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Guide to the Study of Intelligence

Competitive Intelligence

A Case Study of Motorola's Corporate Competitive Intelligence Group, 1983-2009

by Jenny Fisher

For 30 years during the 16th century, the wealthy Fugger family of Germany published a newsletter containing firsthand information from their agents in Europe, Africa, Asia and the Americas on events potentially impacting the family's far flung businesses, including price of goods, competitor activities, political events, street crimes and wars. Thus marks one of the earliest documented uses of competitor and market intelligence to support decision-making in a commercial enterprise.

History is replete with stories of industrial espionage, but competitive intelligence as a recognized discipline and tool in the US for corporate decision-making has its origins in the early 1970s. US industry giants in such wide ranging industries as oil, photography, bicycles, disposable diapers, baby food and electronics gathered, analyzed and acted on information regarding their competitors to gain market advantage in rapidly changing industries. In 1980 Michael Porter introduced the five factors analysis as a means of understanding competitors and choosing appropriate competitive strategic responses in a publication widely viewed as the foundation of modern competitive intelligence. In the mid-80s many large US corporations – Exxon Mobil, Proctor and Gamble, Abbot, Johnson and Johnson, and Motorola – installed formal competitive intelligence organizations designed not only to support tactical marketing and product development decisions but also to help guide high level strategy.

The term competitive intelligence is broadly defined as the defining, gathering, analyzing and distributing intelligence about the products, custom-

ers, competitor and environmental factors needed to support business executives in their decision-making. Further refinements in this definition are found in the plethora of publications on competitive intelligence techniques dating to the early 1980s. In particular, a number of studies have been published on the distinction between illegal corporate espionage and competitive intelligence, with extensive guidelines on how to legally and ethically collect, analyze and act upon competitor information.

As demonstrated in this case study of Motorola, the vitality of the corporate competitive intelligence organization directly correlates to its ability to provide critical decision-making support through market shifts, organizational structure and leadership changes and strategic redirections.

The 26-Year Evolution of Motorola Competitive Intelligence

Founded in 1983 by then CEO and Chairman Bob Galvin, the Motorola Corporate Competitive Intelligence (CI) group thrived as an integral part of senior decision-making for 26 years, until being disbanded in late 2009 as preparations began to separate Motorola into two independent companies. Throughout its storied history, Motorola Corporate CI produced a steady stream of well-sourced intelligence analyses on competitors' moves, industry and market evolution, and technology trends, and responded to thousands of inquiries in support of decisions impacting the growth and direction of this multi-billion dollar global company.

As a member of the President's Foreign Intelligence Advisory Board (PFIAB) during the 1980s, Bob Galvin observed the key role that the intelligence community played in supporting the nation's vital decisions. He recognized that intelligence professionals were experts in collecting information. They sensed indicators. They prepared estimates and they made net assessments, along with alternate estimates and assessments.¹ He immediately saw value in importing this type of capability into Motorola.

In designing the group, Galvin insisted that it be led by a former US Government intelligence officer. He argued that even corporate intelligence should be best left to intelligence professionals. He reached out to Jan Herring, a 20-year CIA veteran and former National Intelligence Officer for Science and Technology, to lead the group. A succession of six former CIA profession-

1. John E. Prescott and Stephen H. Miller. *Proven Strategies in Competitive Intelligence*, John Wiley and Sons, Inc, 2001.

als followed Jan, setting Motorola CI apart from other companies with corporate intelligence functions. This distinguishing design element also gave the group a unique aura within Motorola, and immediately raised its acceptance level among key business heads in a highly decentralized company culture with a healthy suspicion of corporate initiatives.

The CI group was positioned at a very senior level of the corporation, reporting to the head of Corporate Strategy who was part of the CEO's senior leadership team. At this senior level the group was privy to the ever-changing intelligence needs of senior decision-makers, assuring that its focus and reporting was never out of step with the key needs of corporate leaders. It also assured that the group was intricately involved and actively contributing to strategic planning cycles of the corporation. Throughout its history, Motorola CI remained at this senior level, with the head of the CI group as a member of the company's most senior strategic planning team, providing direct support to a succession of CEO's and numerous heads of strategy.

Bob Galvin also assured its success by publicly endorsing the group with the senior executives of Motorola, commissioning its members to be "sufficiently annoying" in presenting well sourced, fine-tuned analysis especially when reporting ran contrary to prevailing opinion.

