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Internal Intelligence – accessing the true advantage

Capturing and contextualizing the key nuggets from conversations with colleagues, suppliers, consultants, and partners could provide a powerful competitive advantage.

Eagles and other birds of prey have a unique perspective in the animal kingdom. Aloft high on the thermals, they scan a vast landscape with eyes sharp enough to pick out the tiny anomalies in the terrain that they quickly turn into food.

Similarly, combining a big-picture view of the changing business environment with detailed sensitivity to the specific opportunities and threats evolving in real-time is essential in today's highly competitive environment.

Where does the information come from to build such a vast and detailed view of your market? According to competitive intelligence experts, most of the information already exists inside any sizeable company.

Recognizing this, much of the current work around enterprise search engines is dedicated to searching and organizing the volumes of print information available inside and outside the company in strategically useful ways. However, much of the critical, real-time information around growth opportunities and competitors is encountered in conversations that never make it into text, or does so at a time when it no longer provides the opportunity for first-mover advantage.

Once we recognize that a systematic way of capturing and contextualizing the key nuggets from conversations with colleagues, suppliers, consultants, and partners could provide a powerful competitive advantage, some practical challenges become apparent:

- How can the relevant information be extracted out of the great mass of company knowledge, speculations and ideas?
- How can this then be turned into effective "over the horizon" signals and warnings that reveal critical upcoming developments with targets and competitors, without creating information overload for employees?

"Weakness" is relative

The following is an example of a clear picture built by early warning signals, and the power of aggregating those signals.

1999 – A suitor ends M&A talks abruptly. After using publicly available information, it develops a troubling picture of its target's finances.

1999 – The firm lobbies to exempt itself from regulatory oversight.

1999 – 2001 – Large volumes of stock are sold by insiders.

2001 – A leading business magazine publishes an article questioning stock value and the "black box" nature of revenue and financing.

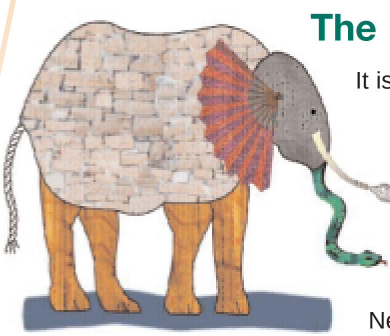
Later 2001 – The firm is accused by a leading newspaper of arbitrarily inflating prices.

As with any commercial disaster, the Enron debacle had plenty of warning signs for those who were looking. A lot of things were hidden, but there were certainly enough clues, in many different places. How could so many people have been surprised? It seems that anyone who had been attending to and piecing together the early warning signals, could have seen what was coming. However, without that context, signals about Enron's problems were experienced as weak_not because they were seemingly unrelated to the ultimate event or ambiguous, but because they were largely drowned out by the noise of the hype around the company. Understanding the history of what the precursors to critical developments are allows us to stay on target and not be swayed by the hype, spin, or "groupthink" of the moment.

Managing the mass of human intelligence

One approach that can make the overwhelming volume of potential human intelligence more manageable is to define sets of specific early warning signals for the scenarios that positively or negatively impact the company, division or business unit's goals. Experience shows that for any function, in any business, there are consistent predictors of windows of opportunity and threats, long before they might otherwise be apparent. These are the signals we see after the fact with 20-20 hindsight: The challenge is now to use them to develop foresight.

The next step is to recognize that while information flows globally, it is "processed" locally. The global flow of information is not just based on the Internet. The global reach of most industries today ensures that employees of the same competitors and suppliers are encountering each other daily around the world. Any large company thus has available within it (if it can be captured), a much more robust picture of its competitive environment, including the current state and intentions of its competitors, than any consultant or analyst could ever provide. However, each person in a position to hear useful intelligence, primarily registers and retains the information in a conversation that is of direct interest to them personally. It is quite possible that you will hear something critical about your competitor's activities in Canada at dinner in Melbourne or at a conference in London. However, if your specific area of interest is Western Australia, that bit of information may be quickly forgotten, or it is unclear or too-time consuming to figure out who and how to pass it on. Although it may be a critical piece of the puzzle to a Canadian colleague, chances are he or she will never hear it.



The power of weak signals

It is easy to immediately see the value of obvious early warning signals ("Mr. X told me at dinner he's beginning to think about selling his company"). However, much of what we hear may be "weak" signals—not obvious indicators to action. They may not, taken alone signify much. Nevertheless, when recognized early, they can confer significant competitive advantage. When several of them come together, the emerging picture may become vividly evident. The key is putting them in context.

The process of bringing together seemingly pedestrian pieces of information from throughout your company to reveal a significant new insight is well-illustrated by the perhaps overused but very relevant 19th century British poem of the seven blind men and the elephant. Each blind man touched a different part of the elephant and assumed it was something that it felt like – the leg; a tree trunk, the tusk; a spear; the tail a rope, and so on.

This is how we experience bits of information when we are "blind" to its context. However, if we create context (in this case that some combination of spear, tree trunk, rope, etc. in the same room = elephant), then there is no need for the individual reporting a clue to analyze its significance—only to report that it "feels like a spear." When the clues are brought together in the context of predetermined signals, the "elephant" becomes apparent. In the same way, a well-defined set of early warning signals allows a collection of weak signals reported from different points in the organization, pointing towards the same likely events, to speak quite loudly to decision makers.

Why collaborate?

According to a New York Times article of May 6, 2004 entitled Does Information Technology Matter, "The ability to manage technology effectively is no longer the barrier to entry it once was. Hence, it no longer serves as a source of competitive advantage." The new value that can be realized from the interaction of "smart applications" and users represents the next step in competitive advantage.

