

WHAT'S IN A WORD: BUSINESS, COMPETITOR AND COMPETITIVE INTELLIGENCE



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Q. What is the difference between business intelligence, competitor intelligence and competitive intelligence?

Although this seems a straightforward question, different people use the terms in different ways. For me, *competitive intelligence* is the process whereby information on the competitive environment guides and informs the company's decisions that are influenced by the external competitive environment (which includes suppliers, customers, and other company stakeholders, as well as the economic, socio-cultural, political, legal and technological environment facing the company).

Competitor intelligence is a subset of this – looking purely at competitors, rather than the overall competitive environment. *Business intelligence* is the widest of the three terms, encompassing the internal business systems within the company. For other people, competitor and competitive intelligence are effectively synonymous. They use terms such as marketing intelligence and business intelligence to cover the wider environmental aspects.

To add to the confusion, *business intelligence* now frequently defines the data-mining processes companies use to analyze their internal information. You will also frequently encounter other related terms – sales intelligence, technological intelligence, financial intelligence and economic intelligence. Essentially these are further subdivisions, limiting information to decision processes relating to sales, technology, financial or economic business functions.

They say that the Inuit have hundreds of words for different types of snow, while Arabic has numerous words for different types of camels. I wonder if this subdivision of types of intelligence is a similar example of refining terms to a level where the differences are essentially trivial except to the experts and just confuse everybody else.

Q. Is there a connection between knowledge management and competitive intelligence?

Yes! I think that there should be a very strong link between the two disciplines. *Knowledge management* is the process through which corporate knowledge is used to improve organizational performance. Essentially it looks at managing internal knowledge processes, and developing the efficient usage of all information required for corporate decisions.

Competitive intelligence (CI) is a process for gathering usable knowledge about the external business environment. CI focuses on turning external information into the intelligence required for tactical or strategic decisions relating to the business environment.

Without an effective knowledge management process, gathered CI is likely to collect dust because there is no proper process to turn the information into something usable. Even if immediate actions are taken based on collected CI, it must be integrated into the internal knowledge systems to develop any long-term learning. This learning is a crucial element to enable companies to become skilled at spotting trends and adapting to business change.

In this context, I think it does no harm to think about Charles Darwin. Darwin's focus was on the survival of the fittest and not the survival of the biggest or the cleverest or the fastest. Survival of the fittest refers to a species' ability to adapt to its external environment, and change as the environment changes.

Exactly the same principles apply in business. Businesses with effective processes for collecting intelligence on their external environment, integrating it with internal information, and then using both external and internal knowledge to take advantage of opportunities while guarding against threats will be those that survive in the long-term. The dinosaurs could not adapt to sudden climatic change — and the same will apply to corporate dinosaurs who think that being biggest or richest is all that is needed.

[Send questions about CI sources, techniques, tools or approaches to Arthur at a.weiss@marketing-intelligence.co.uk. The answers given do not represent the views and opinions of either *CI Magazine* or SCIP.]

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