

LET COMPETITIVE INTELLIGENCE DRIVE GROWTH

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“Crisis is an opportunity riding the dangerous wind”
Chinese Proverb

THE SITUATION: In an extended global recession growth will be hard to come by. That said, growth will still be the key to success in this tough environment. Two key insights:

- Growth in this environment will essentially be a matter of who expands market share.
- Higher market shares will be critical to positioning firms for success when economic growth returns.

EXPANDING MARKET SHARE requires clear and accurate insights into your markets and your rivals. In a word, it requires strong competitive intelligence (CI). Not news and information feeds, but analysis that explains competitive behavior, competitive intentions, and identifies competitive opportunities.

Strong CI provides critical early warning of competitor moves. Recently, a food retail company was able to predict and track their competitor's next major product launch. In years past, competitive product launches caused a lot of chaos because everyone was caught off guard. But with a strong CI program in place, a continuous monitoring and analysis process provided literally months of early warning. This enabled the firm to reinforce their product platforms, as well as design and implement counter measures. As a result, the competitor's new product launch was pre-empted by a well-funded ad campaign on the part of the retailer. This campaign reduced consumer trial and limited market share losses.

Systemic CI uncovers hidden business opportunities. An aerospace and defense company adopted an Open Innovation program to broaden and strengthen its product pipeline. As part of the new approach, the company implemented a strong, disciplined competitive technical intelligence capability. During the technical intelligence scanning process, one of the company's engineers discovered a start-up firm in Florida with a breakthrough radio technology that was already fully developed and certified for commercial use. This led to a fast collaboration with the Florida firm and within three months, and with a minimal investment, the company was the first to successfully demonstrate the capability in the military market, positioning the company to lead growth at the expense of its rivals.

Strong CI helps firms develop better operating strategies. A consumer packaged goods company with a strong CI program reverse engineered the profit structure of a key rival. They

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learned that the rival firm made nearly 30% of their profit on a single category that contributed only 10% of the firm's revenue. The rival's new CEO was the former head of this category and took great pride in its success. This insight led the company to launch a low cost product in the category, telling customers early about their plans. This caused the rival to respond with price incentives and expensive product upgrades. Meanwhile, the company launched new products in several other competing categories. The rival, distracted by the threat to their most important business, lost market share in each of these other categories and only managed to hold their position in the main business.

WHAT YOU SHOULD DO:

- 1) Figure out who in the organization is watching the competitive environment. Get to know these people and open up a direct line of communication.
- 2) Make competitive intelligence a priority. Frame the competitive issues facing your business and set the expectation that key managers must understand, appreciate and respect your competitors.
- 3) Identify a leader who will bring together intelligence from both within and outside the organization. Legitimize the work by putting a strong manager in charge of the CI process and make sure the manager's voice is heard throughout the organization.

COMPETITIVE INTELLIGENCE DOESN'T HAVE TO BE "INCREMENTAL"

Chances are a lot of information and insight is already available in your organization. The problem is it is not being formally compiled and rigorously analyzed. The challenge is not to create new systems and departments BUT to network together what already exists and to give the organization a clear pathway to deliver that knowledge and insight to decision makers.

...AND YOU CAN'T BUY THIS STUFF

Too many executives try to buy competitive insight from consultants and other supposed "experts". The problem is that consultant's expensive PowerPoint slides are soon forgotten and the knowledge they contain is never operationalized. If you want competitive intelligence to become a source of competitive advantage, you have to do much of the work in-house ... you have to own it!