

Competitiveness by Means of Information

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Abstract: Apart from a clear vision, increasing the level of competitiveness in Romanian companies and their capacity of handling competitiveness pressure also requires the existence of a competitive strategy based on appropriate information and continuous assessment of the risks and of the business opportunities.

Competitiveness by means of information starts from the idea that companies can elaborate valid competitive strategies only by means of "intelligence", which is obtained through internal development of the power of collecting, operating with and analysing the information required for the business. Competitiveness by means of information refers to a systematic process of collecting and analysing the data and the information which come from public sources and deal with the aptitudes, reasons, intentions and the methods applied by the competitors, in order to obtain a durable competitive advantage.

Professional companies know that in order to be competitive, they have to be able to anticipate the changes that appear from inside or from outside the domain in which they work. Besides, they also know that in order to obtain a competitive advantage, they need a plan to transform data and information in "intelligence" and then use them in taking strategically or tactical decisions.

Romania's Integration in the EU structures imposed the Romanian companies a new perspective regarding the market, the consumers, the internal organization system, processes and work relations as well as, certainly, competition. The competitive advantage on a market is hard to obtain, when a competition is very harsh between companies with almost equal powers. Thus, information becomes "la piece de resistance".

Which is the place and the role of information in formulating the competitiveness strategy of a company? How can Romanian companies transform information in a strategic resource and how can they administrate effectively this asset which is so important nowadays? The answer to this question lies in the meanings of the concept of competitive intelligence, which is the information specific management based on verified procedures, instruments, methods and competencies. Mainly, CI can be defined as the ethical, legal and systematic process of collecting, filtrating, analyzing and disseminating the pieces of information with an actionable value, in order to provide a competitive advantage, to capitalize the opportunities and to avoid any kind of surprise at the market. The definition brings out a fundamental distinction between data, information and intelligence, the last one representing the constant cycle through which data and

information are subject to a process of qualitative analysis up to the point where they can serve as a decisive base for different departments of a company.

The intelligence function is a different function of an organization, just like any other function, such as marketing, sales or human resources. The intelligence function usually comprises a specialised department formed of employees that have specific abilities and qualities. CIO, the Chief Intelligence Officer, who acts both as a coordinating officer of the intelligence department as well as a strategic counselor for top management. The intelligence staff also comprises a collector of information who collects data and information through the system of sources that he develops, an industry watcher, who is meant to monitor and detect any change on the reference market of the company. This is the phase where a great deal of importance is given to the collecting of human resources, or HUMINT (human intelligence), the capacity of networking being essential.

According to the Society of Competitive Intelligence Professionals (SCIP), the number 1 CI authority in the USA and not only, over 80% of the information needed is inside the companies, it being obtained with only 20% of the efforts, a thing that denotes the "hidden" potential that any company holds and of which, most of the times, the staff isn't aware.

The way to competitive intelligence undergoes a series of steps: data-information-intelligence-acting intelligence. The transforming of the pieces of information into active intelligence is the basic capacity of the intelligence analyst, the profile expertise being absolutely necessary in order to ensure the coherence and the consistency of the entire process. We must insist on the mission that this staff holds in the company, namely that of providing the superior management with the intelligence necessary in order to obtain or maintain the competitive advantage. The identification, in objective time, of those movements existing on the market that could affect the position and the efficiency indicators of the company (turnover, profit) represents a desideratum assumed by the CI staff which must be sustained by the management of the company. As a matter of fact, the relationship of the CI department with the top management must be seen more like one of reciprocal support and collaboration, than one of subordination.

The responsibilities of the staff management can be thus synthesized:

- a. collecting the need of information for the company
- b. building and managing the sources system

The sources of information that can be used are the primary sources (the competitor's employees, analysts, networks of experts, public authorities, pressmen, etc) or secondary (databases, reports, studies of specialty, Internet), internal or external sources.

- c. promoting the intelligence culture and establishing the intelligence community
- d. managing the competitive intelligence portal

The intelligence portal is a supportive software application for a systematic intelligence process and can only be accessed by means of the web browser. This type of application allows the intelligence community to collect, share, perform primary analysis and disseminate intelligence information and products.

