

Competitive intelligence practices in South African telecommunication companies

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ABSTRACT

Due to the pressures of recession, increases in unemployment and an uncertain economic future, business leaders are faced with huge challenges. They are met with fierce competition in the markets in which they operate as companies compete more aggressively for market share.

Competitive Intelligence (CI) refers to actionable information and analysis about your competitors and your industry. Having sound, evidence-based intelligence enables business leaders to more effectively deal with competition.

A CI program which involves collecting and analysing raw data and information to form actionable intelligence is fundamental to any business. Research shows however that CI is not being used with significant effect in most South African industries.

This research explores the use of CI in the Telecommunications Industry of South Africa. A qualitative study using in-depth interviews was done to determine the CI process that is adopted by the major players in this industry. The degree of business leader involvement was also assessed.

In order for CI to be effective it must be managed within a specific framework known specifically as the 'intelligence cycle'. This study shows that companies within the research sample do not make use of such a framework. It also highlights the importance and pivotal role that business leaders play in having a good CI program.

Companies dedicate resources to understanding what competitors are doing and make strategic decisions based on this information. Therefore the CI program that is adopted should have full support from business leaders and be managed within a framework that allows for the production of reliable intelligence

DECLARATION

I, _____, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Aveshin Naidoo

Signed at

On the day of 2008

DEDICATION

I dedicate this to my family; my wife and children and to my parents and siblings.

ACKNOWLEDGEMENTS

- To my wife who had to endure having a husband who was a student for far longer that she would have liked to.
- Douglas Bernhardt who's work on CI, numerous articles and research has inspired me.

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1. CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this research is two-fold: to evaluate the process used by South African telecommunication companies in gathering, producing and using competitive intelligence in their organizations and also to examine the role that business leaders play in this process.

1.2 Context of the study

1.2.1 Definitions

Competitive intelligence can be defined as “The legal and ethical collection, analysis, and distribution of information regarding the competitive environment and the capabilities, vulnerabilities, and intentions of business competitors” (Cottrill, 1998; p.27)

Competitive intelligence (CI) provides governments and companies with early warning signs (Gilad, Gordon, & Sudit, 1993) and also helps to forecast the moves of customers and competitors (Gilad, Gordon, & Sudit, 1993). Calof and Wright (2008) state that CI involves dealing with information about customers, suppliers, technology, environments, and potential business relations. They add that CI covers this entire competitive environment and not just the competition (Calof & Wright, 2008). As a result CI has an important role to play in the formulation of a business strategy.

Competitor intelligence focuses on aspects of one or more competitors and is a subset of competitive intelligence (Choo, 1999). Competitive intelligence relates to analysis of competitors (Choo, 1999) as well as all the other competitive conditions that will affect that particular sector (Choo, 1999).

Competitive intelligence helps companies to gain and maintain a distinct competitive advantage (Dishman & Calof, 2008). CI helps companies to

maximise the use of their resources by focusing their initiatives and actions based on analysis of competitor information (Dishman & Calof, 2008).

1.2.2 *CI and Strategy Formulation*

The primary step in understanding the position of a company is to examine it in relation to the competitors that it must contend with (Bernhardt, 1994). Bernhardt (1994) adds that this entails answering questions like:

- What are the goals of our competitors?
- What are their strengths and weaknesses?
- How have they performed to date?
- What is their present strategy?

Often the company will formulate a strategy without answering these questions (Herring, 1992) most probably because the strategists believe that it is not possible to get such information (Herring, 1992). Herring (1992) declares that there are two categories of information that are required for strategy formation:

- Details about your companies resources, capabilities and intentions (Herring, 1992) and,
- Pertinent information about the company's customers, competitors, industry structure and the competitive forces that shape the markets in which it operates (Herring, 1992).

Companies often have a good knowledge of their own capabilities and resources (Herring, 1992), however only a few firms make sufficient provisions for the collection and analysis of competitor information and the external forces that affect their industries competitiveness (Herring, 1992).

Porter (2008) asserts that the job of a strategist is to comprehend and manage competition. Porter (2008) explains that if the external forces within an industry are extreme, then no company earns a good return on investment (Porter, 2008). Porter (2008) adds that the converse is true, *i.e.* that if the forces are insignificant, companies within that particular industry will be profitable. It follows, that the industry structure which is defined by the five forces is what

drives competition and profitability in an industry (Porter, 2008). The strongest forces will establish the profitability of an industry and these will form key elements in the formulation of a company strategy (Porter, 2008).

Bernhardt (2002) declares that CI has a role to play in each phase of the strategy process and is therefore an essential pillar of strategy formulation and development.



Figure 1: Generic Strategy Process (Source:(Bernhardt, 2002))

- Visioning: The role of intelligence in this phase is to make business leaders conscious of the relevant external forces such as industry structure and market forces that may threaten its vision (Bernhardt, 2002)
- Strategic Intent: Bernhardt (2002) adds that in this stage intelligence helps to assess the strategic intent of current and emerging competitors. This aids an organisation in developing its own strategic intent.
- Core Strategy: By gaining an understanding of a competitor's core strategy, one will be able to identify their efforts to achieve a competitive advantage (Bernhardt, 2002). This information is able to help an organisation position itself in relation to its competitors. Does the company want to compete directly or does it choose to operate in a space where the competitive forces are less active.
- Communication: This part of the strategy process introduces the concept of counter intelligence. While disseminating strategy through the organisation it is imperative that key information be given on a need to know basis and not broadcast openly. The company must make every effort to protect important information about company secrets from competitors (Bernhardt, 2002).
- Operational Planning: Intelligence also plays a role in operational planning and action. Advance knowledge of competitor movements will

allow a company to make tactical changes that can outmanoeuvre the competition. Another function for intelligence in operations is to examine the results of the competition; are they achieving what they set out to do? Do their activities correspond to their strategy? This information will expose your competitors and provide opportunities for attack (Bernhardt, 2002)

Intelligence has a vital role to play in each stage of the strategy process. The purpose of CI is to provide information to decision makers in order to minimise the uncertainty with which they must deal with.

1.2.3 *The Intelligence Cycle*

The intelligence cycle is a systematic process by which information is acquired, converted into finished intelligence and made available to business leaders (Fleicher, 2004).

