

Intelligence to Enhance American Companies' Competitiveness: The Government's Role and Obligation

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Yes, the federal government can and should provide intelligence support to the U.S. private sector, but not intelligence gathered via illegal or clandestine means. The most useful and meaningful assistance the U.S. government can provide American companies would be educational: teaching corporate managers how and when to use intelligence and tutoring private-sector intelligence practitioners on ways to enhance their intelligence skills. For the most part, American executives have had little opportunity to learn about intelligence as a management discipline—it is not taught as such in any of our business schools or universities.

A second and equally important action is facilitating the private sector's access to the large amount of international business information the government departments

and agencies acquire for their own purposes. This includes scientific & technical, economic, and political information needed to better compete in the global markets of the 1990s. Much of this—although not classified—is acquirable only by government officials. They have unique access to foreign government programs and facilities, and have representational duties with both governments and foreign businesses.

There has been much emotional rhetoric on the subject from those on both sides of the issue. Those for greater government support come mainly from the private sector—except for Judge William Webster when he was Director of Central Intelligence. However, few government officials have advocated increased government involvement in this politically sensitive area.

Having worked in intelligence in both government (20 years at CIA) and now for about 10 years in the private sector (designing, developing, and managing corporate intelligence programs including Motorola's), I believe that

both sides are talking past each other. Clearly, U.S. firms need to enhance their international competitiveness. Both federal and state governments have a stake in the results as well as the responsibility to help when they can. On the other side, U.S. firms do not want their government conducting activities on their behalf that is illegal or unethical. Although some government officials believe that is what corporate executives are asking for, they are not. Surprisingly, few corporations even know what the government has to offer—classified or not—and as a result the debate is not making much progress.

Consequently, I believe that the federal government must take the first step. It has a wealth of business information that can be used by American corporations to create the business intelligence (BI) they need to plan better, formulate more effective international strategies, and make more timely operational decisions. The U.S. government has both a vital interest in a strong competitive private sector and a responsibility to assist taxpaying American companies to better understand and use intelligence as a private-sector management tool.

The Legal and Ethical Barriers

There is a lot of folderol by business pundits concerning the U.S. government's role in providing economic intelligence to American companies. Those who argue for such private-sector support are quick to point out the roles played by French, Israeli, and even Russian intelligence services—none of which seem to be economic powerhouses.

On the other side of the issue, U.S. government officials argue that there are insurmountable political and ethical barriers to their collecting and providing economic intelligence to American businesses. They offer self-serving statements such as, "They may be willing to die for America, but not necessarily for General Motors." They question how they can decide which firms they should give the intelligence to: "Who can tell what is and what isn't an American company in these days of multinational companies?"

Both sides of the argument make valid points as well. National intelligence services are responsible for a country's total national security including its military, diplomatic, and economic security. Conducting government intelligence operations for the U.S. private sector would cause other foreign intelligence services to watch them more closely and possibly cut off some liaison exchanges of intelligence. However difficult, governments, like their

private-sector counterparts, are going to have to find a way of simultaneously cooperating and competing with other countries' governments in the new global marketplace of the 1990s

A closer examination of the private-sector needs for BI and the government's capability to provide it reveals what I believe is a "reasonable" approach to this important issue. Let us start with the most difficult of the issue's elements—the legal and ethical barrier.

No legitimate American business would ask the government to provide BI that had been acquired illegally. In fact, it would be foolish for businesses to use the intelligence because they would be putting their companies in jeopardy of future legal action, a costly and oftentimes ruinous position. The fact that American companies do not illegally gather business information themselves in their private sector business practices seems to have escaped some government officials' attention. No, we don't want U.S. intelligence agents going to jail for General Motors

Regarding the ethical barriers, it is clearly a more subjective issue. Many U.S. firms have taken the moral high ground, drawing up rather strict ethical standards for business practices. For intelligence operations, only a few have developed specific guidelines, but there is a growing sentiment—strongly encouraged by the private sector's own Society of Competitive Intelligence Professionals (SCIP)—to do so [I must point out that American company business ethics stand in rather stark contrast to those of their major foreign competitors, who oftentimes place survival above any code of ethics. Under such conditions, U.S. firms that will not play by such foreign rules must at least enhance their protective security from both the unethical and illegal competitive intelligence (CI) practices of their foreign competition.]

Ignorance About Intelligence: The Major Barrier

Several well-intentioned proponents argue that since the French and Russian governments have used their national intelligence services for economic purposes, so should the U.S. government. In my experience with American corporations, business executives have seldom expressed a desire for government intelligence. In fact, few believe that what the government could provide would even help.

