

M-BRAIN WHITE PAPER

**What Business Leaders
Should Think About
Market Intelligence Teams**



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ABOUT THE AUTHOR

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Antti Mäki-Opas, Master's Thesis: "The Role of Intelligence Teams in Facilitating Change in Organizational Beliefs", Aalto University School of Science, Department of Industrial Engineering and Management

Introduction

It is a human trait to apply rules of thumb to situations we have confronted repeatedly. This can certainly be of assistance to us, since we can essentially apply existing formulas proven by experience and save time and effort by doing so. This behavior can, however, turn out to work against us as well. For example, if we observe something to hold true for a long time, we may not pay careful enough attention because we think we already know what we will see, and end up failing to notice change. For business leaders, failing to notice change in the external environment can be detrimental.

A recent Master's Thesis at Aalto University studied the relationship between market intelligence teams and management at four multinational corporations and uncovered new evidence on the significance of such teams in organizations. In short, intelligence teams can have the capacity to notice prevailing beliefs in the organization and to recognize when those beliefs are unsound in respect to their underlying evidence in the environment. The teams are then able to direct organizational attention to these issues and facilitate change in beliefs through the use of concrete evidence. There are, however, important organizational structures and processes that need to be in place for this to occur.

Firstly, the organization must ensure that the teams have the opportunities to interact with others – they cannot, after all, know what others think unless they are engaged in activities and discussions with them. Secondly, a decision making culture that incorporates views and reasoning that is justified by data is conducive to the teams' actions. Thirdly, there are negative factors that must be acknowledged as well. Individuals might, for example, disregard the teams' views, which can work against the teams and prevent them from reaching their goals. In other words, the teams can face preconceptions and attitudes that inhibit their progress. Drawing on the findings of a recent Master's Thesis, this Paper provides in-depth perspectives on intelligence teams through real-life examples and outlines implications on how business leaders can fully capitalize on the capabilities of their intelligence team.



The purpose and operation of intelligence teams

Specialized intelligence teams

were gaining popularity in large corporations already in the 1980's. The teams were responsible for the collection of external intelligence that the company needed to reach its targets and perform its activities. It was also suggested that such teams could operate as a "warning system" that would raise important considerations to the attention of managers, who are generally occupied in tasks other than monitoring the environment. Around the turn of millennia, the Internet expanded at a phenomenal rate, management information systems saw widespread adoption and the general amount information available for companies exploded. Suddenly companies had an abundance of information right at their fingertips.

While the amount of work for intelligence teams has increased, many studies on the topic have come to the conclusion that the positive impact of intelligence work is still unclear, especially when it comes to recognizing threats or changes in the environment. Ensuring that the intelligence produced by the teams is relevant and is put to use has been a key concern. It is important to recognize that the main asset of intelligence teams is the external intelligence they gather, often manifested in hard, quantifiable data. However, business leaders generally want the teams to interpret this data and to explain what it signifies for the future, but achieving organizational conditions that would promote such behavior has been a difficult task. Moreover,

intelligence teams can suffer from a lack of influence inside their organizations and confront skepticism or even neglect, and there is evidence of managerial preconceptions and attitudes discouraging the teams from interpreting the environment. Intelligence teams can often find themselves in a contradictory position where their goal is to provide interpretations of the environment but where they operate under conditions that don't support such behavior.

Furthermore, an important consideration is to achieve a sense of trust between intelligence teams and business leaders. Generally speaking, communicating personal inferences is typically not accompanied by an exhaustive presentation of the actual evidence that they are drawn from. The recipients of such inferences are unable to verify them on their own and must trust the person behind the inferences in order to accept them. Hence, intelligence teams should not only be able to interpret the environment but should also have business leaders' trust if they wish to be effective.

In addition, achieving a shared understanding of the business environment between intelligence teams and business leaders is crucial to business leaders' perception of the teams' value. In an extreme case of an intelligence team being disconnected from the rest of the business, it would not be able to accumulate the underlying knowledge necessary to interpret information specific to the business.

