

SOCIETY OF COMPETITIVE INTELLIGENCE PROFESSIONALS

COMPETITIVE INTELLIGENCE

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COMPETITIVE INTELLIGENCE



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THERE IS ONLY ONE SCIP

JOE GOLDBERG



I have a certificate taped to my office wall reminding me that I have been a SCIP member since November 1994. This means I am a rare bird at SCIP: Nearly a majority of the membership has been members for less than five years.

Many of you have no, or only vague recollections of SCIP's financial issues in the early 2000s, which were nearly fatal and consumed much of the members' good will. Since then dedicated leaders and volunteers have worked to rebuild the value and offerings of SCIP. A professional executive director and staff are turning the association's services and infrastructure in the correct direction. We have made solid progress, especially in providing high quality education programs, successful conferences, well-received publications, and effective networking events.

SCIP must continue working to reach its potential as the association of choice for global intelligence practitioners. Unfortunately, after 25 years SCIP still struggles to articulate a clear value proposition, has not institutionalized methods to work with members outside the United States, and needs improvement in several services areas. At best, this is disappointing.

SCIP has to improve. As we proceed, I have asked the leadership to be guided by one simple premise: THERE IS ONLY ONE SCIP.

We must avoid the convenient mental and linguistic trap of segmenting our membership by intelligence focus (practitioner, academic, consultant, vendor, government, etc). We are all members of one association. The same applies to the regional divides. There is one SCIP.

In late 2007, we began work on a new SCIP 3-5 year strategic plan. We are re-evaluating and changing as necessary the mission, goals, objectives, strategies, action items, and resources of the association. The Board has approved three goals:

- **Professionals:** SCIP will provide best-in-class CI development opportunities to professionals, globally, throughout their career.
- **CI Profession:** Organizations will recognize competitive intelligence as a discipline essential to business decisions.
- **Governance:** SCIP will perform with superior efficiency and effectiveness, to achieve the Society's stated goals for the advancement of professionals and the profession.

Expect changes to begin throughout 2008, with an eye on full implementation starting in 2009. One example of a change already taking shape: SCIP must solve its global and regional issues for the strategy to succeed. At the January board meeting, a new International Advisory Committee (IAC) was formed and is led by Board member Michael Belkine. The IAC has already begun to reach out to our global membership. If you are called for assistance or advice, please answer. Additionally, the Executive Director search is nearing completion.

I know there are years of scar tissue among the members. I have some too. We are working on softening these areas, for the benefit of our members, their careers, SCIP and its future. Help us. It just might be fun.

A handwritten signature in black ink, appearing to read "Joe Goldberg". The signature is written in a cursive style and is positioned at the end of the letter.

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WHEN ETHICS POLICIES BECOME REALITY

BONNIE HOHHOF



We can teach ethics and ethical behavior, but our actions are the measure of our integrity. May we in the field of competitive intelligence always 'scorn the very appearance of wrongdoing' by continually adhering to our company's Code of Ethics.
James Mathews p6

The topic and implementation of ethics in competitive intelligence (CI) is usually approached as a necessary evil. We devote substantial time to developing a comprehensive ethics policy, usually when the CI function is first chartered. We go to great lengths to produce words and paragraphs that everyone will agree on and that are general enough to cover most situations yet specific enough to tell people how to act. And our least popular ethics activity of all involves interacting with the legal department.

We spend quite a bit of time getting the words down right and publishing the result of our effort. Then it recedes to the back of our mind and we never really expect to have to apply it.

This issue's lead story is a vivid reminder that ethics policies are not an abstract form. In one of the most unique articles this magazine has ever published, James Mathews shares with us his experience in having to personally respond to a potential ethics violation during a CI effort. Not only was he able to effectively apply the strong ethics process of his company, but he also had to deal with the more immediate personal reaction of being placed in such a situation. I thank James for taking the time to share his experience, one all of us will most likely have to face at some point in our careers.

Ethics continues to be a key in organizations accepting and establishing a CI practice. It not only helps minimize the "spy" aspect, but it also helps CI to be accepted as a normal element of business in our increasingly-competitive environment. And we operate in an environment where the availability of all information in electronic form dramatically increases the likelihood that proprietary information and trade secrets, from our own company and that of our competitors, will be distributed worldwide at the click of a button.

As a CI practitioner, your proprietary information concerns cover two sides of the same coin. On one side, you want to protect your own company's proprietary information as your competitors implement and execute their own competitive intelligence process. On the other, you want to be careful not to misappropriate your competitors' proprietary information as you execute your own competitive intelligence process.

This issue is about defining, knowing, and living your ethics statement. But most ethics policies are complicated statements that include flourishes that unnecessarily complicate it. Like a mission statement, an ethics statement must be relevant, short, and to the point. I'd like to close with the best and most succinct description I have ever seen (Dan Himelfarb p39):

1. Do not misrepresent (yourself), and
2. Do not gather information safeguarded as proprietary or confidential.

In Upcoming Issues:

- Cultural blindspots
- CI in Central Europe
- Strategic dependence
- Global CI
- Push communication
- McKinsey model
- Changing economic context
- CI marketing
- CI and globalization



WHEN ETHICS IS NO LONGER A ONE HOUR COURSE

By Jim Mathews, Northrop Grumman

All of us involved in the aerospace and defense industry are generally required to take at least an hour-long “refresher” course in ethics each year. Over the years, these courses evolved from actual classroom discussion time with instructional materials that used popular comic and cartoon characters to online, interactive multiple-choice tests that give instant feedback on how to act and/or react to ethically challenging situations. All of this is meant to assist us when we are faced with certain ethical dilemmas, and the instruction is helpful in better understanding when and how to identify potentially precarious situations.

We also learn how to react and report on these situations when faced with a potential breach of ethics, either our own or another’s. However, we are not generally taught about the emotional impact that comes with reporting a potentially serious ethics violation. This latter principle I experienced firsthand when I was placed in such a position last year.

THE SETTING

I had been assigned to lead the “Competitor Team” in a mock competition for a major new business competition for a multibillion-dollar contract. (These teams are generally made up of individuals from your own company as well as individuals from the major teammate companies.) The members of my small team (about eight individuals) were a diverse group from several other companies that were an integral part of my company’s effort in bidding on this potential contract; they represented several functional disciplines and were located in a geographically dispersed area. To get started quickly, I set up a telephone conference to determine if our team had the requisite skills to be effective in our assignment.

I explained to the team members that I would be sending them an e-mail with a 20-plus-page template of the information types we would need to collect to

determine where each team member could contribute to the collection. From that information, I would perform a gap analysis and learn if we had all the information types covered. If it turned out that we lacked a particular type, I would have to increase the team's size to include a particular experience base.

The participants were asked to review each page, identify where they could contribute, and scale their experience in these areas (from novice to subject-matter expert). To quickly share this information, I asked all the participants to select "Reply All" on the e-mail so that each team member might know the others' areas of expertise and start to collaborate on information collection.

I would be unavailable the next morning and would be on an airplane in the early afternoon, heading to a more central location to meet personally with several team members over the next few days. I asked the participants to respond to the skill inventory questions the afternoon of the next day, while I was traveling, so that I could start my gap analysis after I landed. When I sent out that e-mail message, I included a caution that no team member was to share any information that would violate any proprietary information agreements (PIAs) and that team members should attest to the open-source nature of all information used in this analysis.

THE NEXT DAY

Before heading to the airport the following morning, I started to receive messages on my BlackBerry. I was receiving information from one person on my team; in fact, I was receiving multiple communications with large attachments from this individual. I also noticed that the individual was sending most of these communications only to me, not to the other team members. This was a little strange, since I had expressly asked that the information be shared among all the team members.

I made a mental note to remind this individual later of my instructions to copy the other team members. As I reflect back now, I am grateful that on this point the individual did not follow my instructions. Because of the large attachments, I decided to wait until I had arrived at my final destination and checked into the hotel before I read any of them. As it turned out, this was a double-edged sword — good in some respects and bad in others.

My trip that afternoon went from bad to worse: delays, flight cancellations, and bad weather all contributed to a less-than-desirable travel day. I arrived tired and late. In addition to the challenging travel, I was not in a pleasant hotel (nor in an attractive part of town, for that matter), and when I finally got to my room, I discovered that I

had no high-speed internet connection (I am not even sure there was a digital phone). I was in no frame of mind to endure a slow dial-up connection to examine all the large attachments I saw on this person's e-mails. I elected to grab a quick bite, go to bed, and get up early to go to the company office, where I would have high-speed connectivity and start on the skills gap analysis.

DAY THREE

Early the next morning, I was in the office looking for the conference room where I would be working for the next few days. As I was setting up, two other members of my team also arrived early, and we prepared for the workday. I connected to the company intranet and started to look at my e-mail. I opened the first of the seven e-mails I had been sent by the individual the previous day and clicked on the attachment.

When I first saw the attached data, I was a bit puzzled. I had expected to see notes on the template I had sent out; instead, I saw what could best be described as rather detailed information on our major competitor. I quickly scanned for any restrictive legends and saw none, but again made a mental note that this was extremely detailed information. I then opened the second e-mail and attachment and literally threw myself back in the chair with a loud exclamation. The other two people in the room were startled and came to my assistance, thinking that I had a medical problem.

At the same time, I was scrambling to close the attachment before the other two people saw it, but I was unsuccessful, thereby causing these two people great consternation as well. What I saw immediately on opening the attachment was my competitor's logo and the bolded phrase "Proprietary Information" in both the header and the footer. I had one person in the room call our company's capture manager while I looked up the phone number for the ethics officer.

The only reason I called the capture manager first was that I already knew his phone number. I also wanted him to let our major teammate's company capture manager know that I was calling the ethics officer on a member of their team, since the person who had sent me the information was employed by the teammate, not by the company I worked for. I told him what had happened, and then immediately called the ethics officer.

All of these events occurred in the space of less than five minutes after I opened the e-mail attachment. Needless to say, there was a lot of activity for the next several hours. I immediately received a call from my company's legal office and forwarded all seven e-mails to them, several still unopened.

*A bad trip turned
into a worse ethics
situation.*

Because of the distribution list on one of the e-mails, which had a large attachment that I had not opened, the legal office determined that several other legal departments from other affected companies involved in the mock competition had to become involved. The three of us in the room when I opened the offending attachment were required to write depositions on what we had received and/or seen.

A MATTER OF TIMING

Because I had not opened the e-mails the night before, they had been made a part of the taped backup of e-mails recorded every night. They eventually had to be purged from the backup tapes by the information technology department in accordance with my company's legal department specifications.

Within several hours, my company's legal department called me and said that because of the quick and decisive action taken, the company was off the hook legally and we were not going to be eliminated from this multibillion-dollar procurement. They also told me that the person who had sent me the information had been terminated by our teammate's company.

TESTING IS NOT REALITY

I was not prepared for that news. Taking a multiple-choice test on "potential situations" is very different from knowing that your actions have just had a person fired from his or her job and possibly barred from working in this career field, and maybe even in the defense industry as a whole.

The multiple-choice test ethics course does not prepare you for the knowledge that you sat at the table with this person and had a meal with them at a team dinner the month before. It does not prepare you for the emotional roller coaster of, first, the sorrow you feel that your actions resulted in a person being fired. Then you feel anger when you wonder why the person sent you that information (and why he or she thought it was okay to send it to you!). Finally, you realize, "Wait a minute, I didn't do anything wrong; this person did it to themselves."

THE RIGHT DECISION

I had been trained on how to respond, like an aircraft pilot who is trained to react in an emergency, and as an individual trained in ethics and instilled with a sense of integrity. I truly believe I acted the same as most people in our profession, but I now know that the right decision is not always easy. It is, however, always the right decision.

I never read those attachments, but the legal department did read them. Had the information been benign or had it not contained proprietary information, the person would have been exonerated. However, I still would have known that I had done the right thing. We can teach ethics and ethical behavior, but our actions are the measure of our integrity. May we in the field of competitive intelligence always 'scorn the very appearance of wrongdoing' by continually adhering to our company's Code of Ethics and Business Conduct — which, I might add, closely parallels the SCIP Code of Ethics.

As an individual who has been a part of or associated with the aerospace and defense industry for most of my adult life, I can express admiration for the code of ethics found in my industry and for the individuals who rigidly adhere to it.

As in other industries, there have been lapses in individual responsibility from time to time, but for the most part the industry governs itself not only because of the severe penalties associated with a breach of the public trust but also because of the integrity of those involved.

*We can teach ethics,
but our actions are the
measure of our integrity*

Jim Mathews is the director of Competitive Intelligence and Position-To-Win (CI/PTW) at Northrop Grumman in Chantilly, Virginia. He has spent more than 30 years in the defense industry and the last 10 in CI/PTW. His whole career has been centered on winning new business, and he has been the lead competitive intelligence professional and/or PTW leader/co-leader on some of the largest government proposal wins in recent years. Jim is also medically retired from the U.S. Air Force and was an airborne voice controller for the Apollo and Skylab programs in the early phases of the space program. Jim earned his bachelor of science degree in industrial management at the University of Florida and received a master of science degree in contract and acquisition management from the Florida Institute of Technology. Following a successful career at Lockheed Martin, he joined Raytheon in early 2003 and later joined Northrop Grumman in his current capacity in mid-2006.



Competitive Intelligence in the Internet Era: Legal and Ethical Considerations

By Douglas F. Curtis and Janet Carter, Wilmer Cutler Pickering Hale and Dorr LLP

Success in today's competitive markets depends in no small measure on knowing your competition. In keeping with that reality, the practice of gathering competitive intelligence (CI) has evolved over the last two decades from one maligned as "industrial espionage" to one recognized as an important and legitimate aspect of competing in the modern marketplace.

But surprisingly little attention has been paid to the substantial new risks that are inherent in gathering information online. Hypothetically, consider the following ways in which a competitive intelligence practitioner might today gather pricing information from a company's rivals:

First, she might look at a competitor's website. The website has a customization tool, which enables consumers to select from dozens of optional add-ons for the products offered, and computes the final price. She determines that the price charged for each option is not fixed, but varies depending on which other options are selected. There are tens of thousands of possible combinations, and pricing each one manually would cost more in employee time than the information is worth to her employer. She therefore asks her information technology (IT) department to design a software tool that will run the queries automatically and record the data in a spreadsheet.

Second, she might speak to a new employee who was recently hired from a competitor. He has discovered that his password was not disabled when he left, and he is still able to access his former employer's intranet remotely. She tells him to obtain whatever information regarding sales and pricing he can find.

Third, she decides to use a consultant to gather and analyze information from competitors. The consultant

explains the methods his employees use, which include the following:

- Contacting the competitors directly and simply asking for pricing information.
- Presenting themselves as potential customers and asking for the same information.
- Using software tools like those the company's own IT department was developing.

While all three of these techniques can be used by real people in real companies, each technique potentially exposes the competitive intelligence practitioner—and her employer—to serious civil liability and even criminal penalties.

GATHERING INFORMATION FROM PUBLIC WEBSITES

A reasonable rule of thumb for intelligence gathering is that any information a company makes available to the public is fair game for competitors to gather and review. Today, the easiest way for the public—and for competitors—to acquire basic information about a company is to visit its website. But when the method used to access information is prohibited by the website's terms of use, access can run afoul of both state and federal computer fraud or computer misuse statutes, as well as the common law tort of "trespass to chattels."

Web robots

Competitive intelligence practitioners can face serious legal problems if they employ a "web robot" (or simply "bot")—a software application that runs automated tasks

over the internet—to collect information. Bots (sometimes also called “scrapers” or “spiders” when their function is to obtain information from a website) can automatically access and process information at high speed, and by doing so can collect information that would be cost prohibitive for a human operator to obtain manually. For example, a bot could send requests to a travel website covering all possible combinations of gateway city and tours offered and thus obtain a detailed schedule of prices for every trip the travel operator offered.

The terms of use on many companies’ websites, however, explicitly prohibit the use of bots. For example, eBay’s user agreement states that you agree that you will not use any robot, spider, scraper, or other automated means to access its site for any purpose without the company’s express written permission.

Some courts have found the provisions of the *Computer Fraud and Abuse Act (CFAA)* (18 U.S.C. Section 1030) applicable to using bots when the terms of use explicitly prohibit them. Section 1030(a)(2)(C) of the statute provides for criminal and civil penalties for anyone who, among other things, “intentionally accesses a computer without authorization or exceeds authorized access, and thereby obtains . . . information from any protected computer if the conduct involved an interstate or foreign communication.” The notion of a “protected computer” (which in Section 1030(e) is defined as one “used in interstate or foreign commerce or communication”) and the interstate communication element likely would be satisfied whenever information is obtained over the internet.

Furthermore, courts have interpreted the terms “without authorization” and “exceeds authorized access” broadly. One federal court in Texas has explicitly held that using bots when the terms of use forbid doing so satisfies “without authorization.” In *Southwest Airlines Co. v. Farechase Inc.*, the court held in 2004 that the defendant exceeded the scope of authorized use for purposes of the *CFAA* when it knowingly violated the terms of the browsewrap agreement, whether or not the agreement was an enforceable contract. (A website’s terms of use are often referred to as “browsewrap” agreements because the user’s assent is implied from their browsing the website.) A federal court of appeals in the Northeast has suggested that it would take a similar view in *EF Cultural Travel BV v. Zefer Corp.* (2003), where “a lack of authorization could be established by an explicit statement on the website restricting access. . . . If EF wants to ban scrapers, let it say so on the webpage.”

Civil actions

The practical prospect of attention from federal prosecutors may be slight—prosecutions under the *CFAA* to date have primarily involved individuals using computers to commit identity theft. But Section 1030(g) states that a target

of unauthorized computer use has a basis in the statute to bring its own civil action against the perpetrator if it “suffers damage or loss by reason of a violation.” Furthermore, state computer misuse statutes contain criminal provisions similar to, or even broader than, those in the *CFAA*. For example, Section 502(c)(7) of the California Penal Code exposes to criminal punishment anyone who “[k]nowingly and without permission accesses or causes to be accessed any computer, computer system, or computer network.”

Civil actions under more traditional common law concepts are another distinct possibility. Although the standards may vary from state to state, a “trespass to chattels” (“chattel” refers to personal property, as opposed to “real property,” such as land and buildings) may be committed by “intentionally . . . using or intermeddling with a chattel in the possession of another.” As a general matter, liability may arise if “the chattel is impaired as to its condition, quality, or value, or . . . the possessor is deprived of the use of the chattel for a substantial time” (Restatement (Second) of Torts, Sections 217, 218).

In reviewing cases that raise the “trespass to chattels” theory, courts have analyzed the requirements in much the same way as they have the requirements of the *Computer Fraud and Abuse Act*: whether operating bots constitutes “using or intermeddling” with the target’s computers largely tracks the “authorization” inquiry under the *CFAA*. In *eBay Inc. v. Bidder’s Edge Inc.* (2000), a federal court in California determined that the plaintiff must show that the defendant “intentionally and without authorization interfered with plaintiff’s possessory interest in the computer system.”

Although the courts have not applied the standards uniformly, some courts have determined that a plaintiff may establish impairment or deprivation of use on the bare showing that the trespasser took up some of its bandwidth—even if there is no showing of adverse effects on the use or utility of the computer. Thus, while one federal court in California found in a 2003 case called *Ticketmaster Corp. v. Tickets.Com, Inc.* that a plaintiff must show that the “use or utility of the computer . . . is adversely affected,” the court in the *eBay* case had previously concluded that even a “negligible” load on the target company’s network could be sufficient.

Fraudulent acts

Use of bots might also constitute wire fraud, although no court has yet gone this far. Courts will generally find that a website’s terms of use (including browsewrap agreements) constitute an enforceable contract, if the user had actual knowledge of the agreement’s terms. For example, a federal appellate court decision in *Register.com v. Verio Inc.* (2004) enforced terms of a browsewrap agreement prohibiting use of information on the site for mass solicitation, where the defendant admitted that it was aware of the site’s terms.

Entering into a contract with the *present intent* not to comply with its terms can be deemed a fraudulent act. Thus, a plan to obtain valuable competitive intelligence through use of bots in violation of browsewrap agreements could very well be found to satisfy the elements of wire fraud:

- a scheme to defraud
- an intent to defraud; and
- use of the wires in furtherance of the scheme.

Practice tip

When you are searching the internet as part of a competitive intelligence inquiry, you must approach the task with seriousness and professionalism. You must confirm that you are authorized to use a particular website in the manner that you intend to use it, and, to do so, you must familiarize yourself with the site's terms of use—and get legal advice, if necessary.

You may also wish to ensure that your firm has reviewed the terms of use on its own website to safeguard your systems from potentially abusive practices by others.

UNAUTHORIZED ACCESS BY A FORMER INSIDER

The second hypothetical tactic—asking a former employee of a competitor to use his still-active password to access the competitor's network—presents a more straightforward case of access “without authorization.” As a matter of common sense, accessing a former employer's network is likely an unauthorized access. Any suggestion that the employer's failure to disable the password somehow makes the access authorized is precluded by cases that have found a *current* employee liable under the *CFAA* when the employee's acts breached a duty of loyalty to the employer.

For example, a federal appeals court in *United States v. Citrin* considered the case of a departing employee who had deleted files from his employer's laptop (using a secure-erasure program he had installed) before returning it. The court held that these actions constituted access “without authorization” under the *CFAA*. The court in that case concluded that the employee's “authorization to access the laptop terminated when, having already engaged in misconduct and decided to quit [his employer] in violation of his employment contract, he resolved to destroy files . . . in violation of the duty of loyalty that agency law imposes on an employee.”

In another case, *Shurgard Storage Centers Inc. v. Safeguard Self Storage Inc.* (2001), the court determined that employees who sent information to a competitor before leaving to join the competitor had accessed their employer's computers without authorization because “the authority of the plaintiff's former employees ended when they allegedly became agents of the defendant.” If disloyal acts while still employed are sufficient to end an employee's authorization to access the

employer's computers, then so too would termination of the employment relationship.

