Competitive Intelligence in South African Business: the Use and Effectiveness of the Programs

A Research Report presented to

The Graduate School of Business
University of Cape Town

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by

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PLAGIARISM DECLARATION

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Norah Wulff
ABSTRACT
This research report investigates the makeup and use of the competitive intelligence programs in South African business. The research is a multiple case study on the competitive intelligence programs of three South African businesses, from varying industries, with dedicated competitive intelligence programs in place.

The study uses the Wright-Pickton model, developed to assess the effectiveness and use of competitive intelligence programs, to compare effectiveness of the programs against one another. The aspects of the programs that are analysed are the attitudes of the organisations to the competitive intelligence programs and the organisation’s understanding of competitive intelligence; how intelligence is gathered at the organisations; how intelligence is used in the formulation of the organisations’ strategy; and where the competitive intelligence gathering responsibility is situated in the organisations.

The study also analyses the analysis tools used in the competitive intelligence process.
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<td>IMD</td>
<td>The International Institute for Management Development, a top business school in Switzerland.</td>
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<td>CI</td>
<td>Competitive Intelligence</td>
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<td>SCIP</td>
<td>Strategic and Competitive Intelligence Professionals; formerly the Society of Competitive Intelligence Professionals</td>
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<td>GIA</td>
<td>The Global Intelligence Alliance, a strategic marketing intelligence and advisory group.</td>
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<td>KRI</td>
<td>Key Risk Indicator</td>
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<td>KIT</td>
<td>Key Intelligence Need</td>
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<td>PESTEL</td>
<td>A strategy tool to study a market landscape. The acronym stands for Political, Economic, Social, Technological, Environmental, and Legal.</td>
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<td>HUMINT</td>
<td>Intelligence from human sources.</td>
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<td>ACH</td>
<td>Analysis of Competing Hypotheses</td>
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I would like to thank Douglas Bernhardt for his patience and willingness to assist.

I would also like to thank my husband, Mike, for putting up with me through the stressful times and for his tremendous support throughout the process.
1. INTRODUCTION

1.1 Research Area and Problem
There is a need in South Africa to compete on a global scale since the end of apartheid. The aim of this research is to assess the degree to which South African firms are utilising competitive intelligence programs in order to be competitive.

The rapid advances in technology and the increase in globalization have resulted in an uncertain business environment that changes more quickly than ever before. In many industries, one wrong decision could put the company out of business. As a result, executives can no longer rely on instinct when making strategic business decisions (Strategic and Competitive Intelligence Professionals).

Before 1994, South Africa remained politically and economically isolated from the rest of the world due to sanctions. Post-1994, South Africa became exposed to the international markets and whilst the market size increased, so did the competition (Du Toit & Strauss, 2010).

The increase in competition in South Africa at a local and global level has increased the importance of competitiveness to South African businesses. The World Economic Forum defined competitiveness as “…the set of institutions, policies, and factors that determine the level of productivity of a country”. South Africa’s global competitiveness rank in the 2010-2011 World Economic Forum Global Competitiveness Report (World Economic Forum, 2010) was 54 out of 139 countries, a drop from 45 in the 2009-2010 report that compared 133 countries. Similarly, South Africa’s position in the IMD’s World Competitiveness Scoreboard has dropped to 52 in 2011, from 44 in 2010 (International Institute for Management Development, 2011).

According to Viviers, Saayman and Muller (2004), a competitive intelligence (CI) process is a necessary activity to remain competitive and to survive in a competitive world, by making the most out of the available information.

South African businesses need to ensure they have sufficiently robust CI processes in place to remain competitive in the local and global marketplace.
This research is a case study that focuses on three South African organisations with CI programs in place. The research explores the definition of competitive intelligence and what constitutes an effective program. The research uses a model developed by Wright-Pickton to evaluate the effectiveness of CI programs (Wright, Pickton, & Callow, Competitive intelligence in UK firms: a typology, 2002). The Wright-Pickton model was developed in the United Kingdom to compare the CI capabilities of different organisations. The model rates the CI programs based on the attitudes of decision makers towards these programs, how intelligence in gathered and used, and the structure of the CI department in the organisation. Additionally, the research will assess the analysis methods used by the organisations to produce the intelligence products.

1.2 Research Scope and Questions
Jaworski and Wee (1993, cited by Hall & Bensoussan, 2007) found that CI programs were important and had an impact on the perceived quality and usefulness of strategic planning, but had little tangible impact on the short-term performance of an organisation. Additionally, senior managers played a crucial role in fostering CI activity.

Therefore, the hypothesis for this research is that formalised CI programs provide a greater decision-making value to senior managers. The greater the managers’ buy-in to the CI programs, the better the results.

The objectives of the research is to evaluate the use of CI programs in the South African organisations against recommended benchmarks, such as those recommended by the Corporate Strategy Board (2000), and to identify issues South African companies face regarding these programs. The Corporate Strategy Board outlined three core principles of CI programs: the program should support senior decision makers in their capacity as strategists, the programs should monitor and analyse issues that matter to strategy, and the programs should be coordinated in the corporate centre.

The researcher interviewed a number of South African companies in various industries to assess the use and effectiveness of CI programs within the organisations. The following questions were posed to assess these programs:
• How is information gathered externally and internally?
• What do the businesses do with the information gathered?
• How is the information analysed?
• How is intelligence disseminated?
• How have the programs contributed to decision making?
• To what extent do senior managers embrace the information given?
• What do senior managers want that they are not already getting and how would it help them?

1.3 Research Assumptions and Ethics
The researcher assumed that three companies with active CI programs would provide an adequate picture of the use of CI programs in South African businesses. Due to time constraints and the limited number of companies with active CI programs in South Africa, three companies were studied. This limitation poses a sample size risk, where the sample is small and might not be representative of the South African picture.

This research analysed the responses of human subjects, and as a result ethical considerations were paramount. Denzin and Lincoln (Denzin & Lincoln, 2000) stated that researchers are guests in the areas they choose to research, and therefore the researcher’s manners must be good and their ethics must be strict. The researcher followed Denzin and Lincoln’s four guidelines for ensuring the strict ethics are adhered to by researchers:

1. The researcher must inform the interviewee that the interview is voluntary and the researcher will inform the interviewee of any resultant consequences of the research.
2. The researcher will avoid deception.
3. The researcher will uphold confidentiality and protect the respondents’ identity.
4. The researcher will capture and report the data accurately.
2. LITERATURE REVIEW

2.1 Introduction
The intelligence field has its roots in the military. The earliest documentation of developing military intelligence dates back to around 500 B.C. in Sun Tzu’s set of essays on *The Art of War* (Griffith, 1967, cited by Prescott, 1999).

Prior to the 1980’s, competitive intelligence consisted of marketing intelligence that entailed market research with a focus around customers. Most of the work was conceptual and contained select information about leading firms (Prescott, 1999). This practice took a turn towards industry and competitor analysis in 1980 after the release of Michael Porter’s book *Competitive Strategy*.

Porter highlighted the need to understand the competitive environment that a business operated in, not just its competitors (Porter, 1980). In order to conduct a sophisticated competitor analysis effectively, Porter suggested an organized mechanism, “…some sort of competitor intelligence system” to manage the process efficiently.

The technology and analytical capability of CI was boosted by the advent and rapid adoption of the computer (Juhari & Stephens, 2006). Computers increased the acceptability of CI programs, as more data could be stored and generated in a reliable and cost effective way. It is not the storage of more data that is beneficial, but rather the ability to interrogate and mine the data efficiently. In a world of information overload, the emphasis is not on more information but rather on actionable intelligence (Havenga & Botha). As time goes by, intelligence becomes less actionable as it is out-of-date and no longer provides the competitive edge.

In 1986, a group of CI professionals that understood the issue and limitations of the CI field, founded the Society for Competitive Intelligence Professionals (Juhari & Stephens, 2006).

Currently, the CI field has moved on to point where the focus is around strategic implications of CI efforts (Prescott, 1999). This move is supported by the name change of the Society for Competitive Intelligence Professionals (SCIP) to Strategic and Competitive Intelligence Professionals. The purpose of this name change is to reflect the “…developing evolution of the competitive intelligence (CI) profession to support executive decision-making and firmly acknowledges the relationship between
competitive intelligence and strategy” (Strategy and Competitive Intelligence Professionals).

Herring identified the need for intelligence in formulating one’s strategy as far back as 1992. Herring assessed Japan’s use of intelligence as being beyond that of the U.S. An example of this is the Japanese planner and futurist Dr Fumio Hasegawa’s book *Built by Japan*, written in the mid-1980’s. Herring cited Hasegawa as stating that avoiding the competition completely was the most effective strategy. To do so, Hasegawa suggested entering into less-competitive markets, building barriers to newcomers by controlling critical resources and the use of regulatory restrictions, and partnering with potential competitors. In order to achieve these goals, intelligence about the competition and the competitive environment is required (Herring, The Role of Intelligence in Formulating Strategy, 1992).

### 2.2 Definition of Competitive Intelligence
The definition of competitive intelligence has evolved over the years. Lendrevie and Lindon (1990, cited by Wright, Eid, & Fleisher, 2009) classified competitor intelligence as the activities a company performed to assess its industry, identify and understand its competitors’ strengths and weaknesses, and attempt to anticipate their next move. The Corporate Strategy Board (2000) combined the intelligence function with those of strategy development and termed the process “strategic intelligence”. The Corporate Strategy Board argued that both strategy and intelligence were concerned with “…providing decision makers with timely, comprehensive information about the external environment for the explicit purpose of supporting strategy development”. According to Pirttimaki (2007), it is a waste of time and resources to gather and analyse information that decision-makers want but a company does not need for success.

Gilad (1996) based competitiveness on learning and listening to not only one’s competitors, but also to one’s customers, consumers, suppliers, industry experts, government, and most importantly one’s own employees.

Sawka (1996) also extended the definition of competitive intelligence to not only be focused on the competitor, and instead defined competitive intelligence as “…actionable information about a competitor, market, customer, regulator or any
other external influence.” Sawka highlighted that the collection of this information is both ethical and legal, and can be collected from both print and human sources.

The ethical approach is supported by The Strategic and Competitive Intelligence Professionals (SCIP) definition of competitive intelligence as “…a necessary, ethical business discipline for decision making based on understanding the competitive environment” (Strategic and Competitive Intelligence Professionals).

Bernhardt (1994) affirms the need for the intelligence to be actionable and defines competitive intelligence as the end product, or output from an “…analytical process that transforms disaggregated competitor, industry, and market data into actionable strategic knowledge…” about the key industry player’s capabilities, intentions, performance, and position.

Whilst intelligence is based on information, information is not intelligence (Lowenthal, 2009). Intelligence is a subset of information that meets the needs of policy makers and has been collected, processed, and filtered to meet those needs.

The competitive intelligence product provides factual objective information. Competitive intelligence has “…no stake in the outcome of the decisions it is tasked to support; nor does it formally advocate one policy choice” (Bernhardt, Using intelligence to beat the competition, 2011).

CI tools include developing competitor profiles, designing competitor templates to enable financial analysis, scenario development, war-gaming, and win/loss scenarios (Mark, 2002).