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Despite the challenges outlined above, it is generally accepted that an intelligence capability is vital for companies. Having the teams conform to explicit planning procedures is likely to help ensure relevance of the teams in the eyes of management. This can, however, be counterproductive as well. Practically speaking, the teams then risk adopting a role where they apply standardized procedures and definitions to everything they do. Such a role would be characterized by repetition and inhibit unconventional thinking about the environment that would be valuable if the teams wish to be effective in detecting changes. The underlying

problem is the degree of freedom these teams are granted; giving too much autonomy is perceived to risk the teams' relevance to the organization, while giving too little would compromise their ability to interpret the environment and to detect changes.

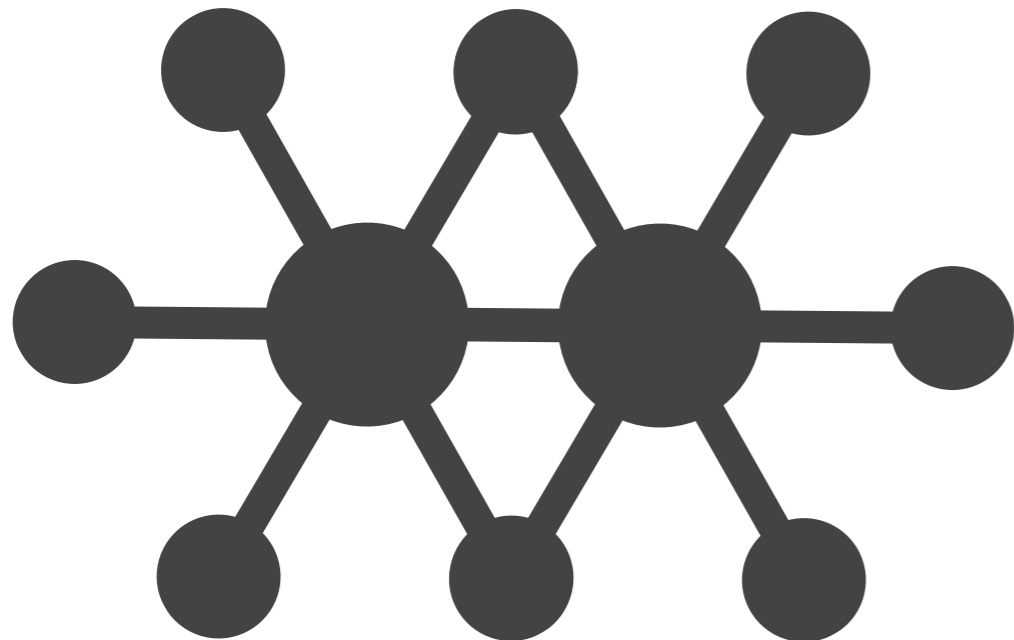
Some of the problems of early intelligence teams were caused by the fact that they operated in too an isolated fashion collecting news and writing reports, and had only a weak connection to the ranks where business decisions took place. A truly effective intelligence team is incorporated in the concrete activi-

ties and communication channels of their organizations. Integrating the teams into activities and communications is important because it allows the teams to accumulate knowledge of the business, to demonstrate their competence and to exert influence. Having the teams integrated in this manner is the responsibility of senior management, who makes decisions concerning organizational design and processes. Furthermore, a critical component is the culture of decision making imposed by senior management, and whether it supports the intelligence team's purpose or not. If carried out carefully, senior management can take measures that dramatically improve the effectiveness of their intelligence teams.

From the intelligence teams' point of view, it is important for senior management to promote a culture of decision making where judgement is backed by concrete data and evidence. Here, the initiative of the CEO is important as he or she has influence over organizational procedures and culture, and can effectively create a demand for the intelligence team's services through his or her own example. Generally speaking, the influence of the CEO can induce organizational behavior that utilizes and values intelligence teams' capabilities.

