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# COMPETITIVE INTELLIGENCE ORGANIZATION DIAGNOSTICS

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## *CRITERIA ACROSS 10 CATEGORIES*

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## PURPOSE

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This diagnostic checklist is a tool designed to help organizations evaluate the current state of their competitive intelligence activities. The question sets are divided into 10 categories.

Each question has four possible answers: never, infrequently, usually, and always. The assumption is that more mature competitive intelligence organizations will execute a larger number of the prescribed activities more often than those organizations that are less mature.

There is no numerical scale presently attached to the results. It is left to the evaluator to determine if the collective answers are acceptable or not. It is possible that one or more specific corrective actions will be identified and executed.

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## DEFINITIONS

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There are many definitions of competitive intelligence. Here is the one that I prefer.

*“Competitive intelligence” is the action of gathering, analyzing, and distributing information about products, customers, competitors and any aspect of the environment needed to support executives and managers in making strategic decisions for an organization.*

For those engaged in competitive intelligence there is a complementary prime directive to guide their actions.

*In all that I do I will deliver valuable answers and insights in a timely manner to strategy leaders to help them make better decisions about the competitive environment.*

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## ASSUMPTIONS

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There are a number of assumptions embedded in the format and questions. First, the ten categories represent the key focal areas defined in a white paper by Tom Hawes of JTHawes Consulting, LLC ([www.jthawes.com](http://www.jthawes.com)). Second, there are assertions assumed to be true (when competitive intelligence is done effectively) including the following.

- Competitive intelligence serves senior management and strategy leaders.
- Competitive intelligence makes an important difference in quality of strategies.
- Competitive intelligence delivers recognized value to decision makers.
- Competitive intelligence leads to concrete actions.
- Competitive intelligence pays back the investment.
- Competitive intelligence increases its value over time.



## USES

The results from this survey can be used for broad or narrow improvements to the competitive intelligence efforts of a company. The broad improvements may be indicated when there are many weak areas or when there are significant, recognized missed opportunities or surprises. The narrow improvements are likely to be applicable to organizations that already have a substantial competitive intelligence effort or that lack the resources to tackle broad improvements.

It may be useful to consider the sequence of improvements when multiple areas are identified. The ordering of the categories is a rough suggestion for the order that is important. The earlier steps are foundational. Without adequate performance in these areas, the overall competitive intelligence will not long endure. The later steps are also important since they reinforce the value and contributions of competitive intelligence to the senior management of a company.

## METHODS

The survey should be given to multiple senior management and strategy leaders in a business. The responses should be tallied and sorted so that clusters of like responses are identified. Follow up interviews are appropriate to clarify significantly different responses and to add color to the clusters.

After the interviews, a summary report should be prepared and presented to the company. In addition to summarizing the answers and interviews, the report should present an ordered list of suggested improvements. Further, any underlying assumptions inherent in the culture concerning competitive intelligence should be explained, especially when those assumptions differ from those cited at the beginning of this paper.

Finally, training needs for the organization, missing tools and other practical aids to help in the execution of competitive intelligence should be listed.

Assuming that the company personnel are available for the initial survey and the follow up interviews, the data collection portion should take approximately one week or less (larger organizations may require more time).

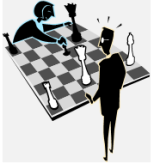


## 1. PROBLEM RECOGNITION

We have a problem!

**Definition:** The awareness among senior management and strategy leaders that well understood competitive intelligence is valuable since it leads to regular, concrete adjustments to business strategy. The implication of the proper adjustments is that they will lead to superior business results.

