

CORPORATE STRATEGIC INTELLIGENCE SYSTEM: STAKEHOLDERS-ORIENTED APPROACH

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Corporate reputation is the comprehensive estimation in which a company is held by its internal and external stakeholders based on its past actions and probability of its future behavior, representing the net affective reaction of customers, investors, employees, and the general public to the company's name (Fombrun, 1996). The corporate reputation is widely perceived today as an intangible asset that is less imitable by competitors (Itami, 1987), and thus can be successfully used to obtain competitive advantage (Fombrun 1996) which is valuable, scarce, and sustainable (Hall, 1992, 1993). Professor Charles Fombrun believes that "a reputation develops from a company's uniqueness and from identity-shaping practices, maintained over time, that lead stakeholders to perceive the company as credible, reliable, responsible and trustworthy...Best regarded companies achieve their reputations by systematically practicing *mundane management*. They adhere rigorously to practices that consistently and reliably produce decisions that the rest of us approve of and respect. By increasing our faith and confidence in the company's actions, credibility and reliability create economic value."

In highly competitive global markets, a well run *Corporate Strategic Intelligence System (CSIS)* can forge information links in the corporate governance system and help to achieve the quality corporate goals and to support the corporate reputation.

Strategic intelligence pertains to the following system of abilities (Maccoby, 2007):

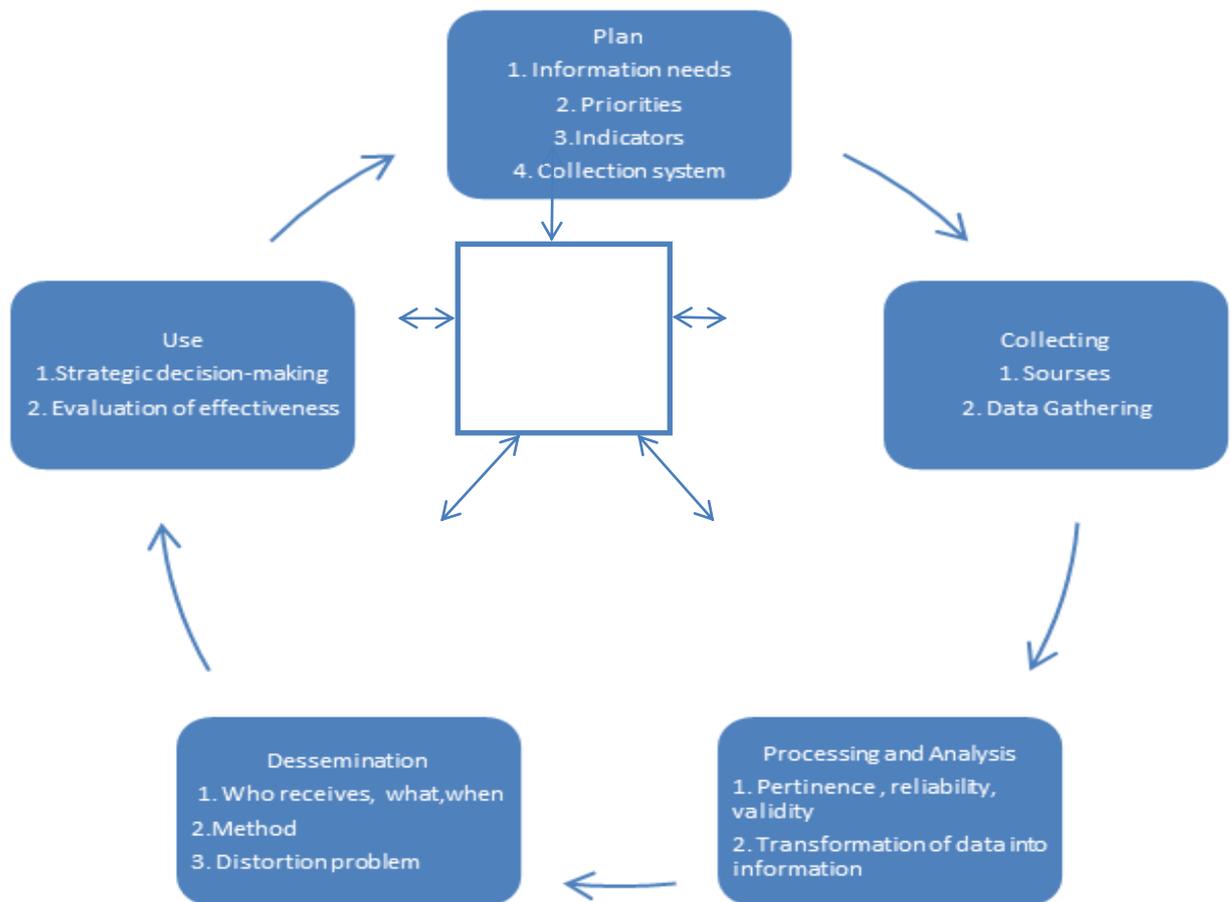
- foresight, the ability to understand trends that present threats or opportunities for corporation;
- visioning, the ability to conceptualize an ideal future state based on foresight and create a process to engage others to implement it;
- system thinking, the ability to perceive, synthesize, and integrate elements that function as a whole to achieve a common purpose.
- motivating, the ability to motivate different people to work together to implement a vision. Understanding what motivates people is based upon another ability, personality intelligence .
- partnering, the ability to develop strategic alliances with individuals, groups and organizations. This quality also depends on personality intelligence.

