspiring revelation, former Fed chairman Alan Greenspan summed up the economic situation this way, “We are in the midst of a once-in-a-century credit tsumani. Central banks and governments are being required to take unprecedented measures. Those of us who have looked to the self-interest of lending institutions to protect shareholders’ equity are in a state of shocked disbelief.”

In times of economic slowdowns, corporations look to cut excess costs. Many a support function – in particular strategic planning and marketing, to name two – are often the first to get whacked. And competitive intelligence, which for most firms is nothing more than a big old cost center in the eyes of the CFO, can have a big target painted on it.

Of course, nothing could be more foolish than to trip back or even eliminate the competitive intelligence function in times of economic uncertainty. If former Fed Chairman Greenspan is in a state of “shocked disbelief” over the the role lending institutions played in the financial crisis, imagine how CEO’s and other top managers are (or aren’t) coping with the impact of the downturn.

That begs the question: for those of you wringing your hands with fear over your CI department’s future, are you asking your managers about their degree of uncertainty regarding future competitive conditions?

Now is the time to revisit the very reason why your CI function was established in the first place. Any need expressed by top management to better understand competitive forces, external industry shifts, and specific competitor strategies are magnified today, with an economy in severe decline.

That means that common CI outputs that consist of quarterly competitive landscape reports and monthly competitor profiles just won’t cut it any more. The survival of your CI function may depend on your ability to deliver unique, relevant insights related to helping your company navigate through a tough economy. Now more than ever, your CI deliverables have to go a few steps farther to truly help your management team navigate uncertain economic waters.

That means that cutting back on CI professional development, limiting access to CI best practices, and retrenching away from engagement with external CI experts is the last thing you should be doing. To be sure, budgets are shrinking on all but the most essential activities. So make sure that your executives know that CI is an essential activity. Ask yourself: are you providing warning of looming threats and opportunities? Can you clearly link your CI output to key strategic initiatives and objectives at your company? How are your CI efforts helping your company to meet its goals?

Upgrading your CI function’s output and making the most of challenging economic times requires ongoing access to CI best-practices, a fair degree of risk-taking on your part, and a demonstration of how a well running CI function can help your organization weather what is likely to be a long and deep recession. If you don’t have 110% of your energy focused in this direction, your CI function will not be seen as a valuable asset that is essential to navigating this challenging economy.

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