Understanding the business environment is essential for successful marketing. The marketing research and strategic analysis industry’s very existence depends on this understanding, and as such, helps organizations to deal with what is going to happen in their environment. Despite the proliferation of information, we are all still seeking that elusive element – knowledge.

In order to cope with the vast amount of information available to them, companies tend to limit their focus to areas that management has defined as important for the organization. This focus may have come from previous market or competitor research, projects, sales analyses, or other sources that are used by the organization in its planning. As a result, projects can not only be repetitive, but also be influenced by the latest management fad or guru-led panacea.

**Knowing What You Need to Know**

The problem with these approaches is that they assume the organization knows what it needs to know. Information that does not fit neatly into the established framework is likely to be sidelined. Those recommending the key intelligence topics (KITs) approach would be appalled to find that they were ignoring potentially important intelligence on the business environment. They would probably agree that organizations should look out for such items, pursue them and include them in future KITs despite their being harder to describe in the typical, formal way in which KITs are defined.

In reality, such information is more likely to “fall through the cracks” or be ignored as competitive intelligence professionals focus on the work required to satisfy existing intelligence needs. Organizations which ritualize their marketing and Competitive Intelligence processes by the definition of needs, can fall into the trap of meeting short-term goals but risk the acquisition of long-term insight.

**THE JOHARI WINDOW**

An approach that we believe can solve this problem already exists. It views companies as learning organizations with information needs, similar to how human resources professionals view individuals. Joseph Luft and Harrington Ingham devised a model to look at interpersonal relationships, the Johari Window. (The name is based on their first names, Joe and Harry.)

With minor changes, this model can be applied to market and organizational knowledge. A market knowledge matrix developed from the original Johari Window concept is shown in Figure 1. This adaptation, rather than focusing on the individual, focuses on the organization. Knowledge is categorized into four areas:

- **Public or open knowledge**: known to the overall industry, both the organization and its competitors.
- **Knowledge gaps**: known to others in the industry, but not to the organization. These gaps can be identified and filled through processes such as developing appropriate KITs.
dealing with the unknown

**FIGURE 1: MARKET KNOWLEDGE MATRIX**

<table>
<thead>
<tr>
<th>Known to the organization</th>
<th>Not known to the organization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Known to others</strong> (competitors, the market, etc.)</td>
<td><strong>The Open Box</strong></td>
</tr>
<tr>
<td>Public knowledge — that which is common knowledge within the market</td>
<td>Knowledge gaps — a focus for organizational research with the aim of gathering knowledge on competitors and the market</td>
</tr>
<tr>
<td><strong>Not known to others</strong> (competitors, the market, etc)</td>
<td><strong>The Hidden Box</strong></td>
</tr>
<tr>
<td>Knowledge to be protected from competitors</td>
<td>Industry threats and opportunities — not known by any players in the industry</td>
</tr>
</tbody>
</table>

Based on the original Johari Window as described by Ingram and Luft © Weiss & Wright (2006)

- **Hidden knowledge**: known to the organization but not to others. This is the focus of counterintelligence, as this type of knowledge needs to be protected.
- **Unknown gaps**: known to no one in the industry, neither the organization nor its competitors.

This adaptation of the Johari Window highlights the importance of both identifying knowledge gaps and protecting information. It is externally focused through its consideration of how others see the organization, as well as how the organization sees itself.

We have extended the Johari concept further by examining the types of internal knowledge held within organizations in the four-box configuration, as shown in Figure 2. Using this framework, organizations can realistically set up processes to identify their actual information needs. (The following discussion refers to the boxes in Figure 2.)

**Open knowledge**

Knowledge that the organization is certain about what it knows it knows is equivalent to the open box in Figure 1. This box can be dangerous, since organizations are often overconfident about what they know.

Many organizations fail to distinguish between certain knowledge and assumed knowledge. If the assumptions are wrong, then the organization doesn’t know it doesn’t know and falls into Box 4/Figure 2. Part of the intelligence process should look at organizational and industry assumptions to test them thoroughly.

**Knowledge gaps**

The organization knows this knowledge is missing (what it knows it doesn’t know) as represented by the blind box in as represented by the hidden box in Figure 1. Identifying the tacit knowledge held by organizations is a difficult but important process. Only by fully understanding these aspects can an organization gain an appreciation of its strengths and weaknesses.

Unlike Figure 1, where knowledge needs to be protected from competitors, the organization needs to learn what is hidden. This is typically knowledge known to individuals that has not been shared. When an individual leaves the organization, the information can be lost — sometimes with serious consequences.

**Hidden knowledge**

This knowledge is tacit or hidden within the organization (what it doesn’t know it knows) as represented by the hidden box in Figure 1. Identifying the tacit knowledge held by organizations is a difficult but important process. Only by fully understanding these aspects can an organization gain an appreciation of its strengths and weaknesses.

Unlike Figure 1, where knowledge needs to be protected from competitors, the organization needs to learn what is hidden. This is typically knowledge known to individuals that has not been shared. When an individual leaves the organization, the information can be lost — sometimes with serious consequences.