PROBLEM RECOGNITION				
Criteria	Never	Infrequently	Usually	Always
a. The organization uses a common and effective definition for competitive intelligence.				
b. Competitive Intelligence is a well-understood activity whose objectives are well-defined and time-stamped.				
c. A critical list of competitive questions to answer that affect our strategies is actively worked.				
d. A list of strategic issues covering the next 3-5 years is maintained and discussed.				
e. Win-loss events are tracked and related to concrete competitive advantages.				
f. A clear understanding of the competitive forces shaping our industry is maintained.				
g. Potential new or nontraditional competitors is identified and tracked.				
h. Disruptive trends, technologies and business models are identified and tracked.				
i. A defined process to evaluate our current business strategies with respect to their competitive impact is used.				
j. A defined process to analyze the competitive advantages and disadvantages of possible new strategies is used.				
k. An early warning system to detect changes to the competitive environment is used.				
l. The key trends which affect our industry are known and tracked.				
m. The impact of key trends on our business is forecasted.				
n. How our customers and competitors view our company is well known.				
o. Independent analysts are used to gain an external perspective of the competitive environment.				
p. The business strategies of our significant competitors are well understood.				
q. How competitors are executing their strategies to differentiate their offerings is well known.				

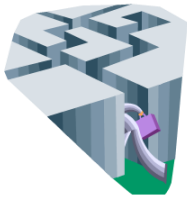


I need the winning move

## 2. SPONSORSHIP

**Definition:** The overt, specific support of senior management required to fund and drive competitive intelligence activities and to process the interpretations provided. Sponsorship implies that measureable, regular inputs are provided to support senior management decision making.

SPONSORSHIP				
Criteria	Never	Infrequently	Usually	Always
a. Senior business management expresses an interest in competitive intelligence.				
b. Senior management uses competitive intelligence information when talking with analysts and investors.				
c. Competitive intelligence is a recognized factor in significant strategy decisions.				
d. A specific senior manager is accountable for execution and results of each business strategy.				
e. A vision for competitive intelligence activities created with senior management is followed within the business.				
f. There is a budget for competitive intelligence activities.				
g. The commitment to competitive intelligence is not tied to one person's performance or involvement.				
h. Commissioned analyses are guided by key intelligence topics (questions) defined with senior management.				
i. Senior business management is alerted when significant competitive events occur.				
j. Competitive intelligence issues and status are scheduled topics at senior management meetings.				
k. Competitive intelligence training and awareness is promoted throughout the organization.				
l. There is a person accountable to senior management for coordinating competitive intelligence.				
m. Senior management gives direct feedback to the competitive intelligence personnel.				
n. Senior management identifies the successes and failures of competitive intelligence.				
o. The competitive intelligence coordinator participates in business strategy meetings.				



The future is unclear

### 3. FUTURE ORIENTATION

**Definition:** The sense that there are multiple possibilities for future actions which can be affected by effective competitive intelligence. Competitive intelligence helps to narrow the options for those actions. The clarity is possible by employing models, interpreting information and suggesting options in context of the market environment and the organization's strategy.

FUTURE ORIENTATION				
Criteria	Never	Infrequently	Usually	Always
a. Competitive intelligence activities are future oriented to support strategy decision making.				
b. Future competitor moves are forecasted and matched to early indicators for each move.				
c. Predictions are made and tracked about changes in the competitive environment.				
d. Business drivers, assumptions, strategies and capabilities of key competitors are analyzed.				
e. The role and influence of standard organizations are tracked.				
f. The competitors' plans for influencing and using standards are understood.				
g. Key competitor organization charts are assembled and analyzed.				
h. Competitor branding strategies are analyzed.				
i. Competitor merger and acquisition activities are tracked and analyzed.				
j. Competitor investments are tracked and analyzed.				
k. Important trends (e.g., demographic, regulatory, technological, social, market) are tracked and used to shape strategy.				
l. Ecosystems of significant competitors are analyzed.				
m. The impact of key industry suppliers is analyzed.				
n. Public information about competitors (e.g., patents, trademarks) is used to forecast product plans.				



Mobilize the organization

## 4. INTERNAL LEVERAGE

**Definition:** The recognition that much competitive intelligence is already available in an organization and that mining that knowledge is extremely cost effective and valuable. Facts, relationships and problem solving are a few examples of what can be leveraged effectively.

