

# Situation Description Is an Important Part of Competitive Intelligence

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**Abstract:** A large number of existing publications on Competitive Intelligence focus on methodology level, and readers can learn very systematic and perfect theoretical models from them. However, for the fast developing emerging markets, the growing desire for competitive intelligence drives a large number of novices to enter this field and they need to start from the foundation level. Firstly they need to learn how to write a qualified intelligence by understanding some basic principles, which cannot be found from many industry publications. Based on this status, the author summarizes the basic elements of competitive intelligence by comparing different types of intelligence documents with examples, puts forward the six elements rule of competitive intelligence, i.e. FLOATS principle, and points out that the situational element is very important. Through literature review and practical examples, the author expounds the meaning of situation, points out that situation is the description of the whole competitive environment and the inherent characteristics of competitive intelligence. The author also compares declarative knowledge and process knowledge with situational knowledge, and discloses their differences. It shows that the situational knowledge reflects practical experience, which is very welcomed by all the practitioners. Therefore, situational description is one of the core elements of competitive intelligence, and it is worth the attention of novices.

**Keywords:** Situation, Competitive Intelligence, Elements of CI, Practice, Knowledge, Report Writing

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## 1. Introduction

It is undeniable that the success of a competitive intelligence depends on the accuracy of the data. Therefore, a large number of industry publications focus on methodology, as they tell readers various ways of obtaining and analyzing information to improve the accuracy. However, the author finds that there is an essential problem has been ignored by almost all the scholars and experts in their papers. The importance of situational factors should be valued and systematized in competitive intelligence theory. This paper gives description of the reasons behind, and puts forward the correction methods. It puts more attention on literature review. The author will continue to give more practical cases in the next paper to systematize this topic.

## 2. The Reason for Proposing Situation Thesis

### 2.1. What are the Focuses of the Publications

With the continuous development of China's economy, the business environment continues to improve and the popularity of competitive intelligence is increasing. In the long run, China's GDP will continue to expand and its economic model will continue to mature. For the way of operation and management under the market mechanism, Chinese professionals are not only in the stage of learning and imitation, but moving to the stage of integration and even innovation. The emphasis and dependence on business intelligence will inevitably be strengthened. Intelligence practice will become increasingly frequent, the number of professionals will continue to increase, and the whole industry will continue to flourish [1][2]. At the same time,

skilled professionals have already gained experience from a large number of practical activities so they have a deep understanding of competitive intelligence, however, novices or newcomers need a lot of time even failure to get the truth. Therefore, one of the suggestions that make sense is to summarize the common experience formed in the long-term practice and pass on to the novices, so that the latter can quickly and efficiently learn the basic knowledge of competitive intelligence and put into practice.

By reading a large number of related books, the author finds that there are a lot of books introducing intelligence terms and cases, which usually start with the definition of competitive intelligence, and then introduce the methodology and cases such as the practice stories of Motorola and Japan Chamber of Commerce. As a whole, its writing logic is from know-what to know-how. After the introduction of the definition, there come various methods, skills and cases, etc. Obviously, the writers focus on intelligence itself, especially the methodology. So the literature on know-how is piled up, which can help novices build up enough confidence to find the answer to the MinosMaze.

(Note: know-what refers to knowledge or definition, and know-how refers to skill and methodology here.)

