

**COMPETITIVE INTELLIGENCE WITH SPECIFIC REFERENCE  
TO THE CHALLENGES FACING THE COMPETITIVE  
INTELLIGENCE PROFESSIONAL IN SOUTH AFRICA**

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*Soli Deo Gloria*

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## CHAPTER 1

### INTRODUCTION

#### 1. Background

The term 'intelligence' has for a considerable time been associated with the activities that relate to the field of traditional public sector (state) security. The art of intelligence gathering and its uses are, however, not the sole domain of the public security sector. The business sector has come to realise that intelligence is needed about markets, their competitors and for strategic planning.

It is well-documented that many of the Asian economies and international companies, such as Hitachi and Mitsubishi, mould their business strategy around the doctrine of Sun Tzu's *Art of War*. Multinational companies as diverse as Coca-Cola, Procter and Gamble, Microsoft and General Electric all have a competitive intelligence (CI) function that they use for strategic and operational decision-making.

In the case of Japan, this economic information gathering or CI is formalised in organisations such as the Japanese External Trade Organisation and the Ministry of International Trade and Industry. This type of intelligence gathering is not limited to the East though, and the governments of countries such as the United States of America (USA), the United Kingdom (UK) and Israel have been known to aid indigenous companies in order that these gain a competitive advantage through the use of CI (Gilad, 1996:129).

The fall of the Soviet Union and the advent of the commercial use of the Internet gave considerable impetus to the growth of a global world economy. Many companies and states face the pressures associated with globalisation, and the need to compete on a global level has increased almost exponentially. The 'Third Wave' of economic development, as described by Toffler & Toffler (1993:57-63), is the embodiment of these changes and the

subsequent availability of intelligence over the range of human activities can give companies and economic entities the edge to compete in this 'new world'.

The term that is used to describe this harvesting and use of intelligence for competitive economic activity is called competitive intelligence. CI can be defined as:

...intelligence specifically adapted to the commercial world. It is a systematic, ongoing process to ethically and legally gather intelligence on targets such as customers, competitors, adversaries, personnel, technologies and the total business environment. Once acquired, the objective is to disseminate tactical and strategic CI to decision-makers at all levels... (Shaker & Gembicki, 1999:5).

The approach of CI is the same as that of public intelligence services, but with a different focus in terms of the nature and type of intelligence demands. CI services differ from statutory intelligence services in the sense that CI professionals stress their adherence to an ethical and legal framework (www.scip.org, 2003; www.saacip.co.za, 2003), since it is impossible for them to work under the guise of diplomatic immunity or patriotic impunity, as provided by the state. It is not explicitly stated in the code of conduct for intelligence officers in South Africa, as presented in the White Paper on Intelligence (1995), that they must only act in a legal and ethical manner. However, the White Paper does state explicitly that it will protect the confidentiality and secrecy of operations and actions of the intelligence organisations, the National Intelligence Agency (NIA) and the South African Secret Service (Act, 1995:9).

For the purpose of this study the term 'competitive intelligence' will, by implication, refer to the legal and ethical gathering of information by private entities for commercial/competitive advantage by non-state entities.

## 2. Defining the Research Problem

There is natural tension between policy-makers and intelligence professionals, and this relationship has been well examined in literature concerned with intelligence (Shulsky, 1993; Hastedt, 1991). The main problem remains a question of control over gathering, interpretation, presentation, use and decision-making in the intelligence process. The same problem occurs in the corporate environment (Gilad, 1996; Shaker & Gembicki, 1999). CI professionals are rarely in a management position and thus the intelligence gathered by them is often misused or discarded. This situation results in intelligence failures and inappropriate strategic decisions being made by management.

This study will test the following statements with regard to intelligence and the decision-making process:

- Intelligence professionals within the private sector face the same challenges as intelligence professionals in public service, with specific reference to the South African environment.
- There is an inherent divide between the producers and consumers of CI products within the private sector.
- A formalised CI function is becoming an indispensable tool for decision-making within the private sector.

The South African economy is one of the strongest in Africa and is well integrated into the world economy. South Africa as a net exporter of strategic minerals and the 'gateway' to Africa, has an internal environment ideally suited to the use of CI by companies to gain the competitive edge in a developing domestic economy and a challenging external environment. A recent trend within the private sector has thus been to integrate an intelligence function into strategic and operational decision-making. A study of the relationship between CI professionals and management (policy-makers) thus

becomes relevant to the growth of CI as discipline and to the body of knowledge that exists in the field of strategic intelligence as a subject. Although CI is practised by many private entities, the formalised study of CI is still in its infancy in the South African context.

### **3. Objectives of the Study**

The following objectives have been set for the study:

- a. To create a brief conceptual framework of the field of CI.
- b. To draw a comparison between the tension that exists between policy-makers and intelligence professionals in the public sector and the tension that exists between CI professionals and the management of private sector entities.
- c. To investigate the development and status of CI in South Africa through a literature survey and interviews with key personalities within the field of CI.
- d. To study the tension between CI professionals and management in the South African environment.
- e. To receive feedback from CI professionals with regard to the problems that they experience in their line of work.

### **4. Methodology**

Because of the multi-disciplinary nature of CI, the available literature is of a varied nature. Many of the strategies and techniques used are closely linked to intelligence as practised by statutory intelligence services. Some of the work, however, draws heavily on the fields of business strategy and information management. CI as a discipline has at least three subject-specific journals, which are published on a regular basis. There is, however, a plethora of material available in the mainstream, as well as in other related academic publications. These publications include books, articles and publications on the Internet. The international organisation, the Society for Competitive

Intelligence Professionals (SCIP) serves as the globally representative body for CI professionals, and in South Africa the South African Association for Competitive Intelligence Professionals (SAACIP) serves as the principal South African body for CI professionals.

Membership of these organisations is voluntary, but subscribing to an ethical code of conduct is a precondition for membership. Enforcing such a code of conduct is problematic, because of the nature of intelligence work in general and specifically because individuals would not readily admit to non-ethical conduct. The codes of conduct for both the above-mentioned organisations are of such a nature that not adhering to them would almost certainly mean that the CI professional would be breaking the laws of the country.

It is possible, though, to act in a non-ethical manner and still be within the boundaries of the law. This situation, should the CI professional be caught acting unethically, almost invariably leads to embarrassment for both the operative and the entity he/she is working for. Ethical 'rules' differ from culture to culture and most certainly from country to country, and the CI professional must know what is admissible in the country in which operations take place.

The study consists of a literature review on the subject of CI and the tension that exists between management and CI professionals. A survey was conducted among CI professionals in the private sector to establish the current state of affairs of CI in South Africa. The study also provides an overview of the development of CI within the South African context.

The survey was conducted among members of the SAACIP and administered through e-mail. Participation was voluntary and all personal information was discarded after the replies had been received. The questionnaire was drafted in the form of a structured qualitative questionnaire, with one open-ended question about the participants' own opinion on CI. The questionnaire set out to determine attitudes and views of CI professionals on the control and use of CI by their respective organisations. The survey was conducted in accordance

with the guidelines as prescribed in Political Analysis: Technique and Practice (White, 1994).

The descriptive method was used in dealing with the history of CI in South Africa. The analytical method was used in the section dealing with the interpretation of the survey results.

## 5. Structure of the Study

The structure of the research was based on the following chapter allocations:

**Chapter 1:** The first chapter is an introduction in which the objectives for the rest of the study are set out.

**Chapter 2:** This chapter places CI within a conceptual framework and demarcates its place as a discipline within the intelligence sphere since CI, as a discipline, has only been recognised for the past 15 years. The chapter also deals with the CI cycle as used by CI professionals. It indicates the main aspects of the cycle and the function of each of the elements in the cycle. The process that is dealt with is generic in nature and forms the foundation for CI practice within the 'real world'. It also examines the main principles underlying the CI process and counterintelligence.

This chapter deals with the following topics:

- defining the subject matter;
- indicating why companies conduct CI;
- investigating ethical and legal considerations;
- applying the intelligence cycle to the business world;
- identifying the principles underlying the CI process; and
- counterintelligence.

**Chapter 3:** In the third chapter the tension between intelligence users and producers, as presented in the current literature, is examined. The works of Shulsky (1993), Hastedt (1991), Gilad (1996) and Shaker & Gembicki (1999)

form the basis of this chapter and examines this tension from a global perspective. Where applicable, reference is made to South Africa, but the South African environment will not be the primary perspective.

**Chapter 4:** This chapter establishes the development of CI in South Africa by determining the origins of SAACIP, its aims and objectives and its relationship to the South African Government. A literature survey was done to review the current status of CI in South Africa as well as by conducting interviews with experts in the field. These individuals are Douglas Bernhardt (international private consultant and lecturer on CI), Dr Chris Jordaan (strategist, and member of the SAACIP Executive), Steve Whitehead (managing member, Competitive Business Intelligence and Analysis, the oldest registered CI company in South Africa and founding member of SAACIP) and Prof Peet Venter (Unisa School for Business Leadership and member SAACIP Executive).

**Chapter 5:** The fifth chapter consists of findings of an e-mail survey conducted among members of the SAACIP. This survey examined current challenges and the working environment of CI professionals in South Africa.

**Chapter 6:** The last chapter provides a summary of the study; tests the propositions set for the study; draws conclusions and makes some recommendations.

## CHAPTER 2

### COMPETITIVE INTELLIGENCE: A CONCEPTUAL FRAMEWORK

#### 1. Introduction

CI is a relatively new approach to the strategic and operational decision-making processes of companies. The art of intelligence gathering, analysis and use is not new, but it is now finding a role within the private sector as an indispensable tool for making strategic decisions. The aim of this chapter is to develop a conceptual framework in which CI functions. This will entail:

- defining the subject matter;
- indicating why companies conduct CI;
- investigating ethical and legal considerations;
- discussing the intelligence cycle and how it is used in the private sector;
- identifying the principles underlying the CI function; and
- counterintelligence in the private sector.

In the first chapter it was stated that CI draws on many disciplines such as economics, marketing, military theory and strategic management (Fleisher & Bensoussan, 2003:5). CI gained prominence in the 1980s and the work of Porter served as one of the first frameworks in which intelligence could be used for strategic decision-making by companies. His work, Competitive Strategy (1980), still serves as a major reference in the field of CI.

This chapter will thus aim to place CI in a conceptual framework and analyse the linkages between CI and state intelligence. This will set the tone for the third chapter in which the relationship between the users and producers of intelligence products in the private and public sectors will be compared.



## 2. Defining Intelligence

The discipline of CI is closely linked to the field of 'traditional' intelligence as understood within the context of the state. One of the earliest definitions of intelligence can be found in the work of Sun Tzu. Sun Tzu in his widely known Art of War defined intelligence as follows: "The means by which enlightened rulers and sagacious generals moved and conquered others, that their achievements surpassed the masses, was advance knowledge." Sun Tzu goes into further detail on how this 'advance knowledge' can be gained: "Advance knowledge cannot be gained from ghosts and spirits, inferred from phenomena, or projected from the measures of Heaven, but must be gained from men for it is the knowledge of the enemy's true situation" (Sawyer, 1994:231).

The first definition of intelligence thus emphasises advance knowledge of the possible actions that may be taken by enemies. For this knowledge to be usable, it must be gained from men employed to find out what these actions might be, an early reference to the use of intelligence officers and the organised gathering of intelligence to gain a competitive edge in combat.

In the modern English language intelligence is defined as "intellect, quickness of understanding, sagacity, information, news, engaging in the collection of information especially within the military context and government intelligence gathering services" (Crowther, 1999:620). This might seem like a jumbled definition of intelligence, but it reflects the difficulty of defining the concept.

According to Hastedt (1991) no precise and generally agreed upon definition of intelligence exists. Scholars also tend to give definitions with multiple meanings. This can be confusing and lead to several interpretations of intelligence and what it should be capable of. This view is echoed by Warner (2002:1) in that "(he has) to wonder if the difficulty in doing so resides more in the slipperiness of the tools than in the poor skills of the craftsmen or the complexity of the topic" (Warner, 2002:1). He goes on to state that almost

each new scholar in the field of intelligence aims to develop a compelling theory of intelligence (Warner, 2002:1).

Kent, as quoted in Hastedt (1991), identifies three distinct meanings of the concept of intelligence. He sees intelligence as a) knowledge, b) activity and c) organisation. Under the concept knowledge Kent sees knowledge as what is needed to be known and could be used. Under activity Kent makes provision for the activities that are needed to produce an intelligence product. Under this he sees the seven functional stages of intelligence from initial problem identification through to presenting findings and delivering an intelligence product. As will be seen later in the chapter, this coincides with the process as used by CI professionals. Lastly Kent sees organisation as the structures that should support the aforementioned criteria (Hastedt, 1991:6).

Ransom, as quoted in Hastedt (1991), also makes the connection between the users and producers of intelligence. Ransom sees the intelligence process as encompassing a series of functional steps (as carried out by the producers of intelligence) right through to the dissemination to policy-makers (users of intelligence) (Hastedt, 1991:6).

Warner went through a more thorough intellectual exercise in reviewing some of the classic and contemporary definitions of intelligence, which included known academics in the field of intelligence such as Kent (1949), Lowenthal (2002) and Shulsky (2002). Warner thus concluded that intelligence comprises the following elements:

- Intelligence is dependent upon confidential sources and methods for full effectiveness.
- It is an activity that is performed by officers of the state for state purposes, provided that those officers receive direction from the state's civilian and military leaders.
- It is an activity that is focused on foreign targets, usually states, but could include individuals and corporations. Warner believes that if the targets are domestic citizens then the activity becomes a branch of either law enforcement or governance.

- It is an activity linked to the production and dissemination of information.
- According to Warner it also includes activities influencing foreign entities by means that are not attributable to the acting government. Plausible denial and secrecy are central to the work of intelligence agencies (Warner, 2002:6).

In the South African White Paper on Intelligence (1995) the definition of intelligence that is used refers to “the product resulting from the collection, evaluation, analysis, integration and interpretation of all available information supportive of the policy- and decision-making process pertaining to the goals of stability, security and development” (Act, 1995:2).

The White Paper goes on to define intelligence as “organised policy related information”, which by implication includes secret information, since according to the White Paper intelligence may be gathered in overt (open) or covert (clandestine/secret) ways. The White Paper acknowledges that a wide variety of intelligence forms such as political, economic, military, criminal and counterintelligence exist (Act, 1995:2).

The most basic definition of intelligence is to describe it as the ability to foresee the future or to have knowledge and insight into what is about to happen, through collection and analysis. This implies, however, that it is possible to see intelligence as an activity including actions such as collection and analysis, which is used for decision-making, which follows a specific process and is linked to a specific organisation.

In the following section it will be seen that CI is closely linked to the above definitions. It will, however, become clear that CI differs from traditional definitions of intelligence on the aspect of ethical and legal information gathering. It also differs in terms of scope and the targets of interest. The South African White Paper on Intelligence (1995) states clearly that intelligence activity includes covert action, which may include illegal and unethical action. Intelligence officers in service of the state also have the luxury of protection by the state and certain legal avenues to commit acts

such as eavesdropping. This can be gained through a court order, in which permission is granted. The state intelligence services can thus eavesdrop on telephone conversations without the target being aware of the fact. In special cases, private entities could also be granted permission if it forms part of an investigation in which the government security apparatus is involved.

The individual involved in CI is not focussed on the protection of the state or issues of national intelligence, but purely on the issues at hand that directly influence the survival of the company and how it can continue to thrive.

### **3. Defining Competitive Intelligence**

As with any field of study that is relatively new, a multitude of definitions exist for what can be described as CI. CI draws from three main fields of academic endeavour: information science, corporate management and security studies, and this section will identify what should be regarded as a working definition of CI. It will also be shown that even though these three fields seek to lay claim to be the 'spiritual home' of CI, only the field of security studies can really claim to be the basis of CI.

At this stage it will also be useful to understand the meaning of the competitive(ness) component in CI. The Oxford Advanced Learners Dictionary defines 'competitive' as "having a strong urge to be more successful than others" and thus links CI from the outset with an end result where there should be some type of gain. It also links it to an attitude that a person or group exhibits (Crowther, 1999:233).

