

**BUILDING A HIGHLY EFFECTIVE
INTELLIGENCE CAPABILITY THAT
DELIVERS VALUE AND IMPACT**

The CI-Driven CEO

**A LITTLE LEADERSHIP STORY
ABOUT A POWERFUL
COMPETITIVE INTELLIGENCE IDEA**

GARY D. MAAG AND DAVID J. KALINOWSKI

*Authors of **New Directions: A Competitive Intelligence Tale***

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PREFACE

*Change is the law of life. And those who look only to
the past or present are certain to miss the future.*

—JOHN F. KENNEDY, ADDRESS IN THE ASSEMBLY HALL AT
THE PAULSKIRCHE IN FRANKFURT, GERMANY, JUNE 25, 1963

SO YOUR COMPANY has a crack market research department and you've made a significant investment in data tools and infrastructure. Then why is it the intelligence that you gather doesn't have a direct, effective impact on your decision-making process?

The answer is simple: the intelligence you generate through traditional methods can only tell you what your competitors have done and what they're currently doing. It's nice to know, but not *need to know* because it's firmly rooted in the past and present. And as President Kennedy noted, that's a clear indication that your company is certain to miss the future.

The great news is: *you don't have to.*

Competitive Intelligence (CI) is a mature, legal, and ethical established business process, grounded in guidelines and best practices

that have been tried and tested by leading CI practitioners over the past *forty years*. And it's the only such tool that can take your business out of the data-darkness of the past and present and shine a guiding light toward the future.

As we've learned over the past three decades working in the industry, CI done right can truly help any business by providing real, actionable intelligence that's simply not available through any other means. What's shocking is, after all these years and all the progress in Competitive Intelligence, many in the business world, especially those that don't really understand CI, are still convinced CI is just a kinder, gentler name for corporate spying. Nothing could be further from the truth! We know some in the CI space who think nobody still equates CI with espionage and that this perception died back in the 1990s. We wish that were true, but for many it hasn't, though the perception of CI has gotten better. It's time once and for all that we get business leaders to stop thinking "competitive intelligence" has any negative connotations and involves cloak and dagger methods.

Think about it: should accounting be viewed as a pariah because an alarming number of organizations have cooked the books? Should marketing and advertising be completely ignored because countless organizations have been less than honest about their products and services, sometimes with drastic results? Of course not. It's not the functions themselves that are the problem, but rather the people within those functions who choose to ignore legal and ethical standards.

It's the same for Competitive Intelligence. It's an absolutely essential function that actually helps identify opportunities and *reduce* risk by uncovering critical insights senior executives can use to improve decision making.

As Jack Turner learned, not only is there nothing to be afraid of when it comes to CI, it can become a transformative function when it's championed throughout an organization.

So stop thinking of Competitive Intelligence as something that's done in the shadows. It's well past time your organization embraced

Preface

CI as an essential and required discipline that fostered strategic differentiation and started looking to the future.

The target audience of this book is broad: CI researchers, analysts, and managers of CI functions seeking to build or enhance a CI function; any end-stakeholder in strategy, sales, marketing, innovation, finance, operations, and a host of other disciplines that use intelligence and want to better understand the field; senior leadership learning to embrace how a critical understanding of the external environment through insightful analysis linked to strategy will make for better investment decisions; and students seeking to learn the ways in which CI can add value and impact as they enter the business world.



PART ONE

The Unpredictable

1

THE BLACK SWAN

JACK TURNER KNEW that, long after he retired and transformed himself into a snowbird in Florida to escape the brutal Chicago winters, he would tell this story. He would begin to spin this yarn as so many other memorable tales about life-changing events are conveyed: “I’ll never forget where I was the day when ...”

Just as Jack would never forget precisely where he was the morning he first heard that Howard Hewitt, founder and patriarch of Hewitt Games, had died—riding the Green Line on the L, east-bound, coffee in one hand, *Wall Street Journal* in the other, on his way into the office while sitting across from a man who was wearing the *exact* same shoes—he would never, ever forget this moment. Boston, just around the corner from the Green Monster at Fenway Park, on campus at Boston University, dropping his son Cody off for his freshman year at college.

The dorm room made coat closets look positively luxurious. Sofia ran an impressively quick mental calculation to determine the square-footage-to-dollar cost based on the semester’s lofty tuition. The horror. Cody quipped that at least he would save money on a cleaner. Jack burst

out laughing at the absurdity just as his cell rang once, then stopped for a beat before a second call followed. The Andy Barrows ring.

