



Measuring the Value of Intelligence in Business: A Case Study

SUMMARY: This article addresses the challenge of using specific indicators to assess the value of products that Competitive Intelligence (CI) delivers to corporations. We propose a methodological approach towards assessing the value of CI's contributions, illustrated with a case study.

Abstract

Although measuring the value of most activities in business is very common, the contribution of Competitive Intelligence, which provides firms with an understanding of their external environment, is often not measured systematically. When measurement does occur, it usually focuses on the value of CI products, rather than how those outputs are used to influence decisions.

While the research into this challenging issue is not generally sufficient, there is increasing demand from companies to use specific indicators to measure [the value of CI](#), in particular its ability to increase overall business performance. Although measuring how much CI drives revenues is complicated, there are [strong indications](#) that it is remarkably valuable.

Introduction

According to a [paper published in 2020](#), “Companies spend time devoted to CI mainly on processes that go beyond collecting information including planning, analysis, communication and management.” The authors believe that CI is vital not only for growing markets but also for the survival of corporations.

It is widely recognized that CI has diverse and significant strategic benefits for executives such as:

- Assisting in evaluating the activity of competitors and suppliers
- Reducing the scope of "surprises"
- Predicting changes in business relationships
- Identifying opportunities in existing and potential markets
- Protecting against threats
- Enabling strategic competitiveness
- Learning from the successes or failures of others
- Learning about new technologies that may affect society and the implications of [government regulations on competition](#)

Since the inception of CI in the mid-1980s, the need to measure its impact was evident. Senior management usually expects CI to support appropriate and timely actions that have a tangible impact on the business. There are specific areas where CI has shown its effectiveness, [such as supporting sales](#), but this paper looks beyond that aspect into the broader picture of [supporting strategic moves](#). However, there are those who believe that intelligence functions [don't need to be measured](#).

A key indicator of CI unit effectiveness is the demand for intelligence. However, the level of use does not necessarily reflect CI effectiveness. If decision-makers actively seek more competitive intelligence products to support decision-making, they are likely to assume that CI actively contributes. Another indicator of assessment is the extent to which the demand for CI is growing and why. The [State of CI 2021](#) indicates that "in 2021, amongst businesses that have grown revenue as a direct result of CI, 70% expect CI headcount to increase and 61% expect non-headcount budget to increase." From this information it is possible to assume that if CI headcount is growing, the demand for its outcomes is growing as well.

The lack of standard measurement solutions impacts the level of management support for the growth, development and influence

A third possible indicator to measure the effectiveness of CI is the prevalence of intelligence culture and its impact on using CI internally. A good indicator for this is the rate of sharing CI deliverables internally. We learn from one survey that "Amongst businesses where CI is shared daily, 69% say they've seen CI drive an increase in revenue. Amongst businesses where CI is shared weekly, this figure jumps to 72%". Unfortunately, these statistics don't address the question of how useful CI outputs are in the decision-making process.

CI outputs and services are expected to be focused on identifying threats and opportunities to improve corporate decision-making. At present, the issue of measuring the value of CI has not been developed into a recognized model that can be widely useful in corporations. Most firms which run active CI programs don't routinely measure their value. Some of them have developed limited measurements, but they are reluctant to use them systematically, mostly because it is not required by senior management and it is not embedded in its organizational culture. The lack of such solutions impacts the level of management support for the growth, development and influence of CI functions.

While there have been several studies showing a linkage between CI best practice and firms' performance, since they rely on self-reporting, they are not entirely convincing. The methodological challenge is to measure the impact of CI activities that support decision-making, including the extent to which executives used intelligence in their decisions.

A case study

A recent case study aimed to evaluate the contribution of CI by building a model based on both qualitative criteria (soft scales) of outputs and processes, combined with quantity indicators (hard scales) to give a comprehensive CI assessment. The financial services

company is based in Israel, with approximately 7,000 employees. Its CI unit has 2 employees, including a CI director.

Using a survey, the company sought not just to critically evaluate the performance of the CI unit but also to determine how to service better decision makers, based on lessons learned generated from the research. The benefit of measuring intelligence is twofold: to improve practice, and to decide whether to invest more in intelligence quality. One of the most important issues to be considered in measuring was to make sure that this process would be initiated by senior executives. First, we had to define the Key Success Factors (KSFs) of a CI unit:

- **Good access to decision-makers**
- **Acquiring quality data/ information**
- **Timely supply of outcomes for the decision-making process**
- **Being able to link intelligence to business outcomes**
- **Being able to evaluate the value of information**

Because the quality of information available by OSINT was not sufficient, the support of internal networks whose members had useful access to the external business landscape was vital.

