

# Value adding intelligence and information

by Magnus Hoppe

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Organizations suffer not just from myopia, but also from structural and cultural inertia that makes them more reactive than active, which also hinders them from becoming fully effective. One way of explaining this is to use Simon's (1945) ideas about how individuals are bounded in certain structures of rationality, and expanding them into areas of bounded attention and bounded interpretation. The article discusses how intelligence can be viewed as a tool for counteracting these drawbacks. The following checklist describes how this tool can be designed for an organization. It is an inductive construct based on an empirical study carried out in 2006, which highlighted seven areas that must be addressed and tailored to best fit a particular organization.

- §1 Get fundamentals straight and analyze your internal organizational context
- §2 Develop networks and deploy relationship management
- §3 Focus on customer relations and target processes
- §4 Hire, train and act for competence and seniority
- §5 Master the intelligence process

## §6 Design dissemination to support status and influence

## §7 Strive for status, cultural acceptance and embeddedness

The goal of these activities is to gain cultural acceptance and support for intelligence as a cultural phenomenon, described as an effort to reach beyond bounded attention.

How do intelligence issues relate to the role of the information specialist and the specialized librarian? These titles and functions can be classified under the aggregate term *Agents of Information*. The advantage of this term is that it is quite neutral, with few preconceived connotations that could distort our reasoning about individuals whose profession is information handling.

## Agents of information

My field of research is intelligence and intelligence personnel. "Intelligence" has had several definitions over the years, according to cultures and authors. On the whole, intelligence turns around organizational functions and

processes with the aim of feeding, facilitating and developing information, knowledge and ideas about society, market and actors. Historically this knowledge area (it is not yet what one could call an institutionalized field of research) ties closely with a management agenda and the field of strategy (development). Nevertheless, these intelligence individuals can also be classified as Agents of information. They plan and carry out informative missions, construct and reconstruct information etc. This means that to some degree, the organizational setting for intelligence personnel also is applicable to other organizational groups that can be viewed as Agents of information.

This article is partly based on empirical data from intelligence professionals. It is aimed at their *raison d'être*, and making the most of certain informational activities inside the organization. This goal could just as well apply to the information specialist, the specialized librarian or any other Agent of information. I believe that striving for the best organizational fit is just as valid for any agent category. I invite you to both examine and use the checklist for your own personal, functional and/or organizational development. If nothing else I hope you'll see this as a benchmark opportunity.

Information is nowadays often seen as the vibrant core of organizations. Any structural, cultural or processual preconceived ideas that hinder information flow also hinder the effectiveness of the organization. These things must be addressed and dealt with. Any Agent of information should therefore not hesitate to reach out inside their organization, and challenge internal territories in order to facilitate the creation of new ideas that spring from the meeting of minds and ideas. Interpretation and analysis is created everywhere all the time. Some information specialists take a defensive position in these matters. They are determined not to interfere with their internal

customers' work. This might be very considerate in one aspect, but at the same time this is to deny their customers' new ideas and interpretations. According to my findings, analysis is often created in a dialogue where different perspectives and ideas meet. I suggest that you, besides pure information, might add your unique difference in perspective, giving your customers' analysis new dimensions. And in order to do this you must build trustful relationships that last over time, exactly the same approach the intelligence professional is taking, along with other Agents of information.

### Introduction and background

Many intelligence units and professionals find it difficult to justify their existence. Their work and results are often obscured by other organizational activities. Many are obliged to calculate some sort of return on investment. The problem with this sort of task is that it tends to focus more on effects that can be monetarily measured than on effects that create other sorts of value inside the organization. I suggest another approach, and that is to make the organization so dependent on intelligence that it can't imagine a life without it, and thus justify money invested. The name of the game is value-adding intelligence, and the value added is desired effects in the target processes where intelligence is used.

The first step is to truly allow intelligence to influence core business processes, and design intelligence activities for this purpose. The second step is to show results, and through this create a situation where there is a demand for intelligence in core business processes.