The reality of litigation

Although there are relatively few reported decisions involving *CFAA* suits brought when an old password is used to access a former employer's website, the danger of litigation remains real—after all, many cases settle prior to trial. For example, in May 2006, WestJet Airlines paid \$14 million to settle a lawsuit brought by its rival Air Canada, over allegations that one of WestJet's founders had been logging on to and (using a software program) mining information from Air Canada's confidential internal website. The WestJet founder had obtained Air Canada website's password from a WestJet employee whose former employer had been acquired by Air Canada.

The modern workplace provides easy means for a disaffected employee to provide trade secrets to a competitor. With a few clicks of a mouse, large quantities of sensitive information can be downloaded and emailed. Moreover, liability may extend to the recipient of information, if the disloyal employee is acting as the recipient's agent, as was suggested in the *Shurgard* case when the court denied a motion to dismiss *CFAA* claims against a company that received trade secrets via email from the plaintiff's departing employee.

Practice tip

Once employees are working for you—or even before they are formally working for you but are doing things for your benefit—you may be held responsible for their actions. You must inform them and their managers what they may and may not do with respect to information they obtained or have access to from their former employer.

Take care to ensure that individuals leaving your company understand their obligations with respect to trade secrets or any other confidential information. Remove all temptation by disabling not only their physical access to their former workplace but also their access to computer systems as well.

USING AN INTERMEDIARY TO GATHER COMPETITIVE INTELLIGENCE

Finally, as the competitive intelligence field matures, more consultants are offering to gather information and perform competitive market analyses for companies. And as the need for detailed, industry-specific information grows, such outsourcing of competitive intelligence will grow in popularity. But this is not a risk-free approach. The law that establishes the responsibility of a principal for the actions of his or her consultant will turn on the applicable state law of “agency,” and so the rules will vary from state to state.

As a general rule though, the analysis focuses on the degree of control that the principal exercises or *could exercise* over the agent. In this context, a company that turns a blind eye to the methods of its consultant runs the dual risk of losing practical control over the consultant's actions, while retaining possible liability for their actions. Caution and careful oversight of a consultant's or an investigator's activities is well advised.

Even if a sufficiently close relationship for vicarious civil liability is not present, criminal exposure is still a possibility—a point underscored by the Hewlett-Packard (HP) "spying scandal." In that case, the allegations were that investigators hired by HP to trace a suspected leak obtained telephone records through "pretexting"—that is, they falsely represented themselves as the individuals whose records were being sought. Although subsequently dropped or reduced, criminal charges were filed not only against three investigators, but also against the chairperson and chief ethics officer of HP, on the grounds that the executives knew illegal methods were being used to gather information and nevertheless acted to facilitate those methods.

Practice tip

You can outsource much of your competitive intelligence work, but that does not necessarily mean you can avoid responsibility for a consultant's deeds or misdeeds. Your company should develop a code of conduct or code of ethics, and make sure that any consultant doing work for your company has a copy of it and expressly agrees to abide by it. Monitor the work and results of your consultants to ensure that you are comfortable with the methods they are using. If you fail to do so, aside from the potential criminal or civil liability, your company could suffer serious political repercussions and loss of its good name.

CONCLUSION

Even though the legal standards appear nuanced and complex, they can for the most part be captured in a few straightforward guidelines, the most important of which are:

- Be honest and avoid making misrepresentations.
- Honor contractual obligations.
- Do not steal the trade secrets or other intellectual property of your competitors.

Applying these rules in the internet era requires careful thought and diligence. Although the easy availability of information provides a tremendous resource for your company, the challenge is to gather that information in an ethical and legal manner, so as not to expose your company to unacceptable risk.

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*By Kurt Kappes and
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Competitive intelligence is a necessary business function for any competitive business. It involves gathering and analyzing information about competitors through legitimate and ethical means. The need to protect and respect proprietary information that has risen to the level of a trade secret has become increasingly important.

This article describes factors that determine the existence of a trade secret. It also offers guidance in protecting trade secrets, detecting culprits, and discussing possible remedies if your trade secrets become misappropriated. Most important, this article provides instructions on how to avoid misappropriating trade secrets and emphasizes that whenever questions arise regarding proprietary information, you should refer them to your legal counsel.

WHAT IS A TRADE SECRET?

In 2003, the Seventh Circuit Court of Appeals declared that a trade secret “is one of the most elusive and difficult concepts in the law to define.” (See *Learning Curve Toys, Inc. v. PlayWood Toys, Inc.*, 342 F.3d 714 (7th Cir. 2003).) Nevertheless, 45 states have adopted at least some version of the Uniform Trade Secrets Act, which gives substance to the term. The Act describes a trade secret as information, including a formula, pattern, compilation, program, device, method, technique, or process that meets the following criteria:

- It derives independent economic value, actual or potential.
- It is not generally known to and not readily ascertainable by proper means.
- Others can obtain economic value from its disclosure or use.
- It is the subject of efforts that are reasonable under the circumstances to maintain its secrecy (see, e.g., Cal. Civ. Code § 3426.1).

HOW DO I KNOW IF INFORMATION IS A TRADE SECRET?

The existence of a trade secret depends on several factors, including the following:

- The extent to which the information is known outside the company’s business.
- The extent to which it is known to employees and others involved in the company’s business.
- The extent of the measures taken by the company to guard the secrecy of the information.
- The value of the information to the company and to its competitors.
- The amount of effort or money expended by the company to develop the information.
- The ease or difficulty others would have to properly acquire or duplicate the information.

PROTECTING TRADE SECRETS: WHO?

Once you have identified a trade secret, the next step is to sufficiently protect it. The main concern is the possibility that former employees, foreign competitors, on-site contractors, and domestic competitors will leak your trade secrets. Secondary concerns for leaks include computer hackers, vendors, suppliers, and current employees.

You often disclose trade secrets in a business setting. Trade secrets, however, are also exposed through the course of mundane activities such as in a dinner conversation, during an airplane trip, or simply through an overheard cell phone conversation.

HOW ARE TRADE SECRETS MISAPPROPRIATED?

A starting point to guarding proprietary information is identifying individuals and the means by which they could misappropriate trade secrets. Additionally, you need to know what information they generally seek. These individuals often target customer lists and related data, strategic plans and road maps, financial data, and research and development information. They often obtain secrets by copying documents, downloading information from computers, gathering e-mail information, and memorizing information. Pay attention to these cues and have a system to report suspicious activities to your human resources department, your supervisors, or other appropriate personnel.

FOUR STEPS TO PROTECT TRADE SECRETS AND CONFIDENTIAL INFORMATION

Competitive intelligence practitioners need to be aware of the problem of trade secret misappropriation. As discussed above, by identifying your trade secrets, the individuals who are likely to seek them, and their strategies, you are already headed in the right direction. You should also be alert to indicators of suspicious activities such as the ones listed above.

Educate your employees about trade secret protection and provide instructions on how to report possible trade secret violation. Finally, implement a four-step program:

- Draft contracts that identify your trade secrets and that plainly state that you intend to enforce your rights.
- Develop and disseminate personnel policies and procedures.
- Conduct periodic trade secret and confidential information audits for employees at all levels.
- Enforce your rights to enjoin others from using your trade secrets, and provide appropriate remedies for misappropriation.

By following these steps, you can maintain a level of comfort that your proprietary information will remain respected and protected. Any uncertainties with respect to

protecting trade secrets and confidential information should be directed to your counsel.

COMPETITIVE INTELLIGENCE CONCERNS

Your proprietary information concerns as a competitive intelligence (CI) practitioner are twofold. On one hand, you want to ensure that your proprietary information is protected as your competitors implement and execute their own competitive intelligence process. On the other hand, you want to be careful not to misappropriate your competitors' proprietary information as you execute your own competitive intelligence process.

The first step in the intelligence process is gathering facts on common competitors from many sources. Primary sources include industry observers such as journalists and industry and stock analysts, and industry participants such as suppliers, customers, and consultants.

Trade shows are also a primary source for fact gathering. There, common competitors and employees provide an ideal and open opportunity to gain insight into competitor strategies, plans, intentions, and changes. From information obtained at these venues, you can begin analyzing intelligence to determine the competitive situation, make predictions about common competitors, determine how the competitors are similar or dissimilar to your business, and provide recommendations to surpass the competition.

AVOIDING MISAPPROPRIATION CLAIMS: THE PEPSI-COKE STORY

On July 4, 2006, the Federal Bureau of Investigation (FBI) arrested a Coca-Cola employee and two codefendants for conspiring to steal and solicit Coca-Cola's trade secrets. The defendants wrote a letter to Pepsi agreeing to provide Pepsi with information regarding Coca-Cola's new product and product packaging in exchange for more than a million dollars. After receiving the offer, Pepsi notified the FBI, which led to the arrest and later the conviction of the conspirators. The Pepsi-Coke story demonstrates the proper ethical standard to follow regarding misappropriated trade secrets.

The Pepsi-Coke story provides us with a clear example of how trade secrets can become misappropriated, but the line between competitive intelligence and corporate espionage and fraud is not always so bright. Therefore, refer to counsel whenever there is any doubt if uncovered intelligence has risen to the level of a trade secret and could potentially be wrongfully misappropriated. Many companies have also adopted codes of conduct that provide useful guidance. Guidance of this nature should perform the following functions:

- Outline the company's trade secret information and the steps that will be taken to protect it.

- Instruct employees not to use or share trade secrets obtained from others.

AVOIDING MISAPPROPRIATION CLAIMS: HIRING POLICIES AND PROCEDURES

Competitors' former employees can be a source of competitive intelligence. When your company hires new employees at any level, make sure that they know they should honor their former employers' trade secret disclosure agreements. Your employment agreements should require employees to represent that they do not have any trade secrets or confidential information from their previous employer. It should also remind them that they are expected to honor their former employers' disclosure agreements, as well as those of your company. The agreement should provide that the company will discipline an employee who fails to abide by such agreements, including termination as appropriate.

If there is any uncertainty over proper disclosure agreements, again consult counsel promptly. You may wish to work with counsel beforehand to identify trade secrets and ways to avoid misappropriation. The more guidelines and examples you have available, the less you will need to confer with counsel. You can then consult counsel for the more extraordinary situations. Employees should be trained not to ask during the interview process for trade secrets.

REMEDIES WHEN YOUR INFORMATION IS MISAPPROPRIATED

If you discover that your trade secrets or confidential information have been misappropriated, civil and criminal actions are possible. These remedies are available under a wide array of laws, including the Uniform Trade Secrets Act, the Computer Fraud and Abuse Act, the Economic Espionage Act, and state criminal laws such as the larceny statutes. (See for example Computer Fraud and Abuse Act, 18 U.S.C. §1030.)

Congress passed the Computer Fraud and Abuse Act in 1984 and expanded it in 1996. Any person who intentionally accesses a computer without authorization or exceeds his or her authorized access on a protected computer violates this act. The act allows for a right of action in federal court and does not limit claims to trade secrets.

Additionally, in 1996, Congress passed the Economic Espionage Act. The act criminalizes an attempt or conspiracy to steal trade secrets. The act protects trade secrets if the owner has taken reasonable measures to keep them secret. It also requires that the information have independent economic value and that the information not be generally known. Penalties for violating the act include imprisonment for up to 15 years and a fine up to \$500,000. Moreover, corporations can be fined up to \$10 million under the act.

The Economic Espionage Act can affect a company in two ways. The act can be used as a weapon to protect trade secrets, with the penalties as an effective deterrent. However, the act can expose a company to new liabilities through the actions of its employees. Therefore, as competitive intelligence practitioners, you should familiarize your employees with the act and stress that the company seeks to comply with both the legal restrictions of the Economic Espionage Act as well as the ethical considerations involved.

ENFORCE! ENFORCE! ENFORCE!

Protecting your trade secrets and avoiding misappropriation claims are a vital component to your success as a competitive business practitioner. Be sure to identify and consult regularly with your corporate security personnel. Familiarize your company and employees with guidance on how to detect a trade secret, how to protect it, and which ethical implications to consider when provided with a competitor's proprietary intelligence. You can refer to legal counsel whenever there is any uncertainty, but having basic policies in place is key.

[Author's note: Courtney Vasquez provided valuable assistance in preparing this article.]

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WHAT IS EVERYBODY AFRAID OF?

By David J. Kalinowski and Gary D. Maag, Proactive Worldwide, Inc.

Your phone rings. It's a news writer for the *Wall Street Journal* or *The New York Times* who wants to ask you, the competitive intelligence (CI) manager, about the CI industry — maybe a few questions about your company's CI practices and how this industry has evolved over the years.

How do you respond? Do you say:

- 1) "Absolutely, fire away! I'll provide you with some insight on the CI industry."
- 2) "I would love to; I just have to check with the public relations folks first."
- 3) "Our policy is we can't talk about our CI practices."
- 4) "CI? What's CI? We don't do CI and even if we did, I couldn't talk about it!"

Whether you see a phone call like this one as a threat or an opportunity says a lot about the competitive intelligence industry's self-image. Unfortunately, to the detriment of the industry, the vast majority of competitive intelligence managers would respond to a request for an interview by declining it.

This actually happened recently: nearly 20 leaders of prominent competitive intelligence functions all refused to talk with a business writer at a major U.S. newspaper who wanted to help promote the concept and benefits of competitive intelligence. We are even aware of many current and former SCIP board members who are instructed by

management not to talk to the press about competitive intelligence.

Are you kidding? What is the big deal? Why don't we want to promote our industry, just like all other professional service companies do? What are people afraid of?

TALK ABOUT COMPETITIVE INTELLIGENCE

How will competitive intelligence ever receive positive press if no one (or very few people) will talk about the positive impact of competitive intelligence on their business? And worse yet, what does it say about our entire profession if we don't want to talk about it? Why the need to keep competitive intelligence so hush-hush?

It's time to cast aside the cloak-and-dagger image. We're not the Central Intelligence Agency (CIA), for goodness' sake! In fact, the competitive intelligence industry and its practitioners need to stop hiding their light under a bushel, and instead start taking pride in their role in improving and accelerating competition, the driver of world markets. Competitive intelligence is a business decision-support service that has grown in part out of Michael Porter's scholarship at Harvard Business School. His work was first presented more than 20 years ago in his thought-leading book *Competitive Strategy* (1980).

Sure, it makes sense for competitive intelligence managers to have approval from their public relations (PR)

folk before talking to reporters. But the problem is that PR, legal, marketing, and individuals in other departments are themselves underinformed about competitive intelligence, so they often immediately squash the idea. These groups rarely let their internal competitive intelligence expert talk externally about competitive intelligence in general, let alone how it specifically relates to their company. Why not?

We are not aware of any negative repercussions that a competitive intelligence manager or company might have faced because they discussed their function or shared some of the successful results of the team. For example, Craig McHenry, director of competitor insights for Wyeth, recently shared some thoughts about competitive intelligence at his company in a December 10, 2007, *Chicago Tribune* article, “Corporate Covertness,” that appeared on the front page of the publication’s business section. Neither he nor his company suffered any negative consequences from McHenry’s comments to the reporter.

Our profession needs more people speaking out to enhance the image of competitive intelligence. Practitioners do not have to share secrets or deep insights about their competitive intelligence processes or precisely how their CI unit operates. But sharing how competitive intelligence has a positive impact on a company or even on an entire market certainly will help the CI industry be more positively recognized.

SHARE SUCCESSES

For competitive intelligence to truly become an essential part of every successful business — and we predict that this will take place within the next five years — great competitive intelligence champions and their C-suite sponsors must green-light conversations with the press, and highlight CI’s positive effects on their business. The competitive intelligence manager has a professional duty to push back at PR or any other group that mandates keeping quiet about how competitive intelligence brings success to their company.

On the contrary, if we want to remove the negative connotations often associated with competitive intelligence, then we need more practitioners speaking up and sharing their programs’ amazing successes. Highlighting these experiences gives clarity to what competitive intelligence is and how it confirms, substantiates, and supports multimillion-dollar business decisions. Competitive intelligence efforts can alter, redirect, or even change the course of any business for the benefit of the company and its customers, employees, and shareholders.

NECESSARY AND LEGITIMATE

It’s not as if companies aren’t looking at their competition. In fact, don’t you want the company you have

invested your hard-earned dollars in to be studying the competition? We want the competitive intelligence profession moved into the mainstream, into business schools, and seen as a career track or prized assignment, and moved out of the negative spotlight.

If managers either refuse to or are prohibited from talking about competitive intelligence, this movement will never happen. What does that say about our profession? How can competitive intelligence be viewed as a necessary and legitimate profession when even SCIP board members will not or cannot speak with the press, in any context, about it?

If competitive intelligence continues to be viewed as a clandestine, cloak-and-dagger, midnight-rendezvous, secret-handshake activity that is somehow harming society or the business world, then those who are unwilling to speak up and set the record straight actually foster and perpetuate this negative image of our profession. It can’t always be just the academics or the solution providers who raise their voices. Our industry must have a champion — or even better, C-suite sponsors — willing to affirm that yes, competitive intelligence happens, and thank goodness it does.

MAKE COMPETITIVE INTELLIGENCE VISIBLE

Our economy, our prices, our product offerings, our entire free enterprise system demands and requires that we understand the competition. Without competition, how do patients get better, how do medicines become more affordable, how do new and enhanced technologies spring to market sooner, how are new services created, and how else would consumers have the options and choices they have? All industries require their companies to understand the competition. Why won’t people talk about all the good that competitive intelligence does and can do?

CI Magazine cannot be the only publication in which positive competitive intelligence articles appear. On the currently rare occasions when writers actually want to highlight competitive intelligence’s value and importance, they end up either killing the whole story or putting a negative slant on it because no one or very few knowledgeable people will speak about how essential CI really is. As the competitive intelligence industry evolves to become as important to a business’ success as any other recognized business support function (such as market research, advertising, public relations, research and development, marketing, strategy, sales, and human resources) it requires strong CI leadership and strong C-suite champions to help transform the current unwarranted image.

Does any company truly believe that its competitors are clueless, that they don’t know they are being monitored? Of course not. The nature of competition is to see where you stand in relation to others in your league. Is any sports team shocked to know the team they will be playing next

is scouting them, assessing their strengths, and figuring out ways to exploit their weaknesses? What is so wrong with a business having the courage to enthusiastically say, “Yes, of course we look at our competition. We use all legal and ethical means to help us gain an advantage.” Isn’t that what capitalism is all about?

Although a major component, conducting hard-core primary research to obtain difficult-to-find information is not all there is to competitive intelligence. So much more of the practice and how it works makes a compelling story for the media. For example, internal networks of knowledge-sharing help provide many pieces of the puzzle, or competitive intelligence teams use analytical tools to assess, corroborate, and form final conclusions and recommendations. Multiple aspects of the industry are there for any competitive intelligence manager to discuss.

SILENCE IS NOT GOLDEN

Instead of crafting a positive competitive intelligence story for the media, many companies’ public relations or legal departments become unnecessarily paranoid or defensive when people talk about competitive intelligence. Not so long ago when “public relations,” “advertising,” and even “market research” were discussed, people cringed at these groups’ “gimmicks” when statistically valid, random sampling was nowhere to be found. Now companies consider public relations and similar functions necessary to business survival. So too is competitive intelligence.

So why don’t managers and their companies want to talk about competitive intelligence? Is it the words “competitive” or “intelligence”? Are they fearful their competition will know they are being analyzed or examined?

Guess what? They already know. This is part of the strategic game, isn’t it? Are managers concerned that shareholders will not be happy that they are studying the competition? Quite the opposite: It would worry an investor if you weren’t looking at the competition. Is there a desire to downplay the company’s engagement in competitive intelligence? Sharing your company’s competitive intelligence activities can actually be seen as a competitive differentiator.

Are managers and companies just not concerned about developing the competitive intelligence industry and taking the necessary action (as challenging as it may be) to bring its practices out into the sunlight? If you are a competitive intelligence manager and think this way, then you see your CI role as simply a job, not a career that has significant impact and influence on the strategic and tactical direction of your company. It might be time to consider grooming another person who does have a deep passion for it.

Any company that has a competitive intelligence function should take pride in its foresight. If your competitive intelligence team is doing their work correctly,

they are tirelessly working to pull together extraordinary insights that affect their company’s decision-making.

WHERE ARE THE RISKS?

Over the years, have some rogue employees engaged in practices that have abused ethics or put the company at risk? Absolutely. But every function has the potential to put its company at risk in one way or another. Think about it. Selling a product that you know may have serious adverse and even deadly side effects puts the company at risk. Hiring poor talent puts the company at risk. Bad decisions from the strategic planning steering committee put the company at risk. Sales people not hitting their sales goals put the company at risk. Executives who abuse expense accounts put the company at risk.

When conducted properly, competitive intelligence actually helps reduce risks, which is critical when company leaders are risk-averse success seekers. Competitive intelligence:

- uncovers the situations senior managers thought they knew, but didn’t.
- helps identify information you didn’t even know that you didn’t know.
- ultimately improves decision-making.

All of this activity creates a competitive edge.

If you view a business as a living, breathing entity, information is its life-blood. Intelligence, like oxygen, keeps it all moving and allows for clear thinking. How can it be bad to talk about such a concept?

CONVINCING MANAGEMENT

Are you thinking, “This sounds all great, but how do I convince the powers that be of this?” We suggest that not only is it important to encourage management that it is okay to talk with the press, but you must also persuade them that talking openly about competitive intelligence is something the company ought to do proactively and frequently. Here are some thought starters on how to do this:

- Show them articles that contain quotes from other competitive intelligence managers or executives from leading companies that reference the positive impact of competitive intelligence.
- Emphasize how promoting that the company is using competitive intelligence to keep it Out In Front™ of the competition is a forward-thinking differentiator.
- Reference the company’s stated mission, purpose, vision, or values when talking to management, and use this language to explain the benefits of competitive

intelligence and the ways in which CI upholds the corporate vision.