Experience has shown that the challenge in realizing the best return from any system that derives value from human input—whether sales automation, customer relationship management, collaborative workspace, knowledge management or best practice sharing systems—is to maximize usage.

In the past decade, numerous collaborative systems have been implemented at enormous expense within companies and then rarely used. As a result, there is also a general skepticism about new software solutions. In the highly competitive global business environment, many workers feel pressured by an increasing focus on productivity and little time to engage in activities with other than immediate benefits. How can these barriers to system usage be overcome?

While the deployment of a new system may clearly serve corporate or specific business function goals, ultimately, individuals will choose the level of their participation, and need a personal reason to contribute. Author and psychiatrist, William Glasser (Choice Theory: A New Psychology of Personal Freedom, 1998) presents four reasons which motivate people's choice to share knowledge—power, belonging, freedom and satisfaction/fun. An article in the December 2003 Journal of Knowledge Management and Innovation (Mary Cororan, Knowledge Management: It's All About Behavior) explores Glasser's four drivers in relation to the implementation of collaborative knowledge systems. Our brief comments below draw on both the observations in the article and our own experience in the field.

Knowledge can't really be power without someone requiring or requesting that knowledge.

Power

"Knowledge is power" is a common attitude, and one consistent with experience in many corporate settings. This approach is generally seen as a barrier to collaboration, but in fact can be turned to advantage. Knowledge can't really "be" power without someone requiring or requesting that knowledge. Lowell Bryan of McKinsey & Company suggests creating an internal marketplace for knowledge. In his paper he references a value exchange. Contributors of knowledge receive a boost in their personal and professional reputation as payout for sharing, while the knowledge shoppers seek out knowledge if its value is high enough to contribute some level of advantage to them. (Lowell Bryan, McKinsey & Company. Making a market in knowledge. 2004.)

This marketplace may be especially compelling for junior employees, for whom it creates a way to make visible to senior staff the value of their knowledge, networks, and insights.

Belonging

To elicit a sense of belonging, individuals need to feel that they personally can bring value to an initiative. From the start, potential user groups need to be involved in configuring the system so that it conforms to their specific information needs and abilities. In addition, input into the system shouldn't be allowed to sink into a "black hole." (Perhaps an outdated analogy, as just recently Stephen Hawking, one of the leading black hole theorists, admitted that information is never completely destroyed in a black hole.) Individual input needs to be highly visible and clearly sourced. People have to feel they belong to and are contributing to the "bigger picture".

Freedom

Increased "freedom" for the individual user can be derived from a system's ability to create improved efficiencies at both the group and individual levels.

This could include (but is not limited to):

- Reducing time spent looking for information;
- Communicating and collaborating more effectively despite geographical dispersion;
- Avoiding duplicate efforts;
- Improving alignment to the strategic plan;
- Avoiding misunderstandings related to individual responsibility and project status;
- Improving decision-making ability and accuracy;
- Better anticipating competitor and industry moves.

A key here is that the individual providing information is also benefiting directly from the information others are putting in. This may result in a more productive operation and decreased reaction times, presenting both savings and competitive advantage.

Satisfaction/Fun

If a system is time consuming or difficult to use, it likely won't get used. A simple, clear and intuitive user interface and design that is highly organized around a user's specific needs and workflow process is a key to user uptake. Scott Berkun (Microsoft) discusses 'simplicity" as the key to good systems design: *Simplicity does not mean lack of functionality, it means a fast initial learning curve and consideration for the number of concepts the user needs to understand. Using a hammer is fairly simple to learn: Picking up a hammer and feeling its weight and shape tells even a novice what its basic purpose is. At the same time, the hammer is designed so that master carpenters and craftsmen can use them with expert-level proficiency.* (Berkum, Microsoft Corporation)*The Importance of Simplicity: Create Ease of Use Without Losing Power, July/August 1999*)

Aside from utility and ease of use, we can add here the specific element of letting others see contributions—creating a visible internal knowledge system. The system becomes a way to encourage usage by drawing on basic human curiosity to know the latest gossip.

Whether you are just thinking about implementing a system or already have one in place, success ultimately hinges on people's usage. Making sure that the solution can draw on core individual motivations, as well as provide benefit at the group level, will help realize the full value it promises.

Articles and Links

Some provocative and helpful resources.

Knowledge Management: It's All About Behavior

A good summary of the motivations and challenges to sharing information within the company.

Source: Corcoran, M. (2003, December). Knowledge Management: It's All About Behavior: KMPro Journal.

Link: http://www.kmpro.org/docs/Journal/km_behavior.doc

Making a Market in Knowledge

Recognizes that a collaborative approach can take advantage of "knowledge is power" thinking through the medium of a knowledge marketplace.

Source: Lowell, B. (2004). Making a Market in Knowledge: The McKinsey Quarterly.

Link: http://www.mckinseyquarterly.com/article_abstract.aspx?ar=1441&L2=21&L3=37

Early Warning: The Art of Inference

A well-presented approach to early warning signals.

Source: Hoyt. B (January-February 2002). Early Warning: The Art of Inference: Competitive Intelligence Magazine. (SCIP subscription)

Link: http://www.scip.org/news/cimagazine_article.asp?id=359

Early Warning: Management Need...Management Failure

A paper from one of the leading competitive intelligence consultants examining the disconnects between the perceived strong needs in industry for early warning systems and their lack of deployment.

Source: Early Warning: Management Need…Management Failure: (2003). Fuld and Company, Inc. (A Fuld White Paper)

Link: http://www.fuld.com/Tindex/EW2003.html

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