

Business Intelligence: History & the Intelligence Cycle



A Seminar for the
Australian Foresight Institute

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Intelligence Taxonomy



- Competitor Intelligence
- Competitive Intelligence (CI)
- Business Intelligence (BI)
- Social Intelligence (SI)

Information Architectures



- **Data:** ‘Raw and unadorned’ (Bernard Liataud)
- **Information:** ‘Data endowed with context and meaning’ (Bernard Liataud)
- **Intelligence:** ‘Knowledge and foreknowledge of the world around us—the prelude to decision and action . . .’ (CIA)
- **Wisdom:** Embodied and experiential knowledge from the Perennial Philosophy tradition

What is Public Information?

- 80-90 % of information in public domain
- Public: ‘all information you can legally and ethically identify, locate and then access’ (McGonagle Jr. and Vella)
- Information costs: 80/10/10 split (Larry Kahaner)

Competitor Intelligence



- Inter-firm rivalries
- Hypercompetition (Richard D' Aveni)
- Brand and channel placement (Marketing mix)
- Strategic positioning (Al Ries & Jack Trout)
- Value Migration (Adrian Slywotzky)
- Mergers and Acquisitions (M&As)

Competitive Intelligence



- ‘Strategies to transfer market share profitably’ (Ian Gordon)
- ‘Fine-tuning your business planning process’ (John McGonagle Jr. and Carolyn Vella)
- ‘Highly specific and timely information about a corporation’ (Leonard M. Fuld)

CI Subtypes



- **Market intelligence:** trends, opportunity analysis, strategic marketing
- **Defensive intelligence:** blind-spot analysis
- **Counterintelligence:** preventive measures for industrial espionage and hacking
- **Proactive intelligence:** e-mail, cell phones, 1to1 and 'viral' marketing
- **Risk analysis:** operational security

CI and Business Processes



- **Strategy inputs (STEEP factors and trends)**
- **Crisis management**
- **Benchmarking**
- **Reverse engineering**
- **Cross-functional research**

Business Intelligence



- Information systems and transaction databases (Enterprise Resource Planning)
- Decision-making support
- Rational management framework
- ‘Radar for business’ (Herbert Meyer)
- ‘Strategic Navigation’ (Richard Hames)

Social Intelligence



- Developed primarily by University of Lund professor Stevan Dedijer
- Development of social capabilities
- Broader social contexts
- Long-term timeframes
- Link to ‘Institutes of Foresight’ (Slaughter)

BI History (Influential Writings)

- **Military Strategy (Occidental and Oriental):**
 - Sun Tzu (*Art of War*)
 - Miyamoto Musashi (*Book of Five Rings*)
 - Niccolo Machiavelli (*The Prince*)
 - Karl von Clausewitz (*On War*)
- **Intelligence and Policymaking:**
 - Sherman Kent (*Strategic Intelligence for American World Policy*)
 - Willmoore Kendall (*The Functions of Intelligence*)

BI History (US Futures)



- **1950s** Economic growth (Forecasting)
- **1960s** New markets (Portfolio analysis)
- **1973** OPEC oil crisis and stagflation
(Delphi, Cross-Impact, Modeling)
- **1980s** Trade liberalization
(Business Management writings)
- **1990s** Globalization
(Scenarios & ‘World Risk Society’)

BI History: Japan, Inc. I

- Ishinomori Shotaro's *Japan, Inc: An Introduction to Japanese Economics*
- In 1986 Japan became world's leading creditor nation; US became debtor nation
- Ministry of International Trade & Industry (MITI): information clearinghouse
- *Sogo shosha* (Japanese trading companies): Mitsubishi, Mitsui Knowledge Industry Corporation and Nichimen Corporation

BI History: Japan, Inc. II

- US response: Detroit Big 3 and Fifth Generation artificial intelligence (AI)
- Geopolitical debate about free trade
- Patent filings, plant tours and trade shows
- US companies constrained by antitrust laws (to prevent price-fixing and oligopolies)
- Integration propaganda (Jacques Ellul)
- Receptive environment for Knowledge Management (KM) in early 1990s

BI Exemplars: Motorola

- Motorola Business Intelligence unit
- Jan Herring (ex-CIA) and Robert Galvin (ex-CEO and Presidential Foreign Intelligence Advisory Board)
- Collections and Analysis org structure
- 6 staff tracked geo-economic areas
- Staff debriefings after overseas trips
- Collective of internal experts (brain trust)
- Model for NutraSweet, Merck *et al.*

BI Exemplars (Australia)



- GlaxoSmithKline (GSK)
- Telstra
- Major consulting houses (McKinsey, Deloitte Touche Tohmatsu, Boston Consulting Group)
- Australian Taxation Office (ATO) Strategic Intelligence Unit
- Australasian Business Intelligence (ABIX)
- Swinburne University (FPR)

The Intelligence Cycle



- Developed by Jan Herring from CIA collections and analysis techniques:
 - Needs Assessment
 - Plan research and collection methods/tools
 - Data collection/evaluation from public sources
 - Information analysis
 - Actionable intelligence presented to audience (decision-makers and policymakers)

Intelligence Cycle I: Needs Assessment



- Scan business and market context
- Decide on Key Intelligence Topics (KITs)
- Who is your final audience?
- Rankings:
 - Likert scale (1 to 5)
 - Reliability index (Kirk Tyson)
 - Information attributes (Brett Breeding)
 - Shallowness, credibility, timeliness and focus

Intelligence Cycle II: Planning Research



- Plan research tools & diagnostic scorecards
- Identify data requirements and sources
- Decide on scanning frame
- Pre-test for personal and tool blind-spots
- Team capabilities and cognitive styles
(MBTI, Spiral Dynamics®, McQuaig, Enneagram, Multiple Intelligences)

Intelligence Cycle III: Data Collection & Evaluation

- Collect data from published and non-published sources
- Interview experts
- Data sufficiency and evaluation:
 - Check facts
 - ‘Relevance, truth-value, understandability, sufficiency, significance and timeliness’ (Ben Gilad)
 - Resolve the inconsistencies
 - What are the key drivers and factors that will influence the context and situation? (Pareto’s 80/20 principle)

Intelligence Cycle IV: Information Analysis



- Filtering data and storage (Chun Wei Choo)
- ‘Chunk’ data into categories and hypotheses
 - Blind-spots, cross-impacts and wild cards
 - Debate meanings
 - Question assumptions
 - Look for disconfirming evidence
 - Allow for dissenting views
- Identify and recognize emerging patterns

Intelligence Cycle V: Dissemination

- Intelligence outputs are contextual, time-specific and actionable
- ‘Timeliness, accuracy and reliable’
(John Prescott and Patrick Gibbons)
- Must meet the need of the consumer
 - Neuro-Linguistic Programming (NLP) for different sensory modalities
 - Delivered even if ‘bad news’
- Links to ‘swarm intelligence’, emergence and intelligence augmentation (IA).

BI and Professional Ethics

- Society of Competitive Intelligence Professionals (SCIP) is professional body
- Economic Espionage Act (1996) in US
- BI often misunderstood as corporate espionage
- ‘Litany’ of Hollywood film references