The name change of the Society of Competitive Intelligence Professionals to Strategic and Competitive Intelligence Professionals is inline with the growing importance CI plays in strategic decision-making. Bernhardt calls intelligence the “lifeblood of strategy”, because a strategy without intelligence is not a strategy, it is merely guessing (Bernhardt, 'I want it fast, factual, actionable' - Tailoring Competitive Intelligence to Executives' Needs, 1994). Bernhardt argues that a corporate strategy cannot exist without a strategic intelligence component as external forces play a major role in the success or failure of a business (Bernhardt, Strategic Intelligence for executives, 2010).
2.3 Competitive Intelligence versus Market Intelligence

Intelligence is an ongoing process of developing a view of the operating environment of a business, including competitors, customers and markets. According to the Corporate Strategy Board (2006), the CI function at most organisations remains focused on tracking and monitoring competitive behaviour, however CI is gradually evolving to play a more direct role in all aspects of the organisation. An effective intelligence process continuously contributes to an organisation’s knowledge base and cumulatively improves learning. Market research on the other hand focuses on fulfilling a specific need or set of needs (Introduction to Competitive Intelligence - GIA White Paper, 2004); and is more likely to focus on problems and issues associated with how to profitably market one’s products and services (Bernhardt, 'I want it fast, factual, actionable' - Tailoring Competitive Intelligence to Executives' Needs, 1994).

According to the Global Intelligence Alliance (GIA), market intelligence is concerned with the present environment, whilst competitive intelligence and strategic intelligence is concerned with past, present, and future events (Introduction to Competitive Intelligence - GIA White Paper, 2004). The GIA argues that strategic intelligence is broader than competitive intelligence.

The Corporate Strategy Board had a similar view regarding strategic and competitive analysis. The Corporate Strategy Board described industry and competitive analysis as focusing on a broad understanding of business-unit-specific competitors, with a tactical orientation. Business intelligence (synonymous with competitive intelligence) had a tactical and strategic orientation and focused on a broad understanding of competitors, customers, technology, and industry dynamics. Strategic intelligence had a strategic orientation and focused on “…assisting decision makers in understanding and acting on events and trends of strategic significance” (Corporate Strategy Board, 2000). Tactical, or operational intelligence, is knowledge about the current situation that is intended to make one decision or take one action, or set of actions (Bernhardt, Strategic Intelligence: "the Sword and the Shield" of the Enterprise, 2002).
Bernhardt (1996) describes marketing intelligence as having its focus on the customer, and competitive intelligence as having its focus on the competitor and related, strategically relevant, competitive issues.

Huster (2005) defines marketing intelligence as “…the ability to fully understand, analyse, and assess the internal and external environment related to a company’s customers, competitors, markets, and industry to enhance the tactical and strategic decision-making process”. Huster argues that to create this understanding there must be integration between competitive intelligence, marketing research, market analysis, and business and financial analysis information.

Comparing marketing intelligence activities to competitive intelligence activities highlights the differences in the two fields. Common marketing intelligence tools are market attractiveness analysis; market size and share analysis; mergers and acquisitions analysis; industry landscape analysis; key player profiles; and strategic themes impact analysis (Hedin, Vaarnas, & Vanhala, 2007).

The Corporate Strategy Board (2006) lists the following CI activities: counter-intelligence and information security; current competitor activities and strategy monitoring; customer and vendor monitoring; decision support and consultative briefings; internal knowledge management; key intelligence topics and measuring change; long-term market prospects; mergers and acquisitions alliance investment support; maximising opportunities; minimizing threats; operational and performance benchmarking; product or service sales and marketing support; strategic probabilities and possible futures.

Whilst there does seem to be some overlap between marketing and competitive intelligence, it is apparent that competitive intelligence is a broader function than marketing intelligence.

2.4 Direct Benefits of CI

Measuring the benefits of CI programs can be difficult as the impacts of intelligence operations are indirect, like advertising; and decision makers can’t be sure which part of the budget contributed to the profit (Kahaner, 1996, cited by Global Intelligence Alliance, Measuring the Benefits of Competitive Intelligence, 2004).
Jaworski and Wee (1993, cited by Hall & Bensoussan, 2007) conducted a study on the effectiveness of organisations with intelligence programs in place; and found that the organisations with intelligence programs in place were able to increase their business performance more than their competitors that did not have these programs in place. This was as a result of a higher level of product quality, strategic planning quality, and market knowledge.

Nelke (cited by Global Intelligence Alliance, Measuring the Benefits of Competitive Intelligence, 2004) tried to measure the monetary benefits obtained from the intelligence usage and identified situations where improved knowledge of the external environment could tangibly benefit the organisation. These situations include: product launch to new market, development of new products, selling consulting services, order approval, and new patents. Price Waterhouse (cited by Global Intelligence Alliance, Measuring the Benefits of Competitive Intelligence, 2004) also did a two-year benchmarking study on aerospace and defence companies that utilised intelligence and found that successful intelligence contributed tremendously to winning contracts. The winning companies focused specifically on competitor and customer intelligence.

According to Gilad (1989, cited by GIA White Paper, 2004) organised CI programs improve the corporate strategy. The information can be used by managers to identify new business opportunities, share ideas, improve the business’s ability to anticipate surprises, improve managers’ analytical skills, and integrate diverse ideas.

CI programs develop actionable foresight into competitive dynamics and non-market factors that can be used to help organisations enhance their competitive advantage (Prescott, 1999). Intelligence efforts that focus on strategic priorities have the greatest potential for highlighting dramatic growth opportunities (Corporate Strategy Board, 2000).

In addition to identifying opportunities, organisations with effective early warning measures in place can minimise the impact of threats (Davis, 2003). Effective strategic warning helps organisation prepare for the possibility of threats by ensuring the resources are available to prevent specific attacks.
CI products help support decision-makers by providing them with objective information upon which they can act.

2.5 **Recommended Competitive Intelligence Programs**
Competitive Intelligence programs produce current intelligence reports, medium to long-range estimates, and strategic early warning of possible threats and opportunities, based on the preferences, requirements and needs of the intelligence consumers (Bernhardt, 2011). Bernhardt summarized his own, and that of Kirk Tyson’s (Bernhardt, 1994) experience of a successful intelligence programs as having the following characteristics:

- Systematic and proactive ‘networking’
- An evolutionary prototyping approach where the programs begin as pilots
- The intelligence consumers are given intelligence products on which they can act
- The intelligence needs of the business units and development teams are coordinated
- Flexible structure that allows for change
- The information systems are not ideal, as ideal systems never get deployed

The intelligence process is referred to as the intelligence cycle.

2.5.1 **Intelligence Cycle**
Competitive intelligence is the only function in a company that has a mandate to coordinate and manage the collection, processing, and analysis of all source information to meet the needs of decision-makers (Bernhardt, 2011).

To do so, Miller (1996) suggests a four-stage intelligence cycle, namely: obtaining CI requests; collecting necessary information; analysis and synthesis of information; and communicating the intelligence.

Bernhardt (1994) describes a five-stage cycle that is based on the Central Intelligence Agency’s intelligence cycle. This cycle includes the following stages: planning and direction; collection; processing; analysis and production; and dissemination to the intelligence users. Lowenthal (2009, pp. 55) added two more phases to this cycle: consumption and feedback.
Bernhardt describes the process as iterative, and draws on Lowenthal’s model of each stage providing feedback into other stages in a new intelligence cycle (Bernhardt, 1996).

CI programs must provide decision-makers with early warning developments that could threaten the organisation’s interests, current information about the intentions of key players in the industry, support for negotiations, independent assessments of threats and opportunities, and counterintelligence - i.e. information about and the protection against “hostile” intelligence attacks (Bernhardt, 1999).

2.5.1.1 Planning and Direction
The planning and direction phase needs to be driven by the managers, the main consumers of the intelligence (Bernhardt, 1996). In order for the intelligence products to be objective, managers must not interfere in the rest of the process or micro-manage the CI specialists. Prescott (cited by Introduction to Competitive Intelligence - GIA White Paper, 2004) supported this need for managerial input in the planning and direction phase, in order to initialize the cycle and keep it functional.

Sawka argued that the intelligence system must be established to address the needs of top management. Without management’s involvement in the CI process, the CI process is seen as a “…just another staff function…” and eventually disappears (Sawka, 1996). The needs definition phase ensures that the intelligence system collects and analyses information that addresses a strategic objective or business need on which business has a predisposition to act, and it ensure management is fully engaged in the intelligence process.

2.5.1.2 Collection
Information can be collected from open sources: information that is available in the public domain and is not subject to proprietary constraints (Bernhardt, 1996). These include: annual reports, government documents, directories, newspapers, statistics, trade journals, ‘on-line’ database services (Bernhardt, 1994).

Another source of information that is not available to an organisation’s competition is human intelligence (HUMINT). HUMINT sources include competitor personnel, advertising agencies, company scientists, customers, investment analysts, suppliers, and others with access to intelligence needed (Bernhardt, 1996). HUMINT collection
involves regularly calling on known contacts in your business, i.e. customers, suppliers, and consultants, to discuss matters of interest to your company (Sawka, 1996). According to Sawka, to successfully gain insight from this source of information, the entire HUMINT collection function must be well managed. The intelligence cycle helps to do so by maintaining internal and external source networks, developing the intelligence collection plans, producing intelligence reports, and keeping track of management’s intelligence requirements.

Bernhardt (1994) stated that open-source information accounts for approximately 80 per cent of the data input. However primary human sources generally yield more actionable intelligence products than the intelligence gained from secondary open-sources. If a number of independent human sources in different offices and possibly countries provide the same response to a question, the information is likely to be true. As a result action can be taken with confidence.

If analysts are unable to source sufficient information for a particular subject, it is important that the analysts flag this information as being limited and make the policy maker aware of this limitation (Lowenthal, 2009, pp. 129). In this case, an analyst can either arrange for more collection, provided there is enough time available to do so, or the analyst can define a range of outcomes based on a set of reasonable assumption and make suppositions of what is most likely. It is essential that the “collectors” of the information continuously evaluate the information and its source, as it is collected (Bernhardt, 1996).

According to Bernhardt (1994), most of the intelligence required by managers already exists within the organisation. The problem is there is no formal mechanism in place to utilize and leverage these information sources.

When collecting information, the SCIP code of ethics states that no misrepresentation can be used (Calof & Fox, 2003). Additionally CI professionals may not use improper influence to induce others to divulge information for which they have an obligation to keep the information confidential (Prescott, 1999). CI professionals may not apply collection techniques in a manner where the observed person or organisation is not aware that the intelligence is being sought, or use information that
was not requested, i.e. overhearing a conversation or finding a document that was left by a mistake.

2.5.1.3 Processing
The processing stage converts the collected information into a form suitable for analysing (Bernhardt, 1996). Information is filtered, tested for reliability, and translated.

2.5.1.4 Analysis and Production
Bernhardt (1994) referred to analysis as the “value-added element of intelligence”. The analysis and the options and recommendations that emerge from this phase, provide managers with a product to be used in strategy formulation and for decision-making. Bernhardt described analysis as transforming raw information into the finished intelligence product.