Defining key success factors of a CI unit is critical.

Due to a lack of planning by key stakeholders in marketing, strategic planning, sales etc., this CI unit often operated under tight timelines, which had a negative impact on the quality of their work. This is a common challenge when CI is not sufficiently involved in internal processes and therefore learns late about CI needs.

For measuring CI to be a useful exercise, we must also measure “intangible” assets – i.e., reputation, trust of intelligence outputs, etc. In our Israeli financial services firm, the following metrics were used to support measurement of information:

- **System metrics** – measuring the use of technology (software systems) by CI staff and internal customers
- **Output metrics** – measuring the process or the product, such as customer satisfaction of deliverables by criteria like accuracy, timeliness, usefulness/value, etc.
- **Outcome metrics** – measuring the effects of using CI on the organization, i.e., the contribution to achieve strategic goals or to support decision making

To develop an internal measurement process, the firm needed to decide **what** will be measured (i.e. what was the added value of intelligence?), **for whom** (i.e., was it for the benefits of the decision makers, the CI team and others?), and **for what purpose** (i.e., what it really gave and what had to be done to improve CI contribution?).

It was obvious that we had to agree on the KPIs. The first step was to define KPIs which may help to drive greater revenue impact, such as receiving high satisfaction scores from at least 80% of the customers

of CI. Some more practical ideas regarding the use of KPIs by a CI unit were:

- Whenever you launch a new CI project, one needs to establish goals and KPIs. That way, you can determine what was successful, what wasn't, and what you can do differently next time. Launching a CI program is no different — one has to set KPIs!
- 78% of businesses that have defined KPIs for their CI program have seen direct revenue impact. Amongst businesses without KPIs, only 20% have seen that same impact. These findings were important to be able to see if in this case, we have achieved similar results, or we have been far away.

Whenever you launch a new CI project, you must first establish goals and KPIs

Here are a set of KPIs that may be useful for this purpose:

- **Level of satisfaction of internal consumers of intelligence:** KPIs might include number of uses of a dedicated CI enterprise portal, number of requests for intelligence reports, number of times that a firm was strategically surprised by competitors, feedback from senior executives and other stakeholders who use intelligence, costs saved as a result of moves backed by intelligence, management's recognition of CI value, or added value of CI to specific activities customer retention or satisfaction.
- **Level of demand for Intelligence:** Considerations include whether the demand is ongoing or on a one-time basis, the extent to which demand for CI is institutionalized, the presence

of procedures for the use of CI, CI's involvement in annual planning, and management's recognition of CI value.

- **Level of intelligence culture:** KPIs might include employees contributing information on competitors, the use of business trends and use of intelligence, or a general assessment regarding the ability of the corporation to understand changes in the competitive landscape.
- **Intelligence services - Quality:** KPIs might include the extent to which CI meets executive needs (in terms of quality products, fast response, number of reviews produced, etc.), the number of direct accesses to the information systems by stakeholders, added value of CI to strategic planning and M&A processes and decision-making, or added value to sales by direct support to increase revenues through specific tools like battle cards or win-loss analysis.
- **Intelligence services- Quantity:** KPIs might include the number of outputs released by CI, the number of requests for CI reports, engagement with the CI dedicated internal platform, or the number of internal customers using CI outputs through the dedicated platform.

Major tools for measurement

To enable the firm to gather information about the impact of CI on the business, it used a variety of tools, including surveys (including statistical analysis), interviews (qualitative analysis), ongoing feedback from stakeholders and decision-makers, and usage statistics from its intelligence platform. Here is a breakdown of how each method was used.

Output Metrics

Survey with 12 questions, divided into 4 issues. 400 responses were analyzed.

Outcome Metrics

15 interviews conducted with management and key stakeholders

System Metrics

Usage statistics from its CI system (e.g. users, comments)

They used the following four performance indicators.

- **Standard of demand by internal customers** – How much CI was demanded, level of awareness regarding the value of intelligence in decision-making process, degree of demand for continuous activities and for special projects, and demand for CI support in annual strategic planning.
- **Standard of supply** – The level of service granted to internal customers, and their level of satisfaction (e.g. quality, timely, range of coverage, quantity of deliverables, feedback received, etc.) as well as the cost of production.
- **How much CI became a significant tool used by the management team** – How strong is the culture of intelligence internally to support the decision-making process? See above on level of intelligence culture.
- **The strength of sharing of information** – To what extent were tools (CI software) used? How were internal experts used for analysis and for gathering insights? See above on quality of intelligence services.

