

Six Days to Delivery

*A Competitive Intelligence Case Study
with Commentary from August Jackson*

By Tom Hawes

JTHawes Consulting, LLC

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Abstract: *This competitive intelligence case study follows a fictional company as they commission a project to respond to a possible competitive threat. On Day 1 of the case, the competitive intelligence team receives the assignment that must be completed by Day 6 when a report to a management team is due. Each day in the case follows the unfolding plan, its execution, the obstacles and the pressure felt by the competitive intelligence team. On Day 6, the final report is presented and the supportive evidence is explained. Will it be good enough?*



For more information on business strategy and competitive intelligence, visit my website at www.jthawes.com or my Strategically Thinking Blog at <http://blog.jthawes.com>. Tom Hawes is the Principal and Owner of JTHawes Consulting, LLC. Before starting his own consultancy, Tom spent 30 years in high technology businesses focused on defining, communicating and implementing business strategy and competitive intelligence. His passion is to “help smart people to think clearly” about their strategy challenges. Strategic analysis leading to a winning vision and then the inspiration to achieve more than ever before.



August Jackson is a competitive intelligence and strategy professional, technology pundit and social software evangelist currently working for Verizon. Mr. Jackson regularly speaks and writes about strategic analysis, competitive intelligence and how organizations can leverage Information and Communications Technology (ICT) for competitive advantage and growth. August is the program chair for the [Strategic and Competitive Intelligence Professionals 2010 Conference](#). He produces the [Competitive Intelligence Podcast](#) that is interviews with well-known thought leaders in competitive intelligence. His blog discusses competitive intelligence, the technology industry and new business models and scenarios faced by modern business. August can be contacted on [Twitter \(8of12\)](#) or though his website at <http://augustjackson.net/>.

Overview

Peter, leader of the competitive intelligence team, receives an urgent assignment from his manager, Ramesh. They have six days to complete an analysis for a possible innovative product move by Acme Technologies, an aggressive competitor. They will present the analysis and conclusions to a senior management team headed by Sally, vice president of product development.

It is a tough assignment and senior management expects answers. The pressure builds each day as they struggle to agree on how to approach the project, make sense of the competitive environment, navigate the corporate politics and, finally, present a meaningful conclusion.

Each of the six days is described in the following pages. August Jackson read this case sequentially and provided written commentary for each day. Additionally, August responded to questions and added thoughts in a [Strategically Thinking](#) podcast interview. Simply click on the podcast link to launch the interview with August.

- Day 1: Getting the Assignment
- Day 2: Deciding the Plan
- Day 3: Meeting the Sponsor
- Day 4: Deciphering the Data
- Day 5: Testing the Interpretations
- Day 6: Delivering the Conclusions

Day 1: Getting the Assignment

Peter, leader of the competitive intelligence team, receives an urgent assignment from his manager, Ramesh. They have six days to complete a competitive intelligence analysis for a possible innovative product move by Acme Technologies, an aggressive competitor. Each day is pressure packed with activities and decisions.

Peter's eyes widen ever so slightly when he sees the assignment. His boss, Ramesh, Director of Market Research, had just received an urgent request from the Vice President of Product Development about a rumored product development move by one of their fiercest competitors, Acme Technologies. Moreover, as everyone knew, when Ramesh felt pressured, it flowed down quickly to people who worked for him. Ramesh, succinct as always, gave the assignment to Peter. "Peter," he said, "you have six days to tell management where Acme Technologies will be investing their R&D dollars for the next year."

"Why do they want to know this?" asked Peter. Ramesh had not learned to be patient with this type of question even though he knew Peter was going to ask it. Peter always wanted the context for the question. Why was it needed? How would it be used? Who was asking? How should the conclusions be presented?

"Just get the data, Peter," he snapped a little more forcefully than he intended. "You would not have been asked if it wasn't important. I know your next question and the answer is that I will be presenting it."

Now it was Peter's turn to be miffed. Not so much about Ramesh's doing the presentation, since he knew that Ramesh valued having face time in front of management. Rather, it was the constant struggle to work within the organization to improve competitive intelligence. Although Peter and his team reported to him, Ramesh sometimes had trouble with what seemed to Peter like the most basic and methodical steps of CI. Other managers were even more problematic to work with as they openly questioned why a separate competitive intelligence (CI) team was necessary. If nothing else, thought Peter, I am learning a lot about people in this position.

Breathe, he counseled himself. Business was tough and it was hard on everyone. Though their actions sometimes seemed counterproductive to effective competitive intelligence, the managers' motivations were clear and understandable. Even Ramesh's impatient tone could be forgiven. He was trying to balance many factors to make the right decisions.

After all, Ramesh had brought him into the company to form the CI team that Peter now headed. Ramesh had secured the budget and run the initial organizational interference for the team and Peter. Through their projects together, they had many conversations about what needed to be done and how to do it better to make a significant impact on the company. In those discussions, one of Peter's firm positions had concerned the fact that proper questions asked within a clear

context would lead to better answers. When the pressure was not so heavy, Ramesh easily agreed with Peter's approach. In this situation, it was not so easy.

"Ramesh," he started with controlled calmness, "it is fine with me that you will be presenting and I do want to make sure that you have good information to present. We have a lot of information about Acme but I doubt that you want to drown them with all of it."

"You're right about that," conceded Ramesh. "We only have about 30 minutes for the presentation at the meeting."

"Which meeting is it?" asked Peter.

Ramesh, settling slightly and catching the rhythm of Peter's questions said, "It is the Product Development Strategy meeting."

This helped Peter understand more of the request's context. The quarterly Product Development Strategy meeting discussed key investments for the business. The vice presidents of engineering, product development, marketing, and a variety of support organization leaders attended it. From experience, Peter knew that their agenda typically included a review of year-to-date performance and one or two special topics.

"Is this question about Acme one of the hot topics?" asked Peter.

"Yes," replied Ramesh. "Sales have received word that Acme is investing heavily to improve their product subsystems. The expectation is that whatever Acme is doing will show up in their next product cycle, some 12-18 months from now. If it is true, then we barely have time to react. Both engineering and product development are especially worried about the issue. Marketing is clueless, as usual," he chuckled. Though both Peter and Ramesh had marketing backgrounds, it was their inside joke to assign Marketing little value.

It was funny, thought Peter, how much trouble Ramesh and other managers had sharing information. It always seemed like asking to clarify a request met with irritation if not hostility. Peter was slowly learning not to dwell on that emotional response. Instead, he found it best simply to ask open questions and let the Ramesh talk.

"What do we already know?" asked Peter. Ramesh was very connected in the company and throughout the industry. When Peter had first started the CI team, he had missed this fact and suffered for it. Three managers, including Ramesh, raked Peter over the coals during his first management presentation because it was missing broadly known information.

Ramesh answered, "We know that Acme has increased its R&D spending. Actually, your Competitive Intelligence report of the competitors' key financials first helped us see this."

Peter remembered that report well. His team had taken the top line financials for each major competitor. Then, working with the finance team, they had modeled the division and product line R&D spending for each company. Finally, by overlaying the models on the product roadmaps, the CI team had alerted management that Acme and one other company were aggressively investing. The question now seemed to be “investing in what?”

“We also know that Acme has acquired two small companies with some very interesting technologies,” Ramesh continued. “Now the rumors say that Acme might be negotiating a deal to takeaway business from us at our biggest customer.”

There it was. Nothing made management’s blood boil like an imminent threat to revenue and profit. His company had a large share of the business at that customer. If another company, like Acme, could steal some of that share, then the business might suffer substantially.

“Okay, that helps. Once we understand what Acme is doing, does our decision come down to what new features or technologies we include in our current product line or in future product lines?” Peter asked. This question came from another mistake that he had made earlier. A prior analysis had painted a beautiful picture of the competitive landscape and pointed out a compelling solution. Unfortunately, for Peter, that solution was three years out and management needed to take meaningful action much sooner. The scars from that mistake were slow to heal.

“They are telling me that we will have to make changes to the current product line,” said Ramesh, “although I have difficulty believing that product development can respond that quickly. Engineering says they need at least 6 months to incorporate a new technology and you know that it will take another year for it to appear in the product line after Engineering is done.”

