

SIX DAYS TO DELIVERY: A COMPETITOR'S PRODUCT DEVELOPMENT STRATEGY

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Editor's note: Where do you find effective problem solving approaches for realistic competitive intelligence situations? This new column series tells stories through case studies that include many questions facing competitive intelligence practitioners. The first story, appearing over three columns, illustrates how a CI group responds to a senior management request to deliver an analysis of a competitor's product strategy in six days.

Synopsis: Peter, leader of the competitive intelligence team, receives an urgent assignment from his manager, Ramesh. They have six days to complete an analysis for a possible innovative product move by Acme Technologies, an aggressive competitor. They will present the results to a senior management team headed by Sally, who is vice president of product development.

It is a tough assignment and senior management expects answers. The pressure builds each day as they struggle to agree on how to approach the project, make sense of the competitive environment, navigate the corporate politics and, finally, present a meaningful conclusion. This series of three columns covers how they accomplish their task. Each column describes two of the six days of pressure packed activity and decisions.

DAY 1 – LAYING THE GROUNDWORK

Peter's eyes widen ever so slightly when he sees the assignment. His boss, Ramesh, director of market research, had just received an urgent request from the vice president of product development about a rumored product development move by one of their fiercest competitors, Acme Technologies.

Ramesh, succinct as always, "Peter, you have six days to tell management where Acme Technologies will be investing their R&D dollars for the next year."

"Why do they want to know this?" asked Peter. Ramesh had not learned to be patient with this type of question even though he knew Peter was going to ask it. Peter always wanted the context for the question. Why was it needed? How would it be used? Who was asking? How should the conclusions be presented?

"Just get the information, Peter. You would not have been asked if it wasn't important. I know your next question and the answer is that I will be presenting it."



Now it was Peter's turn to be annoyed. Not so much about Ramesh's doing the presentation, since he knew that Ramesh valued having face time in front of management. Rather, it was the constant struggle to work within the organization to improve competitive intelligence. Although Peter and his team reported to him, Ramesh sometimes had trouble with the most basic and methodical steps of intelligence. Other managers were even more problematic to work with as they openly questioned why a separate competitive intelligence (CI) team was necessary. If nothing else, thought Peter, I am learning a lot about people in this position.

Breathe, he counseled himself. Business was tough and it was hard on everyone. Though their actions sometimes seemed counterproductive to effective competitive intelligence, the managers' motivations were clear and understandable. Even Ramesh's impatient tone could be forgiven. He was trying to balance many factors to make the right decisions.

After all, Ramesh had brought him into the company to form the CI team that Peter now headed. Ramesh had secured the budget and run the initial organizational interference. Through their projects together, they had many conversations about what needed to be done and how to do it better to make a significant impact on the company. In those discussions, one of Peter's firm positions had concerned the fact that proper questions asked within a clear context would lead to better answers. When the pressure was not so heavy, Ramesh easily agreed with Peter's approach. In this situation, it was not so easy.

"Ramesh," Peter said, "I'm fine with you presenting and I want to make sure that you have good material to deliver. We have a lot of information about Acme but you don't want to drown them with all of it."

"You're right," conceded Ramesh. "We only have about 30 minutes for the presentation at the meeting." "Which meeting is it?" asked Peter. Ramesh, settling slightly and catching the rhythm of Peter's questions said, "It's the product development strategy meeting."

This helped Peter understand more of the request's context. The quarterly product development strategy meeting discussed key investments for the business. The vice presidents of engineering, product development, marketing, and a variety of support organization leaders attended it. From experience, Peter knew that their agenda typically

included a review of year-to-date performance and one or two special topics. “Is this question about Acme one of the hot topics?” asked Peter.

“Yes,” replied Ramesh. “Sales have heard that Acme is investing heavily to improve their product subsystems. They expect that whatever Acme is doing will show up in their next product cycle in some 12-18 months. If true, then we barely have time to react. Both engineering and product development are especially worried about the issue.”

