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**Competitive Intelligence as Public Policy in France:
Making a Difference in the SME Sector**

Authors

Jamie R Smith
Sheila Wright
David W Pickton

Abstract

This paper reports on an empirical study of the French Chambers of Commerce and Industry Competitive Intelligence programmes. Semi-structured interviews were undertaken with the directors of 15 CI programmes from 4 regions of France. The findings show that tangible results have been achieved despite resistance from small businesses in regard to their Competitive Intelligence practices. The paper also identifies the public and private sector entities which were named as sources of advice for small businesses for their Competitive Intelligence needs. The insights elicited can help future initiatives by public/private partnerships in both CI programme design and implementation.

Keywords: Competitive Intelligence, France, Public Policy, SMEs

Competitive Intelligence as Public Policy in France: Making a Difference in the SME Sector

Introduction

Over the last ten years France has implemented regional programmes to increase the awareness of, and change attitudes towards, the Competitive Intelligence (CI) practices of enterprises. Dedijer (1994) identified France as the first country in the world to look closely at the relationships between government, intelligence, and society. Uniquely in France, and in contrast to other European and North American countries, CI support is considered to be an important public policy matter (Dou, 2004). The emphasis has primarily been on Small and Medium-sized Enterprises (SMEs) with the Chambers of Commerce and Industry (CCI) playing a central role. The overall objective of this study is to investigate the emerging French paradigm of CI as a public policy. Specifically, this paper addresses the roles and perspectives of the CI programme directors who interact with SMEs in the field.

Competitive Intelligence for Small Businesses

The investigation of CI in SMEs has not been as well documented as in larger companies (Tarraf and Molz 2006; Burk and Jarrat, 2004). Early work by Groom and David (2001) suggested that SMEs were not very concerned with CI. A recent study in France by Oubrich (2007) suggested that SMEs were limited to conducting surveillance of markets and competition whereas large companies were integrating CI programmes into strategy development. Nevertheless, a few quite major studies have focused on SMEs. In Canada, Brouard (2006) looked at environmental scanning practices in SMEs. Salles (2006) examined the information needs of SMEs in France in order to conduct Competitive Intelligence. In Switzerland, a research-action approach showed the necessity of a strategic assessment to determine CI needs in SMEs (Begin *et al* 2008). A comparative study of Belgium and South Africa by Saayman *et al* (2008) found that there were few differences between small and large companies in terms of intelligence practices. However, French CI research has highlighted the different practices between large and small companies (Bulinge, 2001; Begin *et al* 2008; Salles, 2006). In France, the situation is quite different in that Competitive Intelligence as a business discipline, especially for SMEs, is supported by government-sponsored programmes that are being implemented country wide (Smith and Kossou, 2008; Moinet, 2008).

Research Methodology

Qualitative, semi-structured interviews took place between December 2008 and August 2009, eleven were face-to-face and four, by telephone. Only programmes which had been operational for at least one year were included. The French regions of Rhone-Alpes, Brittany, Franche-Comté and Ile de France were focused on as they have been very active in experimenting with Competitive Intelligence programmes. CCIs from Bourgogne, Chalons en Champagne, Chambéry, Colmar, Franche-Comté, Le Mans, Lille, Paris, Rhone-Alpes, Rouen, Rennes, Rouen, Tours and Versailles Val-d'Oise made up the sample frame. The interview addressed the CCI employee responsible for the CI programme, were conducted in French, recorded, transcribed, and analysed in NVivo, and back translated to correct language equivalence issues. The directors have considerable exposure to SMEs in terms of CI needs, SME attitudes towards CI, and the effectiveness of the CCI activities. Most have interacted with over a hundred SMEs in some form of their programme implementation. There is an accumulated experience of 59 years for the interviewees in terms of directing CI programmes.

The research questions sought to establish the content of the CCI's CI programme, the sector, type and size of firms targeted, the degree of collaboration between the private and public sectors, their credibility for advising on CI practices, the terminology used in the intelligence gathering process, responsibility for CI in the SMEs, attitudes of SME decision makers towards CI practices and the level of motivation by SME managers to follow CCI advice.

CCI Competitive Intelligence Programmes

The CCI in France represent networking organisations that bridge the public and private sectors with an intimate knowledge of the entrepreneurial community (Clerc, 2009). The CI programmes are decentralised and do not take on a common format. However, all the CCI disseminate CI concepts through conferences and virtually all engage in training and workshops. Many provide a diagnosis of the SME CI practices to determine which training and assistance is appropriate. Many also speak of supporting the SME with their CI needs and this may go as far as setting up a CI system for them.