Peter noticed that both engineering and product development were making estimates without the benefit of detailed competitive information. Maybe the required changes would be simple once the company understood Acme’s technology-based threat. On the other hand, these groups often assumed the worst. This was not unusual. All of the entrenched organizations protected their turf.

“Sally has been tasked to come up with the plan to counter Acme’s actions,” Ramesh went on. Sally, the Vice President of Product Development, was known as a heavily process-oriented person. She received credit for making the company’s product development execution methodical and predictable. Once a product entered the development pipeline, it exited when promised. Sally valued solid information and Peter knew that any presentation in front of her would have to be well supported.

Peter’s first “ah ha” moment in CI came when he recognized that great analysis was less important than meaningful change. In fact, he had changed from measuring his team’s value based on their analytical successes to whether they resulted in implementing strategy changes. Peter now focused more effort on understanding how individual senior managers made decisions and he used that knowledge to tailor the CI presentations accordingly. As a result, he could now

better present the intelligence analysis and recommendations to his senior management customers and better trace the impact it had on their strategic decisions.

“When will we meet with Sally?” asked Peter.

“Meet with Sally? We don’t have time. Even if we did have time, she is too busy to meet with us,” said Ramesh.

This was the major problem in the company’s current CI process: senior managers tended to pass down assignments to the Competitive Intelligence team and provide little opportunity to discuss them. Peter had highlighted this issue many times but had not been able to resolve it.

Since Peter tracked the effectiveness of CI projects, he had noted that when senior management discussions occurred at the beginning, they were the prime indicator of how effective the project outcome would be and how satisfied the senior managers would be with the results.

Peter began pushing back on Ramesh’s assumptions. “Well, if this initiative is as important to Sally and the company as it appears, wouldn’t she want to get the best possible answers from us? Of course, she may be too busy but we should at least try, don’t you think?”

Ramesh said, “We cannot go to her unprepared, and we are not ready to see her!”

“You’re right about being prepared. Here is what I propose given the accelerated schedule. I’ll draft a set of starting key questions based on what you have told me today. We’ll meet again later today and refine them. Once you are satisfied, I will create an execution plan for the analysis and draft an outline of the presentation. Is that good for you so far?” Peter asked.

“Yes. Go on,” said Ramesh. “What are you planning to do then?”

“Once we’ve decided on the questions, execution plan, and presentation template, call Sally and request 30 minutes of her time, preferably within the next two days. Explain that we need to confirm the assignment’s purpose and plan for next week’s meeting. I think she’ll agree,” said Peter. “In the meantime, the team will start working through the execution plan. We will have a detailed update in two days. If the meeting with Sally happens later, we will incorporate the latest information into the draft we show her. Will this work for you?”

Ramesh felt the smallest stirrings of confidence building. Peter really did know competitive intelligence. His team could start from an amorphous need, crystallize it into something tangible and quickly produce useful answers. They had proven this over and over again. Yes, Peter was right about getting the context, defining the questions, and tailoring the output. There was only one thing left for him to do.

“I’ll call Sally and get us on her calendar. And Peter, I’m sorry for snapping at you earlier. I’m just feeling the pressure,” said Ramesh.

“No problem,” Peter said with a smile. “Let’s get to work.”

August Jackson’s Commentary for Day 1



Day 1 Podcast

When stress is high, competitive intelligence inquiries come fast and ambiguous. The intelligence cycle goes out the window. Peter has several obstacles he must overcome, notably skepticism many in his company have about the value of a dedicated CI function.

Peter’s question to Ramesh, “What do we already know?” is a good application of elicitation techniques to overcome the cultural preference for hoarding information. This also helps Peter know the foundation of knowledge and perception on which his intelligence must build.

It appears that Sally is the ultimate decision-maker who will need to use the intelligence. I expect someone like Sally to ask questions about specific details to test the intelligence. Ramesh will need to be prepared to answer those questions with supporting evidence. Peter will want to create a dossier of supporting materials for Sally and the other senior managers. Sally’s focus on process will make her reluctant to accept intelligence that suggests actions that derail product development already underway. Is Ramesh up to the task of making this presentation? He displayed a short fuse in his early exchange with Peter. How will he respond to Sally’s questions?

Defending against what the company believes is Acme’s attempt to take away business with the company’s largest customer appears to be the hot-button issue. “How do we retain the business of our largest customer?” seems to be the fundamental strategic question at hand. Ramesh’s original question about Acme’s R&D priorities presupposes that the appropriate actions are technology-oriented and that the threat is limited to Acme. Peter should not be too quick to limit his efforts based on those presuppositions. Looking only at Acme could result in a decision to undertake tit-for-tat product development. Product development’s assume-the-worst mindset lends itself to such conclusions. Intelligence on customers’ needs will help calibrate an appropriate response.

Peter has a good plan for an initial meeting with Sally. He will need to bring several things to that meeting to build on what Sally already knows. Are there any additional details about Acme's recent R&D spend, such as new technical hires or patent filings? What were the products and technical capabilities of the companies that Acme acquired? What are the state of Acme's sales organization and particularly the account team that services that largest customer? In his discussion with Sally, Peter should be prepared to apply elicitation techniques to confirm his understanding of the decisions Sally is trying to make. He will also need to elicit any preconceptions under which Sally may be operating, including her ability to look beyond the perceived threat from Acme.

Peter will need to have a Plan B if Sally does not take the meeting that Ramesh has agreed to request. He needs to calibrate his deliverable to her expectations. Hopefully, Peter has someone on Sally's team—preferably a direct report—with whom he has a level of trust and comfort to share his preliminary materials and elicit feedback.

END OF DAY 1

Day 2: Deciding the Plan

The meeting with Peter’s boss, Ramesh, went well. They had agreed on how to approach the latest competitive intelligence project commissioned by the product development strategy team. Now the preliminary work was underway in preparation for meeting with the senior management sponsor, Sally Martin, the next day. Sally had the management assignment to present recommendations about how the company should respond to the next moves by Acme Technologies. She also had a personal investment in the result since the product development organization would be significantly affected by the outcome.

Peter felt positive about the first steps he had taken with Ramesh, although they went back and forth about the key questions. Ramesh wanted a long list of detailed questions. “Every issue should have a question!” he argued. Peter, having been through the process many times, knew that this approach could be self-defeating. In the presentation and the selling of the results, the people listening and deciding could be distracted with too much information. It was better, Peter thought, to focus on a small set of essential questions and then let the detail support the answers to those questions.

Finally, they seemed to agree on the three critical questions that required answers:

1. What resources was Acme applying per product line?
2. How could the Acme development capabilities support new product features?
3. What are Acme’s strategic directions?

If they could support each answer with credible details, the organization would have the competitive intelligence about Acme it needed to move forward.

Ramesh’s support of the three questions was unenthusiastic, and it did not take long for him to tell Peter the reasons. “What about their corporate strategies?” he asked. “You aren’t considering their acquisitions and I have already told you about two companies that they purchased. Even worse, I don’t recognize where Sally will get the direct answer that she expects.”

“Whatever development capabilities the acquired companies bring to Acme will be addressed in the second answer and the management plans in the third,” explained Peter.

“Okay. What about the original question about their new product? This is what started the whole exercise,” Ramesh challenged.

Peter thought for a moment. The first question was where he intended to discuss the specific product but, admittedly, it was stated a little too broadly. On the other hand, if the audience was

sidetracked with a product answer too soon, they might miss some other critical points that followed. He had an idea.

“How about we reorder the questions so that we sort out the strategic direction first? That way we can pull in information about all the actions that Acme is taking and make sense of them. Then we cover what they could do with the resources and capabilities that they have. We’ll have to make estimates for this and Sally’s team could solidify them. Finally, we answer the direct question of what Acme is doing with the specific product. Does this work?” asked Peter.

“Yes, it does. Write it down just like you described it,” replied Ramesh. He sat back in his chair and looked at the ceiling. “You know, Peter, it’s great to have these questions for Sally. But we only have five more days to finish. How in the world do you expect to do that?”

