

how to conduct competitive intelligence

~ Mark Healy / Partner / Torque

My first job out of school, many moons ago, was with a tire manufacturer in the Maritimes. I was a newly minted Queen's engineer, ready to change the world one tire at a time. They put me through their industrial engineering training program. Here's an engineering secret: no engineering discipline actually operates under the correct name. Chemical engineering is really process engineering, and so on. Industrial engineering, as it turned out, is really efficiency or cost engineering. It's about increasing production or saving money. I wrote four words on my cinder block office wall: cheaper, faster, better, more. I figured if I wasn't trying to achieve one of those outcomes, I was doing something wrong.

Anyway, one of my roles was to conduct time and motion studies on operators. This means you follow the dude (or gal in the rare case) building tires around for his/her entire 12-hour shift and record everything he/she does, including exciting activities like going to the washroom. Everything. Then you report to his/her boss how more tires could be built if silly activities like "resting ones wrists for 3 seconds" were just cut out of the process. You can imagine how popular I was in the plant, especially when taking into account I had exactly 0 years, 0 days, 0 hours and 0 minutes of actual tire building experience. And I was 23. I used to joke (after ducking punches) with the operators that I should just wear a black t-shirt with a scull-and-cross-bones emblazoned on the front and be done with it. I learned a ton, but it was a dirty job.

In business, there are some dirty jobs as well. Carrying out competitive intelligence is one of them.

I get asked a lot 'how' to conduct competitive intelligence. i.e. how to extract market research information from organizations/firms/people that may or may not want to part with it. You can look this up online and find all kinds of vague moral and ethical guidelines, and links to nowhere. But no one really talks about what is acceptable and unacceptable, or how to do the work. Here are some simple guidelines and rules.

A) First, avoid if it at all possible

Ask yourself why your client/boss/whoever wants the information. What is it he/she is really after? What will the data be used for? What is the underlying need or problem that is being addressed? If you don't understand the context, that should be an automatic red light until you do. If the information will be used for any purpose you know or suspect is illegal (like say price collusion, or industrial espionage), you have to outright refuse the assignment. (This is very rare – I've never encountered it personally).

What I've seen more frequently is a) often the information sought would be interesting but make no difference to the outcome of a project or to the organization seeking it. Take for example a small manufacturer seeking to know how competitors will deploy their sales forces. It would be cool to uncover, but doesn't really change where customers are located or how they purchase. Or b) a different approach will yield the same answer. For example, industry governing bodies (like Professional Engineers Ontario) and aggregator organizations (like the Canadian Marketing Association) keep all kinds of industry stats on everything from pricing to salaries and many points in between.

B) Understand the rules of engagement

Here's where I start with new consultants I'm training. If you feel bad/wrong doing what you're planning to do to uncover information, it's probably bad/wrong and you should stop and re-think things. Let's get more specific: everyone has their own gray area or line, but what is clearly and blatantly over the line (unacceptable) is to



misrepresent who you are or lie to obtain the information. For example, posing as a reporter or saying you are calling from a research organization, when you work for an IT services company, while creative, is completely off-side. Ultimately, you have to live with, and your firm's or organization's reputation depends on, the decisions you make in regard to the approach you take.

So let's focus on the four tools/approaches/techniques that are widely accepted as above-board:

1: Just Ask

As my business partner Mark Binns famously expounds, it's amazing what people will tell you if you just ask. There is nothing illegal or immoral about picking up the phone and asking people questions. If the folks on the other end of the line don't want to give you answers, they won't. If you get push back as to who you are or why you are asking, you don't have to answer either. The conversation ends, no harm, no foul.

2: Mystery Shopping

This is the most common and most accepted means of garnering competitive information. All of us are consumers, and this approach works best in B2C environments. Going through a legitimate retail experience process, purchase process, after sales support process and/or facility tour can tell you an immense amount about how competitors operate, price, treat customers, etc. Here are some less obvious examples:

- You want to know how much a financial services company will negotiate, say on rate, with customers: call their sales centre and attempt to negotiate – but do it 3-5 times on different days. This will tell you how much wiggle room corporate gives front-line sales, and how uniform the process is.
- You want to know how stringent a competitor is on quality: go on a facility tour and look for control charts or visible process metrics, observe the condition/age of the equipment and cleanliness of the facility, chat with the tour guide and employees asking questions about commitment to 'right-the-first-time' and waste or scrap. A public tour can be immensely informative if you have your eyes open and ask a lot of questions.
- You want to know a competitor's advertising spend: piece together the components of the advertising (TV spots, billboards, etc.) and the frequency of the communication, then call the agency responsible for the campaign, and other agencies, and ask what it would take to put together a comparable campaign. Other players in the value chain (like agencies) sometimes hold the information you really want.

3: The White Paper Approach

For B2B environments, mystery shopping can be difficult if not impossible. Outside of 'just asking', which will normally be met with skepticism, a white paper approach is about the only acceptable approach that will be successful. It works like this: you have to tell every interview target/person you want to talk to or ask question of that a) you will gather the same information from every competitor, b) their confidentiality will be protected (and then you have to follow through), and c) that the results will be written up in aggregate and distributed to all parties involved. For example, if you run a B2B business and you want to know what your competitors are planning for after-sales service bundles, you can have a 3rd party interview each competitor, and then publish a short 3-page white paper on the results where each competitor is represented by a letter (company A plans a 6-month maintenance program, company B plans 2 months of free service, etc.). To close the loop, the white paper needs to actually be distributed back to all those interviewed. Industry benchmarks can be an incentive to uncover information.

4: Job Postings and Recruiting Events

Finally, if it's culture or HR related information you're interested in gathering, scanning a competitor's job postings or attending one of their recruiting events can be very instructive. During this process, the competitor is in selling mode, and it is in their best interest to speak clearly about the firm's work environment, compensation plans and role responsibilities. Just reading job descriptions or showing up at a job fair can tell you what you want to know.



What's common to the four accepted approaches is that the information sought and found is not secretive or protected. It is publicly available, just not necessarily easy to access. If what you're looking for is not in this category, or cannot be uncovered by one of the four approaches above, you are playing a very dangerous game.

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