This demand is in constant motion, which is why we must design intelligence accordingly. Value-adding intelligence is therefore a work in progress. Intelligence personnel are needed, people who make a constant effort to improve, to create more and better results, and reach out even further within the organ-

ization. People and units with this objective are actively shaping intelligence as they go along. Intelligence in this respect is not something fixed or a blue print from a consultancy firm. It's created by people dedicated to doing a good job, and who are given the means and the freedom to fulfill this goal, and who also must be good listeners.

After years of studying intelligence as a part of my thesis, together with representatives of a few but large Swedish companies, we designed a project aiming at developing a model for assessing intelligence effectiveness. As the project went along, we built a checklist describing what must be present in effective value-adding intelligence.

You will notice that there is more focus in the checklist on the best organizational fit than on traditional characteristics such as analysis, tools, and quality in information. Without organizational fit you will not be able to effectively influence core business processes. The study showed us that information handling, analysis etc., are not seen as problems. They are hygiene factors. Focusing on these things is of no use if there's no organizational fit.

Traditionally, intelligence personnel have paid a lot of attention to analytical methods, often describing themselves as analysts. But as other studies have shown, analytical models are not as frequently used as one would imagine when reading the importance they get in intelligence literature. This might seem a bit strange and make you wonder about what analysis is, if it is not something you mold through a model. The study at hand suggests another approach to analysis, and that is analysis as perspectives of understanding. Models may help us in our quest for understanding something, but still models are just means, not ends.

Analysis, according to the study, is gathering facts and arguments that can be deployed within a target process. Analysis is also some-

thing that is being created within conversations on organizational issues between different actors with different interpretations, approaches, and professions. These conversations take place between intelligence personnel, but also between intelligence personnel and customers or intelligence personnel and sources, or for that matter between people without intelligence ever getting involved.

To conclude, analysis is in perspective and dialogue. Intelligence (information and analysis) is of no use if people do not act upon it. People act on how they interpret a situation. And the question raised is how intelligence can be organized to support individual interpretation and acting in accordance with organizational goals. The checklist is part of the answer. Taken as a whole it describes an ideal situation where intelligence has been given freedom to act and to influence, and in a respectful manner, be a bridge between different ideas, cultures and perspectives. If this is your goal, the checklist can give you clues to HOW to organize your intelligence activities better so that they add more actionable value to the organization.

### Method and theories

I have aimed this article to fit into a practitioner's context, which is why I have skipped most references and theoretical discussions. However, for you who are interested in method and underlying theories, I will say a few words about them:

First, the underlying study started out in the beginning of 2006, with a total of ten semi-structured interviews with intelligence personal in three different Swedish multinationals, and an intelligence officer in the Swedish armed forces. These interviews were all transcribed and coded. The codes were then used to build categories describing different parts of intelligence work. A total of ten categories were identified. In a dialogue with

the interviewees these ten categories were then transformed to the seven paragraphs that now build up the checklist.

The method is qualitative inductive, with strong theoretical ties to grounded theory, but also in active research.

The checklist builds upon classical organizational theory where one should recognize that there are at least three perspectives of an organizational phenomenon that need to be addressed if you wish to understand and change organizations. These perspectives are structure, culture, and process. If you examine the checklist you'll see that all approaches have been addressed, thus making the checklist more conclusive.

**Theoretical setting**

According to March (1999), an organization exhibits a risk of myopia when it tends to focus too much on learning from present experiences, emphasizing the exploitation of current resources. Failing to deal with the longer perspective, myopia endangers the survival of the organization, neglecting the need for exploring of new opportunities. The business and troubles of today hinder development. It closes managers, and other personnel, into a framework where they believe that their way of judging and doing things is the right way. Hamel & Prahalad (1994) describes this frame as unquestioned conventions:

What prevents companies from creating the future is an installed base of thinking – the unquestioned conventions, the myopic view of opportunities and threats, and the unchallenged precedents that comprise the existing managerial frame. (p. 61)

These unquestioned conventions are also part of the problem with individuals bounded in a specific rationality, and bounded rationality goes for all personnel, not just managers. In-

dividuals, by physical and psychological limitations, can not attend to everything, which is why rationality becomes bounded (Simon 1945:124).