To assess the performance of the CI unit, a survey questionnaire was developed. Each of the 12 questions targeted one of the following four categories (will specific examples below):

Demand

1. Reply to internal stakeholders' needs
2. Identify present intelligence needs (KITs)
3. No. of requests for CI outputs.
4. Volume of use of dedicated system
5. No. of CI users

Supply

1. Level of internal customer satisfaction
2. No. reports issued by CI.
3. Quality of reports
4. Speed of response
5. Access to dedicated Info. systems
6. Update of info supplied by CI.

Process (Intelligence Culture)

1. Level of CI involvement in decision- making
2. Effectiveness of engagement with CI
3. Interface with CI by procedures/ manuals
4. Members' contributing information on competitors

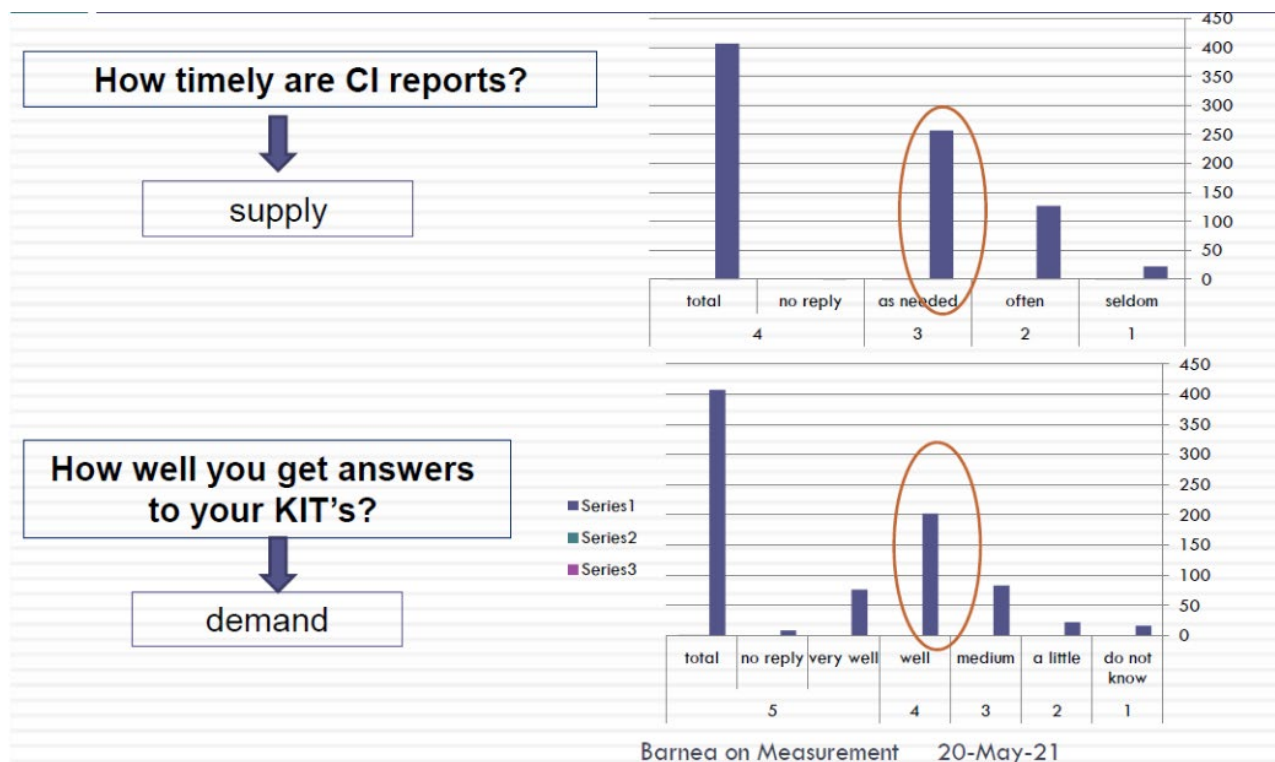
Quality of CI Services (Sharing)

