

# Strategic Intelligence: An Oxymoron

By Ken Sawka, Deloitte



Strategic intelligence. Has a nice ring to it, doesn't it? For as long as I can remember, positioning competitive intelligence (CI) as *strategic* has been a holy grail for CI practitioners.

Past issues of this journal are flush with advice on how to achieve a more strategic orientation for your competitive intelligence program, but nary a mention of how to be more tactical. Most of these very good articles start with the inherent assumption that management places more value on strategic intelligence. But does it?

This is not an article about how to make your CI program more strategic. It is an article that hopefully will help you confront why you want to be strategic in the first place. It also identifies some of the obstacles you may have to overcome to get there.

Let me start by saying that I've never really bought into the notion that strategic intelligence is more valued by top management. Back in 2000, I wrote:

*A general operating assumption among CI pundits is that only top-level strategic intelligence has value. To be sure, this is not gospel, and several among our ranks have acknowledged that the failure to report directly to the CEO does not banish CI practitioners to the bowels of the market-research department.*

*However, it is widely held that the CI department must scratch and claw to achieve the highest organizational placement possible, and, in doing so, affect the most critical decisions facing the company*

*... Is it only strategic intelligence that contributes value to an organization?" [Competitive Intelligence Magazine, v3 n3, July-September 2000]*

## I'LL KNOW IT WHEN I SEE IT

In my ten years as a competitive intelligence manager and consultant, I've observed CI practitioners continuing to reach for the strategic intelligence pinnacle but fail, ultimately, to grasp it. This outcome is sadly inevitable because most managers have never seen, felt, experienced, or benefited from true strategic intelligence. A few exceptional companies aside, competitive intelligence for the most part has not achieved a degree of sophistication that would enable it to play a regular role in strategic planning and development.

Regular readers of my column in this publication (*The Analyst's Corner*) know that intelligence analysis — the foundation for strategic intelligence — has suffered from a

**TABLE 1: STRATEGIC PLANNING APPROACHES**

	Approach to Strategic Planning	Role for Competitive Intelligence
<b>Big Brains</b>	Strategy is nirvana. The annual planning cycle is robust, rigorous, and yields impressive market analyses, implementation plans, and accountabilities for managers. Only cataclysmic events would compel the organization to consider straying from the plan. Planning is a resource-intensive exercise. Good in that multiple strategic alternatives are considered and the resulting strategy is based in solid analysis; bad in that the company is paralyzed by significant market disruptions. Examples: Pharmaceuticals, defense industry.	Rigor, rigor, rigor. CI has to be well researched and well analyzed, and provoke thoughts on what challenges and opportunities the company is likely to face in the long-term. You can't get by on just Porter's Five-Forces and SWOT; you need a sophisticated set of analytic tools and models. There should be plenty of budget to hire some cracker-jack analysts.
<b>Improvisers</b>	Executives give fair consideration to long-term strategy and even develop implementation plans. However, they recognize that the future is volatile and are able to adjust, change direction, and abandon previous plans on the fly. Good in that these companies tend to be nimble; bad in that they can abandon effective strategies to soon in the face of new but unconfirmed market trends. Examples: Consumer Products, Financial Services.	Monitoring and early warning win the day here. CI must be creative to support the thin strategic thinking that occurs, but more importantly must warn managers of pending circumstances that will cause them to reconsider strategic direction. Early warning intelligence has to be based on sound analysis – crying wolf won't cut it here. Practitioners have to be comfortable with ambiguity, uncertainty, and not be dissuaded when plans that looked good a month ago are chucked out the window for something better.
<b>Gunslingers</b>	Strategy? We don't need no stinkin' strategy. Short-term (i.e. one year or less) business unit objectives are rolled up to demonstrate some sense of market direction, but in fact no serious thought is given to what is possible and where the organization wants to be in five years. Good in that the organization can adapt to near-term changes in the market and seize shifts in customer demand; bad in that employees have no idea what they're doing there. Examples: IT companies.	Fuhgettabouttit. Find a high-pot business unit or product manager and hitch your wagon to him or her. CI's job is to help businesses execute on their short-term plans, not think big thoughts. It's all tactical, baby!

