I can’t imagine a more appropriate time to be talking about competitive intelligence than right now, for I can’t imagine a time in history when the competencies, the skills, and the knowledge of the men and women in competitive intelligence (or, as I’ll be calling it, business intelligence) are more needed and more relevant to a company being able to design a winning strategy and act on it.

It’s particularly timely for our company, because we’re going through a major organizational change. And a structural change like this presents a fresh opportunity to reframe the linkages between business intelligence and our operational units. It certainly is presenting that opportunity for us.

I’d like to share some changes going on within Procter & Gamble and show how these will particularly impact business intelligence, and how successful exploitation of those changes will depend on business intelligence.

First, a bit of background on the company. We were started in 1837. We were a family business partnership until 1890. We didn’t have anyone other than a Procter or a Gamble lead P&G until 1932. Very few people have run this company. I make that point not to argue...
the value of age, but to underscore the importance of a
very simple set of core values in our company, starting
with a foundational commitment to the consumer
through the products and, increasingly now, the knowl-
edge and the service we provide.

We have over time had a history of growth, doubling
our business every 10 years for the last 50 years. Our
market capitalization over the past 12 years has increased
strongly. Our success has been based on our brands,
including those we have brought to the market to create
whole new categories: Pampers was the first affordable
disposable diaper, Crest the first fluoride toothpaste, and
so on. These products renewed or reconfigured catego-
ries, if not creating them outright. We’ve also had sig-
ificant success in being able to acquire and grow
brands.

The foundation of that excellence has been our tech-
nology. We are a science-based company with a com-
mitment to know the consumer—and I’ve referenced
that because it will prove relevant to what we’re now
doing in business intelligence.

Why Change?
With all that strength, we have embarked right now, as
many companies have, on what is clearly the biggest
change effort in our history. This is much more than
evolution. While we are certainly in no way losing our
roots, our purpose, our principles, our values, and our
commitment, we’ve placed everything else on the table.
The reason: Our growth is too slow (about half the rate
we really need), and our complexity is too high (with
an organizational structure that evolved over time as we
became a global company).

As many companies, certainly consumer goods com-
panies, did, we started out in the United States. We
then tended to create “mini-United States” of the re-

gional and country organizations developed as we went
into Europe, Latin America, and then Asia. As recently
as 1986, our company could only reach about 1 billion
consumers in terms of economies and political regimes
allowing it; today that number is 4 ½ billion.

We had regions, functions, and, increasingly, global
categories—a triple matrix. Some would say a quadruple
matrix, with the fourth element being top management.
It had become way too complex in terms of structure.

Our objectives in this change are to build and create
leadership brands globally better than ever before—that
is our business; to capitalize on the knowledge, capabil-
ity, and commitment of our people beyond what we’ve
ever done. This we are attempting to achieve through
simplification of our organization structure and of cer-
tain processes, capitalizing on technology and changes in
our culture. Although growing from our fundamental
purpose and the principles and values of the company,
this is a quantum change. It’s one that involves changes
in the structure, process, and culture simultaneously.

IT WON’T BE THE BIG THAT EAT THE SMALL; IT
WILL BE THE FAST THAT EAT THE SLOW.

We’re operating under the banner of stretch, innova-
tion, and speed. Stretch is a mindset away from the in-
cremental toward breakthrough (I’ll return to this later).
Knowledge-based innovation has obviously been the
foundation of our company, but we’re recognizing the
need to innovate at ever higher levels. Speed hardly
needs to be emphasized. Both in our structure and our
culture, we need to improve speed to market by orders
of magnitude of 3 and 4 to 1. If 10 years ago we could
take 6 years to take a product global, we now need to
do it in 18 to 24 months—and we’re finding even at 18
to 24 months, we could be beaten in moving into
global markets.

I can remember back in Europe a fellow who ran
our baby-care business, Michael Allan, saying it won’t
be the big that eat the small, it will be the fast that eat
the slow. Yet, as important as speed was then, it’s even
more so today.