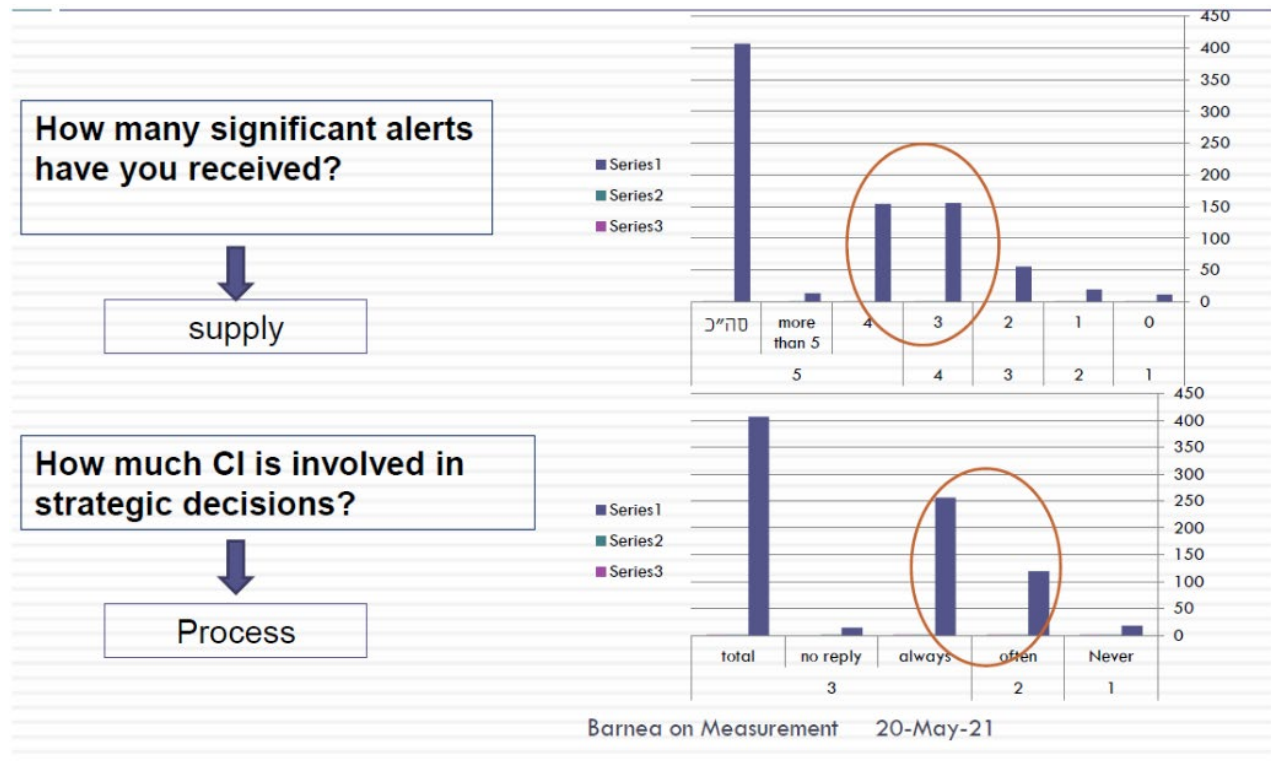
1. Using internal experts
2. Sharing of info
3. Internal discourse
4. Using CI reports
5. CI Embedded in training programs

Each question measures one of the four performance indicators, as shown below:

Demand	Supply	Process	Organizational Behavior
Question #1	Question #2	Question #3	Question #4
Question #12	Question #5	Question #8	Question #7
Question #6	Question #9	Question #10	Question #11

Here is an example of two slides of the questions and replies that have been issued in this survey (part of my presentation that was shared in the SCIP Euro Summit, 2021):





Conclusion

Based on the information that was gathered and analyzed via this survey, the financial service firm learned that there was a high degree of satisfaction with the performance of this CI unit. The survey also helped identify a few areas for improvement, such as the interface between CI and field offices, and the slow response time to requests from the field. To track changes year over year, the firm now conducts this survey on an annual basis. In this case, the level of satisfaction with CI activity was steadily progressed over the years.

The firm also generated several lessons learned throughout this initiative. First, measuring the value of CI must be an internal process. While third parties can play a supporting role, it requires internal support and leadership, and must be initiated by the CI leader. Second, in order to be successful, CI needs an executive champion to advocate for the value of the function. Finally, transparency is critical. The results, and any accompanying changes, from this type of annual study must be shared internally.

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