general failure of analysts to apply analytic methodologies, develop true insights, and present their conclusions with the confidence necessary to gain management's ear. Even if the analytic corps suffered a communal epiphany and applied methodologies with aplomb to craft and defend truly insightful judgments, *strategic intelligence* would still be viewed quixotically by most managers, mainly because few have ever seen it effectively applied.

Think about it. Look around your own company, and conduct a quick mental inventory of the kind of business research and analysis you have available to management. What percentage of it would you classify as strategic? Maybe 20, 30 percent? Your clients (managers) prefer information that is immediate and that can help them achieve goals, not in three or five year's time, but this quarter.

## THE IMMEDIACY OF TACTICAL INTELLIGENCE

For managers, the benefits of tactical intelligence are easier to measure. Tactical cycle times are short – often it's only a matter of weeks between the delivery of intelligence and an ensuing action. As a result, competitive intelligence practitioners can track how their intelligence was applied. They can check back with users to determine how their intelligence helped managers arrive at a decision or action that carried benefits for the organization.

Of course, the opposite is true – bad intelligence is more easily fingered as contributing to a bad judgment. But that outcome actually adds to the perception that tactical intelligence has more utility: no matter the outcome, we know what contribution intelligence played in arriving at a decision.

Providers of tactical intelligence can also achieve a closer working relationship with their consumers. Over time, purveyors of tactical intelligence become essential to helping managers meet their objectives. With shorter decision cycle times, managers look for each and every advantage they can harness. They are more likely to pull CI into their calculus in the hope that it will contribute to a pressing action. Once that happens, tactical intelligence becomes a manager's best friend and a normal part of that manager's modus operandi for all subsequent business decisions.

When have we ever been able to say that about strategic intelligence?

## UNIQUE VALUE DETERMINES EMPHASIS

Truth be told, most CI practitioners don't have the choice of being tactical or strategic – they need to do both. It's more a question of emphasis. You need to place your emphasis on the area where you can provide the most unique value. In many companies, this may very well be at the strategic level where the greatest analytic deficiencies typically

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*A good strategic intelligence report contains new thinking, unique judgments and original implications.*

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exist. The smaller the dollar amount of sales, the more static your tactical CI becomes, and it's hard to provide unique value when you are duplicating what a good salesperson ought to be able to do.

Strategic intelligence is analytical. It is about what is possible, not what has been. A good strategic intelligence report takes a point of view. It argues, defends, convinces.

## SIDEBAR 1: STRATEGIC VS. TACTICAL – WHAT'S THE DIFFERENCE?

Most of us probably have our own definitions of what is strategic and what is tactical intelligence, but I think a common definition has eluded us. Here's one man's attempt to reach common ground:

- **Strategic intelligence** addresses competitive circumstances likely to affect an organization two or more years out. It is highly analytical and future oriented. It leads to contingency plans more than solid decisions, and holds a tenuous link on measurable corporate performance.
- **Tactical intelligence** addresses immediate questions that managers are facing now and can fairly easily articulate. It is more based in fact, with analysis more interpretation of current and near future events rather than speculation of what might be. It ties more directly to specific corporate actions, and its impact on business results is easier to see.

Intelligence topics do not fit cleanly into the strategic or tactical bucket. Competitor performance, for instance, is both related to strategy and tactics. Nor does it matter much where the CI function is located; I've seen CI groups buried deep in strategic business units address highly strategic issues, while CI groups perched at a corporate executive level have been known to chase down answers to highly tactical questions.

Doing so effectively requires that data and facts be marshaled in support of analytic conclusions. These conclusions come from one place and one place only – your gray matter. If you are hesitant to commit to writing your own commentary, explanation and predictions, seek work elsewhere.