## 2.2. What is Missing in the Publications

Although many literatures have introduced the definition and a variety of methodologies of competitive intelligence, one problem is that the literature does not tell novices how to start from the basic research level. Obviously those know-how skills are high-level knowledge and difficult for novices to digest immediately. Even if you know what your future goal is, you have to start from the foundation. The first lesson for the novices is to learn how to write a qualified piece of competitive intelligence. If he tries to get help from the literature, the result will be frustrating because he can't find the ready-made reference answers. There are two reasons for this. One is that from the view of intelligence experts and authors, teaching how to do copywriting is something that primary school teachers shall do. The other is that competitive intelligence itself is highly customized rather than standardized, and there will be great differences in the presentation of information produced by different business organizations. For example, in terms of length, competitive intelligence copywriting can be as long as an article with many pages, or as short as just one sentence. Therefore it is not feasible to try to answer open-ended questions with standardized answers. Nevertheless, competitive intelligence still has some common elements that worth to sort out and summarize. These elements can help novices grasp the work essentials quickly and avoid detours. Moreover, from a more far-reaching perspective, the development of market economy in China, Brazil, India, Vietnam and other emerging markets will promote competitive intelligence form a one-stop industrial chain covering intelligence production, learning and researching, so as to better serve local economic development and improve competitiveness of different organizations [3, 4]. Therefore,

the relevant theories need to be improved, which is also the intention of the author to write this paper.

## 3. Why Situation Description is Important

### 3.1. Commonalities of Competitive Intelligence

The commonalities of competitive intelligence can be explored from its definition. There is a general consensus on Competitive Intelligence in the industry that competitive intelligence is an analysis process, a continuous monitoring of competitors, customers, suppliers and other industry forces, with the purpose of maintaining and improving its own competitive advantages [5, 6]. The information helps the firm to justify its strategic decisions, the analysis of the early warning topics and the elements of the competitors' environment and the actors influencing the organization or its value system, and their categorization [7]. To accurately reflect the above content, the simplest and most basic method is to write an intelligence document in the tone of statement, which should contain at least five elements, i.e. Figure, Location, Object, Action and Time. For the convenience of memory, the author summarized these five elements as FLOAT Principle for short. For example, "TAOBAO clinched a deal of over 200 billion yuan in the double 11 activity in 2018"[8], "The global iPhone output in 2018 is 6% lower than expected"[9], "China's pure electric vehicle manufacturer WEILAI NIO has achieved product delivery only three and a half years after its establishment"[10]. These are typical competitive intelligence articles, which is easy to find the FLOAT Principle after careful reading. Therefore, the basic information of almost all competitive intelligence shall cover the above five elements. In order to facilitate understanding, it can be compared with the six narrative points taught in Chinese primary school, i.e. character, time, place, cause, process and result. The first three points are almost the same as FLOAT, while the last three points focus on plot description so as to write a complete story.

It is not difficult to write simple competitive intelligence by applying the above common elements, but the process from writing to outstanding is just like quantitative to qualitative change. Many novices may not be able to quickly grasp the essence in many theoretical books. The first reason is the lack of practice. Only the combination between theory and practice can produce true knowledge. The second reason is that most of the books miss the finishing touch. This paper will try to uncover the mystery.

### 3.2. FLOATS Principle

Let's continue to compare the FLOAT principle with the six narrative points. It can be seen that the first three points in the six narrative points are in line with FLOAT literally. However, the author also finds that competitive intelligence can strongly attract readers' and decision makers' interest when it has a plot. If there is any vivid and accurate word to

describe the plot, that must be "situation"! Furthermore, if the FLOAT principle can build up the frame of competitive intelligence, "situation" would be the spirit part. Therefore, competitive intelligence with situational description should be an essential requirement for professionals! To sum up, a high-quality competitive intelligence should contain six elements with Situation factor, i.e. FLOATS Principle (see Figure 1).

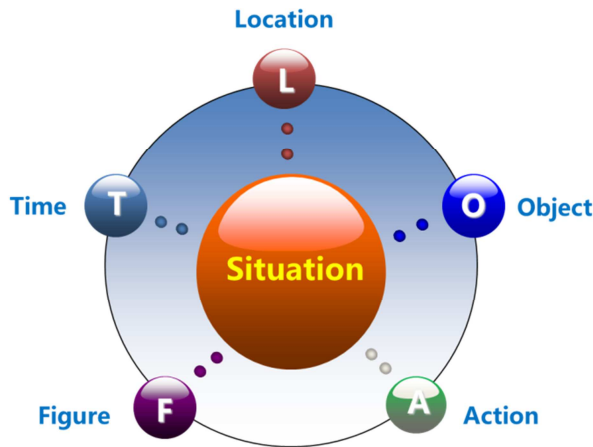


Figure 1. Six important elements of Competitive Intelligence (FLOATS).