Peter noticed that he had said “we.” This was a subtle signal that he had learned to look for in every project. When he did his job well, others began to take an ownership stake. That was good.

“Ramesh, if we had to start from scratch, we would be trouble. However, thanks to the budgets that you argued for, we already have much of the information that we need!” said Peter. Peter and his team had long been tracking Acme Technologies’ product roadmaps, financial transactions, and marketing activities. All that information was stored in their growing database. Ramesh knew of the database but, thought Peter, he is going to be surprised at how much information about Acme we already have.

“We won’t lack information. The challenge will be making good interpretations of it and aligning the organization before the product development strategy meeting. This is where I especially need your help,” Peter went on. “My team is already identifying the analyses and data that we need. Now we need to schedule some meetings.”

“Meetings for what?” asked Ramesh.

“We need to discuss with experts every major assumption and conclusion before the management meeting,” said Peter.

“And where are you going to find ‘experts’ in five days that have the time and interest to discuss all of this with you?” Ramesh asked sharply.

Not offended, Peter replied, “Here are people we need to consult. Note that we have assigned responsibility for contacting each expert to someone on our team.”

Ramesh looked the list over. He recognized many names: the fellow from finance, the marketing communications manager, several leading engineering types, a few industry analysts, and some others he did not know. Each person had a CI team member assigned to interview him or her. A few names were even assigned to him.

“This is a good list though I don’t know how you will get through them all. What about the people I’ve got? What exactly am I supposed to do with them? They can’t possibly answer any of the three questions,” Ramesh said.

Peter explained, “We don’t expect any one person to provide the full answer to a specific question. The interviews have three goals. First, we want to uncover as much supporting information as possible. We’ll use this information to make sure we’re on the right track and to add credibility to the ‘big answers.’ Second, we want to discover new sources and interpretations we’ve not yet considered. As thorough as my team is, we don’t know everything. Third, we’ll develop internal support for our conclusions. People seem more willing to accept our judgment when they have been involved with the process.”

Peter stopped. He could see that Ramesh was thinking about what he had said. When Ramesh appeared to have absorbed the explanation, Peter continued. “My team’s preparing interview outlines for each person on the list. Thanks to your support for training, everyone on the team can do primary research correctly.” Peter did not tire of giving Ramesh credit. He knew that Ramesh had overcome some personal and organizational skepticism to support the intelligence team.

“Okay, you’re organized to move forward,” conceded Ramesh. “So we have all of these conversations and gather information, then what?”

Peter said, “We post everything in the CI war room. At the end of each day, we debrief each other about our findings and debate their meaning and usefulness. You’ll want to be a part of these meetings.”

Ramesh interrupted, “Wait a minute. I explicitly did not agree to fund a war room for your team. It cost too much and giving you one would set a bad precedent for my other teams that want a dedicated room. What gives?”

It was Peter’s turn to look at the ceiling and exhale slowly. “The room isn’t costing you anything. It is a storage room that IT used for old PCs. When I found out that they needed to send them to surplus, I asked if we could help them move them. My team came in over the weekend to do it. Afterwards, it turns out that they didn’t need the storage space for at least a year but they were worried that someone from Facilities would find out and take it away from them. We offered to make it look occupied.”

Ramesh guessed that the arrangements with IT were a little less coincidental than Peter described. Nevertheless, he had to admire his Competitive Intelligence team. More than that, he wanted to see the war room. If it turned out to be useful, maybe it was time for every team to have its own room. There was nothing wrong with changing one’s mind, he thought.

After Ramesh left, Peter reflected on the day. He had a mixture of emotions that seemed common to the job. There was excitement of receiving the initial assignment. He liked being involved with the strategic issues and the urgent issues of senior management. Privately, though, he was always concerned that others would expect too much, too soon from his team. Just for good measure, there was the constant pressure to reduce complexity into simple presentations. Finally, and this was the most difficult thing, Peter had to navigate the politics of the organization to protect his team. No small feat when there were those that did not understand or accept competitive intelligence.

When the pressure felt the greatest, Peter found it helpful to review his assets. He had a great team of dedicated workers who could manage the information collection, execute the analyses, and produce thoughtful interpretations. His boss, Ramesh, was usually supportive and helpful. The people throughout the organization who Peter had cultivated during previous projects would likely help. Moreover, as he had told Ramesh, they were not starting from scratch. The team had amassed information and practiced processes that worked.

There was one more call to make before heading home for the day. Peter needed to talk with his mentor, Jason Williamson. Jason had served in multiple senior management positions in the company over the years. Peter had met him at a volunteer charity event several years ago and struck up a friendship that had evolved into a mentoring relationship. Jason was invaluable to help Peter understand the background and preferences of the current management. Peter wanted his guidance before talking with Sally. Since he had never worked with Sally, Peter absolutely needed that initial discussion with her to go well. It would set the tone for the entire project.

August Jackson's Commentary for Day 2



[Day 2 Podcast](#)

The meeting that Peter and Ramesh have scheduled with Sally is an opportunity to test hypotheses about the key intelligence topics at hand, set expectations for the deliverable and establish the competitive intelligence team's expertise.

Ramesh only has 30 minutes in the Product Development Strategy meeting agenda to make the presentation. He should expect a lively question and answer exchange with Sally and the other executives. In reality, Ramesh will have 15 minutes or less to present. A shorter set of thematic questions like the one Peter is proposing is more likely to be successful.

Proper staging for the evidence and conclusions is critical to quality intelligence presentations. Begin with the strategic "lead" and drill down into specific issues from there. Executives who are not on board with a small detail presented early might turn cold to a more important

conclusion about a competitor's strategy that they otherwise might have been able to accept as a valid conclusion.

When they meet with Sally, Peter and Ramesh should be prepared to discuss the background and context of how these thematic questions relate to the initial set of questions about Acme. This meeting will be a first opportunity to get Sally on their side by showing some of the background work that will go into developing the intelligence. This will increase Sally's comfort level with an intelligence product that will not deliver the hard, definitive answers Sally's reputation suggests that she prefers. Peter should bring germane data from the competitive intelligence database to his meeting with Sally in order to establish that his team's experience and expertise tracking Acme.

Peter will need to apply his listening skills in the meeting with Sally. A set of well-planned elicitations around the thematic questions will test the main assumption that appears to be driving this project: that understanding Acme's product development capabilities and plans is the key intelligence topic at hand. Specifically, Peter should ask a question about the threat Acme poses to the company's business with their largest customer.

It's troubling that the war room is a surprise to Ramesh. He is also unaware of the information contained in the CI database. If Ramesh were aware of these resources, he would be empowered to set clear and realistic expectations with senior executives as to what the competitive intelligence team could do. While Peter might not want Facilities to know about the war room, he is hiding his light under a bushel in an organization that openly questions the value of what he and his team does. Is Peter falling prey to the corporate culture and hoarding information? He should model the behavior he prefers to see in the company.

Peter has an important resource in his mentor Jason. Jason can probably speak to how Sally prefers to receive information as well as her personality, preconceptions and pet peeves. Jason may also have insight into the executives' concerns that motivated this inquiry.

END OF DAY 2

Day 3: Meeting the Sponsor

The competitive intelligence team meets with the senior management sponsor for the analysis. They discuss their approaches, debate the key questions and decide who must be involved to complete the analysis.

Peter needed help today because he was about to meet with Sally about her current assignment of formulating a concrete action plan to counter a possible product improvement by Acme Technologies. Several signs pointed to Acme introducing an innovation in the next 12-18 months that might threaten the company's market share at their largest account. Peter's Competitive Intelligence team needed to quickly summarize the situation to support Sally's recommendation for action.

The call to Peter's mentor, Jason Williamson, went well. Jason's manner was friendly but no-nonsense, as he never sugar coated his advice or observations. He reliably gave Peter frank assessments about the positioning of the competitive intelligence projects and regularly pointed out ways to improve their focus. Jason had some definite opinions about working with Sally for this project.