Unfortunately, what I have found in American corporations is a great deal of ignorance about intelligence: "What is it and how do I use it?" is the more likely query from a business executive. This should not surprise us

since none of our universities or business schools teaches it as a management discipline. So, unless executives have served in the military or one of the government agencies involved in the production or use of intelligence, they are left to reading spy novels and seeing movies for their general education about intelligence. This is the educational barrier.

Education is an area where the government could help significantly. The Intelligence Community provides instructors and educational materials for the teaching of intelligence in a traditional national security context. They could also provide similar material on intelligence analysis and its use by business managers. (I've attempted to get Georgetown University in Washington, DC, interested in this and with some funding I believe they would do so. The Hartford Graduate Center—an extension of Rensselaer Polytechnic Institute—has established a Business Intelligence Research Center dedicated to developing a better understanding of intelligence as a business discipline, by both practitioners and managers. A request for assistance to the Director of Central Intelligence in 1992 by the Center, unfortunately, was turned down because of its business relationship.)

There is little doubt American companies need better international business information, the raw material from which BI is derived. Unfortunately, few U.S. corporations have the organization or the skills to translate such information into intelligence. A Conference Board study published in 1988 (Report 913) found that only about 3 percent of the more than 300 firms surveyed had fully developed intelligence programs. (A recent review of that study's findings concluded there has been no appreciable increase in the last 5 years.)

So, interestingly enough, if the government were to provide better intelligence information to the private sector, the companies would have to significantly enhance their capabilities to transform that information into useful intelligence. Since this is the field I have been working in since leaving the CIA in 1983, I can speak with some authority. Few American companies have either the intelligence organization or dedicated, trained personnel to gather, analyze, and produce the intelligence needed in their business. Thus, the government can help corporations with the training of BI collectors and analysts. The provision of educational materials and some training assistance through interested university programs would be a welcomed first step.

However, the principal barriers to greater utilization of both foreign and domestic BI information by American

firms is a broad-based ignorance about intelligence and its role in business planning, management, and decision making. Unless senior management understands the value and utility of intelligence, they not only will not use it, but they will not fund it. Again, at the root of this "Catch-22" type of problem is the almost total absence of professional education for the business community.

To those of us who have served in national intelligence organizations and have seen firsthand the competitive advantage that a formal and organized intelligence program provides, it is very difficult to understand why more American companies haven't taken the same organized and systematic approach to the gathering, analysis, and use of intelligence in their businesses. But ignorance has many dimensions. Some executives do not truly believe they need it—they stress the marketing side of the business equations, ignoring the competition. Others believe because they "get" the intelligence they need, they assume other managers in the company "get" what they need also—or at least they should. Yet others know they need better intelligence but do not know how to "get" it.

Few American companies have been successful in creating the organization and skills necessary to produce the intelligence needed by various corporate functions. These range from strategy formulation to R&D planning to conducting effective competitive bidding. Companies that have tried to develop their own intelligence operations usually attempt it two or three times before hitting on a successful approach or giving up all together.

The need for more complete and timely information about today's global business environment is critical. The need for intelligence about the players and external forces creating that environment is what we are talking about:

- *Competitors, customers, suppliers, and governments and their capabilities, plans, and intentions*
- *The markets, local economies, and political and social forces that influence purchasing decisions*
- *The technology and the products and regulatory constraints that are imposed on them*

These forces all make up the business environment that companies must compete in. Those firms that are the most informed about their competitive situation are usually the best prepared to make decisions and act. Those companies that have an intelligence program designed to gather and analyze the business information and create actionable intelligence for their managers and decision makers are the most likely to succeed.

In this vein, Motorola was very fortunate. Guided by the vision and determination of its then CEO and Chairman, Bob Galvin, the company set out to create the intelligence capability he believed it would need to survive and succeed in the future business world. It anticipated competing in a global industry that would be greatly more competitive than Motorola had experienced in the past. Bob believed that it was his responsibility to prepare the company for that future competition today, before it was upon him.

After several attempts, he hired an experienced CIA official who was known for his pioneering and organizational skills. Together they set out to create their first modern BI organization, designed to support corporate planning and decision making on a global basis. After 3 years, the program was well founded and culturally accepted by the company's senior management team. With the program in place, a second CIA officer, one well known for his strong management and leadership abilities, was brought in to run the program. And, he has done it superbly. The Motorola program today is a respected BI operation, one that many companies use as a "best-in-class" benchmark in developing or improving their own operations.

The lesson to be learned from this real-world case is that creating an effective and viable BI program is possible, but it requires considerable experience and professional-level skills to do it right. This is what the U.S. government has to offer, but it will require an organized program to "institutionalize" that knowledge and experience, and transfer it to the private sector.

