Despite being a somewhat technical term, ‘intelligence process’ is 90% human activity: Understanding the needs in any intelligence assignment links tightly to understanding the company’s business. Collecting data from the appropriate sources calls for expertise in data sourcing, however automated the eventual data gathering may be. Turning the data into analytical conclusions and delivering those effectively requires intimate business knowledge and consultative skills.

**EXECUTIVE SUMMARY**

The intelligence process is a cyclical flow of events that kicks off with a needs analysis about the topic in question. Information will subsequently be collected from secondary and/or primary sources, and it will be analyzed and reported to decision-makers in order for them to use it and give feedback on.

At world class levels, the intelligence process is characterized as follows:

- Decision points in key business processes have been identified and matched with regular intelligence deliverables
- The intelligence process starts with a world class needs analysis, i.e. anticipating and verifying the upcoming decision-making needs
- The information collection phase is “industrialized”, allowing time and resources for conducting primary intelligence and hence adding insight to readily available secondary information
- The majority of time and resources is spent on analyzing information, drawing conclusions and making interpretations
- The delivery of the resulting intelligence content is personalized for each decision-maker and followed up
- The intelligence team has adopted a mindset of continuous improvement
In this paper, the term "Market Intelligence" (or "MI") refers to functions and programs in companies and organizations that help them to understand their business environment, compete successfully in it and grow as a result. As a program, Market Intelligence collects information about market players and strategically relevant topics and processes it into insights that support decision-making.

In this paper, the term "Market Intelligence" is used as an overarching term for terms such as competitor analysis, customer insights, technology analysis or strategic analysis. Concepts such as Competitive Intelligence or Market Insight, should be regarded as synonymous with "Market Intelligence" in this report.

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INTRODUCTION: THE INTELLIGENCE CYCLE

“Intelligence process” refers to the continuous, cyclical process that runs from defining decision-makers’ information demands to eventually delivering content that responds to those demands. Here, we want to make the distinction up front between Intelligence Scope and Intelligence Process in that the scoping effort will determine the purpose and content needs for the entire intelligence program, whereas the intelligence process starts with determining the needs for a single intelligence deliverable, however small.

The intelligence process should always be anchored to the existing corporate processes, such as strategic planning, sales, marketing, or product management, within which information will be used. In practice, the utilization of the intelligence output should either link directly to decision-making situations, or the intelligence output should help facilitate awareness in the organization about topics in the operating environment that have relevance to the various business processes.

Exhibit 1 illustrates the phases in the cyclical intelligence process, explained below in more detail. The concrete output of the intelligence process, in turn is illustrated on the right hand side of the graph, where decision-making is backed up by generic MI services, and intelligence output that is specifically related to different business processes and projects.

The intelligence cycle is divided into six phases and they are explained in more detail here.

Exhibit 1. Intelligence process and the role of its output as part of business processes
1. Needs Analysis

A careful needs analysis sets the purpose and scope of an intelligence assignment. Even when the ones conducting the assignment would be gathering the information for their own use, it pays off to crystallize the very drivers for the task so that resources will be focused on the most relevant areas. More typically however, those who are conducting the research will not be the end users of the results, so they will need to have an in-depth understanding of what the eventual deliverables will be needed for in order to avoid collecting and analyzing pieces of information that in the end will be irrelevant for the users. Various templates and questionnaires have been developed to aid the needs analysis phase and to ensure that the assignment will be kicked off in a high quality manner.

Most importantly, however, the intelligence needs in the organization must be thoroughly understood and internalized in order for the intelligence program to be of any value, and no templates and questionnaires alone will achieve this. They may be helpful, yet excellent needs analyses have also been conducted through informal conversations with executives. This, in turn requires a consultative approach from the intelligence team or at the very least the ability to lead an educated business discussion with decision-makers.

2. Covering secondary information sources

In the intelligence cycle, we have separated the collection of information from secondary and primary sources. There are several reasons for this: First, collecting information from public sources is cheaper than going directly after primary sources. Second, it is easier – given of course that those who are working on the task have sufficient expertise in tapping into the secondary sources available. Indeed source management and the related cost optimization is an expertise area of its own. Third, having covered secondary information sources before conducting interview research will provide the ones conducting the research with valuable background information that they can further validate and also use for giving some information in return to the interviewees. Also, having some of the questions already answered through secondary research will reduce the cost of the primary research phase – or even sometimes make it unnecessary.

3. Primary research

However huge the pool of publicly available information is today, not all information can be accessed through secondary research. Once the secondary sources have been covered, gaps in the research can be addressed by interviewing experts that are knowledgeable about the topics under research. This phase may be relatively expensive compared to the secondary research, depending naturally on the coverage of the assignment and also on the resourcing – frequently, companies involve outsourced resources to take part in the primary research phase.