Langabeer identified four variables as being crucial to effective analysis, namely: information, impression, insight, and interpretation (cited in Introduction to Competitive Intelligence - GIA White Paper, 2004).

The analysis phase takes current intelligence reporting into the future, by providing insights into likely marketplace conditions and trends that could have an impact on the organisation’s strategy a few years down the line (Sawka, 1996).

Intelligence analysts operate in an uncertain environment where information varies from rumours to planted disinformation to the occasional verifiable fact (True cited by Lundberg, 2002).

Analysis tools help analyse the information to produce the intelligence products. Useful frameworks and tools are: PESTEL analysis, trend analysis, scenario analysis, war gaming, risk analysis (Hedin, Vaarnas, & Vanhala, 2007), personality profiling (Weber, 2004).

A PESTEL (political, economic, social, technological, environmental and legal) analysis helps to identify trends and issues in the external business environment (Hedin, Vaarnas, & Vanhala, 2007).

A scenario analysis identifies possible future outcomes for the industry, business unit, or product. This process identifies uncertainties, produces scenarios for the
combination of uncertainties, and analyses the present and future strategy based on these scenarios (Hedin, Vaarnas, & Vanhala, 2007). The process should involve a knowledgeable and creative group of people from inside and outside the organisation to review the company strategies, digest available information on external trends, and identify business drivers and issues; as well as produce scenarios based on this analysis. It is important to include external people in this process to counter the biases of the employees and ensure objectivity (Watkins & Bazerman, 2003). The scenarios form the foundation of the preventative and preparatory measures.

A software program called the Analysis of Competing Hypotheses (ACH) can be used to differentiate between plausible answers to a closed ended question, and objectively and systematically determine the most likely explanation (Heuer). This program was originally designed for analysing national security issues for the CIA. The program tests a set of hypotheses based on the evidence supplied and critical thinking. It is a useful tool to rate the hypotheses against each other to identify the most likely scenario.

A trend analysis also identifies present and future trends and their impact on the business (Hedin, Vaarnas, & Vanhala, 2007). Risk analysis identifies potential risks to the business and analyses their likelihood and ways to avoid the risks. This analysis includes combining the systematic assessment of the probabilities of future events and an estimation of the costs and benefits of particular outcomes (Watkins & Bazerman, 2003).

War gaming is used to understand potential and probable actions of competitors and other stakeholders in the business environment. The work process is to “act” as the forces being analysed, input events and scenarios and act on the events. The outcome is to develop strategies for these events (Hedin, Vaarnas, & Vanhala, 2007).

Profiling key decision-makers is a powerful tool and can produce intelligence that is not otherwise attainable (Weber, 2004). Profiling the leaders of key players in the industry can not only help understand what they can do, but also what they will do (Barndt, 1994 cited by Weber, 2004). Profiling produces a comprehensive, professionally focused biographical history of the subject that is analysed for a project’s key intelligence topics (KITs). The profile is then analysed in the context of
the competitive issues, market factors, and other elements affecting the subject’s organisation.

SCIP conducted a survey on the use and effectiveness of analysis tools (Corporate Strategy Board, 2002). The results showed the following (ranked from 1 being the most to the least):

**Use:**
1. Competitor profiles
2. Financial analysis
3. SWOT analysis
4. Scenario development
5. Win/loss analysis
6. War gaming
7. Conjoint analysis
8. Simulation/modelling

**Effectiveness:**
1. SWOT analysis
2. Competitor profiles
3. Financial analysis
4. Win/loss analysis
5. War gaming
6. Scenario development
7. Conjoint analysis
8. Simulation/modelling

### 2.5.1.5 Dissemination
Dissemination is a critical part of the intelligence cycle as the basis of the entire intelligence function can become obsolete if the intelligence product is delivered too late (Introduction to Competitive Intelligence - GIA White Paper, 2004). Dissemination delivers the right intelligence to the right person at the right time (Sawka, 1996).
Modern technologies, such as intranets, are a quick and effective means of delivering information. However, as intelligence is a social process, human interaction is an essential part of delivering the information (Introduction to Competitive Intelligence - GIA White Paper, 2004). Telephone conversations, presentations and meetings with key decision makers are also significant in delivering the intelligence.

Bernhardt (1994) described effective intelligence briefings as being decision-oriented and only contained supporting information if the information was relevant to the key issue or issues. Briefings include key findings and the sources, and in many cases highlights alternative strategies and offer recommendations.

2.5.1.6 Consumption
Intelligence is mainly used for improving corporate processes, decision-making and overall performance of managers (Gelb et all cited by GIA White Paper, 2004). Intelligence can also help organisations anticipate problems and opportunities and to understand how they are performing relative to their immediate competition in order to plan accordingly. The anticipation of problems and opportunities is achieved by the early warning capability of the intelligence product (Fuld, 1995 cited by Havenga & Botha).

2.5.1.7 Feedback
The feedback must detail what has been useful, what has not, which areas must be expanded or are not significant (Lowenthal, 2009). This will help improve the intelligence products in future, as analysts will know what to refine or improve in terms of future tasks (Bernhardt, 2009). Briefings can provide informal feedback.

2.5.1.8 Intelligence Cycle Criticism
In 2007, McGonagle (cited by Wright, Eid, & Fleisher, 2009) concluded that the classic CI model offered since the 1980’s, no longer served the CI practitioner’s needs nor pays attention to the rapidly changing environment of today. There is however agreement that the CI process is not just a function of an organisation, but is an attitude towards organisational learning, information sharing, and a desire by management to make the most of gathered intelligence (Wright & Calof, 2006, cited by Wright, Eid, & Fleisher, 2009).

Lowenthal (2009) stated that most authors and experts in the intelligence field did not consider the decision maker as part of the intelligence process. Lowenthal disagreed
with this opinion that once the intelligence has been given to the client the intelligence process is complete. Lowenthal argues that decision makers do more than just receive the intelligence, they shape it; and without a constant reference to policy, intelligence becomes meaningless. As a result, Lowenthal states that decision makers play a central role in all stages of the process.

2.5.2 CI Products
Herring (1999) labelled the planning and direction phase as the Key Intelligence Topic (KIT) process. The purpose of the KIT process is to identify and prioritise the key intelligence needs of senior management. Sample procedures in the KIT process are: strategic decisions and actions; early warning topics; and descriptions of key marketplace players. Bernhardt identifies counterintelligence as a fourth KIT (Bernhardt, 1999).

2.5.2.1 Estimates
Estimates are equivalent to National Intelligence Estimates (NIEs) prepared for senior United States policymakers (Bernhardt, 2010). NIEs provide information on the current status of a strategic topic. They provide estimates on the likelihood of future events and identify implications on the policy. Estimates are considered judgments, not predictions, as to the likely course of events regarding an important issue (Lowenthal, 2009, pp. 136).

Fuld and Chodnowsky (2010) classified estimates as Key Risk Indicators (KRIs) and described them to be “...metrics that indicate a threshold where the market or competitors can put you or your product in jeopardy”. External analysis at the strategic level can be done through a PESTEL (political, economic, social, technological, environmental, legal) analysis to study a market landscape five to ten years into the future. Porter’s five forces model can be used for a shorter-term view of the market (two years) environment and provides a tool to examine customer and supplier pressures, imminent substitutes, potential competitors, and current rivals (Fuld & Chodnowsky, 2010). Issues that are of high importance and high likelihood reflect more important intelligence requirements (Lowenthal, 2009). The hidden factor that drives priorities is resources.

Underestimating uncertainty can lead to a strategy that neither defends against attacks nor embraces new opportunities (Courtney, Kirkland, & Viguerie, 1997). According
to Fahey (2007), intelligence teams willingly take on the challenge of dealing with the future because that is where opportunities lie. The teams focus throughout the analysis on determining how a projected change can turn into an opportunity for an organisation.

2.5.2.2 Early Warnings
Early warnings systematically monitor the identified themes and focus on changes to their estimated probability and impact to the strategy (Hedin, Vaarnas, & Vanhala, 2007). The topics typically stress activities and topics by which management do not want to be surprised (Herring, 1999). These topics are generally threats however good intelligence operations are also capable of searching for business opportunities.

Early warning topics can include competitor initiatives, technological surprises, and governmental actions (Herring, 1999). The early warning intelligence is critically dependent on human-source collection and monitoring. The analysis of this information can signal possible future developments that an organisation must be prepared to act on.

To strengthen strategic warning systems, Davis (2003) recommends identifying clear and carefully selected warning issues that are well resourced. The analysts are to provide sound estimative and alternative analysis with possible actions.

Technology mapping can be used to provide early warnings. Patent mapping is useful for companies involved in research and development, and science mapping is more useful to companies whose core business is dependent on basic science advances (Corporate Strategy Board, 2000).

Fahey (2007) also suggests following regulatory developments to project the emergence or demise of regulations, that could destroy markets or open up new markets.

It is important for managers to act on threats that are highlighted by early warning systems. Watkins and Bazerman (2003) termed this the RPM process (recognise, prioritise, mobilise), the managers must recognise a threat, prioritise it, and mobilise the resources to stop it. This process can also be applied to seizing opportunities.
2.5.2.3 Current Intelligence Reports
Lowenthal described current intelligence as reports and analysis on issues that may not extend more than a week or two into the future (Lowenthal, 2009, pp. 113). Current intelligence reports includes descriptions of key players in the marketplace, including competitors, customers, suppliers, regulators, and potential partners (Herring, 1999). This type of intelligence is the least actionable out of the KIT categories. The outcome usually reflects management’s needs to better understand a “player” in the industry.

The types of questions the reports must answer are: what are the competitor’s objectives, strengths, and weaknesses; how has the competitor performed to date; and what is the competitor’s current strategy (Bernhardt, 1994)? An understanding of the current strategy of a competitor may highlight potential opportunities or threats that warrant a response (Aaker cited by Bernhardt, 1994).

Briefings for policy makers are a form of current intelligence (Lowenthal, 2009). Briefings help an intelligence officer to get an idea of the policy maker’s preferences and reactions to the intelligence, thus overcoming the absence of a formal feedback mechanism.

2.5.2.4 Counterintelligence
Lowenthal (2009) describes counterintelligence as “…efforts taken to protect one’s own intelligence operations from penetration and disruption”. Counterintelligence is both analytical and operational. There are three types of counterintelligence: collection, defensive, and offensive. Collection refers to gaining information about an opponent’s intelligence collection capabilities aimed at the organisation. Defensive is thwarting these efforts. Offensive is feeding the opponents false information.

According to Nolan (1997), there is a counterintelligence cycle much like the intelligence cycle. This cycle consists of the following steps: tasking; defining the protection requirements; estimating vulnerabilities; employing countermeasures; analysis; and dissemination. Tasking determines what must be protected. Requirements definition outlines what information needs to be protected, how long the information must be protected, and from whom it must be protected. The next step, estimating vulnerabilities, involves assessing the sources and method of the rival firm’s CI practitioners. Once this has been determined, these vulnerabilities need to
be tested. This helps determine what vulnerabilities the rival firm’s CI practitioners have that can be exploited. Employing countermeasures is the most interesting and intellectually stimulating step in the process. This includes everything from deception to misinformation. The last step in the process is to provide the management of the organisation with a clear intelligence picture of the marketplace. This is done in the analysis and dissemination phase. This step improves management’s ability to reach the best possible decisions based on comprehensive intelligence.