CI can be defined as "intelligence specifically adapted to the commercial world. It is a systematic, ongoing process to ethically and legally gather intelligence on targets such as customers, competitors, adversaries, personnel, technologies and the total business environment. Once acquired, the objective is to disseminate tactical and strategic CI to decision-makers at all levels" (Shaker & Gembicki, 1999:5).

It has also been linked directly with the security studies field by defining CI as “the adaptation and application of modern intelligence principles and practices to strategies concerned with how to create competitive advantage in each business in which a company competes” (Bernhardt, 1993:7). Bernhardt further contends that the origins of formal intelligence concepts and methods are firmly rooted in politics and in warfare – environments not entirely dissimilar from those in which today’s global competitive battles are being waged.

At a Competitive Business Intelligence and Analysis (CBIA) workshop, Bernhardt emphatically stated that “the activity, knowledge and organisation of CI derives from the traditions and practices of the national security and military intelligence environments – **not** (emphasis by Bernhardt) from market research or knowledge management” (Bernhardt, 2002).

In essence a working definition of CI will read as follows: CI is the use of intelligence techniques and methods to gather, in a legal and ethical manner, information that can be used for analysis to enhance the competitiveness and decision-making processes of a business entity.

It must also be stated that CI must not be confused with competitive analysis as understood by Shulsky (1993:79). This is an analysis technique developed to prevent intelligence failures in the government environment through the fostering of separate analytical centres within a government. In the South African environment this will for example entail the NIA and South African Police Service (SAPS) intelligence, conducting intelligence analysis on the same topic and then comparing it.

Further proof of the linkage between state intelligence and CI is the phenomenal growth of CI after the end of the Cold War and in the South African context following the new political dispensation. Specifically in South Africa, the changed political dispensation has created a surplus of highly trained intelligence personnel that have brought a wealth of knowledge and skills to the CI field.

A former USA intelligence operative, McKeown, stated regarding a social gathering he attended; that “looking around the room, I realised that every single person there was a government-trained information-gathering expert – who had since moved on into the enormously lucrative private sector. Their focus was no longer on the common good as much as it was on the bottom line” (McKeown, 1999:6).

This is also the case in South Africa where former NIA personnel founded two of the main CI consultancies (CBIA and IBIS) during the 1990s. Such developments may also contribute to the ‘cloak and dagger’ image sometimes wrongly associated with CI. Former intelligence personnel are highly trained in all aspects relating to the CI process, including collection, analysis and presentation of CI tasks, and thus bring a wealth of knowledge to the field.

This phenomenon is easy to understand when military intelligence activities are compared to those of the CI field. The same type of comparisons can be made for the civilian intelligence services *vis-à-vis* those of competitive intelligence. The main difference lies in scope and the type of targets that are focussed on. Of course it has to be emphasised that the corporate sector cannot draw on the considerable resources available to the state.

**Table 1. Military Intelligence vs. Competitive/Business Intelligence**

<b>Military Intelligence</b>	<b>Competitive / Business Intelligence</b>
Military strategies and objectives	Business strategies and objectives
Military budgets	Research and development, CAPEX, marketing, sales and financial performance data.
Military equipment production / procurement levels	Production levels and capacity
Military deployment / order of battle	Production and marketing operations – facilities, locations and operating budgets
Combat tactics and training	Company culture, methods and training
Weapons system / platform performance, capabilities and vulnerabilities	Production specifications, performance and features
Technical capabilities and developments	Technical capability, research and development activities
Equipment development and deployment plans	Product / marketing plans

Source: Collins, 1997:15

It can thus be seen that there are similarities, even though the focus might be different. This sets the CI professional apart from other business analysts or corporate research groups. The approach of the CI professional to gathering and assessing the information at hand is through the means provided by the body of knowledge dealing with 'intelligence', in other words through the use of some of the methods employed in the field of state intelligence. The gathering of the raw intelligence must, however, always remain ethical and legal.

#### **4. Why Companies Conduct CI**

An intelligence function within any enterprise should be a critical tool in the decision-making process. Authors in the field of CI, especially those from the USA, like to refer to the CI process as a 'game', with numerous 'plays' in which competitors compete for market share. It is critical to understand though that any intelligence programme is not merely a function, but a process (Kahaner, 1996:23).

According to Kahaner (1996:22) the SCIP contends that only seven per cent of large USA companies have a formalised CI system. For small and medium enterprises this figure falls to below five per cent.

West (2001:13) maintains that there are basically three reasons why companies conduct intelligence. He lists them as curiosity, emulation and anticipation. Of these, curiosity has least value to an organisation. Curiosity can easily be satisfied by low-level information gathering and normally evolves around trade gossip, public media and informal contact. No attempt is made to verify the information that is fed by inaccurate rumours in the marketplace. Intelligence or information gathering, merely to satisfy curiosity, can be fatal if it is not recognised for what it is: unreliable gossip (West, 2001:13). Unreliable gossip is normally unverified, and if it goes unchecked for too long it becomes 'fact'. This could lead to wrong decisions based on fictitious rumours. Information should always be verified before it is used.

Emulation begins to move closer to what a CI programme actually entails. Emulation recognises that all organisations have something to learn from one another. The learning process can cover the full scope of a given organisation's operation and can help to solve the following problems in an organisation:

- When a problem is encountered and difficulties are experienced to resolve it with the organisation's own resources.
- When existing or new competitors launch a new initiative into the marketplace that appears to be successful.
- When competitors appear to be using superior technologies, achieving higher levels of productivity or performing better financially (West, 2001:14).

Organisations that prefer to use CI only as a source of inspiration tend to be followers rather than leaders or innovators within a specific market. The organisation will, however, benefit from the knowledge gained, and will be able to leverage its own skills and resources (West, 2001:14).

Anticipation is where the use of CI really comes into its own as a decision-making process. It allows organisations to recognise current and future competitive threats, devise stratagems that will neutralise their effectiveness, and gain some form of competitive advantage. Advanced users of CI tend to be:

- companies that are active in businesses in which the competitive landscape is evolving rapidly and subject to major change;
- companies that are active in businesses that require large investment and development programmes in order to remain credible players;
- aggressive companies seeking rapid gains in market share;
- dominant companies with major positions to defend; and
- companies that have recognised that they are seriously vulnerable to attack (West, 2001:14).



Companies seeking to anticipate movements in the competitive environment tend to be market leaders and innovators. This will give companies the edge whereby they will act rather than react (Cook & Cook, 2000:14).

From the statistics as quoted in Kahaner (1996), it can be seen that few companies have reached a stage where they can anticipate future trends and events through a formalised CI function. This means that companies that can leverage the availability of information in this age of information overload, can gain a significant competitive advantage in decision-making by establishing a CI function within their organisations.

## **5. Ethical and Legal Issues and CI**

Practitioners of CI claim that they adhere to a strict code of ethics. This is necessary because the CI practitioner cannot claim the same type of protection or take the same risks as intelligence personnel in the employment of the state. CI practitioners are regarded as corporate citizens and actions such as 'bugging', extortion and blackmail are in general illegal and could be regarded as industrial espionage. Many countries have stringent laws concerning industrial espionage and it carries heavy sentences. There are also issues concerning intellectual property rights, which come into play. These could lead to expensive court cases, as well as unwelcome negative publicity if a company should be found to have conducted industrial espionage. The SCIP as the main organisation for CI professionals set the following ethical standards for its members:

- To continually strive to increase the recognition and respect of the profession.
- To comply with all applicable laws, domestic and international.
- To accurately disclose all relevant information, including one's identity and organisation, prior to all interviews.
- To fully respect all requests for confidentiality of information.
- To avoid conflicts of interest in fulfilling one's duties.

- To provide honest and realistic recommendations and conclusions in the execution of one's duties.
- To promote this code of ethics within one's company, with third-party contractors and within the entire profession.
- To faithfully adhere to and abide by one's company policies, objectives, and guidelines (SCIP, 2002).

SCIP's South African counterpart, SAACIP, subscribes to basically the same ethical principles and actions, but also places a big premium on training and establishing the practice of ethical and legal CI in South Africa (SAACIP, 2002). It is thus clear that CI professionals will go to great lengths to ensure that their profession is not confused with 'cloak and dagger' type activities, but that it is recognised as a legitimate business decision-making process.

There are, however, ethical problems that may come to the fore in the course of the CI process. As pressure on CI professionals to gather information increases, it could become very tempting to revert to actions that can be described as industrial espionage. In many cases decision-makers do not want to know how and where information was gathered, thus turning a blind eye to possible illegal activities. The more a company operates globally, the more important it becomes to understand the laws and customs of the countries a company could operate in, since this varies from country to country and region to region (Kahaner 1996:243).

The USA is one of the first countries in the world to write into law what exactly constitutes economic espionage and in 1996 adopted the Economic Espionage Act (EEA). This Act was specifically introduced to protect American companies from foreign as well as domestic espionage (Duffey, 2000:37).

Under the EEA it is an offence to have the intention or to steal, take or defraud another of a 'trade secret' for the economic benefit of someone other than the owner, or for the benefit of a foreign government instrumentality (Duffy, 2000:38). This means that if there is proof of the intention to get hold of such a trade secret, it can be considered as illegal. Therefore, eavesdropping through

electronic measures, surveillance on private property and misrepresentation are illegal actions under the EEA.

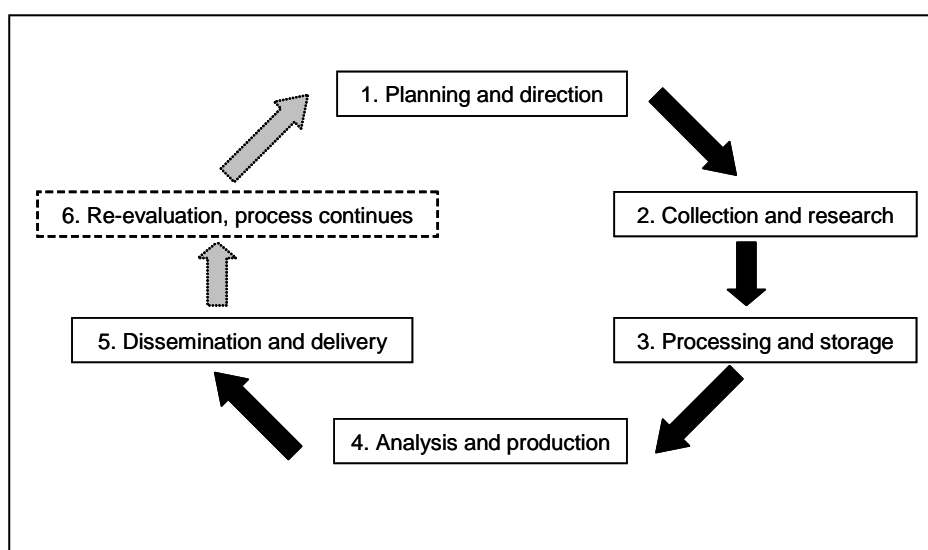
South Africa currently lags behind in this regard and no such legislation exists, though there are some common law statutes and intellectual property laws that can be used. The latest step in this regard to curb illegal eavesdropping and covert surveillance is the Regulation of Interception of Communications and Provision of Communication-related Information Act (RSA, Act 70 of 2002). Under this Act such offences carry a heavy sentence.

## 6. The CI Process

In the previous section the 'what' and the 'why' of CI were made clear, but understanding the 'how' of CI is important for the individual and the organisation that pursue such an endeavour. The aim of this section is to develop a framework indicating how a CI process would look within an organisation. The framework is generic since the needs and structure of organisations differ, but the process essentially remains the same.

The phases of the CI process can be depicted as follows:

**Figure 1. The CI Process**



### 6.1. *Planning and direction*

The planning and direction phase of the CI process is critical since it is the point of departure for any CI task. In this phase it is imperative for the CI professional to understand the task at hand and to plan accordingly. According to Bernhardt (1993:31) certain background information is needed in this phase:

- Who is the intelligence for?
- Why is the intelligence needed?
- What are the strategic or tactical implications?
- What specific decisions is the policymaker trying to make?
- What is already known?
- What are the current assumptions, on what data are these based and what is the reliability of these sources?
- Which are the priority issues (ranking)?

It is necessary in this phase for both consumers and producers of intelligence to understand the task at hand. This phase sets the right focus and will help to develop the research strategy corresponding to the sources available, and the budgetary and time constraints. It will also help to identify more obscure aspects of the intelligence puzzle, which otherwise might have been overlooked (Bernhardt, 1993:32).

### 6.2. *Collection and research*

In this phase the collection of the required information takes place. Information is *inter alia* gathered from various publicly available sources. These sources include periodicals, annual reports, books, media broadcasts, speeches, interviews, tradeshows, databases and the Internet. Creativity on the part of the collectors is paramount. If a collector applies his/her mind, much of the information can be gathered in a legal and ethical manner. Here interpersonal skills such as elicitation techniques, conversational and interviewing skills become more and more important for gathering human intelligence (Kahaner, 1997:44).

### 6.3. *Processing and storage*

Processing and storage of information are necessary to understand what is available and if there are any gaps that still need to be filled through collection. Processing involves documenting interviews and consolidation of available sources.

Storage of the information is also important since a good in-house database can reduce future collection and research expenses. It avoids the possibility of reproducing the same information from project to project. The in-house database or library then becomes an indispensable part of the intellectual property of the organisation. Care must be taken that in a business environment where information technology (IT) has a high premium it does not become the main driver for producing intelligence products. Knowledge management professionals and other software vendors will argue that this is the foundation for an intelligence programme within the organisation. The sole purpose of these technologies however, is to sort, archive and retrieve information in the most efficient manner (Bernhardt, 2002).

Fuld (1995:426) identifies three pillars supporting the processing and retrieval system: manual files, libraries and computer systems. From this it is apparent that computer systems are but one of three methods of building a strong processing and storage facility.

### 6.4. *Analysis and production*

The analysis phase is where CI really benefits the organisation. Analysis must take place to add value to information that has been gathered and to transform this information into actionable intelligence. Analysis of information is when the information is placed into context and certain predictions, conclusions and recommendations are made on the basis of the evidence at hand. There are many types of analytical techniques available to the CI professional, but essentially four specific types of analytical output can be

identified, namely predictive analysis, guidance analysis, warning analysis and specialised analysis (Bernhardt, 1993:48-49).

A wide range of analysis techniques is available to the analyst and according to Fleisher (2003) his research identified more than 2 000 techniques. These include techniques from the realm of state intelligence, business analysis and proprietary methods developed by companies to fulfil a specific need.

Techniques for analysis are wide-ranging and include the following broad categories:

- Strategic analysis techniques such as SWOT (Strengths, Weakness, Opportunities and Threats) Analysis and Strategic Group Analysis.
- Competitive and customer analysis techniques such as Blindspot Analysis, Competitor Analysis and Management Profiling.
- Environmental analysis techniques such as Issue Analysis, Scenario Analysis and Macro Environmental Analysis (STEEP and PEST).
- Evolutionary analysis techniques such as Experience Curve Analysis and Patent Analysis.
- Lastly there are many financial analysis techniques available such as Financial Ratio and Statement Analysis (Fleisher & Bensoussan, 2003: v - vi).

According to Bernhardt (1993:50) the value of actionable intelligence lies in the fact that it:

- is future orientated;
- helps management to develop better competitive strategies;
- facilitates a better understanding of change in the competitive environment than the competitor has; and
- identifies current and future competitors, their strategies and plans.

#### *6.5. Dissemination and delivery*

The dissemination and delivery phase is where the CI professional presents his/her findings to the decision-maker. The intelligence producer must answer

the critical questions asked in the first phase of the process in a clear and concise manner for the best possible application.

This could be done through either a written report or a presentation, or both. Kahaner (1997:134-135) identifies five criteria that are essential to good dissemination of the product:

- The presentation of the intelligence analysis must be in response to the intelligence needs identified at the beginning of the process.
- The presentation of the intelligence analysis must be focussed and not general.
- It must be timely. Critical competitive advantage can be lost if the intelligence dissemination comes too late.
- There must be a high level of trust between all participants in the CI process, namely producers and consumers.
- Results must be in the best possible format for the end-user.

