

COMPETITIVE INTELLIGENCE

A systematic approach for business success

by Petra Schruth & Birgit Bauer

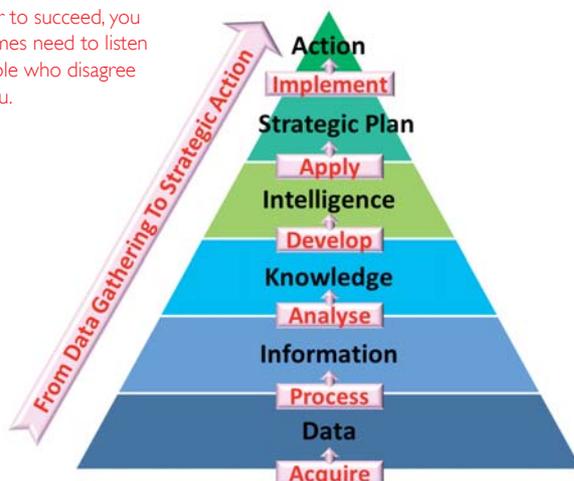
Success in business lies in spotting patterns and trends as early as possible, before they are so obvious that the competition catches on first.

Knowing your markets and competitors are key success factors, especially today, in a time of global competition, increased speed and complexity and a 'knowledge economy', with its masses of information available almost anywhere, anytime and to anybody. Spotting changes in trends and patterns early is essential to developing and adapting business strategies. Wrong assumptions about rivals, clients or other players in a field of business can lead to costly mistakes. Targeted competitive intelligence studies provide answers and help define successful strategies and clear differentiations of a company's products or services from its competitors.

What is Competitive Intelligence?

Competitive Intelligence (CI), sometimes also referred to as Market Intelligence, is a systematic and ethical programme for gathering, analysing, and managing information about the external business environment that can affect a company's plans, decisions and operations. Our experience shows that managing conflicting information and being able to listen to all sources, including those which disagree with your point of view, is critical to business success.

In order to succeed, you sometimes need to listen to people who disagree with you.



Intelligence is created by developing insights from data and information using multiple sources, such as publicly available resources, subscription databases, and personal interviews. These insights form the basis for strategic decisions and decisive action.

Key Intelligence Questions drive the search for data and clues. In our business practice we see start-up businesses struggling with answers to questions such as: How big is our potential market? Do we really have competitors? What are their strengths and weaknesses? What is our potential customer base? What are our growth prospects?

Global players usually have at least some CI processes and tools in place. They often monitor the moves of their main competitors closely and check for new products and developments continuously. They may ask: Why is our competitor expanding its product range? How will the upcoming change in regulatory environment affect our industry sector and how will our competitors respond?

A range of analytical tools is available; all aiming at developing a sound knowledge of yourself and a clear understanding of your industry.

The SWOT Analysis enables a realistic view of your own or of one of your competitor's strengths and opportunities. The Porter's 5 Forces Analysis provides a picture of the company's own position and the bargaining power of the different players by taking an in-depth look at suppliers, customers, current and potential co-players and possible substitute products.

The Value Chain Analysis identifies the value-creating activities of an industry and analyses how well a company integrates its core competencies. IKEA is a famous example for effectively managing its value chain. The company has optimised its own processes. In addition, suppliers are included via extensive cooperation and customers participate through performing sales & distribution activities themselves.

CAREER CLUB

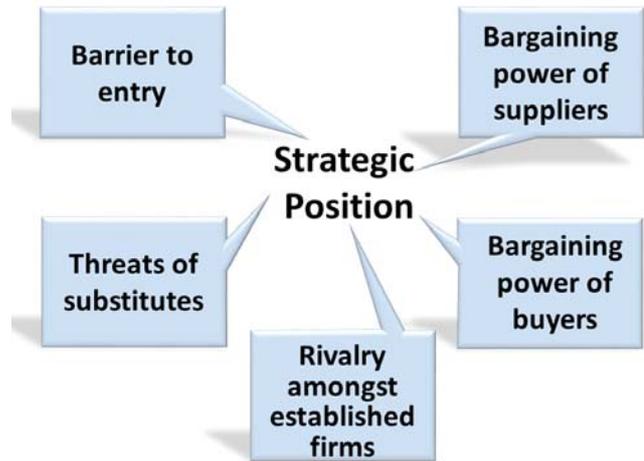
” It is pardonable to be defeated, but never to be surprised.

Frederick the Great

SWOT Analysis

<p>STRENGTH</p> <p>Skills the company uses well</p>	<p>OPPORTUNITIES</p> <p>Favourable circumstances of the business environment</p>
<p>WEAKNESSES</p> <p>Company's competencies not used properly or lacking</p>	<p>THREATS</p> <p>Unfavourable factors to be expected</p>

Porter's 5 Forces



Even personal motivations of decision-makers influence the actions of a company. Profiles of key decision-makers help to understand the personalities and preferences of the competitor's top management in order to predict a company's next move.

Developing a business strategy.

Visualising or imagining multiple ways the future may unfold enables a business to map out a strategic path and anticipate future challenges. The strategy required to achieve a desired target could mean an adaptation of the services or products offered, a change in the targeted customer base or a change in the pricing concept. For example, Samoa Air recently introduced a new and unique passenger air fares system, which strictly depends on the weight of its travellers. Whilst the measure is extremely controversial it does, however, help the airline to better manage the weight problem on its small airplanes connecting the islands of the archipelago.

A good business strategy is based on well-researched information and sound analysis. Getting ahead of the competition requires being informed and staying alert. As Frederick the Great already said: "It is pardonable to be defeated, but never to be surprised." ••



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