


8 Phases of Competitive Intelligence Research: A Strategist's Guide to C.I.

A Nexis Competitive Intelligence eBook



In his classic military strategy book, *The Complete Art of War*, the Chinese general Sun Tzu laid out the key principles for victory and argued that success in warfare requires a detailed knowledge of the enemy's tendencies and moves.

“If you know the enemy and know yourself, you need not fear the result of a hundred battles,” Sun Tzu writes. “If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.”

This masterpiece was written in 506 B.C., but its basic principles have stood the test of time in shaping military strategy — and, in recent decades, have been applied to environments far from the fields of battle.

“Today, Sun Tzu’s appeal has extended beyond the military realm into the world of business,” writes [Mark McNeilly](#), the author of two books based on *The Art of War*, both published by Oxford University Press. “Because business by definition deals with competition, Sun Tzu’s principles are ideally suited to competitive business situations.”

Indeed, Sun Tzu might have been the first proponent of what we now refer to as Competitive Intelligence (CI) research.



The Value of CI Research

The modern concept of CI dates back to the 1970s but it began to take off after the formation of the [Society of Competitive Intelligence Professionals](#) (SCIP) in 1986 (since renamed Strategic and Competitive Intelligence Professionals). There are as many definitions of CI as there are bloggers with opinions, however the general consensus is that it refers to the action of gathering and assessing information about your organization's external environment — most notably, your industry and your specific competitors. This valuable business intelligence can be used to support your organization's leaders in making key strategic decisions for the company.

CI is now an important professional asset in most organizations. While the assignment to conduct CI research and analysis is sometimes tasked to distinctive professionals with that specific role in the company, [one survey found](#) that CI research is a responsibility assigned to team members across multiple departments and business segments — from marketing and product management to sales and customer success. To that extent, we all need to be familiar with how to do CI at some level.

Seena Sharp, author of *Competitive Intelligence Advantage* and a leading CI expert, says that CI is really about “knowledge and foreknowledge” and [advises](#) that CI research is most useful when it focuses on intelligence gathering that can improve a company's resilience and agility as it moves forward.



Yet in practice, a [study](#) by CI researchers Benjamin Gilad and Leonard Fuld found that CI is often used to “ratify” pre-determined courses of action by nearly one-third of CI managers surveyed. They found that CI professionals need to show management teams the value of CI research as key business intelligence analysis, not just a routine exercise to be checked off a list.

“It’s clear to us from this and other surveys we’ve done that the companies that get the most out of CI use it for a wide array of purposes – and actually let it shape their decisions,” [wrote](#) Gilad and Fuld.

The purpose of this eBook is to help professionals better understand how to gather actionable competitive intelligence by collecting the right information. To achieve this goal, we will lay out eight phases of CI research that any professional can follow in order to arrive at a body of robust data for evaluating your company’s external environment.

1

Competitor identification

To gain the most value out of your competitive intelligence research, you of course must identify the competition. Your direct competition will likely be obvious to you, but don't forget to identify indirect competitors as they could come in and disrupt the industry or steal from your market share. The best way to make this assessment is to understand their business models and through which specific channels they operate. Finally, explore the structure of the competition by asking a few questions:



- How big are your competitors?
- Is this competitive landscape consolidated or fragmented? For example, is it dominated by a few key players with a long tail of smaller competitors?
- Are there any credible start-ups in the category or small challengers gaining momentum?

2

Capability assessments

The next step is to conduct a high-level assessment of strengths and weaknesses of the competitors you identified. Take some time to dig into the specific products or services each company offers. Do they appear to have a clear focus? Where are the overlaps in products and services with your organization? In what geographies do they operate? Do they have a geographic advantage in the marketplace, such as a superior location for logistics or a strong knowledge base in a specific market due to a regional headquarters?

3

Financial performance evaluation

Financial analysis can help you understand specifics about their performance. Trends in revenue, earnings and other key metrics all give valuable insights into the trajectory of your competition and exactly how well you are positioned against each of them. A few questions to answer from your research might include:



- How have their revenues trended over time?
- If public, how has their share price performed?
- What is their market share in the categories of interest to your company?
- Does their share appear to be increasing, declining or staying flat?