2.6 Competitive Intelligence Challenges

Good intelligence is timely, tailored, digestible, and clear regarding the ‘knowns’ and the ‘unknowns’. The need for objectivity is so great that it is taken as a given (Lowenthal, 2009). The effectiveness of one’s strategies is directly related to the comprehensiveness and timeliness of one’s intelligence (Herring, 1992).

As with most things when dealing with people, competitive intelligence has some challenges. One of these challenges is termed the consumer-producer disconnect (Bernhardt, 2011). Many executives are unwilling to pay attention to information that calls into question their assumptions, biases, objectives, and policy preferences. Often, managers tailor information acquisition to suit their own needs and agendas (Gibbons and Prescott cited by Bernhardt, 1999). Lowenthal (2009) referred to this as politicization. Gilad (1996) observed that some executives “…secure their competitive intelligence (market signals regarding change) at best through a close circle of 'trusted' personal sources, or at worst through those one-page news summary clippings. Top managers' information is invariably biased, subjective, filtered or late”. The purpose of CI is to minimise these deficiencies.

Additionally, the financial pay-off of an intelligence investment cannot be quantified in advance, and as it focuses on the future it can be incorrect (Bernhardt, 2010). These issues can cause the decision-makers to become sceptical of the programs and question their value. Herring recommended that competitive intelligence professionals should develop a useful measurement tool for competitive intelligence programs to enable management to measure the intelligence production (Herring, Measuring Effective Intelligence: Meeting the Management Communication Challenge, 1999). This will help justify the investment, determine if what is being done is needed, and help determine if more investment and resources are needed.
Fahey (2007) suggests a good measure of significance is questioning whether the executives and managers throughout the organisation find the intelligence inputs relevant to strategy development and execution.

A challenge faced by both analysts and decision-makers are cognitive biases. As human beings, we tend to view things as better than they actually are (Watkins & Bazerman, 2003). We also place emphasis on information that supports our preconceived ideas and discount information that does not support these ideas. We try to maintain the status quo and downplay the importance of the future, and therefore avoid acting to prevent a possible disaster until we experience harm. An analyst’s logical framework and tacit knowledge can negatively impact the analyst’s objectivity when analysing information (Bernhardt, 1996).

Lowenthal (2009) identified mirror imaging as a frequent cognitive bias flaw of analysts. Mirror imaging occurs when analysts assume that other leaders, states, and groups share similar motivation or goals to those most familiar to the analyst. Other issues facing the CI analyst are clientism and layering (Lowenthal, 2009). Clientism is a flaw that occurs when an analyst loses the ability to view a subject objectively after working on it for too long. The analyst is so immersed in the subject that it is difficult to take a step back and critically analyse the subject. Layering refers to using assumptions or judgments as the basis for analysis on another subject, without carrying over the uncertainties that may be involved. To overcome the cognitive biases, analysts must be trained to be aware of their own biases and challenge their own assumptions (Lowenthal, 2009; Erdman & Mendonca, 2009). Peer reviews also assist with overcoming this challenge.

Competitive intelligence programs can face organisational vulnerabilities due to the company being split into organisational silos. As a result, various people have various bits of information but no one has the overall picture. Silos also disperse responsibility (Watkins & Bazerman, 2003). Political vulnerabilities occur when executives overvalue the interests of one group whilst discounting those of equally important groups. These challenges are difficult to address. Intelligence professionals must see strategy making as integral to their job and must challenge managers’ long-held perspectives, viewpoints and assumptions (Fahey, 2007).
Incomplete data can lead to issues of ambiguity where overlapping variables make definition difficult (Bernhardt, 1996).

As mentioned previously, it is important that managers drive the planning and direction phase of the CI process. A challenge with this is that management does not know how to guide the process or what questions to pose to the CI professionals (Fahey, 2007). The problem may be that the managers do not understand the role and contribution of intelligence to the strategy process. CI professionals must be given opportunities to propose intelligence topics about which managers may not be aware (Bernhardt, 2009). Briefings can help improve this issue, as not only are they an effective means of disseminating the intelligence and receiving instant feedback, they also provide feedback to the managers. This can help build the relationship between the managers and the CI professionals, however this close relationship can influence the objectivity of analyst (Lowenthal, 2009). In order to protect the objectivity of intelligence products, after the planning and direction phase, managers must not interfere in the rest of the CI process or micro-manage the CI analysts (Bernhardt, 1996).

### 2.7 The Wright-Pickton Best Practice Model for Effective CI

In 2002, Wright and Pickton developed a model to evaluate how companies in the United Kingdom used competitive intelligence (Wright, Pickton, & Callow, Competitive intelligence in UK firms: a typology, 2002). In 2009, Wright, Eid, and Fleisher did a similar study in the UK banking sector and the Wright-Pickton model was again used to evaluate the competitive intelligence programs (Wright, Eid, & Fleisher, Competitive intelligence in practice: empirical evidence from the UK retail banking sector, 2009). Other researchers have also used this framework as a suitable basis to assess the CI effectiveness. Examples cited by Wright, Eid, and Fleisher include Badr, April and Bessa, Lui and Wang, Hudson and Smith.

The Wright-Pickton model divides the competitive intelligence activity into four attributes: attitude, gathering, use, and location. The attitude measure ranks an organisation according to the attitude towards the organisation’s competitive intelligence program, and the organisation’s understanding of competitive intelligence. The gathering measure assesses the organisation’s intelligence gathering strategies. The use category measures the use of competitive intelligence in the
formulation of the organisation’s strategy. Lastly the location measure indicates where the responsibility for competitive intelligence gathering is located in the organisation.

The findings of Wright, Pickton, and Callow’s study showed that in order for a company to produce successful and targeted strategies, the organisation needed to take a stance on all four of the attributes.

Wright, Eid, and Fleisher (2009) described the attribute categories as the following:

The *attitude* attribute is broken down into four types:

1. **Immune attitude:** “Too busy thinking about today to worry about tomorrow. Thinks that CI is a waste of time. Minimal or no support from either top management or other departments.”
2. **Task driven attitude:** “Finding answers to specific questions and extending what the firm knows about its competitors, usually on an ad-hoc basis. Departments more excited about CI than top management who don’t see the benefits.”
3. **Operational attitude:** “A process, revolving around the company as its centre, trying to understand, analyse and interpret markets. Management try to develop positive attitudes towards CI for short-term and personal bonus gain.”
4. **Strategic attitude:** “Integrated procedure, competitors are identified, monitored, reaction strategies are planned and simulated. Gets top management support, co-operation from others, seen as essential for future success.”

The *gathering* descriptor categories are:

1. **Easy gathering:** “Firms which use general publications and/or specific industry periodicals and think these constitute exhaustive information. Unlikely to commit resources to obtain difficult or costly information.”
2. **Hunter gathering:** “Firms which realise that CI needs extra, sustained effort than Easy Gathering. Resources are available to allow staff to act within reasonable cost parameters. Intellectual effort is supported.”
The *use* categories are:

1. **Joneses user**: “Firms trying to obtain answers to disparate questions with no organisational learning taking place. Has commissioned a CI report from a consultant because that is what everybody else has done.”
2. **Knee jerk user**: “Firms which obtain some CI data, fail to assess its quality or impact, yet act immediately. Can often lead to wasted and inappropriate effort, sometimes with damaging results.”
3. **Tactical user**: “CI mostly used to inform tactical measures such as price changes, promotional effort, competitor activities in the market or segment, yet is acutely aware of its potential value to the business.”
4. **Strategic user**: “CI is used to identify opportunities/threats in the industry and address “what if” questions. All levels of staff know the firm’s critical success factors, open management culture which displays trust and encourages involvement.”

The *location* categories are:

1. **Ad-hoc location**: “No dedicated CI unit. Intelligence activities, where undertaken are on an ad-hoc basis, subsumed into other departments, with intermittent or non-existent sharing policies.”
2. **Designated location**: “Firms with a specific intelligence unit, full time staff, dedicated roles, addressing agreed strategic issues. Staff have easy access to decision makers, status is not a barrier to effective communication.”

Wright-Pickton ranked the effectiveness of CI in organisations based on the higher the rank in each category (where 1 is least effective). Effective CI programs were those with a strategic attitude, carried out hunter gathering efforts, had strategic uses, and designated locations.

The research questions asked to rate the organisations in the banking study (Wright, Eid, & Fleisher, Competitive intelligence in practice: empirical evidence from the UK retail banking sector, 2009) were:

1. What is the longevity of intelligence use in your bank?
2. What terminology is used for the intelligence gathering process?
3. What is the process and/or procedures for acquiring intelligence?
4. What are the reasons for intelligence gathering?
5. What is the purpose of intelligence gathering in your bank?
6. What is the attitude of senior executives towards CI activity?
7. What types of intelligence is gathered?
8. What sources of intelligence are used?
9. What methods of analysis are used?
10. What dissemination methods are employed?
11. What accuracy mechanisms are employed?

The Wright-Pickton model provides a clear picture of the status of the CI programs in organisations and the attitudes of senior management towards these programs. However, one flaw in this model is the exclusion of an analysis attribute to evaluate an organisation’s effectiveness. Analysis forms a large part of the CI process and is fundamental in ensuring the quality of the intelligence products and understanding the competitive environment. Analysis techniques are important to understand the information, to ask further questions where needed, and to have a proper understanding of the impact and probability of possible scenarios.

2.8 Conclusion
The competitive intelligence field has moved from a market research type activity towards one where decision makers gain a picture of the overall business environment that includes the past, present and future. The process to create this picture is achieved by a series of steps in the intelligence cycle. The more involved managers are in this process, the better the intelligence products, and the effectiveness of the program. Whilst there are challenges in the area of competitive intelligence, it is an essential function necessary in strategic decision-making.
3. RESEARCH METHODOLOGY

3.1 Research Approach and Strategy
The research followed an inductive methodology. An inductive approach involves developing a theory as a result of the observation of empirical data (Saunders, Lewis, Thornhill, 2009).

The research strategy was qualitative, exploratory, and descriptive. Qualitative data is non-numeric data (Saunders, Lewis, Thornhill, 2009, pp. 598). Descriptive data is data whose values cannot be measured numerically but can be classified into sets (Saunders, Lewis, Thornhill, 2009, pp. 590). Exploratory studies are a means to find out what is happening and to assess a phenomenon in a new light (Robson cited by Saunders, Lewis, Thornhill, 2009, pp. 139). Descriptive studies are an extension to exploratory studies and give an accurate description of the event, persons, or situations being studied (Robson cited by Saunders, Lewis, Thornhill, 2009, pp. 140).

The design was a case study. A case study involves observing a phenomenon within the real-world context, using multiple sources of evidence (Saunders, Lewis, Thornhill, 2009, pp. 588). This design consisted of multiple case studies, where three cases were explored.

3.2 Research Design, Data Collection Methods and Research Instruments
The data was collected by means of semi-structured qualitative interviews. Qualitative interviews are semi-structured or structured interviews that are performed to collect qualitative data (Saunders, Lewis, Thornhill, 2009, pp. 598).