- Demonstrate your competitive intelligence unit's return on investment. Publicly sharing the successful use of competitive intelligence will raise internal awareness of competitive intelligence and enhance the entire company's involvement in monitoring competition.

DEFINE YOUR PROFESSION

It's time for companies to overcome their aversion to the press and embrace the publicity, or at least start working with the media to illustrate the benefits that competitive intelligence delivers. You can deny that your company does what you know it must do to survive, or you can decide to have a voice to help this industry evolve so it truly becomes an essential part of every successful business.

In our hypercompetitive business environment, we all need to do what we can to inspire our C-suite champion or sponsor to speak out on the importance of competitive intelligence. Imagine how great it would be for the profession

if CEOs in their next quarterly shareholders' meeting actually said, "Because of our competitive intelligence team's great work, we learned our competition might beat us to market, so we adjusted our strategy, tactics, and resource allocation so we could be first to market. Because of that, profits are up 15 percent this quarter."

Are we defining the future of our industry and our profession, or are we letting others do it for us? It's your choice. What are you afraid of?

As competitive intelligence thought leaders, David Kalinowski and Gary Maag are the principals at Proactive Worldwide, a world-class CI research and consulting firm in Rolling Meadows, IL. Both are recipients of SCIP's Catalyst Award, are Life Members of SCIP, and have collectively been involved in competitive intelligence for 36 years, often speaking and writing on a variety of topics related to CI. They can be reached at 847.483.9300 or at www.proactiveworldwide.com.



2008 Training Calendar

SCIP 08 Annual Conference & Exhibit

April 14-17
San Diego, California

CI 101® and CI 202™

June 16-17
Chicago, Illinois

Competitive Financial Analysis

June 17-20
Chicago, Illinois

CI 101® and CI 202™

September 8-9
Alexandria, Virginia

Starting a CI Function

September 10-11
Alexandria, Virginia

European Summit 08

October 20-22
Rome, Italy

Competitive Financial Analysis

December 2-5
Alexandria, Virginia

Check the calendar at www.scip.org to stay current with upcoming events and webinars.

www.scip.org

WHAT HAPPENS NEXT?

A LOOK AT FUTURE CHALLENGES AND THE ROLE OF COMPETITIVE INTELLIGENCE

By Cormac Ryan, TMA International

SCIP's Dallas-Ft. Worth chapter and the University of Texas at Dallas (UTD) have collaborated on several programs in the Dallas area, most notably the corporate speaker series *Knowledge Is Power: How Dynamic Firms Utilize Competitive Intelligence to Achieve Strategic Objectives*. Initiated in February 2006, the series features senior executives from prominent companies who describe the strategic challenges they face, and the role competitive intelligence (CI) plays in helping them address those issues.

The series, held at UTD's School of Management, continues on a semiannual basis. These programs feature actual case histories, which by definition must look backward. In September 2007, SCIP and UTD organized an executive panel discussion with the intention of looking forward. We invited senior executives from companies in the region to look into the future and join a roundtable session to discuss what they anticipated would be key future challenges facing their companies and industries. Also, they were asked to forecast the role CI would play in helping them surmount these challenges.

This article summarizes the executives' answers to five specific questions asked during the session. It also offers some observations and conclusions based on the panelists' comments and their reactions to some of their colleagues' comments.

THE PANEL

Twelve executives participated in the September 2007 panel discussion. They represented a broad diversity of industries: telecommunications, consumer products, manufacturing, entertainment, health care, aviation, construction, advertising, banking, consulting, and higher education. (The panelists are listed in Sidebar 1.)

The panel responded to five questions:

- What are the key external challenges facing your company or industry in the next five to ten years?
- What future competitive challenges do you expect to face during this time?
- What role will CI play in addressing these challenges?
- How will your company's CI function change to meet these challenges?
- What must top management do to make transition successful?

KEY EXTERNAL CHALLENGES

Morogiello (American Airlines)

The future won't be easy. We'll have an overwhelmed air traffic infrastructure—more flights, but no more airspace.

SIDEBAR 1: PANEL PARTICIPANTS

Mark Bateman, CEO, Publicis Mid America (advertising agency)

Bryan Bevin, Senior VP Operations, Blockbuster (home entertainment)

Will Bowers, Senior VP Real Estate, Bank of America (finance)

John Carrier, President, Essilor USA (health care/optical)

Rob Colarossi, VP Customer Marketing, Cadbury Schweppes (consumer)

Thomas Day, Director Supply Chain, Lennox International (heating/air conditioning)

Harry Homan, Senior Dir Business Development, Fluor Corp (construction)

Mark Johnson, Principal, Vector Group/Chair, SCIP-DFW Chapter (competitive intelligence consultant)

Tim Krause, Senior VP Marketing, Alcatel-Lucent (telecom)

Frank Morogio, VP Global Sales, American Airlines (transportation)

Dave Murashige, GM & VP Multi-Media Applications, Nortel (telecom)

Hasan Pirkul, Dean School of Management, UT Dallas (university)

Cormac Ryan, President, TMA International, moderator. (marketing consulting)

Fuel costs around \$80 per barrel, jet fuel around \$95 per barrel, and every one-cent increase per gallon costs American about \$30 million more per year. Add in government regulations, security risks, and new competition, and you can see we've got major challenges.

Bateman (Publicis)

The traditional advertising agency model is obsolete, and marketing as a concept is outdated. In the future, brands need to do more than form a one-way dialogue, which is no dialogue at all. Consumers now control their relationship with brands. Marketing is now about engagement with consumers, and positioning brands as destinations.

Carrier (Essilor)

For the eyeglass industry, one would think substitution of our product by contact lenses or surgery. Actually, the biggest challenge is that only one out of four people in the world who needs vision correction has access to it. This is due to economics and lack of infrastructure—they don't have the money, and we don't have the labs, doctors, or retail system in place.

Murashige (Nortel)

Our business, in the telecom segment of communications, is worth \$120 billion, so there's a lot of

activity in it by both traditional competitors and offshore suppliers. Also, we're no longer the traditional stand-alone business we were. Customers are looking for new products and services, leading to technology and innovation disruption and an entirely new competitive environment.

Bevin (Blockbuster)

Our goal is to transform Blockbuster from the world's favorite movie rental store into the most convenient source for media entertainment. Our strategy going forward focuses on growing our share of store-based rentals and our online rental service, and expanding our reach in digital downloads following our acquisition of Movielink.

Day (Lennox)

We're in the heating and air conditioning industry, and facing continuing cost increases in copper, steel, and aluminum, which make our products more expensive. On top of that, our future growth is constrained by the worst U.S. residential housing slump in seven years, government regulations, and environmental pressures. So we've got some challenges to overcome.

Homan (Fluor)

We're primarily an engineering, procurement, construction, and maintenance company. Business is booming, and our number one issue is resources. How do we attract good people, and train and engage them? Last year we hired more than 1,000 people out of college, so this is a big issue.

Johnson (Vector Group)

We get many calls about people issues. In some engineering-based firms, it takes entry-level people five years to be considered competent. Do you have this problem?

Homan (Fluor)

We're doing a variety of activities to help them become productive sooner, including extensive training opportunities, a mentoring program, and a knowledge management system.

Pirkul (UT Dallas)

We're facing a fundamental shift in people's access to higher education, because the funding model is changing. The states' support of state schools is declining significantly, and at the same time inflation in the cost of education continues to drive up the price. State schools now want to "go private" to help overcome this problem.

Krause (Alcatel-Lucent)

Three things will happen in telecommunications. First, consolidation of customers and vendors will continue. Second, the changing business model of customers is being driven by new market entrants and a change in the value

chain. Third, there's a growing need for partners to meet customer requests for end-to-end solutions.

FUTURE COMPETITIVE CHALLENGES

Colarossi (Cadbury Schweppes)

We expect challenges from traditional rivals as the beverage market becomes more complex, with more choices, more functional performance, more technology in flavor and sweeteners, as well as potential new entrants into our categories.

Johnson (Vector Group)

With technical- and industrial-oriented industries, the major companies are competing and growing through an informed acquisition policy rather than the slow process of internal engineering and new product development. This emerging acquisition strategy serves two purposes: to improve their products and services portfolio, and to eliminate a competitor.

Morogiello (American Airlines)

We expect to see the re-emergence of currently bankrupt airline carriers. These firms have "used the law" to eliminate a great deal of debt (and leave their employees stranded). Thus they have a financial advantage over American and the other carriers who have stayed the course. Also, we anticipate that the future will include the arrival of more new low-cost entrants.

Bevin (Blockbuster)

As technology improves, new entrants will be eager to deliver ease and convenience of movie consumption. Already, we see a proliferation of kiosk renting that offers value and convenience. We'll continue to monitor all forms of competition in home entertainment. If we believe that other channels make sense for us, we'll enter them.

Carrier (Essilor)

We expect competitive threats in eyeglasses to come from companies in "emerging economies"—not only with low manufacturing costs, but also with complete infrastructures. These companies can accomplish this by attracting the best people in those countries and aligning with local universities. Also, we expect to see an increase in distribution concentration or vertical integration.

Pirkul (UT Dallas)

It's interesting to see that some foreign entries, with low-cost products, aren't overcompeting. Why? Because they don't want to kill the market by pricing it out of business. They'll settle for 10 percent and let the major players continue to help the market grow.

Day (Lennox)

We're concerned about the new entrants coming into the market from outside our borders. We're constantly evaluating our products and services to customers. Our corporate customers are evolving in that they don't want to house or manage inventory, they want job site delivery and products delivered when they need them.

Krause (Alcatel-Lucent)

In addition to continued pressure from our traditional telecom competitors, we anticipate facing low-cost entrants from China. The severity of the competition won't be determined by who these firms are—it will deal more with what they're doing. We need to be well positioned to take advantage of transitions in technology that open new markets.

Pirkul (UT Dallas)

In university education, we expect increased competitive activity in the future in three areas. The first is globalization, particularly in business education with satellite campuses, foreign language requirements, and others. Second, greater experimentation leads to more rapid change in structure and curricula. And we anticipate more competition for increased research funding.

THE ROLE OF COMPETITIVE INTELLIGENCE

Bateman (Publicis)

We need competitive intelligence at the global and local levels. We need to be proactive and innovative in anticipating competitors' moves based on a solid SWOT (strengths, weaknesses, opportunities, threats) analysis, and to develop an accurate assessment of our and competitors' advantages. This needs to be a corporate pillar and part of the company's mission.

Krause (Alcatel-Lucent)

In the future, we'll need more than competitive intelligence. We'll need to examine market intelligence that includes market dynamics and trends, and customer needs and expectations. Customers are particularly important. We need to know where they are now, and where they want to go.

Ryan (TMA International)

I agree with Tim; we've done market evaluation studies for Cadbury and Nortel, and obtained an enormous amount of information on competitors from the customers—the retail channels with Cadbury and the telecom carriers with Nortel.

Homan (Fluor)

Competitive intelligence will play an important role in helping to guide our future direction. We do this by monitoring and forecasting industry supply-demand balances to allocate resources; providing quarterly updates for senior management on what has changed and where the risks are; and monitoring what competitors are doing to refine our business models.

Colarossi (Cadbury Schweppes)

Cadbury needs a peephole to the outside world. Competitive intelligence will play the role of guarding against the company becoming insular to the point of developing business blind spots. Not seeing something we should foresee is what will hurt us most. Competitive intelligence should be the function that integrates many pieces and connects the dots from many parts of the organization.

Murashige (Nortel)

Understanding the market landscape is vital to our future success, so competitive intelligence becomes a critical function by which Nortel achieves this success. We need to understand fundamental shifts in our targeted addressable markets to reach and compete in these markets. We also need tactical support for our frontline personnel who face the customers.

Thomas Day (Lennox)

We'll use competitive intelligence as a change agent to help us determine how we need to change to continue to be successful. The HVAC [heating, ventilation, and air conditioning] industry has been a slow adaptor of technology in supply chain. We're evaluating a lot of decision points such as "lean" supply chain, outsourcing, customer service, and warehouse and inventory management.

Bateman (Publicis)

That's right—and we need to look for the people who can help us change. If two prospective employees have comparable experience and one had one job for ten years and the other had five jobs in ten years, we'll hire the one with five jobs. We need people who want to change and grow.

COMPETITIVE INTELLIGENCE: FUTURE CHANGE**Bevin (Blockbuster)**

The function must be proactive rather than reactive. In recent years we have found ourselves in the position where we are reacting to events. As a result, we're expending more energy playing catch-up. Being proactive also means taking bigger risks, but the payoffs in the long term should be greater.

Murashige (Nortel)

If we're going to be effective in this area in the future, we will need to make an increased investment in it, based on our reliance on the information and our dependency on competitive intelligence to acquire meaningful insights. We'll need improved system and process elements to collect, assimilate, and leverage the distribution of this data.

Carrier (Essilor)

Looking ahead, we believe that competitive intelligence will need to provide more of a "global radar system" and an information network for keeping abreast of multinational companies. For this system to be effective, we need to go beyond standard information-gathering techniques; we need human connections to make a difference. Our task is to identify the "connectors."

Johnson (Vector Group)

In more traditional markets, large companies are a target for their direct competitors who can rapidly gain share where they are relatively new entrants. In other markets, the large companies are aggressively trying to gain share for themselves. Competitive intelligence, therefore, needs to address both offensive and defensive issues more clearly in the future.

Pirkul (UT Dallas)

One of the problems we've had in the past is that we've taken a casual approach to competitive intelligence. We talk about the need to obtain some information, then give someone the task of "looking into it." There hasn't been enough discipline or consistency attached to the process. In the future, we need to formalize this function to be effective.

Colarossi (Cadbury Schweppes)

Competitive intelligence will continue to evolve toward integrated business foresight. It will be a checkpoint before a product launch, or a bellwether for a customer relationship, assisting with due diligence prior to a major change in the company's asset base. Organizations that fail to use this system will suffer at the hands of rivals that do.

Day (Lennox)

I've talked about the need for constant change in our company, and the competitive intelligence area is no exception to that requirement. We need to get closer to customers (retailers, distributors), contractors, and end users, and the only way we can accomplish that is through a clearer understanding of them and an in-depth knowledge of our competition.

TOP MANAGEMENT'S ACTIONS TO MAKE COMPETITIVE INTELLIGENCE SUCCESSFUL

Morogiello (American Airlines)

Management must invest in new competitive intelligence—gathering techniques and identify other indicators of competitor behavior and performance. Also, management must be prepared to act on opportunities that CI generates—to be proactive, not reactive. Whenever possible, we need to be prepared to break up bureaucracies to get action.

Bateman (Publicis)

We must embrace, promote, and encourage change, never settle for the status quo, and constantly experiment. Comfort is bad—pain (change) is good. We need to provide incentives and rewards, and more strongly focus on gaining better intelligence.

Ryan (TMA International)

Mark, you are 100 percent correct in not wanting to settle. Roger Enrico, who was CEO of Frito-Lay before he became CEO of PepsiCo, had a great expression—“If it ain't broke, fix it!”—which accurately reflects the philosophy you just articulated.

Murashige (Nortel)

Management can show that they're serious about this by investing in the costs associated with the mechanics of competitive intelligence. Beyond that, they need to recognize publicly the value of the data obtained and commend the individuals who obtained the data. This is often overshadowed by the results achieved based on the data.

Homan (Fluor)

Our management does a good job of using and supporting the competitive intelligence function. They can continue to “lead the charge” by asking for and using the information, providing feedback from client meetings, and continuing to ask the business units about the competitive situation in plan reviews and other internal meetings.

Bevin (Blockbuster)

Management must become more involved because of its importance to Blockbuster's future. They need to do three things:

- Allocate the right resources—human and capital—to give the appropriate level of importance and send the right message to the organization.
- Ask the right questions.
- Be open to the challenge of a different way of thinking and learning.

Colarossi (Cadbury Schweppes)

We need to embed the concepts of thinking competitively into the company. Competitive intelligence is very different from competitor intelligence. One considers the industry at large, the factors that impact it, and develops thought about its impact and how the organization can respond profitably. The other focuses on rivals, and while this can be beneficial, it risks being shortsighted.

ADDITIONAL OBSERVATIONS

Murashige (Nortel)

I don't know if my colleague from Alcatel-Lucent agrees, but my observation has been that the communications business hasn't been very good at assimilating data points. We have a lot of information on our own people, our customers, our prospects, and our competitors—the challenge is how do we pull this data together and make it relevant?

Krause (Alcatel-Lucent)

You're right—there's so much data out there but we have a hard time making sense out of it. We need to think more like lawyers, who use a wide variety of information but find ways to focus it on one issue, and less like engineers.

Bevin (Blockbuster)

I'd like to add a word of caution here. We shouldn't just examine “more data” to justify past truths. We need to expand our thinking and our grasp of the competitive landscape, and make sure that we're thinking objectively and are open to change.

Day (Lennox)

Our industry has been slow in adopting technology when it comes to moving products through the supply chain. The time has come for it to embrace the change that the high-technology and telecom industries have gone through to remain competitive.

Ryan (TMA International)

Rob, you're in a unique good news/bad news situation at Cadbury. Your business has continued to grow and gain share, but you're up against two 800-pound gorillas in Coke and Pepsi. How do you compete against those guys?

Colarossi (Cadbury Schweppes)

How do you know you're the best? When the customer plays it back to you. We've used market intelligence for this—customers tell it like it is and help us determine what actions to improve our competitive position with them and inspire us to be better. It's what's helped us to continue to increase our share of the U.S. beverage business during the past three years.

Johnson (Vector Group)

Competitive intelligence is an excellent tool, but unless it's applied to a company's specific action plan, it doesn't accomplish anything. That's why I'm so excited about SCIP's "Knowledge Is Power" series here at UT Dallas. The case studies we've heard have been excellent—several of them have been delivered by people sitting at this table. In every case, the speakers said "Here's what we learned, here's what we did with the information to develop specific actions or programs, and here's the result of that activity in the marketplace."

WHAT HAPPENS NEXT?

This was a highly stimulating session. The observations of the panel, which was composed of intelligent, strategic-focused people from dynamic companies, underscored the complexities of the issues they expect to encounter in the future. Reflecting on their comments, several broad conclusions emerged.

It's not going to get any easier.

The future is going to be very different, and much more difficult, than the past. Dramatic changes will occur in the market, in the key issues confronting these companies, and in the competitive landscape over the next five to ten years.

Dave Murashige described how customers' changing requirements lead to "technology and innovation disruption and an entirely new competitive environment." Harry Homan outlined the need to attract and motivate good people to maintain momentum. Will Bowers also talked about people, and the need for them to have multi-geographical, multidiscipline experience to compete effectively. And John Carrier told us that his company's biggest challenge is the fact that only one out of four people in the world have access to vision correction.

Let's re-examine our competitive intelligence practices.

Everyone on the panel agreed that CI was an important tool and vital to their companies' future success. They also agreed, emphatically, that the traditional way of conducting CI is inadequate to compete effectively in the future.

Day urged us to use competitive intelligence as a "change agent to help us determine how we need to change to succeed." Mark Johnson reminded us that the function doesn't accomplish anything unless it's applied directly to strategic objectives and plans. Hasan Pirkul talked about the lack of discipline and consistency often attached to the process, and warned us about using a "casual approach." And Tim Krause suggested that we go beyond competitive intelligence to market intelligence that includes market dynamics and trends, and customer needs and expectations.

Management needs to get away from "old thinking."

What was interesting is that the people in the room represent senior management in their companies, and they were analyzing themselves and their colleagues. As a corollary to the "let's improve competitive intelligence" exhortation, the panelists suggested the same in terms of management sloughing off historical perceptions as they look to the future.

Morogioello said that management must be prepared to act on opportunities, and break up bureaucracies to get to actions. Mark Bateman exhorted us to encourage change, never settle, and constantly experiment: "Comfort is bad—pain is good." Rob Colarossi differentiated between competitive intelligence and competitor intelligence. The latter focuses on rivals and not much else. The former examines the industry at large and how we can respond profitably. And Bryan Bevin encouraged management to be proactive rather than reactive, which entails taking bigger risks, but with the likelihood of greater long-term payoffs.

Several panelists mentioned the concept "proactive rather than reactive." This emerged as the war cry for the group as they go forward to battle the competition. The inescapable conclusion is that the future will be full of challenges—and probably a number of surprises—for these companies. With people like our panelists providing strategic leadership at these firms, their futures are in good hands.

Cormac Ryan, President of TMA International, worked with Kodak, Nabisco and three global advertising agencies prior to joining TMA. He has directed competitive intelligence and strategic planning projects in more than 25 countries. Cormac holds a BA in economics from Columbia University and an MBA in marketing from New York University, and for six years was adjunct professor of marketing at the NYU and Pace graduate business schools in New York. He has given competitive and market intelligence presentations in the Americas, Europe, Asia and Africa, and authored numerous articles, including those based on the SCIP speaker series at UT Dallas. Cormac recently received SCIP's Catalyst Award for his services to the CI profession. He can be reached at cryan@tmainternational.com.

By Rom Werran Gayoso and KaSandra Husar, Intel

Efficiency is one of the few concepts that transcends the divide between manufacturing and services, and it is a top priority in most organizations. Efficiency is not a fad. In the research design process, it relates to management's highest goal: securing long-term organizational survival. Organizations survive and some even excel in their environments if they make timely optimal decisions. Market intelligence (MI) plays a key role.

Firms often face intense competition in their home markets as well as abroad. Some organizations operate in hypercompetitive markets, where the pace of change is so frantic that it makes strategic planning a particularly difficult challenge (Mintzberg, 1994). Planners therefore have to consider environmental risks in at least four dimensions: cognition, technology, fragmentation, and regulation.

