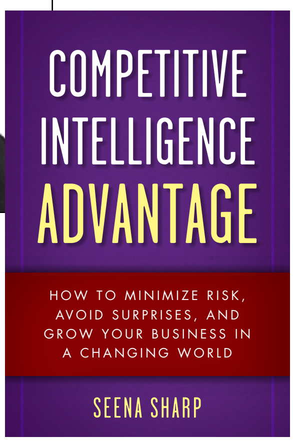
SHARP INSIGHTS ABOUT **BUSINESS DECISIONS** AND **COMPETITIVE INTELLIGENCE**

Interview with **Seena Sharp**

Seena Sharp is a long-time practitioner and writer on the topic of Competitive Intelligence (CI), and heads Sharp Market Intelligence (www.sharpmarket.com) from her office in the Los Angeles area. She is the author of the new book, *Competitive Intelligence Advantage: How to Minimize Risk, Avoid Surprises, and Grow Your Business in a Changing World*, published by Wiley.

In the book, she drives home the point that companies will make good decisions, the first time, when they are based on good input. She explains what CI is, why data is not intelligence, and why competitor intelligence is a weak sibling to competitive intelligence. She advises about when to use CI, how to find the most useful information and turn it into actual intelligence, and how to present findings in the most convincing manner.

Almost 10 years ago, Seena outlined 10 myths about CI that are still highly relevant, so you'll find them in the accompanying sidebar. More recently, *C-Suite Insight* interviewed her about the book and her current thoughts. This is how it went:



C-Suite Insight: Could CI, or a better use of it, have helped cushion the fiasco within the financial services industry?

Seena Sharp: Absolutely, and it could still be helping, because this is no time to make poor decisions. To the extent these companies and their executives use CI, they will make better decisions; they will understand the changes that are occurring, including the many opportunities that exist but are unknown.

CSI: But so many people missed it and apparently didn't see the meltdown coming. Even with good CI, how much of this disaster could have been averted?

Seena: There was certainly a willful element to all this. It's not so much that people missed it; they either ignored, dismissed, or underestimated the warning signs. But the warning signs were there. A great number of people in positions of power in business and government knew what was going on. Everyone knew about the so-called "liar loans," to name just one example.

CSI: Yet a lot of people lost their jobs and lost a lot of money in all this…

Seena: Well, the people in government who missed it didn't get fired. And you still see major bonuses being paid to executives at many of these financial companies that received TARP funding. So, in my opinion, people were not really held accountable.

CSI: Well, let's say there will be more accountability today and in the future. What should companies be doing with CI?

Seena: The basic rule is this: If you don't pay attention to problems and opportunities, another company will. Someone else will take the opportunities that you miss.

making any kind of decision. That means not only today's competitors, but customers, suppliers and distributors; what's happening with technology, government and industry regulation, demographics, cultures, and societal changes.

Not all of these things will affect every industry, of course. But when customers come to buy your product or service, they're (at least) subliminally considering some of these additional issues.

Seena: You might, but so many companies—at least at the executive level—are convinced that they know better. But they usually have only an internal perspective, and this is one of the most damaging things they can do. They do not have a broader, macro view.

CSI: And that broader view must include smaller companies as well…

Seena: Sure, and you can't underestimate that aspect, because all companies start small. Even Microsoft and Google started small!

CSI: Those two are primarily consumer companies. You said this applies to B2B as well?

Seena: In the world of business-to-business, companies buying products and services are not concerned with the size of a potential vendor as much as "Can you provide what I need in my timeframe and budget, and with quality work?"

If this were not true, then there wouldn't be any small suppliers for the automotive industry, or any other business, really. It applies to every industry.

SO HERE'S AN OPPORTUNITY FOR CEOS TO SAY… "I'M ONLY GOING TO TAKE A MILLION IN SALARY, **AND WE'LL HIRE ANOTHER 50 PEOPLE WITH THE MONEY I'M NOT TAKING."**

CSI: In your writing and consulting, you like to point out that these companies who might eat your lunch aren't always the most obvious competitors.

Seena: Right! Remember, using CI effectively means paying attention to what's going on—not only in your industry, but also outside your industry—and what's going to affect you.

CSI: So you can't just look at your competitors.

Seena: Yes, there is a very big distinction between competitive intelligence and competitor intelligence.

Competitor intelligence is actually a subset of competitive intelligence. It encompasses all the areas you have to consider when you're

CSI: And even your competitors aren't always who you may think…

Seena: Most businesses only consider their direct competitors as competitors: companies in their industry, and furthermore, of a similar size. But what you think your competition is may be substituted by an indirect competitor, even one from a totally different industry.