The time horizon of the research was be cross-sectional, where CI programs in South African business were studied at a particular point in time. Cross-sectional studies take a snapshot of a phenomenon at a particular point in time (Saunders, Lewis, Thornhill, 2009, pp. 155).

3.3 Sampling
The researcher used convenience sampling. According to Saunders, Lewis and Thornhill (2009, pp. 241) convenience sampling involves selecting those cases that are easiest to obtain for your sample. Convenience sampling was used because organisations with CI programs needed to be studied and people in the field needed to be questioned. Although this technique is prone to bias, it is suitable to the research
because the research is interested in exploring the CI programs used by companies that have an active CI program. Companies with known CI programs were asked to participate in the research.

### 3.4 Research Criteria

To assess the trustworthiness of a qualitative research study, Guba suggested the following constructs: credibility, transferability, dependability, and confirmability (Guba cited by Shenton, 2004).

To ensure credibility, the researcher followed the recommendation of Shenton and aimed to show that a true picture of the phenomenon being studied was being represented.

Transferability is concerned with “…the extent to which findings of one study can be applied to other situations” (Merriam cited by Shenton, 2004). To allow for transferability, the researcher followed the suggestion by Shenton (2004) to “…provide sufficient detail of the context of the fieldwork for a reader to be able to decide whether the prevailing environment is similar to another situation with which he or she is familiar and whether the findings can justifiably be applied to the other setting”.

In order to address dependability, the researcher aimed to describe the processes within the study in detail (Shenton, 2004). This was to enable a future researcher to repeat the work. A future researcher might not necessarily gain the same results due to the nature of a qualitative study that took a snapshot in time.

Finally, to demonstrate confirmability, Shenton encourages researchers to show that their findings emerged from the data collected and not their own predispositions. For this study, the researcher followed this advice.

### 3.5 Data Analysis Methods

Key findings were extracted from the transcribed semi-structured interview. The researcher grouped these findings into categories based on those outlined in the Wright-Pickton model (Wright, Pickton, & Callow, Competitive intelligence in UK firms: a typology, 2002). Based on these categories, the programs in place were evaluated according to the Wright-Pickton model rankings.
The researcher also analysed the data analysis tools used and rated the analysis methods based on the effectiveness survey results conducted by SCIP (Corporate Strategy Board, 2002). The correlation between the Wright-Pickton model program effectiveness rankings and the SCIP effective tools list were assessed.
4. RESEARCH FINDINGS, ANALYSIS AND DISCUSSION
The study focused on three South African organisations that have CI programs in place. The findings give an insight into the practical implementations of CI in the business environment. As the sample size is small, these findings do not fully represent the CI activity in South Africa.

4.1 Research Findings
4.1.1 Background of Companies Studied

4.1.1.1 Company A
The first organisation that was studied, referred to as ‘Company A’, operates in the telecommunications sector. The organisation’s CI unit was founded in 2000 and falls within the Market Intelligence division. The division consists of the CI unit, the Market Research unit, and Customer Satisfaction and Statistical Analysis unit. The Market Research unit looks at branding and customer research. The Customer Satisfaction and Statistical Analysis unit is concerned with what customers are saying about the business.

Three employees operate the CI unit: one employee focuses on the relationships with the secondary research vendors, another is a specialist in secondary research, and the third manages the unit and focuses on primary research in the domestic market where the competition lies. The secondary research specialist also trains intelligence consumers in the business on how to use the vendor databases and on how to access the information.

4.1.1.2 Company B
The second organisation that was studied operates in the power generation industry, and is referred to as ‘Company B’. The CI department was started in 2006. It was the fourth attempt to create such a unit at the organisation. The reasons the previous attempts were not successful could be attributed to the unit being ahead of its time. People understood intelligence to be from a security perspective and didn’t think it was necessary. It takes time for people to understand what intelligence can do for the organisation and how it should be used.

The founder of the unit comes from a strategy background and understands the importance of having intelligence to inform decision-making and to outline the
options. Options without supporting intelligence to inform those options are flimsy. It is essential to have the research, the analytical skills to understand what the research means, and more sophisticated analytical skills to take this understanding and to make a call on what option to pursue.

Setting up a CI department takes time to build the understanding and capabilities. Unfortunately as people leave and new people join the department and organisation the process has to start from the beginning again.

4.1.1.3 Company C
The final organisation that was included in the study, ‘Company C’, is involved in the insurance industry. Company’s C’s CI unit was started in 2001. Initially it was part of the marketing department and was a sub-function of marketing research. This structure was not ideal, as not all researchers understand CI; some researchers are only concerned with the scope of a project. With CI you need to look outside a project and include what your competitors are doing, what is happening in the market, trends that are being picked up from the information; to understand possible scenarios that could have an impact.

A year ago the unit was moved into the Group Intelligence team that falls under Group Services. The head of Group Services is a limited member of the board of executives. Whilst this structure is better than the previous one, the ideal would be to report directly to the CEO and act as a strategy department. Initially the unit was called Competitive Intelligence. It is now referred to as Market Insights with a focus on strategic research and CI, and the impact across of the group’s businesses. Company C refers to industry level intelligence as market insights and market intelligence, and competitor level intelligence as competitive intelligence.

4.1.2 CI Process

4.1.2.1 Request and Prioritisation

4.1.2.1.1 Company A
Company A’s clients follow a formal request process for intelligence. The clients fill in a request form for intelligence. There are separate forms for primary and secondary research requests. Primary research requests include the key intelligence questions and the strategic nature of the request. The request has to be signed off by the requestor, the requestor’s manager, and a business executive to ensure the amount
spent on acquiring the intelligence product is justified. Secondary research requests are simple, as the unit looks in-house for the information from the research databases that the organisation subscribes to. The intelligence requests are sent to two or three vendors to supply proposals. The executive signs the request once a proposal is accepted.

The request process is straightforward and business decision makers understand the process. New managers are trained on how to request information.

Generally the intelligence requests are for an action to be taken. There are planning projects that request intelligence to assist with forecasting.

The CI process follows a project management cycle. There is a project kick-off meeting with the client. The CI unit facilitates the communication between the client and the vendor, and provides their clients with interim feedback on the progress to ensure the project is on track. The interaction between the CI professionals, the client, and the vendor is ongoing until the project is closed.

The unit tries to plan the projects that will be on the go for the year. The feasibility of a project includes determining if the intelligence product already exists and if not, if there is sufficient budget for the project.

4.1.2.1.2 Company B
Company B’s intelligence cycle is also matched to a project development cycle. The CI unit sits in the same department as the business from a project perspective. This alignment helps identify when certain pieces of information are required and what questions need to be asked. This has helped the CI department better support the projects as it pre-empts the intelligence requirements and ensures the CI department is ready to support the project at full capacity when the requirements arise.

4.1.2.1.3 Company C
Company C’s top priority are requests from the board of executives. Any requests that come from the board of executives take priority over others. If there isn’t the budget or the resources to fulfil these requests, the unit will ask for more resources.
The intelligence topics are identified from a two-way conversation between what the CI unit is observing and the view from the top executives. The organisation’s strategy is revised every year but it has generally remained the same over the past few years.

4.1.2.2 Information gathering

4.1.2.2.1 Company A

Company A approaches information gathering by starting from the known and moving to the unknown. Primary sources are used to fill the gap. Primary research is interested in the local competitors and international peers that are used for benchmarking and best practices. The biggest portion of the budget goes to secondary research. All information gathering is done ethically. Company A does not do industrial espionage and educates their vendors on how to be ethical when obtaining information.

Secondary research is done on information from the vendors’ databases. The CI unit’s responsibility is to know which database has what information and match it to the different needs of the clients.

As the CI department is small, the department makes use of vendors to gather information, analyse it and put it together. The CI unit manages the user requirements and ensures the requirements are well scoped. The CI unit acts as the interface between the clients and the vendors. Some requirements are too technical for the CI professional to understand; in that case the client deals directly with the vendors.

4.1.2.2.2 Company B

Company B follows the standard SCIP approaches around the conventional intelligence gathering methodology, in terms of understanding the overall requirement, planning for that, gathering and using all of the ethical gathering procedures.

With the alignment of the intelligence cycle to the project life cycle, the intelligence that needs to be gathered is aligned to the questions that need to be asked in the project. The project team has helped the CI professionals that gather information become more efficient as the CI professionals know who the experts in the various areas are. The engagement between the players finding the data and the players needing the data is also more efficient.
If primary sources are used, the sources must be engaged in an ethical manner. The ideal is to use internal resources to conduct the intelligence gathering process. If external resources are used these resources need to follow the ethical approach.

4.1.2.2.3 Company C
Company C subscribes to various vendor databases to obtain open source data. This data is filtered and put into the competitive knowledge database, formerly known as the strategic planning library. A resource in the unit has been with the company for forty years and knows what information is of interest to whom in the organisation. This resource sends information of interest to the relevant parties and distributes it to the CI unit.

The CI manager has monthly and quarterly meetings with internal partners from the economic, compliance, legal, and IT departments. New trends and observations are discussed. The various departments also send the information that they send to the board, to the CI unit. The regular interaction helps determine what is key and what needs to be reiterated to the board of executives. The CI unit also works with Group Finance on the competitors’ annual financial results. Group Finance does the financial analysis whilst the CI unit looks at the strategic issues.

4.1.2.3 Analysis

4.1.2.3.1 Company A
Information is graded based on the impact of the “so what?” question. The CI unit does not perform the analysis task. The vendors conduct this phase and put the product in the format that is required by the CI unit and the clients.

4.1.2.3.2 Company B
Information is filtered and analysed internally by the CI department. Examples of analysis tools used are war gaming and trending. Company B also uses scenario planning and systemic mapping which helps with ensuring the accuracy and reliability of the intelligence. Various other software tools are used; some have been tweaked to suit the needs of the department.

4.1.2.3.3 Company C
Company C uses strengths and weakness, and value chain analysis techniques. The CI unit does a PESTEL analysis on the industry in which the organisation operates.
Ideally the CI unit would like to use more analysis tools, but due to time pressures the unit reverts back to the tools that are well known to the CI professionals.

The senior decision-makers are actuaries, economists, and chartered accountants so a lot of the intelligence has to be based on numbers. The CI unit leans heavily on the work of the financial analysts.

Another useful technique used is future focus. Future focus analyses competitors by looking at the history, the finances, the strategy, the people, the environment, the impact on that organisation, and the impact on our organisation, to get a better understanding of something. The ‘So What?’ question is asked to get a thorough understanding of each aspect. This highlights opportunities and threats.

4.1.2.4 Dissemination

4.1.2.4.1 Company A
The CI unit in Company A mainly uses email to disseminate information. The news service, that tracks competitors or industry articles, emails those people subscribed to the service.

Feedback is given via a written document, over the telephone, and by means of a presentation or workshop. The most effective dissemination method is both emails and physical meetings together. Clients reside all over the country so physical meetings are not always possible.

4.1.2.4.2 Company B
Company B’s CI unit documents everything. Hard or soft copies are used depending on the issue. There is security on the documents. Intranets are not used to disseminate intelligence for security reasons. Dissemination occurs via specific forums, structural channels, and secure portals. Voice presentations has been found to be the most effective dissemination method, and long written documents the least effective method.