#### 6.6. *Re-evaluation*

At this stage, the goals and outstanding and new issues must be addressed and be dealt with accordingly, thus a continuation of the process commences.

In some cases the process may be conducted in a project manner and at this stage evaluation of the project is done to determine how successful it has been and where future improvements can be made.

### **7. The Underlying Process**

Gilad (1996:160) is very clear about the principles that underlie the CI process. He compares the CI process to a network of neurons running through the body, and if there is adherence to four basic principles, it can deliver maximum results. Gilad contends that CI need not be a confusing endeavour of endless graphs, matrices or sophisticated methodology employed by management consulting firms. From a review of the literature it is

clear that almost all authors on the subject concur with Gilad. The four principles, according to Gilad (1996), are as follows:

*7.1. The process should be made simple and cheap*

According to Gilad (1996) costly CI departments with numerous analysts, costly equipment and software, and enormous databases not only guarantee future budgets cuts, but are simply unnecessary. The CI process should rely on the voluntary efforts of many people. This means that individuals in the organisation not specifically tasked with information collection or analysis should be encouraged to provide support when needed on a voluntary basis.

People are at the heart and soul of intelligence. Published information, databases and other media sources are only there to supply background information (Gilad, 1996:160). Bernhardt (2002) echoes this view when he states that all open source information available in the public domain should be viewed as known to all parties concerned and its value as intelligence is thus diminished.

This is why primary human intelligence gathering is so important to the CI process. The process requires an understanding of human nature and the ability to persuade people and to listen (Gilad, 1996:160).

Bernhardt also states that there is no substitute for primary human intelligence gathering, that is, information not contained in a database or other media. The direct words and body posture of a human source can be more telling than a month's worth of searches on other media. The coming of age of the Internet as a source of information has led to companies confusing the simple gathering of information with intelligence work. In many cases this has also led to enormous intelligence failures and the subsequent closure of CI departments at a few multi-national corporations (Bernhardt, 2002).



### 7.2. *The company's culture*

This is the most influential factor in the success or failure of the CI process. The culture of organisations differ, but CI can only flourish in an environment where the people in the organisation:

- understand the CI process;
- approve of the CI process;
- are convinced that top management puts a lot of faith in it;
- believe it will do their careers good to take part in it;
- believe it will not hurt their careers;
- identify personally with its main goal;
- regard it as more than just another of top management's whimsical projects;
- have an initial enthusiasm regarding its potential;
- are willing to give it a chance; and
- do not see it as an additional chore (Gilad, 1996:161).

Furthermore the 'intelligence gatekeepers' in the organisation must:

- see it as a way to advance their belief in the value of CI;
- believe they can make an impact through it; and
- be willing to put in the extra time (apart from official job description) required to contribute to it (Gilad, 1996:161).

Ignoring the culture inherent to every organisation can be fatal to the entire CI process, since it is driven by human effort (Gilad, 1996:161).

### 7.3. *Technological wizardry must not be confused with intelligence capability*

The rapid development of commercially available information technologies has led to many intelligence professionals and organisations confusing technological wizardry with intelligence capability. Ultra-sophisticated software that can almost instantaneously analyse a strategic situation, retrieve obscure

data and cross-reference without effort, does not constitute the essence of CI. Although technology can provide remarkable tools to ease the research process, it does not provide the essence of good CI – to decipher early warning signals in the competitive environment (Gilad, 1996:162 & 163).

*7.4. The CI process is the sole tool to achieve the only empowerment possible in a corporate environment*

Empowerment is one of the most overused words in today's corporate environment. Gilad (1996:163) argues that decision-making empowerment is the biggest fraud in the corporate world. The structure of the corporate world is of such a nature that decision-making comes down to a select few and not to the masses such as in a democracy. There must be a clear distinction between empowerment and decentralised control. In a decentralised corporation a division, strategic business unit or subsidiary is given autonomous decision power over its own business-level strategy (Gilad, 1996:164).

The only empowerment that seems feasible is the power of decision-making brought by superior actionable intelligence. Intelligence must be shared across the organisation, so that every individual within the organisation can know the direction and capabilities of the organisation. This may at first be difficult for business executives, since information is a powerful tool. Executives must take heed of the following:

- A knowledgeable employee is an empowered employee.
- The best way to fight blind spots in the competitive environment is to expose them to everybody in the organisation.
- The best way to make employees more competitive is to make them aware of competitive information (Gilad, 1996: 165 – 166).

These principles may seem extremely easy to grasp and to implement in an organisation, but they are problematic, since they at times expect of executives to take counter-initiative decisions and go against the current trends to automate every process. The essence of intelligence still lies in the

capability of the human being who manages the process. Technology can serve as a great help, but humans and human networks are the crux of a capable CI system. The next section will deal with the role of counterintelligence.

## **8. Counterintelligence**

According to a PricewaterhouseCoopers study in 1999, theft of proprietary information or industrial espionage cost Fortune 1 000 companies an estimated US \$45 billion in 1998. The financial loss incurred through the use of legal and ethical CI by competitors could be many times this amount, since CI is conducted much more widely than theft or espionage (West, 2001:154).

According to West (2001:184) counterintelligence is used to counter threats to business arising from:

- industrial espionage using conventional and electronic techniques;
- bribery of staff;
- extortion;
- kidnapping of key executives; and
- sabotage.

These issues are usually dealt with through physical protection and electronic countermeasures (debugging) and fall within the domain of the security function of a company.

Counterintelligence is also subtler than just the physical protection elements and has to be capable of dealing with intrusions that are neither illegal nor unethical. While security systems can provide physical barriers to prevent the loss of information, it is the task of the CI professional to install a 'competitive mindset' throughout the entire company to minimise the loss of potentially damaging information. It is the task of the CI professional to brief other employees regularly on the effects of divulging potentially sensitive information through telephone conversations or at tradeshow (West,

2001:184). In the military environment this is normally referred to as operational security (OPSEC).

Shaker & Gembicki (1999:206-207) identify six issues that need to be addressed in the counterintelligence function of a company:

- The adversarial companies (potential competitors) need to be profiled.
- Information that is of greatest value to the competition must be identified.
- Likely targets and individuals of CI or industrial espionage must be identified and briefed.
- Possible and probable mechanisms that can be used to collect intelligence against the company must be identified.
- An assessment must be made of the company's vulnerabilities.
- Safeguard mechanisms should be instituted to limit or minimise these vulnerabilities.

It is critical to understand first where the threat could possibly come from and to understand what information can be regarded as critical to an adversary. When this framework for a counterintelligence programme is developed there must be close co-operation between the CI unit and the security unit of the company since the security unit deals with the physical security of the company and its employees. Good security will further prevent the physical loss of information contained in files, laptops and computer disks.

The task of the CI unit will be to brief employees on 'social engineering' techniques where information is elicited from unsuspecting employees and the reporting of suspicious phone calls and queries. Employees attending trade shows should also be briefed, since this environment is one of the main operating environments for CI professionals.

## **9. Conclusion**

This chapter first set out to define the concept of intelligence. It was noted that intelligence refers to a formal process of gathering, analysis and

dissemination of information for decision-making. In the case of intelligence as used by the state it is used for policy decisions pertaining to the security of the country and its people.

CI practitioners also produce intelligence for decision-making, but it is specifically focussed on providing companies with a competitive advantage through anticipation of the market environment and its competitors. A working definition of CI was developed which stated that CI is the use of intelligence techniques and methods to gather, in a legal and ethical manner, information that can be used for analysis to enhance the competitiveness and decision-making processes of a business entity. When this definition is formalised into a function within a company it provides the necessary means for the company to anticipate changes in its environment and competitors.

The CI practitioner is dependent on verifiable information for analysis purposes. In this chapter it was seen that the legal and ethical gathering of information is what sets CI practitioners apart from those who conduct industrial or economic espionage. In a world where companies and economies are dependent on the perceptions of customers, it is imperative to act in a manner that is ethical. The USA is currently one of the few countries in the world to have instituted laws against economic espionage.

Key to the understanding of CI is to acknowledge its roots in the security field, but also to understand that it stands apart from 'traditional intelligence' activities.

The next chapter will focus on the relationship between users and producers of intelligence products. It will also determine whether the relationship between the private and public sectors is generic.

## CHAPTER 3

### THE RELATIONSHIP BETWEEN USERS AND PRODUCERS OF INTELLIGENCE IN THE PRIVATE AND PUBLIC SECTORS

#### 1. Introduction

Intelligence products could be used to great effect in the decision-making process, if they are used in the correct manner and if a relationship of trust exists between the users and producers of the intelligence product. In the public sector, intelligence is produced by the state intelligence agencies, which normally consist of an internal, external and military component. Policy-makers use these intelligence products to make policy decisions that have an influence on how the state will conduct itself in the spheres of security, economy and governance. In essence intelligence needs of the state are focused on the survival of the state, through having the 'foreknowledge' to act in time.

Intelligence agencies have been blamed in the past for not providing intelligence in time to avert catastrophes. The attack on Pearl Harbour serves as an example of how the disconnection between policy-makers and intelligence professionals could lead to enormous loss of life, and subsequent material loss through indecision, even though the required intelligence was available. The 2001 attack on the World Trade Centre also serves as an example that there could be serious consequences in the public sphere if action is not taken on available intelligence. Statements by Osama Bin Laden and previous attacks by affiliated terrorists on the World Trade Centre indicated that other possible attacks may occur. This should have served as early warnings to the USA intelligence services that further tactical intelligence should be gathered with regard to the intentions and operations by Al-Qaida and their sympathisers. Intelligence failures inevitably serve to highlight the precarious relationship that sometimes exists between the users and the producers of intelligence.

The same applies to the corporate sector, in that it is becoming increasingly important for corporate decision-makers to have access to intelligence products in order to increase the competitiveness of their companies. Intelligence has thus become a survival need. It is, however, inevitable that intelligence failures will occur within the corporate sector, as in the public sector, and lead to tension between the users and producers of intelligence.

This chapter will examine the relationship between the users and producers of intelligence, describe the relationship and the challenges facing the intelligence professional and seek to draw comparisons between the situations in the public and the corporate sectors. In essence it will seek to understand how intelligence is managed.

## **2. The Relationship between the Users and Producers of Intelligence**

The following section uses a framework that builds on the issues that Shulsky (1993) raises. These three issues are: secrecy and control, expertise and decision-making, and intelligence and governance. Each section will look at the issue at hand and how it manifests in the private sector. Shulsky writes from the perspective of government intelligence services and this will be juxtaposed against private intelligence practice.

### *2.1. Controlling intelligence*

Governments and companies, especially multi-national corporations, are complicated bureaucratic entities. Many individuals and departments make up these entities with several levels of management. Even with the 'new wave' of flat management structures in the corporate sector, corporations are separated into divisions that sometimes operate without the knowledge of other divisions. In the public sector this effect is exacerbated by the sheer size that government assumes.

This effect leads to problems regarding secrecy and control of intelligence. This has an effect on not only the type of activities that are conducted, but also on the dissemination of the intelligence product to the right decision-maker. The 'need to know' factor also has a specific significance in the corporate sector, since promotion and status are directly linked to performance. This at times leads to intelligence not being shared throughout the enterprise. 'Need to know' refers to the limited circulation of information to only those users or recipients directly involved in a specific issue. In the private as well as the public sector information is power, and especially in the private sector, it can lead to an advantage over peers in the workplace.

Plausible denial is an accepted term in the intelligence world. It basically implies that intelligence activities that might cause embarrassment should be conducted in such a way that the most senior executive leader of a state or company could plausibly deny that he/she had any knowledge of wrongdoing on the part of the entity (state/company). For this kind of activity to be effective the smallest number of people must have knowledge of the activity, which inevitably leads to favourable conditions for misunderstandings and uncertainty as to whether an activity had the necessary authorisation (Shulsky, 1993:147).

Control (management) in the private sector can be especially problematic. The structure of an organisation inadvertently creates situations where mismanagement of the intelligence function can occur. The example is often cited where strategic business units (SBUs) operate in vertical 'silos'. This causes these SBUs to operate independently and many tasks to be duplicated (Simon, 2002:55). It creates an environment where plausible denial is easy to achieve and can lead to unethical and illegal behaviour.

It is also important that there is a clear understanding of whom the intelligence function is supposed to 'work' for and under whose control it falls. In bureaucratic organisations this can become unclear and lead to further management issues that might occur (Shulsky, 1993:149).



According to Fleisher (2001:7) it is important to view CI as an organisational function and he pointed out that effective CI activities range between the broader area of business intelligence to the narrower area of competitor analysis. These activities will then provide the foundation on which market and non-market strategies and tactics can be built, assessed and modified. It is, however, important to note that CI is a staff-orientated function and will overlap with other functions, in particular functions associated with marketing and planning.

Lackman *et al* (2000:24) recommends that for a CI function to be able to serve a large bureaucratic entity, it needs to have the following three units that can operate as a functional CI capability:

a) Research. This unit will be responsible for conducting the whole spectrum of research, including humint (intelligence from human sources), and will also be responsible for a significant amount of data filtering. Most of the functions performed by this unit will be task- and project-orientated. Members will be presented with prescribed information objectives and will carry out activities necessary to bring appropriate data streams to the intelligence process.

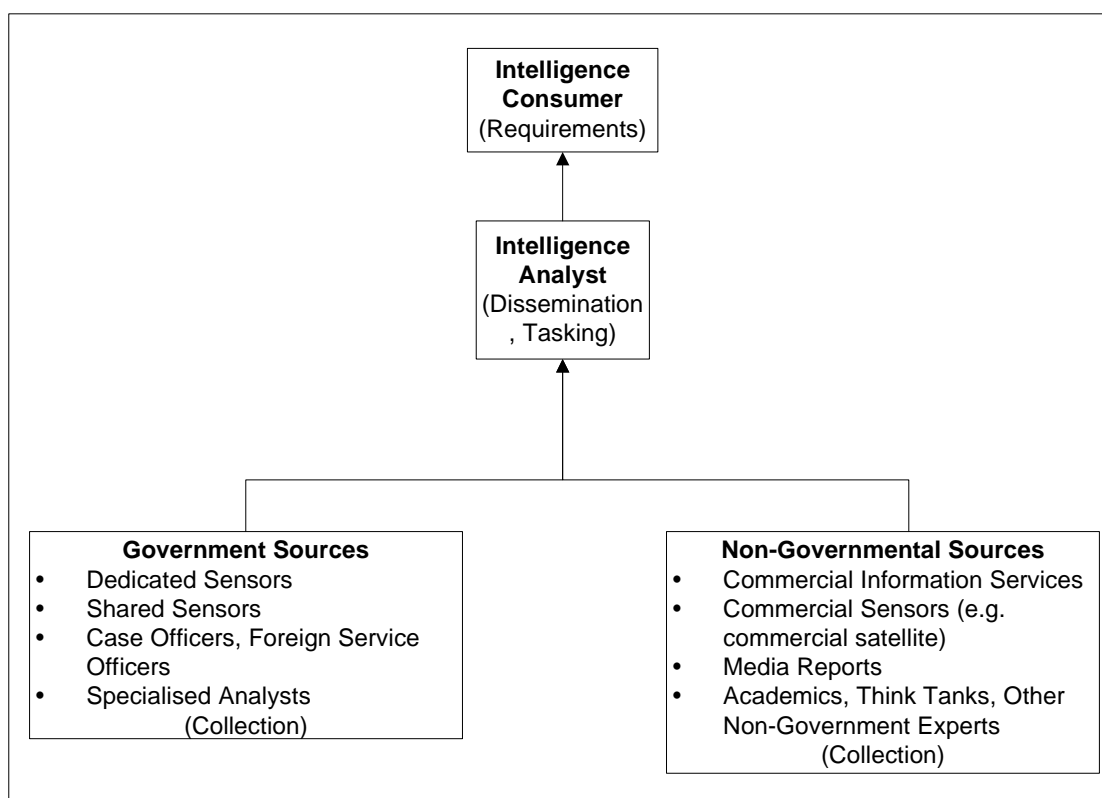
b) Intelligence Library. This unit will be responsible for building and maintaining the corporate intelligence repository. This database will integrate both paper and digital media. The library will also be responsible for knowledge management and dissemination functions.

c) Strategic Marketing Intelligence. This unit will be responsible for the planning and analytical aspects of the intelligence process. It will filter, synthesise and interpret information that is developed by the research unit. This group will provide expertise in content areas that will permit the translation of external data into market intelligence.