This highlights attention as a critical aspect in organizational life, and attention is closely linked with interpretation. In addition to bounded rationality, Simon talks about bounded attention and even bounded interpretation. As we have limited resources for our attentive acts, we cannot reach a level of perfect information. And without perfect information we cannot maximize decisions. Instead we have to make decisions that satisfy (Simon 1945:118), and our interpretations are guided in that direction – to find satisfactory answers. Hence, performance can always become better in all organizations, as long as we find ways to support an individual's attentive and interpretative acts.

Organizations also exhibit problems with inertia, especially older and larger organizations (Tushman & O'Reilly 1996). Even if one can understand that change is needed – it takes time to change. Tushman & O'Reilly divides this inertia in two: structural, and cultural inertia (p. 18).

Structural inertia – a resistance to change rooted in the size, complexity, and interdependence in the organization's structures, systems, procedures, and processes.

Cultural inertia (...) comes from age and success. As organizations get older, part of their learning is embedded in the shared expectations about how things are to be done.

Schein (1992) goes even further and means that all past behavior influences culture through a learning process that makes the essence of culture unconscious, most stable and least mal-

leable (p. 5). And culture, as a set of basic assumptions, defines for us in a most subtle way what to pay attention to, what things mean, how to react emotionally to what is going on, and what actions to take in various kinds of situations (p. 22). This means that managers need to change culture if they want to impose change. In fact it is one of their chief tasks, according to Schein. The most fundamental part is to make a group agree on goals and mission<sup>1</sup>, but to be able to do this the group must have a common language and agree on conceptual categories (p. 51f). And the way to do this, according to Selznick (1957:104f), is to make personnel adapt to new ways of thinking and acting through indoctrination, and with time habituation. Thus influencing culture.

But organizations do not display just one culture, and even if there should be something as one organizational culture, there is also the notion of subcultures that evolves through differentiation within organizations (Schein 1992:254f). These subcultures carry with them ontological as well as practical ideas about the world and what the organization is and should be. In this respect organizational culture involves assumptions, beliefs, and values that are shared by members of a group or organization (Yukl 2006:313, even Schein 1992). And these shared basic assumptions, beliefs and values strongly affect what each person attends to, but also how things are interpreted, displaying bounded attention, bounded interpretation and bounded rationality in practice.

Describing the organizational situation in such a way, my studies suggest that intelligence can be used to help people broaden

their thinking and improve their communicative efforts. What also must be recognized is that the study supports findings that intelligence is used in several organizational processes, and not only in managerial decision-making. Hence the study suggests that we should broaden our definition of intelligence. Instead of defining intelligence in a narrow process view as decision support, I suggest a more loose cultural definition of intelligence as an endeavour to reach beyond bounded attention. More precisely, intelligence is about, in reason and action, striving beyond boundedness in space, time and interests.

This striving is what intelligence is about and supports in individuals targeted for intelligence activities.

Furthermore, intelligence can be used as a means to enhance certain organizational processes by bridging cultural and organizational boundaries. It is about building an effective organization, which in turn ultimately is “a matter of meshing the different subcultures by encouraging the evolution of common goals, common language, and common procedures for solving problems” (Schein 1992: 275). In its essence it is about counteracting a cultural problem described by Schein as:

If members of the group<sup>2</sup> hold widely divergent concepts of what to look for and how to evaluate results, they cannot decide when and how to take remedial action. (p. 62)

To conclude: an organizational endeavour to reach beyond bounded attention is supported through intelligence, thus working against organizational myopia and inertia.

<sup>1</sup> Schein (1992:52) lists five steps in how a group forms a culture through agreement on 1) Mission and strategy, 2) Goals, 3) Means, 4) Measurement, and 5) Correction.

<sup>2</sup> The term “group” refers to social units of all sizes, including organizations and subunits of organization (Schein 1992:8).