4.1.2.4.3 Company C
Company C uses emails and reports to disseminate the intelligence. The most effective method used is one-on-one meetings as the CI professional can receive feedback from the consumer of the intelligence. With reports and emails, although one asks for feedback, often this feedback is never given. The unit may start giving
presentations to groups, as the feedback has been that the discussion should be had at the board of executives level, not just in the one-on-one meeting. Individuals in the intelligence department also present the information to the various businesses. A competitor scorecard is presented to the board of executives at the annual strategy meeting.

The CI unit has a view to move its competitive knowledge database onto a shared portal to allow for more interaction between the intelligence, the intelligence team, and the business that subscribes to the database.

4.1.3 Types of Intelligence

4.1.3.1 Company A

A lot of Company A’s intelligence focus is on its competitors in the local market. Included in the intelligence products are personality profiles of the leaders of the competitive companies.

The company also utilises intelligence about emerging markets and the BRIC (Brazil, Russia, India and China) countries and is interested in the country-level information about its peer groups. Specifically companies with a similar profile to Company A, i.e. are in the same industry and offer the same products to a similar consumer group. This has changed over time.

Company A’s key intelligence topics also focus on the company profile of domestic and international companies that might not be their direct peers but are at the forefront of the industry. The CI products deliver strategic reports on what these companies are doing and the latest developments in the industry. These reports include information on the companies’ forecasts, their consumer market, their product offerings, if there is any uncertainty in the enterprise markets, and their risk factors for entering other markets.

Company A makes use of early warning functions by means of pre-emptive reports.

The counterintelligence efforts at Company A are fairly small. The company is aware that if it is able to get certain information about its competitors, the competitors are probably able to acquire similar information about them.
4.1.3.2 Company B
The intelligence at Company B has always been around macro level issues and project specific issues. The project issues are about key players that are associated with a project and how the project speaks to other areas within the industrial sector. The macro issues look at the organisation, issues affecting the industry in which it operates, issues affecting the current market of the organisation, issues affecting future markets, and key players in the competitive environment. Company B utilises personality profiles of the key players.

The company looks at patent mapping. Specifically who is doing what, what new technology is coming on stream, and how are people adapting to these new technologies.

There are a number of early topics that track key indicators. These are not currently effectively tracked due to a capacity issue. There is however an understanding of what needs to be tracked. How these indicators are tracked, and how the intelligence is disseminated efficiently through the organisation to the people who require it, needs to be determined.

4.1.3.3 Company C
Company C’s intelligence products look at the competitive environment, the trends, the competitors, the industry, and how they impact the company’s strategy.

The CI professionals produce an annual big trend report on the industry trends.

In terms of the intelligence on the competitors, the CI professionals put together an annual competitor scorecard for the board of executives that sizes up the organisation’s performance against its competitors on a number of factors. There is also a brand tracker that monitors the brands in the market. As soon as the awareness and usage of brands go up, the organisation will start monitoring these brands. The CI unit might initially do a deep dive on these brands to identify how big the threat is. The CI professionals also partner with marketing on competitor reviews. This intelligence product is put into the competitor profile in the competitor landscape document.

Company C does not have the capacity to do daily, weekly, and monthly monitoring. The unit used to produce a business environment report that was sent out every two
weeks. The challenges with this report was that the report was providing too much information, too often, and the siloed nature of the business resulted in decision makers only reading the section on the area of their focus and not reading the market trends upfront or the competitor section. To combat this issue, the CI unit now sends out a monthly report that highlights any new happenings that have been picked up in the competitive knowledge database, to those decision makers that have subscribed to this information. The CI unit also produces a three-page monthly competitor summary that contains a high level overview of the competitor’s movements. The CI unit also has three deliverables a year for the board of executives’ strategy review that looks at the trends and what it means to the organisation’s strategy.

The CI unit does three detailed research deep dives a year. The key intelligence topics for the research are agreed upon at the beginning of the year. The topics could be on competitors or specific issues. The deep dives are starting to include personality profiles of the executives at the competitor organisations.

The counterintelligence activity at Company C sits with the compliance department. The compliance department is small and has an issue providing this functionality due to insufficient capacity. The volume of legislation has increased over the past decade further hindering the capacity of the team.

4.1.4 Sources of Intelligence

4.1.4.1 Company A
Company A collects intelligence from primary and secondary sources. Primary sources include human sources and universities. Data that is collected from primary sources must be done in an ethical manner.

Economic type research such as that done at the Bureau of Market Research (BMR) at the University of South African is used for macro-economic data. If there is something of interest to Company A, the academics are invited to present to the CI unit and respective consumers of the intelligence. The academics are generalists and not necessarily in Company A’s industry, these sources are used to tie up loose ends.

The CI department keeps a primary source list. This is not your typical vendor relationship because these are people. HUMINT has to be verified as some humans might fabricate or embellish information. Over time, the human sources understand
what information is important or useful to Company A, and will contact the CI unit regarding this information. This has helped the department to be proactive and not reactive.

Secondary sources of intelligence that are used include vendors such as Gartner, Frost and Sullivan, Business Monitor International, and obtaining intelligence at trade shows. There was a lot of overlap with the vendors that were used, so the department mapped what information is obtained from which vendor. Some vendors are now used on an adhoc basis. Vendors are also used to put together the personality profiles of the competitors.

Company A also subscribes to a local news service that tracks pre-determined keywords and emails any matching articles to the CI unit. Keywords that are tracked pertain to the organisation’s competitors, the industry, and the organisation. Some secondary source vendors also conduct primary research on behalf of Company A. Company A emphasises that this research has to be done in an ethical manner.

Ideally the CI department would also like to use internal sources for information. The organisation’s internal employees attend conferences and attend various meetings. Harnessing this information internally is currently a challenge and is the next big area of focus.

4.1.4.2 Company B
Company B uses both internal and external experts for sources of intelligence, as well as open data sources. There is a rigorous process that needs to be followed in terms of how these sources are engaged.

If Company B uses secondary sources; these sources are triangulated to ensure the information is accurate. Primary sources are used but these sources must be engaged in an ethical manner.

4.1.4.3 Company C
Company C uses internal and external sources. Internal sources include the economic, legal, compliance, and IT departments. These sources focus on their own sections. The CI department ties all of this information together and includes what the competitors are doing to get a bigger picture of the environment.
The external sources used provide mainly secondary information. The CI department has a strategic planning library database that is now referred to as the competitive knowledge database. Other sources are: Global Insights for figures by magisterial districts; Axco for industry specific information; the Bureau of Market Research (BMR) for income and expenditure information that is used for market sizing; Limno that provides distribution information, the Institute for Futures Research that provides trend information; AMPS information that is used for segmentation and market trends; Finsco information on the bottom end of the market; and Moreover that provides open source information on competitors, countries and industries that the organisation is interested in. The CI department would find it useful for the organisation to find a supplier that can give an overview of the positive and negative open source coverage of Company C and provide a comparison with that of Company C’s competitors.

HUMINT is used depending on the project. On a deep dive, there could be a topic on a competitor. The organisation is very conscious of the Competition Act and as a result tries to remain in the boundaries of the act. The CI professionals gather HUMINT from internal sources. This does not occur as often as it did in the past due to time and capacity constraints. HUMINT can’t be gathered from just one person, its needs to be triangulated to be verified which takes time. If the CI department gathered HUMINT from external sources, it would use external vendors to provide the department with this information.

The CI unit tries to stay in touch with the research going on at universities through the South African Marketing Research Association, known as SAMRA, (South African Marketing Research Association), and groups on the social networking website LinkedIn, but struggles with this task due to the limited amount of time and capacity available.

One challenge the CI unit faces when looking at new market is to find reliable sources of information on those markets. The vendor subscriptions cover the existing markets that the organisation operates in or that have been earmarked in the strategy, but beyond that it is a challenge to find information about other markets. The CI department uses the International Monetary Fund (IMF) or the World Economic Forum but these do not provide insights on the industry or the consumers in those
markets. These sources are used as background information before the organisation sends internal resources to do a country visit and find out what is happening on the ground. More and more the organisation is working with external consultants in these markets to provide information, as the CI department does not have the capacity to do this themselves.

4.1.5 Accuracy and Reliability

4.1.5.1 Company A
Company A expects quality intelligence from its vendors as the vendors have proved the accuracy and reliability of their intelligence products over time. Sources have to be referenced. Information can be verified from a variety of different sources in the databases. Vendors know that if they can’t get access to certain information, the organisation is not at a loss as other vendors are also used. The information that is provided to the organisation has to be substantiated and referenced.

Additionally, the structure of the research process helps to remove biases. Perhaps CI professionals in the organisation could be biased in the intelligence brief, but not in the implementation stage as the department is not involved in this stage of the process. The CI unit remains neutral to the intelligence products because it is not involved in the business and the decisions. If the CI unit were involved in the decision making process, their objectivity would have to be measured.

4.1.5.2 Company B
Company B uses triangulation to check the accuracy and reliability of information. There are also analytical processes in place to test the validity of data using truly knowns from the personal experiences of experts as the base case and working from there. Scenarios are also used. Systemic mapping is another fundamental that is used to understand the whole picture. The rigor checks are more effective if done at a macro level first. Too many assumptions can be made if these checks are done from the bottom up.

There are processes in place to interrogate biases and assumptions and assist with the professionals with their blind spots. These hopefully do the job but there is also room for human error. Fundamentally people have to understand data.
CI professionals need to reference sources and show how an argument was constructed. The process checks in place will not release reports if these checks are not met.

4.1.5.3 Company C
Accuracy and reliability measures at Company C rely heavily on feedback. Having the feedback discussion can raise what is known or rumoured to be the case, and then result in checking this information. The intelligence is also checked with other departments to verify it is correct. If technical calculations need to be performed, the experts will do this work and not the intelligence department.

4.1.6 CI and Decision-making

4.1.6.1 Company A
CI is now established at the organisation, it is no longer in a formative stage. The intelligence products support business decisions. The requirement from the business is that before the business embarks on big projects, the business must get the market intelligence to support the direction the business wants to go in. The decision maker is held accountable for the decisions that are taken.

The CI department does not advise the business on decisions based on the intelligence products. Once the CI department delivers the product to the decision-makers, what the business does with it is up to the decision maker. This is sometimes difficult for the CI department as they witness decisions being made that are contrary to what the intelligence was indicating. The research is meant to mitigate losses on investments.

Instead of pushing intelligence products to the business, it could be beneficial if the CI department played more of a consultative role with the business. In order for this to be successful, the CI department would require more formal business training. This could help with improving the decisions that are made and ensuring they are better aligned to the intelligence.

4.1.6.2 Company B
At Company B, intelligence is a fundamental work package in the project life cycle. There are intelligence interventions at key decision-making points. There has to be an intelligence report or the project does not proceed. This indicates how CI supports the business decisions that need to be made and the level of buy-in from a business perspective.
An ideal world would be one where the intelligence is interrogated, not just taken for face value. Intelligence, scenario planning, modelling, and benchmarking, should knit together and feed each other. These would automatically interrogate the intelligence and would provide a better view of what the intelligence is about.