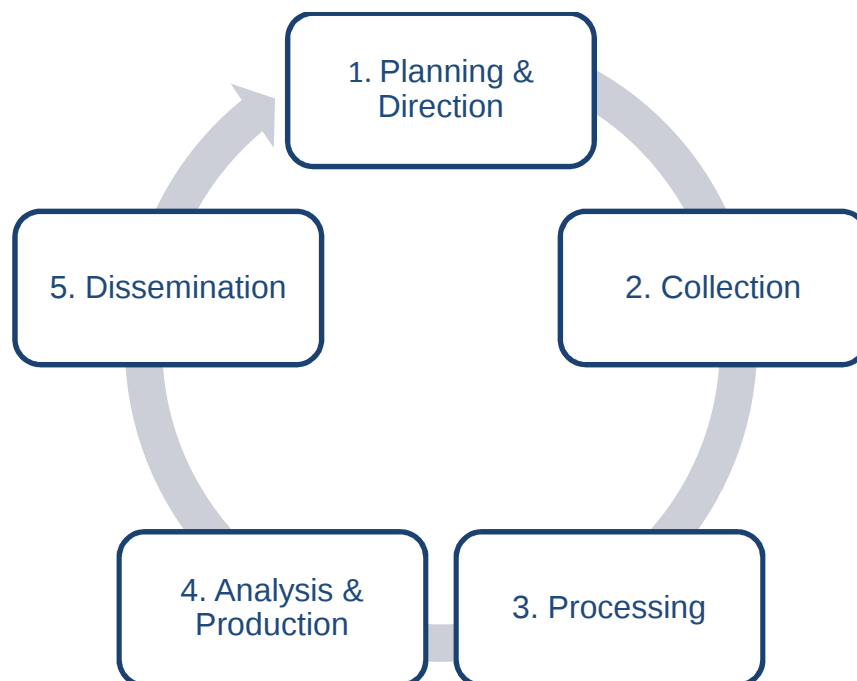


Figure 2: The intelligence Cycle (Source: (Kahaner 1997))

Kahaner (1997) asserts that if CI is to be effective then it must be managed within the framework of the intelligence cycle model.

- Step 1: This step is where the intelligence requirements are determined (Nasri, 2011). It also involves working with decision makers to understand their needs (Bose, 2008).
- Step 2: The collection team then goes about gathering the raw data from which the CI will be produced (Nasri, 2011)
- Step 3: The raw data or information that was gathered is then converted to a form that will be suitable for analysis (Dishman & Calof, 2008).
- Step 4: The information is analysed and packaged or presented as an intelligence product (Rouach & Santi, 2001).
- Step 5: Finally the CI is disseminated to consumers (Miller, 2001).

The intelligence cycle is an iterative process (Fleicher, 2004).

1.2.4 *The Practice of CI*

Although CI is imperative for the formulation of strategy many authors through their research have found weaknesses in the manner in which companies use CI in their businesses. Dishman and Calof (2008) in their research found that the practice of CI was weak from a collection and process viewpoint, they also discovered that in their sample there was a good internal culture to support intelligence however companies are not practicing it (Dishman & Calof, 2008). While high scores were shown in awareness low responses were evident in focus, analysis, communication and procedures (Dishman & Calof, 2008).

Bernhardt (2010), states that CI in practice is being marginalized and at times it is being ignored all together. He adds that one of the biggest problems that a CI analyst faces is being heard by the decision makers (Bernhardt, 2010). This suggests that the mechanism within the process of allowing analysts to be listened to is missing.

Research done by Qiu (2008) describes how the entrepreneurial attitude and normative beliefs influence the managerial scanning for CI. Therefore in the absence of a formal process or policy governing the CI initiatives the attitude of leaders will then take over procedures (Qiu, 2008).

Gilad et al (1993) concluded that CI was not effectively used in the decision making process. They also found that information was abundantly available, however rigorous analysis around competitor information was lacking (Gilad et al., 1993). Gilad et al (1993) introduced a systematic method for evaluating CI which identified information gaps which they call competitive 'blind spots' which contributed to performance shortfalls.

Intelligence efforts of many companies are short term ventures and they do not have ongoing or formal processes in place, but still conduct intelligence activities (Dishman & Calof, 2008).

Companies often appreciate the importance of CI; however there seems to be a breakdown somewhere in the process on gathering and analysing information. The breakdown may also come from the fact that there is no business leader buy in which prevents this information from being used in strategy formulation.

1.3 Problem statement

1.3.1 *Main problem*

The aim of this research is to evaluate the methodology by which South African companies' in the telecommunications industry manage and produce CI in their firms.

1.3.2 *Sub-problem 1*

The first sub-problem is to determine the process and policy by which CI is gathered and disseminated throughout the company

1.3.3 *Sub-problem 2*

The second sub-problem is to evaluate the manner in which business leaders influence the processing and use of effective CI in companies.

1.4 Significance of the study

This chapter highlights that CI is fundamental to the formulation of an effective company strategy. It also shows that CI initiatives are not effective in some industries. This study aims to explore the reasons for these inefficiencies. In examining the process and policy by which CI is managed within a company it is envisioned that the reasons for the ineffectiveness may be uncovered. If obstacles are found that are inhibiting the practice of CI in firms then these obstacles can be addressed which would lead to more effective use of CI within industries.

1.5 Delimitations of the study

This study involved interview candidates who are senior managers in the South African Telecommunication Industry. It is felt that this level of management will have knowledge of both the company strategy as well as the daily operations of the business. Business leaders will likely be clear on their own firm's strategy; however they may lack knowledge of operational challenges and operational people may not have sufficient insight into strategic issues.

1.6 Definition of terms

- The intelligence process: The process by which information is acquired, converted into finished intelligence and made available to business leaders (Bernhardt, 1996)
- Competitive intelligence (CI): can be defined as "The legal and ethical collection, analysis, and distribution of information regarding the competitive environment and the capabilities, vulnerabilities, and intentions of business competitors" (Cottrill, 1998; p.27)
- Business Leaders: This refers to individuals who are decision makers in an organization and are employed at the "C-suite" or director level

- Senior Managers: Are managers who would report directly to business leaders.

1.7 Assumptions

This study assumes that interview candidates are knowledgeable in the fields of strategy, and familiar with the function of competitive Intelligence. All candidates have post-graduate qualifications as well as many years of work experience in their fields and are employed at the level of senior management.

