

COMPETITIVE INTELLIGENCE IN A FOREIGN ENVIRONMENT: GERMAN AND CANADIAN FIRMS COMPARED

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8.1 INTRODUCTION

Determining what is going to happen next in your environment and then taking advantage of it is critical to any company or government. Knowing what customers truly want and staying ahead of the competition is crucial to business success. This is competitive intelligence.

Competitive Intelligence is becoming more recognized as a discipline all around the world. Organized programs can be seen in virtually every developed country and governments around the world are focusing more resources towards it (Calof and Viviers, 2001).

Competitive Intelligence and its sister field of Knowledge Management are growing at impressive rates throughout North America, Europe and Asia. Membership in the Society of Competitive Intelligence Professionals (SCIP) grew at an annual rate of 40 percent in the 1990's reaching 7000 members in 2000 and academic programs have been developed throughout Europe, North America and recently in China. How important is competitive intelligence becoming? Consider the following quotes, one by Bill Gates, President of Microsoft, John Pepper, Chairman of Procter and Gamble:

"The most meaningful way to differentiate your company from your competition, the best way to put distance between you and the crowd, is to do an outstanding job with information. How you gather, manager, and use information will determine whether you win or lose".
(Gates, 1999)

"I can't imagine a more appropriate time to be talking about competitive intelligence than right now, for I can't imagine a time in history when the competencies, the skills, and the knowledge of the men

and women in, or, as I'll be calling it, business intelligence, are more needed and more relevant to a company being able to design a winning strategy and act on it". (Pepper, 1999)

8.2 THE PROCESS OF INTELLIGENCE

At a simplistic level, competitive intelligence (CI) can be defined as information that makes the firm more competitive. One of the better definitions comes from the Business Intelligence Institute in the United States:

"Competitive/Business intelligence is the total knowledge a company possesses about the environment in which it competes. It is synthesized from the vast amount of bits and pieces of external information bombarding the firm every day. It paints a whole picture of the present and future competitive arena of management decisions." (Gilad, 2000)

The fuller definition is:

"Competitive intelligence is the art and science of preparing companies for the future by way of a systematic knowledge management process. It is creating knowledge from openly available information by use of a systematic process involving planning, collection, analysis, communication and management, which results in decision-maker action." (Calof and Skinner, 1999)

Whatever definitions is chosen, all point towards creating knowledge from openly available information by use of a systematic process involving planning, collection, analysis, communication and management, which results in decision-maker action. The intent of CI is to better understand customers, regulators, competitors, and so forth to create new opportunities. In fact, the intent is to forecast changes in any of these forces and better position the firm to take advantage of these changes.

When people talk about competitive intelligence there tends to be confusion between competitive intelligence, spying/espionage and knowledge management. According to Patrick Bryant, the President of SCIP (Society of Competitive Intelligence Professionals), "Espionage is the use of illegal means to gather information. On the other hand, CI is the process of gathering data using legal, ethical means and turning it into valuable intelligence through careful analysis" (SCIP, 2001). Competitive intelligence therefore differs from spying in that it uses legal means and goes well beyond data collection.

Differentiating between competitive intelligence and knowledge management is more difficult as there are many different definitions of knowledge management. Most authors in the field define knowledge management in terms of