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Intelligence teams only have a limited influence over their own existence; they must receive help from business leaders, who can lay a fruitful ground for their operations. Incorporating the teams to specific activities, where they are, for example, utilized in analyzing markets and assessing growth opportunities, give the teams a distinct purpose inside organizations. Once they are integrated with organizational activities and communications they have the opportunity to interact effectively and to make meaningful contributions, and the perception of the teams' value increases. Furthermore, the teams can foster themselves as a legitimate source of judgement through successful projects and initiatives where they demonstrate assertive, change-oriented behavior.



A practical example from a modern intelligence team

The thesis sought to understand the role of intelligence teams in large, multinational corporations. At one of the companies interviewed for the thesis, a company operating in the consumer products industry, the CEO had been a leading force in establishing an intelligence team with the purpose of satisfying the company's information needs in decision making. The CEO had promoted a culture where decisions and views are justified by concrete data and knowledge and endorsed this culture through his own behavior. Specifically, an interviewee described him as a person who wants decisions backed up with information and who also insists others to ground their views in facts. Practically speaking, the CEO had simultaneously initiated a culture where decisions are justified by facts, and established a team with the objective of serving this principle by scanning the market and collecting data. The team was well integrated into activities and decision making processes where the team would, for example, assist in product development projects, assess markets and identify growth opportunities. As a result, the team was able to impact decisions directly through the conclusions they made.

The same intelligence team displayed an initiative that is worthy of further attention. The team recognized that their company and their sales organization in particular, believed their products to be more expensive than their competitors', and a discussion of lowering prices ensued. The intelligence team, however, having collected actual data on prices, was able to tell that this was not the case. The team took part in discussions and explained

The team had the objective of detecting misunderstandings and then arguing against the misunderstandings through the use of concrete data.

through concrete evidence how the company's products were not, in fact, more expensive than the competitors'. The original belief did initially endure, but after repeating their view they managed to change the inaccurate belief concerning the company's pricing level. The intelligence team's vigilance and initiative was, therefore, responsible for facilitating change in the belief and the company could continue operating on a more accurate conception.

This example highlights the role of intelligence teams in reviewing the consistency between organizational beliefs and the environment they observe. It's important to recognize that the resources that enabled the team to achieve their goal were not only the price data they used to explain their view but also the people behind the initiative and the persistence they displayed in explaining the rest of the organization where the organization's belief was inaccurate. Equally important is the fact that they were included in communications and meetings that allowed them to recognize the belief in the first place and then exert influence in order to facilitate change in the belief.