2 CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

During the dessert storm campaign in the war between US-led coalition forces and Iraq, General Norman Schwarzkopf relied heavily on intelligence about the Iraqi military strengths when formulating his battle plan (Herring, 1992). He used the quantity and capability of their forces in formulating his strategy (Herring, 1992). Once his campaign was underway he depended upon real-time intelligence about his opponent's response in order to adjust his plan (Herring, 1992) thus intelligence played an imperative role in formulating his strategy and in executing it (Herring, 1992). Porter (2008) asserts that the job of a strategist is to deal with competition. CI provides strategists with early warnings signs and helps to predict the moves of competitors, customers and governments (Calof & Wright, 2008). This methodical scanning for CI is crucial for companies to stay abreast of shifting market conditions (Patton & McKenna, 2005).

2.2 Background Discussion

In recent years CI has become essential in strategic management (Zangouezinezhad & Moshabaki, 2009). The enterprise that is competitor-intelligent is one that dedicates resources to studying their competitors and predicting their movements (Heppes & du Toit, 2009). The competitor-intelligent organisation is continuously aware of threats posed by competitors (Heppes & du Toit, 2009) and other players and forces in the wider competitive environment, it understands the extent of those threats and what measures it must implement in order to counteract them (Heppes & du Toit, 2009). In its infancy CI is performed on an ad hoc basis (Heppes & du Toit, 2009) and is reactive in its style; however in its mature state CI is a centralised tracking system and its activities are fully integrated, including research on competitors, customers and suppliers (Heppes & du Toit, 2009). Qiu (2008) asserts that organisational competitive advantage is dependent upon the ability of an

organisation to scan proactively for CI and to make effective responses based on this intelligence (Qiu, 2008).

2.3 The CI Process

Competitive intelligence requires suitable policies and procedures as well as an infrastructure (Dishman & Calof, 2008) either formal or informal so that employees can contribute to the intelligence process as well as to benefit from this process (Dishman & Calof, 2008). There is ample support for a formal configuration and organized approach to intelligence (Bernhardt, 1996; Dishman & Calof, 2007; Porter, 1980; Saayman et al., 2008). Bose (2008) argues, that CI is both a process and a product. Intelligence is a product that emanates from the processing of information and data (Bose, 2008). The process of CI is the act of gathering, analysing and acting upon information about products, competitors, suppliers and customers for the planning needs of the firm (Bose, 2008). According to the Society of Competitive Intelligence Professionals (SCIP), a successful CI process is run in a continuous cycle called the intelligence cycle (Bose, 2008). This is shown in Figure 3. There are five phases which constitute this cycle:

- Planning and direction
- Collection
- Analysis
- Dissemination and,
- Feedback

SCIP describe this as being the process by which raw information is obtained, conveyed, evaluated, analysed and presented as intelligence for business leaders to use in the making of decisions (Bose, 2008).

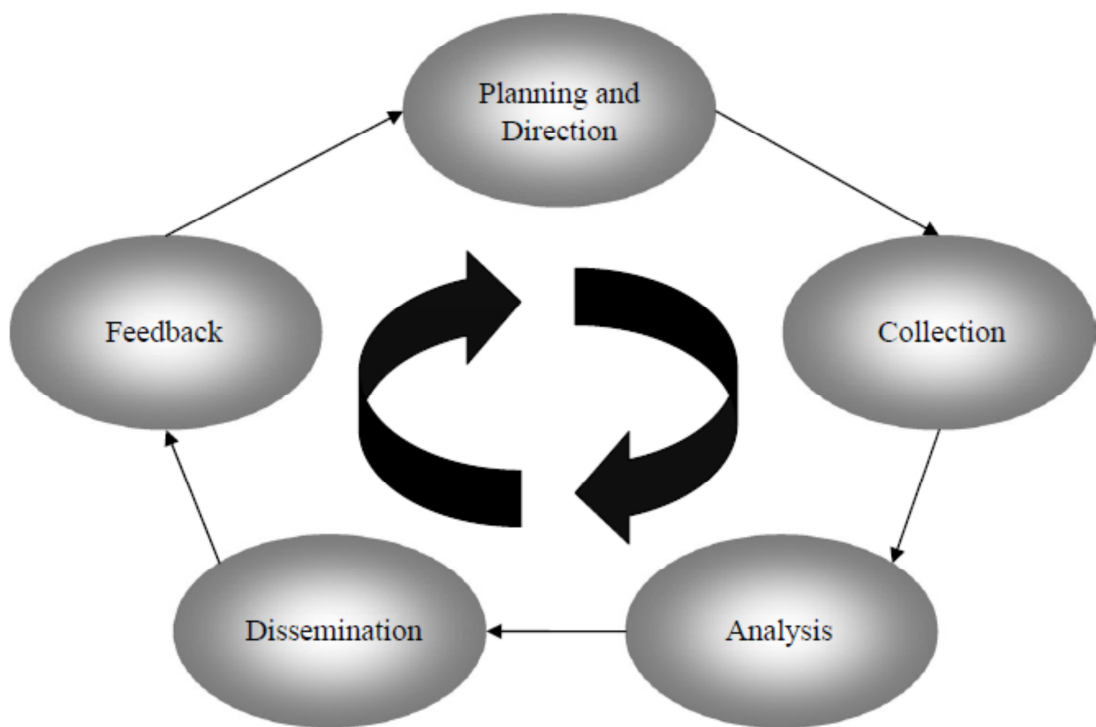


Figure 3: The CI Cycle (Source: (Bose, 2008))

Bernhardt (1996) describes a similar cycle which is shown in figure 2. It is made up of the following:

- Planning and Direction
- Collection
- Processing
- Analysis and production
- Dissemination and,
- Feedback

Calof and Dishman (2002) propose the model shown in figure 4 for the competitive intelligence process:

