



CI Corner

David Lithwick &
Enrico Codogno

In this month's column, we continue our consideration of how a global CI manager can incorporate outside information to corroborate what is being heard from coworkers. Last month, we looked at a situation involving changes in competitor strategies via changes in CEOs. This month, will discuss situations involving mergers and acquisitions as well as strategic partnerships.

Dear CIC: I am interested in seeing examples of how CI can be used to anticipate the impact of mergers and acquisitions among competitors, and also how CI can be used to conduct due diligence when assessing potential strategic partners. *CI Manager*

Dear CI Manager: With a period of economic correction upon us, CI is now more vital than ever in helping companies to prepare for changes in their industries, to be proactive instead of reactive, to exploit opportunities before their competitors do, and to put themselves in a position of strength in time for an economic upturn. Here are two examples to illustrate this point.

MERGERS AND ACQUISITIONS

A financial services provider was concerned that two competitors, among the sixteen financial institutions they compete against, were likely to merge.

It was imperative that they know ahead of time which two were going to merge so that strategies could be put in place to counter the new threat. The CI manager spoke to a number of senior executives, along with frontline personnel, to find out about the competitors' customer base, growth trends, business styles, and even the personalities of the senior executives.

From this intelligence, he was able to determine that the two competitors whose CEOs had the most in common (club memberships, interests, educational and career backgrounds) were the ones most likely to join. From there, the CI manager provided recommendations to counter the imminent threat before the actual merger took place.

STRATEGIC PARTNERSHIPS

A global telecommunications company was seeking information on a U.S.-based company perceived to be a potential strategic partner. There were concerns among key decision-makers, however, that the company in question was not financially sound.

Interviews with the company's sales, legal, finance and customer service personnel, as well as clients and industry experts, indicated that this company was actually in worse trouble than first

believed: its technology had failed to meet expectations, resulting in a substantial number of dissatisfied clients and shareholders. As a result, the global telecommunications company decided not to go ahead with the partnership, thus saving itself much embarrassment.

CONCLUSION

CI is essential in strategic decision-making – in making the right decisions, certainly, but also in avoiding making bad decisions. In difficult economic times, the margin of error between success and disaster is a fine one. The networking, data gathering, and analysis that are part of CI are critically important, and the use of CI is often the difference between successful industry-leading companies and the also-rans.

Successful CI professionals are active ones. Whether they are developing and maintaining the internal network of information sources, communicating with industry experts or other outside sources, gathering and analyzing data, or reporting to senior management, CI professionals are constantly updating their knowledge of the industry they are in.

A monthly column devoted to answering questions relating to competitive intelligence

CI Corner is written by David Lithwick and Enrico Codogno. David is a senior partner at Market Alert and can be reached at (416) 932-9820 or david@marketalert.ca. Enrico is with the Customer Foresight Group, Limited; he can be reached at (416) 651-0143 or enrico@customerforesight.com.