It was funny, thought Peter, how much trouble Ramesh and other managers had sharing information. Asking to clarify a request was usually met with irritation. Peter was slowly learning not to dwell on that emotional response. Instead, he found it best simply to ask open questions and let Ramesh talk.

“What do we already know?” asked Peter. Ramesh was very connected in the company and throughout the industry. When Peter first started the CI team, he had missed this fact and suffered for it.

Ramesh answered, “We know that Acme has increased its R&D spending. Actually, your report of the competitors’ key financials first helped us see this.”

Peter remembered that report well. His team had taken the top line financials for each major competitor. Then, working with the finance team, they had modeled the division and product line R&D spending for each company. Finally, by overlaying the models on the product roadmaps, the CI team had alerted management that Acme and one other company were aggressively investing. The question now seemed to be “investing in what?”

“We also know that Acme acquired two small companies with some very interesting technologies,” Ramesh continued. “Now the rumors say that Acme might be negotiating a deal to take our biggest customer’s business.”

There it was, an imminent threat to revenue and profit. His company had a large share of its business at that customer. If another company, like Acme, could steal some of that share, then the business would suffer substantially.

“Okay, that helps. Once we understand what Acme is doing, is our decision based on what new features or technologies we include in our current product line or in future product lines?” Peter asked. This question came from another mistake that he had made earlier. A prior analysis had painted a beautiful picture of the competitive landscape and pointed out a compelling solution. Unfortunately, for Peter, that solution was three years out and management needed to take meaningful action much sooner.

“We will have to make changes to the current product line,” said Ramesh, “although I have difficulty believing that product development can respond that quickly. Engineering says they need at least six months to incorporate a new technology and it will take another year for it to appear in the product line.”

Peter noticed that both engineering and product development were making estimates without the benefit of detailed competitive information. Maybe the required changes would be simple once the company understood Acme’s technology-based threat. On the other hand, these groups often assumed the worst. This was not unusual; all of the entrenched organizations protected their turf.

“Sally’s to come up with the plan to counter Acme’s actions,” Ramesh went on. Sally, the vice president of product development, was known as a heavily process-oriented person. She received credit for making the company’s product development execution methodical and predictable. Once a product entered the development pipeline, it exited when promised. Sally valued solid information and Peter knew that any presentation in front of her would have to be well supported.

Peter’s first “ah ha” moment in intelligence came when he recognized that great analysis was less important than meaningful change. In fact, he had changed from measuring his team’s value based on their analytical successes to whether they resulted in implementing strategy changes. Peter now focused more effort on understanding how individual senior managers made decisions and he used that knowledge to tailor the CI presentations accordingly. As a result, he could now better present the intelligence analysis and recommendations to his senior management customers and better trace the impact it had on their strategic decisions.

“When will we meet with Sally?” asked Peter. “Meet with Sally? We don’t have time. Even if we did, she’s too busy,” said Ramesh.

This was the major problem in the company’s current CI process: senior managers passed down assignments to the intelligence team and provided little opportunity to discuss them. Peter had mentioned this issue many times but had not been able to resolve it. When his team could discuss the assignment with senior management at the beginning, it was the prime indicator of how effective the project outcome would be and how satisfied the senior managers were with the results.

Peter began pushing back on Ramesh’s assumptions. “Well, if this initiative is important to Sally and the company, wouldn’t she want to get the best possible answers from us? Of course, she may be too busy but we should at least try, don’t you think?”

Ramesh said, “We cannot go to her unprepared, and we are not ready to see her!”

“You’re right about being prepared,” said Peter. “Here’s what I propose based on the accelerated schedule. I’ll draft a set of starting key questions based on what we have now. We’ll meet again later today and refine them. Once you are satisfied, I will create an execution plan for the analysis and draft an outline of the presentation.”