Table 1 presents organisations and entities from both the private and public sectors. These were identified by the CCI CI programme directors as sources of advice for Competitive Intelligence for SMEs in France.

Table 1 - Collaborating Entities

French Entity	Who They Are	Number of times entity was named	Percentage of CCIs naming entity (n =15)
State Organisations			
DRIRE	Regional government for industry, research, and the environment.	12	20%
DCRI	The intelligence department of the Ministry of the Interior (still referred to as DST by some)	12	53%
INPI	Intellectual property registry	2	13%
Gendarmerie	A military body with police responsibilities	24	60%
Alain Juillet	(Former)Inter-ministerial Representative for <i>Intelligence Economique</i>	13	53%
Quasi-state organisations			
CCI/ ARIST	Chambers of Commerce and Industry/ Agency for Strategic and Technology Research (part of CCI)	137	100%
ADIT	Agency for the Diffusion of Technology Information	2	13%
MEDEF	A French employers 'union' with 750,000 members	32	40%
CGPME	A French 'union' for SMEs	5	27%
Private organisations 2)			
Consultants - consultancies	Individuals or companies which sell CI related services	152	87%
Chartered Accountants	Known in France as <i>experts comptables</i> (State Certified Accountants)	15	47%
Media	Internet, blogs and the press	22	87%

Findings

Definitional Issues

The CI facilitators unanimously stated that in their view, the SME managers would not be able to give a precise CI definition, even if they appeared to understand the concept. Associations with espionage and other pejorative behaviours were widely noted even if a clearer, more credible appreciation of CI concepts was emerging. Some CCI went so far as to refuse to use the term CI, fearing SME managers' potentially negative reactions. Other CCI were implementing CI services and actions while using other names such as environmental scanning or strategic information. Still others used the term CI with confidence and conviction. Overall, definitional and scope issues related to CI programmes was considered a problem. The merging of CI programmes with Innovation or Sustainable Development programmes was seen as one way of circumventing, or alleviating, the issue. This could turn out to be an ill-conceived solution, given the obvious difference in terminology, focus and associated activities. Table 2 presents a selection of responses from the CI programme directors concerning SME interpretations of CI.

Table 2 - The Terminology of CI

Interviewee Code	Selected Responses to the question: “Can the SMEs give a definition of CI?”
C14	“Not all, environmental scanning is used as a synonym”
C14	“The vocabulary is evolving, we don't speak of CI but of Strategic Monitoring”
C5	“They are very defensive, for many it is associated with espionage and hacking which is often how the media have presented it”.
C1	“Some have never heard of IE, they can all relate to environmental scanning, but IE, no”
C9	“No, one must explain it, in any case, I don't believe in the definition myself”
C3	“Yes, but incompletely, they associate it with environmental scanning. Those who are aware of CI do relate it to anticipation and adaptation, that is, a strategic application”
C10	“You can associate everything to the word <i>economique</i> , it depends on the characteristics of the manager, protection is the priority”
C11	“No, we speak of environmental scanning, we do not use the term CI”
C12	“A complete definition no but I believe they are beginning to get a grasp as to what it's all about”
C15	“If we ask they often say espionage or trickery”

Attitude Towards CI

In the face-to-face interviews, the Rouach and Santi (2001), CI attitude typology was presented to the CI programme directors. This framework was chosen as it allowed for differing levels of CI development, as typically found in the French SME sector. The CCI programme directors were asked to identify which typologies existed in the SMEs they

served. Overall, every type was referenced but not by every CCI. Appendix 1 shows the characteristics of each type and a summary of comments received from the CCI directors. These would appear to reflect the diversity of the economic fabric represented regionally. Type 4: Strategic/Assault/Pro-active and Type 5: Highly Proactive/Value Creation were very rare but cases could be identified. Type 3: Active/Operational was the most common response. A significant insight was the sense of transition from Type 1: Sleepers/Immune/Passive and Type 2: Reactive/Task Driven types to arguably a more progressive state often supported by the CCI programme..

