

OUTSOURCING COOPERATIVELY

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Teamwork is the fuel that allows common people to attain uncommon results.

Fernando Bonaventura

I have been on both sides of competitive intelligence outsourcing -- as the hiring practitioner and the hired consultant. In this article I will present how both sides gain by working cooperatively.

TWO POINTS OF VIEW

As with any negotiation, when outsourcing projects there are two points of view: the competitive intelligence (CI) practitioner's and the consultant's. In *Getting to Yes*, Bill Ury says, "If you want to influence your clients, you need to emphatically understand the power of their point of view and to feel the emotional force with which they believe it" (Ury, 1991).

Although Bill represents the negotiators' viewpoint with this statement, his approach can help you be aware of the complexity of competitive intelligence outsourcing. As the hiring practitioner, you need to understand the beliefs, flexibility, industry expertise, experience, and ethics of the individuals you will work with in the consulting firm. The consultants need to understand how clients arrived at their questions, beliefs, ethics, and requests for competitive intelligence, and how to communicate with the client most efficiently at each juncture of a project and at the conclusion.

In *Getting to Yes*, Ury also writes, "Be hard on the problem, soft on the people." This is the essence of

negotiating and managing relationships when outsourcing projects. Regardless of where you sit, you are negotiating for a common goal, and that goal is to achieve an actionable competitive intelligence deliverable — whether it is entirely outsourced (such as in collection, trade show analysis, or win/loss analysis) or partially outsourced (such as in developing a competitive intelligence process, software consulting, scenario analysis, or a war-gaming exercise).

WHY OUTSOURCE COMPETITIVE INTELLIGENCE

Often, clients don't realize the extent to which competitive intelligence consulting firms can improve their effectiveness. They may not be entirely aware of the broad array of services these consulting firms offer. Most companies are well aware of the benefit of hiring consulting firms to help with collection, since third-party consultants often can more easily ask questions directly of competitors, either over the telephone or at trade shows.

However, many companies can benefit greatly from having an experienced outsider help them develop effective competitive strategies and processes for implementing a competitive intelligence operation, sales intelligence, or win/loss analysis, to name a few. In win/loss analysis, when an objective third party asks the questions and analyzes the answers, the third party doesn't have the biases and relationships that have developed within your company over time.

A consultant with good elicitation skills can also obtain valuable

information from your customers, including customer testimonials, new product or services ideas, and competitor product announcements or enhancements. The list is really endless. Likewise, at trade shows, a consultant can work attendees and exhibitors in a way that is difficult for you to match, since your company name badge identifies you as the competition.

For a list of competitive intelligence consulting groups by specialty, check out SCIP's website at two locations: <http://www.scip.org/cisd/about.php> and http://www.scip.org/2_premierpartner.php. Note that there is some crossover between the two lists: The first is the competitive intelligence service directory and the second is a list of premier partners.

ASSESSING A CONSULTING FIRM COOPERATIVELY

Due to the sensitive nature of your competitive intelligence questions, you must invest significant time in assessing any consulting firm you are considering hiring. You need to work with trustworthy, competent people who are discrete and who will not disclose any of your proprietary company information.

Consider the questions in Sidebar 1 when planning to outsource competitive intelligence work. You may want to hire firms that have previous experience in your industry, especially for primary collection at trade shows and technical intelligence projects. Be aware that their previous industry experience may have been with your competitors. With these consultants,

SIDEBAR 1: QUESTIONS TO ASK CONSULTANTS WHEN PLANNING TO OUTSOURCE COMPETITIVE INTELLIGENCE WORK

1. What is their value proposition?
2. What contribution will they make to your company's CI effectiveness?
3. What specific skills do they bring to the project?
4. Can they provide a unique or different insight into the problem at hand?
5. What are they like to work with? Are they problem solvers or "order takers"?
6. What is their reputation? Are they trustworthy?
7. Are they team players?
 - a. Do they ask enough questions to understand your needs?
 - b. Can they be flexible if your requirements change midstream?
 - c. Will they refer other consultants or related information providers to you when they are not a match for a specific project?
8. Do they have a positive attitude toward their work, or are they very critical? What kind of impact will their attitude have on the project you're hiring them for?
9. Are they good communicators?
 - a. Can they give you samples of their written reports?
 - b. Are they willing to report frequently on the project's progress?
10. Do they follow a code of ethics, especially for CI collection? Do they honor confidentiality and nondisclosure agreements?
11. What do they specialize in?
 - a. Collection, elicitation, tools/ techniques and analysis, strategic initiatives, tactical initiatives, CI software, benchmarking best practices, CI management consulting such as setting up a CI process, CI training, technical CI, financial CI, counterintelligence?
 - b. Does their specialty match what you're hiring them to do for you?
12. Do they have specific experience in certain industries or geographical areas?

you will want to use project firewalls and non-compete clauses to minimize the possibility of confidential information being transferred between you and your competitors.

