How to Plan Your CI Investigation

by *David Lithwick*

Introduction

Competitive intelligence (CI) is now recognised in Canada as an effective resource to help companies increase revenues, uncover gaps in their customer servicing, consolidate depositories of information within their organizations and offset intrusions by competitors. In other words, CI is helping companies to level their playing field.

Let's assume you've been asked to carry out a difficult CI assignment with little time and limited resources. Frustration sets in when you discover that there is an abundance of academic literature to read, but very little on practical guidelines.

Coincidentally, participants at CI workshops frequently ask us for tips on real issues such as how to motivate their sales force to collect CI versus theoretical models charting the role CI can play within a company.

Do not be intimidated by articles, workshops and suppliers who insist that expensive software, extensive training and sophisticated data collection techniques are needed to succeed in CI. CI is largely **tactical**.

No matter how large the budget or cutting-edge the technology, unless you show ownership to the assignment, persist in getting colleagues to feed back intelligence and produce easy to read reports, your efforts will flounder.

Lessons Learned

Based on the lessons we have had to learn from completing over 750 investigations in 35 industry sectors the goal of this article is to provide you with workable templates in *formalising* your CI activities.

As a first suggestion, **before** you even consider setting up a CI department, concentrate on formalising the CI efforts that are already going on in your company. Think of this first step as purchasing a map before you go on your hiking trip.

Checklists

What to look for in a CI proposal and what should be completed in the investigation are outlined in the checklists provided below. Explanations of the items contained within each checklist, follow.

Objectives

The objectives should be broken out into primary and secondary, each supported by a rationale.

Method

The method is the most important element of the proposal. This is where scrutiny by the client is essential. If you do not understand a detail, question it.

- The more detailed the methodology, the more precise the results will be.
- Assumptions, avenues of investigation and level of accuracy must be documented.
- Proposals which discuss how the field investigators will be debriefed and what contingency plan would be in place, reflect experience and client care.
- A list of must know questions, which in turn will be the basis for summary grids, demonstrates a commitment from the start to get the project 'right'.

Report Format

Look for details on what the executive summary will recap.

- Key findings should be consolidated into summary tables to ensure the report remains concise, easy to read and measurable.

Competitive Intelligence – Proposal Checklist

Objectives	Method	Report Format	Factors for Success	Fee	Contractor Disclosure
Primary Rationale	Assumptions Must Know Questions	Executive Summary Key Findings	Pre Test Contact Reports	Flat Fee or Hourly Expense Break Out	Listing of Projects Completed In The
Secondary Rationale	Avenues of Investigation Level of Accuracy Investigator Debriefing Contingency	1. Products 2. Pricing 3. Ranking Competitor Threats 4 .Best Practices 5. New Developments Recommendation Next Steps Appendices	Glossary Verification Ease in Communication	1.Management Fee 2.Subcontractor 3.Project Incentives 4.Focus Group 5.Online Search Payment Terms	Past 24 Months Confidentiality Terms

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- Recommendations will provide direction and accountability.
- The appendices should be inserted into a second binder and include detailed findings, copies of competitor literature, articles and a list of helpful sources.

Factors for Success

Suppliers who are not willing to carry out a pre-test, write contact reports to summarize important client meetings or insure findings are verified through multiple sources will fall short in meeting expectations.

Fee

If there is one area where a project will sour, it will be in miscommunication over the fee. Make sure that the following items are addressed in the proposal:

1. Whether the fee is fixed or based on an hourly rate.
2. How the fee is calculated
3. Whether there are any hidden costs, such as 10% extra for contingencies.
4. Payment terms (e.g. 33% up front)

Contractor Disclosure

Some suppliers will inadvertently rationalise that work they have done for a competitor does not pose as a conflict of interest for you.

A way to resolve this Catch 22 is to ask the consultant for a listing of projects that they have carried out in your industry over the past 24 months.

In House Audit

Carrying out an in-house audit, typically covers two tasks:
1. Review in-house data deemed relevant to the study. Memos, newsletters, CI reports and membership directories should be scanned.

2. Speak to colleagues within your company.

This will enable you to:
- ☑ see what CI they have for you to use.
- ☑ get insights from them on how and where to collect useful information.
- ☑ obtain contact names of people who can help.

Set Up

Setting up a study, is also known as "scrubbing up". This term is coined from the vigorous hand scrubbing that surgeons carry out before operating.