The use of these solutions has the following advantages:

- decisions which are better underlain from the informational perspective – this reducing the informational repletion and improving the process of planning and of business analysing;
- a faster decisional process – avoiding useless search on the Internet; all the information is available in the same place at the same time
- the reducing of costs – it saves time and increases the users' productivity
- the improvement of the relations with the clients- the company becomes more attentive to the clients' needs by sharing the knowledge they have about them.
- Developing competences – keeping the valuable staff

- e. producing and disseminating the informative products and services for the company's management, meaning the intelligence products (briefings, daily reports, competitors' profiles, strategic impact analyses, competitive benchmarking studies, early strategic warning reports)
- f. the support by means of information, the planning and the execution of the operations in the market;
- g. participating at the framing of the strategic scenarios
- h. introducing the function and the system of early strategic warning

The environment where a company acts (competitors, new-arrived agents, the tradesmen and the clients) is a generator or more or less pleasant surprises. The warning begins by identifying any complex of situations, which could represent a threat or a risk and whose evolution could have an impact on the interests and the objectives of the company. The risks to which the company's interests (financial-economic, competition, concerning their image) are subject, but also the business opportunities do not regularly appear all of a sudden and there always are indexes of their emergence. That is the reason for which a constant supervision of the group of specific indicators of any type of risk or opportunity and their adequate pointing out are needed.

- i. Providing the internal protection function.

A distinct part in the process of Competitive Intelligence, the Counter-Intelligence activity has, as a purpose, the protection of the interests of the organization of the similar activities of the competitors, activities that could affect the interests or the objectives that were established.

As important as the process of Competitive Intelligence, this process sustains the organization by eliminating some possible losses, its effects being less visible but essential.

A part of the CI is Business Intelligence. Unlike Competitive Intelligence, which refers to the activities of the company related to the external environment, Business Intelligence is more like an "internal business", since it concerns the inter-department activities, the analysis of the material and informational flows and manners of improving the inner activity.

The Competitive Intelligence activity is realised in 5 steps¹:

1. Establishing the requirements – due to the fact that there is a lot of information available, a very important task is to establish which are the informational needs of the managers who deal with the intelligence staff, which are the problems that must be identified and what is the type of decisions which need support?

2. Collecting the information – refers to the activity of collecting the information about the competitors and about the market and provides the answers to questions like:

- What type of information is available?
- What other information should we obtain?
- What information sources can we use?
- What is the optimum percentage of collecting between the different sources?
- What type of specific activities must be taken into consideration for the team

of collectors?

3. Analysing the information – involves the interpreting of all the data and pieces of information that have been collected, according to their relevance, value, meaning and characteristics. The information is collated and synthesized according to the purpose and priorities of the beneficiary. This is the stage when the transforming of the information that has been gathered in the active intelligence takes place. Now is when answers to questions like:

- Is there enough information to answer the intelligence requests?

¹ The Herring model, named after his founder Jan Herring, one of the "parents" of the North-American Competitive Intelligence and also the president of the USA Academy of CI

- Are there pieces of information that we can ignore?
- How can we combine in the most efficient way the pieces of information we gather from different sources? - are sought for.

4. Dissemination – the pieces of information that have been analysed are saved and disseminated to the interested beneficiaries through written reports, e-mails or orally. Questions of the following type need to be answered:

- To whom are the intelligence reports given?
- Which is the best method to communicate the results of the intelligence activity?
- What is the format in which they will be distributed?

5. Feedback - in order to make the future collaboration more effective, the communication between the intelligence provisionary and beneficiaries must be continuous. Some of the questions that must be answered are :

- Have the intelligence reports been useful to the people making the decisions?
- What is the most effective technique to look at the information?
- What are the activities needed to improve the Competitive Intelligence process?

The Competitive Intelligence activities aim at collecting, analysing and disseminating the information about:

- a) The competitors' capabilities, plans and intentions** -the essence of the Competitive Intelligence is the analysis of the information about the competitors of the organization. In order to estimate the capacity of the organization to increase its quote on the market, the competitors' capabilities are assessed, and their plans and intentions are studied in order to elaborate a clear prediction regarding their future actions, actions that could influence the obtaining of the company's own short, medium or long term objectives
- b) The market's structure and tendencies** – on the same step with the competitors' analysis we can find the analysis of the market on which the organization is present, the analysis of its structure and tendencies according to the results of the analysis, the decisive factors may decide to stay on the market, to increase their rate on the market or to retry in order to focus on other segments of the market.
- c) Technological developments** – the aspect that each manager must consider and has to use as part of the organizational culture is being up to date with the latest technological innovations, adapting them to the specific of each organization and using them in order to obtain a competitive advantage and to increase the efficiency of the activities
- d) Clients** – nowadays, customer's behaviour is also of a real interest, since his needs and demands are the subject of some elaborate evaluations, based on a complex system of factors and indexes.
- e) The political, economic and social environment** – in analyzing the environment in which an organization functions, all the political, economic and social factors whose action can influence the activity of the organization or its position on the market have to be included besides the economic situation, a company must also focus on the aspects and the social consequences of its actions: massive dismissals, the cutting of the salaries, the worsening of the work conditions, etc.
- f) Threats for the security of the company** - a separate component in the Competitive Intelligence process, the Counter-intelligence is meant to protect the interests of the organization in front of the competitors' similar actions, which could affect the objectives or the interests that were established. As important as the Competitive Intelligence process, it supports the organization by eliminating some possible losses, its effects being less visible, but essential.