When the project involves developing and implementing a competitive intelligence process, the most valuable consultant traits are the following:

- Being a good listener and coach
- Having good communication skills across the client company

- especially with executives
- Possessing experience across many industries

A consulting firm whose experience is primarily in one or two industries may offer less insight in competitive intelligence process development, since its approach and outlook might be too narrow.

Although a specific consultancy may have a great reputation, it might not have the expertise you require for the project. The competitive

intelligence consulting world is very small. Cooperative consultants will tell you what they're good at, as well as the areas, geography, or industries in which they don't work. Furthermore, they will refer you to other consulting firms for areas where they don't operate. For example, I don't do collection work in the pharmaceutical industry. However, between SCIP and the Association of Independent Information Professionals (AIIP), I know several consulting firms to which I can refer clients.

In the end, you want to hire trustworthy consultants whose values closely match yours, but who can also provide an objective and experienced perspective that you don't have in-house.

When I was at Verizon, I developed an excellent relationship with a consulting firm that specialized in voice communications, my area of focus. I initially selected this firm's response to a request for proposal I had developed for a large project that included collecting tactical data on our competitors' pricing and system features. This firm addressed my specific points in its proposal and charged a fair price. After reading the proposal I had a good idea of what the deliverable would contain and how long it would take to complete the project.

A competing firm sent me a generic proposal that didn't address my specific questions, but focused on how competent it was to complete any voice communications project. Its fee was twice that of its competitor and it didn't convince me that it had the skill to collect tactical competitive intelligence, since the proposal didn't address this point. Also, I had no idea what the final deliverable would look like.

I selected the first consulting firm for this project, and that was the start of a long relationship. The key consultant became my trusted advisor, and four years later, I hired him to help me with strategic competitive intelligence — this time assembling the right analysis to acquire one of our competitors. This gentleman was entirely trustworthy. Although he worked in the voice

communications marketplace, he was careful not to tell me proprietary data about my competitors, so I felt confident that he was also being discrete about our company's secrets.

MAKING THE MOST OF OUTSOURCING

When you hire a competitive intelligence consultant, it is in your mutual interest to create a trusting relationship. Companies that don't share what they know about a desired topic or competitor at the outset of a project risk receiving a deliverable that contains what they already know. So share what you know right at the beginning of a project with the consulting firms you hire. Don't make them guess what you already know or search for information that you have already collected. This is a waste of everyone's time, and it is not good for building trust. Share your files and your electronic address book of contacts with the consultant you hire. Everyone wins: doing so shortens the time to complete the project, includes more people's perspectives, and can increase your confidence in the conclusions. As a consultant jokes, "If you make me do an archeological dig, it will take more time and money."

Make sure you understand what you're looking for and how you are going to use the information before you hire a competitive intelligence consultant. While requirements can change in midstream, some corporate CI managers are unclear about what they need at the project's outset, since they are often serving an internal client who is a little fuzzy on requirements.

Sidebar 2 has several questions for you to consider before hiring a consultant. Give the project enough time to be completed correctly. Make sure you set clear expectations through good communication. Let your consultant know how you expect to be communicated with, how often, and in what format the final deliverable should

be presented, whether in a PowerPoint presentation or report or an in-person presentation. For larger projects, ask the consultant to provide you with periodic progress checks so communication is ongoing and the project stays on track.

As a consultant, keep your client apprised of weekly progress and when project milestones have been attained. Periodic progress checks also help the competitive intelligence manager and the consultant catch misunderstandings early on and maintain the flexibility to tweak the project based on current findings.

The statement of work must be clear on how results will be communicated during the project and in the final presentation. Consultants should learn enough about the client company's culture to know how the client's internal communication works, and clients need to invest enough time to share their corporate culture with the consultant. Don't micromanage, but do expect to know what is happening with your project.

PRACTICES OF COOPERATIVE CONSULTING GROUPS

Being a good communicator is one of the most valued characteristics of a good competitive intelligence consulting firm. This includes being a good listener, asking questions for clarification, and keeping clients informed about project progress — all of which build a lasting relationship. It also means communicating effectively via e-mail and in phone conversations, written reports, and final presentations.