THE CHALLENGE OF COGNITION

Consider a fundamental aspect of risk perception: cognition. Some of the most serious threats to organizational plans might not even be perceived as such (Stahl and Grigsby, 1992). The argument is fairly simple. The external environment is so complex, with so many stimuli to process, that it becomes virtually impossible for management to capture the essence of a situation.

Managers create a cognitive base from their education, industry experience, and tenure on the job, which, supported by their value set, generate a prism they use to perceive reality (Stahl and Grigsby, 1992). Since managers are not omnipresent, they have a limited view of their environment. Augmented by their selective attention, this leads to a very subjective and fractional interpretation of reality. This imperfect view permeates the entire organization. As this view is communicated, shared, and believed, it crystallizes into the official interpretation of reality (Pons-Novell, 2003). Ultimately, decisions are made with incomplete, imperfect, and often faulty information. The entire strategic planning process becomes contaminated by group-think practices.

Apparently obvious environmental threats take management by complete surprise. In addition, subordinates advocate the same views their senior management espouses, further aggravating the situation. MI provides a disciplined, unbiased view of the environment as a powerful weapon to fight such cognitive dissonance.

Reflections from High-Tech Manufacturing

SIDEBAR 1: ENVIRONMENTAL RISK SUMMARY

- Leadership characteristics in the ability to internalize information (a/k/a cognitive ability)
- Characteristics of the external market such as degree of market fragmentation or level of industry competitiveness
- Demand fluctuations
- Pace of technological change combined with shorter product cycles
- The regulatory environment, where consumer pressure may lead governments to push for increased regulations

THE CHALLENGE OF TECHNOLOGY

Some argue that the accelerated pace of technological change makes it difficult for managers to perceive environmental threats when they often have no clear understanding of the impact technological change has on the environment (Drejer, 2004). Also, the pace of change is increasing rapidly, which Drejer characterizes as the effects of technological turbulence. This environmental uncertainty can be fatal to an unprepared organization, but it might also uncover business opportunities beyond those anticipated in the strategic planning process.

The accelerated pace of technological change creates a particular kind of challenge often associated with environmental dynamism (Caldart, 2006) or hyperactivity (Mintzberg, 1994). In this view, the rapid pace of technological change makes the competitive environment extremely dynamic. Management has difficulty comprehending the ever-changing environment, and thus fails to produce an effective working strategy to deal with it. MI can help management understand both linear and nonlinear technological trends, and can become management’s best ally in its effort to understand and manage the impacts of disruptive technological change.

THE CHALLENGE OF FRAGMENTATION

Closely associated with the notion of the ever-changing environment is that of ever-changing consumer preferences. In addition, societal changes can lead to a situation where consumers demand increasingly higher degrees of product customization and unique

product features (Fletcher, 2006). Organizations respond by increasing product features and crowding the product offering with slight variations on a theme.

Increased customization leads to increased customization expectations, which then result in increasingly fragmented markets. The fragmenting of the markets makes market research difficult (Fletcher, 2006). When market research fails to provide good insights, MI can capture competitive moves into different markets and segments by monitoring new service or product offerings. Market intelligence can help management understand further market fragmentation trends, even when other research might not capture information about this risk.

THE CHALLENGE OF DEMAND UNCERTAINTY

Demand uncertainty is a significant risk to any strategic planning process, so it’s not difficult to understand why the literature devotes so much effort to categorize it. A 20-year longitudinal study of forecasters found that increased market fragmentation led to so many possible product variations that it was difficult to keep track of all forecasting targets (McCarthy and Mentzer, 2006). The study identified several potential problems, among them management’s tendency to believe in forecasts as factual truths, even though they are merely abstractions of reality.

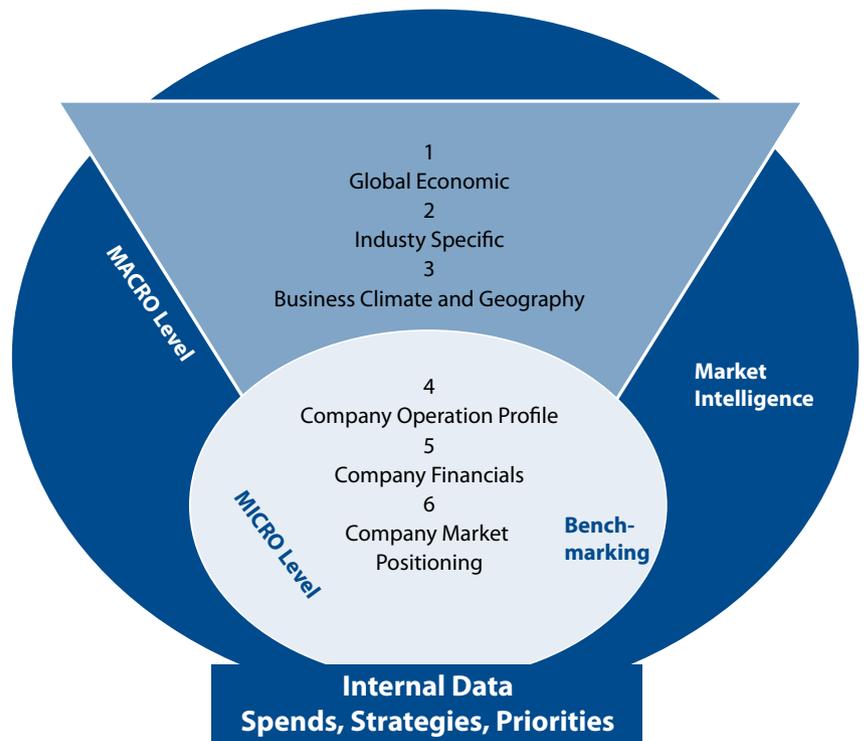


Figure 1: Competitive Intelligence Model
Source: A. Aslam and K. Husar, 2004 SCIP Annual Conference.

Along with an unreasonable short-term accuracy expectation, managers further demand increasingly longer term forecasts. Although often used to augment the planning process, forecasts carry some inherent variability (Kotsialos, 2005). This translates into uncertainty about sales volume and average expected price, and leads to product margin and profit uncertainty. Market intelligence assists with management struggle with this challenge—even a simple financial analysis can reveal small fluctuations in competitors' profitability level. Market intelligence can also provide the monitoring structure necessary to assist management in its fight against uncertainty.

THE CHALLENGE OF REGULATION

Managers have to deal with yet another source of risk coming from regulatory bodies, as one of the key factors of environmental uncertainty is government actions (Dreyer, 2004; Roney, 2003). Many industries have been unprepared to respond to regulatory pressures even in situations where greater pressures were logically expected.

For example, U.S. tobacco companies did not fully anticipate how societal pressures led the government to act swiftly and decisively against their interests. The MI process is perhaps the most important tool to help management spot changes in consumers' mood. Through monitoring of political action committee activity, you can anticipate which areas are receiving more scrutiny in Congress (see sidebar 1).

BENCHMARKING

The MI process also provides a comprehensive view of the organization's market position. This process provides a framework for all the internal data to be processed in a way that augments the firm's strategic objectives and management priorities. Market intelligence increases the firm's understanding of its micro-level environment through benchmarking exercises that include market positioning, financials, and operational practices of comparable firms. The MI process also helps the firm understand its external market, as it encompasses industry analysis and understanding of macroeconomic trends.

Cost benchmarking develops an understanding of comparative cost trends between your company and its competitors. Secondary data coming from industry publications and governmental agencies constitute a very cost-effective way to support this activity. When secondary data are not available, you may need to engage in primary research through a cost information exchange via one of the industry benchmarking consortiums such as the Corporate Executive Board or Center for Advanced Purchasing Studies. Market research vendors can also facilitate individual data exchanges.

Process benchmarking supports an understanding of comparative practices within firms. Here again, secondary research can be a cost-effective way to find the answer through publications and industry research studies. For primary information collection, you can engage market research vendors to create surveys or initiate a dialogue with industry members via conference calls or roundtables.

GLOBAL BUSINESS TRENDS

Market intelligence also includes gathering information about global business trends and information. Some intelligence teams spend considerable effort to understand macro trends and translate them into impacts on their firm. When corporate economists are not available, the often time-consuming job of analyzing the economy falls on the intelligence team. In addition to considering the effects of inflation, changes in gross domestic product, and macroeconomic trends, you need to evaluate how fluctuations in currency exchange rates can make your products more expensive in certain areas and less attractive to customers in those areas. Labor productivity and competitive advantage also impact your business.

Marketing intelligence teams must pay close attention to micro trends directly related to their firm. For instance, your own industry life cycle may dictate periods when commodities are more or less abundant, or when the demand for finished goods is at its peak. Consolidation trends can change the balance of power between buyers and suppliers. In addition, MI teams often have the duty to uncover potential sourcing opportunities.

SOURCING

Sourcing opportunities are often associated with sourcing cost and benefits from other regions. Low-cost geography refers to buying from other regions that have some competitive advantage on producing a good for less. Thoroughly researching these many opportunities before making a recommendation, the MI team must analyze the business climate in the destination geography, looking into its economic, political, social, and legal structure to understand the risks associated with that market.

Sourcing is not a mere accounting transaction where a high-cost producer is replaced by a low-cost producer. The company must also consider the impacts of having distributed operations in far-flung areas, threats of operation disruption, unfavorable tax laws, the need to deal with foreign authorities, and exposure to greater currency fluctuation risk.

It is easy to see how the MI team's duties can multiply exponentially. One method behind a good MI practice is the plan, collect, analyze, adapt (PCAA) model (see figure 2).

THE PLAN PHASE

The plan phase should consume about 20 percent of available project time, broken down into three major subcomponents: needs assessment, planning, and process organization.

During needs assessment—often considered the most critical step in the research process—the team works with its key business partners and other stakeholders to define the research objectives and determine the goal of the MI project. For example, this might include analyzing the costs and benefits of building a manufacturing site in an emerging market, or finding an alternative source for a key commodity in a nontraditional market. Keeping a tight integration between management and other stakeholders is one of the team's value-adds to ensure alignment between one-off projects and high-order corporate goals.

During the planning phase, you develop critical questions and identify essential elements of information to collect that support the research's goals. It is not feasible to manage a project with too many key questions; most practitioners limit them to five. For example, when considering whether to build a manufacturing site in an emerging country, a few key questions gauge how desirable it is to do business with that country, such as labor rates, availability of qualified workforce, input costs, and the experience of other industries in that country.

Although first impressions might be positive on the surface, you must go beyond a first-layer level of analysis and consider actual government behavior and past history. Two countries illustrate this. Venezuela is oil-rich and not too distant from the main U.S. market, but it showed no restraint when government wanted to get a TV channel off the air. Bolivia is rich in natural gas, but it showed no restraint when it unilaterally decided to nationalize the gas-processing industry.

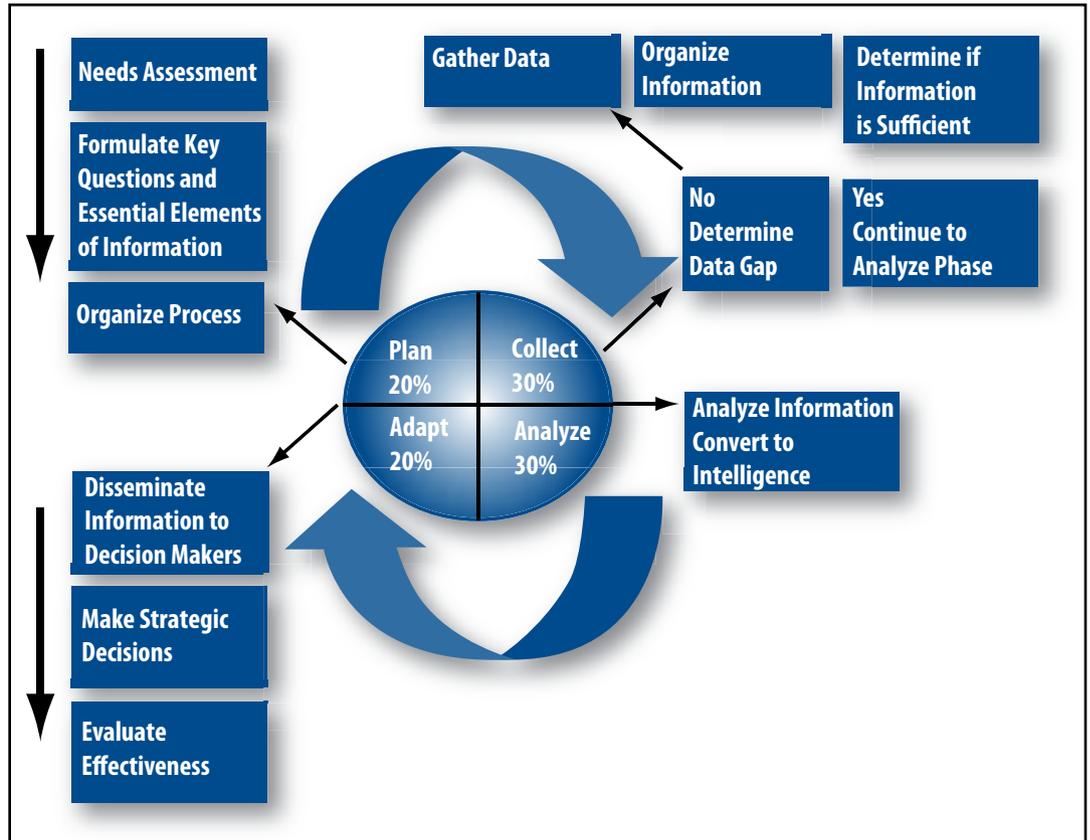


Figure 2: The PCAA Model

The last step in plan phase is to organize the process by defining who, how, when, and where you need to go to collect the necessary information and complete the research. You must understand how many resources are necessary to ensure the overall success of the plan, as well as create a good road map for the process.

Road maps involve setting specific and realistic milestones, identifying how the information will be procured or selecting some potential benchmarking targets, and identifying where you will find the information. Industry association meetings may be coming up, or a key report may be about to be released. One of the best known one-stop-shop opportunities is the SCIP annual conference. A good road map will go a long way to ensure effective time management and adequate resources.

THE COLLECT PHASE

Taking about 30 percent of the project's time, the collect phase has three major subcomponents: information gathering, confidential or proprietary data protection, and information organization.

Information gathering often proves a challenge because you really need to swim in the sea of data. First assess what

SIDEBAR 2: WEB SITES

Agence France Press (www.afp.com)
 American Petroleum Institute (www.api.org)
 Deutsche Bank Securities (www.dbresearch.de)
 Deutsche Welle (www.dw-world.de)
 Florida Bar (www.floridabar.org)
 International Data Corporation (www.idc.com)
 National Public Radio in the U.S. (www.npr.org)
 OPEC (www.opec.org)
 Oxford Economic Forecasting Group (www.oef.com)
 The Economist (www.eiu.com)
 Weiner, Edrich & Brown (www.weineredrichbrown.com)

you already have available internally. Some very reputable data supermarkets can help you obtain the basics for most countries in very little time. These sources include the Economist Intelligence Unit (EIU), The World Bank, Oxford Economics forecasting, and Global Insight. The EIU source will often go to great lengths to help you find information on risk and latest trends in one place.

Gathering data for a benchmarking study consumes more time and resources. First thoroughly look through your own sources to ensure that all or part of the work has not already been conducted by consortium partners or another company. Identify the leading companies in the field and select them as primary benchmarking targets, then consider what studies they already have been part of. Secondary research may answer most pressing questions.

For primary research, the issue of protecting confidential or proprietary data arises. A benchmarking exercise requires management and legal oversight, and you can usually apply off-the-shelf nondisclosure agreement templates. Management and legal guidelines are in place to protect the company's assets, as well as to avoid potential harmful situations. The "golden rule" of benchmarking is not to ask of others what you are not prepared to reveal yourself.

The last step in the collect phase is organizing or categorizing the information collected from external and internal sources. You can use the six information groupings in figure 1 as a guideline. After sifting through the data, determine if there is still an information gap. If there is, you can always go back and work to close it. Logical organization of the information at hand is key to ensuring effective analysis.

THE ANALYZE PHASE

Consuming about 30 percent of the project's time, the analyze phase synthesizes seemingly irrelevant bits of micro and macro information to help you turn them into actionable intelligence using analytical techniques. Macro and micro

data are analyzed differently, and there are many different paths to crunch the data. The following suggestions outline a few steps in your intelligence pursuit.

Macro Analysis

Macro data are often analyzed using social, technological, economic, and political (STEP) factors. Although comprehensive, this analysis can create many branches in the research process and may lead main stakeholders to request further clarification on specific issues. This level of stakeholder involvement is exactly what you should encourage. As the stakeholders' interest peaks, this meets one of the main objectives of market intelligence—improving the flow of information and helping management see potential issues more clearly. The process also helps avoid the cognitive dissonance problem (Stahl and Grigsby, 1992).

Social analysis helps you evaluate the general social structure and belief systems of a given target. It uses some form of demographic information, such as how many households exist in each socioeconomic segment, and often crosses this information with some form of social development information. The Human Development Index (World Bank) and the Information Society Index create a form of characterization designed to help position one society in respect to others. You can also include information about main cultural traits and religious beliefs.

Geert Hofstede provided one of the most popular ways to characterize a culture. The cultural dimensions of international business (which originated on Hofstede's study of IBM) are still the norm and a very good place to start. The Deutsche Welle has a section on German culture and lifestyle. Similarly the Agence France Press also carries information on French-specific issues. Most major national public access press sites, such as National Public Radio in the U.S., also carry useful cultural trends information.

Specialized firms such as New York-based Weiner, Edrich & Brown concentrate on performing cultural trends analysis. A dedicated, reputable professional firm is a very good option if your business could capitalize on emerging trends.

Technological analysis helps you evaluate what new technologies are available or emerging, and how technology can help or hinder your company's efforts in a given market. It can be challenging to go through such an analysis, but you could start with the existing technology base and consider both linear and nonlinear developments. Monitor your own industry annual conferences and talk to your own information technology department and main vendors. Publications such as the *Wall Street Journal* and *The Economist* often carry technology sections that simplify even the most complex technological concepts.

Nonlinear developments, also known as disruptive changes, are somewhat harder to track, but it is an effort that

often pays off. To monitor what chief information officers think, a good source is CIO.com. The International Data Corporation provides quarterly updates on ideas and trends in technology.

Economic analysis evaluates the economic aspects of the geography and creates an understanding of how changes could impact a target geography. The GDP is one good health indicator of a country. If GDP and disposable personal income are growing, people in the geography of interest may have the means to acquire the goods or services your company is offering. Conversely, if the economy is not going so well, or if there is stagnant growth, consumers may have less disposable income to acquire your goods or services.

Isolate which specific economic indicators most closely align with your company's offering or industry to keep on top of changes. One of the information supermarkets may have the data you are looking for, or be willing to put them together for you.

Economists and statisticians can create economic models to assist your analysis. For instance, the transportation industry should keep track of oil prices, refinery stocks, and sources of potential supply chain disruption. In this case, the American Petroleum Institute is a great source, along with the quarterly supply and demand report the Organization of Petroleum Exporting Countries (OPEC) produces. The Oxford Economic Forecasting group provides detailed information on several commodities, including oil, and *The Economist* provides updates every time there is a change in the market.

Political analysis requires a bit more effort to evaluate the government and legal system of the targeted geography. The basics of any country's legal system can be easily found using the CIA Factbook, the *Encyclopaedia Britannica* online, or from the Library of Congress. Most major newspapers have large sections on international politics, making it fairly easy to keep track of major political changes.

You also need to understand the development level of a country's legal system and specifically whether its commercial laws are clearly written. In addition to your own legal department, the bar associations are wonderful sources of information. For example, the Florida Bar keeps a registry of all certified foreign legal consultants in its jurisdiction. Those people are usually attorneys in their own countries residing in the United States. Since they have passed a formalized certification procedure from a local bar, they can offer specific legal advice on their native country right here in the States, and in English. A legal environmental scan is a small investment to make before finalizing a recommendation to invest in a given geography.

Micro data help you understand the factors specific to a company, be it a competitor, partner, potential supplier, or a key player in a particular segment of the industry. One common aspect of such analysis is a benchmarking effort

in which data from participating companies are exchanged and compared. Another popular micro analysis involves the use of a strengths, weaknesses, opportunities, and threats (SWOT) technique. Many people also favor Michael Porter's Five Forces model, which is designed to outline key market characteristics of a given sector.

Another popular analysis is company profiling, in which the objective is to understand a company's corporate culture and management practices. This analysis will usually yield a very good company-to-company comparison and can be performed against best practitioners in different industries, not necessarily in your own sector. For instance, a luxury goods producer could benchmark its marketing best practices against those of De Beers, Louis Vuitton, or even Mercedes Benz.

Financial analysis is another type of micro analysis. Evaluating a company's financial strength and long-term stability can help you determine if the company would be a viable partner in the long run. This type of analysis is key for projects that include sourcing a manufacturing plant abroad. For instance, when considering opening an automotive plant in Brazil, look at how long the potential suppliers have been in business, their financial health, and the reserves they have available to ensure long-term survival before you engage in designing contracts.

Financial analysis often involves the analysis of key financial metrics and ratios. Someone in your finance department could easily run a few metrics and outline why these indicators are related to good financial health. For instance, inventory turns ratios are often cited in retail store analysis, as are sales per square foot of showroom space. Most Wall Street firms publish comments on such ratios for the main companies they track, and it is fairly easy to find this mostly free information in any investment house web site. One good example is Deutsche Bank Securities where you can find great sectoral analysis both in German and English.

THE ADAPT PHASE

The adapt phase, consuming about 20 percent of project time, consists of three important steps: dissemination of intelligence, strategic decision-making, and evaluation of effectiveness .