The set up is broken down into four tasks:
1. Carrying out a pre-test to identify glitches and determine whether timelines are realistic.

2. Creating a contact list to fast-track the study

3. Reconstructing the organization chart of the competitor to be investigated.

4. Finalising the list of must know questions, guidelines for your field investigators to follow, fill in sheets and grids.

Investigation

For each assignment you should aim to source both primary and secondary data, tap into a source that you have not tried before and "hop scotch" your data, i.e. retrieve your information synergistically instead of exhausting one source and then moving onto the next. For example:

Your company leases equipment to dentists. An American competitor is undercutting your prices and has taken away two customers from you. You first secure secondary pricing data, as one of your reps manages to send you a copy of an actual quote. For primary intelligence, you track down the customer for whom the quote was prepared. The customer alerts you to the weaknesses of the competitor's lease. They also mention that an ad by the competitor triggered them to call the competitor's supplier. Your next move is locating this ad.

Competitive Intelligence – Project Checklist

In-House Audit	Set Up	Investigation	Analysis	Report Emphasis	Action Plan
Review In-House: Company Memos Newsletters Research Reports Membership Directories **Source Insights From:** HR Information Technology Manufacturing Marketing Research GIS Sales Customer Service	**Carry Out** **Pre Test To:** Work thru glitches Gauge whether time-lines can be met **Develop Contact List of:** Names, Titles, Phone # Email addresses **Reconstruct Competitors'** Organization Chart Reporting Structure Geographic Divisions **Finalize:** Must Know Questions Guidelines Fill In Sheets, Grids	**Primary Sources:** 1.Third parties (e.g. editors, Head hunters, ad agencies, Associa-tions, PhD candidates) 2.Customers (e.g. conference speakers, focus groups) 3.Competitors (e.g. trade show exhibitors, contacts) 4.Government (e.g. industry Canada, trade consulates) **Secondary Sources** 1.Electronic search (websites, trade-marks, News releases) 2.Competitor bro-chures and Price sheets	**Phase 1** Consolidate Data Verify Findings Clarify Discrep-ancies **Phase 2** Input Findings Into Grids Identify Gaps Go back into the field To fill gaps	New Developments Gaps in competitor servicing Competitor Training Softward **Threat Level Assessment** Traditional Competitors Non Traditional Competitors **Recommendations** Offset Competitor Intrustions Capitalize on Gaps	Decisions Made Next Steps Due Dates Responsibilities

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Analysis

The time required to successfully analyse the data is usually underestimated unless you have carried out a similar investigation before and are aware of the various calculations and configurations that go into this task.

Rule of thumb is for every hour of field investigation, two hours of analysis will be required to successfully digest the data collected.

The approach to analyse data is fairly straightforward. The difficult part is completing each specific task. For example, data clarification serves to clarify grey areas of information. If an attempt is not made to reconcile elements that are vague, the likelihood of misinformation seeping from the analysis increases significantly. If you are carrying out a bank pricing study on GIC's, it is absolutely critical to insure that the competitor rates you disclosed are individually clarified as to whether they are "posted" or "negotiated." Similarly if you are carrying out a market study in the courier industry, it is imperative that you determine what the difference is between "inter" and "intra" deliveries. If you are carrying out an appliance replacement parts study make sure you either factor out or include the installation charges in your calculations.

Report Emphasis

In addition to addressing **areas of interest** such as pricing and new developments, your CI study should assess and rate the **threat level** of each competitor's activity to your business.
You should also provide specific and measurable **recommendations** based on the areas of interest and threat levels discussed.

Action Plan

The action plan is fairly straight forward. First recap those decisions according to the results of your investigation. Then document next steps, due dates and responsibilities.

We recommend that the action plan follow a **format that is similar to your marketing plan**. This produces a certain efficiency in writing the various plans as well as creates continuity between CI and marketing.

Conclusion

The key to completing a CI assignment successfully is knowing where to collect information and how to analyse the data quickly and inexpensively. Checklists are extremely helpful in meeting these objectives. They provide structure to information that would otherwise remain fragmented. Checklists, in effect, force you to gain practical experience from the assignment, as they are designed to move you in steps from one task to the next, until meaningful results are produced.

Work in baby steps by incorporating checklists into your investigations. By doing so, you will learn from your own investigations, thereby acquiring technical skills that no article, workshop or training software can offer.

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