

People:

People:

A Critical Success Factor in the Brazilian CI Process

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My courses on Competitive Intelligence at the University of São Paulo – Brazil are based on the premise that the human factor is paramount to the efficacy of a competitive intelligence process. I highlight five factors I have identified as critical to the success of any such process. These factors become even more significant when conducting competitive intelligence in Latin American cultures, where interpersonal communication has a higher level of contextual richness (Wardrobe 2005).

In cultures with a high level of contextual richness, much is communicated physically or simply internalized; only a portion of communication is codified in an explicit manner, whether verbally or through the written word. For example, in Brazil nonverbal communication holds much more significance than in other cultures, such as the United States.

KEY ELEMENTS OF THE INTELLIGENCE PROCESS

The intelligence process can be defined in terms of two aspects, both of which require the active participation and involvement of people in the organization:

- Data collection from primary sources.
- Analysis of collected information.

Secondary information shows the current state of the market, but ultimately focuses on understanding the

past (even if only the recent past) and usually produces nothing more than trend identification. Secondary source information provides specific value through its ability to quickly and inexpensively identify and access publicly available information and provide comprehensive background overviews of people and issues.

For an intelligence process that anticipates threats and opportunities, the most relevant information originates from primary sources. Opportunities and threats alike are associated with change or breakthroughs (Ansoff 1975, Blanco *et al.* 2003).

Internal intelligence processes that are focused on generating information reports contribute little value (see the ‘reporter’s school’ as defined by Gilad, 2008). The true value of the intelligence process lies in the outputs generated by the analysis of information. Gilad calls this approach the ‘analyst’s school,’ and the ‘making sense’ aspect has been covered by Weick (1995). Rather than merely generating reports that organize market information, the intelligence process can identify threats and opportunities by carefully and creatively analyzing information obtained from primary and secondary sources, and then alerting management to those situations.

If primary collection and the analysis and treatment of information are to be effective, however, adequate management of the human factor is paramount. Primary collection and analysis are both complex processes that arise from the collaborative efforts of people in the organization through the intelligence process.

FIVE SUCCESS FACTORS

The primary focus of this article is on the five factors that support the effective application of the human component to the competitive intelligence process. What follows is a brief description of these five elements and a discussion of how best to apply them within the context of the intelligence experience in Brazil. These five critical factors are interrelated, as they focus on the manner in which people act within their organization and how they collaborate within the intelligence process.

- Ability and willingness to share information
- Openness to the environment
- Open-mindedness
- Participation of executives and top management
- Structure and creativity

ABILITY AND DESIRE TO SHARE INFORMATION

The first critical factor is the ability and willingness of personnel to share information within the organization. Perhaps the most important, this factor is core to creating an environment of collective intelligence (Lesca 2003). Lesca stresses that individual participation in intelligence processes is voluntary in most situations. When someone obtains information that is relevant to the competitive environment, that person may or may not pass this information to management or individuals in charge of gathering and analyzing information for the intelligence process.

In situations when specific types of information are regularly collected from the outside environment for management's use, employees may be required by their superiors to periodically transmit this information to specific individuals. Such is often the case with new product introductions and prices. But when it comes to identifying information concerning weak signals – which requires perception and interpretation – the person collecting this information may not recognize its importance or the value of transmitting it to others. An opposite situation is when a person who acquires information might be the only one to realize its importance, but not know where to send it. If there is no motivation or willingness within the organization to share such information, it will simply be filed away in some corner of the person's mind and ultimately forgotten.

Many of the Brazilian companies I have worked with clearly understand the importance of people cooperating with and bringing information to the intelligence process. These companies recognize the need to create a certain environment or positive attitude in people that encourages them to share information. A prime source of such motivation is ensuring that people understand why the organization requires this information and how they will be using it in

decision-making. They must also be made aware that any interaction with individuals outside the company, such as clients, for example, has the potential to generate the desired information.

A common situation arises when a sales representative visits a client. During that visit the salesperson spots some component or product manufactured by a competitor that shouldn't be there or wasn't anticipated. If not previously instructed to share that information, it is unlikely that the salesperson would report it when he returns to the company. If not specifically motivated to share the information, the salesperson will simply forget or ignore it, particularly if the observed fact has no direct or immediate monetary effect on him.

Case study: Potential major client loss

A company we'll call "West" held 90% of the Brazilian market for its main product thanks to a key patent it held. Another company (let's call it "Atco") was a near-exclusive supplier of an important raw material for this product. Atco had mastered a highly delicate and rigorous industrial process. While West saw this raw material as just another component of its product, it made up half of a business unit's earnings at Atco.