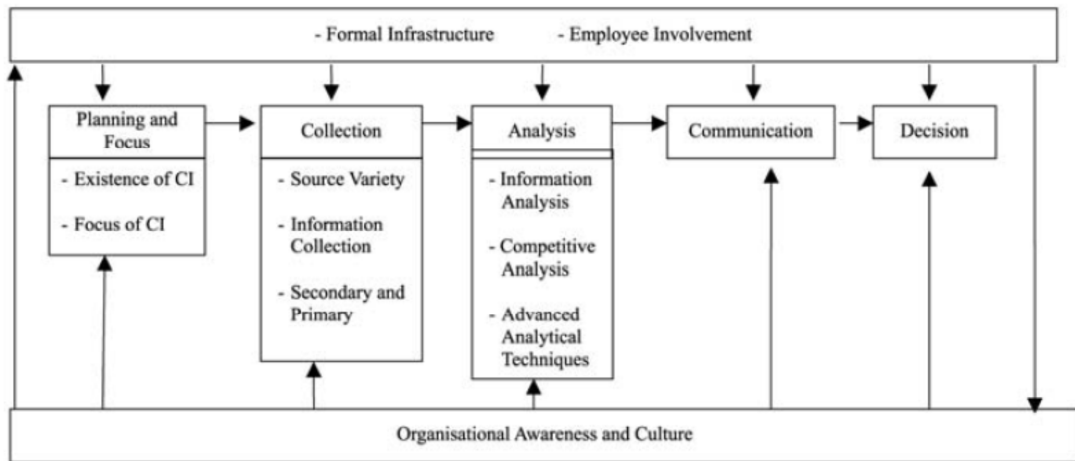


Figure 4: The CI Process (Source: (Calof & Dishman, 2002))

Saayman et al (2008) comment on this model presented by (Calof & Dishman, 2002) and say that while there is a definite CI process, it is affected by certain contextual influences such as the organisational awareness and culture, formal infrastructure and employee involvement (Saayman et al., 2008). Thus CI consists of planning and focus, collection, analysis and communication of intelligence as well as the necessary structures along with an organisational awareness and culture (Saayman et al., 2008).

2.3.1 Planning and Direction

This is the first step in the process and it is here that an assessment is made of what intelligence is required (Saayman et al., 2008). The company's requirements in terms of what is needed? Why it is needed? And when it is due? Is determined (Bose, 2008). Bose, (2008) adds that this is performed iteratively involving business leaders who are the decision makers and analysts who produce the CI. Efficient intelligence processes do not intend to gather all possible information or research everything about the topic (Dishman & Calof, 2008) but instead focus on the key issues that are pertinent to business leaders (Dishman & Calof, 2008). Herring (1992) stresses the importance of planning and focus for the intelligence initiative. This phase is necessary to determine the required resources for the CI project (Dishman & Calof, 2008) and also to establish the purpose of the task (Dishman & Calof, 2008). Bose (2008) adds

that in this phase intelligence needs are translated into specific intelligence requirements or “key intelligence topics” (KITs).

2.3.2 Collection

Collection is the second step in the process and it involves the collection of raw data from which intelligence will be produced (Bernhardt, 1996). Bose (2008) adds that collection initiatives are made up of identifying all the sources of information as well as collecting the correct data legally and ethically (Bose, 2008). Miller (2001) in his research found that approximately 25 percent of all intelligence time is spent in this phase. Part of the collection phase is to also ensure that the information and respective sources are tested for reliability (Saayman et al., 2008). Information is gathered from a number of sources which include published, unpublished as well as human sources (Saayman et al., 2008). Competitor information is extracted from all these sources, analysed and then turned into competitive intelligence (Cottrill, 1998). Gilad (1994) argues that competitive intelligence is at its core, human intelligence (HUMINT) and that a company must have mechanisms in place to make use of this collection technique (Gilad, 1994). Human sources include competitor staff, company experts, customers, suppliers and others who have access to information that is not readily available (Bernhardt, 1996). However, HUMINT is extremely subjective and all intelligence obtained through this medium must be verified (Bernhardt, 1996).

2.3.3 Analysis

Practitioners believe that it is in this phase of analysis that exact intelligence is created (Saayman et al., 2008) that is, the conversion of information and data into functional intelligence upon which strategic decisions can be made (Saayman et al., 2008). Analysis is a defining step in the intelligence process (Dishman & Calof, 2008). Valuable analysis requires the ability to look beyond the obvious and this is sometimes referred to as strategic analysis (Bose, 2008). Bose (2008) adds that the analysis must produce a recommendation for action. Analysis of information produces intelligence and it is intelligence that

business leaders need in order to make decisions and not information (Rouach & Santi, 2001)

2.3.4 Dissemination or Communication

In this phase of the process the finished product or the intelligence is communicated to the decision makers in a format that is easily understood (Miller, 2001). The results of the CI process must be communicated to those who have the power to act on those outcomes (Saayman et al., 2008). Saayman et al (2008) asserts that there are many methods of communicating this and cites the following examples: ad hoc reports, alerts, emails, presentations, news briefs, competitor files and special memos.

2.3.5 Organisational Awareness/Culture

In order to appropriately use its CI efforts there must be an organisational awareness of CI and a culture of competitiveness (Slater & Narver, 1995). The heightened awareness of a company's competitive environment, which is often created by the use of intelligence in a company (Slater & Narver, 1995) tends to be a fundamental step for organisational learning theory (Slater & Narver, 1995).

2.3.6 Feedback

In the model presented by Bose (2008) in figure 2.1 he suggests that feedback is the final step in the process. Feedback activities involve assessing the effectiveness of the intelligence that was provided to decision makers (Bose, 2008). This involves answering the following questions: Was it used? Did it save money? Did it result in a deal? How can the process be improved? This will provide the analyst with areas for improvement or further research (Dishman & Calof, 2008). This step completes the CI Cycle.

2.3.7 Research Question 1

There exists a specific process by which effective CI is produced, and it is comprised of the followed phases: Planning and direction, collection, analysis, communication and feedback. In addition to this formal process there exists an infrastructure which allows for employee involvement as well as an organisational awareness of competitive intelligence.

What process is used for the production of CI in South African Telecommunication Companies?

2.4 Management Influence

Without business leader “buy in” CI is doomed to failure (Bernhardt, 1999). Business leader’s support for CI initiatives establishes legitimacy and importance for these activities (Saayman et al 2008).and CI departments benefit from business leader support (Saayman et al 2008).

Evaluating your competitors is a fundamental aspect of strategic analysis (Lim, 2013). Lim (2013), states that business leaders must systematically assess their competitors in order to formulate effective strategies and tactics to counter their endeavours. However business leaders may have biases which cause them to misinterpret competitor behaviour and formulate incorrect perceptions (Lim, 2013). Research has shown that business leaders are not able to accurately predict the movements of competitors (Lim, 2013).