From the above it is clear that there will be some overlap as Fleisher (2001:7) predicted, and that to manage such a process it will at times become difficult to distinguish between these functions in the organisation.

In the government intelligence environment there are normally more units involved, with more sources of information. This could lead to important information being 'lost' or filtered out, because of the sheer volume. Berkowitz & Goodman (2000:79) illustrate the relationship between intelligence consumers, analysts and the collection function as follows:

**Figure 2. The Relationship between Intelligence Consumers, Analysts and the Collection Function**



Source: Berkowitz & Goodman, 2000:79

Though government intelligence agencies can draw on more resources, the task will remain more difficult to manage than in the private sector. Private sector entities have a much smaller scope of interest, whereas overlapping in the public sector can occur easily because of the sheer scope of interest. The opposite is also true in that though the scope might be much smaller in the private sector, the resources are also fewer. Many companies have to 'double task' employees with CI as part of their normal job description to be capable of performing CI-related activities.

## 2.2. *Expertise and decision-making*

The relationship between the expertise that goes into proper intelligence analysis and the ultimate use by decision-makers has been a conundrum in the public as well as the private sectors for some time.

The intelligence user (decision-maker) is the ultimate analyst since he/she must act on the intelligence that is available from the intelligence function within the enterprise. This could lead to tension and distrust between the producers and users of intelligence.

A term that is often used to describe this phenomenon, where the analyst sometimes has to be the bearer of bad news, is 'killing the messenger'. Intelligence professionals often feel that decision-makers disregard intelligence that is not in line with a specific policy or decision direction. As with all bureaucratic institutions, it may happen that intelligence is not shared with bureaucratic rivals or other officials if it does not support a specific decision direction. The interests of decision-makers do not always correspond to those of the state (company), and could thus lead to poor decision-making or intelligence failures, when intelligence is not shared over a broad spectrum with all parties concerned. Analysts sometimes believe that decision-makers 'cook' or totally disregard intelligence that is not supportive of their current actions (Shulsky, 1993:152-153).

The opposite is also true, namely when a decision-maker feels that the influence of the intelligence analyst is too dominant in the decision that has to be taken. It is difficult to find the right balance as to how much decision-making should be based on intelligence analysis, and how much should be based on the sound judgement of the decision-maker. When intelligence analysis becomes the overriding factor in decision-making this phenomenon is referred to as 'imperial intelligence' (Shulsky, 1993:154).

Arnett identifies two issues that are directly related to this matter in the private sector. He states that the company culture has a significant effect on how

intelligence products will be used by decision-makers and furthermore, that company culture will have an effect on the levels of trust and communication that will exist (Arnett, 2000:18).

Relationship factors rate very high if the success of a CI programme needs to be measured. If there is a high level of understanding of the capabilities (process and product) of CI among management, and a high level of understanding of the needs (decision-making) of management among CI professionals, CI units stand the best chance of being successful (Arnett, 2000:20).

In essence it is important when managing intelligence to preserve a certain degree of independence for the intelligence function, meaning that there must be an ability to shield analysts from the pressures or threats from the end-user that may entice the intelligence professional to reach conclusions that might be more acceptable to the decision-maker (Shulsky, 1993:157).

This may lead, however, to a credibility problem for the intelligence analyst. Credibility is an enormously important 'label' that the analyst must wear. Analysts cannot be 100 per cent correct all the time, and sudden changes in what was previously assumed or projected could place the analyst in a difficult position. Integrity of the intelligence process is paramount to the analyst and these changes may lead the analyst to downplay certain intelligence. The analyst may be afraid that mistakes in previous assessments could have pointed decision-makers to a specific policy direction, and that to change this direction drastically will discredit the analyst (Lowenthal, 2000:83).

Madden (2001:52-52) identified the following best practices in overcoming many of the problems related to the relationship between intelligence experts and decision-makers:

- The establishment of evolving and stable CI infrastructures. This helps to create an environment where experts can evolve and feel secure in the task that they must perform. It will also lead to consistency, which in turn

will help to develop the trust relationship between producers and users of CI products.

- Decentralised and coordinated networks that help to address the company's diverse intelligence needs better. This development captures the realisation that all employees are not knowledgeable about every area of the business and allows for use of resources and personnel throughout the company. This also means that the users of the intelligence products do not receive a 'one size fits all' assessment about their specific area of concern.
- Responsive information technology systems that provide access to all employees on areas of concern and thus serve as an efficient repository of knowledge that does not have to be reproduced every time a new request is issued.
- Customer feedback and implementation links that ensure that there is constant communication between the users and producers of CI products. Such feedback is important to the analyst to understand how future needs could be addressed, and how intelligence products could benefit the user.
- Hypothesis-driven recommendations that will help the decision-maker to assess different strategic directions.

Though these best practices can serve as a guideline for companies, it must always be kept in mind that the very nature of intelligence is human-driven, and that aspects of human nature, such as ego and turf protection, will always play a role when it comes to the relationship between the users and producers of intelligence products.

### 2.3. *Intelligence and governance*

In the public and private sector 'good governance' is currently high on the agenda. In democratic governments public oversight is becoming increasingly important, but it is sometimes made difficult by the secretive nature of intelligence-related activities (Shulsky, 1993:159). In the private sector, oversight might not take place in the same way as in government, but companies operate in the public eye and in view of the recent spate of

international corporate scandals (Enron, Worldcom), good corporate governance is becoming a measure of a company's public standing. This is especially true for publicly listed companies that are valued *inter alia* on public sentiment. Accusations of illegal and unethical behaviour can have a detrimental effect on the company's share price and consumer behaviour.

Bernhardt (2003:79) states that the question of ethics and legal behaviour presents CI professionals, as well as users, with their greatest personal and organisational dilemma. The objective of intelligence is continuously to seek new sources and methods that could provide a competitive edge.

South Africa, for example, has taken steps to ensure good governance in private organisations. The result of this is what has become known as The King 2 Report on Corporate Governance (King 2) and that became effective on 1 March 2002. King 2 is a non-legislated code that is applicable to companies listed on the Johannesburg Securities Exchange (JSE), corporations classified in the South African financial services sector, and enterprises that perform public functions. All other companies are, however, encouraged to incorporate these principles in their operations and the public sector is to issue 'good practice guides' to interpret the principles as they apply to a specific sector (KPMG, 2002:1).

Of specific importance to the CI community in South Africa are the guidelines that have been set by King 2 for organisational integrity. According to these guidelines each company should have a code of ethics that is relevant to its stakeholders, and supported by:

- systems to introduce, monitor and enforce;
- assignment of high-level authority to oversee compliance;
- assessment of integrity of new employees;
- exercising due care in delegating discretionary authority;
- providing, monitoring and auditing safe systems for reporting unethical or risky behaviour;
- enforcing appropriate discipline with consistency; and
- responding to offences to prevent re-occurrence (KPMG, 2002:3).

Companies are also encouraged to re-consider their dealings with other entities that do not demonstrate the appropriate level of commitment to organisational integrity.

This results in the positive effect that CI units within organisations will have to be critical of their own conduct and report to relevant stakeholders on how they conduct their operations. This provides much-needed oversight on their activities and thus becomes self-regulatory.

It is important to understand not only the challenges when the issue of intelligence is dealt with, but also the distinctions between decision-makers and analysts. Intelligence is inherently a human activity and therefore, differences between the various personality types dealing with intelligence-related activities can contribute to problems encountered with intelligence production.

### 3. Distinctions between Decision-makers and Analysts

The different points of view between decision-makers and intelligence producers can be summarised as follows:

**Table 2. Distinctions between Decision-makers and Analysts**

<b>Decision-maker</b>	<b>Intelligence Analyst</b>
Enjoys possessing and using power	Tends to distrust power and those who enjoy exercising it.
When possible, makes hard decisions quickly and is more comfortable being active rather than more contemplative.	Given to extensive examination of an issue.
Dislikes ambiguity and complexity.	Believes the real world is ambiguous and uncertain and tries to avoid oversimplification.
Views the world as highly personalised. Any thing that impedes his / her actions amounts to a personal attack	Essentially objective. Rewarded for identifying problems and obstacles.
Sense of vulnerability. Does not like to be perceived as wrong.	Has greater latitude to be perceived as wrong, without risking self-esteem.

Source: Bernhardt, 1999:22

From the above, it is clear that the approaches of the users and producers are significantly different from each other. Much of this contributes to the 'disconnect' that exists between these two groups who are involved in the intelligence and decision-making process. It is also clear that if the end-user of intelligence products does not understand how intelligence products are produced, it will exacerbate the situation. It is therefore imperative that from the outset in the planning and direction phase, the end-user should assist in producing clear goals which intelligence products must either support or reject.

#### **4. Conclusion**

From the framework of Shulsky (1993) it was possible to establish the obstacles facing intelligence professionals in general. Issues related to secrecy and control are creating difficulties in the public and private sectors, and issues such as plausible denial remain if control is not exercised properly. There will always be tension between intelligence experts and decision-makers since their needs are different. This could lead to intelligence failures if there is no clear understanding of roles.

Intelligence and related activities have a negative historical connection in the South African environment and thus the ethical and legal management of companies is critically important. King 2 will serve as an important first step in this direction, and could serve as an example to the rest of the world that the intelligence activity can be regulated in the private sector with proper oversight. The SAACIP also serves as a first step in this direction, but it will need more powers to prove effective in this regard.

The management of intelligence functions will remain difficult. The management of people is difficult at the best of times and when it is compounded by adding a performance-related element to it, it becomes doubly so. Companies and governments rely on intelligence to make



decisions that may have an impact on the survival of the entity, but the human factor is the key aspect if the available intelligence should serve its goal.

The greatest challenge is to be able to manage the linkage between the users and producers of intelligence products. If these linkages are not working, it could create problems relating to plausible denial, mirror imaging and intelligence failures.

The next chapter will examine the development and status of CI in the South African private sector. Chapters 3 and 4 serve as the background against which the questions are formulated that are used in the survey in Chapter 5.

## CHAPTER 4

### COMPETITIVE INTELLIGENCE IN SOUTH AFRICA: DEVELOPMENT AND STATUS

#### 1. Introduction

The notion of using intelligence-related methods and products to enhance the competitiveness of companies in the South African context is not new, but the formalised business function known as 'competitive intelligence' is a recent development. As with all new practices/disciplines, it has to move beyond the initial stage in its development to become an accepted business process. As stated in previous chapters, the main aim of CI is to provide intelligence to enhance the strategic decision-making capabilities of companies.

South Africa has only entered the global economy relatively recently, and has to compete with major global competitors in almost all industries, ranging from commodities to the manufacturing of luxury vehicles. Many multi-national corporations also have their African head offices in South Africa and have to provide strategic level intelligence to their Boards of Directors concerning their African operations.

This chapter will focus on the development, objectives and current status of CI in South Africa. CI as an academic field is still in its infancy in South Africa and only a few articles have been published on the development and status of CI. Chapter 4 will firstly look at the development of CI in South Africa through the history of SAACIP, secondly the status of CI in South Africa, and thirdly interviews were conducted with some experts in the field of CI on the direction it is taking in South Africa.

## **2. The South African Association of Competitive Intelligence Professionals**

### *2.1. The origins of SAACIP*

SAACIP was established in June 2000 by like-minded professionals who identified the need for an autonomous organisation, separate from the structures of SCIP. This need was identified because of the dominant North American influence on the profession and the financial costs for South African citizens to participate regularly in conferences and meetings in North America and Europe.

SAACIP was thus formed to promote and coordinate CI in SA in a constructive and positive manner. According to SAACIP, CI is practised in a legal and ethical manner and should not be confused with industrial espionage, clandestine operations or private investigation issues. SAACIP stresses that CI must be used to support business decisions, and it makes use of traditional business research methods as well as specific business intelligence research techniques (www.saacip.co.za, 2003).

In March 2002 SAACIP had 74 members across South Africa. Many of these members interacted on a regular basis with overseas counterparts and SCIP members. It boasts members from some of South Africa's largest corporations such as ABSA, Telkom, Eskom, and Arivia.kom. The fact that members are representative of the major South African corporations indicates that CI as a profession is growing in stature in the private sector. SAACIP has also experienced that its members (individuals and companies) seek the endorsement of SAACIP for either their training or the way in which they conduct their CI operations. This has the net effect that the industry is becoming self-regulatory (www.saacip.co.za, 2003). SAACIP has recently endorsed courses presented by CBIA, which has also been accredited by the Technikon Pretoria (CBIA, 2003).

## 2.2. *Aims and objectives*

In 2003 SAACIP had to give serious consideration to its positioning as an organisation and methods of functioning in the future. In this process SAACIP developed a formalised vision and mission to guide its executive committee in reaching its objectives as an organisation (SAACIP Roadmap Event, 2003).

The vision of SAACIP states that it aims “to assist in growing South Africa’s competitiveness by facilitating the growth of Competitive Intelligence as a profession in support of strategic business decisions” (SAACIP Roadmap Event, 2003).

Its mission further states that it aims to fulfil this mission through “advancing Competitive Intelligence within the South African Society, through the promotion of high standards of professionalism amongst members, assisting members in developing expertise in all the different components of the intelligence cycle and initiating dialogue amongst all role players and stake holders” (SAACIP Roadmap Event, 2003).

The vision and mission are based on the identification of ‘forces of change’ in the global environment. The factors that SAACIP has identified in this regard are as follows:

- Increasing local and global competition in knowledge-intensive businesses creates growing demand for competitive intelligence.
- More sophisticated users demand more insightful CI, in real time on a global basis.
- Future competitive success requires the proficient processing of the growing flood of information from diverse sources.
- CI effectiveness requires more advanced IT and knowledge technologists to support its use by both CI producers and users.
- Future IT advances enhance both business success and CI effectiveness.
- The privatisation of intelligence continues as government and business interests blend together.

- Corporate security needs include the protection of the company's intellectual property from competitors.
- CI education is not advancing at the same rate as new CI users demand.
- As CI users' needs grow, CI professionals become more important (SAACIP Roadmap Event, 2003).

SAACIP has thus set the following goals that it wants to achieve in the South African environment:

- The provision of relevant and value-added services to SAACIP members.
- The encouragement of dialogue between the private sector and national government. The hope is that this will lead to the recognition of CI as a profession within the national government.
- To develop and promote ethical, legal, training and educational standards in the field, tailored to the South African environment (Sakebeeld, 26 September 2003).

SAACIP further states that it aims to promote CI through meetings, conferences and workshops. This has the effect that it creates opportunities for like-minded professionals to come into contact with one another to share experiences and to identify knowledgeable resources and individuals. The result of this is that it establishes a knowledgeable interest group who provides expertise to organisations and individuals alike (Sakebeeld, 26 September 2003).

SAACIP is currently organised and managed by a national executive committee that consists of five members. Executive members are elected on an annual basis and are elected from large corporate entities such as ABSA Bank and Arivia.com as well some of the smaller consultancies such as CBIA. This has the effect that there is a fair representation of needs between large corporates and small businesses (SAACIP Roadmap Event, 2003).

SAACIP has also developed its own Code of Ethics and Professional Conduct, mainly in response to how it envisions the formation of a professional body to regulate the industry. This is reflected in the fact that it is

not only a code of ethics such as that of SCIP, but it is also a code of professional conduct, in other words a statement towards greater professionalism among its members. The vision of SAACIP is to assist in increasing South Africa's competitiveness by facilitating the growth of CI as a profession in support of strategic business decisions.

In realising this vision, SAACIP and its members will adhere to the Code of Ethics and Professional Conduct, which states that SAACIP and its members will:

- Persistently strive to increase the recognition of and appreciation for the profession.
- Continuously share with each other to grow the common body of knowledge of the profession.
- Positively strengthen the relationship between the private sector, government and the educational sector.

Individually each member will:

- Promote the highest moral and ethical standards and relay these to personal and third party interaction.
- Comply with all applicable laws, domestic and international.
- Accurately disclose one's identity in interaction with other parties.
- Respect all requests for confidentiality of information.
- Avoid conflicts of interest.
- Provide findings, conclusions and recommendations based on best judgement.
- Observe one's own organisation's objectives, policies and guidelines.
- Promote this Code of Ethics and Professional Conduct (SAACIP Roadmap Event, 2003).