While visiting West, a sales representative from a division of Atco noticed the presence of a certain raw material, which indicated that West was buying it from the competition. This item did not concern his business unit, as it was sold by another business unit at Atco. The raw material spotted at West's facilities might or might not have been part of the product manufactured by Atco. Nevertheless, the sales representative passed this information along to his regional sales manager, who then reported the fact to his business unit's head of intelligence. This information became part of the intelligence information pool group because this sales representative was committed to his organization's competitive intelligence activities.

Because Atco had a cooperative intelligence process in place, the heads of intelligence of all business units held bimonthly intelligence meetings to share insights and conclusions on the state of Atco's market. They also shared the most relevant facts and experiences observed by the intelligence apparatus of each business unit, which, of course, included this sales representative's report.

While discussing information previously gleaned from primary collection efforts, the company's heads of intelligence found that an effort made by their competitor (let's call it "Southland") to develop Atco's dominant technology had already been detected. The raw material itself – a commodity – was in fact already being produced by Southland. That company had only to master the treatment process and it would be able to meet the needs of Atco's client, West. When

that occurred, West would then be able to begin purchasing the raw material from Southland.

After further investigation, Atco found out from West that Southland was actually conducting quality tests with West. Southland was indeed gradually obtaining high quality levels and would soon become a potential competitor to Atco in the sale of this product. West had apparently begun to question its use of Atco's product. By anticipating Southland's and West's move to develop an increasingly close client/supplier relationship, Atco could take action to reverse the loss of market share in this market if West became Southland's primary client. Since West bought 50% of the output of Atco's business unit, losing West as a client would mean a 50% revenue loss for This unit, and this business unit generates 10% of Atco's revenues in Brazil. But because West is a global customer of Atco, losing market to Southland in Brazil would also have product consequences in other countries.

Because Atco personnel had the ability and willingness to share information, the company was able to identify this move on the part of its competitor, Southland and the subsequent interest on the part of its client, West. By putting together the pieces of the puzzle from information obtained by distinct areas of the company, Atco was able to anticipate the competition's next move.

Case study: A supplier becomes a competitor

On another occasion, a purchasing agent for an autoparts manufacturer we'll call "Tycho" paid a visit to one of Tycho's suppliers of raw materials. At the supplier (let's call it "Baker"), the purchasing agent found an inordinate number of machine molds used to manufacture the types of parts already sold by Tycho. This supplier would need no more than two or three such machines if using them only to test the quality of the raw material it supplied Tycho to manufacture autoparts; the purchasing agent counted twenty.

The purchasing agent reported his finding to his manager and to the head of intelligence of his business unit. Additional and perhaps related information had already made its way to the head of intelligence: Baker had made contact with a competitor that had know-how of a technological process dominated exclusively by Tycho, though it was not yet operating in Brazil. What's more, Tycho's human resource department revealed that the supplier Baker had hired – or stolen, in a manner of speaking – three of Tycho's employees who had been involved in the production of the parts made from the aforementioned molds.

Tycho came to a clear conclusion: Baker was laying the foundation to become a Tycho competitor by creating a partnership with Tycho's international competitor, which had the knowledge required to manufacture the autoparts for market penetration.

Again, a puzzle put together from pieces of information obtained by different areas of the company allowed the company to anticipate the supplier's move towards becoming a competitor. This foresight was made possible only by the presence of a voluntary, collaborative process, whereby each area of the company shared information it believed to be important.

OPENESS TO THE ENVIRONMENT

The people in a company must understand the importance of being aware of activities and changes in the external environment. Several times I have noticed large corporations that believed they did not need to consider the competition or pay attention to the environment in which they operate simply because they were large. I've also seen the subsequent birth and death of the intelligence process within those companies.

"We don't need to look at the competition. We're so much bigger than the competition that their activities don't have a major impact on our business." I heard this directly from an executive who worked for a company that was a major player in the worldwide retail products sector. The company also believed that trying to understand and anticipate the competition's next move wasn't ethical. They believed that they should focus instead on their own innovation generation processes without worrying about what the competition was planning or doing. Thus, the company's existing intelligence process withered and died.

Case study: One opinion for all

The heads of intelligence in a company anticipated and made the initial observation of a competitor's move – part of the intelligence team's responsibilities. When they introduced the competitive intelligence practice within the company, the heads of intelligence encouraged collaboration and sharing of information in their network (primarily source data collection). However, they gradually reduced their support of network collaboration, the use of primary sources in the search for information, and their discussions about external activity perceptions based on such information.

