

Back to the Future: The Evolution of Environmental Scanning

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A202 : Developments in Competitive Intelligence

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Today's Agenda

- ◆ Definitions
- ◆ Purpose
- ◆ Historical Highlights
- ◆ Current Strategies & Trends
- ◆ Future Implications



Definitions

- ♦ Environmental Scanning: “A term coined in the mid-1960’s by Francis Aguilar, a Harvard Business School professor, to describe the action of watching and collecting information on a company’s rivals and the overall market.”

Source: Fuld & Company, Inc. “CI Strategies & Tools: Intelligence Dictionary”.
www.fuld.com/dictfiles/record26.htm

Definitions, continued

- ♦ “Environmental scanning is one of four activities comprising external analysis.”

Source: Jsmrd zl. Morrison. “Environmental Scanning”.
horizon.unc.edu/courses/papers/enviroscan.

Purpose

- ◆ Provides a system to organize information flow
- ◆ Detects scientific, technical, social, and political trends and events important to the institution
- ◆ Provides early warning for managers of changing external conditions

Purpose, continued

- ◆ Defines potential threats, opportunities, changes implied by trends and events.
- ◆ Promotes a future orientation in the thinking of management and staff
- ◆ Enables decisionmakers to understand current and potential changes to determine organizational strategies

“What’s past is prologue”

-- William Shakespeare, *The Tempest*, also carved on the
National Archives Building, Washington, DC

Historical Highlights

- ♦ BC – Moses
- ♦ 1450 – Oxford English Dictionary
- ♦ 15th & 16th Centuries - House of Fugger
- ♦ 1696 - Lloyd's List
- ♦ 19th Century – House of Rothschild

Historical Highlights, Cont'd

- ♦ 1912 – Schumpeter’s *Theory of Economic Development*
- ♦ 1966 – Allen’s “Performance of Information Channels in the Transfer of Technology”
- ♦ 1967 - Aguilar’s *Scanning the Business Environment*

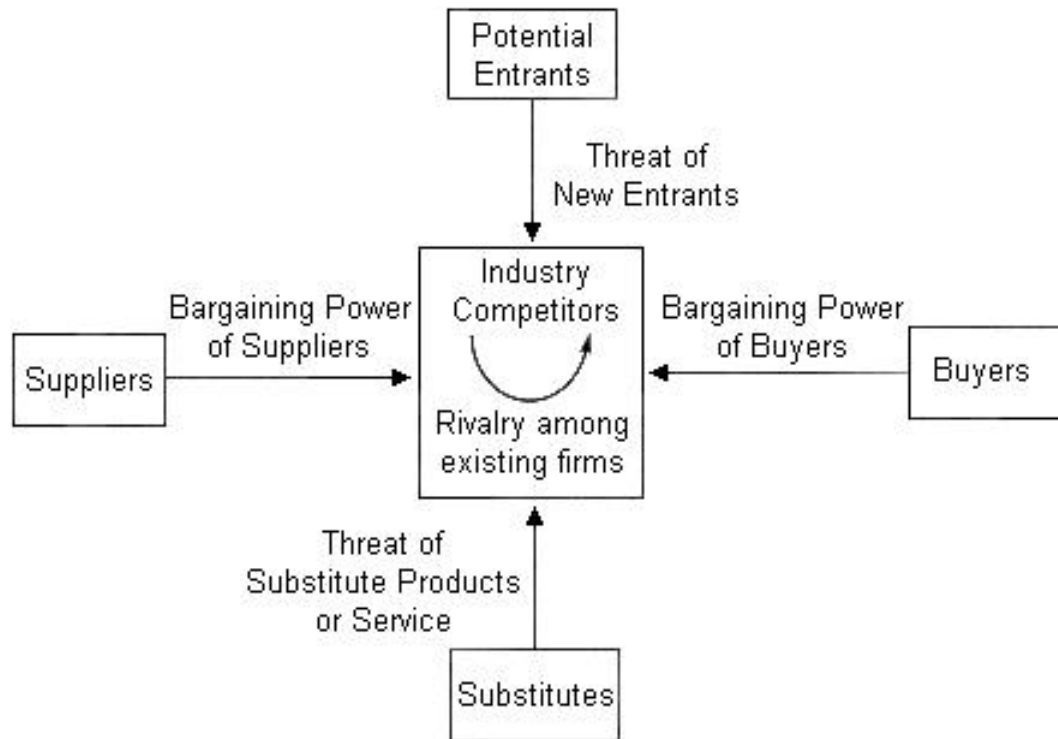
Historical Highlights, Cont'd

- ♦ 1979 – Montgomery & Weinburg’s “Towards Strategic Intelligence Systems”
- ♦ 1979 – Porter’s How Competitive Forces Shape Strategy
- ♦ 1980 – Porter’s *Competitive Strategy*

