THE ROLE OF THIRD PARTY VENDORS

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"Help! I need somebody. Help! Not just anybody." – The Beatles

Sometimes being a consultant feels like being a drummer in a band: no groove without that beat, but crowds are hard pressed to name you (excluding Ringo). Consultants bang out a lot of heady information and generally wax the beat poetic about findings for which they are not held truly accountable (meaning that they might lose a client, but can't ever get knocked off the payroll). Certainly any outside consultant can be stifled by a lack of visibility, accountability, authority, and general presence – but whose fault is this, really?

There are many reasons why one particular corporate competitive intelligence team might wish to engage the services of an outside party to perform some research or take over an entire CI project. And there are just as many reasons why that same corporate team might or might not grant internal visibility to any vendor.

On a positive note, there are associations and networks used to connect with competitive intelligence vendors, namely SCIP. In the open market (filled to the brim with experts), CI vendors come in all flavors, performing any or all steps surrounding both primary and secondary research and analysis. Not surprisingly, most appear to be able to do whatever it is you'll pay for, so do be careful.

Review your internal CI plans with kid gloves, including the research strategy and your overall intelligence gathering cycle specific to your goals. After considering the wants, needs, and constraints of your own corporate team, evaluating the potential role of any third party consultant might become a less daunting challenge.

For now, let's consider why any corporate team might outsource to begin with. Here are common reasons for outsourcing in the area of competitive intelligence.

Bandwidth and time constraints

Where projects are urgent or where your own team is overextended, it is quite common to work with outside parties to ensure timely execution and delivery on a project.

Excellence and knowledge

When certain vendors possess superior capabilities, contacts, or processes, you might use them to procure superordinate research. This ranges from excellence in the delicate art of primary research and source interviewing all the way to mastery of public records research within such areas as government or drug discovery.

Cost

Where budgets are tight or where needs are ephemeral, corporate teams often hire a vendor on a temporary or intermittent basis in lieu of a full-time hire or a similar permanent contract employee.

Limited information access

Certain vendors can have unusually large and robust libraries or access to particularly unique resources (both people and electronic or print resources). You can tap their resource base to maximize information access. This often ties right back into cost; internal budgets might not allow for certain subscriptions that a vendor maintains, and vendors with domain expertise often maintain a wealth of unique and proprietary market relationships and resources.

Distance and deniability

Also known as the "IWM" ("it wasn't me") approach to CI management, it is most commonly connected to primary research, although it can touch areas of secondary research. For example, some firms just want to get the research done today (ideally right after lunch). Remember the whole *be ethical / do whatever it takes* message that corporate America sends to its employees? Corporations will sometimes be inclined to contract to high-performance vendors without questioning their imperious methods.

With primary research this raises very serious questions about ethical conduct, although it's also a very practical approach for many corporations for obvious reasons. Clearly an employee of Company A cannot call an employee of Direct Competitor B and ask a series of sensitive questions about people, products, or other issues – that would be an impropriety. However, a vendor can easily make the same call and, with a strong research skill set, will be able to identify himself honestly, get questions answered, and maintain the confidentiality of the end client.

Distance and deniability for secondary research present similar logic. For example, some corporate Internet servers block out the incoming addresses stemming from the servers of competitors, and so an outside resource is required to access even basic information from a current website. In other cases, firms employ various types of information specialists to dig deeply on, for example, a high-profile executive job candidate or a new potential business partner.

Whatever the cause or reason, when it comes to distance from the

action, if a firm contracting to a vendor is able to deny knowledge of the vendor's methods, he is under the (false) impression that he stands on higher ground.

THE CASE FOR DOING IT INSIDE OR OUTSIDE

One very clear situation supports the value of third party vendors in the competitive intelligence process: when a new competitive intelligence program is being put in place. The aid of outsiders is unusually valuable during the build and launch phase. Outside assistance not only helps shorten the launch cycle, but also serves to customize systems and process (from software to overall workflow), populate databases (competitor profiles, SWOT analyses), convert existing information and knowledge smoothly, or otherwise aid in the absence of a robust and fully functional team.