### *2.3. SAACIP and the South African Government*

One of the main issues that SAACIP identified was the perception in the public domain about the difference between CI and industrial espionage, and many private investigators also advertised that they would conduct

'competitive intelligence' activities though they in effect did not always adhere to the legal and ethical aspects of the profession. SAACIP sought to keep these practitioners out of the profession and also to protect the 'good name' of CI. In the 2003 Intelligence budget speech, the Minister of Intelligence, Lindiwe Sisulu, echoed this sentiment when she stated, "we are particularly concerned about the proliferation of private intelligence companies, which have tended to pose as private security companies or risk management companies. We have discovered over the years that these companies have had unlimited access, paid for, to banking details, health details and personal details held at the Department of Home Affairs, a blatant infringement of the constitutional rights of the citizens of this country" (Sisulu, 2003:6-7).

SAACIP was, however, not deterred by these remarks and subsequently reacted in the press in a positive manner, since the Minister echoed the same principles that SAACIP stands for and stated that "the association welcomes the statements made by Intelligence Minister Lindiwe Sisulu and wholeheartedly agrees that those who stand in contravention of the laws of the land and ethical business practice should be brought to book" (Cruywagen, 2003).

The response letter goes on to state that "the association denounces all intelligence activities that do not fully comply with all applicable laws and are not subservient to the spirit and letter of the association's code of ethics and personal conduct. Any conduct outside these boundaries sheds adverse light on the profession of which the members are justly contributing to the success and competitiveness of their companies" (Cruywagen, 2003).

According to SAACIP, it has responded in the public as well as the private domain to this statement and the reaction from the Ministers' office has been seen as positive.

### 3. The Current Status of CI in South Africa

The status of CI is growing as a business process and companies that have established CI units are increasing in number. CI is especially strong in the banking sector, information technology, government intelligence (overt collection), and former utilities (parastatals), especially the telecommunications and electricity supply sectors (Muller, 1999:74).

Muller identifies a few areas where CI can have a significant influence on the competitiveness of the South African economy. She identifies the need for South African companies to have knowledge about local and international competitors and their customers. This must be coupled to an understanding of other cultures, both locally and internationally. According to her, experience has shown that business in general is ill-prepared to deal with foreign cultures (Muller, 1999:75). The South African economy is in a critical growth phase in terms of exports and if CI can assist companies to achieve an edge over other competitors, it is beneficial to the overall South African economy.

The South African environment has also seen the emergence of CI consultancy services, and though still small in number these companies have a significant influence on the development of CI as a field in South Africa. It is also possible to obtain certain CI-related services from large international management consultants in areas such as risk management, knowledge management, change management and human resource development (Muller, 1999:75). The CI industry in SA is thus growing steadily and resources, although limited, are available to companies who want to have access to such services.

CI as an academic field of study is still in its infancy in the South African context. This view is echoed by Viviers *et al* (2002:1), who note that the extent to which South African companies practice CI and the methods employed are largely unknown. In the first study of its kind in the South African environment Viviers *et al* (2002) set out to 'take stock' of the current status of CI in South Africa. Subsequent to the study Viviers *et al* (2002:9) came to the conclusion



that there are weaknesses evident in all aspects relating to the intelligence model, especially with regard to process, structure and analysis.

Viviers *et al* (2002:9) also conclude that South African firms are not as well equipped as their counterparts in other countries such as the USA, France, Sweden and Japan. This situation can in a sense be attributed to issues such as culture and attitude towards competitiveness. Ikeya and Ishikawa (2001:51) note that the Japanese 'love' information and that it is a commodity that they believe in, admire and fear. The Japanese take the concept of *Joho* (information/intelligence) very seriously and Ikeya and Ishikawa (2001:52) believe that this *Joho*-intensive culture is a direct result of Japan's abandonment of international isolation in the late nineteenth century. This could be a necessary culture for South African firms to adopt, since South Africa has moved out of international isolation in the post-1994 era.

Three main reasons are given why this *Joho* culture still prevails so strongly and it can serve as an example of how South African firms can learn to change their corporate attitudes towards intelligence. Firstly, information or intelligence is not taken for granted and its power and authority are recognised in Japanese culture. Secondly, group loyalty is highly valued and thus the sharing of information for the greater good of the company, industry or the national economy is highly valued. Thirdly, a high premium is placed on 'uncertainty avoidance'. This is a result of a natural tendency among the Japanese to investigate issues and to eliminate ambiguity and uncertainty (Ikeya & Ishikawa, 2001:52).

Muller states that there is a "glaring shortage of skills and availability in in-depth competitive intelligence training" (1999:75). To a certain extent this is still true, but recent research shows that this trend is beginning to reverse. Local consultancies such as CBIA have advertised no less than ten courses or seminars in the period 2002 – 2003 that have been open to all individuals and companies. Many of these courses have also received accreditation by the Pretoria Technikon (CBIA, 2003).

Since January 2002, the University of Pretoria, Rand Afrikaans University, University of Stellenbosch, University of the Witwatersrand (WITS), University of South Africa (UNISA) and the University of Cape Town (UCT) have been providing training in the field of CI. It has to be conceded that most of the courses are only available to postgraduate students, and the faculty in which it is presented varies from university to university. The most common departments in which it is offered are Information Science, Economics and Strategic Studies. This proves the multi-disciplinary nature of the subject matter.

#### **4. Interviews with Experts in the Field**

The following persons were interviewed to obtain their opinions on the current status of CI in South Africa. Their selection was based on their level of experience and involvement in CI in South Africa:

- Steve Whitehead – Managing member of CBIA and founding member of SAACIP. CBIA is South Africa's oldest CI consultancy.
- Peet Venter – Formerly employed by the Telkom Marketing Division and currently a professor at the UNISA School for Business Leadership.
- Douglas Bernhardt – International CI consultant and lecturer on the subject at the UCT and WITS Business Schools.
- Chris Jordaan – Geo-strategist and CI consultant. Specialises in analysis training. One of the first SCIP members in South Africa.

The following five questions were submitted to each individual in order to standardise the information. The interviews were conducted from September to November 2002. The interview methods consisted of face-to-face interviews and e-mail correspondence.

**Question 1:** *From your perspective, how do you see the field of CI developing in South Africa - is it becoming a 'can't live without' function within corporations?*

**Steve Whitehead:** “There has been growth in the development of CI in South Africa but at a very slow pace. It has not yet reached the stage where it is recognised as a standard business requirement and it would probably still take a long time before it becomes a ‘can't live without’ function within corporations. We have, however, witnessed an explosion over the past two to three years in a variety of awareness courses and seminars presented by conference organisers, service providers, foreign CI professionals and international ‘experts’. At this moment in time, we have 23 South Africans who are members of the international association, SCIP, and just over 70 who are members of the local competitive intelligence association, SAACIP.”

**Peet Venter:** “Most organisations do it because they feel they have to, not because they see any value in it!

What I see is that perseverance will pay off if companies are willing to invest in it - in a company like Telkom I see it becoming an essential function only now, approximately six years after the first seeds were sown.

I see that the field of CI needs some creative changes at this time, if it is to become a really mainstream organisation function. I don't have the answers, but linkages and strategic alliances with other disciplines and areas can possibly help them to make the 'quantum jump'.”

**Douglas Bernhardt:** “I am not sufficiently familiar with the South African CI field to comment on its development to date. Nevertheless, in South Africa, as elsewhere, companies can live without a CI function, but at their peril! I find it hard to imagine that any firm today can consistently achieve, or sustain, competitive advantage without the benefit of an ongoing stream of intelligence about rivals and other key players.”

**Chris Jordaan:** “The globalisation process in industries in South Africa necessitates a CI function in every large and medium business. Major corporates have already implemented a CI-unit or research function within the organisations. Anglo American has by far the most advanced CI and geo-

strategic capability. I see the field of CI expand in the South African business environment as the pressure of globalisation and competitiveness as well as mergers and foreign investment escalates or the need for foreign involvement is enhanced.

It is not yet on the level of 'can't live without'. It will depend on how the CI professionals conduct the process to establish the profession within the South African economy. There is still a long way to go to convince young dynamic managers and CEOs of the importance of CI as a next step from knowledge management."

From the above answers it can be seen that the general feeling is that CI is still in many instances seen as a novelty and a very new field in companies. Many companies still have to make the linkage between a well-functioning CI unit and the benefits it holds in terms of raising the competitive advantage of companies. It was also seen that it takes time for the CI unit to develop, as in the case of Telkom, which took six years to develop the CI function as an integral part of the business process.

**Question 2:** *In your opinion, what are the major obstacles that CI faces as a fully-fledged academic discipline?*

**Steve Whitehead:** "Businesses and corporate leaders have not yet realised that they need intelligence about their environment, competitors, etc to improve their success. One of the reasons could be because they have never experienced the benefit of the value of good business intelligence. CI will only become a fully-fledged academic discipline once a demand for the skills, experience and training develops. The demand and need would have to be created by business itself."

**Peet Venter:** Venter lists the following as major obstacles to CI becoming an academic discipline:

- Lack of academic research.
- Lack of context as to where it fits into as a discipline.

- Lack of common terminology.
- Lack of 'professionalisation' – i.e. no accreditation or vetting of professionals.
- The perception that CI is a 'niche function'.

**Douglas Bernhardt:** “The biggest obstacle to a wider acceptance of CI as an academic discipline, is the lack of acknowledgement and understanding on the part of leading business scholars, that the theory of intelligence – it is its study, practice, and the development as a distinctive discipline – is an essential element of strategic management.”

**Chris Jordaan:** “CI is a practice rather than a profession. Professors in the schools of economics struggle with strategy as well as intelligence, which is basically a military concept. Without this background and the necessary insight in the relation between intelligence and strategy it becomes a question of how do you apply CI in the economic field and how do you present it as a subject, integrated in the encyclopaedia of economic subjects? Is this a marketing tool or is it an information science element or does it have the ability to influence decision-making?”

My personal perspective is that the subject, being a practice, does not fit into the current approach to MBA studies. Until the academics in South Africa accept the necessity of analytical assessments as a basis for strategic decision-making and strategic goal structuring, CI will not find its way into the South African schools of economics as an academic discipline.

The greatest obstacle thus seems to be general acceptance of CI as a process in the corporate world which leads to difficulty in the academic field since there is little perceived need for training in this field. This situation is exacerbated by the lack of academic research and context as to where CI ‘fits’ as a discipline. This is coupled to a lack of professionalism and the perception that CI is a 'niche' function. As mentioned earlier in the chapter this situation is, however, slowly changing with some academic and private institutions now offering training in this field.”

**Question 3:** *What do you think are the main obstacles that potential CI practitioners face in the South African working environment?*

**Steve Whitehead:** “There is not yet enough awareness of the discipline, its role and function in business and how it is conducted. There is also confusion regarding the different terms used, ie business intelligence, competitive intelligence, economic intelligence and counterintelligence. In South Africa many people associate competitive intelligence with ‘spying’, unethical practices, etc. Businesses do not budget or plan for the function, nor is it acknowledged in the strategic management of corporations. The awareness campaign and hard work to promote the competitive intelligence are basically driven by the few service providers. The international association does not have South Africa on its ‘radar screen’ for future development, mainly due to the fact that South Africa is seen as part of Africa. SCIP views the local association as weak, ‘low-key’ and that it does not enjoy much support from the big corporations.”

**Peet Venter:** Venter lists the following as obstacles to CI within SA:

- Lack of accreditation.
- Lack of a code of ethics with teeth.
- Perceptions that CI practitioners are spies.
- Perceptions that CI practitioners are not spies (tongue in cheek, but many business people seemingly feel that it’s easier and cheaper to pay a criminal to spy on somebody than to have an ethical CI unit).

**Chris Jordaan:** “Trained CIPs and CAPs (competitive analysis professional) might face the possible ignorance of the CEO (chief executive officer) and top management. Until the CI practitioners prove themselves as professionals that benefit the enterprise and are a positive ROI (return on investment) in the company's competitiveness and survival, there might be an obstacle from the CEO on how to apply or place the CI practitioner within the organisation.

The position and relationship of the practitioner with other units or disciplines in the company depend on the acceptance of CI in the enterprise. The

practitioner might have an obstacle to obtain the necessary data and information from the sources within the company.

The integrity of the CI practitioner as reflected within the assessments or briefings to top management may be an obstacle, until they accept the necessity of the CI analysis and briefings as part of the day-to-day decision-making and their strategic evaluation of company competitiveness and strategy evaluation - are we still on course?

General acceptance in the corporate field and lack of a common understanding and language in the field of CI are some of the main obstacles facing the CI professional in the workplace. This is coupled to the lack of a professional body that has the power and the influence to police the profession and to promote the legal and ethical practice of CI.”

**Question 4:** *Do you think that CI practitioners must be regulated in the same way as doctors, dentists and lawyers, through professional councils such as the Health Professions Council of South Africa in terms of ethics, fees and practice standards?*

**Steve Whitehead:** “Regulation can be good and bad. It can kill a young industry, but because this is such a vital business function, I am of the opinion that some form of regulation will be appropriate. Initial regulation should focus on matters such as admission criteria, professional training/background/experience, acknowledgement of the different categories in the profession such as analyst, collector, trainer, manager, and a strong code of ethics to protect the standards of the profession. Services should also be defined. Fees should correspond with the quality of services rendered. Regulation will then ensure a level of proficiency in the performance of services, also resulting in protection for the customer/consumer.”

**Peet Venter:** “Not necessarily as strictly as for others (eg what qualification would you accept?) But, accreditation can help to sift the corn from the chaff.”

**Douglas Bernhardt:** “I think it would be a great step forward for CI if one could gain professional credentials equivalent to those of other professions (accounting, law, etc).”

**Chris Jordaan:** “No. Not as a statutory body. It is important for the profession to establish a professional approach to the development of the CI profession through a body that determines the standards of training, the norms of professional conduct, and the different levels of professionalism. This can be determined by an association or institute that regulates the profession from within. The different approaches as well as the strong individualism within the profession renders it quite impossible to regulate the profession through a statutory board. The constant changing competitive environment in which CI is practised must render the CI practitioner flexible and manoeuvrable to stay on top of the competition. Statutory boards have good intentions but are also restrictive to the development of a profession which government may regard as an intrusion on a sensitive area *vis-à-vis* crime intelligence.”

Among the interviewees there were mixed feelings on whether a professional regulatory body is the answer. It would, however, seem that the general feeling leaned towards such a body and that it would be good for the profession in terms of enforcing standards and legal and ethical practice.

**Question 5:** *How would you describe the relationship between CI practitioners and decision-makers within organisations?*

**Steve Whitehead:** “In South Africa it varies from non-existent to very low-key appearances.”

**Peet Venter:** “Mostly decision-makers don't know what to ask from CI, and practitioners don't know what they can do to help. This leads to frustration and distrust on both sides and the perception that CI is an ‘experiment’, or a ‘joke’, ‘useless’ etc. Needless to say, this feeling is often reciprocated by CI.”



**Douglas Bernhardt:** “There has always been something of a tension between intelligence professionals and their customers. I dealt with this issue at length in my article, ‘Consumer versus Producer: Overcoming the Disconnect between Management and Competitive Intelligence’, published in Volume 10 (3), of SCIPs Competitive Intelligence Review.”

**Chris Jordaan:** “The relationship should be like that of the court jester. He may criticise, advise, give relevant information and unknown intelligence and still be friends with the ‘king’ without losing his ‘head’ (position) as a personal adviser and trusted companion of the decision-maker. The practitioner should have the same position and relationship as that of an intelligence officer in the battle - close to the commanding officers.”

The consensus feeling is that the relationship between CI professionals and decision-makers is at best a difficult one. This perception was also echoed in Chapter 3 when a literature study was done to understand this relationship. It would thus seem that the relationship between decision-makers and CI practitioners is the same in South Africa as in other parts of the world.