Current "Scanning" Processes

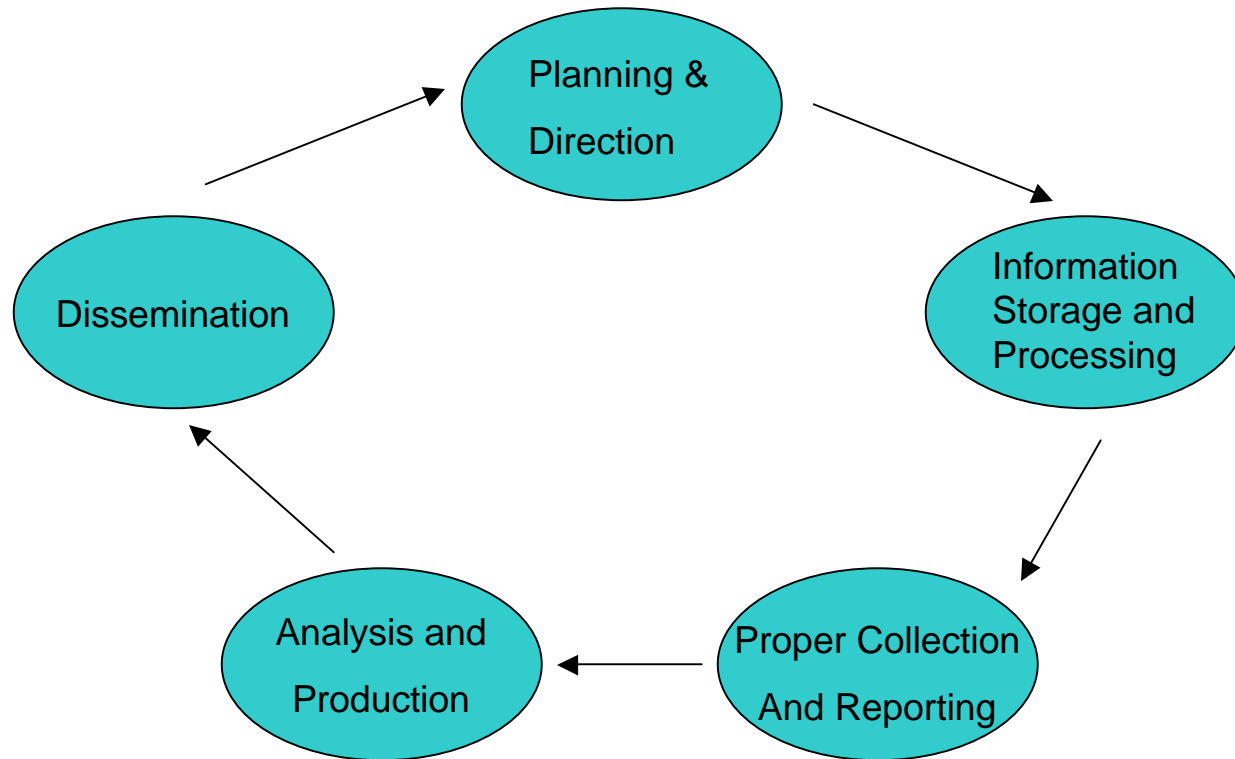
- ◆ Porter's Five Forces
- ◆ Intelligence Cycle
- ◆ Linear Process
- ◆ Concentric Circles
- ◆ Scientific Method
- ◆ Hub & Spoke
- ◆ Visualization

Porter's Five Forces



Source: Porter, Michael. *Competitive Strategy*. New York : The Free Press, 1980, p. 4.