The intelligence activity in this company thus went from operating under an analytical school paradigm to a reporter's school paradigm. The intelligence teams started producing paper "intelligence reports," which were interesting at first since they covered relevant issues. Company managers no longer engaged in cooperative discussions of the competition's activities. They merely read the opinions of the head of intelligence regarding the information he received. Slowly but surely, fewer and fewer reports were actually read. Some time later, the head of intelligence was "promoted," the reports were no longer produced and were forgotten.

Case study: we are not alone

Another case involved a company that had become much too inward-focused and wanted its personnel to concentrate more on what was happening in the outside environment. A determining factor for this change in perspective and process was the senior management's awareness that they:

- were not alone in the market.
- were not too big to be affected by outside influences despite yearly earnings in the neighborhood of 50 billion dollars.
- had to be aware of the plans and actions of their competitors, clients, and other players.

This outward vision supported the company's intelligence process such that the intelligence function now has a large number of personnel behind it. Even though the company's intelligence activity began in Brazil, it provides the company with clear foresight of the competitor's next moves. However, this required openness to the environment on the part of all people in the company.

OPEN-MINDEDNESS

Although this factor has a slightly different focus than the others, it nevertheless supports the effective application of the personal element to the competitive intelligence process. When companies and the people working within them are open to different approaches, it is possible to learn new ways of observing the competitive environment that go beyond simply generating information reports.

Introducing an intelligence function in the company brings about – or, rather, should bring about – a process of cultural change in the organization in order for the intelligence process to succeed. This cultural change encourages a different attitude towards information. Employees must become open to a shift in culture, a shift from a culture of hoarding information to one of sharing it.

EXECUTIVE AND SENIOR MANAGER PARTICIPATION

This success factor involves actual management participation in the intelligence process, as opposed to mere sponsorship of the people doing it. The quality of the intelligence process – in terms of conclusions reached and actions taken – is far superior in companies whose top management takes active part in discussing information obtained through this process. I have promoted discussion of information gleaned from the intelligence process among managers and directors with quite good results.

In 'sensemaking' meetings, executives are encouraged to

debate information identified as relevant by the intelligence people. These meetings are planned and conducted by the intelligence people of the company. They bring to the meeting the information deemed most relevant for discussion at the moment. Executives attending the meetings find connections not only among the information pieces but also between this information and their individual knowledge. This process generates foresight that can be quite useful (Blanco et al. 2003).

For example, in a meeting at Tycho, a discussion focused on a competitor's use of a "middleman" company to buy machinery from Tycho – a five million dollar deal. Tycho has only two or three such machines in Brazil, as they are very expensive even for Tycho, a company boasting \$50 billion earnings. The managers who were originally discussing this large purchase were even more surprised when the competitor's involvement in this purchase surfaced. One manager bemoaned, "We should bring antidepressants to these meetings. The lengths our competitors will go to!"

The effective participation of executives in these sensemaking meetings makes them part of the process of analyzing information. Instead of simply reading analysis reports prepared by competitive intelligence teams, executives are making their own analysis. The key outcomes are:

- Knowledge used to interpret information and weak signals is not simply applied by competitive intelligence people, but also by managers who are directly involved with business: the management team of the company or the business unit.
- Conclusions obtained in the meeting are much more relevant to these executives, as they are directly involved in the discussion and analysis of information. They are, therefore, much more impelled to act.

Why should managers and directors take part in intelligence meetings rather than simply receiving the results of intelligence analysis? Because no matter how competent the intelligence professionals in an organization, they have neither the knowledge nor the decision-making power of a company executive. When executives are actively involved in the analysis or collection of intelligence data, their perceptions of what is happening in the environment generate much more engagement and involvement, which, in turn, increases the efficacy of the intelligence process.

STRUCTURE AND CREATIVITY

Effective intelligence activity results from the blend of these two elements: structure and creativity. Without clear structure and organization, the intelligence process becomes ineffective. Important information will not flow from the

primary sources to decision-makers. Weak signals may be noticed by people on the field like sales representatives. Without structure and organization, however, these signals probably won't reach decision-makers. Ensuring the efficacy of information flow requires structure and organization.

On the other hand, even when information flows freely within the organization and structure and organization are sufficient to prevent its loss, if no creativity is applied to the analysis, the resulting conclusions tend to be poor. When structure is lacking, the information is never even considered during the decision-making process. When creativity is lacking, interpretation of information is not dynamic enough to allow for anticipation of opportunities or threats.

