

France: A think-tank to anticipate and regulate economic intelligence issues

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A shift of emphasis

Competition between corporations is fierce and information plays a major role in acquiring and defending competitive advantages. “Economic intelligence” can be defined as a critical know-how concerning information and its strategic use. It is an adaptive capability widely sought by many corporations, whether they develop “competitive intelligence units”, like many American Fortune-500, or simply using a know-how “inscribed” in their culture like many Japanese corporations. Economic intelligence is a process that translate knowledge into action. Its main purpose is to give a strategic and economic meaning to environmental information. Its means are legal and ethical. The value added to information comes from its interpretation in a strategic perspective.

The debate could have remained at the level of corporations, until one discovers that economic intelligence is a strategic engineering of information that indeed gives competitive advantages not only to firms, but to nations as well. A systematic attention given to Japanese industries and their world-wide development leads to the conclusion that a “corporate-based” model is far from sufficient to explain the Japanese commercial success. Nations themselves seem to have “economic intelligence systems”: a series of coordinated economic intelligence practices that sustain and increase their competitive advantages.

A “westerner’s reflex” was to look for structures, systems, agencies, that could explain why and how the Japanese were so successful in knowing — and “fore knowing”— their commercial opponents. Thus, organizations such as MITI were soon identified as the maybe “secret competitive advantage” of Japan. And soon after, such assumptions were proved inaccurate. Definitely, it was not structures, but *culture* and *history* that could only explain such a know-how.

A collective awareness about information and its role in maintaining competitiveness is the striking point about Japan. Information is not seen as a “commodity” like in Western cultures, but as a social and economic instrument. Levels of language, levels of knowledge, levels of communication (tatemaie and honoe), information sharing between pairs in the social order, are structuring the Japanese society. Tacit knowledge and tacit understanding have a different meaning in Japan than in Western nations. And opposing structures against a culture is like building walls of sand bags against a five stories wave.

Consciousness of such an issue led a group of individuals belonging to both the private and public sector to raise the debate at a global level. In February 1992, a first meeting was held at the French Office of Planning with representatives of the industry, trade unions, administrations and academia on the theme “information and competitiveness”. In June was created the Economic Intelligence and Corporate Strategies Commission with the objective of investigating critical issues of the development of what is widely known as “competitive intelligence” in the United States, and was finally translated by “intelligence économique” into French.

A “think-tank” on economic intelligence issues

The French Office of Planning is a consultative administration, under the authority of the Prime Minister. Its main task is the preparation of France’s five years socioeconomic plan. Its original functioning is based on a concertation between French social and economic players. The works may concern unemployment, technology, competitiveness, agriculture, etc., and are currently led by Commissions of various sizes, on periods of one to three years. The Presidency of these Commissions are proposed to Chief Executive Officers of French large firms, or other personalities both from the public and private sectors.

The Members of the Office of Planning Commissions are invited to debate and to participate in the Report for their particular skills and experience in the subject, with the will and the obligation of equity in the representation of various industries, trade unions, workers unions and administrations. The Commission was finally composed of 50 members, including Chief Executive Officers of large corporations, competitive intelligence managers, R&D specialists, consultants, academics, administrative executives, workers unions and trade unions representatives.

Three main issues were identified as critical in handling the problematic of economic intelligence. The first issue concerns the on-going globalization of the world economy, with

its regional disparities, and re-emergence of local threats. It concerns in particular an analytical comparison of existing competitive intelligence practices in Europe, Asia, South-East Asia, the Eastern economies and the United States. The second issue concerns the development of economic intelligence on a national level : the need for a collective awareness, the need for a regulation and anticipation of erratic and uncontrolled behaviors of corporations. The third issue concerns the coordination between governments and corporations in handling economic intelligence threats, and sustaining national competitive advantages and patrimonies.

Three “think-tanks” were soon created within the Commission in order to deal with these critical issues. The final report, being published this fall by the *Documentation Française*, presents the public conclusions of the Commission and raise attention on ground problematic.