## 4. Implications of Situation Description

### 4.1. Meaning of Situation

The word "situation" is a very fashionable word nowadays. It has been used in teaching, interview, marketing, planning and other fields. People even give it a certain emotional color [11]. In social psychology, situation refers to the environmental conditions that affect the occurrence of things or the behavior of the body. It also refers to the relative or combined situation of various situations in a certain period of time [12]. The author thinks that situation is also one of the important elements in the field of competitive intelligence, because it integrates the elements of space, time, even expression and mood. In short, competitive intelligence is a situation report, as background introduction is essential for the whole piece of information. The information added with situation elements will be full in content and clear in logic. In the following sections, the author will explore the connotation and role of situation to highlight the importance from the perspective of competitive intelligence.

Situation is defined by *baidu.com* as the combination of various conditions in a certain period of time (the author could not search the definition through google in mainland China). The author thinks this annotation is a little bit puzzling. Literally, situation implies circumstances and environment. For example, Mike and Nicole were asked to explain the reason for being late to their boss. Mike said he was late because he didn't get on the subway in time. Nicole said: "The subway station was full of people this morning. There were long lines in the waiting area. I missed several trains. I was totally sweating. Sorry to be late for work.

Please forgive me." Compared with the excuse of the two people, Mike explained the situation in a simple and straightforward way, while Nicole supplemented the situation as she described the circumstances at that time. Obviously, Nicole's explanation is more vivid than Mike and much more likely forgiven by the boss. We often say that someone is good at telling stories, and actually he is good at integrating situation description into the statement of his point, so that the audience could be deeply impressed.

Looking back at the definition of competitive intelligence, the Society of Competitive Intelligence Professionals (SCIP) believes that competitive intelligence is a comprehensive monitoring process of the overall competitive environment, i.e. collecting and analyzing the advantages, disadvantages and purposes of business behaviors in business competition through legal means. The author was quite confused the first time reading this definition, then understood the meaning by putting the situation factor into the whole sentence. Actually the second part of the definition is to state the work content of intelligence, while the first part is to emphasize the environment in which intelligence is generated, and point out the importance of monitoring the general trend. In essence, intelligence professionals are required to describe competitive intelligence without neglecting the environment that intelligence itself depends on. Specifically speaking, if competitive intelligence is regarded as a descriptive text of subject predicate object structure, situation is adverbial which endows text with fresh vitality and makes sentences vivid. For example, "talcum powder sales are declining year by year" is a simple piece of competitive intelligence and lack of integrity. The reasons behind the trend that many baby and infant product manufacturers are very concerned about are not disclosed in this information. If the original text is expanded to "As baby powder with talcum powder components produced by Johnson & Johnson is exposed to cancer, the sales volume begins to decline year by year, and it is expected that baby powder with corn starch components will become a substitute in the future and be strongly sought after by consumers", the information becomes much complete and instructive. That is to say, the background and reason of product decline are described which is more likely to attract the attention of decision makers. Thus, situation description improves the quality and credibility of intelligence.

### 4.2. Inherent Element of Competitive Intelligence

As we all know, competitive intelligence itself has a strong nature of confrontation. It is not just about one individual. The research is based on the large environment involving all related organizations. A broad definition of competitive intelligence is the action of defining, gathering, analyzing, and distributing Intelligence about products, customers, competitors and any aspect of the environment needed to support executives and managers in making strategic decisions [13, 14]. Therefore, competitive intelligence is born with environmental characteristics, and the situation itself is the gene of competitive intelligence.