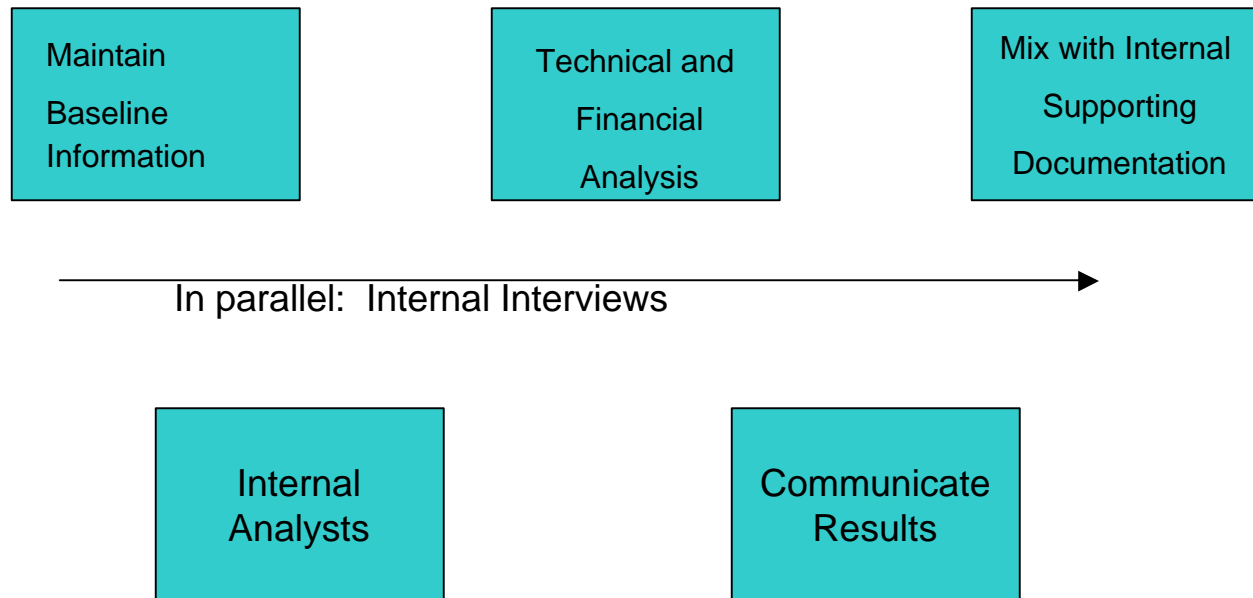
Intelligence Cycle



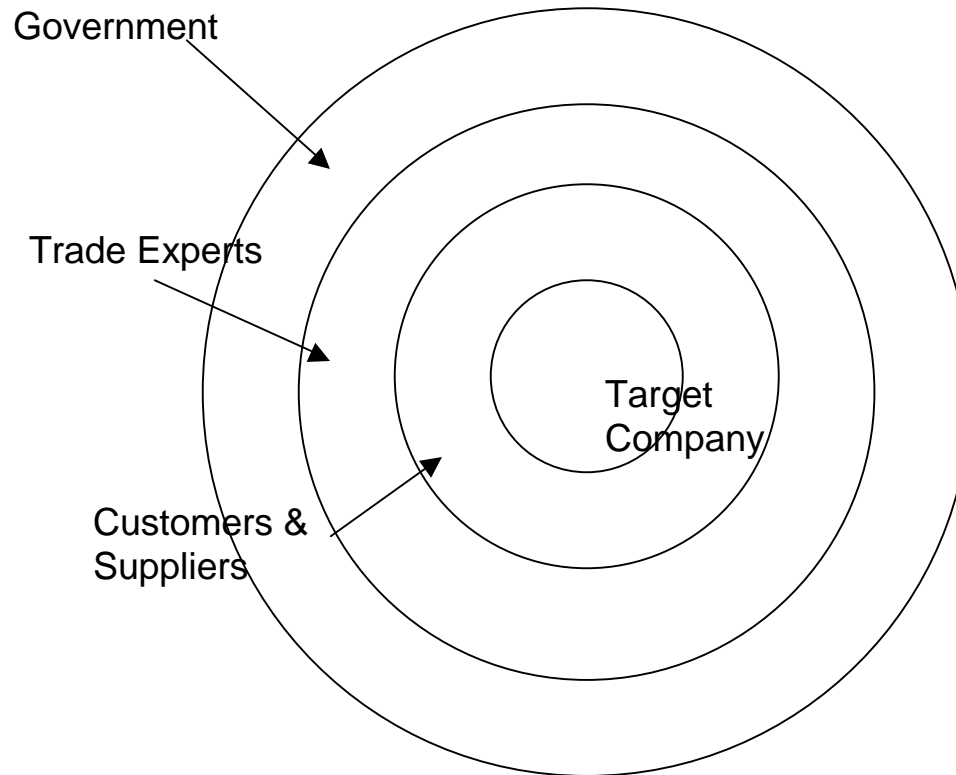
Sources: Sawka, Kenneth. "it's the Analysis, Stupid!" *Competitive Intelligence Magazine*, 2(4), Oct-Dec, 1999, p. 43. Herring, Jan. , "Building a Business Intelligence System", *Journal of Business Strategy*, May/June, 1988 and "Key Intelligence Topics: A Process to Identify and Define Intelligence Needs", *Competitive Intelligence Review*, 10(2), 1999.