As shown in the intelligence cycle above business leadership has involvement in two important stages in the process. Firstly, during the planning and direction phase and secondly during the decision making phase. Analysts produce the intelligence based on direction from the decision makers and leaders make decisions based on the final product, which is the finished intelligence.

2.4.1 *Planning and Direction*

This is the first step in the intelligence cycle. CI practitioners tend to focus their attention on collection and analysis while allocating little time to understanding the consumer for whom this intelligence is produced and the context in which it is going to be used (Bernhardt, 1999). The planning and direction of intelligence involves the management of the entire effort from the identification of the need for information through to the final intelligence product for the consumer (Barndt, 1994). The CI analyst must have continuous access to the decision makers in order to align the intelligence to the needs of the consumer throughout the process (Barndt, 1994). Rigorous planning and direction, which involves management participation in tailoring CI initiatives to managements requirements is necessary for the intelligence to be deemed credible by decision makers and used in the decision making process (Bernhardt, 1999)

2.4.2 *Education of Decision Makers*

Bernhardt (2010) asserts that most executives have little or no experience with intelligence and thus cannot buy into the process or role as they do not understand what it can do for them. Analysts must therefore implement initiatives that will market CI as a function and also educate executives with the benefits of using CI in the decision making process (Bernhardt, 2010).

2.4.3 *Research Question 2*

What is the involvement of business leaders in the production of CI in South African Telecommunication Companies?

2.5 Conclusion of Literature Review

CI is necessary to produce an effective strategy for the company. In order for appropriate intelligence to be produced an iterative CI process should be followed. This process will ensure that the intelligence that is produced has the greatest chance of answering questions that business leaders need answers to and thus providing them with information upon which decisions can be made. Business leader's involvement is imperative for the effectiveness of this process. No worthwhile intelligence can be used in the decision making process without management support.

2.5.1 *Research Question 1:*

What process is used for the production of CI in South African Telecommunication Companies?

2.5.2 *Research Question 2:*

What is the involvement of business leaders in the production of CI in South African Telecommunication Companies?

3 CHAPTER 3: RESEARCH METHODOLOGY

The research methodology that was used to address the research questions is discussed in this section. A description of the qualitative method used is discussed followed by the research design. The population sample is then presented followed by the research instrument, the procedure for data collection and data analysis and then issues on validity and reliability for this research are discussed.

3.1 Research methodology /paradigm

A qualitative research method was employed for this research and in-depth interviews were used. The research questions raised required exploration to understand how and why CI is used and practiced which warranted this approach (Flick, 2014). The use of qualitative interviews provides multi-sided data for analysis (Mikėnė, Gaižauskaitė, & Valavičienė, 2013) which allowed for the research questions to be addressed.

3.2 Research Design

Reasons why a qualitative study is beneficial in the study of complicated issues is that it incorporates the views of people in their own words (Zvonkovic, Sharp, & Elise Radina, 2012) thereby potentially revealing insights directly from individuals themselves as opposed to responses from people on a particular topic (Zvonkovic, Sharp, & Elise Radina, 2012). Surveys and other statistical tools are not applicable in the quest for understanding (Barnes, 1992).

Interviews are the most common forms of collecting qualitative data (DiCicco-Bloom & Crabtree, 2006). The interview was made up of open-ended questions. Open-ended questions are used to obtain detailed information from respondents about the research topic and it allows individuals to relate experiences and attitudes in their own words (Kalof, Dan, & Dietz, 2008). Kalof et al (2008) states that a structured interview suits quantitative research and an unstructured interview can become challenging. Therefore the interviews were

semi-structured to ensure that the necessary data is collected. The information obtained through this method has allowed the research questions to be addressed.

3.3 Population and sample

3.3.1 Population

The South African Telecommunication Industry is worth over 100 billion rand (Smit, 2009) which makes it a very competitive Industry. It is broken down into two sectors mobile and fixed line operators. The two fixed line operators are Telkom and Neotel and the Major mobile operators are MTN, Vodacom, Cell C and 8ta (Smit, 2009).

3.3.2 Sample and sampling method

The sample of the study was made up of senior managers from five of the major players within the Telecommunication Industry of South Africa. These five players represent 80% of the industry spend and therefore give a fair and relevant representation of the industry (Smit, 2009). These senior managers are exposed to the company strategy as well as the daily operations of the business and as such have an intimate knowledge of the CI processes and practices used by their firms. A total of 10 in-depth interviews were conducted with candidates from Telkom, Neotel, Vodacom, MTN, 8ta and Seacom.

Small samples can be adequate in providing an accurate account of research (Guest, Bunce, & Johnson, 2006) as long as participants possess a degree of expertise about the field of study (Guest, Bunce, & Johnson, 2006). The sample was made up of managers with post graduate university qualifications and many years of working experience in the field of study. The answers and discussions with the interview candidates displayed convergence over the 10 interviews.

A mixture of senior managers with functional responsibilities for strategy and product development formed part of sample. In this way the practice of CI can be assessed both from a strategy and execution perspective.

Table 1: Profile of respondents

Title	Description of Respondent	Qualification
Senior Manager	Business Development	Engineer, MBA
Senior Manager	Head of Business Strategy	LLB MBA
Senior Manager	Solution Architect	Engineer, MBA
Managing Executive	Managing Executive	
Senior Manager	Competitive Intelligence	BCOM Hons
Senior Manager	New Products	Engineer, MBA
Senior Manager	Head of Strategy	Engineer, MBA
Senior Manager	Head of Business Development	MBA
Senior Manager	Head of Strategy	MBA
Senior Manager	Head of Competitive Intelligence	

3.4 Procedure for data collection

Interviews were conducted with the above-mentioned candidates using a questionnaire and discussion guide that is shown in Appendix A. The questionnaire and discussion guide were constructed to address the two research questions. The discussion guide ensured that the theoretical issues of the study were explored appropriately. Two pilot interviews were conducted to ensure validity and reliability of the research instrument.

Interview candidates were identified and contacted telephonically to arrange the interviews. An email describing the research and the questionnaire was sent to the candidates prior to the interview to allow them to prepare adequately. All respondents were interviewed at their offices. The interviews lasted between

thirty and sixty minutes. The interviews were recorded with the permission of the candidates and an agreement that these would be kept confidential.