With that as a context, I’d like to discuss business
intelligence. Let me start with a brief review of the role
over time of competitive intelligence at P&G. Prior to
1985 it was functionally focused. We had clear focus in
R&D at a very early stage, and we had focus in market-
ing. In 1985, we started to bring in multifunctional ex-
amination of strategies. In 1988, we had our first global
multi-sector analysis. Over the period of time since,
under the leadership of Susan Steinhardt, our director of
corporate competitive analysis, we’ve done much more
in the area of benchmarking, which has been funda-
mental to our ability to know where we were too
heavy in our administrative work. This has included
benchmarking in terms of speed to market and bench-
marking the structure of our organization as we went
into this move.

As we’ve looked at how we should evolve, we’ve
had three core premises in terms of what our business
intelligence activity ought to be focused on:
1. How do we generate greater innovation to reach our goals?
2. How do we recognize our people, their knowledge, and their ideas and convert these into action?
3. How can we capitalize as fully as we can on emerging technologies in communications, both internally and externally, to make the best use of that knowledge?

In his book, *Business at the Speed of Thought*, Bill Gates writes, “I have a simple but strong belief that the most meaningful way to differentiate your company from your competition, the best way to put distance between you and the crowd, is to do an outstanding job with information. How you gather, manage, and use information will determine whether you win or lose. Information flow is the lifeblood of your company because it enables you to get the most out of your people and learn from your customers.” Even allowing for some self-interest in that statement, I think all of us would buy into it. I certainly would.

**Old World Versus New World**

I’d like to present a comparison of the Old World and the New World of business intelligence at Procter & Gamble, to shed some light on changes that we’ve made and our vision of changes we should undertake (see Table 1).

In the stylized Old World vs. New World of business intelligence, the basic truth lies in these comparisons. Below, I’ll discuss how they relate to five issues involving business intelligence at P&G:

1. **Reason for being**
2. **Structure**
3. **Access to information/role of technology**
4. **Use of knowledge**
5. **Culture**

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**Table 1. CI at Procter & Gamble**

<table>
<thead>
<tr>
<th>“Old World”</th>
<th>“New World”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Static competitive analysis</td>
<td>Dynamic competitive response modeling</td>
</tr>
<tr>
<td>Routine report generation, reactive</td>
<td>CI embedded in strategy development and option analysis</td>
</tr>
<tr>
<td>Responsibility of CI analysts</td>
<td>Everybody’s responsibility</td>
</tr>
<tr>
<td>Highly centralized and highly decentralized</td>
<td>“Hub &amp; spoke”</td>
</tr>
<tr>
<td>Individually and functionally driven</td>
<td>Team effort</td>
</tr>
<tr>
<td>“Need to know”</td>
<td>“Need to share”</td>
</tr>
<tr>
<td>Limited and sporadic top-management support</td>
<td>Top management deeply involved</td>
</tr>
</tbody>
</table>

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**Reason for Being**

We keep reminding ourselves it can be too easy at Procter & Gamble to be complacent about what the competition is doing and what their reaction will be to our initiatives. But it’s important to think of this more broadly, in terms of business and market intelligence—not just the strengths and weaknesses of the competition and how they’ll react, but of new business models they’ll be developing in our categories or categories we might enter.

I’ve never seen a time when so many whole businesses have changed before our very eyes, redefining what constitutes success. Internet technology, to take just one transformative development, has changed not just how you reach consumers through commercial channels, but how you design products, how you test products, and how you communicate with consumers as to what they want.

In this environment, business intelligence must develop from collecting, analyzing, and disseminating knowledge and information to the point of helping organizations acquire and use information and knowledge to create winning strategies.

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**Structure**

We tended in the past to be either highly centralized or highly decentralized. We could be very centralized in some activities, but we didn’t have much expertise or reach into the business units. Or we were highly decentralized. R&D, for example, was an extremely capable operation but quite decentralized. We’re now moving to a “hub-and-spoke” that fits with our new organiza-
tion structure. We're moving resources and people with competence to projects as they occur rather than have so many fixed in place. And we're shifting from an organization with information centers in multiple countries to a truly unified global information structure. Of course, technology is helping us do this in a material way.