Facilitate Private-Sector Access to Government Information

The federal government collects and produces large amounts of information concerning international business, trade, economics, and related government policies. A good portion of this information is of foreign origin, and some contains valuable analysis by our officials stationed abroad. In theory, this information is available to the private sector, but in practice its availability and utility have not been brought to the public's attention. In private-sector language, there has been no marketing of the product, and few outside the Washington beltway are even aware it exists.

The best of corporate information service professionals have difficulty in identifying and obtaining the government's international business information from which BI can be derived for their companies. The federal information scene is a bewildering array of agencies and services

that function independently of one another and operate with little or no input from the business community. In fact, well-regarded information professionals and consultants have pointed out that what is needed is a federal directory service that can direct the private-sector customer to the appropriate source of government information. It would be even better if the directory or clearinghouse could itself be that source of information such as a "one-stop-shop" for international business information.

In practice, most federal bodies are creating information that can be of benefit to the private-sector intelligence professional. Among the major potential providers are the Department of Commerce, Government Printing Office (GPO), Library of Congress, NASA, State Department, the Department of Defense, the Environmental Protection Agency, and the National Science Foundation. Even mission-specific departments can play a significant role in providing BI. For instance, the Department of Agriculture and its organizations, such as the Forest Service and the National Agricultural Library, possess information of a competitive nature involving global market share of American products. So do the National Library of Medicine and the Food and Drug Administration, where much knowledge about the emerging biotechnology market is being accumulated.

The most logical and best source of such information, however, is the U.S. Department of Commerce, but even its international information programs are little known by U.S. companies with BI needs. In fact, Commerce made its first appearance at the SCIP 1992 Annual Meeting in Washington, DC, and, by all accounts, it was a major success.

Unfortunately, it is not always clear which international division should be queried for what information. Current actions by the Department of Commerce include expanding its overseas collection of business information, mostly through the U.S. Foreign Commercial Service, and improving the relevancy, accuracy, and dissemination of this information to U.S. exporters. This activity should be actively encouraged.

As far as government-produced "intelligence" by the National Intelligence Community (IC), very little is available to the private sector. However, the *unclassified* intelligence information that is accessible runs the gamut from the *CIA's World Fact Book* and *International Energy Statistical Review* to organizational charts of certain foreign governments, such as China. The potentially useful Foreign Broadcast Information Service (FBIS) dailies contain current radio broadcast information on foreign govern-

ment and related business activities worldwide.

Of possibly greater importance are translations of foreign business and R&D materials by the IC's Joint Publications Research Service. This international information is available at nominal cost from either the Department of Commerce's National Technology Information Service (NTIS) or the Library of Congress' DOCEX program. Unfortunately, few American companies make use of these services for BI purposes. (Interestingly, those few companies that do know about it and use it in their BI programs believe they derive definite competitive advantage over those companies that do not. So, not surprisingly, you do not see many public testimonials on the value of government-source business information.)

At present, the U.S. government policy regarding *classified* economic or BI is *not* to provide it directly to private sector firms but, rather, to disseminate it to appropriate departments. These agencies then have the responsibility to see that it is used in ways most favorable to the U.S. government and, as appropriate, private-sector interests. However, because of the restrictive use of such intelligence and the bureaucratic difficulty of using it outside government circles, little benefit has actually accrued to the U.S. private sector to date. As the IC sees it, they are doing their job: collecting it, analyzing it, and providing it to the appropriate departments and agencies. It is then the agencies' job to use it and help the private sector.

However, there has been no initiative by any government department or agency to find out what the private sector's BI needs are. Since the intelligence is "classified," no one in the private sector even knows it exists, let alone who to ask for it—a classical case of the government "copping out."

In sum, the federal departments and agencies have done a good share of the foreign business information gathering. In particular, the foreign missions have collected the information, and analyzed, organized, and tried to disseminate it whenever possible. Much of it, however, is still classified, and therefore "nonexistent," as far as the potential private sector consumer is concerned.

Some of these restrictions must be removed and information, whether open or of a confidential nature, must be allowed to circulate more freely, even under controlled circumstances. There are still inhibiting "mindsets" in the government tied to the past, which do not make sense in today's global economy.

Creating opportunities for federal and corporate representatives to meet and discuss intelligence matters would be an important first step. Another, perhaps more practical initiative should be directed toward offering an integrated information-sharing service for the many sources of federal information: one 800 number for the private sector intelligence analysts to call, one FEDLINE to dial from the company or junior college library, one sympathetic ear for BI professionals whose corporate decision makers are waiting for a competitive assessment would be a welcomed assistance to the private sector.

About the Author

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