

# Chapter 1.1

## The Nature of Strategic Intelligence, Current Practice and Solutions

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### ABSTRACT

This chapter discusses the nature of strategic intelligence and the challenges of systematically scanning and processing strategic information. It reveals that strategic intelligence practice concentrates on competitive intelligence gathering, non-competitive related intelligence have not yet been systematically scanned and processed. Much of the intelligence is collected through informal and manual based systems. Turning data into analyzed, meaningful intelligence for action is limited to a few industry leaders. The chapter proposed a corporate intelligence solution, which comprises of three key intelligence functions, namely organizational-wide intelligence scanning, knowledge enriched intelligent refining, and specialist support. A corporate radar system (CRS) for external environment scanning, which is a part of the organizational-wide intelligence scanning process is explored in light of latest

technology development. Implementation issues are discussed. The chapter develops insight of strategic intelligence, and the solution could significantly enhance a manager's and a company's sensibility and capability in dealing with external opportunities and threats.

### INTRODUCTION

As the business environment becomes more turbulent and competition becomes fiercer, developing foresight about future opportunities and threats, and reacting quickly to the opportunities and threats, becomes a core competency of a winning organization. Companies that can generate competitive intelligence are leaders in their industry (Desouza, 2001). However the increasing demand for strategic information has not been satisfied by the explosive growth in data available. This is reflected in two facets: firstly, computer-

based information systems are inadequately implemented at the corporate level for strategic information delivery; secondly, senior managers who go online always feel overwhelmed with the glut of data instead of meaningful, actionable information. Research which applies computing technology to support strategic management activities concentrates on the development and the implementation of computer-based systems for decision support. Systems such as decision support system (DSS), executive information systems (EIS), or executive support systems (ESS) are examples. Strategic management process however is more than an activity of making decisions (Simon, 1965), the process begins with strategic information acquisition, formulating strategic problems, reasoning strategic alternatives, and finally making a decision. There is a distinction between supporting managers with strategic information and supporting making decisions. Information systems tend to emphasize decision-making support more than strategic information support. Senior managers' information acquisition processes have not been adequately addressed in the context of information systems development, except the field of competitive intelligence (Cobb, 2003; Pelsmacker et al., 2005; Patton & McKenna, 2005; Sauter, 2005) and Web-based information searching systems (Chen, Chau, & Zeng, 2002). Supporting strategic intelligence activity with information technology is an area remaining largely unexplored. This chapter aims to address the nature of strategic intelligence and the challenges, and to explore the possible solutions towards improving organizational strategic intelligence process.

## **DEFINITIONS OF STRATEGIC INTELLIGENCE**

The term of strategic intelligence is often used interchangeably with other terms: data, informa-

tion, intelligence, and knowledge. There seems to be no generally agreed definitions towards these terms, but they are different in the context of this chapter as follows:

Data is the raw material of organizational life; it consists of disconnected numbers, words, symbols relating to the events, and processes of a business. Data on its own can serve little useful purpose.

Information comes from data that has been processed to make it useful in management decision-making. Intelligence in most cases is referred to competitors' information (CI), or competitive intelligence or the totality of external information (Batz, 1994). Competitor intelligence has often been regarded as a process of collecting and processing competitors' information following a CI cycle, which includes identifying the strategic needs of a business, systematically collecting relevant information on competitors, and processing the data into actionable knowledge about competitors' strategic capabilities, position, performance, and intentions. However, the boundary of competitor's intelligence has always been extended to include not only competitor's information, but also market and environment information for strategic decision. For example, Tyson (1990) defines competitor intelligence as an analytical process that transforms raw data into relevant, accurate, and usable strategic knowledge, more specifically, it includes:

- Information about a competitor's current position, historical performance, capabilities, and intentions.
- Information about the driving forces within the marketplace.
- Information about specific products and technology.
- Information external to the marketplace, such as economic, regulatory, political, and demographic influences that have an impact on the market.

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