We now have seven “global business units.” In addition, we have market development organizations, which you might think of as regions, plus a global business service organization, which brings together services. We have representatives and linkages between our central corporate business intelligence unit with each of those, and we're seeking advantages you'd expect, both from what is in the hub and what's in the spoke.

The hub is important to provide the benefits of scale in purchases, to have a common mission across the whole organization, standardized processes, and so on. At the same time, the spoke is terribly important for specific, flexible knowledge in the individual business units, and ownership of the activity in the individual business units. It's also going to prove important for the diversity of ideas, for different approaches that will come from our operations around the world.

Information/Technology

In the Old World, “information” and “technology” tended to be situated independently, often resulting in redundant individuals with personal competitive files having relatively little interaction. Studies were often repeated due to lack of retention. We are now moving to what we're calling a Global Knowledge Network, which will be available to all electronically. It's providing a venue for collecting data, sharing opinions, and disseminating analysis. All intranet content is registered, nearly all of it is open and accessible to everyone in the company; that's been a change for us. Electronic publishing is easy. It doesn't require special skills, and it enables connections to people that will have a tremendous benefit in fostering innovation.

Use of Knowledge

In the Old World, there was too much routine report generation, and too many non-actionable requests. All of which tended to be too reactive, and too far removed from the core strategy and the key planning activity. In moving to a new organization structure, we are making an effort to get it right from the beginning.
by having the business intelligence activity embedded into strategy development in the line.

For example, our business intelligence group has been terribly important to Procter & Gamble in improving the quality of our options analysis. We tend to be people who want to get to a solution quickly. If we can avoid having to spend too much time thinking of a lot of different options, we'll tend to welcome that. So we benefit by having someone who holds our feet to the fire and says, “Slow down a bit to look at what the options are” so you’ll have a really robust, competitively viable strategy. This has been a major contribution.

In terms of getting top management deeply involved, we’re making real progress in that as well—it has been an area where we needed to. We’re also more focused on setting our own winning strategy in the context of competitive strengths. We’re moving from a static competitive analysis toward one focused on action, which includes competitive response modeling using multifunctional teams, and scenario planning that will better allow us to prepare for the competitive response.

Culture

If you’re making change in an organization, you can only accomplish so much through structure. You can simplify and clarify roles and responsibilities, but then it gets down to how people interact and what kind of conversations are going on between individuals and within groups. While we have an extremely strong culture—we wouldn’t be the company we are today without it—there are elements of our culture that we are seeking to strengthen and change.

Generally, the things you need to improve, the areas of relative weakness, turn out to be the flip-sides of your greatest strengths. Where we’ve had a tendency toward excessive perfection and risk aversion, we’re moving toward promoting risk-taking, with victory defined as “stretch goals” and what may be possible and is worth trying, rather than what you know you can do, or have a 90% certainty you can do. P&G people are very thorough, with a commitment to do the job right. But, again, it can be taken to excess, which limits innovation.

Another cultural change is a more vigorous focus on coaching and sharing, promoting collaboration and candor, trust, and constructive confrontation. Have you ever heard of the moose on the table? It describes a phenomenon where you have people in a company who tend to come into a meeting and talk about the easier things, topics which can be approached without too much controversy. And then one day the group comes in and there’s a huge moose sitting right in the middle of the table, and accustomed to their previous practice they look between the moose’s leg and over it and nobody acknowledges “we’ve got a great big moose on this table and we’d better deal with it or it’s going to kick us in the teeth.”

We’re moving away from the concept of sharing on a need-to-know basis, and assuming a need-to-share basis.

We now have this metaphor where if something is going on in any kind of a meeting in the company where we feel the real gut issue isn’t being addressed—there’s an area of basic disagreement that hasn’t been surfaced and brought to a resolution—we say, “We’ve got a moose on the table,” and it’s a rather nice way to say stop and deal with it.