## **5. Conclusion**

CI is still attempting to find its place in South Africa and it carries the burden of being viewed with some suspicion by various entities, including the South African government. SAACIP has been formed to serve as a representative body for CI professionals in South Africa and to educate the private sector as well as government about the value of the legal and ethical gathering of intelligence. The value of CI has been proved in countries such as the USA, France and Japan. The South African economy as a ‘new’ member of the international community can ill afford not to make use of CI to gain a competitive advantage.

An increase in the availability of educational opportunities in this field points to an increased interest in the academic aspect of CI. SAACIP currently

endorses some of these courses and engages other interested parties (including government) in debate about the setting of standards and operational issues. Though not a statutory entity, it is the vision of SAACIP that it may in future receive the necessary support from government to become a statutory entity. Until then, SAACIP and its members need to be self-regulating with regard to membership, standards and education.

CI as a professional and academic field is still in its infancy in the South African environment. This statement has been shown to be true through the study conducted by Viviers *et al* (2002), where poor reporting rates from companies that were approached to participate in the study, showed that there is still a lack of interest in the field as well as a lack of operational CI units.

The study by Viviers *et al* (2002) also confirmed the statements by the interviewees that the current challenge for CI is education in the field and recognition of CI as a business process. However, it takes time and effort to establish an 'intelligence culture' within the South African business environment since there are still misconceptions about the advantages that this might hold, as well as how it is practised in a legal and ethical manner. This culture change is becoming increasingly important since current macro-economic forces point towards the globalisation of national economies and the subsequent increase in global competitiveness.

Two problems still have to be considered. Firstly, CI in South Africa needs more time to build a track record. At the moment, the history is short and the achievements are limited. Secondly, the local association has decided to operate separately from the international association to a certain extent. Although this has advantages, it will take some effort to gain more recognition from the international CI community.

The next Chapter represents the results of a survey that was conducted among members of SAACIP. The survey dealt with the challenges facing CI

professionals in South Africa. The questions were based on issues raised in this chapter as well as in Chapter 3.

## CHAPTER 5

### SURVEY RESULTS

#### 1. Methodology

The methodology of this survey was centred on determining the perceptions and insights of CI professionals with regard to the current state of affairs concerning the management of the CI function in the private sector. The study was conducted in February 2002, among the 74 individual members of SAACIP.

A questionnaire was distributed *via* e-mail and participation was voluntary. To protect the confidentiality of the respondents the 'mail back' function was set up in such a way as to disregard all personal respondent information when it was received. The number of respondents (n = 30) translates to a 40.5 per cent response rate from available respondents.

Questions 1 – 6 deal with biographic data to understand the demographic profile of CI professionals.

Questions 7 – 17 deal with CI professionals' perceptions about their work, management and control over the intelligence process. This part also attempts to understand some of the issues raised in Chapter 3, with regard to the relationship between the users and producers of intelligence products.

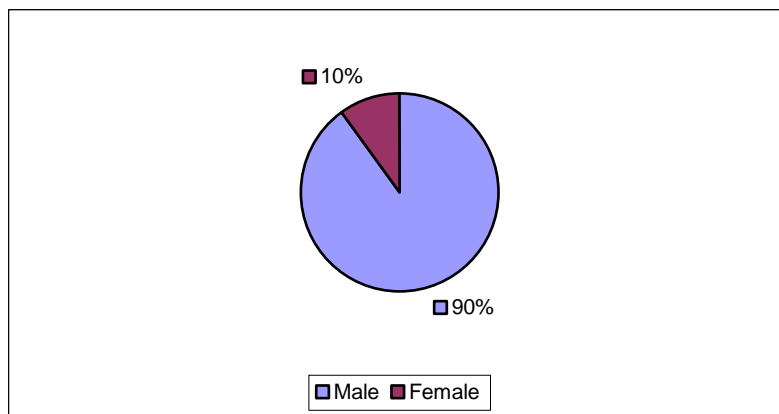
Question 18 was left as an open-ended question for the CI professional to comment on his/her feelings about the greatest challenges the CI professional faces.

The questionnaire is attached as an Annexure.

## 2. Results

### *Question 1. Gender*

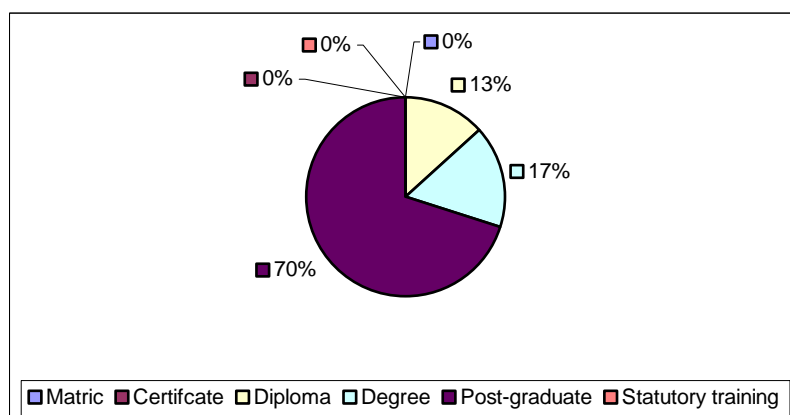
**Figure 3. Gender**



It is clear from the figure that male professionals currently dominate the CI profession. In terms of development of the discipline and also with regard to the South African government's perspective, the profession needs to be more inclusive in terms of gender.

### *Question 2. Highest academic qualification*

**Figure 4. Highest Academic Qualification**

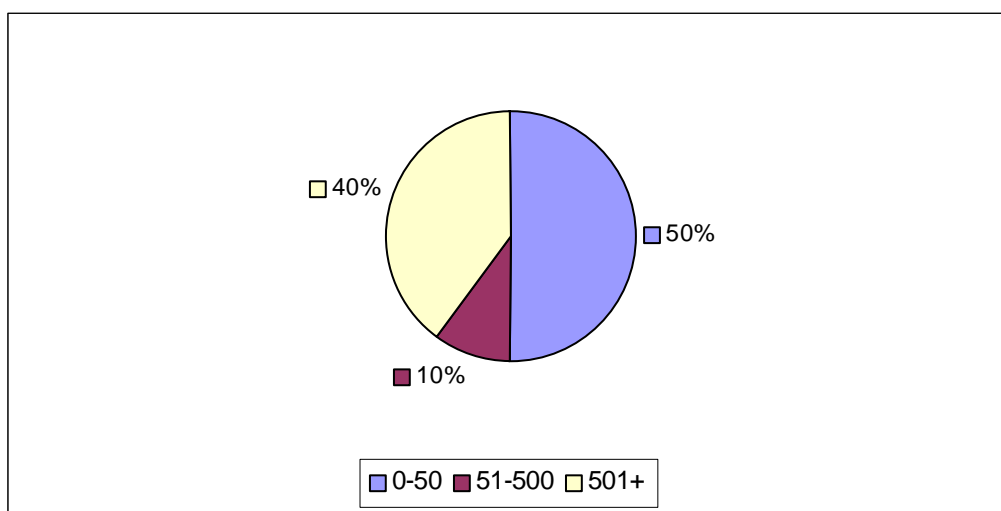


No respondents were recorded with only matric, a certificate or statutory training. An exceptionally high number (70 per cent) of respondents replied that they have a postgraduate qualification, indicating that individuals

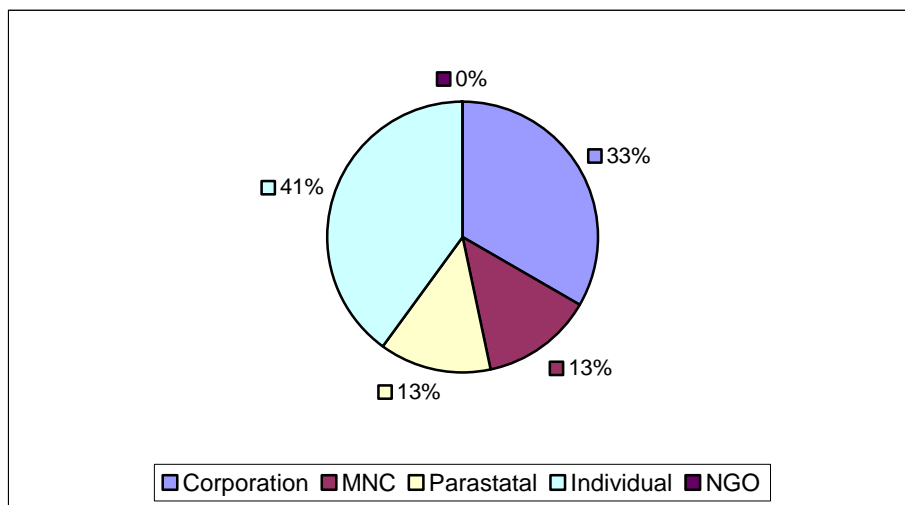
entrusted with the task of CI in the private sector need to have good research and analytical capabilities to produce quality intelligence products.

**Question 3. Size of organisation**

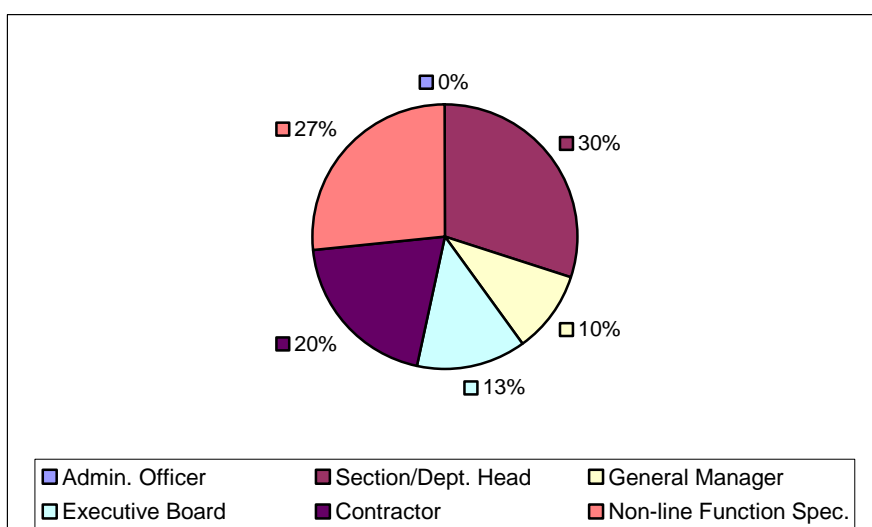
**Figure 5. Size of Organisation**



Half of the respondents indicated that they work in organisations with a staffing level of fewer than 50 individuals, while 40 per cent indicated that they work in organisations with more than 501 individuals. Only ten per cent indicated that they work in companies with between 51 and 500 individuals. Companies with between 0 and 50 employees are normally considered to be small companies, between 51 and 500 medium-sized companies and companies with more than 500 individuals as large corporations. The high number (50 per cent) of respondents working in companies with fewer than 50 individuals can be attributed to consultants that work in smaller entities. These consultancies are normally small companies with a small number of employees.

**Question 4. Type of organisation****Figure 6. Type of Organisation**

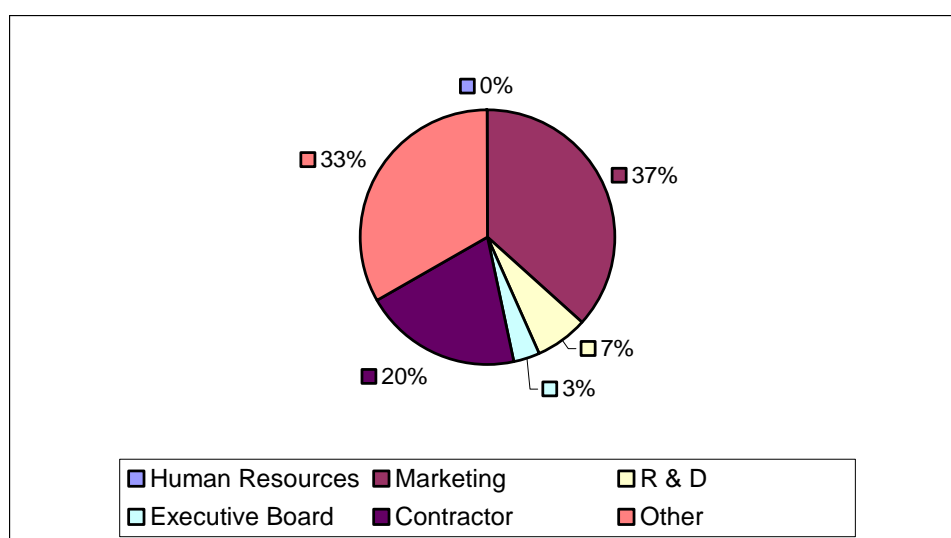
The type of organisation reflects the results of the previous question in that 41 per cent of the respondents indicated that they work as individual consultants. No respondents were recorded that work for non-governmental organisations (NGO's).

**Question 5. Position in organisation****Figure 7. Position in Organisation**

No respondents were recorded as only administrative personnel. A large percentage (53 per cent) indicated that they were employed in some type of managerial position, and can thus be recorded as a decision-maker and 47 per cent of respondents indicated that they are not involved with the decision-making process, again highlighting the number of consultants involved in the CI industry.

**Question 6. Department**

**Figure 8. Assigned to what Department?**

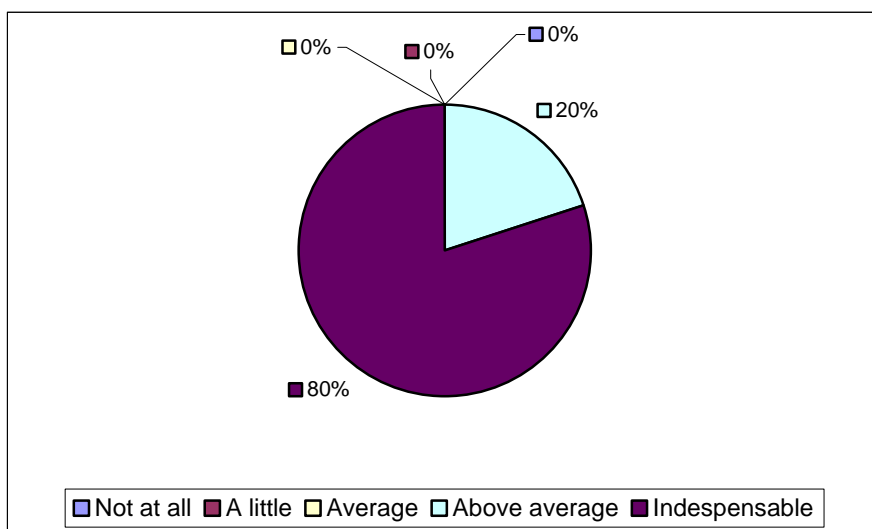


Respondents indicated that most worked in the marketing department, which could be expected since marketing should be one of the main clients of CI products. The 'Other' option as indicated in Figure 8, also recorded a high percentage (33 per cent). The responses here included intelligence, strategic planning, planning or were unspecified.



**Question 7.** How important do you think CI is for management decisions?

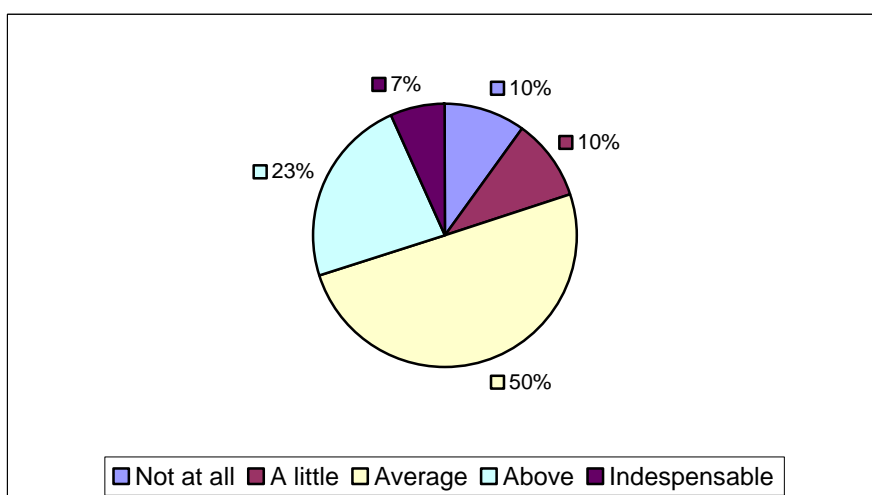
**Figure 9. CI Professional View on Management Decisions**



The overwhelming majority of respondents indicated that they view CI as indispensable for management decision-making.