However, one must consider at all times the business case for working with vendors in any capacity, beyond those common outsourcing reasons described above. A well-run competitive intelligence program is best done in-house, and at a bare minimum it must possess internal management.

Internal competitive intelligence leadership and intellectual ownership is a marked trend, as evidenced by SCIP's own annual member surveys. From headier CI job titles and increasing salaries to larger departments and greater departmental presence, CI seems to be finally harvesting its crops. Regardless of your reason for working with vendors, consider the implications of the following questions when moving through this insource/outsource decision-making process.

Learning and comprehension

If you are investing in building internal team strength and expertise, consider seriously the implications of relying upon outsiders. How will vendor usage impact the team's ability to master a market or a domain, build internal brand recognition for your department, or establish deep social networks within a market or industry? How will your team learn to completely understand all steps and processes within the research cycle, including all areas of primary and secondary research? Are project needs so unique and rare that outside assistance is required to gather expertise or resource access (in turn forfeiting your ability to learn) all the while risking failure if a decision were made to try it internally?

Information ownership

Consider all types of information to be gathered, processed, stored, and analyzed. Who will ultimately own all of this information for current or future projects and efforts? What will happen to all of the incredibly interesting findings that aren't specifically related to the project at hand, but might prove to be pillars in future projects? What is the overall cost of owning or not owning all of the information related to your needs (e.g., current project versus overall long-term CI program)? How will information ownership impact your team's ability to leverage past projects, including very old projects, in support of future endeavors? How will defined relationships with critical vendor contacts alter the chances that some other firm might be reaching for the very same research from that same vendor?

Management and measurement

How will your ability (or inability) to gather exact metrics during all stages of a project or program impact your ability to drive long-term improvements and enhancement or otherwise maintain astute operational controls? How will your ability to attract and retain top researchers be impacted by your relationships with vendors? Will such relationships impact the culture or morale of your team in any way? How will working with vendors impact the overall cost of your projects and program? How will vendor relationships impact internal customer satisfaction, perceived quality, organizational credibility, group integrity, or any related area that involves stakeholder review?

One final thought regarding the review of vendor value in your efforts: even if you do it all inside, be certain that you remain aware of outside resources and continue to develop such relationships. You never really know when needs might change, or when unique business situations will push your back up against the wall (or cubicle divider, for those of you in open offices).

AVOID CLUELESS CI VENDORS

Determining exactly how clueless a vendor might be is a very difficult process. Vendors are often very good at delivering impressive sample projects, perhaps a few glowing testimonials from nameless executives. However, these must all be taken with a grain of salt. I've personally discovered vendors using references where the references were in turn subcontractors to those very vendors. And the worst thing ever: I received sample work from one vendor that was in fact one of my very own *declassified* research projects from years past that I'd been using in sales and marketing materials (you would have enjoyed hearing that follow-up phone call).

If you are pressing a researcher for information regarding market knowledge or expertise in an area of primary or secondary research and you sense a fumble in the response, consider yourself warned. Develop test questions as a means to validate basic knowledge of processes or markets. For example, begin by asking for an explanation of what your own firm does, makes, or sells.

Knowing what to look for comes with experience. If you work with a trusted and well-seasoned vendor already, consider asking that party to review new vendors with you where they do not directly compete (e.g., a secondary research expert looking over

primary research transcript examples with you). Look for everything from quality of presentation, including spelling, layout, clarity of findings, to overall sophistication of research (particularly where samples are related to large studies with loads of information). In general, look constantly for indicators of creativity, ability to articulate or convey findings, attention to detail, and overall quality of work samples. Look for the same things from the individuals with whom you interact in the sales process.

Imagine that you are hiring an employee. Investigate the background and experiences of all individuals involved in servicing your firm. Are they job-hoppers? Are they well educated? Are their experiences relevant? Do they possess unique skills or knowledge (languages, technologies)? Think about how you've made your own team hires to set this in motion. Remember, from world leaders to bathroom renovators, people pad their experiences.