### 4.3. Expression of Practice Experience

In the author's view, contextualization of competitive intelligence is also the embodiment of the thinking mode. It reflects one's summarizing ability, which combines those important elements found in practice.

From the perspective of application, knowledge can be divided into two types. One is declarative knowledge, which introduces concepts and methods [15]. For example, the theorems and conceptual rules we learn from books belong to this kind of knowledge. Generally speaking, this kind of knowledge appears in all kinds of textbooks, reference books and encyclopedia-type websites. The other kind of knowledge is process-type or step-by-step knowledge, which is usually for the purpose of accomplishing a task, project or work that we need to sort out the sequence of time or logical relations [16]. For example, the development of a software project can be divided into several steps, such as project approval, requirement analysis, system design, code development, testing, and release according to the sequence steps. This is just the process-type knowledge. In the process of objective management, the steps are divided to review the objectives, find the differences, analysis of causes and clarification of root causes, etc. Most of the textbooks in Colleges teach the above two kinds of knowledge, all of which have been evaluated by generations and proved to be correct. When students begin work, they also want to apply what they have learned in school into practice.

However, there is a kind of knowledge that cannot be learned in school. On the one hand, the maturity and systematization of this kind of knowledge are relatively poor. Most of them exist in the form of fragmentation, and there is no mature content to talk about. On the other hand, many teachers in colleges and universities have not experienced it in practice, or have less experience. So they can't talk about it to students. This kind of knowledge is so-called situational knowledge, which could accurately analyze the correct options under specific situations. For example, we should take what measure under what condition or there is what signal.

The author has met with some people who have accumulated rich business experience and made achievements. Some give lectures in universities and are very welcomed by students, mainly because they can describe the problems and knowledge they encounter in practice that students can't learn from books. They can describe the real practice experience and teach students how to deal with the circumstances by illustrations and cases.

In most enterprises, few predecessors will impart situational knowledge to novices selflessly and patiently, and of course it is also difficult to make clear. Novices can only explore and summarize by themselves. Without the accumulation of a large number of situational knowledge, those declarative and procedural knowledge are just on paper. Experts can see the key to the problem and the way to solve

it at a glance. They can quickly identify the situation behind the problem, and find the most appropriate knowledge into practice so as to solve the problem. The mastery of any knowledge could not be completed in one time. It needs to go through many cycles of "reading, seeing, listening and thinking". We all need to verify our knowledge in specific problems to truly understand it, thus our understanding will go further. True learning must include practice. After falling a lot, we will understand how to do it in the future without falling.

Competitive intelligence itself focuses on practice and application. Those who talk on paper are not suitable for this job. The industry's consensus on competitive intelligence is that CI is an analysis process, including the continuous monitoring of competitors, customers, suppliers and other industry forces. Such monitoring and analysis work is dynamic and continuous, but finally practitioners need to summarize. Even if the big data or artificial intelligence is applied in competitive intelligence, which will bring a large amount of scattered information just like a picture of fragments piled up randomly, practitioners still need to summarize in the final stage. We can't imagine that the intelligence knowledge edited by computer machine can be readable and executable, let alone that a CEO spends a lot of time to digest this part of information. Also the intelligence should be used by people eventually, not a machine. So the role of competitive intelligence professionals is very important. The author strongly believes that the responsibility of intelligence professionals is not only to collect dynamic information, but also to summarize this part of information based on the experience formed in long-term practice. They shall combine and transform the information in a situational way, so as to help decision-makers precisely evaluate and consolidate competitive advantages of the organizations.

## 5. Conclusion

The competitive intelligence experts and scholars have published a large number of theoretical knowledge in methodology level, but novices need to learn from the most basic level. They need to understand the basic elements of competitive intelligence first, especially the situational element. The author thinks that situation is the description of environment and the inherent characteristic of competitive intelligence. It is different from those declarative knowledge and process knowledge. It is the embodiment of practice and experience. Therefore, situation is an important factor of competitive intelligence and should be paid more attention to than ever.

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