Another approach for evaluating SME managers’ attitudes towards CI was undertaken by a direct question to the CI programme directors. The principal responses are presented in Appendix 2. While the perceived attitudes of SMEs towards CI are heterogeneous, certain themes can nonetheless be identified. First, attitudes can be, and have been, changed by the collective efforts of the CCI and the collaborating entities. Mainly this has been achieved through creating greater awareness of the stakes in managing strategic information. Second, evidence of benefits and the provision of support are necessary in both the short and the long term. Third, two recurring perceived handicaps are the lack of resources of SMEs, including time, and lastly, the lack of conceptual clarity surrounding CI processes from an SME perspective.

Evaluating CI Effectiveness

One CI programme director argued that CI is never, or very rarely internalised in an SME, therefore evaluation is meaningless. However, even if an external entity provides the CI processes for an SME there is still the need for evaluation. Two CI directors stated that they did not believe that SMEs evaluated their CI effectiveness, at least not factually. Table 3 classifies CI director responses on how they see SMEs evaluating CI effectiveness. They are shown both quantitatively and qualitatively.

Table 3 - Evaluating CI Effectiveness

Qualitative Evaluation	Quantitative Evaluation
Customer satisfaction	Win more bids
Concrete decisions	Integrate with quality system generating quantitative criteria
Improve their overall situation	Register patents
Anticipate new markets before competitors	Launch new products
Business development	Win market share/sales
Security test	Bigger markets
	Higher margins
	Apply consultant’s evaluation tool

Conclusion

The CI programme directors of the CCI have proved to be a rich source for qualitative research into SME CI practices. A summary of the findings are given in Table 4.

Table 4 - Summary of Findings

Research Question	Most Common Response
What is the content of your CI programme?	Conferences, training always, perhaps a needs analysis, rarely setting up a CI system
What types of firms are targeted in terms of size and sector?	Below 250 employees (the EU definition). Sectors depend on region and government strategy
Which organisations from both the private and public sectors do you collaborate with in your CI programmes?	Consultants were named first, the gendarmerie second
Which organisations have the most credibility for advising on CI practices?	CCI first (modestly disclosed)
What terminology is used in the intelligence gathering process?	Competitive Intelligence (i.e. <i>Intelligence economique</i>) is <u>not</u> the language of SMEs. No common substitute has emerged but environmental scanning is the easiest to relate to SMEs
Who is responsible for CI in the SMEs?	The SME manager, could be someone else for SMEs with more than 20 employees
What are the attitudes of the SME decision makers towards CI practices?	Mixed attitudes, mostly interested but don't have the time or resources, attitudes are moving in a positive direction

The programmes themselves are innovative, decentralised, constantly evolving and original. The awareness and attitudes of SMEs towards CI have indeed changed since these programmes were initiated a decade ago. The snowball effect of multiple players should however be acknowledged. The CCI is but one of numerous public and private entities that influence SME CI practices. Collectively, they have changed attitudes towards CI practices. A theme that permeates the CI directors' responses is that despite resistance SME attitudes towards CI have evolved in a positive manner. The resistance from SMEs is due to limited resources, limited time, and an inability to know their CI needs. There is a strong consensus that the personality of the SME manager is the decisive factor. Nevertheless, the provision of financial assistance is necessary to win commitment from SMEs.

The findings of this research are consistent with previous research in France on CI for SMEs in the sense that the SME manager is central to the processes (Larivet, 2009), and that CI needs are related to company nature, company strategy, and company environment (Salles, 2006). However, whereas Larivet (2009) found company size to have little bearing on CI practices this research identified 20 employees as a pivotal size in terms of SME manager involvement. Moreover, a French paradigm for CI in SMEs cannot exclude the multitude of private and public players hereby identified.

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Appendix 1 – Identification of CI Attitude Typologies

(Source: Rouach and Santi, 2001)