Jason's instructions were clear. Being process-oriented, Sally valued arguments supported with facts — her reflex was to distrust arguments based solely on intuition. Furthermore, she preferred to reach decisions based on consensus. Sally often remained quiet for much of a meeting, then polled those present for their views about decision options. If most attendees agreed on a recommendation, she would usually accept their judgment. Once Sally ratified a decision, she was difficult to dissuade from her decided course.

Peter and Ramesh (Peter's manager) met at the door to Sally's office. "Come on in," Sally said. "You're the two lucky people who present the analysis next week at the Product Development Strategy meeting. There isn't much time to get ready, you know."

Ramesh replied, "Yes, it's going to be quite a challenge – that's why we wanted to meet with you. Thanks for making time on your schedule. I'm sure that you have a lot on your plate to get ready for that meeting."

"That's an understatement," Sally said. "I have the CEO and half of the Board asking me about this Acme problem, and Marketing's at their own panic level. Harry is convinced that our business is collapsing." (Harry, the Vice President of Marketing, was known for his wide swings of outlook. Either the company was on its way to market dominance or bankruptcy was around the corner. There was no in between.)

“Let’s hope that his current pessimism is premature,” Ramesh said with a smile. “Peter and his competitive intelligence team have an established process that he would like to cover with you today.”

“Good,” said Sally, “let me know exactly what you plan to do and how my team needs to be involved.”

Peter started, “Sally, you may know about the analysis that our team prepared for Engineering and Marketing earlier this year.” Sally nodded and Peter continued. “My team studies the competitive environment on an ongoing basis. We also periodically focus on specific issues where we gather information, analyze it and then supply interpretations for use by senior managers to make decisions. This is the approach we’ll take in supporting you for the Acme issue.”

Sally responded. “I’m giving my recommendation to the CEO three days after my Product Development Strategy meeting. That doesn’t give me much time to develop organizational agreement so we need to execute crisply. I’d like to leave the strategy meeting with a good idea of what my recommendation will be. What are you planning to do to support me?”

Peter then laid out his team’s standard approach. He covered the Competitive Intelligence database, the secondary data searches, the list of primary sources to interview, and the specific analyses. Peter explained how the mass of information would be organized, debated and condensed into a concise presentation that Ramesh would deliver at the Product Development Strategy meeting.

As Peter talked, he laid out a process diagram for this competitive intelligence project and described each step in the process. Each block was annotated with the status for that step.

“Very good,” said Sally. “Still, it seems that by the time I see your processed results most of the underlying data will be hidden. I’ll have some pretty slides but I’m not sure that they’ll provide the people at that meeting enough basic understanding of the issues to make an informed decision. I don’t like people guessing about such an important topic.”

“We understand that,” agreed Ramesh. “Peter has a way to make the data more visible and prepare the Strategy group better. Go ahead, Peter. Tell Sally about the war room.”

“For this project we have what we call a ‘war room’ where we post all of the information, ideas and speculation about Acme’s intentions. Each day we discuss, refine and rearrange the room’s contents to match our current understanding,” Peter said. “We invite key people to a session in the war room to show them what we have and discuss what is emerging. When they have something to add, we incorporate their ideas.”

“And who are these key people?” Sally asked. “That’s what we would like you to help us decide,” said Ramesh. “Here’s Peter’s initial list.”

“It’s a good start but add some people that report to me. Also, remove these people – they are too busy with other projects right now. I only see one more problem,” Sally said as she handed the sheet back to Peter. “Where is my name?”

This caught Ramesh and Peter off guard. Most senior managers usually preferred to participate on their own terms and later in the process. Sally apparently had different ideas. Recovering, Peter said, “We would be ready to have you come by the day after tomorrow.”

“This is my top priority. Besides, I want to see how this competitive intelligence process works. I might find it useful for some other issues,” Sally said. “What else do we need to do today?”

“There’s creating the right focus,” Peter said. “That sounds pretty basic. What do you need from me?” Sally asked.

Peter answered, “We need to know as precisely as possible the key questions that must be answered for this decision. That way, we can determine what analyses to perform and the information required for each analysis. We’ve identified three key questions and we need to test them with you.”

“Let me see the list,” said Sally. She read it quickly and asked, “They seem a little abstract. Where are the details?”

Peter explained, “Each question is really a category of issues. For instance, the first question deals with what Acme is doing with their strategies. We are trying to determine if their possible product innovation signals a fundamental shift from, or a continuation of, what we already know about them. If it is a shift, then we might expect more product changes. If it is a continuation, then we know the general bounds of what Acme can and will do.”

Sally appeared impatient. Peter knew to get more specific quickly. “We are going to project their future product roadmap based on the evidence we have from their historical performance, the impact of their recent acquisitions, their trends in technology usage and the intellectual property they own. We also gather information from their investments, marketing messages and organization moves that may be confirming evidence.”

“Okay, that seems more concrete,” Sally stated. “Make sure that you have the data to support your position. Furthermore, I need to know just how sure you are about these answers.”

Peter replied, “We try to assign confidence levels to each answer. Historical data is certain, forward-looking data less so. In each case, we show the data, explain the sources, list what is

missing and make a judgment about the risk. This is a large part of the war room discussions and why your help with those meetings is so valuable.”

Sally’s cell phone rang and she answered. They heard her tell someone that she would be in the caller’s office shortly. After she hung up, she began to gather the papers on her desk as she talked.

“That was the CEO — he wants an early status on my recommendation about Acme. I don’t have much to tell him except that your work is underway. Make sure that you do a good job — somebody’s job depends on it.” She left unsaid whose job was on the line.

As they walk out of Sally’s office, she said, “By the way, Ramesh, good idea about having a war room. All of my product development teams have them. They are proving to be enormously valuable. Keep up the good work. See my admin to setup a time for our next meeting.”

Peter and Ramesh leave the meeting with very different thoughts. Ramesh was surprised at Sally’s engagement during the discussion — he had not expected her to be actively involved in the details that Peter and his Competitive Intelligence team were putting together. Meanwhile, Peter was excited, as Sally’s feedback was specific and thoughtful. Her involvement would energize the team.

August Jackson’s Commentary for Day 3

[Day 3 Podcast](#)



Peter received valuable advice from his mentor Jason about how Sally makes decisions. It will be important for Peter and Ramesh to establish a consensus among Sally’s team. Including all of her direct reports in war room sessions, as Sally requested, is a good way to deliver the intelligence to her team.

Jason’s advice about Sally confirms that she is interested in fact and dismissive of conclusions based on intuition. Peter’s scoring of confidence levels will be a useful mechanism to differentiate among historical information, rumor and theory. Peter should be prepared to educate Sally on how decisions can be made based on intelligence in times of high uncertainty. This education should include an introduction into the intelligence frameworks Peter and his team will use as he walks Sally through the war room. Sally may want to make her decision based purely on fact, and that is a luxury the company does not have.

Sally expressed concern about seeing a presentation separated from the underlying data. Peter’s team should prepare a detailed dossier to accompany the presentation. This can be used as a

reference as Sally tries to formulate her final recommendation to the CEO three days after Ramesh briefs the Product Development Strategy meeting.

I'm not surprised that Sally was impatient with the high-level questions that Peter proposed. She would have been more confident if Peter had brought some of the underlying data from the CI database to the meeting. She responded favorably when Peter described the underlying intelligence. Sally seems concerned about Peter and Ramesh's ability to deliver on the short deadline, and it would have been useful for Peter to provide evidence that he and his team had already captured a great deal of information about Acme.

I am intrigued by Sally's mention that several of the managers are "too busy with something else" for a tour of the war room. She also says that the war room may be useful for "some other stuff we're facing." I can't help but wonder what situation Sally is hinting with these comments. Peter should be prepared for a surprise in the late days of the Acme project.

Peter should reach out to one of the people Sally indicated was too busy for the Acme project because he may get an idea of what the situation is. Intelligence about the largest customer account that is perceived under threat from is a likely vector for new requirements in the Acme project. Hopefully Peter and his team have been conducting basic intelligence on the firm's largest customers and their industries just as they had been tracking Acme.

Peter owes it to Ramesh to cede the credit for having implemented the war room. He should consider it penance for having not told Ramesh about the war room earlier.