“Once we’ve decided on the questions, execution plan, and presentation template, call Sally and request 30 minutes,

preferably within the next two days. Explain that we need to confirm the assignment's purpose and plan for next week's meeting. I think she'll agree," said Peter. "In the meantime, the team will start working through the execution plan, and have a detailed update in two days. If the meeting with Sally happens later, we'll incorporate the latest information into the draft we show her. Will this work for you?"

Ramesh felt his confidence building. Peter really did know competitive intelligence. His team could start from an amorphous need, crystallize it into something tangible and quickly produce useful answers. They had proven this over and over again. Yes, Peter was right about getting the context, defining the questions, and tailoring the output. There was only one thing left for him to do: "I'll call Sally and get us on her calendar."

DAY TWO – KEY QUESTIONS AND SOURCES

Synopsis: Peter and Ramesh plan to meet with Sally, vice president of product development, to explain how the competitive intelligence team will respond to the Acme Technologies project. They debate, discuss, and argue about the right set of key questions. Peter explains how primary sources are identified and how those sources will be interviewed. Ramesh finds out that the intelligence team has a war room that has previously escaped his notice.

Now the preliminary work was underway in preparation for meeting with the senior management sponsor, Sally Martin, the next day. Sally had the management assignment to present recommendations about how the company should respond to the next moves by Acme Technologies. She also had a personal investment in the end result since the product development organization would be significantly affected by the outcome.

Peter felt positive about the first steps he had taken with Ramesh, although they went back and forth about the key questions. Ramesh wanted a long list of detailed questions. "Every issue should have a question!" he argued. Peter knew that this approach could be self-defeating. In the presentation and the selling of the results, the people listening and deciding could be distracted with too much information. It was better to focus on a small set of essential questions and then let the detail support the answers to those questions.

Finally, they seemed to agree on the three critical questions that required answers:

- What resources was Acme applying per product line?
- How could the Acme development capabilities support new product features?
- What are Acme's strategic directions?

If they could support each answer with credible details, the organization would have the competitive intelligence about Acme it needed to move forward.

Ramesh's support of the three questions was unenthusiastic. "What about their corporate strategies?" he asked. "You aren't considering their acquisitions and I've already told you about two companies that they purchased. I don't see where Sally will get the direct answer that she expects."

"We'll address whatever development capabilities those acquired companies bring to Acme in the second answer and the management plans in the third," explained Peter. "Okay. What about the original question about their new product? That's what started the whole exercise," Ramesh challenged.

Peter thought for a moment. He intended to discuss the specific product in the first question but, admittedly, it was stated a little too broadly. On the other hand, if the audience was sidetracked with a product answer too soon, they might miss some later critical points. He had an idea.

"How about we reorder the questions so we sort out the strategic direction first? That way we can pull in information about all of Acme's actions and make sense of them. Then we cover what they could do with the resources and capabilities they have. We'll have to make estimates for this and Sally's team could solidify them. Finally, we'll answer the direct question of what Acme is doing with the specific product. Does this work?" asked Peter.

"Yes, it does," replied Ramesh. He sat back in his chair and looked at the ceiling. "You know, Peter, it's great to have these questions for Sally. But we only have five more days to finish. How do you expect to do that?"

Peter noticed that he had said "we." This was a subtle signal that he had learned to look for in every project. When he did his job well, others began to take an ownership stake.

"Ramesh, if we started from scratch, we'd be in trouble. However, we already have much of the information we need," said Peter. Peter and his team had long been tracking Acme Technologies' product roadmaps, financial transactions, and marketing activities. All that information was stored in their growing database. Ramesh knew of the database but, thought Peter, he is going to be surprised at how much information about Acme we already have.

"We won't lack information. The challenge will be making good interpretations of it and aligning the organization before the product development strategy meeting. This is where I need your help," Peter went on. "My team's already identifying the analyses and data we need. Now we have to schedule some meetings."

"Meetings for what?" asked Ramesh. "We need to discuss with experts every major assumption and conclusion before the management meeting," said Peter.