A point I want to make here is that customers—whether B2B or B2C—view the marketplace very differently than executives view it. Customers don't care about your company or your competitors; they only care about what company can satisfy their needs.

CSI: You would think companies would be more aware of this today.

CSI: What are some examples of business leaders who effectively use CI, and who can be disruptive as a result?

Seena: Take a look at Richard Branson. He has businesses in 200 different industries, and he selected these industries because they didn't see changes coming.

TEN MYTHS ABOUT COMPETITIVE INTELLIGENCE

MYTH #1

Competitive Intelligence and Market Research are the same.

In Fact: Market research is widely defined as primary research, with results from surveys, questionnaires or focus groups. In contrast, competitive intelligence draws on a wide variety of sources and captures what is occurring today rather than what respondents say, with different expectations from the results.

MYTH #2

Competitive Intelligence and Competitor Intelligence are the same.

In Fact: Competitive and competitor are not synonyms. Competitive intelligence targets anything in the business universe that affects the ability to compete. This includes knowledge of what's changing with suppliers, distributors, customers, technology, regulations, and competitors.

Competitor intelligence focuses on one or more specific competitors, and is an important subset of competitive intelligence. Competitor intelligence includes monitoring and understanding competitors. However, it cannot stand on its own because tracking only the competition is the surest way to develop tunnel vision and be blindsided by significant marketplace changes.

MYTH #3

Data, Information, and Intelligence are the same.

In Fact: Data is raw material. It's numbers or facts presented in a vacuum. Information, on the other hand, is data in context. Intelligence is information that has been analyzed and suggests actions, strategies, or decisions. Intelligence reveals critical information or insight and implications beyond the data.

MYTH #4

Competitive Intelligence is spying.

In Fact: Besides being illegal and unethical, dirty tricks like phone taps, dumpster diving, and surveillance are simply unnecessary in competitive intelligence because an estimated 95 percent of the information you want is publicly available.

That other 5 percent? Access to a competitor's truly proprietary information—such as customer lists, pricing, intellectual property—wouldn't be valuable for long because the most successful companies are constantly creating new ways to satisfy their customers. Covert operations are just not part of the competitive intelligence job description.

MYTH #5

There's no information on private companies.

In Fact: As *X-Files* fans knew, the truth is out there. The amount and type of information available varies by company and industry, and directly correlates to the media interest in that company or industry, as well as support from the industry. Some private companies generate as much ink as their publicly held counterparts, and even the most private companies cannot escape the efforts of a determined investigative reporter.

Information on private companies appears in unexpected places, too. Some U.S. private companies provide SEC-type financial information, for example, while all companies in some countries are required to file financial documents.

MYTH #6

The best industry information comes from my industry.

In Fact: If only the business world were so orderly! Trade publications and associations do provide valuable information about an industry. But the flipside is that their perspective can be insular and narrow. The interrelationships between competitors, suppliers, distributors, and customers has created an environment where non-industry viewpoints are as essential as those from the industry.

Trade information needs to be balanced by an outside view, such as respected general business publications and publications that cover industries indirectly related to your business. Articles from these non-industry journals often detail needs, changes, gaps, potential problems, substitute products, ancillary issues, and valuable insights that none of the competitors are addressing.

MYTH #7

Information is free.

In Fact: Despite the wealth of free information on the World Wide Web, there is still no such thing as a free lunch, or free valuable information. After all, if you can find something easily and for free, everyone else can as well!

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Acquiring information of value requires an expenditure of time, money, or both. Even with initial web searches, there is an inevitable cost, whether the information is gathered by a salaried or contracted employee, or a professional researcher.

The proliferation of information today frequently prompts executives to assume specific information is relatively easy to find and, therefore, very inexpensive. How many times have you said or heard, "I know I read it somewhere," or "I only need a few statistics," or that all-time favorite, "You should be able to find that in five minutes."

In reality, the desired information will be buried somewhere; the purported source will be incorrect; and the specific information won't be identified by a simple keyword search. Finally, more and more free sources are moving (or seeking a way) to a fee-based model.

MYTH #8

Information costs too much.

In Fact: This is the flipside to Myth #7. I have to ask, "Compared to what?" Making a huge, expensive blunder in the marketplace?

Everything necessary to run a successful business has a price tag. From raw materials to real estate, computers to coffeemakers, personnel to paper clips—everything has a cost.

Information is the raw material of good decisions. Profits result from making good decisions, avoiding mistakes, and minimizing risk. So the cost (in time or money) of obtaining information must be appropriate to the purpose. A decision requiring significant outlay of resources, such as entering a new market, targeting a new customer base, purchasing equipment, or exploring an acquisition or merger, requires an in-depth investigation.