Consultants need to spend time with clients, especially at the beginning of the project, to ask questions to clarify the client's needs. They should also continually probe their clients as more intelligence is gathered that might alter the focus for the project. Cooperation also means being ethical, which is particularly an issue with competitive intelligence collection. SCIP has a code

SIDEBAR 2: QUESTIONS TO ASK BEFORE HIRING A CONSULTANT

- Why do we need to know about this topic (or process)?
- What do we need to know about this topic (or process)?
- What do we already know?
- How does finding out about this topic (implementing this process) support a corporate goal or key intelligence topic?
- What will we do with this intelligence once we have it?
- When do we need to know this intelligence?
- How might it best be communicated to those who need to know?
- What internal resources will also need to be committed?
- What will it cost to get this intelligence (implement this process)?
- What will it cost not to have this intelligence (implement this process)?

of ethics (http://www.scip.org/2_code.php), but at the end of the day, your personal and corporate ethics will dictate what you do, since you have your reputation to maintain. Ideally, both parties (the hiring company and the consulting company) should have clear, written ethical rules.

When a company compromises its principles one time, the next compromise is right around the corner.
— Zig Ziglar,
motivational speaker

Cooperative outsourcing doesn't mean that consultants should just tell their clients what the clients want to hear. Inform them of what you find and make recommendations accordingly. In some cases, during the course of the study consultants may find that what the client is seeking isn't going to be found by the initially agreed-on approach. Both customers and consultants need to be flexible in their approaches and open to modifications based on initial intelligence findings.

At SCIP's 2004 annual conference, Milena Motta, the president of Strategie Innovazione (S&I) based in Milan, Italy, gave an excellent example of cooperative consulting in her presentation. (Note: I am oversimplifying her case study for purposes of this article.) The project's initial focus was to uncover an innovative product for S&I's European-based client company to develop and manufacture. After some preliminary research by S&I, the company agreed to develop a specific product that it thought used innovative technology. However, after S&I conducted more in-depth research, including a patent search on the product and technology, they realized that this was neither an innovative product nor new technology. This was not what the customer wanted to hear, as they had planned to manufacture this product and introduce it in Europe.

S&I recognized the customer's changing needs for information and analysis, and recommended a radically different approach. S&I suggested that the customer agree to change the project's objective toward finding a strategic partner that manufactured the specific product using this technology. Meanwhile, the customer could offer a strategic partner its extensive knowledge, industry, and marketing penetration in Europe.

S&I conducted rigorous research and due diligence to find the customer a strategic global partner that held a

patent in this technology, manufactured the product, and had a strong interest in penetrating the European market. What started out as a basic research project for product intelligence was redirected to find a global strategic partner. S&I located the strategic partner in Japan, and it turned out to be a good business arrangement for both parties.

In another example, I had a client who wanted to sell their by-product to companies that mix cement for roads and buildings in particularly tough climates such as Minnesota and Wisconsin, where the temperature difference between summer and winter ranges from 100 to 120 degrees Fahrenheit. The company's by-product would make the cement mixture more durable. When the client approached me, the company had to pay to have this by-product hauled away and it was anxious to eliminate this expense.

Our findings concluded that this market was already saturated, the cost of entry was high, and the margins were slim. Ultimately we recommended that the customer would come out ahead financially by continuing to have its by-product hauled away. While disappointed, the client benefited from our findings, since the company was on the cusp of signing multimillion dollar contracts with large cement-mixing companies. Though it was not what the customer wanted to hear, our findings saved the company millions of dollars in contract costs alone, and kept it from entering an unprofitable market.

CONCLUSION

As your competitive intelligence operation becomes more sophisticated, your requirements will change and so will your needs for outsourcing consultant support. When I first started our competitive intelligence function at Verizon, I outsourced almost all of our tactical collection since I had not yet developed the relationships to collect CI from our sales forces and other

departments. This changed within a couple of years. I became very specific in my need for tactical support from consultants, and became all the more appreciative of the critical thinking that my favorite consultant contributed.

REFERENCE

Fisher, Roger, and William Ury (1991). *Getting to yes: Negotiating agreement without giving in*. Penguin Group, New York.

Ellen Naylor, founder of The Business Intelligence Source (TBIS), has been a competitive intelligence practitioner and consultant for more than 20 years and an active SCIP member since 1990. TBIS develops CI processes, sales and market intelligence, and results-driven workshops. Its latest practice, cooperative intelligence, helps CI professionals build the right people skills to run a dynamic CI operation: leading, connecting, and communicating. Ellen is a member of SCIP's Women's Leadership Council. She is a SCIP Fellow and Catalyst award winner. If you have any comments, please contact Ellen at answers@thebisource.com.