END OF DAY 3

Day 4: Deciphering the Data

The competitive intelligence team creates a detailed roadmap for their competitor, Acme Technologies. By examining the “animated” roadmap, they attempt to find the keys to the threat posed by Acme.

At 10 AM the next day, Peter assembled his team in the war room for a “roadmap animation” working session. They had not always done things this way. Initially, when the CI team was asked about a competitor’s roadmap, they had simply used the current set of slides the competitor provided to industry analysts. Few people found this approach useful. Peter and his team had to re-think what would really be effective and had decided to “animate” the roadmap. They discovered that the roadmaps illustrated three consistent principles.

First, competitors had histories and those histories dictated much of what could or might happen in the future. That prompted Peter’s team to go back and obtain their competitors’ forecasted product roadmaps from the last three years. When they overlaid the actual product delivery dates, immediately patterns emerged. Some competitors were consistently optimistic about delivery dates. Others regularly announced but never delivered key products. And some had produced product on every forecasted date.

Second, every subsystem in the competitors’ product lines had its own roadmap that evolved differently. When Peter’s team looked at a competitor’s new product, it often included multiple “old” subsystems and one or two new ones. The individual reuse patterns provided clues about a competitor’s R&D investments and product feature prioritizations.

Third, most competitors predictably introduced new product architectures every three years. In between, each had an optimization and cost reduction cycle to take the first product into two or three lower priced segments.

Peter’s immediate question was how to apply these principles to the Acme Technologies project. Widespread rumors had Acme attacking their company’s major customer and planning to release a potentially disruptive product in the next 12-18 months. Was Acme altering their patterns of behavior? Were their recent acquisitions or aggressive marketing signaling some surprise action? Peter loved to know patterns but he hated surprises. So did management.

Competitive intelligence team members John and Rachel joined Peter in the war room. Both of them had technical backgrounds so they knew the industry and had an intuitive feel for where competitors were headed. But what Peter liked best about them was their seemingly insatiable curiosity.

Peter reflected on the long arguments with Ramesh about adding them to the team. Ramesh favored some senior engineering and marketing types: “They have the experience and credibility.”

“Yes, that is true,” Peter conceded. “But think about it this way, Ramesh. We want to do competitive intelligence differently and better than before. Doesn’t it help to put a team that is less invested in the current approaches?” “Sure, that is one way to consider it. But John and Rachel are quite junior. Who in senior management is ever going to believe them?” Ramesh asked.

“First the CI team has to create useful insights, right? If the team only produces easily believed results, then what are we really adding? Let’s separate ‘getting the right answers’ from ‘selling the conclusions.’ No matter who we add to the team, we are going to need your help in the selling process,” Peter replied. To his credit, Ramesh had agreed and now, after many successful analyses, he no longer questioned John and Rachel’s contributions.

The war room meeting was the first review of Acme’s animated roadmap. One wall was covered with annotated three-by-five cards. Peter and Rachel looked on as John began making sense of them. John began, “Rachel and I have mapped Acme’s product roadmap for the last three years and you can see their typical announcement and delivery cycles. Only one significant product has been announced outside of their usual pattern and it resulted from an acquisition two years ago.”

“That product was under development before Acme acquired the company. They took it to market but quickly lost enthusiasm for it and dropped it from their portfolio. We speculate that Acme’s release of the product was part of the acquisition terms,” Rachel observed.

“So they have been quite predictable, at least at the product level?” Peter asked. “Pretty much so,” answered John. “The more fascinating question comes in at the subsystem level. Rachel has studied this more than I have and all of the beautiful colors are her doing.” Both John and Peter admired the wall with five differently colored cards.

“Well I’m glad you appreciate my talent,” Rachel said. “Each color represents a subsystem in their product. Stars on a card show the introduction of each significant new subsystem. For any product introduction they changed no more than two subsystems, so three subsystems were essentially the same as a previous product.” All of them knew that companies like Acme made investment decisions around evolving subsystems. Not coincidentally, those decisions mirrored their internal organization so they constantly monitored the organizational structures of their competitors.

“The subsystem evolution provides a pretty vivid sense of where they see their added value. For instance, we know from benchmarking exercises that their product performance is mediocre. However, our customer surveys say that their industrial design is excellent. Better than ours,

actually. That's where they get their value," Rachel said. "Here's the problem. Acme recently introduced a new industrial design in their last product. Assuming their patterns hold, their innovation in the next 12-18 months will not be in that area." She let that sink in.

"Ok, you've used their patterns to eliminate some possibilities but you haven't talked about what they might be doing. That's what Sally needs," Peter said. "If – and that's a big 'if' – patterns hold, there's nothing unusual to worry about from Acme. Their likely new product innovation is probably a sustaining or evolutionary innovation. We can easily counter that type of threat. However, what if something new is happening?" asked Rachel.

There was a knock at the door and Ramesh entered the room. Peter had mentioned to John and Rachel that he would likely stop by to review their progress. After welcoming Ramesh, they remained silent as he looked over the wall. He asked some questions to understand the color-coding, the various connecting lines and comments. Then he sat down and told them to continue their discussion. Rachel explained that they were now speculating about what possible surprises Acme might be planning.

Ramesh asked, "What about their recent acquisition of Innoarc? It's a small company but marketing is convinced it's important. Have you looked into it yet?" John spoke up. "Here's what I've discovered so far. The acquisition has two key elements. First, Innoarc had an outstanding engineering team that Acme seems to have wanted. Sam Wilson headed that team and he's considered a technological guru in the industry. We've researched his public writing and speaking, and know that he consistently advocates innovative performance architectures."

"I have another tidbit for you," interjected Ramesh. "We met Sam Wilson two years ago. He was trying to license his ideas to us but we weren't interested. He was very protective of telling us too much because there was no non-disclosure agreement in place."

"Interesting. John, did you initiate an intellectual property search?" Peter asked. "Yes, that's the second key element and we started it this morning. Sam and his team at Innoarc filed many patent applications and I've posted the key ones on the board — the white cards," John smiled and continued, "since I don't have Rachel's eye for color."

They read the patents and filings for Sam's team. Did those cards provide a key to Acme's next move? Were they planning something that altered their product value proposition? How could Acme wrench away business from their key customer?

Ramesh got very still as he read the third one down from the top. "There it is," he said softly.

Peter turned to look at Ramesh. "There is what?" he asked.

Ramesh pointed at the card that contained a description for a new processing architecture idea. He had almost skipped over the card but something about it bothered him. He and others in

management had always assumed that Acme would never catch up to their company on performance. Since performance mattered most to their biggest customer, they believed that Acme had no chance at displacing them. What if Acme were coming at the problem from another direction? What if Acme's innovation resulted in adequate performance but was more integrated and at a lower cost? Would that make a difference to their major customer? Ramesh knew the answer to that question and he briefed the others quickly.

“Peter, we need some engineering estimates fast. If this is the key, we must determine how quickly Acme could prototype and produce products with Sam's technologies. Also, we need to know the general feasibility and implications of integrating the functions. Finally, we have to quietly poll the marketing and sales teams about the potential impact of such a product. You may think of some more things to do,” Ramesh rattled off, “so get everything started now.”

“I like the way you think, boss,” Peter said as he mentally assembled his action item list for after the meeting. It was going to be a busy day since Sally was coming by tomorrow and she wanted answers.

August Jackson's Commentary for Day 4



[Day 4 Podcast](#)

That Ramesh and Peter have come away from their meeting with Sally with different assessments is evidence of the importance of post-event debriefs. They should compare notes. It's possible that one or both of them missed important signals. It doesn't surprise me that Sally would want to get deep detail on the CI team's process and plan based on what we've learned about her so far

What passed for a competitor roadmap previously sounds dreadful. It's no wonder that many within the firm have questioned the value of a competitive intelligence team. Competitors and industry analysts alike have multiple objectives in their interactions, making industry analysis a poor choice for sole sourcing competitor information.

The team's "animation" of the roadmaps is how experienced CI professionals can cross-reference and evaluate information from multiple sources and conduct analysis to develop a trustworthy, forward-looking, actionable view of competitors and the market. Looking at historical information is a way to establish the reliability and credibility of sources, including industry analysis and competitors' announcements.