4. Analysis

Once the pieces of information have been collected from a variety of sources, it is time to make sense of them in the context of the original needs analysis of the assignment. Again, depending on the scope of the assignment, this may be a relatively expensive phase in the research, involving at least time consumption by internal and sometimes also external resources, and perhaps some additional validation of the analyses through further interviews.
5. Delivery

The delivery format of the results of an intelligence assignment is not at all insignificant for the eventual users. As a rule, decision-makers are busy and will not have time to search through a data dump for the key results of an analysis, but the core content will need to be catered to them in an easy to digest format. At the same time, the supporting background facts should also be easily accessible for those who are interested in digging deeper into them. These ground rules apply regardless of the delivery format, whether a software database, a newsletter, a PowerPoint presentation, or a face-to-face briefing or workshop. This is also the reason why we are separating the delivery phase from the eventual utilization and feedback of the intelligence content: Sometimes decisions will be made in the same conjunction as the intelligence content is delivered, but more frequently, background material will be delivered prior to the actual decision-making situation, and the delivery format, channel and style do have an impact on how the messages get across.

6. Utilization and feedback

The utilization stage serves as the acid test of an intelligence assignment – do the results respond to the needs identified at the outset of the intelligence process? Regardless of whether all the answers were obtained that were initially looked for, the utilization phase typically raises new questions and puts forward a new needs analysis, especially when the intelligence need is of continuous nature. Also, in the spirit of co-creating intelligence content among end users and intelligence professionals, the end users of intelligence may have already contributed to the eventual deliverables by the time the utilization stage has been reached, and on the other hand those who have produced most of the analysis may be heavily involved in providing the conclusions and interpretations based on which the eventual decisions will be made. Ideally, thoughtful feedback at the utilization phase already serves the purpose of needs analysis for the next intelligence assignment in line, and the intelligence process has made a full cycle.
GETTING STARTED: DEVELOPING THE INTELLIGENCE PROCESS

Mapping Out Decision Points in the Business Processes that Require Market Intelligence Support

The term “decision point intelligence” has gained in popularity, as companies that already have an existing intelligence program have started looking into ways to still better integrate the program with decision-making processes. Just how abstract or concrete the exercise of “improving the linkage between intelligence deliverables and business processes” is, will largely depend on whether the business processes have been formally defined, and whether the intelligence team has visibility to the specific information needs that are associated with the decision points in those processes.

As we mentioned in Chapter 1, the methods and approaches discussed in this book are optimally suited for companies that do have structured business processes in place such as the process of formulating strategy. Companies that are managed in a more loosely structured fashion may have to use some creativity in applying the approaches of the World Class Market Intelligence Roadmap to their management schemes, yet the main principles that we are presenting will hold for any company.

Intelligence Needs Analysis – Why is It so Important?

Considering that understanding the key intelligence requirements in the beginning of the intelligence process has a heavier impact on the quality of the eventual deliverables than any of the other stages in the intelligence process, the needs analysis phase is surprisingly often left with too little attention. Despite the potential limitations of resources in the other phases of the process, an increased emphasis on the needs analysis alone would often significantly improve the value and usefulness of the end results of the intelligence process, that way also ensuring that the time and resources invested in an intelligence assignment will be justified. In the following text we will therefore look into ways of perfecting the quality of the needs analysis specifically.

Often it is automatically assumed that the management of a company knows what information the company will need. In reality however, senior management typically only recognizes a fraction of all the information needs that their organization has, and even there they may not be best positioned to determine exactly what information is needed, let alone where it could be found.

As a result, intelligence assignments may be regularly kicked off with only a vaguely formulated idea of a problem and its business context. Those who are best familiar with the information sources and analysis methods may be spending their time on processing data in an apparently random manner, while missing the big picture and the approaches that would matter most for the company. This easily results in decision-makers receiving much more information than they would need, which is generally counterproductive, as they will soon begin to ignore the relevant information along with the irrelevant noise. What decision-makers need is not more information but better and more accurate information.

At the same time, the decision-makers may have unrealistic expectations about the availability and accuracy of information, having not consulted the intelligence professionals before
assigning the task. Hence the intelligence professionals and the decision-makers will ideally be in frequent contact with each other and work together to make sure the essential information needs will be similarly understood by both parties. The ability to manage this will require many skills from the analysts doing it:

- The analyst has to understand how to identify and elicit the information needs of decision-makers
- The analyst has to develop effective communication, interviewing and presentation skills
- The analyst ideally has an eye for psychology types in order to appreciate the different orientations of decision-makers
- The analyst has to know the organizational structure, culture and environment as well as the key informants
- The analyst has to remain objective

**Working through the Intelligence Cycle and Removing Bottlenecks from the Process**

In the early phases of initiating an intelligence program, the target group of the activity is typically limited, and so is the number of deliverables that the program produces. Similarly, there are often bottlenecks in processing the eventual deliverables: Simply collecting the necessary data pieces from secondary and primary sources may require expertise that the company lacks, and when the information collection is done, there may not be enough time and resources left to conduct thorough analysis on it, let alone to produce insightful and polished presentations for decision-makers’ use. Further still, in the early phases of intelligence program development, few companies have dedicated tools existing for storing and disseminating the intelligence output, and it typically ends up being delivered to the target groups simply as email attachments.