## Using the checklist

The checklist consists of seven different paragraphs, each designating a particular aspect of value adding intelligence work. Under each paragraph there is a discussion about the topic at hand, followed by a number of statements. If one statement is fulfilled, or at least to a certain degree, it signals that this criteria is met. But, on the other hand, if one statement is not fulfilled, this signals that this is an issue that must be worked out.

After having completed the checklist, you'll be able to identify sweet spots and sour spots. As intelligence work is much more than a checklist, you should use the results carefully. Instead of aiming at one paragraph, or one statement at the time, you should use the checklist to analyze intelligence work as a whole. Maybe the problem lies beyond the statements, and possible solutions can be found in other areas. Kees van der Heijden (2005) points to "the art of strategic conversation", and that is what I hope this checklist will trigger. It is not the model that is important, it is the thinking and the acting that come out of it.

I use the term organization instead of terms like business, company, firm, faculty, administration, bureau or any other equivalent term, to open up the checklist for several uses. Nevertheless, the checklist stems from data derived from Swedish branches of international companies acting in competitive environments. Of course this affects the construction of the checklist, which most likely must be adjusted for other intelligence situations.

I also ask you to note that the term "customers" denotes internal customers.

And finally, the model is still under construction, and I hope it will continue to be so. Of course it can get better. Please send any kind of feedback to me, and I'll update the checklist continuously.

## §1 Get fundamentals straight and analyze your internal organizational context

Intelligence can not do more than the internal organizational context allows. This paragraph deals with missions given, intelligence design, managerial trust, and of course resources. With a clear mission statement, intelligence personnel know how to prioritize and what organizational processes to support. To reach maximum effects intelligence must be well integrated into each targeted process. With freedom in intelligence design, intelligence can develop together with these processes and different internal customers. Resources are always limited, which is why these must be adjusted according to missions stated, and vice versa.

But all this will seriously be harmed if there is a flaw in the relationship between intelligence personnel and management. Without trustful interaction and at least mental closeness with management, intelligence will never be allowed to exercise the organizational influence needed and thus reach its full potential.

- a. The basic conditions for intelligence are known and verbalized. This applies to intelligence personnel as to all individuals involved in intelligence work.
- b. Intelligence-work is well defined within the organization and is well integrated into target processes.
- c. There is a trustful relation between management and intelligence personnel.
- d. Management acts to support intelligence in all ways necessary to allow intelligence to exercise influence on targeted processes.

- e. The intelligence unit has the mission, or at least permission, for successive adaptation to ever changing organizational needs and to optimize its outputs through prioritizing for maximum organizational value.
- f. In organizations with multiple intelligence units, the borders are clear and the units cooperate without rivalry. As the organization develops, procedures to refine borders and responsibilities are agreed upon.

### §2 Develop networks and deploy relationship management

Networking is not just hype; it is the core of intelligence work. Without networks, intelligence personnel will have a hard time in information gathering, but also in dissemination and most of all, in creating results stemming from intelligence knowledge. Networks consist of multiple relations, and those relations can be both formal and informal. Nevertheless good relations that can be used for intelligence work exist between individuals, not functions nor institutions. The trick in this paragraph is to create an intelligence environment where individual relations can be shared and managed for the common good of the organization. How it is done is of less importance, as long as it works. This is relationship management, and it should be on the agenda in any intelligence unit worthy of its name.

- a. Exploring, exploiting and development of relations are constant issues in all intelligence work.
- b. Professional relations of all intelligence personnel are visualized and mapped for internal use and discussions.

- c. A relationship plan is implemented where relations are developed, kept and terminated. This demands a constant review of relations.
- d. Intelligence has access to expertise in critical subject areas such as technology, macro economy, political science, international trade, law and regulations, patent, financial analysis, transport and logistics etc.

### §3 Focus on customer relations and target processes

When following the path from paragraph one and two above, one has followed a targeting process, and finds the intelligence user – the internal customers. Relations with these individuals are of utmost importance to make intelligence work, and also in order to gain access to the target process. The core here is to establish a constant dialogue that starts with assuring that both parts have agreed on what should be done, by whom and when, fine-tuning the job as it evolves, and delivering the goods with perfect timing. At the same time, intelligence must develop feedback loops on work done.