**Unknown gaps**

This is knowledge of which the organization is completely unaware (what it doesn’t know it doesn’t know and/or what it believes it knows but actually does not) as represented by the unknown box in Figure 1. It is from the unknown gaps box that long-term opportunities and threats will materialize. It is also the box where organizational and industry assumptions end up. A key part of the marketing intelligence process should be aimed at reducing the unknowns and minimizing this box.

There can be threats and opportunities that are unknown to the organization yet known to one or more competitors. In such situations strategic actions may actually turn out to be wrong, as previously undetected knowledge is revealed during the strategy implementation process. With information being unknown to us, known to them with ‘them’ being a stakeholder with an interest in the company, its products, customers, competitors, suppliers, or even shareholders places the firm at a significant disadvantage when considering any strategic option or tactical action program.
CLOSING THE GAPS

Market and competitor research aimed at filling gaps identified in the open box will close the knowledge gaps box. Internal knowledge and management processes can reduce the size of the hidden knowledge box. Adding blind spot analysis to reduce the assumption problem and effective long-term monitoring processes can also reduce the size of the unknown gaps box.

This approach goes beyond the typical customer research processes of many organizations and includes sophisticated environmental scanning and research techniques such as competitor intelligence research, market research, industry research, technology evaluations, blue-sky, and scenario thinking, to name just a few techniques that will assist the analyst.

Sheila Wright and David Pickton introduced the concept of applying the Johari Window to competitive intelligence at a European SCIP conference, so we make no claims of uniqueness here. We do believe though, that the Organizational Knowledge Matrix (Figure 2) is the first full development of the Johari Window idea in a competitive intelligence context.

In a somewhat wider forum, Donald Rumsfeld, U.S. secretary of defense, famously misapplied the concept when responding to questions at a press conference concerning the reporting of U.S. military activity. For this effort, he received the UK’s Plain English Campaign Foot in the Mouth Award:

“Reports that say that something hasn’t happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns — the ones we don’t know we don’t know.”

So, where does the traditional intelligence process fit?

THE OPEN BOX

Let’s start by clarifying the contents of the open box in Figure 1, as the information gathered from the other three boxes will eventually end up in here. This affects business strategy development, because if errors are created here, then errors will occur in the strategic deliberation.

The organization needs to carry out an audit of what is currently known, and also assess how reliable this knowledge actually is. Without such an audit, the intelligence gaps won’t be identified. There is a risk of placing certain knowledge into the open box when in reality it is not sufficiently robust to merit that status. Knowledge that is not verified or upon which triangulation has not taken place should remain in the blind box until it can confidently make the transition to the open box.

A clear understanding of what information is already in the overall business environment provides the foundation for determining an organization’s knowledge gaps and then moving the firm toward knowing what we don’t know. This produces a far more effective information-gathering exercise than would normally be the case if an analyst were simply asked to “find out more about our market.”

THE BLIND BOX

Having defined where the gaps in knowledge exist, the task is to fill them, essentially hunting down what we know we don’t
know. The standard marketing and competitor research and marketing intelligence system processes fit in here.

In dealing with the open and the blind boxes, activity can easily be mistaken for effectiveness. To counter this possibility, continually remind those engaged in the market and competitive intelligence process that they will never achieve the holy grail of a perfect information set. Trade-offs take place as time runs out and situations change.

The open and blind boxes are like the two sides of a coin. Fully understanding the whole current business environment and not just the local environment or industry niche is vital. Otherwise, it becomes impossible to determine what the real knowledge gaps actually are and could confirm currently held suppositions and assumptions, thus enlarging the unknown box.

Comments such as “nothing goes on in this industry that I don’t already know about,” “nothing goes on outside this company or outside this country that’s worth watching,” and “we tried doing something like this but it was a failure — I didn’t see results” often hamper the development of this understanding. Blind spots only serve to reinforce false beliefs about the market. Worse, such beliefs often become closely aligned with the firm’s critical success factors.

One way of understanding the importance of seeing beyond the immediate environment is illustrated by a comment commonly attributed to Mao Tse-Tung:

“We think too small, like the frog at the bottom of the well. He thinks the sky is only as big as the top of the well. If he surfaced, he would have an entirely different view.

What Mao did not say was that the outside world is a dangerous place. The frog is at risk from predators, and even direct sunlight. But leaving the well also provides the opportunities for finding a fresh pond, and other frogs with which to build a stronger community. In truth, the isolated frog, all alone in the well, is at risk of starvation and extinction. The only way to ensure survival is to move.

Part of the strategic and competitive intelligence effort should consider scenarios for the future. Looking at what could happen also needs to occur in an effort to reduce or close the blind box.

THE HIDDEN BOX

The hidden box can be the most difficult to close. Yet it also often provides much of an organization’s competitive advantage: the human, cultural, organizational, and locational factors that make the company tick.

To close the hidden box requires an information-sharing culture, so that knowledge held by individuals or teams about the business, its processes, its structure, and its stakeholders is shared across the organization. Confidential information still needs to be protected, as emphasized by its equivalent in Figure 1.