"And where are you going to find 'experts' in five days that have the time and interest to discuss this with you?" Ramesh asked sharply. Not offended, Peter replied, "Here's a list of the

people we're consulting. We've also assigned responsibility for contacting each expert to someone on our team."

Ramesh looked the list over. He recognized many names: the fellow from finance, the marketing communications manager, several leading engineering types, a few industry analysts, and some others he did not know. Each person had a CI team member assigned to interview them. A few names were even assigned to him.

"This is a good list, though I don't know how you will get through them all. What about the people I've got? What exactly am I supposed to do with them? They can't possibly answer any of the three questions," Ramesh said.

Peter explained, "We don't expect any one person to provide the full answer to a specific question. Our interviews have three goals. First, we want to uncover as much supporting information as possible. We'll use this information to make sure we're on the right track and to add credibility to the 'big answers.' Second, we want to discover any new sources and interpretations we've not yet identified. As thorough as my team is, we don't know everything. Third, we'll develop internal support for our conclusions. People seem more willing to accept our judgment when they have been involved with the process."

Peter stopped. When Ramesh appeared to have absorbed the explanation, Peter continued. "My team's preparing interview outlines for each person on the list. Thanks to your support for training, everyone on the team can do primary research correctly." Peter did not tire of giving Ramesh credit. He knew that Ramesh had overcome some personal and organizational skepticism to support the intelligence team.

"Okay, you're organized to move forward," conceded Ramesh. "So we have all of these conversations and gather information, then what?" Peter said, "We post everything in the CI war room. At the end of each day, we debrief each other about our findings and debate their meaning and usefulness. You'll want to be a part of these meetings."

Ramesh interrupted, "Wait a minute. I explicitly did not agree to fund a war room for your team. It cost too much and giving you one would set a bad precedent for my other teams that want a dedicated room. What gives?"

It was Peter's turn to look at the ceiling and exhale slowly. "The room isn't costing you anything. It is a storage room that IT used for old PCs. When I found out that they needed to send them to surplus, I asked if we could help them move them. My team came in over the weekend to do it. Afterwards, it turns out that they didn't need the storage space for at least a year but they were worried that someone from facilities would find out and take it away from them. We offered to make it look occupied."

Ramesh guessed that the arrangements with IT were a little less coincidental than Peter described. Nevertheless, he had to admire his ingenuity. More than that, he wanted to see the war room. If it turned out to be useful, maybe other teams should have one.

After Ramesh left, Peter reflected on the day. He had a mixture of emotions that seemed common to the job. There was excitement of receiving the initial assignment. He liked being involved with the strategic issues and the urgent issues of senior management. Privately, though, he was always concerned that others would expect too much, too soon from his team. Just for good measure, there was the constant pressure to reduce complexity into simple presentations. Finally, and this was the most difficult thing, Peter had to navigate the politics of the organization to protect his team. No small feat when there were those that did not understand or accept competitive intelligence.

When the pressure felt the greatest, Peter found it helpful to review his assets. He had a great team of dedicated workers who could manage the information collection, execute the analyses, and produce thoughtful interpretations. His boss, Ramesh, was usually supportive and helpful. The people throughout the organization who were cultivated during previous projects would likely help. Moreover, they were not starting from scratch. The team had amassed information and practiced processes that worked.

There was one more call to make before heading home for the day. Peter needed to talk with his mentor, Jason Williamson. Over the years Jason had served in multiple senior management positions in the company. Peter met him at a volunteer charity event several years ago and struck up a friendship that had evolved into a mentoring relationship. Jason was invaluable to help Peter understand the background and preferences of the current management. Peter wanted his guidance before talking with Sally. Since he had never worked with Sally, Peter absolutely needed that initial discussion with her to go well. It would set the tone for the entire project.

Author's note: Join and contribute to the continuing discussion of this case at cicases.com.

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