**Question 8.** How much do you think management values CI for decision-making?

**Figure 10. Management Valuation of CI in Decision-making**

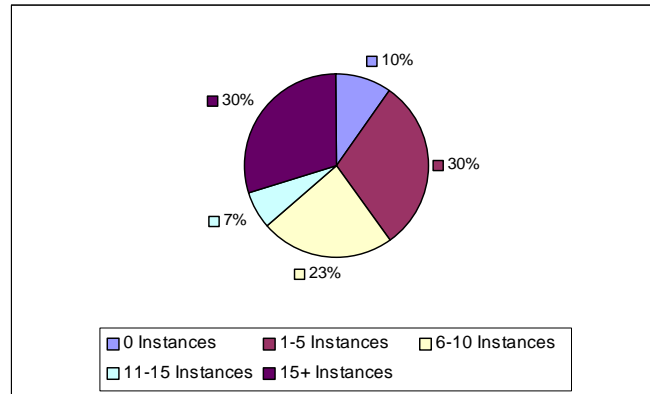


This is the opposite case from the previous question. Respondents indicated that they believed that 70 per cent of management valued CI as average or

less to the decision-making process. According to the respondents only seven per cent believed that it is still indispensable.

**Question 9.** *Of how many cases do you know where CI has played a vital role in the decision-making process?*

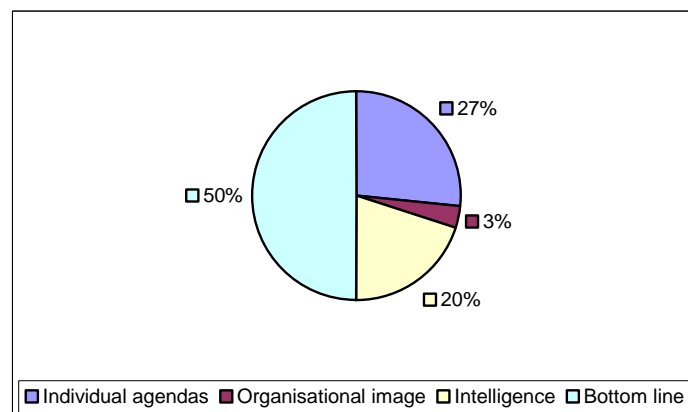
**Figure 11. Cases of CI Usage**



There is an encouraging tendency depicted in the answer to Question 9, where 30 per cent of respondents indicated that CI products are used on a regular basis (15+ instances). Only ten per cent of respondents indicated that none of their CI products has been used in the decision-making process, which is still disconcerting.

**Question 10.** *In your opinion, what is the most important decisive element in your organisation's management decisions?*

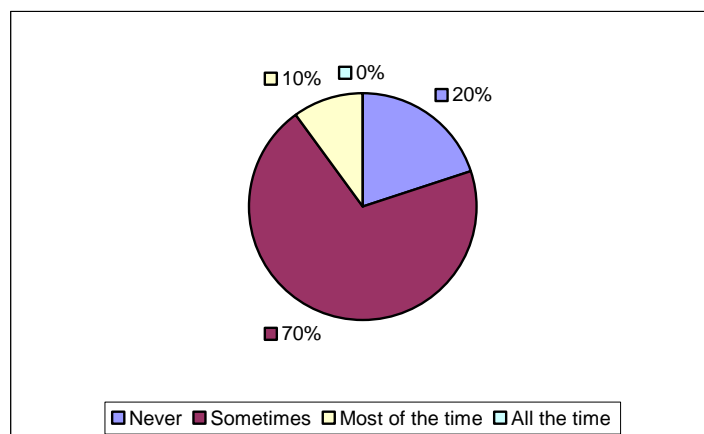
**Figure 12. Decisive Element**



Of concern here should be that 27 per cent of respondents indicated that individual agendas played a role in the decision-making process. This confirms issues raised in Chapter 3 around the management of intelligence. As could be expected on the other hand, the decisive element in management decision-making is the 'bottom line', namely a financial consideration. It is encouraging to see that 20 per cent of respondents indicated that intelligence products are decisive in the decisions that management take.

**Question 11.** *Has your organisation ever made use of a third party to gather information, thus leaving the door open for plausible denial?*

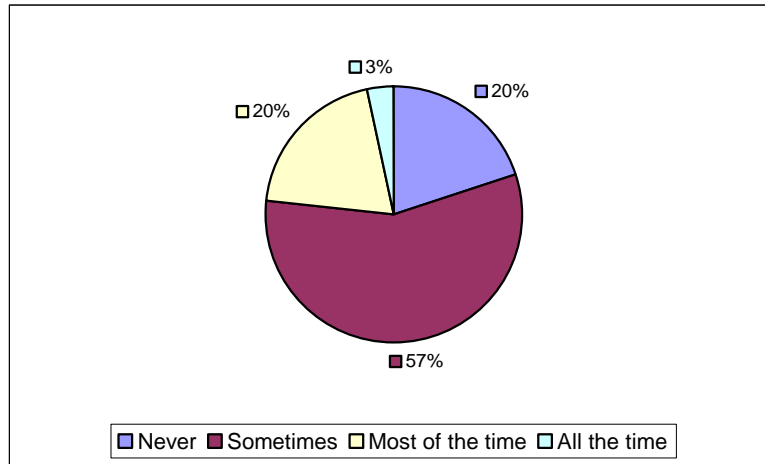
**Figure 13. Plausible Denial**



A large majority (70 per cent) of respondents indicated that they sometimes make use of a third party to gather information. This could be problematic, since plausible denial as a possible outcome of the situation was stipulated. A further 10 per cent indicated that they make use, most of the time, of a third party. This is an aspect that should be looked at, because it could taint CI as a profession, where the claim is made that information is gathered in a legal and ethical manner. In many instances there is no control over third party information gathering. This does not imply that all third party activities are illegal or unethical. It does, however, leave the opportunity for illegal activities such as bugging and burglary to occur, over which the client may not have any control.

**Question 12.** Does management need to know the source of intelligence, thus leaving the door open for plausible denial?

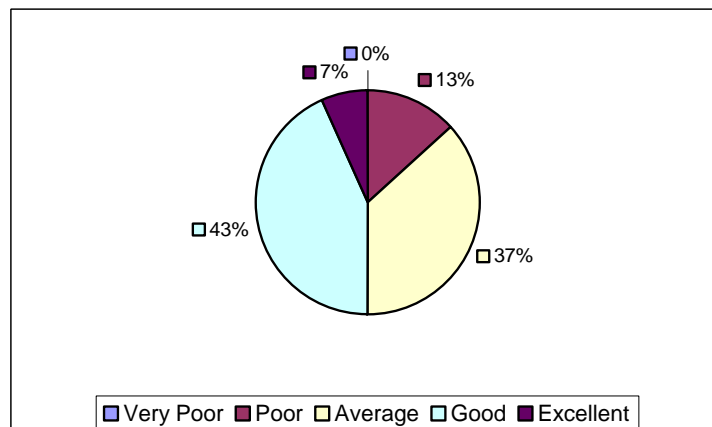
**Figure 14. Management 'Need to Know'**



Only three per cent of respondents indicated that they feel that management should know all the time where intelligence comes from, further indicating the lack of trust between the users and producers of intelligence. This low figure should be of concern since decision-makers should be entitled to know how intelligence was gathered. Validity and credibility of sources should not be compromised, otherwise it raises ethical questions about the process.

**Question 13.** Considering the constraints of time, budget and access, how would you rate the average intelligence product being made available to management?

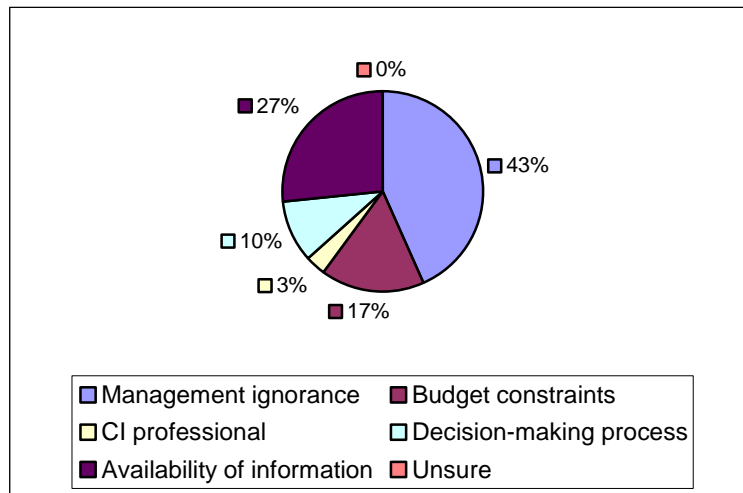
**Figure 15. Constraints and Intelligence Failures**



CI professionals are divided on how they perceive the product that they produce. In reply to Question 13, 50 per cent of respondents indicated that they regard their intelligence products as of average or poor quality, which could create stress between the users and producers of intelligence.

**Question 14.** *In the event of an intelligence failure, who is mostly to blame?*

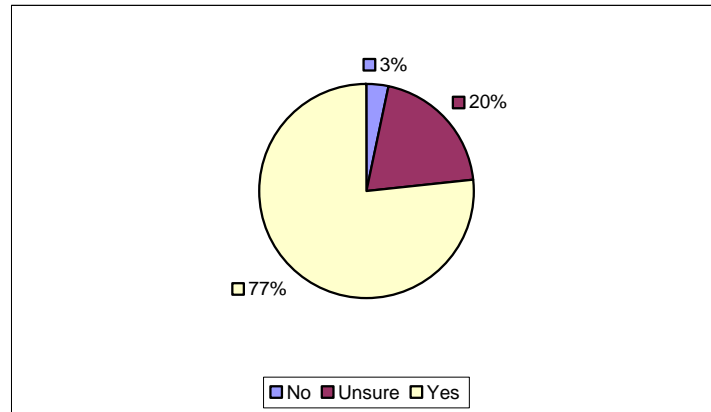
**Figure 16. Intelligence Failure**



Only three per cent of respondents believed that the CI professional is to blame in the event of an intelligence failure. All other aspects pertain to either management or structural challenges the CI professional has to deal with. A high percentage (43 per cent) of respondents indicated that management ignorance of the intelligence process and capabilities are to blame when an intelligence failure occurs. This indicates that much education of management still has to take place, for them to understand the value of intelligence products in the decision-making process.

**Question 15.** *Should a CI professional be a member of the executive board of your organisation?*

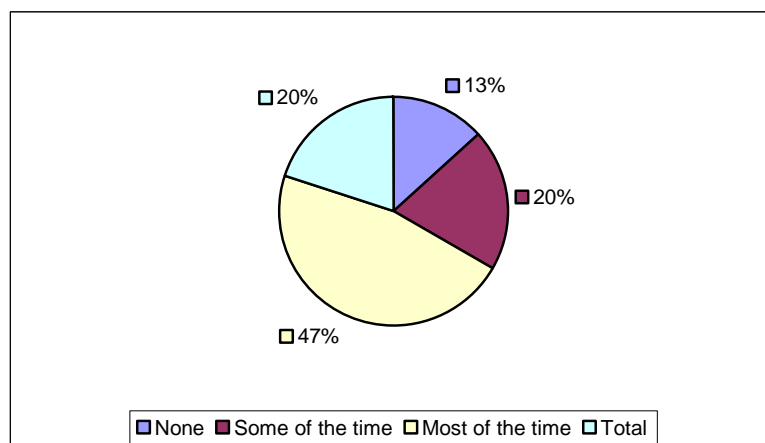
**Figure 17. Executive Board Decision-maker**



This question was asked to support Question 14, and 77 per cent of respondents felt that a CI professional should be a member of the executive board of an enterprise. This could be a solution to management ignorance as raised in Question 14. The presence of a CI professional in such a position will enhance communication between the CI function and management. This person will also be responsible for the management of the CI function and will thus become part of the executive decision-making of the company.

**Question 16.** *How much control should there be from the executive board over the CI process of your organisation?*

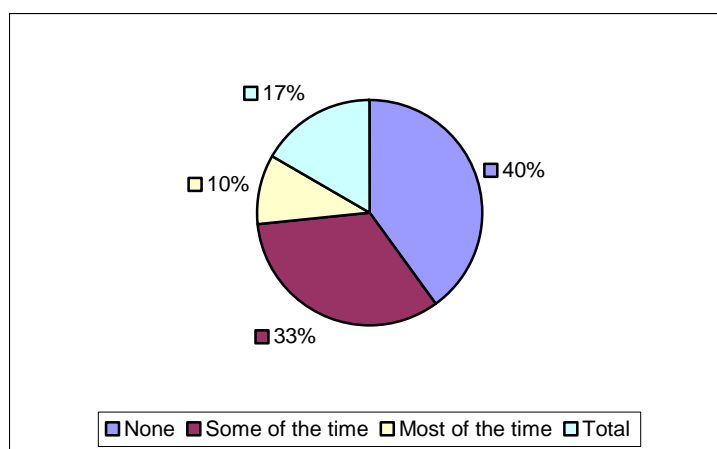
**Figure 18. Ideal Control over Intelligence**



The majority of respondents felt that there should be some form of control over the intelligence function within a company. Only 13 per cent felt that there should be no control. No control over intelligence can be problematic in the sense that it again creates the opportunity for illegal or unethical action.

**Question 17.** *How much control does the executive board exercise over the CI process in your organisation?*

**Figure 19. Perceived Management Control**



It would seem that the current situation indicates that management does not control the intelligence process. A combined total of 77 per cent of respondents indicated that there is no (40 per cent) or some (33 per cent) control over the intelligence process. This would indicate that the intelligence function is either left to its own devices or that management does not recognise that intelligence must be controlled and managed in a proper way.

**Question 18.** *Personal opinions on the challenges facing CI professionals*

Not many of the respondents gave further opinions on what they perceive as challenges facing them. The opinions that were received concentrated on training, management ignorance and budget issues.

Some of the respondents felt that by following recognised training programmes, it would be possible to increase the value of CI to the overall

economy. It would also increase the stature of the CI professional within the company, since it is not possible at the moment to obtain an undergraduate degree or diploma, specifically aimed at producing a CI professional. The high level of education required to become a CI professional makes CI a specialist profession, and explains the high percentage of respondents to Question 2 who have obtained postgraduate qualifications. Despite this situation, there is still a lack of proper recognition by management and decision-makers of CI professionals and the value that they can contribute to the organisation.

It was clear from the respondents that management ignorance is a major source of concern. The only way in which this can be combated is through greater awareness of what the capabilities of CI products are, and how these should be used. This is a challenge to the CI professional who at times has to contend with the personal agendas of decision-makers as could be seen in Question 10.

From some of the comments that have been made it was clear that the CI function within some corporations is still small and that it fails to deliver on its promises, since it does not receive enough resources (budget) to be effective. Decision-makers tend to feel that CI does not produce enough return on investment to justify large budgets. CI professionals need to prove that proper intelligence products can enhance a company's competitiveness and thus its profitability.

### **3. Conclusion**

From the questionnaire it was clear that many issues and challenges still face the CI professional in the South African environment. Issues that still need to be resolved include control over intelligence and the way in which intelligence products are used.

Management perception of the capabilities of intelligence in the decision-making process also still needs to be addressed. Management ignorance is a



real concern and ties in with the issues raised in Chapter 3. It would seem that there is close correlation between the control issues in the private as well as the public sector. The situation is further exacerbated in the private sector since there is less public accountability than in the public sector.

There is also a need for recognition among CI professionals with regard to standards and representation. The CI field is still almost exclusively a male-dominated industry, with high barriers to entry in terms of academic qualifications. To be recognised as a CI professional, a candidate needs to market him/herself as a specialist in the field. This can be a challenge, because there is still insufficient understanding of the CI field in the South African marketplace.