INTERNAL LEVERAGE				
Criteria	Never	Infrequently	Usually	Always
a. A competitive intelligence story explaining what the company is doing and why is presented to employees.				
b. Separate groups within the business coordinate their competitive intelligence activities.				
c. Employees are systematically credited for their competitive intelligence contributions.				
d. An established method is used to collect information from inside the business about competitors.				
e. The CI process integrates with the global business intelligence process for mitigating risks or highlighting opportunities				
f. The tracking and analysis work of functional organizations (e.g., finance, marketing communications) is synergistic with the competitive intelligence work.				
g. Defensive competitive intelligence is conducted to determine the company's vulnerabilities.				
h. "War games" are conducted to increase awareness of competitor strategies.				
i. Escalation paths are known and used when critical information is uncovered.				
j. Open questions are distributed throughout the organization to guide intelligence gathering.				
k. Employees are trained to gather intelligence information in public forums.				
l. Employees are trained to protect company information in public settings.				
m. Tradeshow personnel are trained to exploit these public events.				
n. Competitive intelligence training is delivered in the organization.				
o. Legal and ethical issues for competitive intelligence are well understood.				
p. Functional groups (e.g. finance, legal) actively support competitive intelligence analysis.				
q. A list of reference works is maintained and available for general use.				
r. Each key competitor is followed by a designated coordinator.				
s. Social media are tracked to limit exposure of private company information.				



Get the information

## 5. INTELLIGENCE GATHERING

**Definition:** The process for using models, techniques, relationships and more to find, interpret and use primary and secondary information from the external environment. The goal is to answer specific strategy driven questions.

INTELLIGENCE GATHERING				
Criteria	Never	Infrequently	Usually	Always
a. Relationships with competitive intelligence thought leaders are maintained.				
b. Potential competitive gaps are known and are actively being characterized.				
c. Known competitive gaps are assigned action plans and have an organizational champion.				
d. External information (e.g., analyst reports) are collected and stored with company generated material.				
e. Key competitor public statements and press releases are tracked and interpreted.				
f. The influence of the customers of the customers is factored into strategy.				
g. Overt plans are executed to gather competitive intelligence at industry events.				
h. Key competitors' hiring plans are tracked to discern strategy signals.				
i. Key leaders at competitors are identified and characterized to understand their impact and decision patterns.				
j. Competitors' intellectual property is tracked to discern future product plans.				
k. Public databases (e.g., trademarks, patents) are mined for competitive intelligence.				
l. News alerts are used to communicate important competitive intelligence.				
m. Social media are tracked to understand branding impacts.				
n. Social media are tracked to identify key employees and their roles.				
o. New tools and techniques are added to the competitive intelligence effort.				
p. Financial tools are implemented to evaluate competitors.				
q. Product comparison tools are used to evaluate competitors.				
r. Tools, methods and collected information is reviewed for legal and ethical concerns.				
s. Models and tools are selected based on the problem rather than familiarity (alone).				





## 6. INTERPRETATION

Let's talk  
about it

**Definition:** The process whereby information gain from the organization or external environment is discussed, analyzed, organized and debated so that meaningful answers and recommendations are derived. This is a people driven process that requires facilitation and negotiation.

INTERPRETATION				
Criteria	Never	Infrequently	Usually	Always
a. Recommendations are discussed and refined before being presented to senior management.				
b. Competitive intelligence discussions are integrated in the product development process.				
c. Competitive intelligence topics are discussed in strategy formulation and implementation meetings.				
d. Competitive intelligence input is requested at senior management meetings.				
e. Appropriate competitive intelligence information is distributed to all concerned people in the business.				
f. Common tools are available and used to evaluate the competitive environment.				
g. Key competitive information is presented within the company to explain strategic decisions.				
h. Competitive intelligence information is stored and accessible in a central location.				
i. Search tools are used find information stored within the company about the competitive environment.				
j. Competitive intelligence goals, activities and outputs are publicized in the company.				
k. News items are tracked and interpreted for the organization.				
l. New analytical techniques are introduced when appropriate.				
m. Recommendations represent the input of multiple people.				
n. Information sources are documented.				



What are the implications?

## 7. RETURN ON INVESTMENT

**Definition:** An orientation toward understanding the value of competitive intelligence based on the returns received versus the money and effort invested. This is a largely quantitative calculation though it will also make sense to evaluate it qualitatively.