The range of available information and/or the difficulty of obtaining it is truly a mystery to those outside the competitive intelligence profession. Executives need to be made to understand that competitive intelligence is, in fact, the least expensive part of most transactions. When properly used, information is an investment.

MYTH #9

Not every decision requires Competitive Intelligence.

In Fact: OK, I'll confess, there's a bit of truth to this one. But remember, the decision to skip the competitive intelligence process must be weighed against the ultimate cost of a wrong or bad decision.

If a company can afford the cost—in time, effort, and money—or if a tight timeframe precludes adding competitive intelligence to the equation, then the gamble may be worth it.

Yet, in most cases, CI enhances the chances for success. Growing a business, expanding offerings, attracting new customers, or selling in new or different channels are highly competitive activities.

Being a profitable player involves posing a threat to other companies and creating a visibility that may prompt an existing or emerging competitor to go after your business. Because the cost of competitive intelligence is only a fraction of any decision cost, it should be part of the plan in most cases.

MYTH #10

Competitive Intelligence is a waste of time.

In Fact: Decision makers who don't want to make an investment in competitive intelligence deserve an "A" for arrogance. While they correctly assume they know their business, they are dead wrong about assuming they can't learn anything of value from outside sources.

In reality, decision makers are most knowledgeable about the past, and most confident about the information and decisions that brought about their present successes and experiences. So yesterday!! However, the rate and complexity of change in the marketplace steadily decreases the value of historical information.

As for the future, few decision makers have the time to methodically and creatively think about where their industry is headed. If they're working in global and/or downsized organizations, they're too busy handling multiple projects and putting out fires.

Timelines aside, management also needs information with one or two degrees of separation from their core business. In fact, the most valuable competitive intelligence counters, rather than confirms, what the company believes.

He started by selling records, then expanded that into making recordings, then created his own label. But his genius is for business, not just music. So he's in the airline-travel business, railroads, media, cosmetics, wedding gowns, energy, stem-cell research, health care, etc.

You should never fool yourself into thinking that someone won't see a gap or opportunity in your industry, or you might see Richard Branson coming in and taking over!

CSI: Well, he's well-known to be a unique figure…

Seena: Sure, but he does it right. And here's another example: Warren Buffett. He started small, and he buys a lot of small companies. Even today, most of his companies are small companies that most of us had never heard of when he bought them. But he is successful because he does his due diligence with CI every time.

CSI: As we go through the year 2010, what Three Big Rules of CI do you encourage top-level execs to remember?

Seena: Well, the public is absolutely furious at executives drawing huge amounts of money. They should read what is being said, and not just in their industry. As President Obama said, "They just don't get it."

So here's an opportunity for CEOs to say, "I'm only going to take a million in salary, and we'll hire another 50 people with the money I'm not taking." They should stop being oblivious, and realize that there are ramifications beyond executive compensation. People want less and less to do with that whole industry, frankly.

Executives should also realize there is a new generation coming into the workforce and buying products and services, one with a totally different view of business than that of Gen-X or Baby Boomers. This Gen-Y demographic cohort is much more into doing good, volunteering, and corporate social responsibility. They are looking for companies that reflect their values.

CSI: Executives don't make it to the top level without having a certain willfulness, a certain resoluteness in what they think and do. How do you get these points across to this audience?

Seena: I like to think of it as a situation that is very much like Sherlock Holmes building a case. You're not going to convince someone with the first clue, or the second one, or even the third or fifth sometimes.

When you're trying to convince executives of something that's contrary to what they think, it takes numerous attempts. You have to remind them how you presented good evidence last week, last month, and before that. When you present new evidence, you have to reinforce the previous evidence.

Over time, they'll begin to pay attention to you. And they'll see from elsewhere, from other sources, that what you say has legs. As they see other examples of what you're talking about, they'll begin to notice the value of what you are saying.

CSI: Executives are the primary readers of this magazine. Now that you have their attention, what else do you want to say to them?

Seena: Executives are expected to be leaders, which means they not only have to stay current, but ahead of their current and potential future competitors. They need to make smarter decisions, and recognize that the information on which they base their decisions is constantly changing.

I'd pose questions about a decision they made that didn't turn out, and I'm sure I could tell them it was because they didn't do their due diligence. They didn't have the most current, useful information, and made a decision based on outdated, insufficient, or erroneous information.

Bad decisions not only mean a loss of revenue. They mean a lost opportunity, and a loss of morale. On the other hand, if you use CI, you'll make far better decisions, seize the opportunity of change and market shifts, and minimize risk. C