Mission and Performance Evaluation

The mission of the new corporate group was to provide relevant, actionable and timely strategic intelligence. It focused "beyond the headlights" to collect, analyze and provide insight to Motorola senior executives regarding competitors' anticipated moves, technology evolution, and market and industry trends. While the CI group remained small throughout its history, growing to ten members at its height, its budget was evaluated yearly on five key performance measures, which remained constant throughout the group's history:

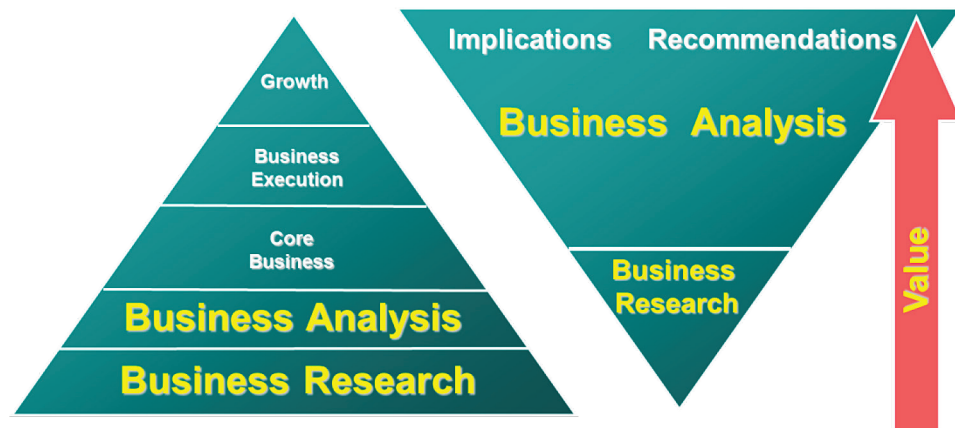
- Evidence of impact on business decisions
- Early warning of competitors' moves

- Identification, analysis and recommendations on new growth opportunities
- Influence and impact on strategic planning – short and long term
- Counterintelligence and security awareness in global markets

In addition, most of Motorola's businesses retained their own intelligence teams dedicated to serving the business' specific product, technical, sales and strategy requirements. Corporate CI knitted these decentralized groups together, providing assistance and support and on occasion providing external validation when internal intelligence groups found it difficult to get traction on issues. Members of this virtual intelligence organization shared leads, and served as independent sounding boards for each other's intelligence analyses.

Providing Value

The value of the CI group lay not only in its ability to collect and produce large volumes of information, but also in the skill of its members to take multi-sourced inputs, seek alternate opinions, analyze trends and patterns, and produce independent analyses that both considered implications to Motorola and provided options for action. As illustrated in the graphic below,² the team focused the bulk of time and



resources on these higher value activities. Intelligence publications always identified the "so what" to the reader and presented options for action, ever conscious of maintaining objectivity. This conscientious attention to the value of its product to key decision-makers is likely the single most important factor in the CI group's longevity.

2. "The Intelligence of BI" presentation to the Conference Board, June 2005.

In order to achieve this focus on high value activity, team members became expert at staying abreast of the company's strategic shifts. They learned how to produce intelligence reports "just in time" to support critical decisions. They became intimately familiar with the corporate calendar, and which agenda items were up for discussion, particularly at strategic planning sessions. They proactively sought candid feedback on intelligence they produced, and used this feedback as a foundation for new requirements.

In contrast, in cases when members of the CI group failed to connect with decision-makers on a relational level they quickly found themselves out of step with how those executives received and processed intelligence information. As a result they missed opportunities to use intelligence to its maximum effect.

Under constant budget constraint, the team learned to focus and weed out the "nice to have" requests for information. By asking the key question, "What problem are you trying to solve?" the CI group often rerouted the requestor to readily available sources of information. Other times it allowed the CI group to pinpoint the real question, thus assuring more accuracy in their response. Topics introduced as possible intelligence projects had to pass the "so what" test by other members of the team in lively production meetings. Through this process of continual reprioritization, the CI group successfully branded its publications as "must read now" for all executives on the distribution list.

Data and leads flowed in from the group's ever growing network. Team members were evaluated on the quantity and quality of intelligence produced as well as their ability to identify new network members who not only could provide leads and insights but also unbiased and thoughtful feedback. This network consisted of Motorola engineers with close ties to industry associations and standards bodies; market researchers; trade show attendees; sales execs and competitive intelligence professionals in the businesses; as well as external industry analysts, and technical experts within academia and international associations.

In partnership with Motorola's legal department the CI group established a rigorous code of ethics, closely aligned to the code of ethics espoused by the Society of Competitive Intelligence Professionals (SCIP).³ This code mirrored the strong ethical culture at Motorola. The CI team led mandatory ethics train-

ing throughout the corporation, as well as within the SCIP community as a whole. In 2000, the group also completed a year-long process to create and institutionalize an intelligence career management system for Motorola. This program defined the qualities and functional characteristics of a CI professional for advancement along a career ladder. This was shared with the greater SCIP and the US Government intelligence community.