It is important to maintain a balance between structure and creativity. Excessive structuring can hamper creativity, resulting in a bureaucratic, automated intelligence process that amounts to little more than data collection or organization. It does not contribute in the slightest to identifying opportunities and threats. On the other hand, if creativity is overemphasized at the expense of organization, the resulting intelligence process will probably not be action-driven; it will be a process in which ideas are generated and lost.

MAKING THINGS HAPPEN

Every organization makes an effort to develop these five factors – they are not simply taken for granted. Acknowledging people's behavior and the organization's culture encourage successful emphasis of these factors. The way this is to be accomplished, however, will vary depending on the country where the competitive intelligence is being conducted.

In this context, I will discuss the emphasis of these principles in the Latin American culture in general and Brazilian culture in particular. Some of these elements may be found in other Latin cultures as well as French culture. In fact, many of the ideas put forth here are taken from my experience working with French researchers (Professor Lesca from the University of Grenoble, for instance) and implementing their concepts in Brazil (www.advsbrasil.com.br). For someone considering competitive intelligence in Brazil, it may be helpful to know that in some respects, we reflect French culture.

Key persons to engage in the process

The first and most fundamental element necessary to make your effort successful should be to involve two key persons in the project. The first is someone who is an important sponsor of the project. This sponsor must also support the concepts of sharing and cooperating. In all my competitive intelligence projects in Brazil, the best sponsor has always been the chief executive of the company.

The second key person is the one who will make the "wheels turn." This professional must be an employee of the company, though not necessarily in an important position. He or she is to serve as an "enzyme" in the process. In the U.S., this person is called the "cheerleader" of the process.

No matter what term you use, this person has confidence in the initiative and is motivated to implement the competitive intelligence approach that is being developed. In Brazilian culture and companies, people do not necessarily do things because they are supposed to or because their manager requires it of them. If, for example, you simply tell people to fill out an electronic form every time they find a weak signal (a competitor's move, for instance), they won't do it. Never. People don't do things simply because they are told to do them. They don't do things just because there is an information system in place. They need to understand why they are to do them. They have to understand that it is important for the company and why, and then why it is important specifically for them to do them.

Besides explaining the need for cooperation, you need to work with individuals individually to show them the personal and company advantages of their actions. The role of the cheerleader is thus one of constantly informing, motivating and stimulating cooperation and communication between the people involved in the competitive intelligence process and those bringing information to the process. This includes the sales representative or purchasing agent mentioned earlier – or anyone else who may notice important weak signals.

The second key person also has the ability to engage people in the organization and freedom of access to communicate with them. Just as the cheerleader has to inform, motivate and stimulate people's cooperation, this person needs to have the means to do so.

Lastly, this person is trusted by others in the organization and has the support of top management. Although the cheerleader is an important catalyst to a cooperative environment, the efforts of this individual must be publicly backed by the voice and influence of top managers to ensure that others follow his or her lead. This support must be visible from the outset, when people are still not sure why they should participate in the project. The explicit support of top management clearly says to company employees that they are expected to be engaged in the process and cooperate with the cheerleader. This provides the cheerleader with the hierarchical support of the company. Here in Brazil, hierarchical power captures attention right off, most importantly at the beginning of the competitive intelligence process.

It is necessary, of course, to have a structured approach and methodology to implement a competitive intelligence process. But the discussion here focuses on cultural aspects and people's role in the process. Regarding methodological matters see: www.advsbrasil.com.br or www.veille-strategique.org.

MOTIVATING PEOPLE

Awards

How do you motivate people in cultures like Brazil's? Of course, money is important for Brazilian professionals, as it is for everyone around the world. But other motivators may be more important to Brazilians than Americans. Consider the following:

- generating organizational power
- being perceived as part of an important project
- becoming noticed by people in high levels of the organization's structure

Human resource departments within various organizations have found that giving employees financial rewards for effective cooperation in such projects is not what most motivates people. Companies search for other ways to recognize and motivate cooperation. For example, one company selects the "tracker of the year" in an annual convention about the project. The company recognizes the individual that contributed most by way of relevant information. Last year the winner was awarded a digital camera. It was not the award per se that mattered to people, but the acknowledgement behind the award. The winner was very proud to be recognized not only by his superiors, but also by his colleagues. The sense of being part of something important and the satisfaction of being recognized in an important project are very significant in our culture.

Communication and participation

The five factors outlined earlier will be effective only if you create opportunities and an environment conducive to steering people's behavior in the desired direction (to share information, openness to the environment, open-mindedness, participation and creativity). I have enjoyed success in Brazil by promoting periodic meetings with two different groups of people (Lesca 2003) in the companies where I was invited to implement a CI process:

- Trackers chosen from people in the company who are in contact with the external environment and who may bring relevant information to the process. This means virtually every employee. What counts here is motivation and the willingness to engage.
- Managers who will make decisions supported by the information obtained from the process.