4.1.6.3 Company C
Company C’s CI program is established and a lot of the recommendations by the CI professional are finally gaining the traction. This could be due to the CI unit no longer sitting as a sub-function of Marketing and instead residing in Group Intelligence.

There are regular CI forums with the intelligence professionals and the various business units. A CI professional will go and present relevant intelligence topics to the business and have discussions with them about the topics. This has proven successful in entrenching insights into the business; in terms of what does it mean to the business and what needs to be done about it. Often, out of these discussions some type of action is taken, whether it is doing something with the information discussed or asking for further information on the topic.

The intelligence products at Company C are used at the board of executives level. These products drive the direction of the strategy. It is no use saying that the organisation is performing without understanding how the organisation is performing compared to its competitors.

4.1.7 Decision-makers and CI

4.1.7.1 Company A
As decision makers are human beings, everyone is different. Some decision makers appreciate research and know how to use it. Most of the intelligence consumers appreciate the intelligence products that are delivered. The department does however get decision makers that already have an opinion formed. If the intelligence product challenges this opinion it can be a struggle. But generally the consumers appreciate the intelligence.

There is not often pushback from decision makers on intelligence products as most of the time the decision makers already had an idea about a topic and were looking for
clarity. The intelligence products either provide this clarity or rattle the decision makers to go back to the drawing board.

It takes time to do the research so once decision makers receive the intelligence products they have to act on it; there is no time to waste.

Decision makers are trained on how to access the information they require from the intelligence databases. Once they become aware that the information they require is available, they are willing to use and search for this information on their own accord.

4.1.7.2 Company B
The business decision makers at Company B are very much on-board with CI and the intelligence process. It provides a support function to business decisions and the intelligence is used at various levels in the organisation. The use of the intelligence products is not just because intelligence has been mandated to accompany decisions and hold people accountable. The feeling is that the business decision makers would not engage with the CI department if they were not bought into the process.

To avoid pushback and to ensure buy-in to the process, the method of understanding the requirements is important. At Company B, the intelligence process will not proceed if there is not sign-off on the intelligence brief. Sign-off is only achieved if there is understanding and absolute clarity on the requirements of the request. If one deconstructs the decision-makers assumptions and understands the brief, one can ask what is required effectively and one will avoid pushback further down the line. This method can be difficult to get right. Pushback from decision makers on intelligence products is a result of confusion around the brief.

As decision makers are people and everyone is different, there are some decision makers that are excellent at taking the intelligence products and disseminating it amongst the team of decision makers. There is however other people that do not operate in this manner. The intelligence is a support function for the business and the business is engaging with the CI professionals for this support.

4.1.7.3 Company C
It was a challenge initially as decision makers wanted CI professionals to prove themselves before the decision maker was willing to work with the professionals. But in order to prove themselves, the CI professionals needed to be given the opportunity
to show value. The head of the Group Intelligence department that the CI department falls under, agreed on the function and role of the CI department with the CEO. This has created clarity in the business about what the department’s focus was to be, and has helped improve the value and ensure there is focus on the right areas.

Some decision makers push back on the franchise fee that they have to pay for the support of the CI department. The contribution is determined by the business’s profit contribution to the group, the bigger the profit contribution the bigger the fee. However, the majority of the business is seeing the value in the intelligence process and products that are produced. The support function is being used more and more. The CI department’s ultimate goal is to be the advisor of choice, if someone has a question their first point of call would be the CI department.

4.2. Research Analysis and Discussion
As discussed previously, the Wright-Pickton model has been used to analyse the companies that were studied and to assess the effectiveness of these programs in the various organisations. The Wright-Pickton model assesses four categories of a CI program: attitude, gathering, use, and location. Attitude assesses the understanding and attitude towards CI in an organisation; gathering measures the intelligence gathering techniques of an organisation; use determines how CI is used to formulate the organisation’s strategy; and location identifies where the responsibility of CI lies in the organisation.

Based on the research findings, the four areas are assessed for each of the three organisations, and each organisation is assigned a rank for the four categories. The organisations analysis techniques are also assessed according to the SCIP list of effective tools. The CI program is considered most effective if it ranks highly in each of the four categories of the Wright-Pickton model, as well as the SCIP list of effective analysis tools.

4.2.1 Attitude
4.2.1.1 Company A
The research findings indicate that the CI unit is established at Company A. Vendors are used to provide intelligence products. The CI unit doesn’t advise or consult with the business on decisions or intelligence products, the unit acts as a facilitator
between the business and the vendor. The vendors do the tasks of collection, processing, analysis, and production.

Sometimes decisions are taken that are contrary to the intelligence products that are meant to support the decisions. Generally the business decision makers appreciate the research and use it, but some decision makers have formed opinions before the intelligence products are delivered. However, the majority of the intelligence requests are to provide decision makers with clarity on a topic or to indicate whether their assumptions are wrong and the decision maker needs to go back to the drawing board; the decision maker already had an idea about the request and is not completely blank.

Generally the intelligence requests are for action. These intelligence topics include: competitors in the local market, emerging markets and the organisation’s peers in these markets, market leaders in other markets. Market intelligence needs to be acquired before decision makers embark on big projects; the intelligence products support business decisions.

Company A best suits the Task-driven attitude, where the CI process involves answering questions and extending what the firm already knows about its competitors.

As intelligence is required before proceeding with initiatives, Company A does not fall into the Immune attitude category where CI is seen as a waste of time. Similarly, Company A does not fall into the Operational category because whilst the focus is on the local and international markets, the department does not do the collection, processing, analysis, and production functions. The CI unit primarily acts as a facilitator between the vendor and the client. Finally, Company A does not suit the Strategic category because it does not have cooperation from all of the decision makers; some do not base decisions on the intelligence products and some do not appreciate the intelligence products if it challenges their formed opinion.

4.2.1.2 Company B
Intelligence at Company B is a fundamental work package in the project life cycle. There are intelligence interventions at key decision-making points in a project, and an intelligence report is required for the project to proceed. Intelligence is used as a support function to business decisions and is used at various levels of the
organisation. Business decision makers are bought into the CI process and would not engage with the CI department if this were not the case.

From a project perspective, the CI department sits in the same department as the business. This structure has helped the department better support the projects as it pre-empts the intelligence requirements and ensures the CI department is able to support the project at full capacity when required.

The intelligence requirements fall into two areas, project specific requirements, and macro level issues. The project issues looks at key players associated with a project and how the project affects other areas in the industrial sector. The macro level issues are about the organisation, the issues affecting the industry of the organisation, current market issues, future market issues, and key players in the competitive environment. The organisation also monitors new technologies that are coming on stream in the competitive environment and how people are adapting to these technologies. Early warning topics and what should be monitored is known but is not currently effectively managed due to a capacity issue.

Ensuring the requirements are fully understood mitigates pushback from business decision makers. The intelligence process does not proceed if there is any ambiguity on what is required.

Company B does not fit into the Immune attitude category of the Wright-Pickton model because intelligence is a fundamental work package of projects and is used across the business. Similarly, the organisation does not fit into the Task-driven attitude category because the intelligence looks at all key players in the competitive environment, not just its immediate competitors. Company B is not classified in the Strategic attitude because there are not sufficient monitoring and reaction strategies in place for changes in the competitive landscape. Company B would be classified as having an Operational attitude as intelligence is closely tied to the project lifecycle of the business and is part of the process to understand, analyse and interpret markets.

4.2.1.3 Company C
Company C’s intelligence products are used by the board of executives and the products drive the direction of the strategy. The head of the intelligence department under which the CI department falls, has a limited seat on the board of executives of
the organisation. The function of the intelligence department was clearly defined by the unit’s head, and was agreed to by the organisation’s Chief Executive Officer. The focus on the unit is now on providing deeper value to the business by focusing on strategic issues and spending less time on operational tasks.

The majority of the business sees value in the intelligence process and its products, and the support function is being used more and more.

The CI department provides intelligence on the competitive environment, the trends, the competitors, the industry, and how all of the factors impact the company’s strategy. The intelligence department works closely with other areas of the business; namely the economics, compliance, legal, finance, marketing, and IT departments. The CI department ties all of the information from each department together, including the information on what the competitors are doing, and provides a better view of the competitive environment. The intelligence topics are determined by a two-way conversation between the CI professionals and the view of the executives.

Company C would not be classified in the Immune Attitude category because the department is supported by the majority of the business and drives the strategy of the business. Additionally, the organisation does not fall into the Task-driven category because the department does not just focus on the organisation’s competitors, the department includes all players in the competitive environment that could impact the organisation’s strategy. Similarly, Company C would not be classified as having an Operational attitude due to the CI department’s focus on strategic issues. Taking this into account and the fact that the CI department is well integrated with other areas of the business and works closely with the board of executives, this company is classified in the Strategic Attitude category.

4.2.2 Gathering

4.2.2.1 Company A
The CI department bases the majority of its intelligence products on secondary research, but does do some primary research. The CI unit’s manager gathers HUMINT from external sources. The unit also gathers macro-economic information from external experts that might not be in the industry, and invites them to present on topics of interest.
Company A subscribes to various vendor databases to access a variety of secondary information on the local market, international market, and competitors in the local market or peers and market leaders in the international markets. The CI unit maintains a list of information that can be acquired from each vendor, as well as a list of primary sources. If primary sources get access to information that they know would be of interest to Company A, the source provides this information to the CI unit.

Company A would not be classified as an Easy Gathering organisation, because the majority of their budget goes on subscriptions to vendors for secondary information. Budget is also allocated to primary sources. Easy Gathering companies would be reluctant to spend money on accessing this information. Company A is therefore classified as a Hunter Gathering CI unit.

4.2.2.2 Company B
Company B utilises internal and external experts for sources of intelligence, as well as open data sources. Ideally internal resources perform the gathering function as the organisation has strict ethical codes of conduct that are in association with those outlined by SCIP. If external resources are used to conduct this function, the ethical guidelines of the organisation need to be adhered to.

The CI department at Company B would be classified in the Hunter gathering category. The company does not only rely on open source information such as general publications or specific periodicals and is therefore not classified in the Easy gathering category. The company utilises internal and external experts as well.

4.2.2.3 Company C
Company C uses internal and external sources to gather intelligence. The internal sources include the various departments that the CI department works closely with. The department has regular meetings with the internal departments to discuss new trends or observations and to highlight any issues that need to be reiterated to the board of executives. The organisation also subscribes to various vendors’ databases to obtain open source information. The department works with the finance department on the financial results of the organisation’s competitors. HUMINT is used on a project basis. If there were key intelligence topics on a competitor, an external vendor would be used to gather HUMINT.
Company C is classified in the *Hunter gathering* category. The organisation goes beyond open source information to gather information about its competitive environment, and has an on-going program in place to gather information both internally and externally.

4.2.3 Use

4.2.3.1 Company A

Company A uses intelligence to assist planning projects with forecasting. Intelligence focuses on the local and international markets, and monitors local competitors, peers in similar markets, and market leaders in international markets. The strategic reports on the market leaders in the international market identify what the organisations are doing in the enterprise market, the consumer market, their product sets, forecasts, subscriber numbers, risk factors for entering other markets, and if there is any uncertainty on things.

