India is not currently at war with any country. Even so, would you feel comfortable if the government decided to disband most of the armed forces? Why do we need them if there is no war to fight? Well, even a fourth grader will tell you that these are naive questions. We need to be prepared to defend ourselves against external threats at all times.

A company's situation is really quite similar. Its key "enemies" are indeed its competitors. It is also vulnerable to other risks resulting from changes in regulations, customer preferences, its suppliers, distributors, the macro economy, and so on. Companies too need to be prepared to combat threats from changes in the environment (including competitors) at all times. Their very survival is at stake if they fail to do so. Organizations need to arm themselves with up-to-date knowledge of what is happening in their business environment, so that they are able to take proactive steps to mitigate emerging risks and threats.

And that is precisely what Competitive Intelligence (CI) is - intelligence on the external environment that will help companies build winning strategies. Competitive intelligence is a systematic and scientific way of gathering and analyzing information about the external environment so as to help companies formulate strategies to achieve their business objectives. These may be tactical short term objectives, such as developing a pricing strategy for a particular market segment, or they may be strategic objectives, such as entering new geographies or product segments. Not to be confused with competitor intelligence, CI covers all aspects of the external environment and not just the competitors.

Intelligence does not mean mere data or information. Data refers to unconnected data points; information strings them into trends or knowledge;
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and intelligence goes a step further than that. Intelligence is a forward looking analysis of the implications of the knowledge/trends for a company and what it must do in order to build and maintain its competitive advantage. For example, the price of a commodity is data; its price trend over a 3-year period and an estimate of the future price is knowledge/information. The implications of the estimated future price for the performance of the company and ways to mitigate the price risk constitutes intelligence.

Competitive intelligence is not corporate espionage either. While the former is a rigorous process/system to monitor the business environment and analyze its implications for the company, the latter is of course, an illegal criminal activity involving theft, bribery or blackmail.

In some developed countries, companies have been practicing competitive intelligence for the last 30 years. It has, over the years, evolved into a discipline i.e. an activity with accepted methods of practice, a system of rules, and a code of conduct governing it. While companies in India have always monitored their environment in an informal manner, the practice of competitive intelligence as a discipline is very nascent in the country. Its adoption is expected to accelerate, as the business environment is becoming increasingly challenging.

The level of competition has increased in recent years due to liberalization and globalization. Competitive pressures are expected to intensify as the slowdown in the developed world is motivating companies globally to look at emerging economies (like India) for future growth. Also, sources of macro level risks and uncertainties are arguably at a record high at present. These include risks such as geopolitical, financial, economic, technological, environmental risks, etc. Competitive intelligence has therefore become more critical for businesses than ever before.

The largest body of competitive intelligence practitioners is SCIP (The Strategic and Competitive Intelligence Professionals - www.scip.org). SCIP is a global non-profit membership organization for everyone involved in creating and managing business knowledge. Recently, the India Chapter of SCIP was launched to provide a forum for the CI community in India. In addition to generic CI concepts, the Indian CI community will get a chance to discuss and share issues that are specifically relevant in the Indian business context. Going forward, the practice of competitive intelligence in India is likely to grow very rapidly.

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