Analytical comparisons of economic intelligence cultures and practices

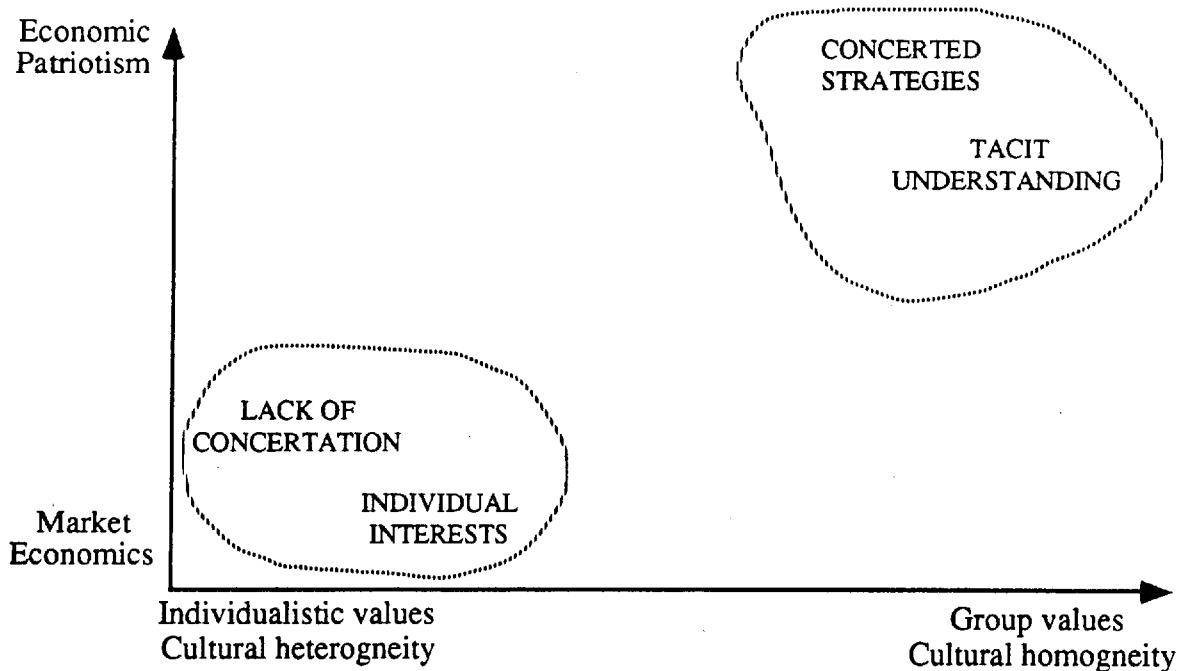
There are several ways to “think” the economics. None of them is neutral. Accuracy of both socialist and liberal models is still in question as both western and eastern economies acknowledge unprecedented social and economic crisis. While ones are trying to open themselves to market economics, others are questioning the erratic consequences of their free economics by attempting to jugular poverty and unemployment. Both dominant models are suddenly loosing their influence, while aggressive and offensive far-eastern economies show puzzling growth and successes.

The strength of Japanese trade does not only reside in a systematic gathering of competitive information, but in the sharing of this information for strategic purposes. This concertation is not the result of a hierarchy or an administration, but of hundred years of Japanese history ; something that none of economic theories can grab, something that none of any government incentives can replace. The question is not the cooperation of government and corporations in the Japanese case, but a nation-wide tacit understanding that information is the blood that Japanese corporations, and Japan itself, are sharing for guarding a patrimony for next generations of the Japanese people. There is not such thing as a top-bottom incentive to gather and circulate intelligence in Japan. The word “intelligence” itself doesn’t know any translation in Japanese. To “chisei”, Japanese prefer simply use the word “jôhô”, but that world has a cultural meaning that we, westerners, have real difficulties to grab.