Responding to Challenges

The CI group took a hard look at its role in any poor decision-making at the company. In some cases there was insufficient, well sourced intelligence to counterbalance the prevailing sentiment toward a particular decision. In other instances the intelligence was ample but members of the CI group assumed that information was already known, and did not take the initiative to assure that it got into the right hands. At times the team opted for the "good enough" answer that assured broad acceptance. But in most cases that were attributed to intelligence failures, members of the CI team simply lacked the confidence or seniority to challenge prevailing sentiment even when intelligence was well sourced.

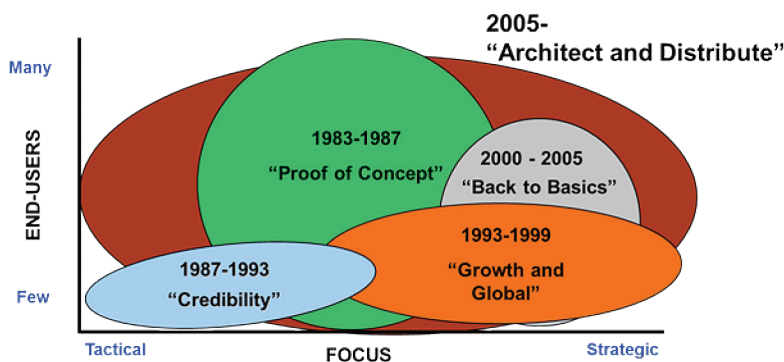
Throughout its history, Motorola's Corporate CI group encountered many of the same challenges facing government intelligence organizations: changes in leadership, shifts in strategic direction; reorganizations from decentralized to centralized and back again; and constant budget pressure.

Composition of the team changed throughout the years in response to shifting requirements. As Motorola grew globally, team members joined in Asia, Latin America and Europe. A native Korean speaker with strong analytical skills provided vastly greater insight into emerging competitors Samsung and LGE. And in order to understand the impact of financial markets and mergers and acquisition activity in the telecommunications industry in the late 90s, the team recruited several members with experience in interpreting financial statements.

Each New Motorola Executive Saw Different Potential for Motorola CI

From an initial focus on "no surprises," the group shifted to broader analysis of technology and industry trends in the 1990's. In 2000-02, priority shifted to understanding the impact to Motorola of frenetic merger and acquisition activity in the related

3. Now known as the Strategic and Competitive Intelligence Professionals.



industries. As an integral part of Motorola's centrally driven strategy team, the CI group provided market and competitor analysis to support growth initiatives championed by then CEO Chris Galvin. Starting in 2006, the group mirrored the decentralization trends in the corporation. In contrast to its centralized collection, analysis and distribution role of the past, focus turned more to architecting and distributing intelligence programs across Motorola's far flung business intelligence organizations. The CI group remained as the "glue" for decentralized intelligence teams in the corporation until 2009.

Conclusion

Perhaps Bob Galvin captured the essence of Motorola Corporate CI most clearly in a quote during a SCIP roundtable on competitive intelligence in 1996: "an intelligence department can be seen as a professional entity that supports, or stimulates, or once in a while hits home runs, or most of the time gets some pretty good bunts in to help move along the more fundamental culture and character of the institution."⁴ Whether by getting some good bunts and occasionally hitting a home run, the CI group served as an integral contributor for 26 years to the growth of Motorola as a global company.

READINGS FOR INSTRUCTORS

The following publications are recommended for a further understanding of the discipline of competitive intelligence:

Porter, Michael E., *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, The Free Press, New York, 1980.

Porter, Michael E., *Cases in Competitive Strategy*, The Free

4. John E. Prescott and Stephen H. Miller. *Proven Strategies in Competitive Intelligence*, John Wiley and Sons, Inc, 2001.

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Fuld, Leonard M., *Competitor Intelligence: How to Get It, How to Use It*, Wiley, New York, 1985.

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Fleisher, Craig S. and Babette E. Benoussan, *Strategic and Competitive Analysis: Methods and Techniques for Analyzing Business Competition*, Prentice Hall, Upper Saddle River, 2003.

Gilad, Ben, *Early Warning: Using Competitive Intelligence to Anticipate Market Shifts, Control Risk, and Create Powerful Strategies*, American Management Association, 2003.

Prescott, John E. and Stephen Miller, *Proven Strategies in Competitive Intelligence*, John Wiley and Sons, Inc, 2001.

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Jenny Fisher spent 18 years at CIA both as an analyst, operations officer and Chief of Station. She joined Motorola in 1995 and is the fifth in a line of former CIA officers to lead the CI group at Motorola. In 2010 Jenny founded Clear Talent LLC, which provides security and recruiting services to small businesses supporting the intelligence community.