Understanding the situation where intelligence will eventually be used is crucial. It is this situation that should dictate the design of intelligence when it comes to content, form and language. To gain maximum effect, it is possible that the target process must be adjusted in some aspects, one example is to make intelligence a subject in different meetings or to involve intelligence personnel in deciding on demands to be met at a check point. To be able to have this influence on the target process, intelligence personnel must have authority but also need a trustful relation with the customer.

Much analysis is created in a dialogue with different experts and users of intelligence. Hence customer relations can be seen as a pre-requisite for establishing analytical arenas.

- a. Internal customers are known and relation established according to weight of customer. New customers are integrated into an established relationship practice.
- b. Intelligence work and commissions are constantly tuned through a dialogue with internal customers and successive adaptation. The customer's use of intelligence is known, and intelligence output is designed to fit current target processes.
- c. Mutual respect exists between intelligence personnel and internal customers.
- d. Internal customer value and satisfaction is evaluated on a regular basis. The results are used to develop intelligence work and prioritize for maximum organizational value.
- e. Intelligence is a natural element on internal customers' agendas.
- f. Intelligence personnel are consulted to change internal customer processes to gain maximum leverage of intelligence.

#### §4 Hire, train and act for competence and seniority

When talking about relationships, customers and networking - someone still has to do the job, and this someone has tough demands on him or her. Theoretically there could be someone who meets all the requirements, but more likely individuals tend to differ and have both strengths and weaknesses. Everyone can not

manage their relations in the same way, but everyone can talk about how they go about their work and with whom they are involved. The secret lies in the mix of people.

Apart from this, seniority has come up as an important factor for success. Seniority gives an air of credibility to the person acting. She or he knows what the organization is, how it works and has an established network. Next to seniority there is also a demand for competence that can lead to action. Whether this is in research, analysis, process management, etc., is of less importance, as long as the person can deliver desired results.

To sum up: Intelligence personnel should move about inside (as well as outside) the organization and know their organization as their own back yard. This also gives them opportunities to establish and maintain necessary internal and external networks.

- a. Intelligence personnel are well integrated into the overall organization of the firm, and can move about without friction.
- b. Seniority and/or intelligence expertise (in research, analysis and processes) distinguish intelligence personnel, as well as curiosity, energy and action orientation.
- c. Intelligence personnel have a thorough knowledge of the organization's objectives, strategies, products, markets, processes and competitive environment.
- d. Intelligence personnel are able to adapt to the customers' needs, however broad or deep. Intelligence personnel are able to understand intelligence needs from a customer's perspective, while maintaining integrity.



- e. Intelligence work is organized to gain maximum output from different personnel competence, and not for political, hierarchical or other reasons.
- f. Intelligence personnel are trained in relationship management.
- g. Work unit and personnel competence plans are tools used to enhance overall performance.

### §5 Master the intelligence process

You may think that this part of the checklist should be highlighted, as this paragraph is the traditional core of intelligence work. Unfortunately, I must disappoint you. Of course the intelligence process is important, but if you have problems with it, you are in the wrong business. These things are hygiene factors that must be met, but they are nothing more than that. Information or analysis does not create results by themselves. People and relations create results through acting on knowledge or ideas about the world and the business they are in. It is influence that must be sought first hand. Influence will of course gain by excellence in traditional intelligence skills.

Some places (or arenas as I call them) where people meet are of high interest for intelligence. In these places critical knowledge is being created or exchanged. It can be public events like conferences, third party organizations like think tanks, regulatory organizations, internal or external R&D-groups, sales and strategic meetings, discussion groups etc. For intelligence personnel these intelligence-intense arenas must be identified and access established, within legal borders of course. Once again one can notice the importance of relationship management, but in this case it is mostly about accessing and safeguarding

the organization's most important intelligence sources. Having said this, one should not forget about all the other sources that are available in digital or other forms.