It is clear that the practitioners of CI also need to educate themselves in terms of the formal management of intelligence and that a clearer understanding of intelligence work is needed. Though many of the respondents are academically very well qualified it is questionable whether they have conducted a reasonable amount of practical intelligence work. This is especially the case when issues such as sources and methods are involved. Owing to a lack of practical experience some CI professionals may overstate their capabilities to management.

CI professionals should also consider representing themselves less as 'spies' and more as professional partners to management. This will prevent confusion among management regarding the difference between CI and industrial espionage.

## CHAPTER 6

### EVALUATION

#### 1. Summary of Study

The gathering of intelligence to gain an advantage over competitors in the private and public sectors is a well-established practice. Some of the earliest treatises on strategy dealt with the importance of intelligence as a source for decision-making. History shows that through negation of available intelligence, intelligence failures may occur. This inevitably leads to the question as how to address the problem and why decision-makers choose to not act on available intelligence. In many instances the reason for intelligence-failure is placed on the shoulders of the intelligence professionals. This study thus set out to investigate the challenges facing CI professionals in South Africa.

To achieve this goal the study departed from the wider context of intelligence as understood in traditional state intelligence. Chapter 2 set out to develop a definition of intelligence and consequently a definition of CI. CI was defined as the use of intelligence techniques and methods to gather, in a legal and ethical manner, information that can be used for analysis to enhance competitiveness and the decision-making processes of a business entity.

It further explained how traditional intelligence principles and processes could be used in the private sector to help companies in making better decisions. A review of the generic intelligence cycle was used to describe the basic process of a CI function in the private sector. This included a review of the underlying principles of the CI process. Legal and ethical aspects of intelligence gathering in the private sector were dealt with. Private entities do not have the same resources or protection as state intelligence services and thus need to be creative and self-regulatory. Counterintelligence issues were discussed. The protection of information within the private sector is just as important as the gathering of intelligence on competitors and markets.

Chapter 3 investigated specific issues around intelligence work and the difficulties that intelligence professionals face. In this Chapter, the work of Shulsky (1993) was used as a guideline, in order to understand what the problems of intelligence professionals within the government environment are. Specifically, the relationship between users and producers of intelligence was emphasised. Problems that intelligence professionals in both the private and public sectors experience were considered. It was found that there is a high correlation between the challenges facing intelligence professionals in the public and private sectors, and these issues were taken into consideration when the Questionnaire for CI professionals was compiled. A distinction was made between the functions of the decision-maker and the intelligence analyst and it showed that there are areas where these differences could lead to poor communication and negation of intelligence in the decision-making process.

Chapter 4 reflected the development and status of CI in South Africa. CI as an accepted business practice is still in its relative infancy. SAACIP was established in 2000, specifically to cater to the needs of CI professionals in South Africa. Its aims were to establish ethical and legal standards for CI practitioners in South Africa. Some of the greatest challenges still facing CI professionals in South Africa are the development of standards and training. Though SAACIP aims to rectify this position there are some gains that still need to be made. Interviews with individuals who are known within the field of CI in South Africa were also conducted. The aim of the questions to these individuals was to gain a better understanding of the status of CI in South Africa based on their experiences in the working environment.

Chapter 5 represented the results from the Questionnaire as completed by members of SAACIP. The results showed that CI professionals in South Africa experience some of the same obstacles as raised in Chapter 3.

As will be seen in the following section, the objectives set out for this study have been met and it is possible to draw some conclusions on the challenges facing CI professionals in South Africa. Most notably is the high correlation

between the challenges that intelligence professionals in both the public and private sectors face. This leaves the opportunity, specifically in the private sector, for further development of intelligence management techniques and processes. Intelligence work will for the foreseeable future remain a human-driven activity. The first step towards the better management of intelligence is to improve on the management of people and not necessarily an improvement of information gathering techniques and processes.

## **2. Testing of Propositions**

This study set out to support the following statements:

***“Intelligence professionals within the private sector face the same challenges as intelligence professionals in public service, with specific reference to the South African environment.”***

With regard to the above statement it was found that intelligence professionals in the private sector do face the same challenges as their counterparts in public service. Issues concerning secrecy, control and management of the intelligence function have been found to be the same as in the public sector. This was clear from the survey that was conducted among the members of SAACIP as well as from the interviews conducted with CI practitioners in South Africa.

***“There is an inherent divide between the producers and consumers of CI products within the private sector.”***

This statement was supported by the research. In the survey as well as the interviews with CI practitioners it was clear that this divide is significant in the South African environment. A major contributing factor to this situation was that the users of intelligence products are in many cases unaware of their capabilities and how to use CI products correctly.

Issues concerning 'plausible denial' also still need to be resolved, since this places the CI profession at risk of being labelled as just another form of industrial espionage.

***“A formalised CI function is becoming an indispensable tool for decision-making within the private sector.”***

This could not be established conclusively. Although most of the CI professionals indicated that a formalised CI function is an indispensable tool for decision-making, it appeared that the perception existed that management did not indicate the same need. Unless issues concerning the management of the CI function and its place within the private sector are resolved or guaranteed, it will not become an indispensable tool for decision-making soon.

CI has to contend with other disciplines that might be easier to understand or discern, such as strategic management and knowledge management, which are currently fashionable as business processes. Management ignorance is also an issue that needs to be addressed before the CI function would become indispensable.

### **3. Conclusions**

In order to reach meaningful conclusions the following objectives were set and achieved in the study:

***To create a brief conceptual framework of the field of CI.***

A conceptual framework for CI was created in Chapter 2, in which CI was defined and it was established how the CI process functions. The different aspects of the CI process were also discussed.

***To draw a comparison between the tension that exists between policy-makers and intelligence professionals in the public sector, and the***

***tension that exists between CI professionals and the management of private sector entities.***

Such tensions were discussed in Chapter 3. The framework of Shulsky (1993) was used to determine the tensions between intelligence producers and decision-makers. Results in Chapter 5 indicated that the same issues were apparent in the private as well as in the public sectors.

***To investigate the development and status of CI in South Africa through a literature survey and interviews with key personalities within the field of CI.***

In Chapter 4 interviews were recorded as reflected by leading personalities in the CI field. The development of SAACIP was described according to literature available from the Association. A study was also conducted into the current status of CI in South Africa. In both cases the lack of academic literature was apparent.

***To study the tension between CI professionals and management in the South African environment.***

The tension between CI professionals and management in South Africa was reported in the results of Chapter 5. The focus was on CI professionals and how they experience the South African operational environment. It was clear that the main reasons for tension on the part of CI professionals were management ignorance and insufficient recognition of the CI field.

***To receive feedback from CI professionals with regard to the problems that they experience in their line of work.***

Feedback was received from CI professionals by means of the survey as well as the interviews that were conducted.

The results indicated that many issues and challenges still face the CI professional in the South African environment, such as control over

intelligence and the way in which it is used. There is a worrying tendency of third parties gathering intelligence, resulting in a situation where plausible denial is possible. Management perception/ignorance of the capabilities of intelligence in the decision-making process still needs to be addressed. There is also a need for recognition among CI professionals with regard to standards and representation. The CI field is still almost exclusively a male-dominated industry, with high barriers of entry in terms of academic qualifications.

The conclusions are:

- There exists a lack understanding of the requirements and needs of decision-makers by CI professionals with regard to their intelligence products.
- CI products can only be compiled from information that has been gathered in a legal and ethical way in contrast to industrial espionage.
- An indigenous body of knowledge as a means of making CI an accepted business practice and an indispensable tool in management decision-making should still be developed and standardised.
- The challenges facing CI professionals in the private sector show great correlation to that of intelligence professionals in the public sector.
- CI, as a human-driven activity, should focus on the management of people rather than solely on intelligence gathering techniques and processes.

#### **4. Recommendations**

With regard to the relationship between the users and producers of intelligence the following recommendations are made:

- CI professionals need to educate decision-makers on the limits of CI products and the way in which intelligence is gathered. The primary task of the CI professional is not only the production of meaningful intelligence, but also to educate others on the value and capabilities of intelligence products.

- The CI professional has the opportunity to develop new methodologies to assist the management of the CI function in the private sector. Greater emphasis needs to be placed on the control of the intelligence function since private entities do not have the same immunity as state intelligence services.
- The CI professional should be a 'force of influence' in creating a competitive mindset within the company that they work in. This mindset should be fostered in any company that wishes to compete within the global marketplace.

These recommendations should contribute to the better utilisation of CI in the private sector and can contribute to South African companies becoming more competitive in the global marketplace, which could in turn, enhance the national economy. It will, however, take time and effort from professionals in the field to achieve this goal.



## SUMMARY

Title: Competitive Intelligence with specific reference to the challenges facing the Competitive Intelligence Professional in South Africa

Student: B.J. Odendaal

Supervisor: Prof. M. Hough

Degree: Master of Security Studies

Department: Political Sciences, University of Pretoria

Date: February 2004

Natural tension exists between decision-makers and intelligence professionals. The main problems involve control over the gathering, interpretation, presentation, and the use of intelligence products in the decision-making process. Competitive intelligence (CI) professionals are rarely in a management position, and few managers and decision-makers have the necessary understanding of the value of intelligence products and thus intelligence is often misused or discarded. This situation results in intelligence failures and inappropriate strategic decisions by management.

The methodology for the study was to determine the perceptions of CI professionals with regard to the current state of affairs of the CI function in the private sector. The study was conducted among members (n=74) of the South African Association of Competitive Intelligence Professionals. An overview of the development of CI within the South African context was also done, and interviews with key personalities practising CI in South Africa were conducted.

The results indicated that many issues and challenges still face the CI professional in the South African environment, such as control over intelligence and the way in which it is used. There is a worrying tendency of third parties gathering intelligence, resulting in a situation where plausible denial is possible. Management perception/ignorance of the capabilities of intelligence in the decision-making process still needs to be addressed. There is also a need for recognition among CI professionals with regard to standards

and representation. The CI field is still almost exclusively a male-dominated industry, with high barriers of entry in terms of academic qualifications.

The conclusions are that a greater understanding of the requirements and needs of decision-makers, with regard to intelligence products, should be created. Decision-makers also need to understand the limits of intelligence products, and that intelligence products can only be compiled from information that has been gathered in a legal and ethical way. CI professionals have the responsibility to develop an indigenous body of knowledge as a means of making CI an accepted business practice and an indispensable tool in management decision-making.

### **OPSOMMING**

Titel: Mededingende Intelligensie met spesifieke verwysing na die uitdagings vir die Mededingende Intelligensie Praktisyn in Suid-Afrika

Student: B.J. Odendaal

Departement: Politieke Wetenskappe, Universiteit van Pretoria

Studie-leier: Prof. M. Hough

Graad: Magister in Veiligheidstudies

Datum: Februarie 2004

Daar bestaan 'n natuurlike spanning tussen beleidmakers en professionele intelligensie-personeel. Die belangrikste vraagstuk is steeds wie beheer uitoefen oor insameling, interpretasie, aanbieding, gebruik en besluitneming in die intelligensie proses. Mededingende intelligensie (MI) professioneles is selde in 'n bestuursposisie en daarom word inligting wat versamel is, soms misbruik of totaal geïgnoreer. Besluitnemers in die privaat sektor het in meeste gevalle geen intelligensie agtergrond nie, en dus ook nie 'n waardering vir die potensiaal van intelligensie produkte nie. Dit veroorsaak intelligensie-mislukkings en onvanpaste strategiese besluite deur bestuur.

Die metodologie in die studie was om persepsies van die MI-professie te bepaal oor die huidige stand van MI-funksies in die privaatsektor. Navorsing is uitgevoer onder lede (n=74) van die *South African Association of Competitive Intelligence Professionals*. 'n Oorsig oor die ontwikkeling van MI in Suid-Afrika is gegee en onderhoude met sleutelpersone wat tans MI beoefen, is gevoer.

Die resultate toon dat verskeie uitstaande sake en uitdagings nog vir MI in Suid-Afrika bestaan, soos die beheer oor intelligensie en hoe dit aangewend word. Daar is ook probleme soos derde party insamelaars wat aanleiding gee tot ontkenning indien iets sou verkeerd gaan. Bestuur se persepsies/onkunde oor die vermoëns van intelligensie in die besluitnemingsproses moet aandag geniet. Daar is 'n behoefte aan erkenning, gepaardgaande met standarde en verteenwoordiging. Die MI-professie word steeds oorwegend deur manlike persone beoefen en toegangsvereistes tot die professie is hoog wat akademiese kwalifikasies betref.

Die gevolgtrekking is dat groter begrip ontwikkel moet word ten opsigte van die vereistes en behoeftes van besluitnemers oor intelligensie-produkte. Hulle behoort ook die beperkinge van sulke produkte te besef en dat slegs etiese en wettige insameling van inligting gedoen kan word. Die MI-professie moet verantwoordelikheid neem vir 'n eie korpus van kennis, as 'n manier om MI 'n aanvaarbare besigheidspraktyk en 'n onmisbare instrument in bestuur se besluitnemingsproses te maak.

#### **KEY TERMS / SLEUTELWOORDE**

analysis / analise

competitive intelligence / mededingende intelligensie

counterintelligence / teen-intelligensie

data collection / data-insameling

decision-makers / besluitnemers

dissemination / verspreiding

CI professional / MI-praktisyn

industrial espionage / industriële spioenasie

intelligence cycle / intelligensie-siklus

intelligence producers / intelligensie-produisente

intelligence users / intelligensie-verbruikers

South African Association of Competitive Intelligence Professionals (SAACIP)

Society of Competitive Intelligence Professionals (SCIP)

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## ANNEXURE A:

### QUESTIONNAIRE FOR CI PROFESSIONALS

**Confidentiality: All personal information will be treated confidentially and will only be used for the purpose of this questionnaire. All personal information such as e-mail addresses etc. will be discarded and no reference will be made to any individuals in any capacity.**

This questionnaire consists of 18 questions and should take approximately 7 minutes to complete. Please submit the completed questionnaire by clicking on the submit button at the end of the questionnaire.

**Please respond to the questions by clicking on the most appropriate answer.**

#### A. Biographic Information

##### 1. Gender

Female  Male

##### 2. Highest academic qualification

Matric  
 Certificate  Diploma  Degree  Postgraduate  Statutory training

##### 3. Size of organisation

0 - 50  51 - 500  501 +

##### 4. Type of organisation

National corporation  Multi-national corporation  Parastatal

Individual consultant/contractor  Registered NGO

##### 5. Position in organisation

Administrative officer  Section/department head  General manager

Executive board  Contractor/consultant  Non-line function specialist

**6. Department**

- Human resources  Marketing  Research and development  
 Executive board  Contractor/consultant  Other: Specify

**B. CI Professional Experiences in the Operational Environment**

**7. How important do you think CI is for management decisions?**

- Not at all  A little  Average  Above average  Indispensable

**8. How important do you think management thinks CI is for decision-making?**

- Not at all  A little  Average  Above average  Indispensable

**9. Of how many cases do you know where CI has played a vital role in the decision-making process?**

- 0  1 - 5  6 - 10  11 - 15  16 +

**10. In your opinion what is the most important decisive element in your organisations' management decisions?**

- Individual agendas  Organisation image  
 Intelligence/knowledge  Bottom line/profit

**11. Has your organisation ever made use of a third party to gather information, thus leaving the door open for plausible denial?**

- Never  Sometimes  Most of the time  All the time

**12. Does management need to know the source of intelligence, thus leaving the door open for plausible denial?**

- Never  Sometimes  Most of the time  All the time

**13. Considering the constraints of time, budget and access, how would you rate the average intelligence product being made available to management?**

- Very poor  Poor  Average  
 Good  Excellent

**14. In the event of an intelligence failure, who is mostly to blame?**

Management ignorance  Budget constraints  CI professional

Decision-making process  Availability of information  Unsure

**15. Should a CI professional be a member of the executive board of your organisation?**

No  Unsure  Yes

**16. How much control should there be from the executive board over the CI process in your organisation?**

None  Some of the time  Most of the time  Total

**17. How much control is there by the executive board over the CI process in your organisation?**

None  Some of the time  Most of the time  Total

### **C. Your Opinion on the Challenges facing CI Professionals**

**18. In your own words, what is the greatest challenge facing CI professionals in South Africa in the private sector?**