Peter has concluded that the industry operates on a three-year cycle of product innovation and optimization. It's curious to me that Peter has concluded a three-year pattern from reviewing "at least three years" of historical roadmaps. I would encourage Peter to look further into the past to confirm this cycle. I'm curious if the industry product development cycles aligns with customer patterns such as depreciation schedules equipment life cycles. While this is tangential to the Acme project, it's worth a question to a few sales people to get their thoughts.

The team has isolated Acme's existing strength (industrial design) and weakness (performance). John says that Sam Wilson, the lead engineer from the firm that Acme acquired, is a recognized expert and advocate for innovative performance architectures. This and Ramesh's information support a conclusion that Acme is likely pursuing product innovation to close the gap or leapfrog on the performance of the firm's products. The teamwork between the CI team and Ramesh in singling in on the intellectual property that likely represents the greatest threat vector is good to see. This is an example of the value of teamwork and a war room to present evidence visually. It's good to hear that Ramesh is also considering the key customers' preferences and requirements, because the customer has been absent from many of the discussions and considerations.

Peter and his team should work very hard to incorporate the engineers' assessment about the specific innovation Ramesh isolated to have that information ready when they walk Sally through the war room. For the purpose of this walk-through, it will also be useful to illustrate for Sally where there are uncertainties or divergences of conclusions. Rachel's earlier conclusion that Acme will not release an innovative product in the next 12 – 18 months, though it seems unlikely, is a useful sanity check as the team continues their research.

END OF DAY 4

Day 5: Testing the Interpretations

Peter and his team are moving quickly to consolidate information and make interpretations. They review the results of many meeting that occurred yesterday. Some things appear to be converging but questions remain. In the meantime, Sally, the VP of Product Development, comes by for her scheduled meeting. The war room is buzzing since the report is due at the Product Development Strategy meeting tomorrow. Sally needs to have an answer by then.

Yesterday had been a busy day. Following the meeting with Ramesh, the Competitive Intelligence team of Peter, John and Rachel had worked hard to process the information that accumulated in the war room. The constant flow did not abate as the day went on. Many people that had been interviewed or queried were reporting bit and pieces of information about the possible product innovation being considered by Acme Technologies. Sally, the Vice President of Product Development, was due later that day to review the progress. There was not much time to finish. The Product Development Strategy meeting was tomorrow and Sally needed an answer about Acme's intentions.

As Peter stared at the wall of the notes in the war room, he reflected on what he had learned so far. John and Rachel felt good about characterizing Acme's historical patterns of product development. Their product cycles were remarkably consistent over the last three years. First, they introduced a product family architecture with a flagship offering. Then, over the course of two or three years, they followed with a predictable series of optimized, cost reduced versions. Peter's team had also isolated Acme's innovation priorities when they examined the subsystem evolution. By examining their R&D investment levels and allocating those to the subsystems, there were no obvious signs pointing to a change in product strategy. Of course, the financial data was from the last fiscal year. Had Acme made a shift since then? Could they possibly do something disruptive so quickly?

Many doubted the threat from Acme. Multiple managers reviewed the war room material and felt that Acme could or would not change. After all, Acme products were well known. In almost every measure of performance, Acme's products were inferior. Furthermore, Acme did not have a relationship with major customers. Their niche always had been industrial design and everyone, especially Marketing, knew that was not enough.

Yet there were nagging signals that something different was afoot at Acme. Their acquisition activity had picked up and seemed purposeful. The acquired companies specialized in the product performance technologies. One of those companies included a highly respected leader, Sam Wilson. Sam and his team had filed many patent applications that pointed to a new approach to integrating performance improvements at a very low cost. Was this the key?

Increasingly, Peter and Ramesh (his boss) were convinced that it was the key. The puzzling part was the timing. Since Sam's team was acquired only three months ago, how could Acme use their technology so quickly? Moreover, even if Acme started immediately, how would any significant customer believe their product roadmap given their development history?

George Robinson, the Director of Engineering, summarized the common view. "There isn't much to suggest that Acme is changing. Even if they wanted to, they don't have the right people or technology to

catch up with us. I admit that Sam is pretty good but it would take a miracle for them to have something substantially new in the next 12-18 months. We know from our experience that it can't be done that fast."

Bonnie Thompson, representing Marketing, said it differently. "We just don't see meaningful innovation coming from Acme. Your wall of information is impressive but it doesn't prove that they are changing any patterns. Now I don't understand all of the technology implications but I can say that our major customer does not make supplier changes lightly. Acme would have to change its stripes completely to be appealing to them."

Only Tim Jones from Sales seemed nervous. "I really don't know what is happening but we are getting some interesting signals from our customers. A year ago, all that they wanted was more performance. We're the best at that so sales have been pretty solid. This year they have started to become more sensitive about margins. Maybe they are considering lower cost alternatives to us. If Acme had the right product, I worry that some of our customers would be tempted to try it."

When Sally arrived at the war room, Ramesh, Peter, John and Rachel were waiting. Peter gave the usual first time visitor tour of the wall. By now, it was completely covered with cards, lines and diagrams. There were several summary posters on easels around the room. Each contained important takeaways and outstanding questions sorted by the original key questions that began the analysis. An expanding list of sources was also posted.

Ramesh updated Sally on the analysis progress. "Peter and his team have worked through all but two of the people from the 'experts' list that we discussed in your office," he said the Sally. "We have reviewed the wall material with Engineering, Marketing, Sales, three external analysts and a few other people on the sources list. John and Rachel have characterized Acme's product development process and roadmap. We also have looked over the recent Acme acquisitions to understand what impact they might have."

"Good. The process seems sound. Give me the bottom line. What is Acme up to and do we need to be worried?" Sally asked briskly.

Peter and Ramesh exchanged a glance. This was always the difficult time in an analysis. Invariably, a senior manager want the net conclusion stated succinctly. They knew that the next question from Sally would be about the credibility of the conclusion.

"Sally, Peter and I think that there is something to worry about. We think that Acme is going to develop a new product architecture that is highly integrated and lower cost than anything that we currently have. Furthermore, we think that our major customer is going to an initial adopter of the product. Our fear is that Acme might completely disrupt our market position in the next 2-3 years if we don't respond now." Ramesh stopped. He had said plenty.

Sally responded, "How certain are you about this? You should know that many of the people that you have talked to have come by my office to tell me that there is nothing to worry about. Everyone else is wrong if what you are saying is correct."

"Yes, we know that Engineering says that it is impossible for Acme to do this and that Marketing says it is highly improbable," Peter admitted. "Still, there is too much other evidence suggesting that something is happening."

“Something may be happening but that doesn’t make it important to us. Isn’t that possible?” Sally asked. Heads nodded in acknowledgement.

“It’s just that everything fits except the timing. Sam Wilson’s bunch has been working on the technology that Engineering evaluated. It very well could deliver the benefits that Marketing thinks are unlikely. We also know, at least we think we do, that our customers are becoming less performance and more price sensitive,” Ramesh said, thinking aloud. “If we only understood how they could create a new product so quickly after acquiring Sam’s team then we would have the final piece to the puzzle.”

The room was quiet as everyone thought about Ramesh’s summary.

Finally, Rachel broke the silence with a question. “What if Acme started work on this much sooner than we know?”

Sally turned to face Rachel. “What do you mean?”

Rachel replied, “Maybe some of our assumptions have been wrong. For instance, we know that Acme bought Sam’s company to get at the technology that they have been working on. Even our Engineering team does not debate that much. Although we haven’t said it, our assumption is that integrating Sam’s technology into an Acme product would only have started after the acquisition. Maybe they were working together before the acquisition?”

Continuing, Rachel said, “Let’s take it one step further. We also have assumed that our major customer would naturally approach us if they needed a fundamentally new product. Maybe, because they know us so well, they think that we wouldn’t be interested in or capable of creating a low cost, lower performance product for them.”

“That would be a good assumption. Our CEO has said that lower margins are not permitted. He has to keep the stock market happy with our results, after all,” Sally said. “But what about the notion that Acme started working on the technology sooner than the acquisition date? Just playing this out, if they actually started sooner, say a year earlier, then they very well could field a product in 12-18 months from now. How could we test your theory, Rachel?” Sally asked.