- a. Intelligence work is not impeded by limitations in hardware, software, IT-support, analytical or communicational tools.
- b. Intelligence Intense Arenas are identified and access established.
- c. Intelligence personnel have access to well-established trade resources.
- d. New sources of information are sought for and evaluated on a regular basis.
- e. Analytical instruments and methods are being developed and evaluated on a regular basis.

### §6 Design dissemination to support status and influence

Even if a lot of information gathering, analysis and dissemination is done in communication with others, still a lot of intelligence work is about putting things on paper. Intelligence is not only about trustful relationships and in-depth analysis. A lot of work is also done in order to keep track on things and give overviews about the latest evolvement in different issues. For this type of work, a well-designed electronic and automatic distribution system is necessary. With a clever design users will turn to these channels for more general intelligence, leaving time and space for intelligence personnel to use in more demanding tasks, and thus support status and influence.

There are also other advantages of more general intelligence channels like newsletters. For once, they remind people about the existence of the intelligence unit. They can be used to give credit to people who have con-

tributed. They can point to a website for more in depth analysis, a live discussion about the topic at hand etc. As long as a newsletter, or any other dissemination tool, brings value to the users and status to intelligence, it should be attended to.

An intelligence website also seems to be more or less standard today. It is used both to support easy access to intelligence, and to support the status of the intelligence unit. Users can be given different sorts of clearance, which also makes it possible to have more classified material on the web. The clearance procedure itself can also be used as a tool for relationship management.

So yes, even if most paragraphs emphasize the importance of relations, they do not rule out traditional reports and papers. But I would also like to stress that focus should be more on relationship management and less on information management.

- a. Dissemination of intelligence work is adapted to internal customer needs and processes.
- b. Channels and media for intelligence dissemination are evaluated on a regular basis.
- c. One or more newsletters are circulated what brings measurable value to the recipients.
- d. Intelligence has a website that supports communication, can be used for downloads and is constantly being updated.

### §7 Strive for status, cultural acceptance and embeddedness

*In a world-class knowledge company people instinctively seek, share and leverage intelligence.*

I twisted a quote from Hubert Saint-Onge to describe what happens when intelligence has become an embedded part of organiza-

tional life – the ultimate organizational fit. This describes a situation where intelligence is no longer a unit, but an idea that characterizes the organization.

Status, cultural acceptance and influence are not gained in a day or through managers making decisions about it. No, it is gained through hard work and results that make a difference. This is why implementation of any intelligence activity must be allowed to take time. And when results start to show, you have a positive circle going. True success stories are rare, but can be effective tools to gain cultural acceptance, which is why intelligence should attend to situations that can develop in this direction.

The statements below give us clues to how deeply embedded intelligence has become, but also what we should try to accomplish in our endeavour to establish value-adding intelligence.

- a. Intelligence is presented as a natural part of the organization.
- b. Intelligence does not have to be explained with different contacts within the organization.
- c. Intelligence success stories are common knowledge.
- d. Intelligence skills and performance are considered in organizational career and reward systems.
- e. Organizational members from all parts of the organization spontaneously make contact with intelligence.
- f. Language and cultural barriers that would hinder intelligence communication do not exist, or there are established routines do deal with them.

- g. The term intelligence is seen as a quality marker on information, resources and analysis.
- h. Intelligence terminology is well integrated within the organizational language.

### A final note

Intelligence has no fixed form. It changes over time and place. What works in one context can fail in another. Successful intelligence is therefore not a certain design; it is a work in progress. This work in progress is characterized by a constant effort to improve. And that is how I hope you will be using the paragraphs above. They are there to give you clues how to evaluate and develop your intelligence activities. But the paragraphs above are neither definite nor graded. Hopefully I will be able to upgrade them over the foreseeable future, and I ask you to help me in this work by sending me any type of feedback.

One final word: It has crossed my mind that maybe we could talk about VI (Value-adding Intelligence) instead of CI, BI or other terms used. With VI we would leave the con-

textual definitions of intelligence, and instead be able to more freely discuss what counts: Results.

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