Dissemination of intelligence seems simple, but here are some useful guidelines to follow. Have a professional presentation format, such as a business plan or a business plan's presentation templates, that stakeholders are comfortable using. Also ensure that your presentation falls within one of the existing business forums where management is accustomed to seeing critical information introduced. This could be during a quarterly strategic review or one specific vice president meeting. Have a professionally designed presentation arrive at a scheduled meeting on a regular basis to ensure consistency in the delivery method.

Another key point is to eliminate a “data dump” where several pages contain interesting but unrelated information. MI presentations need to be succinct, to the point, and outline early on what they mean to the organization in plain English. Stakeholders should be aware of what is about to be introduced so they can decide up front if receiving such analysis is worth their time.

The MI report must provide recommendations and potential solutions as part of the strategic decision-making process. Point out a threat, but also think through implications and potential responses. The MI report must also press for change—you must be prepared to act as an advocate, including suggesting a course of action, specific timelines, and a well-planned road map that will help management achieve its goals. Once completed, revisit your analysis several times to check for progress, adoption, and implementation. In the case of rejection, understand the specific weakness of the analysis.

Many practitioners keep their analysis in MS Project form, so that they automatically generate Outlook follow-up warnings; others keep Excel spreadsheets with key learnings in document form. Some also use disposition templates to remind them of key stakeholders and the outcome of a given project. Such templates are very easy to create and come very handy in the end of the year, when most people summarize their yearly accomplishments and evaluate their effectiveness.

One last point is to ensure that the information is disseminated. Unfortunately, it is common to see situations where people do not share their information for fear of losing their ‘power.’ Real power does not come from knowing more than your neighbor, but actually from professionally disseminating the information to the proper channels and driving change in the corporation. MI has no value if it resides in silos or if it is collecting dust on a gatekeeper’s desk.

IN SUMMARY

In this article we considered some reasons why strategic planning often fails and how the practice of MI can be a potent weapon in helping management deal with the sources of environmental challenge. We also outlined the MI process as a disciplined approach, which can be broken down into smaller steps to ensure follow-through. The process steps help you realistically budget time and allocate resources according to management’s need.

Finally, we suggested a few best practices to ensure that the intelligence is disseminated to the proper channels, so that strategic needs of key stakeholders are met on time. You will find increased benefits from acknowledging the challenges up front in the planning process. We find that the PCAA model greatly improves your strategic focus and helps the MI team be more effective in its mission.

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WLC LUNCHEON AT SCIP 08: 9+1=10 GREAT REASONS TO ATTEND

ELLEN NAYLOR, *WLC Luncheon Coordinator and Chief Connector*



“It’s not what we get. But who we become, what we contribute...that gives meaning to our lives.”

Anthony Robbins
(www.brainyquote.com)

Well, you asked for it and we’re delivering! The major feedback we received from last year’s Women’s Leadership Council (WLC) luncheon is that you want more networking time. So this year’s event will be a structured networking luncheon to maximize your opportunity and time to connect. But remember, you have to pre-register for it – demand has always outstripped the space available.

This luncheon will be held on the first day of SCIP08, Wednesday, April 16th from 11:30 am to 1 pm. You will have ample opportunities to network with your new tablemates and make connections to other SCIP members who one of your tablemates feels will be helpful with your issues and questions.

HERE’S WHAT TO EXPECT

You will have a pre-assigned seat at a designated ten place table to maximize your networking opportunity and time available to network. Seating assignments will be clearly posted at the luncheon site. (Another reason you have to pre-register.) The goal is for you to become connected with nine other people in a deeper way than available through other conference opportunities.

We will balance the attendees at each table, blending in competitive intelligence (CI) practitioners, consultants, and academics.

You will be separated from others in your company to maximize

your contacts with people in other companies. To facilitate sharing, we will try not to seat you with representatives of your own industry sub-group. However, since some industries that are highly represented at SCIP (such as pharmaceuticals), this may not always be possible.

A WLC member at each table will function as a group facilitator. You’ll have the chance to go deeper and share the ways you can help each other solve CI problems (or whatever issues emerge at your table). Your facilitator will have additional questions and topics to consider that will enhance the mix of issues discussed. But we’ve found that sparks fly and the conversation flows as the synchronicity of connecting and helping each other kicks in.

By the end of the session, the other nine people at your table will be the nine great reasons you came to the luncheon. The 10th reason to attend is the other nine people will meet you and learn about your valuable knowledge and connections!

Towards the end of the luncheon WLC facilitators will share key findings or issues that emerged at their tables. These issues and findings will be distributed after the conference and serve as input to future program planning. As a WLC luncheon attendee, you will have access to this information.

Again, you must pre-register for this luncheon to maximize your time for connection! If you have any questions, feel free to contact me at answers@thebisource.com or 1-303-838-4545.

SIDEBAR: WOMEN’S LEADERSHIP COUNCIL (WLC)

The WLC was organized to provide an added service to the women of SCIP. We are an informal group of women leaders who have been members of SCIP for more than 5 years and have been involved with one or more of the following:

- Served on the Board of Directors
- Presented at 2 or more SCIP conferences
- Contributed to SCIP scholarship through publication of articles or books
- Served as Chapter Coordinator
- Received a Catalyst, Fellow or Meritorious award.

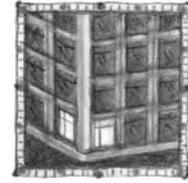
The purpose of the WLC is to provide women with leadership opportunities, personal and professional development, and to encourage long-term commitment to SCIP and to the profession of competitive intelligence. Our mission is to build and support personal relationships and networks, and our vision is to develop leadership among women.

The WLC goals are to help women new to SCIP get connected immediately and demonstrate to them the paths to leadership opportunities within SCIP. The WLC members will network and mentor to encourage long-term commitment to SCIP and the CI profession.

We encourage the women of SCIP to volunteer and become involved in various positions of leadership and be a proponent of CI for business success. Some of the volunteer opportunities where we can help include: become a chapter coordinator, submit articles for the magazine and newsletter, become a speaker, join a committee and/or run for the Board of

ETHICS: THE LIMITS OF INTELLIGENCE GATHERING

KAREN ROTHWELL, *Outward Insights*



As Competitive Intelligence (CI) practitioners we are well aware of legal documents such as the Economic Espionage Act of 1996 and various antitrust laws that govern our intelligence activities. One of the first rules we learn in the business world is to never talk to competitors about pricing or price-related topics. What is less obvious are the guidelines for ethics and competitive intelligence.

No prevailing laws guide ethical behavior as it relates to competitive intelligence. Ethics is often a matter of company and personal comfort and culture. As CI practitioners we must give equal consideration and thought to the ethical limitations on intelligence collection. While it may seem like an onerous task, creative means for collecting intelligence fall within both ethical and legal boundaries.

GO FISH

Questions of ethics have recently pervaded my home life as I enter the world of board games with my four year old daughter. I can't help but

identify some parallel ethical questions facing her world and mine. As I played "Go Fish" (a common game among children based on an honor system requiring players to ask another player for particular cards that match their own) I found myself teaching her some basic rules on ethical behavior. I had to explain why it was not right for my daughter, who like any other young child does not take well to losing, to peek at my cards or turn them over in an attempt to see what I was holding when I left to answer the phone or stir a pot of pasta. Her response was "but it's easier for me to know what you're holding Mom." Indeed.

This concept carries over to the competitive intelligence practitioner. Business is like a game -- yes it would be easier to cheat, but we need to play by the rules. In the case of a CI analyst this means collecting data and performing research without turning over the cards.

ABC'S

Gathering and using publicly

available competitive information is part of fair competition. But each of us also has the responsibility to conduct intelligence activities in accordance with the highest ethical standards. Otherwise we substantiate all those outsiders who call our profession spying, certainly not a flattering or accurate depiction of our hard work as analysts.

Our own reputation and that of our companies should never be compromised. When in doubt, think of the public relations rule: Would you want to read about your behavior on the cover of the *New York Times* or worse your parents' hometown newspaper? If your answer is no because it would either cause me or my firm embarrassment or financial harm, then simply do not engage in that activity. (Refer to SCIP's Code of Ethics in Figure 1 for some industry-wide guidelines.)

CAN'T TOUCH THAT

Questions on tricky, grey ethical matters fall into this broad category we call *misrepresentation*. Misrepresentation covers the range of behavior involving deception about your identity with the intent to hide your intentions. Some examples include:

- Lying about who you are, what your job is, and/or the company you work for when asked directly.
- Claiming to be someone you aren't, such as a university student collecting research for a school project.
- Falsely posing as a job seeker to respond to a competitor's employment ads.
- Posting a nonexistent job position to attract applicants from a competitor.

SIDEBAR 1: SCIP CODE OF ETHICS FOR CI PROFESSIONALS

- To continually strive to increase the recognition and respect of the profession.
- To comply with all applicable laws, domestic and international.
- To accurately disclose all relevant information, including one's identity and organization, prior to all interviews.
- To avoid conflicts of interest in fulfilling one's duties.
- To provide honest and realistic recommendations and conclusions in the execution of one's duties.
- To promote this code of ethics within one's company, with third-party contractors and within the entire profession.
- To faithfully adhere to and abide by one's company policies, objectives, and guidelines.

In addition CI analysts can receive confidential information and may be unclear on what to do with it. The answer is simple: you cannot retain confidential information. Period. If you find competitive information that is clearly marked confidential (written reports, computer files, other media, etc.), follow these three steps:

1. Pass the information on to your Company Legal staff.
2. Note under what circumstances you obtained that confidential piece of information and keep that note for your records.
3. Do not copy or retain a copy of the material. Think of it as a hot potato -- dispose of it as quickly as possible.

CREATIVE ALTERNATIVES

Intelligence is an art, not an exact science so our success often depends on our ability to develop creative ways to find information. Much of the information we need can be obtained legally and ethically but the question is how.

The key is tapping human sources who may have the information you need and are willing to talk to you. Leverage your business contacts as necessary for help in making introductions to other sources who may have the information you need. Some valuable human sources you want to tap as you embark on your intelligence collection activities include:

- Academia
- Technology vendors
- Purchasing agents
- Advertising agencies
- Journalists
- Market research firms
- Securities analysts
- Peers at professional meetings and associations
- Recruiters

SOCIAL MEDIA

The good news is that the web provides new **ethical** avenues to

sources around the world for gathering intelligence that were not available even five years ago. The proliferation of social media such as podcasts, blogs, wiki's, and virtual worlds creates new opportunities for gathering new intelligence. What is unique about these new venues is that they are not limited to published sources but provide access to a form of primary intelligence available through the latest electronic media.

What sets these media apart from more traditional sources is that the individuals participating in them are freely volunteering their opinions. The information shared in such venues is honest and raw, not the information usually uncovered in traditional surveys

RULE OF THUMB

When uncertain, refer all your questions regarding legal and ethical intelligence practices to your company Legal Department.

or phone interviews (which can feel more like an official contract than an open dialogue).

For instance blogs provide new opportunities to connect with individuals who provide perspectives on your own firm and your competition. They have something to say about products, trends, unmet needs, unique issues and challenges. The same ethical rules follow when you contact individuals through this media outlet -- do not misrepresent yourself. Identify yourself when asked.

Remember the blunders of Whole Foods CEO, John Mackey, who was caught blogging under a pseudonym, praising his own firm while knocking his competition Wild Oats, in light of a potential merger between his own firm and Wild Oats. His actions were clearly inappropriate and unethical. They caused a public relations nightmare for the company and prompted an investigation by the SEC to see if he violated any laws.

DOTTING I'S AND CROSSING T'S

When gathering information, always document the source. If possible, spell out the details under which you acquired the intelligence. Specifically include the source, the date information was obtained, why the information was provided, and rate the source's reliability (strong, weak, etc.).

When you use consultants as part of your collection process, stipulate that they act in accordance with your own legal and ethical standards. Consultants are viewed as an extension of your firm so do not ask them to do anything that you would not do, or that would violate your company's code of ethics.

The temptation to take short cuts and use unethical means for collecting highly desired information is real. But remember that the actual piece of information you're after is probably not as important as the broader implication of what that intelligence, obtainable or not, means to your organization.

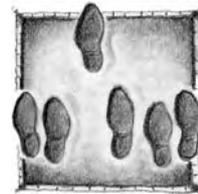
It may not be so important to know whether or not competitor x is introducing a new product or opening a new plant but instead to know the implications of either scenario on one's own firm. Value is provided by preparing your organization for various scenarios, since we know that the future is not certain and cannot be predicted.

I welcome your thoughts and own ideas on this topic.

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ETHICAL DILEMMAS IN COMPETITIVE INTELLIGENCE

DALE FEHRINGER



While most legal and ethical facets of competitive intelligence (CI) are fairly clear cut, you can still encounter situations that lie in the gray zone between right and wrong. Difficult to deal with, these ethical dilemmas can potentially make or break a career. In this column I offer examples of ethical CI dilemmas and provide suggestions for resolving them.

A CONFLICT BETWEEN MORAL IMPERATIVES

An ethical dilemma is a situation that involves a conflict between moral imperatives, in which to obey one would result in transgressing another. For example, your job as a competitive intelligence practitioner involves helping your company by obtaining actionable intelligence about your company's competitors. But obtaining intelligence in an illegal or unethical manner hurts your organization by putting it in a precarious situation.

Resolving ethical dilemmas is rarely simple, and thankfully we seldom come across dire ethical situations. But it's interesting to consider potential dilemmas and our reactions to them.

The following examples show the types of situations a CI practitioner could encounter on the job. Some are based on real-life cases. (Note: these suggested resolutions are illustrative and meant to provoke thought. They are not intended to substitute for legal advice and do not represent the official positions of SCIP, its staff, or its officers.)

1. AN UNWANTED GIFT

The CEO of the company you work for sends you a letter written

by a competitor's CEO to his Board of Directors. You don't know how or why your CEO received it. The letter discusses a change in strategy the competitor intends to implement in the coming year. You already know most of the information in the letter from your primary and secondary research, but this confirms you were right. What should you do with the letter and the information in it?

Suggested Resolution

Since the letter was addressed to the competitor's board, it obviously wasn't intended for your company. That makes it confidential and means you shouldn't have it or the information in it. Perhaps the best way to resolve this situation is to discuss the letter and your concerns with your manager, ethics officer, or legal department and work with them to develop a plan for disposing of the letter. There are at least three possible choices:

- Give the letter to your manager, ethics officer, or legal department.
- Return the letter to your CEO with a note that says you can't use the information.
- Destroy the letter and not use the information in it.

2. GOING UNDERCOVER

Your boss has had business cards printed for you with the name of another company so you can go to an upcoming trade show and give the impression that you are a potential customer (and not from a competitor). Is this acceptable – and if not what should you do? (Weiss 2004)

Suggested Resolution

This is not an acceptable business practice. At a minimum, it breaches the SCIP code of ethics because you are misrepresenting yourself rather than disclosing relevant information about your identity and organization.

As to what to do about it, that is more difficult. A clause in the SCIP code of ethics states that CI practitioners should promote the SCIP code of ethics within one's company. On that basis, you should tell your boss that what he or she is doing is not professionally ethical.

3. A CANDIDATE SPILLS THE BEANS

You are conducting a job interview. The candidate works for a competitor and during the discussions reveals some confidential information. It's not as if he whispered it into your ear or told you something he thought you would like to know to curry favor even though it was confidential. There was no winking or sly nodding involved. The information just came out during the conversation. Can you use what the candidate told you? (Kahaner 1996 p243)

Suggested Resolution

Confidential information, no matter how obtained, is still confidential and you should not use it. Instead, inform the candidate that you will not use the information and tell your manager and/or legal department about the situation.

4. NEW PRODUCT SEMINAR

A competitor plans to host a seminar on a new product and one of your

company's customers has offered you a copy of the invitation letter. Can you accept the invitation and attend the seminar? (Kalb 2006 p59-62.)

Suggested Resolution

If you did not solicit the letter, and it was truly voluntarily offered by the customer, it might be appropriate to accept it and attend the seminar. If you do attend the seminar, you should accurately register with and disclose your identity and organization, per the SCIP Code of Ethics.

Before making a decision by yourself, show the invitation letter to your manager and work with him or her to determine how to handle it. You or your manager might also want to discuss the letter with legal counsel.

5. HEARD AT A SEMINAR

While attending a seminar, you listen to a presentation by an engineer from one of your competitors. The presentation touches on a project your company is working on in a way that makes you think they may have solved the problem. Which of the following would be acceptable?

- Take the written summary the presenter distributed back to your office.
- Summarize the presentation in an internal memo to your company.
- Ask the speaker for a copy of his presentation slides without identifying yourself, although you are wearing a name tag with your company's name on it. (Copeland and Smith 1997)

Suggested Resolution

All three actions may be appropriate. In the first option, since the potential seminar participants included individuals from competitor firms, the speaker should know this and be careful not to include proprietary information in their presentation. In the second, you are at the seminar

to learn, and your boss likely expects you to bring back information and handouts for your company staff to read. Since the information was given publicly, you obtained it legally.

With the third option, you do not have an obligation to identify yourself since the seminar was held for persons in the field and the speaker should have known that competitors would be there. However, it would be unethical to give a false company name (or to take your badge off or turn it over) when you approach the speaker for a copy of the presentation slides.

6. A SERENDIPITOUS DISCOVERY

While working for a toy manufacturer, you visit a local printer near your company's plant. While waiting to speak with the salesperson that handles your company's account, you notice some glossy advertising proofs for one of your competitor's products. The ads highlight new low prices, which are lower than those for your company's similar products. When you mention the ad proofs to the printer sales rep, you are told they are part of a new advertising campaign. Can you use the information you gathered to urge your management to initiate a preemptive price-cutting campaign?

Suggested Resolution

When you saw your competitor's advertising proofs, you became privy to information that your competitor would reasonably expect to remain confidential. While this type of serendipitous discovery is thrilling, it is also unethical, and using the information could result in legal action against your company. As difficult as it is to walk away from that knowledge, you should do just that.

7. YOUR CLIENT HAS A MOLE

You are a CI consultant. You meet with a new client who could possibly bring you a lot of business over the

next few years. He wants you to do primary research on one of his major competitors, and this meeting is a briefing on what he wants done. During the briefing session he lets it slip that he has someone on his payroll working within the competitor's organization who is feeding him information. He can't go to his management with that knowledge, however, without giving away his "mole's" identity, so he wants you to conduct primary research on the competitor to confirm the information he is receiving and write a report for his management. What should you do?

Suggested Resolution

Find an excuse to end the meeting and leave his office as soon as possible. Don't do business with this person again.

8. YOUR BOSS HAS A MOLE

Your boss tells you that she recently had dinner with a friend who works for one of your company's competitors. During their conversation, the friend told your boss that the competitor is about to launch a major new product line. This has significant ramifications for your product development staff, and they would very much like to know about the competitor's plans. What should you do?

Suggested Resolution

Shame on your boss for putting you in this position. You now know confidential information that could put you and your company in jeopardy. You should tell your boss that you can't use the information and you shouldn't use it.

9. OVERHEARD ON A PLANE

You are sitting in an airplane and overhear a competitor discuss with his seatmate information that appears to be confidential. They don't know who you are or that you can overhear them. Should you do anything to let them know that you can hear them, and can you use the information you have already heard? (Fuld 2006 p51-54)

Suggested Resolution

In a survey of competitive intelligence practitioners the vast majority indicated they believe it is acceptable to overhear information while strapped in your airplane seat (Fuld 2006). None of the survey respondents saw it as illegal, and only a minority viewed it as unethical.

However, some experienced CI practitioners such as Cliff Kalb believe that overhearing confidential information anywhere is unethical (Kalb 2006). CI practitioners should inform the individuals that you also work in their industry, let them know that their conversation can be overheard, and not use the information you have already heard.

10. UNINTENDED WEB POSTING

As part of your CI duties, you routinely check the web sites of your company's major competitors. During one of these checks you find a press release, dated a week from today, which announces the hiring of a new CEO. You print it and write a summary to send to your management, and then decide to send a link to the web site with your summary. When you go back to the competitor's Web site, the press release is gone, and you realize the competitor mistakenly posted it before they had intended. Can you share the information with your management?

Suggested Resolution

Most CI practitioners would say the intelligence you gained is fair game, and you can use it. Your competitor made a mistake, but you did not violate any legal or ethical codes to get it. If it feels wrong, you should check with your manager and/or legal counsel before you release it.

SUMMARY

At some point in your competitive intelligence career you are likely to encounter ethical dilemmas similar to those in this column – situations that lie in the gray zone between right and wrong. Sometimes the resolution is not clear-cut, but instead depends on the extenuating circumstances and the structure and culture that exist in your organization. Rather than put yourself and your company in a potentially embarrassing or precarious position, I recommend you check with your manager and/or legal advisors as soon as you confront a questionable situation. In the long term, circumspection is likely to serve you better than immediate action.

If you have other examples of ethical dilemmas you have experienced, or thoughts on the suggested resolutions to those in this column, please send them to me at dalefehringer@hotmail.com.

(Author note: Thanks to the following people for providing examples used in this column: Joel Copeland, Lenny Fuld, Larry Kahaner, Cliff Kalb, John McGonagle, David Smith, Carolyn Vella, and Arthur Weiss.)

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ETHICAL DUE DILIGENCE

DAN HIMELFARB, *nxtMOVE, Inc.*



In conducting any form of competitive intelligence (CI) research, or analysis and information gathering the CI practitioner should act ethically. Ethics is an interesting term – it does not necessarily imply legal constraints and behaviors for which a violation could result in a legal action. However, it can result in a moral embarrassment for practitioners and their companies or worse yet, some form of professional action taken against the violator. This action could be anything from an internal disciplinary hearing to a potential legal action resulting from transgressing ethical and legal lines.

TWO BASIC TENANTS

As has been stated many times before, competitive intelligence ethics implies two basic tenants:

- Do not misrepresent yourself.
- Do not gather information safeguarded as proprietary or confidential.

