Positioning Your CI Effort Within Your Company's Grow, Grow, Grow Agenda

ANDREW BEURSCHGENS, *EE*

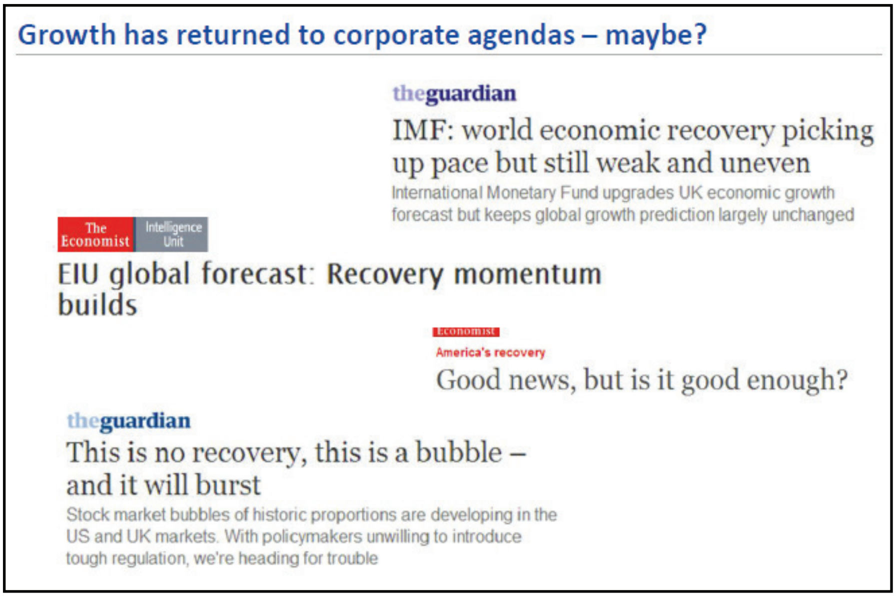
As economic indicators turn positive around the world, growth is cautiously returning to the strategic agenda. But after weathering the storms of recent years, many companies are poorly positioned to capture new opportunities. The skilled CI practitioner has an important role to play in restarting the growth engine! Kaiser Associates' James Tetherton shared an approach with those gathered at the 39th networking event based on numerous examples of finding and qualifying profitable opportunities around the world.

NOT EVERYONE IS EXPERIENCING GROWTH!

James canvassed the audience to provide context to the notion that we are still experiencing a nervous state of recovery. He enquired how much the audience thought their respective businesses were expected to grow over the year. Answers ranged from negative growth driven by heavy regulation of the industry; and the saturated state of the market through to single digits, as well as 15 to 30 percent growth. Given the 'sometimes it is good, sometimes it is bad' environment, James believed that businesses are in a growth trap with a widespread reluctance to grow. This was best captured with headlines from the Guardian and the Economist.

LESSON #1: BREAK FROM 'UPSTREAM STRATEGY' TO FOCUS ON 'DOWNSTREAM STRATEGY'

To be able to break the growth trap, James stated that we needed to think differently about strategy. He argued that 'upstream' strategy should be replaced by 'downstream' strategy. Upstream strategy's focus is based on a built fact base, typically presented as a marimekko chart with the value chain across the bottom, categories down the side



and each of the cells showing the growth rate for each of the cells. This ensures that everyone then focuses on where to play, where to grow, be that a country, an industry, a channel or a cluster or combination thereof. 'Upstream' strategies do not lead to differentiated strategies!

'Downstream' strategy focuses on 'how to win' and then track the performance thereof. James describes the value of a 'downstream' strategy as delivering up to 70% difference in performance to its peers.

LESSON #2: TWO SIMPLE QUESTIONS TO ANSWER FOR 'DOWNSTREAM STRATEGY'

Companies that deploy 'how to win' strategies can confidently answer two very simple questions: what do your customers truly want? And how does your organization deliver what customers truly want better than your competitors? James shared an example from his experience from the roofing industry. Typically quantitative research defines what the perceived customer value drivers are, how the roofing player stacks up to these criteria and where that roofing player puts his investment (See Table 1). But player 1 from the roofing industry only achieves a 21% market share, yet the market leader is at 35%, why?

To properly establish what customers truly want, James argues that the true drivers of what will make your customers prefer your brand over and above others is to establish the drivers in the context of your customers' lives. To go back to the roofers example, the issue was less about the price of the tiles, the quality of the products, and home owner requests. Actual customer drivers are outlined in Table 2, reached through qualitative research, then quantitative, and then qualitative research approach, the latter qualitative approach to refine key findings. James returned back to the roofing industry again. What truly mattered to the roofer was sales support, how the supplier to the roofing industry could provide the roofers with sales support while they focused on their next quality installation. Further, how could the supplier focus on training young apprentices to ensure that the roofer was able to expand his business, and so on…

LESSON #3: LASER FOCUS ON DELIVERING WHAT CUSTOMERS TRULY WANT BETTER THAN COMPETITORS?