These meetings have been an important factor in the successful anticipation of movements in the competitive environment. The meetings have been highly effective in companies where I was able to conduct them. In the trackers'

meeting, people are engaged in discussion of the information (weak signals) they have identified. Of course, the selection of relevant information to be discussed has to be made before the meeting (Blanco et al. 2003). The objective of these meetings is to conduct a preliminary evaluation of the importance of information previously collected. Though as a consultant, I have started off many of these meetings, this leadership role was later assumed by the cheerleader in the company, once he or she understood the process.

In the managers' meeting (also called an intelligence team meeting – attended by managers, the cheerleader and any other person whose knowledge of the subject under discussion is valued), the objective is to make sense of the weak signals obtained by trackers through the intelligence process and make decisions about the relevance of what is being identified and discussed. These meetings are often very helpful in terms of anticipating moves in the environment, as people think about the information presented, identify links and set up a hypothesis regarding future moves of competitors (as well as other important players – customers, suppliers, and so on).

A French consultant once said, "Brazilian people love to talk. So let them talk." The apparent differences between Brazilians and North Americans are very interesting and important for someone conducting competitive intelligence in Brazil to consider. Brazilians like to discuss a point, explore its meaning and try to foresee events suggested by the obtained information. These meetings can be very helpful to support competitive conclusions. In Brazil, they are conducted not only in Brazilian companies, but also in French and American companies. One of the greatest successes of the approach advocated here was observed in the Brazil branch of an American company. What seems to matter most is not so much in which country the company originated, but which country the people attending the meeting hail from.

TO READ THE UNWRITTEN AND HEAR THE UNSPOKEN

All these concerns about engaging people when dealing with Brazilian and Latin American culture become even more important when we consider the high level of contextual richness of these cultures. If, as the reporter's school prescribes, it is enough to read a report to understand the environment in the U.S., (I am probably oversimplifying things a bit here), in the Brazilian culture one needs to put forth much more effort in order to interpret what is written, not to mention what is not said or written. This is one more reason why all these trackers' and managers' meetings are so important. In a culture with a high level of contextual richness, people must meet each other to communicate

effectively. Only in this way can they understand what is communicated nonverbally.

For that matter, one must know how to read things that are left unwritten or understand things left unsaid in order to fully understand what people want to communicate. This may be difficult, particularly for someone who is not used to the ways of these cultures. A common Latin approach to communication is that you maintain a certain advantage by not completely revealing your thoughts. This way others don't know exactly what you are thinking and their reactions become more difficult. When you reveal all your thoughts, you become more predictable, hence more vulnerable. A good example of this Latin behavior is Marlon Brando's interpretation of Don Corleone in "The Godfather," a film based on Mario Puzzo's novel and directed by Francis Ford Coppola. Don Corleone angrily corrects his son after a meeting with another "family" leader: "Never let other people know what you are thinking." Don Corleone, an Italian, i.e. a Latin, demonstrates here that if you want to understand what someone in a Latin culture is saying, you need to go beyond the words explicitly stated. The listener must interpret what is meant rather than what is actually said. Everybody around Don Corlene knew that when he said, "Let me take care of that," the consequences would be dire and somebody might be dead at the end of the story. But he would never even hint that he would kill someone.

CONCLUSION

When working with competitive intelligence in Brazilian companies, we discover how important it is to deal with people and their behavior. I have found that if any of the five factors presented earlier are lacking in an organization, the intelligence process is compromised and begins to falter. In addition, it is more than the full cooperation of the individuals involved in the intelligence process that is paramount to success. The process obviously demands attention from all those involved in order for information to be captured and distributed as soon as it is obtained. It, therefore, requires a willingness among all those involved to come forward with information and share personal insights on its possible meaning and significance.

Even when information comes from secondary sources, the way it is interpreted within the company may well be the determining factor in the company's ability to anticipate the next moves of competitors or other elements in the competitive environment. For example, information discovered in a newspaper or trade journal combined with other information or prior knowledge can identify trends or actions that would be imperceptible to others who lack the exact same knowledge set. If these individuals take part in the intelligence process, they must be willing and motivated to share their information, thus making it useful.

The relevance of these phenomena may vary according to each country's level of contextual richness, but I find that in Latin cultures (like that of Brazil), they are closely tied to the success of intelligence processes. In order to collect the most reliable information, one must be adept at communication – capable of reading things that are left unwritten and understanding things that are left unsaid.

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