



The Role of Competitive Intelligence in Driving Growth

by The Conference Board Council on Competitive Intelligence

As companies emerge from a recession mentality they need to start priming for a return to growth. An effective competitive intelligence program can uncover hidden opportunities to fuel that growth.

Looking for Growth and Competitive Advantage

While there remain many reasons to be cautious about the global economy, research by The Conference Board shows that CEOs are clearly adopting a more growth-oriented attitude and are once again feeling more comfortable and being more aggressive in their search for top-line revenue and profit growth. They are once again looking at speeding up new product development and expanding markets.¹

From the current economic climate two key insights emerge:

- Growth in this environment will essentially be a matter of who expands market share.
- Higher market share will be critical to positioning firms for success when the economic recovery hits its stride.

¹ *CEO Challenge 2010: Top 10 Challenges*, Research Report R-1461-10-RR, The Conference Board, February 2010; and *The Business Council Survey of Chief Executives*, February 2010, The Conference Board with the Business Council.



Competitive Intelligence and Expanding Market Share

Expanding market share requires clear and accurate insights into your markets *and* your rivals'. In other words, it requires strong competitive intelligence (CI)—not just news and information feeds, but analysis that explains competitive behavior, competitive intentions, and identifies competitive opportunities.

Strong CI provides critical early warning of competitor moves

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

Systemic CI uncovers hidden business opportunities

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

Strong CI helps firms develop better operating strategies

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

Improving Your CI Capabilities

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

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

You Can't Buy This Stuff

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

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About the Council on Competitive Intelligence

Founded in 1993, the purpose of the Council is to provide a platform for an intensive, off-the-record exchange of ideas and experience with respect to competitive intelligence/analysis activities and to further the professional development of members. By its nature, success of the Council depends upon the willingness of each member to participate in discussions to the limit of his or her ability.

To learn more about the Council on Competitive Intelligence, please contact Dina Bracigliano, Program Director, at 212-339-0323 or dina.bracigliano@conference-board.org

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