RETURN ON INVESTMENT				
Criteria	Never	Infrequently	Usually	Always
a. Competitive intelligence costs are tracked and reported.				
b. A history of competitive intelligence impacts within the organization is maintained.				
c. The costs of having missed competitive information in the past are known.				
d. The costs and bottlenecks of current CI activities are known.				
e. Effectiveness assessments for competitive intelligence are conducted by senior management.				
f. Quantitative criteria are used to evaluate competitive intelligence impacts.				
g. Qualitative measures are used to evaluate competitive intelligence impacts.				
h. Senior management is polled to assess the impact of competitive intelligence on strategic decisions.				
i. Win-loss decisions at customers are related to the quality of competitive intelligence.				
j. R&D investments are driven by competitive intelligence.				
k. Competitors are benchmarked to compare relative investments in competitive intelligence.				
l. Competitive intelligence recommendations are qualified by implications, risks and assumptions.				
m. Key competitive intelligence people are trained in CI techniques and skills.				
n. Updated product road maps are maintained for all competitors.				
o. Product road maps are cross referenced with key competitors to refine competition strategies by segment.				

## 8. ACTION BIAS



Give me the best options

**Definition:** An assessment of the usability of competitive intelligence results to affect concrete decisions and to motivate specific actions. This determines the applicability of the results to the tactical tasks of people throughout the organization and to the strategy planning efforts of senior management.

ACTION BIAS				
Criteria	Never	Infrequently	Usually	Always
a. Analysis leads to concrete recommendations and actions.				
b. Recommendations reflect the appropriate consensus within the organization.				
c. Competitive intelligence is timely for decision making by senior management.				
d. Options are presented with their associated risks and rewards.				
e. Information is presented to promote discussion and decisions.				
f. Common models and tools used for competitive intelligence are employed.				
g. Senior management preferences for decision making are followed.				
h. Standard presentation templates are used for common topics.				
i. Competitive intelligence reports have a common format and flow.				
j. All significant industry events affecting the business are interpreted and presented to senior management.				

## 9. STRATEGY IMPACT



I have decided

**Definition:** The assessment of the direct influence of competitive intelligence on strategy tasks within the organization. The strategy tasks include the creation, documentation, communication, execution and results of strategy.

STRATEGY IMPACT				
Criteria	Never	Infrequently	Usually	Always
a. Competitive intelligence process priorities are established and tracked based on strategy criteria.				
b. Members of the Board of Directors are briefed on the competitive aspects of the decided strategies.				
c. Recommendations lead to specific strategy decisions.				
d. Feedback is provided promptly to contributors after a presentation.				
e. Canonical studies are clearly identified and promoted.				
f. Marketing strategies are directly affected by competitor actions.				
g. Product development strategies are directly affected by competitor actions.				
h. Communication strategies are directly affected by competitor actions.				
i. M&A strategies are directly affected by competitor actions.				



We win –  
for now

## 10. REPEATABLE PROCESS

**Definition:** A holistic view recognizing that there is a recurring need for competitive intelligence and therefore processes are needed to refine the ongoing execution of competitive intelligence projects. The improvements are needed in skills, execution approaches, information consumption and so on.

REPEATABLE PROCESS				
Criteria	Never	Infrequently	Usually	Always
a. Competitive intelligence flows in a timely manner to decision makers in R&D, marketing and sales.				
b. Competitive surprises are analyzed to determine how to improve competitive intelligence within the company.				
c. The impact of competitive intelligence is measured.				
d. Project management tools are used for competitive analysis projects.				
e. Competitive intelligence projects are evaluated to determine how each met its goals.				
f. Feedback is gathered from within the company about the competitive intelligence process.				
g. Process metrics are gathered for competitive intelligence projects.				
h. Out of date information is clearly labeled and removed from active use.				
i. Standards, guidelines and rules for competitive intelligence are published and available.				
j. Search tools are available to find competitive intelligence information generated within the company.				
k. There are multiple ready to lead the competitive intelligence coordination.				
l. The competitive intelligence function is not dependent on the founder or on one leader to survive over time.				
m. Information archiving guidelines are in place for historical and legal purposes.				