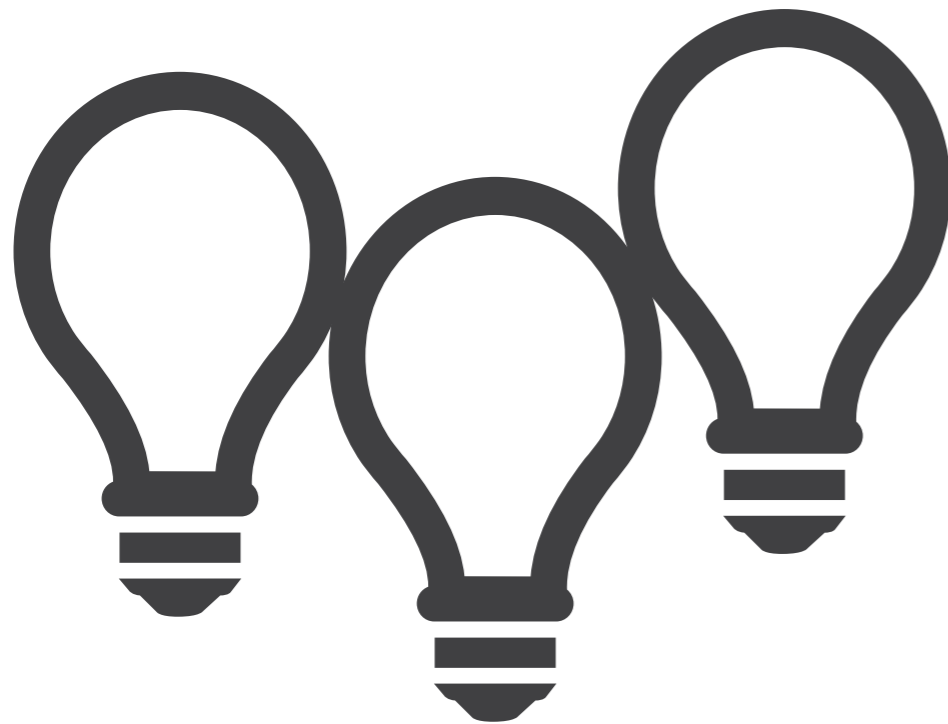
Furthermore, the team exhibited a state of mind where they continuously asked the question: how accurately does our company understand the external environment? Effectively, the team had the objective of detecting misunderstandings and then arguing against the misunderstandings through the use of concrete data. The occurrence described above was of specific interest because it had a direct impact on organizational beliefs and the future decisions the company would make based on them. What made this occurrence especially rewarding from the intelligence team's point of view, was that they were subsequently asked to monitor prices more carefully, which indicates that management recognized the team's initiative, and wanted to ensure that the team contributes to maintaining an accurate picture of their pricing in the future. This is also a practical example of how the team's initiative enabled them to strengthen their position in the company.

Practical implications for business leaders and intelligence teams

It is imperative for business leaders to recognize that intelligence teams can facilitate change in organizational beliefs. A business leader seeking to ensure an accurate perception of the external environment can find a solution from an intelligence team, while remembering to properly integrate the team into organizational activities and communications. It is also important for business leaders to pay attention to the culture surrounding decision making, and to support a culture where data is appreciated and where the organization is open to alternative considerations of the environment. Intelligence teams willing to strengthen themselves inside the organization can, in turn, try to influence business leaders and especially the CEO to endorse a culture and processes that work to their advantage.

Intelligence teams can facilitate change in organizational beliefs.

In addition, it can be worthwhile for the teams to pay attention to the image they project of themselves inside the organization in order to attract positive attention from management. Last but not least, it is important for the teams to recognize the power of their own initiative and how it can improve their position in organizations.



Conclusion

Altogether, a thorough integration of intelligence teams to organizational activities and communications coupled with a supportive decision making culture can lead to an arrangement where the intelligence team is able to identify where the company's thinking fails to reflect the environment accurately, and then facilitate change in organizational beliefs through the use of concrete evidence. This does, however, call for an organizational culture where business leaders are mindful of their own limitations and are open to others challenging their thinking. Furthermore, communications and activities where perceptions between the intelligence teams and the rest of the organization are exchanged provide the teams the opportunities to observe organizational beliefs and to explain their own views.

For business leaders, the main considerations to be drawn from this paper are:

- Intelligence teams can have the capacity to identify inaccurate organizational beliefs and to facilitate change in those beliefs
- In order to achieve this, intelligence teams must be thoroughly engaged in the everyday conduct of business activities and communications
- The role of the CEO and senior management is instrumental in achieving an organizational culture that values and supports the teams in this behavior



TO THE READER

This white paper provides in-depth perspectives on intelligence teams through real-life examples and outlines implications on how business leaders can fully capitalize on the capabilities of their intelligence team. This paper provides evidence that the role of intelligence teams can go beyond what has been previously suggested.

In addition, the paper explains the purpose and operation of intelligence teams and gives a practical example from a modern intelligence team

We hope you enjoyed reading this white paper. If you want to learn more about M-Brain intelligence solutions, please visit our [website](#).