These two broad guidelines are certainly open to some interpretations, but limited from the standpoint that you either did or did not misrepresent yourself, OR you were told certain information was confidential and you deliberately attempted and perhaps were even successful at securing.

Within the field of due diligence ethics can take on a similar set of broad guidelines reinforcing the misrepresentation and confidential information guidelines, pertaining to gathering information, analyzing it, and evaluating the various sources from which due diligence is being conducted.

For each of these various sources there is again an obligation to be ethical, responsible with disclosures, and to not relay information to the wrong parties on the wrong subjects.

Essentially we are talking about a need to know, and allowing the due diligence to be gathered and utilized on a need to know basis. Due diligence is inherently conducted on behalf of parties who do not want their identities disclosed, and most likely they are not interested in having their intentions disclosed too soon in the process

Let's examine where ethics can play a part in the due diligence process from within the matrix in table 1. We'll look at each of the basic applications in terms of how to practice ethical competitive analysis due diligence as well as providing examples of what perhaps is not so ethical.

MERGERS AND ACQUISITIONS

Within mergers and acquisitions (M&A), particularly when a private company is involved, the key to ethical conduct is keeping the process and the initiative regarding the acquisition

close to the vest. An owner seeking to be acquired is not interested in his employees learning of the pending company sale through the grapevine. This individual requires his service providers, bankers, and facilitators driving the transaction to act with a very high level of confidentiality. Only those with a need to know should know what action is pending.

The CI analyst conducting due diligence for either the buyer of the seller should:

- Keep the knowledge about a pending sale of a company within a designated group of individuals and employees.
- Not discuss the name of the company seeking to be acquired with anyone outside the company who is not directly involved in a potential purchase.
- Insure all confidentiality agreements are in place, such that if someone does violate these ethics and contracts, a legal action can be taken against them.
- Disclose information to third parties only on a need to know basis.

TABLE 1: DUE DILIGENCE PROCESS

Due diligence application	Sources/contacts	Analysis
M&A	Employees and customers	For whose eyes only?
Competitive analysis for Business development	Competitors, customers	Future plans and strategies
Competitive intelligence for new market entry/ product R&D	Customers, internal employees	Future plans and strategies

These guidelines are particularly important to consider when conducting due diligence for a buyer. Naturally the buyer is seeking to speak with customers and competitors, and potentially employees of the firm to be acquired. However to do this, the analyst has the responsibility to not disclose that company A is seeking to be acquired. We require intelligence on them, but our efforts need to be conducted using a more anonymous approach. This approach will minimize problems with employees as well as safeguarding against the loss of customers, two often heard fallouts from the lack of conducting due diligence using ethical means.

BUSINESS DEVELOPMENT

Expanding a business is a requirement for growth for all companies and enterprises. To grow a business, development plans based on facilities, new sales force structure, M&A or other functions and initiatives must be addressed. These are typical applications for due diligence – determining what makes the most sense when considering the initiative, the data and insights required, and of course the contacts from which to conduct and gather due diligence.

When conducting due diligence to develop the strategy for such initiatives, the CI practitioner must exercise ethical behavior to not publicize the enterprise/company intentions and to not disclose any more information than the contacts need to know. This effort applies to:

- Customers, who should not be informed of the impending initiative, for fear they may let onto others such as competitors.
- Employees, particularly important in a takeover/acquisition.
- Other stakeholders likely to be affected.

Due diligence should not telegraph strategies outside of the initial targeted group who has a need to know.

MARKET ENTRY AND PRODUCT DEVELOPMENT

The dilemma faced in practicing ethical competitive analysis due diligence is providing enough information while conducting due diligence to yield effective results, and balancing the need to keep your activities confidential. Many of the business development rules apply here as well. However, of greatest concern is insuring that you practice ethical disclosure with your customers by letting them know enough to comment on whether a new product idea is a good one or not, but not releasing too much information regarding its composition, pricing, and positioning vis-à-vis competitive offerings.

Regarding analysis, your conclusions need to be relayed to individuals in a need to know situation, and not released for general comment and public consumption. One example was when Campbell's acquired Vlassic pickles. Vlassic had glass jar packaging capabilities. It was not a big leap to analyze this capability with the view that one day Campbell would package soup in glass jars. However, the analysis and conclusion of this strategy (conducted by competitors driving the development of additional ready-to-eat soup products and meal replacements) was not ready to be telegraphed to the competitors' customers.

Also your own suppliers may see the changing your product line as a threat to their position, and treat your company unfavorably regarding shipments, pricing and promotions. Your due diligence analyses must be kept to those with a need to know and not for general consumption.

WHAT TO DO IF...

In ethics the goal is to act ethically so there are never second guesses about your decisions. However, should you suspect you have violated an ethical policy by saying too much or to the wrong contacts, alert management to control and contain the situation. You

should even develop contingencies and back-up explanations to minimize the spread of the information.

Essentially this is self reporting, such as is the case with airline pilots. On occasion something may be processed or acted upon improperly, such as shutting down an engine, working on a flight plan or even working with a co-pilot. Pilots are expected to self-report such a situation and often with minimal action taken against them for the infraction. However, should another airline employee witness pilot violations or incorrect action, and they did not self-report, they are then subject to additional scrutiny by all partial and impartial parties. The full extent of the consequences could potentially result in a work action against the employee (and we're not talking a slap on the wrist here).

Should you think you've acted unethically to the point where confidentiality have been broken, and the consequences of your actions could compromise a corporate initiative, it's best to speak to your general counsel, your immediate supervisor or an appropriate party. Working together the issue can be nipped in the bud, as opposed to blossoming into an overgrown beanstalk of a weed!

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ETHICS: THE COOPERATIVE ANGLE

ELLEN NAYLOR, *Business Intelligence Source, Inc*



When I consider ethics in connection with competitive intelligence (CI), I think of all the gray territory that exists around collection, especially primary intelligence. So many discussions focus on this one aspect of CI ethics, particularly telephone solicitation.

Today's social networks have added another new dimension to the ethical collection of CI since it's easy to misrepresent yourself on the Internet. One example of a flagrant misrepresentation was when John Mackey, Whole Foods Supermarket co-founder, used the pseudonym Rahodeb (an anagram of his wife's name Deborah) to make unflattering remarks about major competitor, Wild Oats Markets, for several years on online investor message boards. This issue came to light when Whole Foods decided to acquire Wild Oats Markets in February 2007, and this error added about 6 months to the acquisition timeline, not a good competitive move.

The ethical focus on competitive intelligence collection is too narrow and misses the essence of trust and excellence. When I first entered the field in 1985, neither our company nor our CI team had a code of ethics, and yet I think we were more ethical than many organizations today who broadcast their code of ethics. Why was this? We embraced three simple concepts as the backbone of cooperative intelligence: cooperative leadership, cooperative connection and cooperative communication.

COOPERATIVE LEADERSHIP

When we started our CI operation we provided a good example of

cooperative leadership to all those we met inside our company. I clearly explained our mission in developing this function at Bell Atlantic and what was in it for them to work with this effort.

Working in a cooperative vein, I did not expect people to **give** to me until I had proven myself by **giving** them information or analysis that they said would be valuable. We provided a high standard by delivering excellent data and analysis to them. This set an example for what I would expect from them, although we didn't explicitly say so.

As relationships developed, we helped build successful marketing initiatives thanks to their peers providing information on the competitive landscape and competitor data. We kept nourishing the cycle of appreciation, as people shared what they knew with our CI team. In addition we sent the appropriate communication to highlight those people's contributions to the individuals who could positively impact the contributor's career path.

So much of cooperative leadership is simply providing a good example through your actions, intentions, and deliverables.

COOPERATIVE CONNECTION

In a similar vein, when our competitive intelligence operation began, the most important activity was developing relationships. So early on we met in person with as many sales and marketing managers as possible. This was relatively easy as the company was primarily located in the Mid-Atlantic United States.

Today, this personal contact is still a priority. If budget is an issue,

use teleconferencing such as SKYPE to connect with the people you can't travel to meet. It's extremely important to connect with individuals personally and to maintain those connections. In our increasingly impersonal workforce environment, personal connections are all the more valuable.

When we first met these sales and marketing managers we focused on their need for competitive data and analysis, rather than telling them what we expected them to provide to us. We had one legacy competitive product that we had to introduce. That proved difficult, since the salespeople hadn't asked for it. Not surprisingly, sales did not use that product very much, despite our best intentions and our thorough training sessions. This product actually benefited marketing managers more, but it was identified as a sales need, probably because sales had the budget to pay for it.

On the other hand, sales had asked for a tactical description and comparison of our competitor's markets and products across our region. We had just started delivering it as we met with the sales and marketing teams across the company. It was so well received, that many sales people connected this deliverable to the new CI team. When we modified this product to include additional data sales said they needed, our connections with sales became all the more solid.

Since salespeople are a key source of competitive information, you must make a connection to them early on, even if your CI function is defined as "strategic." So much strategy rolls out of tactics, and that's sales' strong point.

Protect your relationships. We became a key conduit from our

marketing staff to the sales staff. Many of our contemporaries would call sales people without respecting their time and demand information that wasn't necessarily quickly acquired. Over time we consolidated other marketing manager's requests for information from sales, and would periodically connect with sales people with these requests. The right requests got through and there were fewer demands on sales' time for needless marketing "stuff."

When people realize you're there for them and that you respect your relationship and their time, they will do just about anything for you because they want to.

COOPERATIVE COMMUNICATION

Clear, crisp audience-centered communication should be the norm, although it often isn't. Many people don't take the time to write or speak in a way that their audience most favorably receives and can digest the information.

When we deliver competitive intelligence in person, we often use the "one size fits all" approach as we deliver our lengthy and impressive Power Point decks. For most meetings a few visuals suffice, and also encourage audience participation. Large Power Point decks encourage audience passivity which benefits no one, especially CI practitioners. We need to engage and inform, and have people share their opinions, ideas, and experiences.

While email has minimized the boundaries of time, it also has limited much personal communication. How many emails do you receive whose senders know you don't care about? (This does not include spam.) Prolific senders often use email to cover their actions by making sure no one can come back and say they weren't informed. Or they simply don't think or care that you don't need what they're sending.

Email has also changed our behavior in brash ways. Just this

week, I was told I was being given the opportunity as a volunteer to do more work on projects I didn't even know were in the works. The senders assumed or didn't care to ask me if I had the time to do this work. Through both communications, I was told the details of my assignment and when it was due. In both cases, I did not feel respected and that my efforts were being taken for granted.

As a CI practitioner, you provide an intelligence service to your company and your clients. Don't make assumptions about people's time by barraging them with unnecessary communication of any type. Everyone at every level of every organization receives far more information than they can humanly process. I routinely delete emails when I am simply too busy to read them, and know they contain "nice to know" information at best.

If you send your CI clients only quality data and analysis you know they're interested in, they will read your communications. More importantly you engage your readers to send back their thoughts and reactions, and perhaps provide you with more intelligence that you didn't know about (even if they didn't like the message you delivered).

For example, we did not create a newsletter since we knew it wouldn't be read. Rather we focused on event triggered bulletins, only sent out when an important or actionable event had happened or was about to happen. Sometimes management didn't agree with our message, but we knew managers at all levels read it since they provided us their reactions, questions, and knowledge.

BACK TO ETHICS

Admittedly not everyone was perfectly "ethical" in our first foray into competitive intelligence. We did take the responsibility to ethically police what was collected and sent to us. Sales did send material that they shouldn't

have, but we used that material as examples to build an understanding of what was ethical and what was not. In hindsight, we were lucky that we were developing our 'on-the-fly' ethical knowledge in an earlier time.

Remember, ethics goes far beyond developing a written code of ethics. It involves establishing behavior, doing what's right, and showing respect for those you deal with in business. Your actions tell another person much more about your ethics than any written code of ethics.

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ETHICAL CODES – DO IT YOURSELF

JOHN J. MCGONAGLE, *The Helicon Group*



The underpinnings of an effective competitive intelligence (CI) program are the fact and the perception that the data is being collected in a legal and ethical manner. However, some organizations have failed to articulate exactly what their ethics standards are, instead relying on the standards promulgated by SCIP. (For a quick reminder, see the Code of Ethics sidebar.)

Given the existence of this Code, several organizations have either adopted it just as written or referred to it by name in their own written policies. That is, they incorporated it by reference. While this provides them with something, it is insufficient for at least three reasons:

- 1) The very process of adopting and developing a written policy is an educational process, for the

CI practitioners, for their legal department, and for their ultimate clients.

- 2) Using the SCIP Code as written above produces a circular problem: this Code refers to your own firm's own policies, even if you have adopted it in place of your own. While this is more of a drafting issue than a substantive one, it can communicate to those governed by an internal code that those preparing it did not care enough even to adapt it to their situation.
- 3) If an organization has incorporated the SCIP Code by reference, it is then placing future changes in their own internal code in the hands of others, in this case, SCIP.

In addition, the SCIP Code is not as well drafted as it should be.

I will touch on only two parts: the section dealing with a request for confidentiality and the section dealing with full disclosure.

REQUEST FOR CONFIDENTIALITY

The SCIP Code of Ethics requires those bound by it "To fully respect all requests for confidentiality of information." While that sounds very simple, in practice it is not.

First, ask what "fully respect" means. Virtually all companies hiring a CI consultant and all those consultants use some form of confidentiality agreement, often called a non-disclosure agreement (NDA) with respect to a competitive intelligence assignment. Some firms work for many sides in the same industry, over time. Just how long between these retentions is enough? The code does not deal with that.

Second, this creates a problem for SCIP members whose firms' practice goes beyond competitive intelligence, for example the global management consulting firms. Many of them have historically dealt with this issue of handling clients who are competitors (or at in the same industry) by the use of the so-called "Chinese Wall." That is, they create separate teams that are not "contaminated" with information gained in confidence (or otherwise) from a prior engagement, (I continually wonder how such a firm could claim that the wall is effective, yet can "sell" that same expertise to other clients. Curious.)

What about some of these same firms that boast of using knowledge management (KM) techniques to retain and re-access every "learning" from

SIDEBAR: SCIP CODE OF ETHICS

- To continually strive to increase the recognition and respect of the profession.
- To comply with all applicable laws, domestic and international.
- To accurately disclose all relevant information, including one's identity and organization, prior to all interviews.
- To avoid conflicts of interest in fulfilling one's duties.
- To provide honest and realistic recommendations and conclusions in the execution of one's duties.
- To promote this code of ethics within one's company, with third-party contractors and within the entire profession.
- To faithfully adhere to and abide by one's company policies, objectives, and guidelines.

every participant in every past retention? What does that do to the previous requests for confidentiality? If the KM techniques are that good, will they not destroy the Chinese Wall, and with it “full compliance” with a confidentiality request? If they are not that good, then the firms are not being honest.

FULL DISCLOSURE

A second problem area lies with the Code’s admonition “To accurately disclose all relevant information, including one’s identity and organization, prior to all interviews.” Not all SCIP members limit their practice to the gathering of competitive intelligence data. Some have additional practices involving industrial security.

For them, whether internal or external consultants, this standard bars them from using a false identity, with

the clear consent of the client, to probe the adequacy of a client’s industrial security, IT security, etc. One way to cure this flaw would be to limit the entire code to the “gathering of competitive intelligence.”

The moral – it is OK start with the SCIP Code as a guide, but draft your own Code for your own environment and your own enterprise.

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ETHICS AND EVENTS FOR CONFERENCES AND TRADE SHOW: NAVIGATING THE BLACK AND GREY ZONE

JONATHAN CALOF



Not long ago, a journalist asked me about conference and trade show intelligence. He began the interview by saying he had attended several trade shows and noted that he frequently heard people lying about their identity when attempting to obtain competitor information.

This was followed up with a story about a prominent manufacturer of appliances (such as stoves and fridges) whose employees would return to the show floor every morning and find their appliances taken apart. It appears that a competitor's employees had been entering the show floor after hours and taking apart the display machines to learn more about how they had been built.

In another case, a company employee posed as a journalist at a trade show and disrupted a competitor's product announcement. This faux journalist peppered the executive with questions designed to produce intelligence on the company and also embarrass the executive.

IT'S NOT CI

Far too often I hear stories about activities like these at trade shows. These situations are not competitive intelligence (CI) but industrial espionage. However, these stories do drive home your company's need for good conference and trade show counter-intelligence or security plan given that these activities can occur. To prevent your own employees from crossing the line you also need a well defined ethics code for all personnel involved in your CI efforts at the event.

As Tony Wilson noted in

my Conference and Trade Show Intelligence book, trade shows and conferences provide a greater number of situations where information collectors, particularly untrained, novice, or non-CI practitioners collect competitor information that can result in legal risks or public embarrassment for a company.

The temptation to navigate into the black zone (forget SCIP's grey zone) is enormous at trade shows. I could fill this entire column with stories about activities ranging from getting people drunk to obtain information, using false identities, and planting electronic eavesdropping devices, and I suspect I have not seen it all.

I have heard of unethical activities being coordinated at the corporate level (employees being instructed to behave in this manner) and have seen rogue employees act on their own initiative. This activity is so tempting people tell me "cover up your badge and fool the booth personnel and you can get your competitors prices. Identify who you are and you are shown the door."

LITTLE VALUE TO UNETHICAL BEHAVIOR

The problems with unethical behavior at trade shows are two fold. In many cases people will find out what you have done. For example, the journalist had many stories from his own personal observations and it places competitive intelligence in a bad light. It's hard enough to obtain corporate support for CI without having to constantly refute stories about industrial espionage.

Second, it's unnecessary. As has been pointed out by numerous authors,

both within my conference and trade show intelligence book and within this magazine, acquiring information at trade shows is easy. Most people are there to talk and they do. Don't forget how much you can learn through direct observation.

KEEPING IT WHITE

Here are a few pieces of advice should you find yourself in danger of straying over the grey zone. If you ever find yourself considering any activity that suggests misrepresenting who you are, whether it is something as simple as covering up your badge or as sophisticated as altering your appearance, stop and rethink it. There may be a better way to get the information without crossing that line.

If you are not sure whether what you are doing is ethically right or wrong ask yourself how you would feel if someone from the competition did it to you. If the action is improper if done to your company then it's obviously inappropriate for you to consider applying it to your competitor. If you're still not sure, consult your company's legal staff.

PERSONAL JUDGMENTS

Now let's make it even easier to ethically act at trade shows – make your conference and trade show intelligence ethics explicit with a well defined ethics code of conduct. The sidebar provides an example on how to develop a trade show intelligence ethics code that lines up with SCIP's ethics code. Tony Wilson developed this example in her chapter published in the Competitive Intelligence Foundation's *Conference*

SIDEBAR: ALIGN A TRADE SHOW ETHICS CODE WITH SCIP'S

To continually strive to increase the recognition and respect of the profession. Ethical behavior by CI practitioners at trade shows and elsewhere directly reflects well on the profession.

To comply with all applicable laws, domestic and international. Acting ethically obviously goes hand-in-hand with acting legally.

To accurately disclose all relevant information, including one's identity and organization, prior to all interviews. Likely the most prevalent ethical dilemma, CI practitioners (and others) must always refrain from misrepresenting themselves or their affiliation during trade shows.

To avoid conflicts of interest in fulfilling one's duties. Competitive intelligence practitioners should resist the thrill of acquiring that "golden nugget" of competitor information by any means.

To provide honest and realistic recommendations and conclusions in the execution of one's duties. Ethical collection techniques accommodate honest and realistic results.

To promote this code of ethics within one's company, with third-party contractors and within the entire profession. An ethics policy and trade show guidelines are of little value if only communicated among members of the competitive intelligence team; it must be shared and emphasized across a company, to anyone who might find himself or herself at a trade show with its relevant opportunities.

To faithfully adhere to and abide by one's company policies, objectives, and guidelines. As mentioned earlier, competitive intelligence ethics policies for trade show must be developed in conjunction with and should complement your company's Code of Business Conduct or Corporate Ethics Policy.

(Originally published by Tony Wilson in *Conference and Trade Show Intelligence*, editors Calof and Hohhof.)

and *Trade Show Intelligence* book (Calof and Hohhof 2007). (Note: This book has two chapters devoted to ethics and legal aspects of collecting at trade shows and is well worth reading.)

Then explain your ethics code to all company employees who attend conferences and trade shows. Remember everyone going to the event should be collecting information – that's why people go to events. It's not just the CI staff's responsibility, so make sure that everyone understands your ethical guidelines beforehand.

Remember that the media does not

distinguish between CI teams engaging in unethical collection practices and other employees doing the same – to the media it is simply your company's employees. When you present the ethics code to employees attending an event, they should understand how important it is to follow the code's contents.

EASY OR NOT

I mentioned earlier that gathering information at trade shows is easy. Several of the chapters of the foundations

conference and trade show book attest to this. However actually interviewing competitor's employees often is not, especially in industries where everyone knows each other or where your competitor has a well trained intelligence team set up to stop you.

Nevertheless, I have rarely seen a trade show situation where most information specified by the company could not be gathered. So here's some advice on conducting information collection at events. They should help if you ever find yourself in a situation where you feel tempted to break ethics codes to collect information.

The more prepared you are for the interview the higher the probability of success

To what extent have you learned interview techniques like elicitation? Have you done the necessary background research on your information target to interview them effectively? Interview success demands that the target be comfortable with you and to a certain extent trust you.

Knowing the person's background helps you develop topics to use during the interview and develop a comfortable discussion environment. For example in background research I have sought to identify areas of commonality that I have with the target and then weaved these into the conversation.

Who else might have the information?