PUT IT IN WRITING

Develop clearly defined research needs, ideally in the form of a request for quote or request for proposal. Be clear and be consistent. Also, be prepared to negotiate or compromise on some of your goals if they are perceived to be unrealistic or merit further review. Please, do not confuse your ability to dream up questions with an entitlement to answers.

Get a non-disclosure or confidentiality agreement signed up front and be certain that it is signed again before it expires. Where a non-solicitation, non-compete, or similar document is required, get it signed right away. Determine whether or not the vendor uses subcontractors on a regular or irregular basis. If so, are these subcontractors inheriting all of the legal obligations put forth in your own legal agreements?

Be certain that all areas surrounding ownership of information

are addressed and resolved from day one. The worst case scenario is a researcher spontaneously deciding to resell a large data set to other organizations after being paid for such work by your own firm because you failed to spell it all out. This falls under the category of right to work, and you must address this with all vendors of information. In some situations, particularly where you might purchase from a large information broker, you will in fact be at the mercy of their usage agreements, not the other way around.

Define clearly all data delivery requirements; include the required or desired format for presentation of findings. If your marketing team needs to import data to a specialized application, be certain that the data fields are being completed. If other analysts require something as basic as validated corporate contact information, be certain that *validate contact information* is a stated requirement (you get the point).

DETERMINE THE VENDOR'S BANDWIDTH AND GENERAL CAPACITY

Understand how they use vendors of their own to support unpredictable workloads. Sometimes this will impact the decision to work with small firms or large firms. The many cases for small firms include individualized attention, higher service levels, greater flexibility to customize pricing or projects, and so on. On the flip side, large firms present fewer worries regarding bandwidth, and are far more likely to have well-established legal standards, training, operational processes, and associated systems. Of course, the competitive intelligence industry is odd; several small firms work for both corporations as well as other, larger CI firms!

Expertise might include industry immersion (life sciences and healthcare), vertical knowledge (pharmaceutical), market focus (biopharmaceutical), and functional

awareness (biopharm contract sales and research) or perhaps process (drug discovery, clinical trials), or something else entirely.

Alternatively, expertise might speak only to the research approach, with an emphasis placed on primary or secondary research, or some specific stage of analysis and presentation. Additionally, expertise might mean full service or partial service – the difference between being the "entire interim team" or the "piece of the process" firm.

ESTABLISH MUTUAL TRUST

Vendors will work exceedingly hard to earn account trust and build confidence in their CI capabilities. Why? Particularly because there are so many ethical issues and considerations required to establish a strong basis for ongoing trust when you're giving a vendor access to corporate planning information or dealing with any highly sensitive information. Demonstrating integrity, consistency, and reliability is paramount to vendors that wish to stay alive in the market. Open communication is the best tool in this area of vendor management. Speak openly about project goals under confidentiality agreements, and watch how conversation converts to project scope, project scope to proposal, proposal to execution, and execution to desired results.

Beyond the many elements of project management that are specific to your own team, be certain that you establish a regular communication protocol with your vendors. Are they permitted to contact all team members, or is there a single point of contact for everything, including routing questions and delivering information? Are regular meetings scheduled, weekly or otherwise, or are communications ad hoc? Be certain that you develop a clear punch list in terms of progress expectations, and keep the project on track.

Vendors work with other clients, and if you are scheduling minimal interaction via phone conferences, you

unfortunately might get more absence than anticipated. Corporate readers working with vendors should develop a very regular meeting schedule at least by telephone, as well as a regular research review process so that vendors can receive positive feedback when they're doing well and notification when they're moving off track.

One parting thought: consider developing unusual incentives or longer term agreements with the best researchers (as defined by your own needs and reviews). You will benefit greatly from a reliable arsenal of outside talent if third party research is a component of any part of your own program or projects. And on that same note, consider internal review and comparison with other vendors an integral part of the vendor management process. Solicit feedback not only from your own team, but from all end users and stakeholders.

Your competitive intelligence team needs will continue to evolve over time as your group matures. The top research vendors supporting you today might not be able to follow you into the future when your own department exudes success and competency and finds itself fielding CI related requests from across the entire landscape of internal customers.

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