“It would be in their relationships,” Rachel replied as John and Peter nodded in agreement. “And in their strategies.”

“Explain that, please,” Sally responded.

Peter took over. “Rachel means that companies signal their strategic directions by shifts in their resources and messaging. They begin to hire people with new skills, establish partnerships with companies that provide complementary competencies while deemphasizing what used to be most important. Management also changes the way that they talk about the future. That shows up in analyst calls, press releases, public appearances and many other things. The clues are there but they only make sense when someone is looking in the right places.”

“So what you are saying is that we can test our guess about Acme’s future by seeing how well the relationship and strategy evidence lines up?” asked Sally.

“Yes, we essentially uncover patterns and assess how they fit together. When we do that, we can assign a confidence level to any prediction,” explained Peter.

“This theory still hinges on proving that Acme started sooner than we thought and that our major customer wants something different than they think we can deliver, right?” Sally stated. “If I try to sell this to the CEO and I am wrong, then I am going to look pretty silly.”

Everyone felt the weight of the risk. It was no small matter to go against the prevailing wisdom without solid evidence. The credibility of the team could be ruined with one bad call. On the other hand, if their hunches were correct, countering Acme quickly could avert a significant strategic misstep for the company.

“Get me some believable evidence, guys,” Sally said as she stood to leave. “We are running out of time and the only people that think you are right are in this room. By the way, I do think you are right but I have to be able to covert some powerful skeptics. Don’t let me down.”

After Sally left, the group considered her parting words. There was so much to do and so little time. “Boss,” John dryly said, “I bet it’s a bad time to ask for day off.” When Peter stopped laughing, he said, “Not only can you not have a day off, you can’t have tonight off either. We have calls to make. We have to eliminate some uncertainty about this theory quickly or we’ll all have some time off after tomorrow. Let’s get to work.”

August Jackson’s Commentary for Day 5

[Day 5 Podcast](#)



On Day 5 the team has been exposed to underlying assumptions of key stakeholders. The first is George from Engineering’s assumption that Acme would need more than 12 – 18 months to introduce the product innovation the CI team suspects. Here Peter should pose the question “Hypothetically how long it would take to implement such an innovation and what changes could Acme possibly undertake to speed up the process?”

While the inquiry driving this project is focused on the 12 – 18 month timeframe, there is a benefit to taking a longer view of potential innovation from Acme. It’s surprising to see several stakeholders taking a very binary perspective that if Acme’s innovation is not introduced in the next 18 months then “there’s nothing to worry about.”

The conversations with Bonnie from Marketing and Tim from Sales reveal a major disconnect. Bonnie is certain that customers prioritize performance over all other attributes. Tim says that the sales channel is seeing indications that performance may no longer be a basis for differentiation. It is possible that the firm and most of the industry have over-shot the majority of customers’ performance needs. The stage seems set for the very kind of disruptive innovation described by Clayton Christensen in “The Innovator’s Dilemma” and “Seeing What’s Next.”

Once this fire drill is behind them Paul and the CI team should propose a win/loss project to close this knowledge gap and replace assumptions with evidence.

When the team briefs Sally she says “Something may be happening but that doesn’t make it important to us.” It’s useful to separate the question “Is it happening?” from “Is it important?” A useful hypothetical exercise is to imagine a future when the feared innovation has been introduced by Acme. Stakeholders can discuss how impactful this scenario would be for the firm, answering the question “Is it important?” This can help prioritize which potential innovations the CI team should track.

A major obstacle for Peter and his team’s intelligence being received is the CEO’s position to not sacrifice margins. This may make it difficult for the CEO to recognize a conclusion that challenges his stated objective to maintain margins. Ramesh will have a very tough audience for his presentation if those in attendance think it means delivering bad news to the big boss. While I commend Rachel for challenging the assumptions about the timeline for innovation at Acme I am concerned that it will be difficult to create a compelling case from the evidence that is most likely to be available in such short timeframe.

Sally brings up the major customer again. It surprises me that the account team for that customer has (to my knowledge) not been included in a war room debriefing. It still also surprises me that so little attention in this CI project has been paid to the customer. Peter and his team have dropped the ball here.

END OF DAY 5

Day 6: Delivering the Conclusions

Sally, the VP of Product Development, challenged Peter and his CI team to get credible evidence that substantiated their hunch about Acme Technologies intentions. Time was pressing since a conclusion was due today during the presentation to the Product Development Strategy team. Sally and Ramesh (Peter's boss) had made the stakes clear. A mistake would be ruinous and convincing the skeptical audience of something without evidence was extremely unlikely. The Competitive Intelligence team had worked through the night to check sources and create the presentation for Ramesh to give during Sally's meeting. Would it be effective? Were they right about their hunches? How would the audience respond?

The six days passed quickly for Peter and his competitive intelligence team since receiving the assignment. Planning, meetings, debates and phone calls consumed each day. A deceptively simple question about Acme Technologies product plans for 12-18 months from now had become an extensive exercise in challenging assumptions about Acme and their own company. New information and insights about Acme had emerged. Peter reflected that he also had learned much about the internal biases and positions held by various organizations like Marketing, Engineering and Product Development.

Ramesh and Peter knew that competitive intelligence was about more than gaining knowledge and communicating it to willing listeners. Sally, in her role as Vice President of Product Development, had explained the barriers to change that existed for each member of the Product Development Strategy team. Not one of those members would accept without question any conclusion from the Competitive Intelligence team. Without their agreement, Sally was unprepared to endorse any action to her CEO and a recommendation was due in three days. Yet, Sally was convinced that Ramesh and Peter had spotted the key to Acme's intentions. Could they convincingly explain this to the larger team? Would they support the recommendation that Sally wanted to give to her boss?

When they arrived at the meeting room, Peter noticed Sally motioning to him. "Have you uploaded the slides to the server?" she asked. Peter told her that he had. "Is there anything new since this morning?" Peter whispered, "We have confirmation on the venture funding. It was about \$10M last year as best we can tell."

"Good," said Sally, "that raises my confidence even more. Okay, Ramesh will be up second. We are covering some regular financial updates first. Tell him to pay particular attention to Engineering. I have been getting strong negative vibes from them." George Robinson, the Director of Engineering, entered the room at that moment beside his boss. Both took seats at the large conference room table.

The room filled quickly after that. All of the vice presidents took seats at the table. A few of the senior directors also claimed chairs there. Everyone else including Peter and Ramesh sat around the periphery of the room. Sally was at the head of the table and began the meeting.

“Thanks everybody for coming today for the quarterly Product Development Strategy meeting. Here is our agenda today,” she said pointing to the first slide projected on the screen. “We’ll do the standard financial updates before getting to the hot topic. Most of you know about the Acme issue and that I am due to give a recommendation for our response. My goal is to come out of the meeting with a consensus about the right approach. We’ve got a competitive intelligence report that might help us do that.” George looked up when Sally said that and said something quietly to his boss.

After the introduction, Sally covered the past quarter’s financial results. As usual, they had performed well though the rate of growth appeared to be slowing. Sales to their major customer were solid. A brief summary of competitors’ sales show no significant changes. It appeared that the success of the last few years was continuing. There were no questions.

Sally then introduced Ramesh. “Ramesh will be presenting his competitive intelligence team’s Acme study today.” Pointing toward Peter, she continued, “Peter heads that team and they have completed some interesting investigations over the last few days that Ramesh will summarize. Ramesh.”

Ramesh walked to the front of the room. Some of the attendees looked up as he passed. Others remained immersed in email and phone calls. Peter never got used to this distracting phenomenon.

“Before I get started presenting the results of the study, I wanted to publicly acknowledge the contributions from many different people and organizations,” said Ramesh as he displayed the list.

“Also, it is worth noting that many very busy people have worked with Peter and his team to interpret large amounts of sometimes conflicting information.” Looking at George, he said, “We especially appreciate Engineering since they have usefully challenged many of our early thoughts and theories.”

George shifted in his seat but did not smile.