Company A’s intelligence products supports business decisions. Intelligence is required before the business undertakes big projects, to ensure the risk of losing money on investments in these projects is mitigated. Training is also given to the business on how to interrogate the intelligence databases to provide answers to certain key intelligence questions.

Company A outsources the intelligence process to vendors for most intelligence requests. Over time, the accuracy and reliability of the products delivered by the vendors has been high. Company A has the ability to verify this information against other information found in different vendor databases that Company A subscribes to. Requests for intelligence will check if existing intelligence products already exist before requests for proposals are sent to the respective vendors.

In terms of the Use category that Company can be classified as, Company A does not fall into the *Joneses User*, because intelligence products are used to support business decisions and provide clarity on certain decisions. Existing intelligence products that fulfil a request, and training on obtaining information out of the secondary databases, is given to business users.

Company A would not be considered a *Knee Jerk User* as the vendors that produce the intelligence products ensure they provide answers to Company A’s questions.
The quality of the intelligence produced is high, based on the track record of the vendors.

Company A does not fit the Strategic User because intelligence requests are on demand. The CI department does not play a consultative role with management and is not involved in the strategic processes of the business. The unit facilitates intelligence requests between the decision makers and the vendors.

Company A best suits the Tactical User category as the intelligence topics are around the existing market and the operations of market leaders in other markets.

4.2.3.2 Company B
Company B is on board with the intelligence process, intelligence provides a support function the business decisions, and is used at various levels in the organisation. Intelligence is required at key decision-making points. This is an indication of the support role intelligence plays and that business is bought into the process.

Information is filtered and analysed internally by the CI professionals of the organisation. Accuracy and reliability measures used to ensure the intelligence is of a high quality are: triangulation; personal experience of experts; scenarios; and systemic mapping to understand the full environment. There are processes in place to interrogate the biases and assumptions of the intelligence professionals, to assist the professionals with their blind spots.

Intelligence is documented and is disseminated via specific forums and structural channels in the organisation, as well as secured portals. Company B has a good understanding of what needs to be monitored and tracked. However, how this information is to be tracked and disseminated to the relevant people in the organisation is not yet defined.

The intelligence process at Company B is well co-ordinated with the business. The intelligence is used to support decision-making. The organisation does not commission CI reports just because everyone else does and therefore the company is not classified in the Joneses User use category. Similarly, there are rigorous checks in place to ensure the quality of the intelligence products is high, and the required intelligence is planned in advance in the project life cycle. The company is therefore
not classified as a *Knee Jerk User*. Company B’s intelligence is about the current and future markets and the key players in the competitive environment. Because Company B does not effectively monitor early warning topics to identify threats and opportunities, Company B is not classified as a *Strategic User*. Company B is therefore classified as a *Tactical User*.

### 4.2.3.3 Company C

Company C’s intelligence products assess the competitive environment and any issues that will have an impact on the organisation’s strategy. The intelligence products drive the direction of the strategy and help the organisation understand how it is performing relative to its competitors.

The CI unit holds CI forums with the group’s businesses to discuss these insights; what they mean to the business and what should be done about it. Invariably some form of action comes out of these discussions, be it doing something that was discussed or requesting further information on the topic. The interaction between the CI department and the internal experts in the business helps verify the quality of the intelligence products. Information is verified with the relevant department before it is distributed to the executives.

The CI department has one-on-one meetings with the executives to discuss intelligence products. Feedback around these meetings has been to extend the discussion to group discussions with the executives as the discussion should be had by the board.

Analysis tools used by the CI department include SWOT analysis, value chain analysis, PESTEL analysis, and future focus to understand each aspect the ‘So What?’ question and highlight any opportunities or threats.

The CI department plays an integral role in transforming information in each area of the business, into intelligence. Intelligence requests at the organisation do not occur on an ad-hoc basis but is a continuous discussion between the CI professional and all levels of the business. The organisation therefore cannot be classified as a *Joneses User*, where requests are only because everyone else is using intelligence. Similarly, the organisation is not classified as a *Knee Jerk User* because the intelligence products are verified by sources within the organisation and intelligence is gathered
both externally and internally. The requests are strategic in nature and are not to solve a short-term problem. The CI department’s focus is on the players in the competitive environment and their impact on the organisation’s strategy. The department highlight threats and opportunities. The organisation is therefore classified as a Strategic User and the CI department has an open relationship with the executives.

4.2.4 Location

4.2.4.1 Company A
Company A has a dedicated CI department that falls under the Marketing Intelligence department. Company A would be classified in the Designated Location of the Location category as it has a set department with full-time staff in well-defined roles.

4.2.4.2 Company B
Although Company B’s CI resources sit in the same department as the business from a project perspective, Company B would be categorised in the Designated Location category because there is a specific unit with designated resources and roles.

4.2.4.3 Company C
Company C’s intelligence department is closely tied to the board executives. The department falls in to the Designated Location category, as the unit is a separate CI entity with definite roles responsible for the CI process.

4.2.5 CI Program Effectiveness
The Wright-Pickton model rates organisation’s CI programs that have a strategic attitude, use hunter gathering techniques, produce products that are to be used strategically, and has its own designated unit, as providing the most value to the organisation. The companies analysed in this study have varying degrees of performance in the attitude and use categories. The location and gathering results were the same across all three organisations. This would be due to the fact that the organisations that were studied were selected on the basis that they had dedicated CI programs.

The performance of the three companies studied are summarised below.

4.2.5.1 Company A
Company A is classified as having a task-driven attitude, which uses hunter-gathering techniques, whose intelligence is used for tactical purposes, and has a designated
location. According to the Wright-Pickton model, the program is most effective in the gathering and location categories, but could be more effective if the organisation had a more strategic view of the program and the intelligence was more strategically focussed.

4.2.5.2 Company B
To summarise Company B’s performance against the Wright-Pickton model, the organisation has an operational attitude, which uses hunter-gathering techniques, whose intelligence is used for tactical purposes, that has a designated location. Whilst the organisation’s CI program is more effective than Company A, the company would be most effective if it was more strategically focused.

4.2.5.3 Company C
Company C’s effectiveness evaluation resulted in a strategic attitude, which uses a hunter gathering technique, whose intelligence is used for strategic purposes, and is in a designated location. According to the Wright-Pickton model, Company C’s program is most effective at delivering value to the business.

4.2.6. Analysis Tools Used
According to the SCIP survey on the use and effectiveness of analysis tools (Corporate Strategy Board, 2002), the following tools are listed in order of most effective: SWOT analysis, competitor profiles, financial analysis, win/loss analysis, war gaming, scenario development, conjoint analysis, and simulation/modelling.

The tools used by the organisations included in this study are evaluated against the list compiled by SCIP. Based on these results and although the sample is limited, an observation is that the more effective programs use the more effective tools.

Company A, the program with the lowest score in the Wright-Pickton model compared to the other two organisations in the study, outsources the intelligence cycle, including analysis, and acts as a facilitator between the intelligence consumers and the vendors. The intelligence requests are primarily around competitor profiles and the current and potential markets.

Company B uses the war gaming and trend analysis tools, as well as scenario planning and systemic mapping. Company B’s ranking in the Wright-Pickton model was more tactical than strategic. This ranking correlates to the the absence of
strategic tools such as a SWOT analysis and financial analysis, that fall in to the top three of the SCIP list of effective tools.

Company C’s analysis tools include SWOT analysis, competitor profiles, financial analysis, value chain analysis, future focus scenario development. Company C was categorised as having a strategic focus and had the most effective CI program according to the Wright-Pickton model. Company C’s use of analysis tools includes the top three most effective tools according to the SCIP list, being SWOT analysis, competitor profiles, and financial analysis. Again, this effective use of tools corresponds to the ranking in the Wright-Pickton model.

4.3. Research Limitations
A limitation in this study was the small sample size. The reason for this small sample size was the number of companies in South Africa with dedicated CI programs is limited. On top of this limitation, companies willing to partake in the research further limited the sample size.

Of those companies studied, some subjects wished not to go into certain details due to imminent restructuring of the departments. Additionally, as competitive intelligence is a competitive advantage for some, information on techniques and sources was not provided in detail to protect this advantage.

Intelligence consumers were not interviewed in this study. The inclusion of the views of the intelligence consumers would have added to the credibility of the study as further insights on the views of decision makers might have been identified.

As the study conducted semi-structured interviews to explore the use of CI programs in South African organisations, interviews were conducted with one member of the CI department from each company. As the information was not triangulated with other sources within the organisations, it is hoped that the information gathered is a true reflection of the environment at these organisations.
5. RESEARCH CONCLUSIONS
The research findings from the multiple case studies of three South African organisations with active CI programs were that the programs are established in the business and have been in place for a number of years. The CI departments from the different organisations worked closely with the business, to varying degrees. In all cases, the decision makers of the organisations were on-board with the process.

The Wright-Pickton model was used to assess the use and effectiveness of the CI programs at the organisations. The findings were that the use and effectiveness varied across the three organisations, specifically with varying degrees of strategic focus. The one organisation performed a more task-driven function for tactical purposes, where the focus was around the competitors and the markets that the organisation operated in. Another company worked closely with the business from an operational approach, to solve tactical issues. The third organisation had a strategic focus and worked closely with the top executives with a focus on strategic issues.

The analysis tools used by the organisations were also evaluated against the SCIP list of the most effective analysis tools. The findings corresponded to the organisations’ ratings in the Wright-Pickton model evaluation. The organisation with the most strategic CI program was making use of the most effective analysis tools. The least effective was not performing the analysis function in the department; this function was outsourced to various vendors supplying the intelligence products.

The conclusion of this research is that there are South African businesses that have active CI programs in place with dedicated resources to ensure they run successfully and provide value to the business by:

- Supporting decision-making with intelligence that provides a better understanding of the competitive environment
- Highlighting opportunities and threats in the competitive environment
- Bringing information from different disciplines in the business together to understand the whole picture and not just individual silos
- Mitigating a loss on investment by understanding the competitive environment before making large investments into ventures
The level of value delivered varies across organisations, but the programs are being used to provide a strategic advantage to the organisations, by understanding the markets and key players in their competitive environment and ensuring action is taken when opportunities or threats arise.

South African decision makers are buying in to the CI process and the support it offers to decision-making. As is evident by the dedicated CI departments in various South African organisations, and their role in providing intelligence to various levels in the organisations.
6. FUTURE RESEARCH DIRECTIONS
This research study investigated the makeup of the competitive intelligence programs of a select few organisations that were known to have these programs in existence. The study interviewed CI professionals from the CI departments to get an understanding of how these programs were run and assess the effectiveness of the programs. The study investigated these programs from a very high level.

Future research that would be beneficial would be to dive deeper into the processes and use of competitive intelligence in South African organisations by including the views and insights of the intelligence consumers, as well as insights from the internal sources on the operations of the CI programs and their effectiveness.

Another area where the research could be expanded is to try to understand what types of organisations see competitive intelligence programs as an imperative for them to remain competitive. The study could investigate the makeup of the organisations to see if there is some sort of correlation between those running competitive intelligence programs. Factors that could be assessed are the revenue and employee size of the organisation, the industry the organisation operates in, and the age of the organisation. The study would need to look at a larger sample size to provide an accurate picture.
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