How do you set the right emphasis? Your biggest obstacle will be to educate management on what strategic intelligence is and why they should care about it.

### Determine how your company sets strategy

In the broadest sense, I've observed three approaches to strategic planning. (See Table 1.)

### Conduct a self assessment

Have you got what it takes to go toe-to-toe with strategic planners? If you grew up in a tactical CI world, where good analysis was measured by the font you selected for the competitor product and services comparison table, a rude awakening may be in store. However, if you pine for two-by-two matrices and bubble charts, maybe you've found your calling.

Try this. Take a competitive intelligence report you're particularly proud of. You know, the one you took home to show the spouse and kids. Now, estimate the percentage of that report comprised of facts, and the percentage comprised of analysis – actual new thinking, unique judgments, and heretofore unspoken implications.

If your ratio is less than 30% facts: 70% analysis, run, don't walk to your nearest SCIP chapter and get some training in strategic analysis. If this was the one report that management used and could say they benefited from, you've struck your balance. Fold up the ladder mythically leading to more strategic lofts and stay put.

### Evaluate how you relate to strategic management

Are you their peer? Or, do you fumble to make idle conversation when you run into them in the rest room? It's nearly impossible to deliver strategic intelligence if your relationship with management is anything other than as equals. Even if your title, rank, grade, or whatever classification scheme your evil HR department has implemented in your organization is several notches below the managers you seek to serve, do you have the confidence and smarts to speak to management on their terms, in their world?

Strategic intelligence is not about throwing a report over the transom. It's about entering into a dialog with management to discuss, debate, argue, and resolve questions of strategic importance. If management doesn't see you in this light, or worse, if you don't see yourself this way, you cannot hope to deliver strategic intelligence.

Peer-to-peer relationships with management work both ways. If you are confident that you can comfortably walk the mahogany halls of the executive suite, make sure your management gives you the keys. For strategic intelligence to be effective, the CI analyst has to have a seat at the table where strategy is debated and plans are made. Anything less renders intelligence a secondary input in the process.

Even in the Big Brains approach (See Table 1), strategic intelligence is not a project-oriented function. It anticipates users' needs, helps develop strategic questions, and continuously informs the strategic conversation with in-depth analysis, warning alerts that put developing circumstances into perspective, and (dare I say) recommendations on courses of action.

### Determine how your efforts are measured

This is perhaps the hardest challenge of all. While tactical intelligence often yields its benefits in quick and measurable ways, valuing strategic intelligence is trickier. The best I've

heard executives do is endorse strategic intelligence only because "we feel like we're better informed." Sorry, unless you can demonstrate tangible value, the distance between you and the unemployment line is perilously small.

Evaluating strategic intelligence has to be tied to how the strategic plan itself is measured. Whether you use shareholder value metrics, balanced scorecards, or any other measurement tool, work hard with the planning process to find tangible ways to measure your input. Some possibilities:

- Is the strategic plan heavily dependent on generating new sources of revenue? If so, set yourself a goal of providing strategic intelligence on things like customer needs, underserved segments of your market, or competitor pricing strategy, and track the number of times your intelligence leads to a discussion of a new revenue-generating initiative.
  - If new product introductions or new market entries are a benchmark of your plan, track the number of times you present intelligence showing opportunities for the organization to capitalize on either.
  - Is strategic planning measured by shareholder value? Trickier, but try to identify in a broad sense those things that have the greatest impact on value. Some starters: asset efficiency, market expectations.

Michael Porter is quoted as saying "the essence of strategy is choosing to perform activities differently than rivals do." (Porter, 'What is Strategy?' *Harvard Business Review*, November - December 1996.) Strategic intelligence should never lose sight of this elegantly simple definition.

Though the tools and methods necessary to provide insights that help management do just what Porter advises is complex, the mission is straightforward. And, when done right in the right circumstances, incredibly rewarding.

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