3.5 Data analysis and interpretation

A thematic analysis was used to analyse the data collected. Thematic Analysis is a method used for identifying patterns within a set of data (Braun & Clarke, 2006). A thematic analysis was conducted using the step by step process which is detailed in Table 2 below.

Table 2 Phases of Thematic Analysis (Braun & Clarke, 2006)

Phase	Description of the process
1. Familiarizing yourself with your data:	Transcribing data (if necessary), reading and re-reading the data, noting down initial ideas.
2. Generating initial codes:	Coding interesting features of the data in a systematic fashion across the entire data set, collating data relevant to each code.
3. Searching for themes:	Collating codes into potential themes, gathering all data relevant to each potential theme.
4. Reviewing themes:	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic 'map' of the analysis.
5. Defining and naming themes:	Ongoing analysis to refine the specifics of each theme, and the overall story the analysis tells, generating clear definitions and names for each theme.
6. Producing the report:	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.

The recordings of interviews were transcribed. Elo & Kyngäs (2008) asserts that before the analysis can begin the researcher must make sense of the data and become immersed in it and should therefore read through the material several times. Thereafter all descriptions of interest relevant to the topic of inquiry were highlighted (Anderson, 2007). These descriptions of interest were then sorted and collated to identify possible themes (Braun & Clarke, 2006). Upon reviewing the initial themes it was found that some themes could collapse into one another and others became sub-themes of an existing theme (Braun & Clarke, 2006).

This was an iterative process that examined and re-examined themes until the themes adequately represented the interview transcripts (Anderson, 2007).

3.6 Validity and reliability

“Without rigor, research is worthless, becomes fiction and loses its utility” (Morse, Barrett, Mayan, Olson, & Spiers, 2002; p2). Validity represents the credibility of the research outcomes (Whittemore, Chase, & Mandle, 2001). Validity is concerned with the accuracy at which the research instrument addresses the research questions. Reliability refers to the stability of the findings (Whittemore et al., 2001). It measures the extent to which people will give the same responses under different circumstances. Good research is both valid and reliable.

3.6.1 External validity

External validity refers to the ability to make a generalization from a study to a larger population (Kalof et al., 2008). A small sample from the South African telecommunication industry was used and as such a generalization to CI practices in other industries and geographies cannot be made, however some similarities can be expected. It is fair to expect that the CI practices of companies within the telecommunication industries will evolve over time and as such the findings of this research cannot be indefinitely generalised.

3.6.2 Internal validity

Internal validity implies that the research exercise is drawing accurate conclusions from the information at hand (Kalof et al., 2008). The methodology used to interpret the data allowed for common themes to be extracted. These themes were then compared to literature on the subject. The comparison of the extracted themes to the literature is what ensures that the appropriate conclusions are reached.

3.6.3 Reliability

Reliability is the level of consistency with which the instrument will address the research questions (Appleton, 1995). Two pilot interviews were carried out to

develop interviewing skills and to ensure that the questions were clear and unambiguous.

4 CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

This Chapter presents the key findings of the qualitative analysis. The responses from the in-depth interviews are presented and a further discussion on these results is given in Chapter 5.

4.2 Demographic profile of respondents

The thematic analysis yielded five major themes. Two of these themes will be used to address the research questions posed in this dissertation and the remaining themes will be presented and discussed in Chapter 6 under suggestions for further research.

Table 3: Themes Extracted from the Analysis

No	Theme	Description
1	Process	This theme revealed details on the how CI is produced and managed in the companies that formed part of the sample
2	Leadership	The leadership theme illustrated how and where Business leaders interact with the CI process it showed how they influence the implementation of CI outcomes
3	Effectiveness of CI	This theme spoke to how accurate the practice of CI currently is and displayed some challenges to acting on intelligence

No	Theme	Description
4	Skills	This subject emerged as respondents felt that the success of CI depends on the CI knowledge of employees
5	Structure	This theme dealt with the organizational structure of where the CI team is placed and how this will influence the importance of CI in a company

4.3 Results pertaining Research Question 1

What process is used for the production of CI in South African Telecommunication Companies?

4.3.1 The CI Process in South African Telecommunication Companies

- The analysis shows that no formal process is used to manage or govern the production of intelligence within the research sample.
- CI initiatives are managed largely on an ad-hoc basis and certain aspects of the process are used however it does not follow the framework dictated by the intelligence cycle.

4.3.2 Planning and Direction

- There are several recurring forums which take place weekly, monthly, quarterly and yearly where CI discussions are held. The attendees of these forums are made up of business leaders and individuals who would carry out CI initiatives.

- The agenda for these recurring meetings does not only comprise of CI topics but other business topics as well. CI discussions are an add on and not the focus of the meetings.
- The main purpose of such meetings is to get alignment on various business issues and to plan and review various business activities.
- Business leaders and CI analysts interact at these forums and get alignment on what the focus of their investigations should be and also review past CI projects and ad-hoc requests.
- Informal discussions between business leaders and CI analysts on the topic of intelligence also take place.
- Not everyone in the company is aware of CI and the people who carryout such activities. There is limited organizational awareness of CI as a function and a practice.
- Consultants are sometimes used in cases where intelligence is required

4.3.3 Collection

- Companies in the sample are constantly gathering information about industry trends and competitors.
- Subscriptions are held with various external parties to provide this information periodically and the collection activities are not necessarily focused around a specific topic.
- Individuals also attend conferences, trade shows and product launches to gather information. Information or intelligence gathered from these forums is not documented in any form and is often shared informally.
- Business leaders make use of consulting firms to gather information about specific CI aspects. In this instance the consulting company will not only gather the required data but also do an analysis and present the findings to the business leaders.

4.3.4 Analysis

- The research revealed that there is no real analysis that takes place.
- Information is gathered from various sources and then captured in presentations and information packs and then shared with the required audience.
- The process of examining information from various sources and turning it into actionable intelligence appears to be missing.

4.3.5 Dissemination

- Information is shared in various forms, meetings, emails, network drives and information packs.
- Respondents felt that if the information was not shared in an open forum i.e. in a meeting or discussion then the information will not be reviewed by the stakeholder.

4.3.6 Feedback

- Evidence of feedback and post evaluation of CI projects does exist.
- Feedback is obtained formally and informally and methods of improving CI methodology are considered.