“We started this analysis with three questions,” he said pointing to the next slide and most of the audience stopped their other activities to read the list. “Our challenge was to understand what Acme might be up to in their product plans and, if it was something unexpected or unusual, then provide information that could help us form an effective response.” Ramesh paused and gathered himself. “Our belief is that a fundamental shift is underway at Acme and I will explain why we think that is true in the next few minutes.”

As Ramesh reached down to advance to the next slide, George interrupted. “We’ve looked at all of your data already, Ramesh, and it appears to us that nothing special is up at Acme. All of the theories that your team has come up with rest on improbable actions and faulty assumptions. Maybe we can save some time at this meeting by simply acknowledging that and moving on. We do have other topics that are more pressing.”

“It remains to be seen, George, how best to interpret the information,” Sally parried. “Ramesh and Peter deserve some time to explain their views. Hold your questions until they get to the specifics and we’ll see which actions and assumptions make the most sense.” George settled back in his chair but did not appear satisfied.

“George, there are good reasons to disagree with us,” Ramesh said. That got George’s attention. “If you examine all of the historical trends and patterns for Acme, we would not expect any discontinuous innovation from them, certainly not anytime soon.”

“Exactly my point,” George said forcefully.

“Okay, let’s review those trends and patterns for a moment. First, Acme has traditionally been a market follower. In the past 3 years, they have introduced nothing first in the market. Usually they are one or two years behind us. Second, their niche has always been mediocre performance in an attractive design.

This usually interests only second tier customers. Our major customer has always preferred high performance and we supply that best.” Ramesh stopped to assess the cues from the audience. Everyone seemed to be listening now, even George and his boss.

Going on, Ramesh said, “We also know a few things about their product development process and technologies. As you look at this chart, you can see their timing and approaches. Note the predictable evolution of their key subsystems and the pattern of derivative products after each major architectural introduction. We have overlaid their projected R&D spending per subsystem and forecasted what is likely to change in the next 12-18 months.” Ramesh stopped.

He could see each person staring at the diagrams and processing the points that he had made. When he judged that most had absorbed the meanings, he continued. “So, perhaps you can see the problem with this analysis.” Now everyone looked confused. It was never good to miss something obvious but Ramesh was taking a chance by subtly challenging them.

“Well,” George said finally, “I think that you have proved my original point.”

“Yes and no,” replied Ramesh. “Here’s what I mean. When you look at the data, the last set of hard numbers and facts that we have is 9 months old.” A few heads nodded but others seemed puzzled.

Ramesh explained, “We find ourselves in a gap period. There have not been any new financials reports and none of their new product introductions has occurred. This is the perfect time for Acme to launch an attack.”

“Oh boy, I get it,” George chuckled. “Another Pearl Harbor except that we are the target. Is that what you are trying to get us worked up about?”

“Let me go on. You recall that Acme bought the company that had Sam Wilson’s team. Most of you have heard about Sam. He is an industry guru and specializes in low cost, integrated processor designs.

We think that his team has brought a significant and new capability that Acme is planning to use in their next generation product. Furthermore, we think that our major customer is considering shifting to Acme’s product within the next two years.”

This time, George’s boss asked the question. “Sam is top notch but he is not a miracle worker. We are significantly bigger than Acme and we could not field a product in such a short time. Why do you think that Acme can do it?”

“Actually, with the assumption that Acme started using Sam’s technology 9 months ago, we agree that they can’t have a product in 12-18 months. There is simply too much to do. However,” Ramesh paused for effect, “the fact is that they started approximately two years ago and already have prototype products. We believe that they have demonstrated the prototypes to our major customer. In fact, we think that our customer has been encouraging, if not funding, Acme.”

The room was silent. This was almost too much to absorb. If it was true, then they were in danger of losing lot of business.

Sally spoke up. “Ramesh, gives us the evidence you have to back up these statements. We need to assign a confidence level to each point.”

Ramesh walked methodically through the evidence that Peter and his team had accumulated. At first,

Peter’s team had been stymied until they realized that the key had been Sam’s company rather than Acme. With that realization, they had analyzed that company’s patterns and processes. It was easy to see how Sam’s team had a proclivity for producing and showing prototypes frequently. A trace of industry events had produced a wealth of evidence that Sam’s team had spoken about their work and the potential application. Then, about two years ago, the public statements had stopped. This morning

Peter had learned that it was then that Acme's venture fund had invested in Sam's company. Between the investment and acquisition dates, five key employees had already left Sam's team for Acme. It was clear that the relationship has started sooner and was deeper than first imagined.

"All of this might still be dismissed if not for our major customer's involvement," Ramesh said. "You see, they also invested early in Sam's company though in a non-obvious way. They have a little known subsidiary that does this sort of thing. We have traced four new product ideas to this type of investment."

"But you haven't answered the question about performance," objected George. "They are always asking for more and nothing about Sam's technology will give that to them."

"Right," Ramesh clicked to the next slide and looked at George. "Here is the result of a consumer study that our customer did on their products. Note the most important product characteristics. Price is at the top and performance is at the bottom. Also, from our own Engineering studies, we know that only about fifty percent of the potential processing power is used by the most demanding applications. Isn't that correct?" Ramesh did not wait for answer. "The fact is that it appears that the market is shifting on us and Acme is developing a product that will be more appealing to our customer than ours."

After much discussion, the consensus was that Ramesh and Peter might be right. Sally pressed for a confidence level and the group finally settled on eighty percent. When Sally asked how they should respond, everyone (including George) agreed to commission a team to develop an aggressive response to Acme. Sally, satisfied, thanked everyone and adjourned the meeting.

She signaled Ramesh and Peter to stay. "Nice job, guys. I will take it from here."

As they turned to leave, Sally said, "Oh, come by my office tomorrow at 2 PM. There is another problem that I need help with immediately. It seems that we might have some new competitors from the Far East and we need a plan."

It never ended.

August Jackson's Commentary for Day 6



[Day 6 Podcast](#)

I'm surprised that something as specific and clear as \$10 million in venture funding was uncovered to clarify that Sam Wilson's team had been working on the feared innovation before their acquisition by Acme. I expected that the very best Peter and his team might be able to uncover on such a short timeframe was some employees having moved between Sam Wilson's company and Acme, which would not be adequate evidence to support the CI team's conclusions. Conversely, I'm surprised that it took this project to

bring such a development to the firm's attention.

Thankfully the CI team did focus attention on the major customer to identify their investment in Sam's company as well. This second point establishes clarity about Acme and the customer's intentions.

With the strong evidence Peter and Ramesh planned to present during the meeting they should have tried to pre-brief George. By not doing so, Peter has missed another chance to model behavior he would like to see replace the firm's cultural predilection for hoarding information. Peter and Ramesh have potentially set themselves up for a contentious relationship with the Engineering team. They should take steps to repair the relationship with a public comment such as "We would not have known to look for this evidence if you hadn't challenged us so thoroughly." To that point, the team's stakeholders should know that good CI cannot operate in a silo but depends on iterative interaction with stakeholders.

I like that Ramesh stated the team's conclusions upfront. It's usually best to provide a brief summary of the most important conclusions at the beginning of a presentation. This captures the audience's attention and moves the conversation quickly to the most salient points. Peter and Ramesh staged their evidence well by beginning with the historical information that suggests status quo. The new information that Ramesh delivers clearly contrasts with the status quo as well as many of the assumptions shared by the firm's management. Along those lines, I am surprised that there was no discussion during the financials reporting about how the firm's sales had slowed slightly while the competitors' remained steady. That information suggested a shift away from the firm's performance-based differentiation among customers.

A major issue that was not addressed adequately was the customer's funding for Sam Wilson's development. If the customer is already funding this development through their subsidiary then the firm is extremely likely to lose that customer's business. It seems the customer concluded that they weren't getting what they wanted from the firm and chose to look elsewhere. That they could not convey the fact that their priorities had moved away from performance suggests to me that there was inadequate contact between the executives of the firm and the customer. It's likely the customer was communicating their preferences but executives were so ensconced in their assumptions about their own competitive advantage that they could not hear this feedback.

I wonder what Sally has in store for Peter and his team next.

END OF DAY 6

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