If you still find it impossible to obtain the information from a specific person, ask yourself who else might have the needed information and would be easier to interview. At one show I was asked to validate that a new product was coming from the competitor. I needed to find out when it was coming out and some of the attributes. The competitor's personnel were not forthcoming (and who could blame them) but there were others who would be aware of this information and

continued on page 49

CYBER SECURITY: A LEVERAGE POINT FOR THE COMPETITIVE INTELLIGENCE MANAGER

NICK BRUNS, *Vista International* and H. A. SMITH, *CISSP, CEH*



The competitive intelligence practitioner's craft is focused on external forces. Areas of the corporation that interface with the outside such as sales and recruiting are excellent areas to gain information about the firm's operating environment. Keeping abreast of external forces and effectively communicating threats and trends to decision makers builds an analyst's credibility. This credibility gains the influence required to champion important causes which are essential to an organization's success.

Protecting corporate networks from hackers is a critical component to a firm's smooth operations. It is another internal resource that interfaces with the outside that is sometimes overlooked. Those that perform this task can be a great resource for competitive intelligence practitioners. Increasing involvement with the field and learning more about cyber security can create opportunities to increase credibility within an organization.

Identifying who is after your proprietary data, what they want, and how they are operating provides insights into the key drivers of the external landscape and perhaps your competition. Understanding the cyber criminals' goals can increase management's appreciation of threats to the firm which exist outside their normal concerns. Information technology (IT) departments are one of the best sources for understanding current threats against a company. Leveraging internal personnel contacts within the cyber security world can provide additional information about trends affecting broader business concerns.

CYBER SECURITY IS AN INCREASING TREND

As corporations work to maintain a competitive advantage, they increasingly use information technology to create, process, and store intellectual property. This exposes firms to potential theft of their intellectual property. In an age where profits are built on knowledge, protecting information from theft and securing communication lines becomes central to your company's successful operations.

The benefits of data protection are hard for an organization to quantify for the same reasons that CI is. For this reason the field does not garner the attention it deserves and is typically under funded. Championing this

Cyber security creates opportunities to increase credibility.

cause provides an opportunity for the competitive intelligence practitioner to make an additional impact. Communicating cyber security insights to senior decision-makers represents an opportunity to gain credibility and tell an often overlooked facet of conducting business.

The goal of effective cyber security is protecting an organization's proprietary data. As computing resources increase, the operational and personal information available on business networks rises in a direct relationship. All provide tempting targets for unethical and profit driven individuals and organizations. Consider the current trend and the potential impact on business:

The FBI estimated in 2005 that annual losses to US organizations from cybercrime was over \$67 billion. That number is growing every year as more high-value targets are made available on-line, and more criminals discover how to commit cyber fraud and theft. Further, the number of people with access to the Internet continues to grow, with the on-line population expected to top 2 billion by 2015, leading to greater opportunities for cybercrime against naive and poorly-protected "newbies." A strong, robust program of cyber security is not simply a good idea—it will be a survival requirement before too long. (Eugene H. Spafford, Executive Director and Professor, Purdue University CERIAS)

THREAT ERODES BRAND EQUITY AND DECREASES PROFITABILITY

In addition to economic losses, press reports of electronic security breaches compromise the public's faith in corporations. Potential business partners may become leery of entering or continuing collaborative business ventures once they become aware of your organization's data security weaknesses. Competitors may also capitalize on your security threats to lure away customers.

A few examples illustrate the effects of data security breaches:

- Identity theft, stolen credit card numbers, missing laptops illustrate

that everyone is a potential target for data theft. Both individuals and corporations are victims for data loss and service disruption.

- In December 2006 a federal grand jury indicted a Romanian computer hacker for breaking into more than 150 U.S. government computers. Estimated financial cost for NASA alone was \$1.3 million. The Department of Energy and the U.S. Navy estimated their losses at \$100,000. (When compared to annual budget of each agency these losses are small, but this merely represents a single incident. Over the course of a year this could amount to significant losses.) (GCN 2006)
- In 2007 the British government issued that cybercrime is on the rise following hacking attacks against Rolls-Royce and Royal Dutch Shell. *The Times*, quoting an unnamed source, reported that Rolls-Royce's network was infected with a Trojan horse program by Chinese hackers that sent information back to a remote server. Dutch Shell uncovered a Chinese spying ring in Houston, aimed at pilfering confidential pricing information for the oil giant's operations in Africa. (IDG News Service 2007)

CISCO VERSUS HUAWEI

The classic example of intellectual property theft involves Cisco and Huawei (known as FutureWei in North America) in the router/switching equipment market. Cisco, the market leader, faced additional competition from similar products produced by Huawei. One article compared the two companies' products:

FutureWei has mimicked Cisco's marketing in its North American push by offering very similar products in several categories. Here's an example of how FutureWei matches Cisco's

offerings. Take FutureWei's Quidway 2620 line, a lineup of low-end switch/routers for branch offices. This product matches the feature mix of Cisco's 2600 series (which, coincidentally, includes a 2620). (Light Reading 2002)

The reason for Huawei's development of similar products was their theft of Cisco's intellectual property. In 2003 Cisco sued Huawei (ZDNet 2003). This suit was later dropped after Huawei agreed to modify its products.

A later article in the *Financial Times* clarified that "Huawei acknowledged it had inadvertently obtained a small

Take a trip to your firm's cyber security department to make new friends.

amount of Cisco's key source code and that the software had found its way into the Chinese company's products" (*Financial Times* 2004). Cisco officials claimed that Huawei used more than the Internet Operation System source code, including the Cisco command line interfaces, user manuals, and help screens. In effect, Huawei used Cisco's own technology to gain market share and claimed they received that information from someone other than a Huawei or Cisco employee. (ZDNet 2003)

PROPER SECURITY MEASURES MINIMIZE THREATS

In spite of the cyber threat from outside companies and individuals, the largest hazard to cyber security remains the company insider. A successful cyber security program includes:

- Education programs that alert staff to social engineering deceptions and appropriate internet use.
- Policies which identify and protect valuable information, such as

personnel date and proprietary secrets. These policies need to include mobile devices which have access to networked resources such as PDAs and laptops.

- Corporate programs to compartmentalize internal information. Most firms compartmentalize information especially concerning new technologies. Inventor Dean Kamen codenamed the Segway Ginger and isolated the design team while developing the human transporter. High threat areas such as India and China should also receive attention when data is shared with partners and subsidiaries located there.
- A security-aware information technology staff with authority to implement best practices for cyber security. These include policies for patch management for software updates, network security, and user education

As firms increasingly compete internationally, they expose themselves to additional entities that want to obtain proprietary information that impacts the organization's profitability. This issue extends to business travel abroad and activities where international partnerships are formed. Unfortunately, prosecuting international intellectual property crimes is difficult, especially when the crime originates in a foreign country.

The proverb, "The rules of fair play do not apply in love and war" has new meaning in the current competitive landscape. For many, the legal costs cyber espionage are just part of the 'cost of doing business'. In a highly publicized 2005 Israeli corporate espionage scandal, twenty-one top business executives and private investigators were arrested on charges they used sophisticated software to infiltrate their competitors' computer systems (The Guardian 2005, Debka 2005, BBC 2005).

BENEFITS FOR CI

Developing and applying modern approaches to corporate counter-espionage efforts has become critical in this information dense competitive environment. It provides fertile ground for any competitive intelligence manager to increase their influence and credibility. Identifying who and why people are seeking your intellectual property is a critical step in forming corporate strategy and analyzing the level of information-sharing risk with outside partners.

The ability to keep decision makers apprised of threats and ahead of the competition is a critical component of competitive intelligence. Knowing your vulnerabilities is a basic element to protect your company's long term competitive edge. It might be worth a trip to your firm's cyber security department to make new friends.

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before developing or launching a new product. So off I went to have an open and frank discussion with several of the competitor's customers and suppliers. This is easy at a trade show because everyone from the industry is there!

I also talked to competitors of the competitors. Remember that you are not the only one watching that company – others are too. As long as you are not discussing their own operations you may find their company employees eager to talk about a common enemy!

Trade shows are not just about interviewing

You can apply other collection methodologies at trade show events. For example, you can also gather information through simple observation. At one of the shows we had a difficult time gathering information about a potential change in a competitor's strategy. But we did

consider that if a change was in fact occurring (the competitor moving into a new product segment), the company's employees would exhibit a different pattern of interactions with others than they had at last year's trade show.

We determined that their employees would appear at different workshops, visit different booths, and be seen talking to different people than they had in the past. It is then very easy to observe patterns of interaction at trade shows.

LEARN TO STAY WHITE

Many CI practitioners succeed in collecting information at events without resorting to unethical or illegal tactics. In part this is due to all the lessons accumulated over the years on how to interview effectively and other methods of collecting information. Many of them appeared in this column and in much of SCIP's past publications.

So before you feel the urge to navigate into and past the grey zone consider that there is always another approach you can use.

Jonathan Calof has been leading trade show intelligence teams around the world for many years and has written extensively on the topic. As an associate professor at the University of Ottawa Telfer School of Management, he has been studying and teaching intelligence for more than 15 years. Jonathan has helped several companies and government agencies enhance their intelligence capabilities. He received the Frost and Sullivan's lifetime achievement award in competitive intelligence. He can be reached at 01.613.228.0509 or calof@telfer.uottawa.ca.

ANALYSIS TOOLS: ESSENTIAL COMPONENTS OF GLOBAL COMPETITIVE INTELLIGENCE

ERIK GLITMAN, Fletcher CSI



An education isn't how much you have committed to memory, or even how much you know. It's being able to differentiate between what you do know and what you don't.

Anatole France (1844-1924)

Perhaps the most valuable result of all education is the ability to make yourself do the thing you have to do, when it ought to be done, whether you like it or not; it is the first lesson that ought to be learned; and however early a man's training begins, it is probably the last lesson that he learns thoroughly.

Thomas H. Huxley
(1825-1895)

Working in a global environment brings with it a combination of standard and unique tools that the competitive intelligence (CI) analyst must use to be successful. These tools fall into two categories:

- the basic, which are needed even for a domestic focused analyst, and
- the international, which add to the abilities of the global focused analyst.

But let's start with the core elements that all CI analysts should have, the set of tools that allow them to understand the inner workings of business. Of course, overriding all the skills is attitude. Over the last 18 years, we have noted that analysts with an insatiable curiosity and desire to learn about new things are more likely to produce analysis that has insight beyond the data, the insight that makes

the difference between good and great analysis. If that attitude is present, all the other CI skills can be taught. An analyst with all the tools but not the attitude will get the job done – the results just won't be truly insightful.

CORE TOOLS

The CI analyst at the start must have a core working knowledge of business and financial operations. While this requirement may seem obvious, many CI practitioners have started without this basic knowledge. CI analysts can learn these core elements in college, including extension services and they can also learn it through reading and on-the-job training. But without the core knowledge of how a business operates, generates profits, and creates employment, they will find it very hard to effectively understand and assess competitor actions.

At the same time, having the ability to accurately read and interpret financial statements (such as income statements, balance sheets, and government filings) opens up another world of competitor insight. Analysts do not need to be a CPA or an MBA to be effective, but they must be able to converse on these subjects.

BASIC SKILLS

Moving past the core skills, CI practitioners should have another set of basic knowledge skills: analysis and presentation. Better collection and analysis leads to better presentations, and a strong presentation can hide deficient collection or analysis.

Strong collection and analysis should be at the heart of any

competitive intelligence operation. Beyond the core essential analysis tools are many fancy names and acronyms such as BCG, SWOT, STEEP (or PEST), GE Growth Screen, Trend, Cluster, Benchmarking, and many more. Suffice it to say that an analyst should have a working knowledge and ability to use four or five of these tools on a daily basis and perhaps ten more on an occasional basis.

Presentations come in three flavors: in-person, PowerPoint, and dense word text. Each has its own strengths and weaknesses. For most analysts, the in-person presentation is the hardest and most fraught with angst. PowerPoint presentations seem at first to be naturally adapted to an in-person presentation, which produces many unintended results, the worst of which is that the presentation merely repeats the words that are on the slides.

A Microsoft Word format presentation is the favorite of many analysts as it allows presentation of the full depth of the analysis and a clear explanation of the results. This approach also presents the drawback that senior management will often not devote the time required to fully read the document, and as a result this approach can minimize the analysis' effect on decisions and actions. Fortunately, many companies offer training in personal presentations, from ToastMaster programs that help with public speaking to single day classes in PowerPoint.

INTERNATIONAL

The international CI analyst starts with these same basics, with a few enhancements. These enhancements

vary depending on the culture in which the analyst interacts. Rather than cover a comprehensive list, this column will describe the key elements that can help globally.

Cultural differences

Cultural sensitivity in the global context is different than what is taught from a typical American perspective. In the international context, this means differentiating among the many competing local cultures and business mores that impact both data collection and interpretation. In some environments, this includes being aware of the traditional roles assigned to tribe, religion, gender, and race. In others, it can be a class sensitivity.

In most cases, not considering these cultural differences can produce analysis that is missing key points, leading to bad decisions. Thus, while it may be politically incorrect to talk of such issues, it can be dangerous not to consider them when conducting analysis.

Language issues

Obtaining solid information on competitors outside your home nation creates added levels of complications. To start, in many cases there is a language barrier. While a vast wealth of competitive information is available through secondary data, only a portion is available in any one language. Unique insights can be found in local languages which may not always be English or any other language you can understand.

Skill in the language of your major competitor is another tool that the global CI analyst and manager can use to great advantage. Many people who travel into a country with a different language believe that no one else can understand them if they don't use the local language. This is especially dangerous if your native language is English, but it can be just as risky if your host, unbeknownst to you, is able to speak your language.

To illustrate, I recently sold a vehicle to a French Canadian. He did not ask if I speak French (which I do) and held his value discussion with his friend in front of me. With this knowledge, I was able to price just above his limit but still well within my target selling range. Language courses have become quite ubiquitous, and any CI analyst can quickly build a familiarity if not fluency.

Collection methods

Beyond language, data availability and collection methods also differ. In the U.S., we expect to collect a high degree of primary intelligence through direct (telephone) human interaction. This is not as true in other nations or regions. The availability of primary data collection sources and the willingness of those sources to participate in surveys varies widely by region.

Competitive intelligence in this environment requires having access to multiple means of collecting primary data. These include different survey collection methods, including e-mail, internet panel, opt-in invitations, postal delivery, and in-person. Each has a different success rate, depending on the local attitude towards data collection and processes. To further complicate matters, in some cases respondents may require compensation which can create difficult ethical problems.

Presentation

A presentation conveys information from the presenter to the audience. Using inappropriate cultural cues and standards can lead to the listener's befuddlement rather than enlightenment. What looks sophisticated in your home town may end up being confusing in another context, and your clarity may look simplistic in yet another environment.

To be truly effective, it can be necessary to develop several different versions of the same presentation, one for each culture. In some cultures,

questions on your presentation are few and far between as the avoidance of confrontation is more important than opening the discussion. In others the absence of questions indicates that the presentation was not successful.

CONCLUSION

Effective analysts will receive the training they need in those areas where the need is strongest. To be a success in the global environment, first master the basics for your home country. Then add in expertise on the geographies and cultures of your international competitive set.

A high degree of flexibility is also essential for the collection and analysis of information as well as the presentation of the resulting analysis. While it takes more time and effort to succeed in global CI, success allows you to offer greater coverage and better prepare your company to meet developing challenges.

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GETTING THE SCOOP ON PRIMARY INTERVIEWS: THINK LIKE A JOURNALIST

ERIC BADERTSCHER, *Cipher Systems*



As a former freelance journalist who now spends his days immersed in competitive intelligence (CI) projects, I constantly rely on the research methods I learned in journalism school and later honed as a trade journalist and wire-service reporter. This has been particularly true for doing interviews—or as we would say in the CI realm, “collecting primary data.” As in journalism, interviewees (I mean, primary sources) for CI projects provide the first-hand information that supplements and confirms data gathered from secondary sources such as books, periodicals, databases, and websites.

Journalism articles and competitive intelligence projects alike require more than just secondary sources, or desk research. Too often, secondary information is sparse or non-existent, particularly when you write about a new technology or industry segment, emerging market. In other cases, your CI customer wants the immediacy of first-hand data, whether in the form of survey results or detailed quotations from telephone interviews with subject-matter experts.

This article provides some suggestions on how you can draw on journalistic techniques to “get the scoop” and then write up the facts in a clear, accurate, and compelling form.

JOURNALISTIC INTERVIEWING

Let’s be clear on what we mean by “interviewing” – you want to make sure that you and your clients are using the same definition! It can be disconcerting to spend your time conducting terrific first-person interviews when they actually wanted survey data.

Journalistic interviewing, with its frequent emphasis on highlighting interesting personalities and events, can be very different from the methods used in business. For example, you don’t need to take a “features article” approach to interviewing if you simply want to telephone an industry analyst to confirm basic market data. However, other types of projects, such as industry benchmarking or corporate profiling in support of potential investment or mergers and acquisitions, can benefit from a journalistic approach.

In this article I use the definition from Ken Metzler’s book *Creative Interviewing*. Metzler, an experienced interviewer and teacher, defines the journalistic interview as a:

conversation between two parties to gather information on behalf of an unseen audience. (Metzler 1997 p12)

A related definition comes from academic research in the social sciences. Professor Irving Seidman from the University of Massachusetts at Amherst says “I interview because I am interested in people’s stories. Most simply put, stories are a way of knowing” (Seidman 2006 p7). He asserts that this method of knowledge provides “access to the context of people’s behavior and thereby provides a way for researchers to understand the meaning of that behavior” (Seidman 2006 p10).

LOCAL COLOR

I’ve used this story-based or narrative approach in both my freelance journalism efforts and my

competitive intelligence projects. Over the last few months, Cipher conducted several international market surveys which involved extensive telephone interviews of this kind. In each case, the client requested as many first-person quotations as possible—particularly from recognized subject-matter experts—to provide greater “local color.”

Personal detail is particularly helpful when highlighting the distinctive views of individual experts. It also provides the client with more detail on the experts’ unique modes of expression, which may reflect important elements of business culture in that part of the world.

Whether a market survey has an international focus or not, it’s critical to get inside a company’s corporate culture to understand the personalities and social context. One way to do this is through solid primary interviews that include extensive first-person quotations. To some degree, call reports from these interviews resemble a good news story in their degree of first-hand detail to support the project’s key questions.

This emphasis on “local color” parallels an experience I had several years ago, when writing industry benchmarking pieces for a trade publication. The magazine focused on market and technology trends in the U.S. carwash industry, and highlighted the needs of facility owners and operators. Each article required extensive first-person comments from multiple sources throughout the country and across the entire supply chain from carwash owners/operators to equipment vendors to representatives of

SIDEBAR 1: QUESTIONS WHEN APPLYING THE “FIVE W’S AND ONE H” MODEL TO CI PROJECTS

Who should the primary sources be?

- Does your client want comments from the “man on the street” or from recognized experts?
- If expert comments are desired, does your client want the leading individuals in a particular field, or are less notable or less experienced experts acceptable?

What will be done with the primary data?

- For example, is the data intended only for an internal study, or will it be incorporated into a larger, external deliverable?
- When is the data needed?
- Primary data collection by its very nature takes longer than secondary research. With telephone research, you are at the mercy of the source’s schedule.

Where does your client want you to find primary data?

- At first glance, this seems related to the “Who” question. But even if you know that expert interviews are desired, you may not know whether you should talk only with experts from a certain part of an industry supply chain (such as end-users rather than manufacturers), or only within a certain geographical region.

Why does the client want the data?

- This focuses on issues relating to the overall business strategy.
- Do you know the ultimate purpose for the data? Is it intended only as an internal study, or will it be incorporated into a larger, external report?

How will the sources be contacted, and how will the data be collected?

- Will you use telephone interview, email exchange, a survey/questionnaire, or some combination of these and other techniques?
- How will the data be integrated into the final deliverables?
- Reach agreement on how you will identify sources. Some may desire full anonymity, while others might want only partial identification, e.g., “an experienced telecommunication industry analyst,” or “Director of Marketing at a Fortune 500 company.”
- Be clear on how you should cite primary data -- direct vs. indirect quotes.
- Direct Quotation (Attributed): John Doe, the marketing director at Acme Corp., said, “The industry outlook is excellent for 2008.”
- Indirect Quotation (Attributed): Jane Doe, the technical manager for XYZ Corp., said that the industry prognosis appeared excellent for 2008.
- Indirect Quotation (Anonymous): An industry analyst at a Fortune 500 company said that the industry outlook appeared excellent for 2008.

trade associations. I incorporated many local-color anecdotes for each piece to provide a more human context for the technical descriptions of new products and services. My own experiences as a consumer of carwash products and services gave me an additional (if unexpected) source of primary information.

PRIMARY DATA FIT INTO PRODUCTS AND SERVICES

Also consider what role primary data plays in preparing your products and services. How would your business be different (either for better or for worse), if you did not incorporate primary data into your projects and focused strictly on desk research (secondary sources)?

Above all, understand your client’s wishes regarding primary research. Identify them during your reference interview, which is part of your project planning with your client. Given the limitations of research time and budget have the client focus on essential questions, rather than trying to understand “anything and everything.”

“THE FIVE W’S AND ONE H”

Let’s look at the “Five W’s and One H” model of traditional journalism. This model relates to the six basic questions that reporters should ask themselves when preparing to research and write a story: “Who? What? When? Where? Why? How?” In applying this model to CI projects, ask yourself the questions in Sidebar 1.

Any basic journalism textbook discusses this model in at least some detail. One place to start would be the book *Journalism: Who, What, When, Where, Why, and How*, by James Glen Stovall who teaches at the University of Tennessee. Stovall’s website JPROF.com provides basic resources for teaching and studying journalism. Another

electronic resource is the *Handbook of Independent Journalism* available from the website of the U.S. Department of State's Bureau of International Information Programs.

For tips on using narrative journalism to breathe life into the "five W's" of traditional journalism, see the poster "Tell Them a Story! The Principles of Narrative Journalism" created by Lauren Quinterno as a media-studies project at Georgetown University. This approach develops primary sources into literary characters whose dialogue and motivations provide context and insight for answering your customer's questions.