4.4 Results pertaining Research Question 2

What is the involvement of business leaders in the production of CI in South African Telecommunication Companies?

- The research shows that there is significant involvement of management i.e. business leaders in the production of CI.
- Business leaders value CI and make efforts to understand the competitive environment as well as specific details of their competitors.
- There are both formal and informal discussions where business leaders engage CI analysts to carry out intelligence activities on their behalf.

- There is frequent interaction between business leaders and CI analysts, formally, during a recurring weekly or monthly meeting and also informally where a business leader will walk up to an analysts desk and follow up or direct the intelligence activity.
- These business leaders are the final decision makers and they decide on whether to act on any piece of intelligence.
- Business leaders also engage third-party consultants to carry out intelligence activities on their behalf.
- Consultants are used because business leaders sometimes feel that the resources they hold in house are not skilled enough to carry out the scale of the intelligence activity they require and also because their resources may not have capacity to carry out additional work.

4.5 Summary of the results

The results show that CI process activities are carried out. These however are not managed within the construct of any specific framework. Some of the process activities are not necessarily being carried out appropriately as seen in the case of analysis. Business leaders are involved in the CI process and play an active role in directing CI activities.

5 CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

This chapter compares and contrasts the results of the research with the literature review.

5.2 Demographic profile of respondents

The literature review highlighted that a break down may exist in the practice of CI and as such this research focused on evaluating the process used by companies as well as the degree of business leader involvement. The results of the research are consistent with the literature in that the interviews revealed that while CI is being practiced it is not necessarily providing the value that it potentially can be adding.

5.3 Discussion pertaining Research Question 1

What process is used for the production of CI in South African Telecommunication Companies?

5.3.1 *CI Process*

Bose (2008) argues that CI should be managed within the constructs of a specific frame work which is known as the intelligence cycle in order for it to be effective and to produce the desired outcome. The process has dependencies or predecessors to ensure that the desired outcome is obtained. It was found that within the research sample no formal process is defined and as such CI activities are not isolated and carried out effectively.

5.3.2 *Planning and Direction*

Dishman and Calof (2008) state that intelligence initiatives should be focused on the key issues that are important to business leaders. While CI initiatives are discussed at recurring forums they are not necessarily given the focus or individual attention that is required. CI initiatives are discussed along with other business activities and it would therefore lack the focus that is stressed by the literature. Bernhardt (2002) declares that CI has an important role to play in strategy formulation and development. The research shows that CI is often seen as an activity that must happen on the side and does not feature as a central component to the business feeding into or informing the strategy of the organization.

5.3.3 *Collection*

Collection activities within the research sample are not focused activities. A copious amount of industry information is being gathered constantly without any focus behind it. The information is often gathered as part of Market Intelligence requirements and CI analysts make use of the reports to collect information on a specific topic of interest. Saayman et al (2008) stress the importance of focusing the collection activities around a topic and not gathering any or all information available as would be apparent in the research sample.

Having information already on hand before defining your CI requirement can be dangerous as one may be inclined to force fit the data to your requirements. The absence of a clearly defined process would also contribute to this. Analysts also attend conferences and use this as a method for collection. Bernhardt (1996) warns that human intelligence is a great source of CI however it is highly subjective and all information must be assessed for reliability. While multiple sources of raw data are used to ensure reliability, human intelligence is not subjected to the same scrutiny which would cast a shadow on data collected using this technique.

Respondents also revealed that a clear definition of Intelligence is not understood by the whole organisation as raw information about competitors is often misunderstood to be CI.

5.3.4 Analysis

The research revealed that CI initiatives are void of any substantial analysis. The research showed that there was a lot of information that was put into presentations that did not necessarily undergo rigorous analysis. Information is often gathered and then condensed and presented to business leaders. Rouach and Santi (2001) distinguish between information and intelligence by stating that intelligence is a result of analysing information. Some analysis is sometimes done by research houses who supply information however very little evidence exists of sufficient in-house analysis.

It would appear that the CI process step of analysis comprises of condensing information into a presentation. The step of analysis involves turning information into actionable intelligence that business leaders can use to make decisions (Saayman et al., 2008). The presentation of information would therefore add no value to business leaders. Bose (2008) declares that CI is both a process and a product. The process must yield a product which is a set of actions that business leaders can follow (Bose, 2008) and a lack of rigorous analysis will not yield reliable intelligence.

5.3.5 Dissemination

Saayman et al (2008) advise that intelligence must be communicated to decision makers who have the ability to act on this intelligence. Information about CI outcomes is shared frequently and it is shared with decision makers. Information on competitors is readily available to almost all employees. Controls are in place to limit the circulation of CI projects to company staff. The research revealed that emails are not necessarily a very effective method of disseminating intelligence as people don't often read them.

5.3.6 Feedback

This research revealed that post evaluation of intelligence projects is being done. Feedback is the final step of the intelligence cycle and will provide CI analysts with areas for improvement (Bose, 2008). Questions around how CI can be improved are being raised, however sufficient evidence does not exist to prove that these measures are being implemented.

5.4 Discussion pertaining to Research Question 2

What is the involvement of business leaders in the production of CI in South African Telecommunication Companies?

Business leaders are paramount to the manner in which CI is managed and used in companies (Bernhardt, 1999). Business leaders must direct the intelligence activities of the organisation for it to be credible (Bernhardt, 1999). However the research revealed that a lot of data is gathered without any specific intention behind it or any specific request from business leaders. The leaders decide on whether to act on any piece of intelligence or not and If they are not involved in the process they will not make use of it. The study shows that when good intelligence suggests a direction that a leader apposes then the intelligence or suggested actions are not considered.

Respondents believed that the influence of leaders often over rules, and therefore compromises any useful intelligence. Interviewees believed that CI was sometimes not taken seriously as the person presenting the CI was on a significantly lower pay grade than the business leader that they were presenting to and as such the information was not trusted. This research also revealed that there may be a lack of skills around the practice of CI in organisations. Leaders may not have sufficient knowledge about how intelligence should inform strategy and tactics and analysts lack the skills to carry this out. Bernhardt (2010) supports this claim and states that business leaders lack knowledge about CI and this prevents them from buying into the process. This leads to distrust between leaders and analysts on the topic of CI.

Respondents also felt that the organizational structure of who a CI team reports into is important. They felt that if they report to C-suite level both the business leaders and general company will take them more seriously and it would give CI a better opportunity of being heard.