Assessing the cultural gap that separates western economic intelligence and the Asiatic one is an anticipatory duty to any governments. Trace of this “tacit understanding” can be found in Japanese kereitsu. When a corporation from an industrial group fails, the other corporations give their support. This economic solidarity is not sustained by a formal shareholders’ agreement. It is not even sustained by a financial strategy itself. If finance matters, if economic rules apply, there is one entity that justifies all and stands above all. And its name is Japan.

We define this cultural consciousness as “economic patriotism”. It is not even a question of strategic horizons, as the literature suggested by comparing the “short-term America to the long-term Japan”¹ : What separates economic patriotism to most western economies is a “perceptual filtering” about the issues of economic success, of social welfare, and of the role of individuals in an economically dependent democracy. What makes sense to us in our individual quest of welfare, doesn’t automatically make sense in a Japanese mind. In that sense, “thinking the economics” makes sense, and puts some light on what has long been considered as a mystery : the success of certain merchant-democracies against others.

A CULTURAL GAP IN ECONOMIC INTELLIGENCE PRACTICES

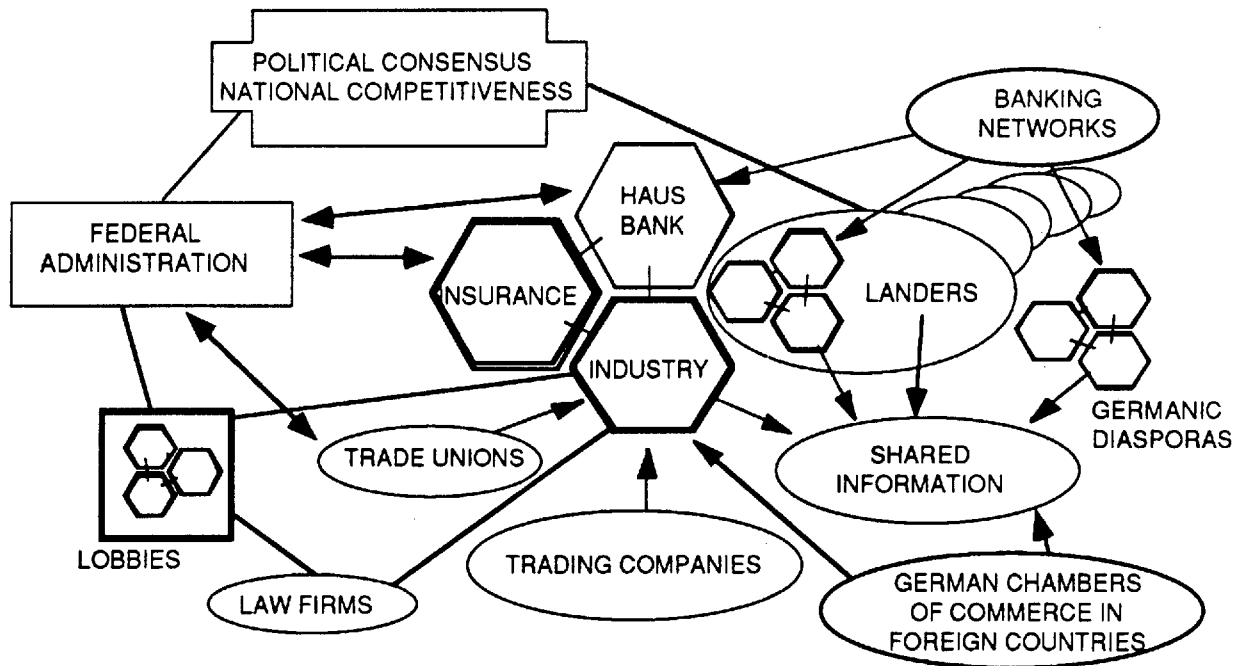


Never has been done a survey as to compare the number of western competitive intelligence consultants working for Japanese clients in Occident, to the number of Japanese intelligence-providers working for western firms in Japan. It might be reasonable to expect

that the figures are far to be balanced. While a client is named a “project” in Occident, it is likely to be a “refused project” in Orient.