Company Typology	CI Directors' Commentary
<p>Type 1: Sleepers/Immune/Passive</p> <ul style="list-style-type: none"> • No fear of competition • No interest in Competitive Intelligence • Not invented here syndrome • Minimal or no support from management 	<p>“I’m not sure if type 1 exists, they are all afraid of the competition”</p> <p>“I don’t know of any for the first type”</p> <p>“I would phrase this type differently, I think there are a lot of enterprises who don’t express their needs effectively”</p> <p>“We call these ostriches and we have a lot of them”</p> <p>“I’m sure at least half of our enterprises are either type 1 or 2”</p>
<p>Type 2: Reactive/Task Driven</p> <ul style="list-style-type: none"> • Only responds when competitors are hostile • Opportunists • Very limited budget for Competitive Intelligence • Task driven attitude • Ad hoc basis • Top management doesn’t believe in the benefits of Competitive Intelligence 	<p>“It’s important but not a priority”</p> <p>“They expect CI to be free”</p> <p>“They decide quickly without a lot of reflection”</p> <p>“SME managers have a very nebulous concept of CI, not least of all because it remains nebulous at the state level”</p> <p>“I’ve never had an SME come to me ask – I need help with Competitive Intelligence”</p> <p>“If there is no immediate need the message passes slowly – if there is an urgent need the message passes quickly”</p> <p>“We have the majority in type 2”</p>
<p>Type 3: Active/Operational</p> <ul style="list-style-type: none"> • Actively observing the competition • Limited resources • Beginning of an operational network • Trying to understand, analyse and interpret markets • Unwilling or unable to have a long term vision on Competitive Intelligence • Management can see that Competitive Intelligence could increase profit 	<p>“There are a lot that have passed from type 2 to type 3”.</p> <p>“I have some type 3 enterprises I work with for CI, they are going towards type 4”</p> <p>“I think type 3 is the most common type we have”</p>

Company Typology	CI Directors' Commentary
<p>Type 4: Strategic/Assault/Pro-active</p> <ul style="list-style-type: none"> • Hunt for strategic information • Professional, ethical approach • Significant resources • Human intelligence valued • Monitoring competitors moves • Top management support • An integrated procedure • Scenario planning 	<p>“Type 4 exists but it is the SME that belongs to a bigger group, they are well structured”</p> <p>“I had one SME that I would position between type 4 and 5, the only hesitation is they had limited resources”</p> <p>“We have types 1, 2 & 3, rarely type 4, never type 5”</p>
<p>Type 5: Highly Proactive/Value Creation</p> <ul style="list-style-type: none"> • An offensive stance/war mentality • Very pro-active in managing the Competitive Intelligence process • Sophisticated tools/experts • Unlimited resources • Team approach/Competitive intelligence integrated into decision making 	<p>“An SME with a war mentality, no, we don't have that”</p> <p>“I've seen this mentality but never this level of pro-activity”</p> <p>“They exist as SMEs but they are the sub contractors in defence”</p> <p>“Type 5 exists but not in SME, it's the big companies”</p> <p>“I had a type 5, he managed a company with 1500 employees”</p> <p>“We had a type 5 in an SME, he had gone to ‘l'École de Guerre’, a real case, but I'm not sure if he is still in business, it was absolutely exceptional”</p>

Appendix 2

- SME Attitudes Toward CI

CCI Code	Principal Responses of CI Programme Directors
C 13	“It’s important but not the priority, they are over-stretched by daily operations”
C 13	“In France, they expect information to be free”
C 14	“It’s always the personality of the SME owner that plays the biggest role”
C 13	“They think it is necessary but they haven’t got the time”
C 5	“There is scanning, protection, and networks. They are always strong on one but never at all three, they are either technical, managerial, or sales oriented”
C 5	“For now they don’t see a return on investment for information”
C 4	“They are not disappointed, it is rather a question of non-comprehension at the beginning”
C 1	“It depends more on the personality of the manager than the sector”
C 6	“There are two attitudes, those that are really enthusiastic and think it will solve all their problems, and those who might be curious but lack conviction”
C 6	“ For those SME we accompany who ask for help, we have never had one dissatisfied”
C 6	“Now, for them, they understand that information is important, in fact, they want information on everything, which is not possible”
C 8	“They are sceptical before starting, but once we get going they really get on board”
C 7	“It’s always the same problem, everyone has their own interpretation of Competitive Intelligence”
C 9	“Often the SMEs are run by engineers who have no notion as to what is a market”
C 9	“They are a lot more open than they used to be”
C 9	“I don’t think they are structured in their attitudes”
C 9	“They don’t know their needs, that’s why we do the needs analysis”
C 2	“Now they are much more involved because of the economic crises”
C 2	“They state that they cannot have these competences internally”
C 2	“When it is put in place correctly they see right away the benefits”
C 3	“For them it remains conceptual, it is for large companies”
C 15	“For many SMEs it takes an event, a lost client, a burglary, poor performance, they are very reactive”
C 15	“They are interested, the more examples I give the more convinced they are but when they leave they drop right back into their world”
C 10	“They only commit if there is financial assistance”
C 12	“What is missing is a global approach, everyone in the company is in their corner, and that is not how CI works”
C 12	“It depends a lot on who helps them with their CI, if it was someone questionable, well, CI is to blame”