5.5 Conclusion

The results of this study show that CI is not managed within any specific framework in South African Telecommunication companies. The informal process used by these companies does incorporate some of the key aspects of the intelligence cycle however this is not being conducted in the manner that the literature suggests. Business leaders are central to all CI initiatives. They give direction as to what must be investigated and also decide on how to implement intelligence.

6 CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

The key results of this research are presented and the key findings are elaborated on.

6.2 Conclusions of the study

The literature review illustrates the importance of intelligence in formulating a business strategy. It goes on to say that CI is not being used effectively in the decision making process of many South African organizations. Many researchers have explored the reasons for the ineffectiveness of CI in companies.

This study has examined two aspects of CI in the South African Telecommunications Industry. It has found that, in practice, no standard framework is used to manage CI in these organisations and as such it leads to various breakdowns. The lack of a process prevents certain important aspects of intelligence – *e.g.* analysis from being isolated and carried out. In the absence of a framework analysis is confused with condensing information that was gathered.

This research also explored the degree of business leader involvement in the process of producing intelligence. It found that business leaders are paramount in the production and use of intelligence. They direct the initiatives that are carried out and also decide on whether to use the intelligence that is presented to them or not.

6.3 Recommendations

6.3.1 *Process*

The outcome of this study is that the fundamentals of any business activity are extremely important and the old adage of “back to basics” rings out loudly. The implementation of a CI process to govern and manage intelligence initiatives in these companies should be implemented or upgraded. These companies already have resources dedicated to carrying out this work and the simple exercise of implementing a framework to govern CI will yield significant results

6.3.2 *Education*

It is recommended that business leaders and CI practitioners be educated on the subject of competitive intelligence. It is not a skill that individuals would come across during the course of standard education. Therefore individuals, practitioners and business leaders should be educated in its use in order for CI to be produced and used more effectively in organizations.

This can be done by holding seminars and workshops that will allow for the sharing of knowledge within the organization. Business schools and other formal institutes can also be used for the purposes of educating both business leaders and analysts. In order for CI to be effective, business leaders must understand the value that CI can add to their company and must be skilled in directing and planning intelligence activities. Analysts must be skilled in carrying out all the activities of the intelligence cycle with an effort to produce reliable CI. The education of business leaders and analysts in understanding their roles and pertinent CI fundamentals is imperative for having a successful CI program.

Education in the field of CI will ensure that the activities of the intelligence cycle are carried out effectively and that sufficient focus is maintained on the key aspects such as analysis of information in the production of actionable intelligence.

6.4 Suggestions for further research

The qualitative analysis revealed multiple themes. Two of these themes make suggestions for further research on the topic of discussion.

6.4.1 *Organizational Structure*

During this study it became apparent that the organizational structure of a CI team is important. In this study it was found that CI teams report into the strategy or marketing departments. Respondents felt that by sitting in a functional department they were forced to follow the objectives of that department. CI should be challenging the current strategy and marketing initiatives. However it is difficult to do if you belong to that function. Secondly respondents believed that they have a better chance of being heard if they report into a more senior level such as a CEO as their recommendations will also be taken more seriously. Identifying the appropriate CI organizational structure is an opportunity for further research.

6.4.2 *Intelligence Skill Set*

Respondents felt that CI can only be effective by having the appropriate skills and knowledge in the organisation. They felt that someone who conducts CI should possess a specific set of skills and experience. The skills required can be listed under three key skill sets (Strauss & Du Toit, 2010)

- Personal traits: These would include tenacity, creativity, learning agility, analytical ability and understanding scientific methodology (Strauss & Du Toit, 2010)
- Teachable skills: Business terminology, strategic thinking, research methodology, interviewing and analytic skills (Strauss & Du Toit, 2010)
- Professional Experience: Industry knowledge, Knowledge of corporate structures and processes (Strauss & Du Toit, 2010)

An opportunity for further research would be to benchmark the required skill set to the skill set that currently exists in the market.

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APPENDIX A

Question	Discussion Guide:
What is your personal view of CI and how important is it for your industry?	• Do you believe this adds value? In what way? • How different will your results be if it was not there?
What process is used to manage CI in your organisation?	Notes: literature review highlights that CI may not be conducted effectively in organisations due to the lack of a formal structured process • What is the formal process used to manage CI in your company? • Is this a formal documented process? • How are CI projects approved and initiated? (Planning between consumer and producer) • Is this brief formalised as a Project Charter or scope? • Where is this stored? (Electronically, filed) • How is information collected? (Information sources) • Who processes this information and makes it suitable for analysis? (Analysts) • Who conducts the analysis and presents the finished product as CI? • How is this shared with business leaders/ senior management? (Dissemination) • Is there a feedback loop to state whether the CI produced is what was expected? What forum is that done through? Is the brief updated? • Is this followed rigidly? What degree of flexibility is catered for? • Is there any governance of the process? Gate meetings etc.?
How does a CI team fit into your organisational structure?	Notes: The LR suggests that a breakdown exists because teams are not structured correctly. Senior managers involved with strategy should initiate CI Projects with their internal analyst. CI Projects should not ideally be initiated by the analysts • Who initiates CI initiatives? Senior managers/ Business leaders/ Analysts • Does the company employ people to look after CI specifically or are these roles added on to other job descriptions? • Do they take on any other tasks not related to CI? • Does the person who requests the CI get involved in the analysis of data?

What mechanisms exist within your organisation to ensure alignment with Business leaders and CI analysts?	Notes: The LR suggests that a breakdown exists due to miss alignment of senior managers who request CI and Analyst who produce this • Do business leaders guide the process through the cycle? How is this done? Formal discussion? • Are there forums where senior managers meet with analysts to go through CI projects? • Is post CI reviews done? • Who owns the CI Product? Senior Managers? Analyst?
What aspects of CI are outsourced and how is this process managed?	Notes: Companies often outsource some aspect of a CI project and this must be carefully controlled to ensure good results • In what capacity are external companies used? • Data Collection? • Do what degree do they process and analyse information? • Who briefs suppliers? Analysts? SMs? • When and how do suppliers feedback to the company? Who do they provide feedback to?
Does your CI programme add value to your bottom line?	• Does your current process and program add value to your bottom-line • Do you believe that CI is being used effectively in your organization? • Can changes be made to use it more effectively?