LIMITATIONS OF PRIMARY DATA

Primary-source interviewing is a powerful tool, but it does have limitations. Make sure you manage your client's expectations about what primary sources can achieve. Sometimes knowledgeable sources may simply not be available, particularly for niche questions. In other cases, when you're dealing with highly-sensitive information, you may not be able to find any sources willing to talk to you.

Another issue relates to primary sources' perceptions or biases. Robin Aydelotte, an experienced consultant in conducting primary interviews, notes that:

"Primary source data is subject to the perceptions and specific viewpoint of the source. It is also subject to the limitations of their position within the industry."

For example, she says that *"the market view of a business with a specialty product can differ greatly than that of a business with more commodity products."* [Aydelotte, email comments to author, January 16, 2008]

BE PREPARED – KNOW YOUR SOURCE

In journalism as in competitive intelligence, you usually have only one chance to contact a source—so be prepared! When I worked several years as a freelance writer for United Press International (UPI), I covered the latest developments from leading public-policy research institutes. The editor of UPI's Think Tank Desk would send me the topic at the beginning of the week, and I'd have to become the "15-minute expert" on the subject of the latest report. This could range from urban planning to educational reform, from economic policy to international relations.

Usually, a quick online search provided enough background data to start. I relied on the think tank's own websites for initial information about the topic and its authors. A quick online search found publications from other research institutes doing similar research (often from the opposite point of view). Data aggregation tools such as ZoomInfo.com proved useful for identifying other points of contact. I also found it helpful to go on Amazon.com or even the Library of Congress' online catalog to see if a potential source had published other works on the relevant subject. (For additional information on this technique see Bates 2003 chapter on Telephone Research.)

All this background research was critical to successful story writing, in part because of the busy schedules of the people I contacted. Even when a source was willing to take a follow-up call, he or she was often unavailable due to other commitments.

Robin Aydelotte adds that prior research on the interviewer's part also yields other dividends:

It will educate you as to what issues are current within an area of study or industry. The interview can then be more of a discussion rather than a question-and-answer session.

If you are not knowledgeable of the subject matter prior to the interview, you are wasting the interviewee's time. Whatever time the interviewee is willing to grant for the interview, is time that is being freely donated from a busy schedule. If it seems that the whole intent of the interview is to draw information from the subject, then it is likely to be a shorter, less productive interview." [Aydelotte, Email comments to author, January 16, 2008]

CONCLUSION

For generations of reporters, interviews have been an important technique to gather basic data as well as to gain more insight into issues. When you understand how to apply this tool to the needs of competitive intelligence, you will have an additional means for providing your clients with results that are clear and accurate—and make really good reading.

Who knows, the next phone call you get might even be from the Pulitzer Prize committee...

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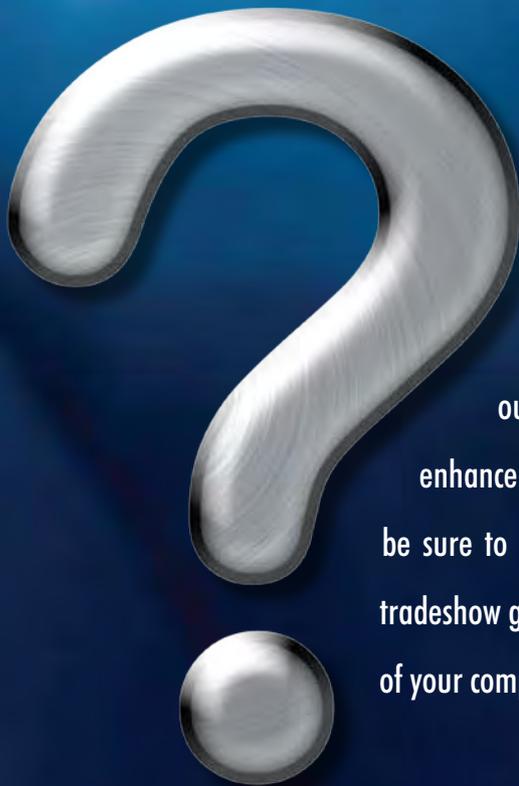
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TOOLS FOR AUTOMATING CI COLLECTION

TONI WILSON, *MarketSmart Research Services*



We are all experiencing the ever-increasing availability of information – much of which we endeavor to analyze and use to produce intelligence – and it can often be overwhelming. In fact, this column’s primary focus is to regularly educate you about the myriad of information sources available to the competitive intelligence (CI) researcher. By continually developing your knowledge of these sources, you can increase the breadth and depth of the competitor details you collect for competitive intelligence.

This time, however, let’s take a break from understanding what published sources are available and answer a question I’m often asked:

How can I collect information from all of these useful sources more efficiently and effectively?

Although content continues to be king, search tools are becoming increasingly critical for the successful CI researcher.

SIDEBAR 1: SEARCH TOOLS FOR CI USE

- “More like this” search query
- New information clipping tools
- RSS web feed format
- Web content change monitoring

FEATURES AND FUNCTIONALITY

Some of these search tools are accessible through the features and functionality offered by the commercial database providers, web search engines, and others. Here are some of them:

The *more like this* feature was originally (and, at one point, exclusively) offered by LexisNexis. It automatically collects relevant information that could be as useful as the initial set of results, without your having to identify the additional sources or develop the necessary search criteria.

Alert features and alerting tools allow you to automatically stay current regarding particular topics or the content within specific sources. The database providers have been offering the ability to “clip” relevant new information and have it delivered to you online or via e-mail for some time. Now the web search engines – Google and Yahoo! in particular – are offering such features as well.

Likely the most well-known alerting tool, **RSS** (known most commonly as “Really Simple Syndication”) is a web feed format used to publish regularly updated content such as news headlines or blog entries from particular websites and deliver the information to interested subscribers. Using RSS feeds is somewhat more complicated than the traditional alerting tools because they require a special RSS “reader,” but using the feeds can be very effective in automating the CI collection process.

Additional specialized search tools include those that *monitor changes in specific web site content* (such as particular pages of a competitor’s

web site, for example) and alert users automatically of the respective changes. See Sidebars 1 and 2 for a list of such tools.

AUTOMATED COLLECTION

While most available databases and web sites offer useful and productive content, some services require you to rely on your own expertise in this regard and instead focus on providing you with tools to automate the CI collection process. Generally described in broad terms as “knowledge management” tools, the most impressive of these services not only help you manage knowledge – in the form of the competitor information you collect – but also help you collect it more effectively and efficiently in the first place.

SIDEBAR 2: WEB SITE MONITORING TOOLS

- **WebSite-Watcher** (www.aignes.com) – software-based, small cost
- **WatchThatPage** (www.watchthatpage.com) – web-based, free
- **TrackEngine** (www.trackengine.com) – web-based, free for individuals, small cost for businesses
- **InfoMinder** (www.infominder.com) – web-based, small cost

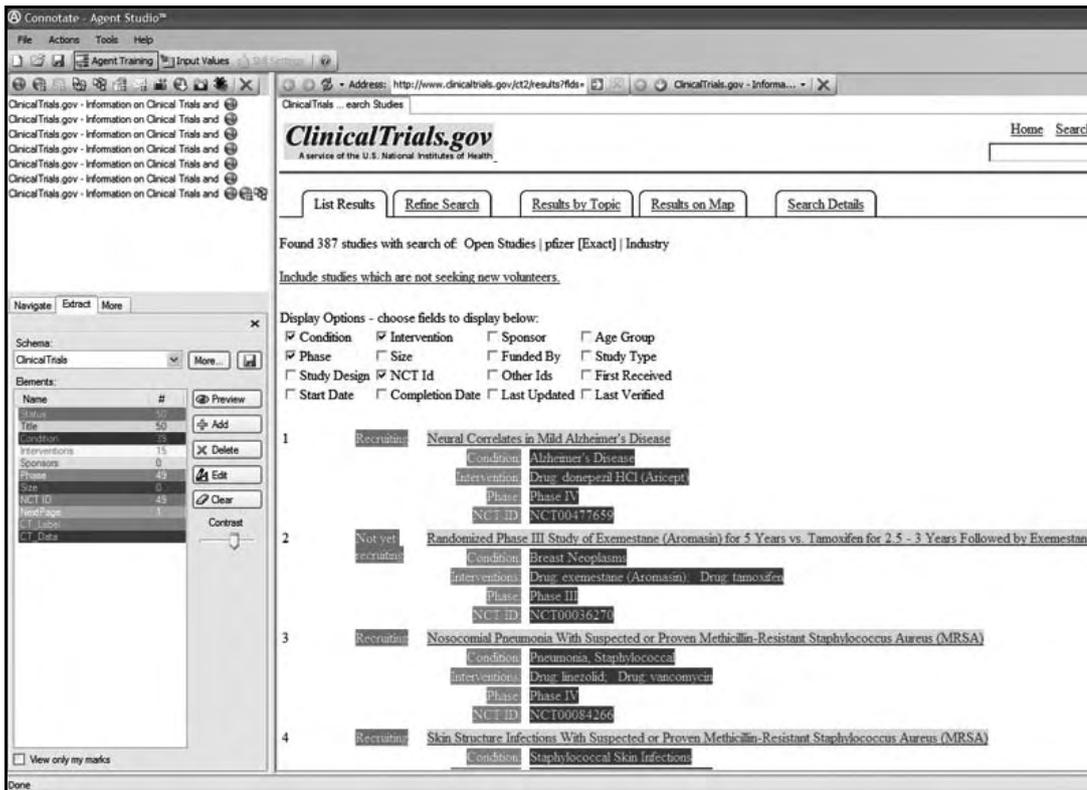


Figure 1: Information and format from Connotate's agents from the Clinical Trials web site

One example is *Connotate's Agent Community GEN2* (www.connotate.com), which recently came to my attention as a solution for CI professionals, offering simple and productive methods and technologies for automated CI collection. Connotate allows you to set up machine-intelligent agents built into its software that collect customized information about your competitors, their respective products and services, relationships, finances, etc. – depending upon your specific needs, on-demand, and as quickly as each research situation requires. A great deal of sophistication is built into Connotate's software, which requires no programming beyond a quick point-and-click setup process.

Connotate's software agents – your own personal staff of automated researchers, if you will – collect information and intelligence from various internal and external sources in a wide assortment of formats. In

addition to collecting information on-demand, the agents can also monitor specific sources, including fee-based and free databases and web sites. They detect changes and capture and report the relevant information automatically.

See Figure 1 for a sample of information gathered by Connotate's agents from the Clinical Trials web site (www.clinicaltrials.gov) and the format in which it can be delivered.

SOURCES AND TOOLS

The key to gathering the greatest possible amount of intelligence about your competitors and accommodate sustainable competitive advantage is being aware of the relevant information sources. However, using the most efficient and productive collection processes most directly leads to the long-term success of your CI efforts.

Therefore, you must not only be aware of the useful sources of

competitor information, but also take advantage of the CI collection tools available as they offer such benefits as time and cost savings. For example, Connotate claims to provide 10 to 100 times productivity gains and cost savings.

Who among us wouldn't want to realize such efficiencies, so we can focus our resources on higher-level CI activities?

Toni Wilson is founder and principal consultant at MarketSmart Research Services. She was formerly an intelligence practitioner at LexisNexis for 15 years, where she developed unparalleled expertise regarding intelligence sources, tools, techniques and CI collection processes. She can be reached at twilson@marketsmartresearch.com.

MEMBER SERVICE CHARTER



SCIP's functioning bodies – the board of directors, volunteers and SCIP staff – adopt the mission and manage its business affairs. It is the duty of all parties to go about their work in the most effective, efficient, economical, purposeful, and consistent manner possible – tasks we as SCIP staff take seriously.

We recognize that our success is derived from fostering an open environment in which members communicate with us often and provide feedback mechanisms to encourage this. As another step in that direction SCIP's board of directors adopted a member service charter at their meeting in October and recommitted to the resolution in December.

To achieve these goals the members of the board of directors, volunteers, and SCIP staff are committed to conducting our business by fostering the highest professional standards in the work we do by embodying the principles of:

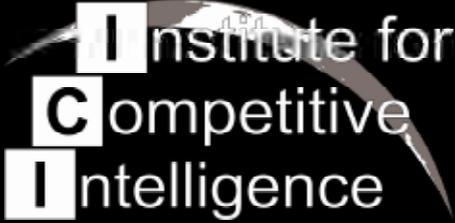
- Maintaining the highest professional and ethical standards.
- Acting with due economy and transparency in all SCIP financially related transactions and activities.
- Being punctual, efficient, and timely while notifying, responding, and generally communicating with SCIP members and in executing any task on behalf of the SCIP membership.
- Assuring the accuracy of member data and the privacy and confidentiality of its use.
- Respecting the time and circumstances of SCIP volunteers at all levels.
- Encouraging members to provide feedback on the quality of services that have been provided by SCIP.
- Reviewing this Charter annually to ensure the continuing relevancy of its clauses and standards and to prominently display it on the SCIP website and the appropriate publications and documentation.

THE SCIP MEMBER SERVICE CHARTER

SCIP is a member-driven service association. Its ultimate purpose is to promote the interests of its members.

Supported by its volunteer members, SCIP's Board of Directors and staff manage the organization and its business affairs. It is their mission to perform their tasks in an effective, efficient, economical, purposeful, and consistent manner.

To achieve these goals the Board, SCIP staff and volunteers are committed to:



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Frankfurt
London
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Vienna
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San José
 Aug. 25/26 Competitive Intelligence Basics
 Aug. 27 A Day in the Life of a CI Manager

Cairo
 Nov. 10/11 Competitive Intelligence Basics

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YOUR PROFESSIONAL STAFF

JOHN FIEGEL, *SCIP Interim Executive Director*



While we await the arrival of SCIP's new, more permanent executive director, I wish to take this opportunity to introduce to you SCIP's staff – a highly motivated group of people with whom I have been privileged to work these past few months. Organizationally, we have functions covering membership, education, communications, meeting planning, business development, accounting, and office administration.

Administrative Service Manager: Marty Zurcher

Marty has been with SCIP since January 2006. Her areas of responsibility are:

- Office management (office supplies, facility, lease renewal, information technology (outsourced to Tech Assist), SCIP off-site storage)
- Interface with Tate & Tryon, SCIP's outsourced accounting function (all accounting issues, financial statements, accounts receivable and payable)
- Human resources (health insurance, personnel records, time and attendance, 401K provider, etc.)
- Administrative support to SCIP board of directors and CIF board of trustees (board books, travel and lodging, scheduling conference calls)
- Committee support: staff liaison to both Nominating and Awards Committee

Director of Communications: Dan Gibson

Dan has been with SCIP in this position since December 2004. His areas of responsibility are:

- *Competitive Intelligence Magazine* (design and production of six issues per year)
- *scip.online* (editor and publisher of this twice monthly electronic newsletter)
- SCIP web site including revamped site which debuted in February 2008
- Marketing materials (production and dissemination of all marketing materials, printed and electronic)
- Staff liaison to Communications Advisory Committee and Website Task Force

Director of Membership Services: Tina McRae Phelps

Tina has been with SCIP in this position since July 2006. She has two direct reports, **Dionedra Dorsey**, Chapter Coordinator, and **Marisa Beam**, Membership and Registration Coordinator. Dionedra has been with SCIP in this position since October 2006. Marisa joined SCIP in January 2008. Their areas of responsibility include:

- Membership development and retention
- Membership database integrity (Tina and Dionedra)
- Membership, including new members and renewals (Marisa)
- Registration (Marisa and Dionedra)
- Sponsorship and Exhibitor processing (Dionedra)
- Staff liaison to Special Interest Groups (Women's Leadership Council, Competitive Technical Intelligence, etc.)
- US chapter program (Dionedra)
- International issues. Tina is staff liaison to the International Advisory Committee

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the view from scip

LETTER TO THE EDITOR

February 7, 2008

It is great to see practical articles that do not require significant budgetary expenditures, such as Daniel Bukowski's "Getting the Most from Microsoft Office: Tap into an Underutilized Asset in Your Organization" [Jan.-Feb. 2008 issue]. However, as a Microsoft employee, I wanted to point out some errors and omissions that should be of interest to CI practitioners.

He said, "If you send a [Microsoft Office 2007] document to another user who has an older version of Office, you will need to save the document in an Office 97-2003 format." Not necessarily. If you go to the office.microsoft.com site (which he also mentioned as a key resource) and search for "compatibility pack", you will see a free download that allows Office 2003 users to open any Office 2007 file.

Using Outlook 2007: The author lists "the most common Office applications, including Word, Excel, PowerPoint and Access." His omission of Outlook here – not to mention in the article entirely – was curious, since it's used more than Access. And in terms of CI productivity, users should know that you can add RSS feeds easily in Outlook 2007, allowing you to treat news items, blog posts, etc., just like email messages, with the ability to use rules and alerts to ping, auto-forward, archive, etc. Many users find this preferable to having to log into a separate application or location from their email in order to keep up on RSS content. Enhanced contact management features in Outlook 2007 also merit a look.

One note: This application, also not mentioned in the article, has been around for a while, but is a newer addition to the standard Office suite. The ability to collect and annotate content in this tool from disparate sources can be very useful to CI practitioners. Thanks,

Glenn Gutmacher
Recruiting Researcher, Global Central Sourcing Team
MICROSOFT
glenn.gutmacher@microsoft.com

- CI Foundation book sales and fulfillment (Marisa)
- Develop agreements with similar organizations to attract new members to SCIP and offer additional benefits to SCIP members interested in attending conferences of these similar organizations
- Tina is staff liaison to the Membership Advisory Committee

Director of CI Information and Research: Bonnie Hohhof

Bonnie has been a member of the SCIP staff since July 2003. Prior to that

Bonnie was a consultant to SCIP. Her areas of responsibility are:

- Editor of *Competitive Intelligence Magazine*, six issues per year.
- Staff liaison to the CI Foundation Research Committee
- Co-editor of CI Foundation's *Topics in CI* series books
- Author of *scip.online's* FYI column.
- During Reed-Martinez maternity leave, staff liaison to the Body of Knowledge project within the CI Foundation

Director of Business Development: Jon Lowder

Jon has been a contractor to SCIP since September 2002. His areas of responsibility are:

- Exhibit and sponsorship sales (European Summits and Annual Conference)
- Sponsorship sales (training programs)
- Advertising sales (*Competitive Intelligence Magazine*, *scip.online*, web site).

Education Manager: Robyn Reals

Robyn has been on the SCIP since August 2007. Her current areas of responsibility include:

- International Annual Conference & Exhibition (emphasis on educational content)
- European Summit (emphasis on educational content)
- Training programs (CI 101® - CI 202™, financial intelligence, best practice fora, SCIP webinars)
- Staff liaison to the Education Advisory Committee

Tate & Tryon, CPAs

This firm has provided accounting contract service to SCIP since April 2006. Their areas of responsibility cover:

- Process transactions (AP/AR/cash receipts/record payroll).
- Financial statements (compile and review with management)
- Budget preparation assistance
- City, state, and federal filings

Experient

This company has provided meeting and event management to SCIP since February 2007. Their support areas include:

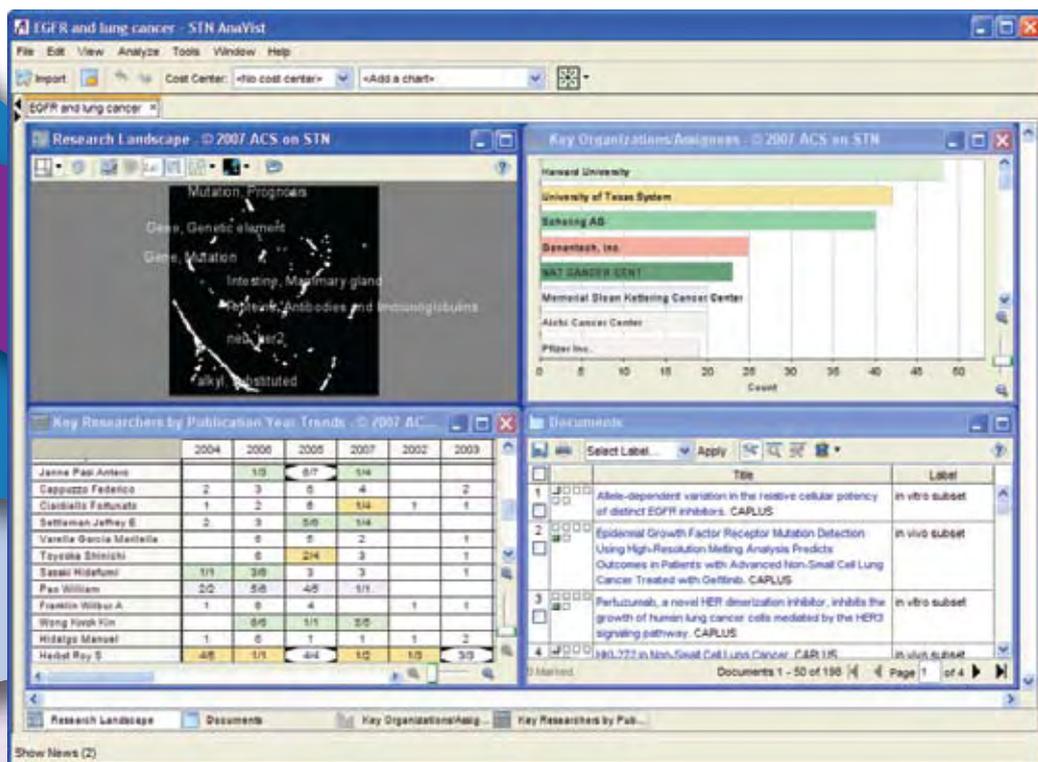
- Pre-event planning
- Venue negotiations, selections, and contracts
- Food and beverage management
- On-site management

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