Another example of “cultural lock” is given by the non-sense dialogs that opposed western and far-eastern countries in their trade negotiations. While westerners oppose complex legal barriers to the penetration of their markets, far eastern economies not only replicate these barriers, but accompany them by a cultural denial. We are not dealing with “open” or “closed” sources of an information perceived as a commodity, but with an information perceived as a cultural patrimony. While we protect our “information market”, far eastern economies quite fairly protect what they consider as a “cultural patrimony”. Opposing a market-based protection to a culture-based lock is once again opposing sand bags to recurrent waves.

Cultural competitive advantages are not proprietary to Japan, Korea, Taiwan and far-eastern economies at all. In Europe, Germany or Sweden are fair examples of economic efficiency that finds its roots in cultural and historical grounds. The German economy is historically based on a principle of strategic unity of its main decision centers : banks (with a close partnership between corporations and banks with the concept of “haus-bank”), transport companies, trading companies, administration and insurance companies (for example, German reinsurance companies which dominated the European market in pre-World War II disclosed plans of factories and industrial plants for the WWII bombing campaign of Germany) ². When the young German state of 1870 is in financial difficulties, acceleration of capital concentration and bank-industry trusts were accelerated, despite many bankruptcies. On the contrary of France or the United-Kingdom, the banking industry, understanding the threat to Germany itself, was aware of the necessity of sparing financial resources by a greater coordination with their clients. Forming a tacit syndicate, German bank raised the level of play by acknowledging general interests of Germany, adopting industrial plans, leading the placement of capital, managing colonial expansion, involving themselves in a close partnership with the commercial success of their clients ³. This strong coordinated trilogy (banks-industry-insurance) is still valid in the Germany of 1993. Once again, this practice is culturally-driven. The German “perceptual filtering” about the role of citizens in the economy differs from those of France, UK, or other European countries. It constitutes a German-specific “economic intelligence system” that proved its efficiency in the past three decades.



Pragmatic readers would probably wonder about the practical consequences on their “strategic information management” in their business as usual. Thus, they acknowledge the self-deception of individualistic-driven economies. France is not exempted from such a scheme. Politically and socially compartmentalized, the French society show poor performances in the coordination of its industrial and commercial strategies. Not so long ago, when Germans participated in the European trade negotiations about the automobile industry, they were represented by one person — one German voice — while both representatives of Peugeot-Citroën and Renault were sitting at the negotiation tables, raising internal French disagreements...

Enhancing collective awareness : the cultural economics of scale in economic intelligence

Individualistic-driven economies and their corporations suffer from a recurrent disease that none competitive intelligence units, or systems, would ever change :

- Lack of awareness, absence of collective culture of information, lack of intelligence sharing, misperception of power distance between individuals, firms or administrations, information retention, compartmentalization and individualistic strategies ⁴,
- Repeated and continued isolation between intelligence gathering, analysis and strategic utilization of information.
- Media misunderstandings about intelligence and its implications leading nations to an chaotic management of their economic intelligence capabilities.

- Disordered management of information concerning national cultural patrimonies.
- A disorientation to use and to value information which is immediately available in the short term,
- Predilection to put emphasis on [Ego, Materialistic goals, Legalism, Short term, Impulsivity] rather than on [Group, Superordinal goals, Power distance, Long term, Longitudinality, Reflexion].

Conclusion

I was surprised when a Competitive Intelligence Manager of an American Fortune-500 company came to me at the end of a seminar and said: "I don't see what could be the use of this cultural comparisons in my activities". Until I acknowledged that shifting a culture takes more than an analytical comparison. Replacing a Competitive Intelligence Program by an "Intelligence Awareness Program" might not even be sufficient. Explaining how many are unemployed due to the equation (lack of intelligence = unemployment) might not be sufficient...

In a globalizing environment, that puts together the worse and the best of world trade practices, economic intelligence is an issue that cannot be longer ignored, whether by corporations or by their host governments.

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