In that same spirit, there are culture changes we are applying in our business intelligence area. We are striving to counter the thought that competitive intelligence is the responsibility of particular specialists or analysts, and make it clear that it’s everybody’s responsibility. We’re moving away from the concept of sharing on a need-to-know basis, and assuming a need-to-share basis. CI training, which before might have been made available selectively, is being made available to everybody who would benefit from scenario planning, from better strategic analysis. And from having the activity individually and functionally driven, we’re moving toward more team efforts and seeing tremendous benefit from getting multifunctional teams involved in scenario planning and competitive reaction scenarios.

Not to be overlooked, we’re also moving from limited and sporadic top management support for business intelligence, to having it become part of an embedded strategic and planning process.

Opportunities

I’d like to conclude by reviewing what I would suggest are opportunities for business intelligence, at least looking through Procter & Gamble’s eyes.

Let People Know What You Can Do

There hasn’t been enough acknowledgement within Procter & Gamble of all the resources and the capabilities that exist. We have gone out and bought multiple reports

Pepper
and surveys, instead of using our internal resources. So we’ve got to do a better job of just publicizing what the capabilities are, and that has to be done down the line.

**Know Who Your Customers Are and Link with Them.**

Again, this is a matter of relationships. And if your company is going through organization change—and it would be hard for me to imagine one that’s not—a key point is knowing who the customers are in the new organization and establishing the right linkages and relationships, determining how the information is going to flow, and how to become involved in strategic planning.

**Have a Clear List of Key Priorities and Measures of Success in Achieving Them.**

Know what really are the key issues that management wants to have addressed. It isn’t just more data. For instance, how is the Internet going to change the way business is done in baby care? Or for women interested in health and nutrition?

**Be Prepared to Say “No” to a Past Service in Order to Say “Yes” to a Bigger Future Priority.**

We have a very hard time taking stuff off the table, but we have to, or we won’t move forward. Help your internal customers deal with information. Differentiate report generation from actionable intelligence. When I know it’s coming from the heart, that helps me, and I can draw actionable conclusions or sometimes affirmations of what I believe from that.

The goal is to be able to come in and give a point of view, as our business intelligence group did last fall when they met with our 30-member executive committee and talked about the future. They laid out scenarios of what the future is likely to be in 2010 for our customers, what our channels are likely to be, who our employees likely will be, and trends regarding our consumers. That day changed the way we’ve operated since. We wouldn’t have been able to reach those conclusions if somebody hadn’t presented it very well. There were videos of thought leaders who were talking about these things, so that got our attention, thanks to the quality that went into the work and let us know in a riveting way the issues we needed to deal with.

**Hang In There**

Any of these changes don’t happen overnight. In getting those linkages started, the first audience may not be that pleasant, and people might not get the picture right way. And yet it’s so important. You have to keep going back, it may take a 2- to 3-year effort, and it has to start with the CEO or the head of the business unit. It may require some tough, honest conversation. Recognize this is a corporate-wide effort, not only an individual corporate category effort.

I was with an ad agency the other day, one of our great agencies that does our Folger’s coffee copy. I asked, “How do you keep going on this great campaign?” Because it’s been kept going year after year. “Well,” he said, “we’re just in perpetual whitewater.” I love that. Keep learning and thinking about what are the key trends and how to approach them corporately. It’s a singularly important role that you play in the business intelligence area.

**Personal Leadership**

Finally, let me end with a few words about the need for strong personal leadership. Everything big that I’ve seen done has come about because somebody has had passion about something they felt had to be done, and they were able to enlist others in it and then overcome obstacles and move it through to the solution. This area of business intelligence is filled with opportunity today because of the role of knowledge, the importance of speed, and the competitive world we’re in. Getting the right systems, the right linkages and relationships with the right people in a corporation, opening the mind, recognizing the need for external knowledge, is going to call for a great deal of sustained personal leadership to achieve the results that we all need and want.

**Related Readings**


**About the Author**

After serving 9 years as president of The Procter & Gamble Company, John E. Pepper was elected as P&G’s ninth chairman and chief executive in 1995. After retiring as CEO in January 1999, he continued as chairman of the board until September, when he became chairman of the executive committee of the board. Pepper also serves on the boards of Motorola and Xerox. He can be contacted in care of The Procter & Gamble Company, 1 P&G Plaza, Cincinnati, OH 45202, USA.