Moving knowledge from the hidden box to the open box is essentially a people management issue, as its focus is ensuring that the specific business knowledge or experience held by individuals is shared. This requires that both staff and managers appreciate the importance of information sharing and that information is owned by the organization and not the individual, although the individual has a key role in supplying the information and should be rewarded accordingly.

From a competitive intelligence perspective, any relevant information on the external environment should be collected and passed to the competitive intelligence department. Cause Analysis is a technique which can be used to identify how hidden knowledge within the organization contributes to the overall business. This examines the reasons behind identified organizational strengths and weaknesses.

Suppose a company identifies its reputation in the industry as a key strength. Rather than simply accepting...
this as a given, Cause Analysis examines the factors that contribute to the company's reputation. One factor could be the local knowledge and expertise of the customer service team, which has led to high levels of customer satisfaction. Outsourcing the customer service function as a cost-cutting measure could lose the personal touch that customers value and eventually lead to a decrease in the company’s competitive advantage. There are likely to be many other factors that contribute to a firm’s reputation, and the objective would be to identify each of them so that they can be protected.

Sometimes key individuals can make the difference. Recognizing the value of these individuals and what they know can ease the transition when they leave the company so that the specialist information they hold is shared. The danger is in viewing key people as easy to replace, outsource, or otherwise eliminate.

One example of a company that lost competitive advantage several years ago, through failing to understand the hidden knowledge held by individuals was a UK bank. The bank had identified a problem in its lending department. Older managers tended to be less flexible in authorizing business loans and required greater proof of ability to repay the loan than was then thought necessary to win the business at the outset.

The bank made a whole tier of older managers redundant with the aim of lowering its age profile so that it would be seen as flexible, friendly, and youthful, with all the attendant risks that go along with attracting such clients. This strategy worked as long as the economy boomed, but within a few years an economic downturn took hold and the strategy failed.

What had happened? An audit revealed that the older, more prudent managers, who had experience both boom and bust, adjusted their criteria for lending to suit the situation. Instinctively, they knew how to manage risk. Instead of trying to understand the reasons why they behaved as they did, the bank opted for a different approach and lost the highly valuable knowledge of how to lend profitably in both good and bad times.

**THE UNKNOWN BOX**

The unknown box contains hidden opportunities and threats to the organization. In some respects, it is an indicator for the future of the company, so it is essential to try to minimize its contents. Reducing the contents of the open and hidden boxes will contribute to this task.

Where a company has incorrect assumptions about itself i.e. the contents of the open box are actually wrong, those assumptions are likely to lead to inappropriate strategic thinking and the resultant strategies will also be wrong. Rather than knowledge being in the open box, it is in fact in the unknown box.

Examining assumptions is the first stage in minimizing the unknown box. This is essentially an internal process. You also need a process that takes a wider look at industry dynamics. To help in dealing with the unknown box, organizations need to establish the following:

- early-warning markers for emerging threats, using techniques such as scenario planning and war-gaming,
- feedback systems that capture intelligence about the business environment on an ad hoc basis even if the information superficially appears too futuristic or off-the-wall to be a real threat.

Although early-warning markers look for signals of future change, such markers can be monitored only after they have been identified. What is needed is an intuition and imagination for what could be important, even if no application can currently be envisaged.

Consider new technologies currently being developed, such as nanotechnology, “buckyballs,” electronic ink, radio frequency identification data tagging, genetic manipulation, and biochips. Some of these are likely to change the way we live, in a similar manner to the way the internal combustion engine changed the whole notion of transport.

![Figure 3: Expanding information boundaries](image-url)
THE OBJECTIVE

One key issue for any marketing or competitive intelligence system is to take information gathered from the external environment, combine it with internal knowledge, and convert it into insights that can be used to guide company strategies. The problem statement identifies what is already known and what needs to be known.

Understanding how knowledge exists within organizations allows marketers to improve their information-gathering processes and focus on collecting the information required for effective marketing and strategic planning. It allows companies to prioritize their real needs by identifying information blocks, blind spots, and beliefs that prevent them putting effective research processes in place.

The goal for competitive intelligence is to work hard to minimize the content of the blind and unknown boxes by harvesting as much as possible from the open and hidden boxes. Figure 3 illustrates the problem of coping with ever-expanding information boundaries. As more information becomes known, and retrieval and analysis skills increase, it is inevitable that there could be a diminishing potential for significant return. Newcomers to CI need to be aware that whilst they may be happily working in their own blind box, they may find out later that this information may well already be sited in the open box of others.

As Figure 3 illustrates, efforts to reduce the size of knowledge gaps and unknown gaps, result in the information boundaries being pushed further outward. Not that long ago, having sufficient funds to buy third party produced industry reports and numerous subscriptions to databases or information providers was seen as a commercial advantage. Things have moved on somewhat and as a consequence, much greater effort has to be made to make significant strides in information acquisition.

Consequently, marketing and competitive intelligence requires much more than a simple focus on identified intelligence needs which are merely functional gaps that address the open and blind boxes. Relevant knowledge gaps must also be satisfied by intelligence that cannot easily be identified, that which resides in the hidden and unknown boxes. Only then can the marketing and competitive intelligence processes provide the added value that senior management should expect from its intelligence effort.

REFERENCES


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