After gathering as much data as possible from financial statements and industry news reports, you will be in a better position to benchmark these competitors against each other and against your own company. Financials could also provide insights into how much they have invested in new technology, if their financial structure enables them to be nimble or if they may be resistant to changes in the marketplace.

4

Commercial Evaluation

The fourth phase of CI research is to study a variety of market-driven factors. Look into how competitive each company's pricing strategy seems to be, then assess whether they are a premium or discount player in the category. What is their geographic split of revenue in key markets of interest? Why do customers choose one competitor over another (including your own) and how important are each of these in the decision to purchase:



- Price?
- Quality?
- Technology?
- Customer service?



Finally, study the unique go-to-market strategies for each competitor in order to surface any important differences. Do they go direct to the purchaser or mainly through a reseller? And through what channels?

5

Strategic direction of competitors

Company filings can often provide useful insight into the strategic direction of each targeted competitor. Find out the specific geographies in which they seem to focus, the key products and/or services they highlight to prospective customers and any notable technologies in which they are investing. Also, what is their apparent appetite for Mergers & Acquisitions (M&A) activity? Consult available sources to review management commentaries on the current and future direction of each company, future product development and new target markets.

6

Structure and management

For some CI research projects, it will also be important to determine the organizational dynamics of key competitors. For example, if your research surfaces the fact that an executive with a background of working with a series of high-tech startup companies has been hired by a manufacturing company, it may suggest the competitor is looking to incorporate emerging technologies into their current products. In these cases, a few key questions that should be asked include:



- What is the corporate structure of the company?
- Are there any holding companies or subsidiaries?
- Who is on the board of directors and what are their backgrounds?
- Who are the members of the senior management team and what are their profiles?

7 News coverage

The seventh phase is to dive into the public media coverage of each key competitor in order to assess the perception in the marketplace. Gain a sense of the overall profile of their news coverage and then study possible trends in the content of the articles. Is the market agreeing with the direction they are headed? Are they in the press a lot, generating buzz with their initiatives? Are they connecting themselves with a non-profit organization or doing other cause-related marketing that may signal they are targeting a particular demographic segment? Also, look closely for any negative news stories that might warrant a closer evaluation. Search for past or current M&A activity covered in the press, noteworthy awards for product innovation, significant investments in other companies or technologies, and any concerning stories involving executives or key employees.



Consult business and financial news sources to find out if they have reported any outlooks or forecasts for the companies.

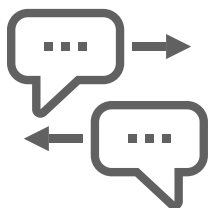
8 Competitive assessment

The final step is to use all of the information gathered in the previous seven phases of your CI research to document what you have learned about your competitors.

Some qualitative questions to address in this assessment might include:



- Where do we rank versus the competition when it comes to the key areas where want to grow?
- How intense is this competition today and how is this intensity likely to change in the future?
- What are the main strengths, weaknesses, opportunities and threats for our organization amidst this competitive landscape?



After completing the assessment, share it broadly within your organization so that it can help influence your own strategic decisions. It's also a good idea to revisit the assessment every six months or so in order to adjust for any changes in the intelligence you have collected.



To effectively conduct this level of CI, professionals need access to modern research tools that go beyond mere reference solutions and help them develop deeper insights. LexisNexis's Nexis is reimagining the way business research gets done by leveraging advanced information technologies designed to deliver better answers, richer insights and deeper analytics.

For professionals who need to conduct CI research, Nexis and LexisNexis® Dossier can connect the dots between news, financials, legal documents, historical data and executive hierarchies to produce a comprehensive look at the people and businesses you need to know about. The database is powered by content and insights from more than 40,000 sources, including trusted news outlets, premium business publishers, public records, company profiles, industry information providers and social media platforms.



CI has emerged as a mission-critical function in most organizations and is expected to be conducted by professionals across multiple departments and job roles.

When it is done effectively and accurately, CI can be a powerful weapon to drive the strategic planning for any company, product launch or new corporate initiative. It all starts with collecting the right information from the most reliable sources.



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