Once it is understood what the actual customer value drivers are, the successful companies then focus on those costs that are critical in delivering what customers truly want with a laser focus. These costs are not known with the typical labels like manufacturing, research and development, and sales and marketing. The activities' costs that are paramount to delivering what customers truly want – cost of activities that drive preference for your brand – are known as strategic costs. James brought this to life by using the distribution business. Within this business, it would not be the logistics costs that are defined as strategic costs. However, if just in time delivery was defined as driving what customers truly want and allowed you to drive a preference for your brand over and above that of your competitors, then this would be defined as a strategic cost. Successful companies then redistribute the

TABLE 1: TRADITIONAL VIEW OF WHAT CUSTOMERS TRULY WANT

Perceived Customer Value Drivers		**Player 1 Scores**	**Player 1's Level of Investment**	**Player 1's Market Share**
High	**Price**	HIGH	HIGH	
	Quality of products	HIGH	HIGH	
Relative Importance	Home owner requests	MEDIUM	HIGH	21%
	Relationship with supplier	MEDIUM	LOW	
	Customer service	LOW	LOW	
Low	…	LOW	LOW	

Source: Kaiser Associates

TABLE 2: DOWNSTREAM VIEW OF WHAT YOUR CUSTOMERS TRULY WANT

Actual Customer Value Drivers		Player 1 Scores	Player 2 Scores	Player 2's Market Share
High	**Sales Support**	LOW	HIGH	35%
	Finance Support	None	HIGH	
Relative Importance	Training	None	HIGH	
	Home owner requests	MEDIUM	MEDIUM	
	Price	HIGH	MEDIUM	
Low	Quality of products	HIGH	MEDIUM	
	….	….	….	

Source: Kaiser Associates

balance of costs to over invest in the strategic costs by 20% and more to deliver a better return than their peers.

LESSON #4: LOOK AT YOUR CI EFFORT AS A STRATEGIC COST

Having taken the audience on a journey through downstream strategy and the two questions behind how to win – what do customers truly want and how does your organization deliver what customers truly want better than competitors – James looked at how CI efforts could move from the traditional to the strategic and be set up to influence the grow agenda (See Table 3). Table 3 outlines a simple checklist of whether your CI efforts are strategic or not. It is about the impact more than the delivery, about being broad but selective rather than narrow. More, it means a mix of user 'pull' approach rather than just 'data-push approach'. A reminder for us all!

TABLE 3: CI SET UP FOR THE GROW AGENDA

	Traditional	Strategic
Mission & Vision	Delivery Make research immediately available Ad hoc approach to intelligence, leading to under use	Impact Make research immediately actionable Intelligence as a core capability, foundation to key processes
Scope of Support	**Narrow** Client mainly marketing Late-stage decision support	Broad but Selective Support broad span of decision-makers Focus on fewer P&L impacting decisions
Delivery Approach	**Data 'Push' Approach** Start with data available Commoditized data sources Manual/time intensive Minimum data analysis	User 'Pull' Approach Start with stakeholders' data use Selective, relevant input (including focus group, partner feedback etc.) System-based, leveraging IT tools (e.g. CRM) Rigorous analysis

Source: Kaiser Associates

SO WHAT FOR THE AUDIENCE?

Attendees left this networking meeting with a fresh perspective on how they could add value to their business. They also learned how to maintain a handle on the two simple questions to reposition their efforts for the benefit of their organization as well as gain perspective on how to view if their CI efforts were conforming to a traditional view or a strategic view. Audience take-a-ways included:

- Downstream strategy view
- Focus on strategic questions for growth
- Importance of benchmarking
- Actionable insight
- Defining strategic value
- To think about what I do as a strategic cost

NETWORKING EVENT SERIES

The SCIP recognized UK International Affiliate, the UK Competitive Intelligence Forum (UK CIF), hosts a series of networking events. These events bring together practitioners from all corners of the discipline: service providers, consultants, academics, and practitioners.

The series aims to increase the understanding and awareness of desired themes, and take the discipline to different business practices through co-hosting opportunities with other professional organizations and membership bodies, as well as with SCIP's UK-based members. It is about creating an environment to discover, enhance, exchange, and problem solve. Previous networking events' discussion themes and presentations can be downloaded from its website after registering at the site by setting up a username and password.

The UK Competitive Intelligence Forum is grateful to all speakers, passionate characters like Kaiser's James, without whom there would be neither a networking event nor the creation of a rich exchange of ideas and learnings. The opportunity to speak at these networking events is open to anyone, United Kingdom-based or just passing through, subject to meeting the growing list of event topics. Engagement with attendees is around five themes, centred on case studies: innovative integration of CI within the business, professional growth in CI, analysis in action, managing information overload, and communicating with impact.

We encourage others to come forward to introduce the group to new perspectives, experiences, and learning. What links all the prospective speakers and panellists, irrespective of their background or role within the competitive intelligence profession, is a passion for the discipline. Along with all the volunteer speakers to date and those that have yet to take advantage of the opportunity, they are all unique examples of characters continuing to fix the discipline more firmly on the map! What is the next step? Register your interest and details with info@ukcif.co.uk to explore speaking opportunities and/or to be proactively kept abreast of forthcoming events in the UK.

Andrew Beurschgens is the Head of Market Intelligence at the UK mobile network operator, EE, the JV between Orange and T-Mobile. In cooperation with other volunteers from both the practitioner and supply side of the competitive intelligence discipline, Andrew is acting Volunteer Secretary of the SCIP UK International Group, the UK Competitive Intelligence Forum. He is a recipient of the Catalyst Award for his volunteer services to the profession and currently serves on the SCIP Board. He can be reached at info@ukcif.co.uk