The main aim of the research is to develop the stakeholder- related approach to the Corporate Strategic Intelligence System (*CSIS*) creation.

Corporate Strategic Intelligence System (CSIS) is determined as the system for collection, processing, analysis, and dissemination of intelligence that is

required for which includes the following subsystems: competitor intelligence, customer Intelligence, suppliers intelligence, management intelligence (managing director or chief executive officer (CEO)), employee intelligence, owners intelligence, investments Intelligence.

CSIS is intended to help decision-makers at every level to make informed decisions. The intelligence cycle is the continuous process by which intelligence priorities are set, raw information is collected, the information is analyzed, the processed information is disseminated, and the next set of priorities is determined. The **Intelligence Cycle** could be presented on the base of plan, collect, analyze, adapt (PCAA) model.



The *Plan phase* should consume about 20 percent of available cycle time, broken down into three major subcomponents: information needs, planning (priorities, indicators), and collection system (process organization).

During needs assessment - often considered the most critical step in the research process—the team works with its key stakeholders to define the research objectives and determine the goal of the CSIS. Keeping a tight integration between management and other stakeholders is one of the team’s value-adds to ensure alignment among CSIS subsystems and high-order corporate goals.

The *Collecting phase* is taking about 30 percent of the cycle’s time, the collect phase has three major subcomponents: data gathering, confidential or proprietary data protection, and information organization.

The *Analytical phase* consuming about 30 percent of the cycle's time, the analyze phase synthesizes seemingly irrelevant bits of *micro and macro information* with the aim to turn it into actionable intelligence using analytical techniques.

Macro Analysis

Macro data are often analyzed using social, technological, economic, and political (STEP) factors. Although comprehensive, this analysis can create many branches in the research process and may lead main stakeholders to request further clarification on specific issues. As the stakeholders' interest peaks, this meets one of the main objectives of corporate intelligence—improving the flow of information and helping management see potential issues more clearly. The process also helps avoid the cognitive dissonance problem (Stahl and Grigsby, 1992).

Social analysis uses some form of demographic information, such as how many households exist in each socioeconomic segment, and often crosses this information with some form of social development information. The Human Development Index (World Bank) and the Information Society Index create a form of characterization designed to help position one society in respect to others. Besides the useful cultural trends information could be considered.

Technological analysis helps to evaluate what new technologies (consider both linear and nonlinear developments) are available or emerging, and how technology can help or hinder company's efforts in a given market. The accelerated pace of technological change creates a particular kind of challenge often associated with environmental dynamism (Caldart, 2006) or hyperactivity (Mintzberg, 1994). In this view, the rapid pace of technological change makes the competitive environment extremely dynamic. Management has difficulty comprehending the ever-changing environment, and thus fails to produce an effective working strategy to deal with it.

Economic analysis evaluates the economic aspects of the geography and creates an understanding of how changes could impact a target geography. The GDP is one good health indicator of a country. If GDP and disposable personal income are growing, people in the geography of interest may have the means to acquire the goods or services company is offering. Conversely, if the economy is not going so well, or if there is stagnant growth, consumers may have less disposable income to acquire companies goods or services. In addition the characteristics of the external market such as degree of market fragmentation or level of industry competitiveness are taken into account.

Political analysis requires a bit more effort to evaluate the regulatory environment, where consumer pressure may lead governments to push for increased regulations.

Micro Analysis

Micro data analysis helps to understand the factors specific to a company, be it a competitor, partner, potential supplier, or a key player in a particular segment of the industry. One common aspect of such analysis is a benchmarking effort in which data from participating companies are exchanged and compared. Another

popular micro analysis involves the use of a strengths, weaknesses, opportunities, and threats (*SWOT*) technique.

Another popular analysis is *company profiling*, in which the objective is to understand a company's corporate culture and management practices. This analysis will usually yield a very good company-to-company comparison and can be performed against best practitioners in different industries, not necessarily in your own sector. For instance, a luxury goods producer could benchmark its marketing best practices against those of De Beers, Louis Vuitton, or even Mercedes Benz.

Financial analysis is another type of micro analysis. Evaluating a company's financial strength and long-term stability can help to determine if the company would be a viable partner in the long run. This type of analysis is key for projects that include sourcing a manufacturing plant abroad. Financial analysis often involves the analysis of key financial metrics and ratios.

The *Adapt phase*, consuming about 20 percent of cycle's time, consists of three important steps: dissemination of intelligence, strategic decision-making, and evaluation of effectiveness. The CSIS report must provide recommendations and potential solutions as part of the strategic decision-making process including suggesting a course of action, specific timelines, and a well-planned road map that will help management achieve its goals.

This model presents a potentially powerful tool for the strategic intelligence implementation for the all groups of corporate stakeholders.