The challenges of an intelligence assignment that is taken through the intelligence cycle can be described with the generic Project Management Triangle, i.e. the assignment needs to be performed and delivered under three major constraints: Budget, time, and scope. These three constraints often compete with each other: In a typical intelligence assignment, increased scope will require increased time and an increased budget, a tight time constraint probably means an increased budget and yet still a reduced scope, and a tight budget easily means both a limited scope and not much time available for conducting the project.

As a result of the bottlenecks in the intelligence process, there’s typically considerable friction in how the research assignment flows through the intelligence cycle in the early phases of the intelligence program development. As resources are scarce, the most critical bottlenecks should be removed first: Is the intelligence team missing analysis capability and should it be trained more? Or is the problem rather that the analysts do not have enough of valuable information to work on; in other words is information collection the most critical bottleneck? Or, does the intelligence team simply lack time, i.e. is the team incapable of responding to urgent requests in a timely manner?

The flow of the intelligence assignment in the intelligence process cycle can be improved in two dimensions: the “capacity” of the cycle, i.e. the thoroughness with which the intelligence team can process intelligence assignments at each stage, and the speed at which a question gets answered. Exhibit 2 illustrates the difference between the approaches, and essentially differentiates between strategic analysis assignments and rapid response research requests.

While both approaches will take the intelligence assignment through all stages in the intelligence cycle, in the rapid research assignments the intelligence team will work on
secondary and primary research in parallel (sometimes a single phone call with an expert may provide the necessary answers to the research request), and the analysis and delivery are also frequently combined through for instance a short briefing by an analyst to the executive who requested the information.

The capacity of the intelligence process cycle can be increased by adding either internal (hired) or external (purchased) resources to where they are needed, to achieve higher quality results and to have the capability to serve increasingly many user groups in the organization.

The same applies to ensuring the speedy process flow, i.e. how smoothly an urgent research assignment can be taken through the phases of the cycle. Traditionally, companies have mainly focused on securing the stable bandwidth through long term resourcing arrangements and training of staff. However, adding flexibility through temporary arrangements on a case by case basis is becoming increasingly common, as the intelligence profession matures and the availability of professional outsourced resources improves globally.

Exhibit 2. A rapid response research assignment goes through a streamlined intelligence cycle, while in a strategic analysis project, the MI team will be putting more time and effort into most phases of the intelligence process.

The two types of output of the intelligence cycle, i.e. strategic analysis and rapid response research, will also find their places in the intelligence deliverables graph in Exhibit xx. While the rapid response research assignments typically link to business processes, their level of analysis is not very high due to sheer lack of time in conducting the analysis. Strategic analysis assignments on the other hand typically involve a high level of co-creation in the analysis and delivery stage, bringing them very close to the top of the triangle where the interpretation and utilization of the information takes place.
CONTINUOUS DEVELOPMENT:
TOWARDS WORLD CLASS LEVELS IN INTELLIGENCE PROCESS

The maturity of the intelligence process could be visualized in a uniform thickness of the cycle graph in Exhibit 2 in the sense that a mature intelligence process does not have “weak links” or major bottlenecks in the process flow. This uniformity calls for adequate resourcing in each phase, which in turn is typically a result from having gone back and forth along the cycle over time: For instance the initial needs analysis may have gradually improved as decision-makers, when utilizing the results, have spotted weaknesses or typical misunderstandings in the very beginning of the MI assignments. As well, the cooperation between information specialists and analysts – if the roles have been separated – may have been improved over time through the analyses typically raising previously undetected questions that would go back to the information specialists for more data collection. Over time, experience will show how each of the phases should be resourced for the best results.

What results eventually are “best” is determined by how well the intelligence output matches the needs that decision-makers have within business processes. Again, this brings us back to the uniform thickness of the intelligence cycle: A world class intelligence process in fact does not start with a needs analysis but with carefully determining where and how the eventual intelligence output should be utilized. Indeed at world class levels in the intelligence process, the communication between decision-makers and the intelligence professionals should be frequent, insightful, and go both ways.