“Andy! Remember that forced-triple we had in our sophomore year at Northwestern? Cavernous compared to the size of the dorm room my son will call home for the next year and—”

“Black swan, Jack. We are under attack from the biggest, baddest black swan our industry has ever seen, and it is real, and it is happening!”

Jack dropped the overstuffed cardboard box he had just lugged up three flights. “Andy, we just drove fifteen hours from Chicago to Boston to discover my son will have to sleep standing up at a school that’s costing us roughly the GDP of Sudan. Please, cut to the chase.”

“Right, um, a *New York Times* best-seller from the early aughts by an old options trader, talked about unpredictable events, something no one thinks could happen, actually happening, a.k.a. The Black Swan Event. A black swan? Swans are supposed to be white!”

“Sorry, Andy, tired man in a tiny room that’s priced like a suite on the Magnificent Mile. I know what a Black Swan Event is. In fact, I believe I gave you a copy of Professor Taleb’s 2001 book, *Foiled by Randomness*. Now, please, just tell me what happened?”

Jack could hear Andy breathe in deeply and exhale slowly. Repeat. “Apricus is about to announce a major entry into the games market. Our market. Word came straight from your CI team, someone tapping into your department’s network of journalists.”

Jack felt the claustrophobic walls closing in. Apricus dominated global e-commerce and its already massive coffers swelled when locked-down residents ordered nearly everything online throughout last year’s Covid-19 pandemic. For months, speculation had swirled that Apricus was about to make a major acquisition—a nose-diving movie theater chain, a surging digital mental health care provider, maybe even a ride-share company. But an Apricus-branded entry into console gaming? The pieces didn’t fit.

“Apricus? No. No way. This close to our console refresh? My team knows the supply chain inside and out. If Apricus was building a

gaming console, we would have known about it ages ago. We would have seen early indicators.”

Jack’s response wasn’t self-aggrandizing. In the decade since Jack had been named Chief Competitive Officer at Hewitt Games, he had built the company’s competitive intelligence program from the ground up, taking a hands-on role in everything from recruitment and training of his team to the forging of an industry-wide, global intelligence network. That intelligence network was strongest within the vast supply chain responsible for the many components in gaming consoles and accessories. Apricus, even if they approached a console project with the utmost secrecy, simply could not tap into that supply chain without Jack hearing about it.

“That’s just it, Jack. No concrete details as of yet, but word is Apricus isn’t building a video game console. They’re supposedly introducing an entirely new technology with the potential to make traditional video game consoles like ours obsolete. A literal game-changer.”

The blind spot.

The realization made Jack’s heart bounce. If there was a flaw in Hewitt’s CI program, it was the fact that it was laser-focused on the direct competition: Sampson Electronics, the industry’s number-two console maker, and Kenshin Entertainment, a distant third. Thanks to the long-term attractiveness of the booming \$160 billion global gaming market, the threat of a new entry was always high. But leadership at Hewitt believed barriers to entry were high enough that it wouldn’t face a new competitive threat. For years, Jack had pushed to break Hewitt’s CI program out of its closed-off silo and into a collaborative, organization-wide entity to better detect signals of these new market entrants. The pitch he’d made to the C-suite was clear and concise: *It’s competitive intelligence, not competitor intelligence. Our singular focus on the competition has created a blind spot, and if we don’t broaden our focus by expanding our CI program, we risk disaster from something we’re simply not looking for.*

Jack’s phone shook and hummed in his ear with alerts, texts, emails, and messages. He thought of the long list of team members

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and C-suite executives he needed to speak with immediately, if not sooner. Suddenly the thought of staying in this child-sized dorm room for the foreseeable future—with his cell phone off—seemed appealing. He noticed a photo taped on the far wall to the right of the lone window. A grinning selfie evidently left by the former tenant, a word-bubble drawn from his lips with a message of encouragement: *You can do BIG things in small spaces!*

“Jack?” Andy Barrows.

“Honey?” Sofia.

“Dad?” Cody.

He replied to them all, but not to any of them in particular: “The black swan has landed. It’s time to go to work.”

ABOUT THE AUTHORS

GARY D. MAAG has been a leader in the business research community with over thirty years dedicated specifically to competitive intelligence. He has assisted dozens of Fortune 500 companies in high-profile competitive intelligence engagements. In 2006, the Society of Competitive Intelligence Professionals (SCIP) awarded Maag the Catalyst Award for his contributions to the profession. He was the founder of the graduate-level CI program at Dominican University and the co-founder and CEO of Proactive Worldwide, Inc. For speaking information and bulk copies of this book, please contact Gary at garym@proactiveworldwide.com.

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