The strategic management of some organizations supposes knowing and using some concepts as Business Intelligence, Competitive Intelligence, Early Warning,

Strategic Risks and business opportunities, competitive operations and responses, Balanced Scorecard, Dashboard, strategic map, etc. Business War Room (BWR) is a strategic management instrument which manages to integrate these concepts and make them available for the managers.

The main advantages BWR offers are:

- The integrated accessing and observing of the information needed in order to obtain a “360°” perspective on the business or company;
- Creating a space for the managerial team to interact and generate ideas by sharing the information;
- Facilitating the unitary planning and the synchronizing of the actions on the market;
- Emphasizing the relations between different classes of problems and indicators.

BWR is formed of a multi-media, computing and procedure-related architecture. The computing architecture of the BWR is basically sustained by the entire informational structure of the company (Intranet, accounting systems, ERP, CRM, Km, business intelligence and communications.) This consists of access points for the different networks of the company, work stations for the data aggregation and formatting, functional servers, etc. the multi-media architecture is actually the platform used to observe the information and the business intelligence, being set up in a meeting hall. The procedure-related architecture is meant to establish and to enforce the business model specific to the planned usage of the BWR for the management of all the key-aspects of the business. The success of this managing instrument is the human factor, namely proactive managers and planning and competitive intelligence staffs, with creative and analytical capacities.

Competitive Intelligence is seen as a type of capital, an intangible active, and cannot be seen as a mere training or consulting instrument, its role being to create added value in the business functions and processes.

CI structures the company so that it becomes “competitive orientated”, starting from the top management to the selling force which acts at the tactical level.

Competitive Intelligence must not be taken for the marketing research. The techniques or the instruments used are not too different, but that is not the case with the objectives and the focalization. The marketing research is firstly based on studying the consumers’ preferences for some characteristics of the products or of the services and most of the times is done under the form of some studies. Competitive Intelligence is a systematic and continuous process which focuses on determining the strategic directions of the company and on the future intentions of its competitors.

Besides knowing the theory and forming the competences of the team in Competitive intelligence, the entire staff who deals with the business environment must be ready for any changes according to the importance of the information in the world of business, must work as a whole in managing the information, starting with the collecting up to the presenting of the pieces of information in the proper variant, that suits the decisive support. Hence, not only the introduction of some inter-departments procedure and a specific policy is needed, but also new elements of organizational culture must be introduced. The transformations in the domain of the management of the information and organizational culture refers to defining the company’s Competitive Intelligence policy and also the one of informational security, to establishing the following procedures: intelligence auditing, identifying the informational needs, producing and disseminating the analytical products and the support services offered by the competitive intelligence staff, constituting and managing the system of business information sources.

Conclusions

In a business, information is more than just mere data about clients and transactions. The power of the information management lies in the ability of the company’s

managers and employees to scan, collect, organize, process and maintain correct information about the competitors, clients, suppliers, partners, market and generally, business environment. The companies that have reached a high level of informational maturity disseminate knowledge and information so that all the employees can use it accordingly to their functions, thing which influences positively the quality of the working and decisive process. The pieces of information are a priceless value for the success of a business.

In order to achieve a superior level of decisions, a company's management must perfectly know and combine the information about its own capacities (business intelligence), the competitors' actions and capacities, the ones of the suppliers and also the market's tendencies (competitive intelligence), the risks and the opportunities of the current strategy of the company and its own business operations which are on the verge of or currently unwinding.

Competitive Intelligence is the process of systematically collecting, analyzing and evaluating the information about the business environment (competitors, suppliers, clients, groups of interest, etc) and transforming them into intelligence (pieces of information with added value) , necessary for making tactical or strategic decisions. Through Competitive Intelligence one obtains knowledge about the competitors' intentions and about the unpredictable changes on the market, resulted from the analysis of the public documents, the monitoring of the media and of the Internet, and from the information provided by the clients, suppliers, partners, employees and experts of this domain. The main role of the Competitive Intelligence is offering studies with recommendations about the actions that must be taken in order to improve the strategic planning of the business operations, and for a more effective allotting of the resources. The competitive intelligence provides warning about the potential menaces but also about the opportunities which are favorable to the company, and offers the support which is needed for the company's risk management.

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