

The Limitations of Intelligence Sources

Ken Sawka

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The United States has captured a group of Russian spies and has exchanged them with Moscow for four individuals held by Russia on espionage charges. Although one of the accused Russians was portraying himself as a software vendor who was active in the US competitive intelligence community, this event would seem to have little to do with the day-to-day practice of competitive intelligence. After all, professional competitive intelligence functions do not -- I hope -- place plants in their competitors' organizations. However, if we dig a bit deeper into the intentions of the Russian spy ring, parallels to competitive intelligence and strategic competitive analysis become clearer.

According to a recent [article](#) by Stratfor Global Intelligence's George Friedman, media characterizations of the Russian spy ring as incompetent Cold-War era plants may be incorrect. Instead, the existence of the spy ring demonstrates Moscow's interest in maintaining knowledge of the United States despite the end of the Cold War and warming relations between the two.¹

"Each country in the world has a list of nations that it is interdependent with, and it keeps an eye on those nations," Friedman writes. "These can be enemies, friends or just acquaintances. It is impossible for nations not to keep their eyes on other nations, corporations not to keep their eyes on other corporations and individuals not to keep their eyes on other people . . . The shock at learning that the Russians really do want to know what is going on in the United States is, to say the least, overdone."

Good intelligence means knowing three things about those with whom a country -- or company -- interacts:

- *Capabilities*: what is it capable of doing?
- *Intentions*: what does it want to do?
- *Unanticipated events*: what could happen after it acts?

Government and corporate intelligence services develop sources and hire analysts to attempt to know these things, whether the target is a sworn adversary, close partner, or casual acquaintance. Dominant players -- like the United States in international affairs -- are the subject of ongoing intelligence interest. For competitive

intelligence, this means that powerful companies -- think Walmart, IBM, Toyota -- are, and ought to be, of high interest to the intelligence functions of these companies' competitors, customers, and suppliers.

Maintaining vigilance on these organizations requires identifying, accessing, and exploiting intelligence sources -- published and human. The Russian spies may not, according to Stratfor, have been in the United States to gather information, but instead to recruit government officials in America's intelligence and military services to serve as informants for Moscow.

But sources alone are not enough. Even if a nation could recruit a top intelligence official as a mole, or a company improperly elicit proprietary knowledge from a competitor's top executives, it may not know the target's intentions, and almost certainly would not know future unanticipated events, even if the senior government or competitor official claimed to know them.

There is value in good intelligence sources, to be sure, but source information must be looked at critically. What a company says its capabilities may be an exaggeration, and what a company says it will do may or may not happen, or result in unintended consequences that the company itself failed to anticipate.

Assessing and anticipating how industry and market forces will play out and interact is more important than finding, accessing, and exploiting that "perfect" intelligence source. The Russian spies' mission -- just as your own company's information gathering efforts -- only fulfills part of the intelligence mandate. Competitive intelligence functions that fail to mix legal and ethical intelligence gathering with sophisticated analysis that includes gaming and simulation, scenario building, and other analytical approaches, runs the risk of over-relying on source information -- information that can have severe limitations.

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¹ "Russian Spies and Strategic Intelligence" by George Friedman, July 13, 2010.