One way to solidify the linkage between decision-making and Market Intelligence is to establish Service Level Agreements with key stakeholders that the MI program serves. Agreeing on the
desired MI service level with top executives in strategic planning, sales, marketing, and R&D should yield clearly defined MI deliverables and activities for each stakeholder group for the coming 6 to 12 months, including the MI budget, roles involved, milestones and interaction along the way.

The SLA approach has several advantages:

- Requires time to sit down and discuss the overall objectives and decision points of the key business process owners = increases the MI team’s insight into what the management has on their agenda and enhances personal relationships along the way
- Reduces the risk of unanticipated ad-hoc project overload by identifying areas for regular reviews, strategic intelligence topics, etc.
- Allows time for intelligence co-creation: Often, MI briefings and workshops with busy leaders will need to be scheduled months in advance
- Brings discipline to the MI activity and raises its ambition level through clearly defined objectives and evaluation of the results
- Overall, reduces the “silo effect” and enhances the fruitful cooperation between executives and MI professionals

Two case examples in the end will illustrate how the intelligence team in a smoothly running intelligence process can respond to the different requirements that an intelligence assignment may have, depending on the geographical region that the assignment is focused on: In the “Western world”, plenty of reliable information is available on most topics in secondary sources, and the task for the intelligence professionals is to utilize the best sources for cost-effectively collecting the information to be subsequently analyzed and delivered.

On the other hand, in the emerging markets there’s often a shortage of reliable secondary sources, or the relevant data is not available in the English language. The intelligence professionals therefore will need to quickly turn to primary sources and conduct interviews, typically in the local language. Here, it is important to rely on sufficiently many sources in order to validate the research results before moving on to analyzing them.

CASE: Business Cycle Study for the Chemical Industry

A company in the chemical sector needed extensive information on the historical, present and future business cycles on several chemical industry product areas in the North American market. The information would be used to assess future growth of certain chemical product areas, and to plan future business through understanding of business cycles in the industry.

The analysis was done with statistical methods that included regression and visual analysis. Business cycles were analyzed both quantitatively and qualitatively and industry expert’s views on long term growth were added. The assignment relied entirely on secondary information sources, and statistical methods including regression and visual analysis were used to conduct the analysis. As a result, a detailed analysis report was delivered that described the length and nature of business cycles and assessed the future outlook for the company’s key product areas (ethylene, polyethylene, styrene, ammonia, and butyl rubber).

CASE: Assessment of Ammonium Bi-fluoride and Hydrofluoric Acid Market in Russia and CIS

One of world’s biggest nuclear centers wanted to understand the market for two by-products of its production processes, namely ammonium bi-fluoride and hydrofluoric acid in Russia and
CIS. In case the market for the products was too small, they would have to invest in utilization facilities for them.

Secondary research was conducted both on the Russian and CIS level and on a global level. Due to the niche nature of the market and the high in-house consumption of the by-products, the main focus was on primary research. 50 in-depth interviews with potential customers, competitors and industry experts were conducted in preparation for the subsequent analysis.

The final report contained an estimation of market size without the in-house consumption, an analysis of segments, an import analysis, a value chain analysis, an analysis of substitute technologies and products in each industrial segment, a market development forecast, a pricing analysis, and finally an evaluation of market potential in Russia and CIS.

CASE: Efficient intelligence process from megatrends analysis to reporting to executives

A leading energy and petrochemical company successfully improved its intelligence process by letting strategic scenario analysis drive the process of gathering, analyzing and delivering information.

By integrating intelligence activities with core business processes at the planning stage, the true strategic needs of the organization were made clear to the intelligence team, which consequently was able to drive an analysis process that was focused on strategy and action. The intelligence process in the company starts with scanning of megatrends and ends with clear examples on responses to risks and recommended actions for management:

Exhibit 4. Process Overview
Key for the intelligence program to improve its processes was the successful needs analysis of the company’s strategic goals by involving decision-makers early on in the intelligence process through discussions, workshops and seminars. This encouraged two-way communication and increased integration of the intelligence program with other business functions.

**CASE: A global biotechnology company developed an Intelligence Cycle to ensure timely delivery of analytics to allow proactive decision-making**

The Intelligence program had a vision to deliver early-warning intelligence to enable actionable and executable strategies in all of the company’s markets. An Intelligence Cycle was put in place, which involved intelligence stakeholders in several steps of the cycle, both for input and output to intelligence, as well as multiple sources for information.

The intelligence stakeholders represented four key functions in the company (Strategy team, Marketing & Sales, Finance & IR and Directors) and activity was highest in the Planning and Action phases of the cycle.

The successful implementation of an Intelligence Cycle, which combined internal stakeholders (for needs analysis) with multiple sources for intelligence in a clear process for delivering intelligence, meant that the intelligence program was able to influence strategy and allow proactive decision-making.