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Linear Process



Concentric Circles

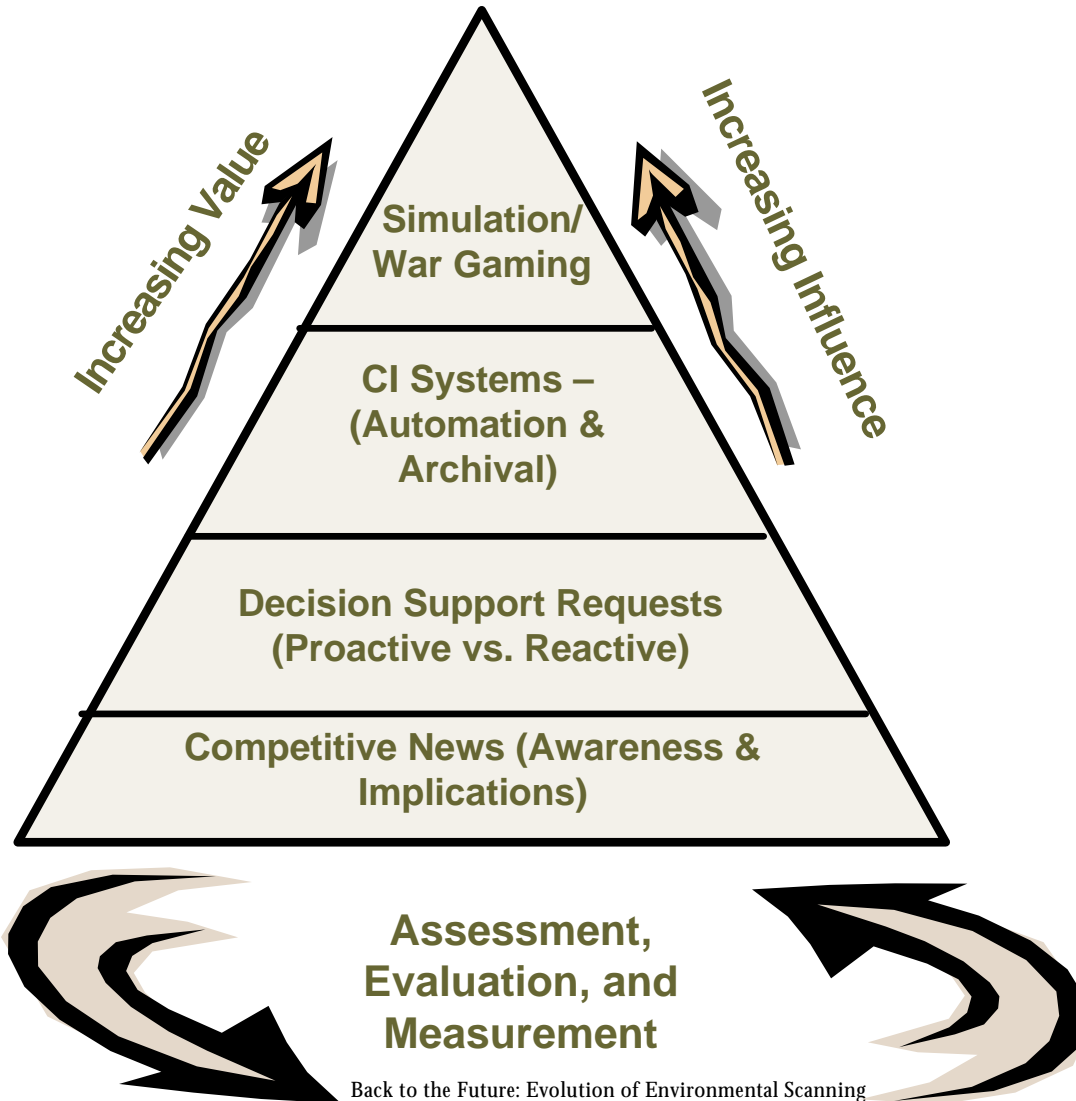


Scientific Method

- | |
|--|
| 1. Define Question |
| 2. Develop Hypothesis |
| 3. Gather Data |
| 4. Filter & Organize Data |
| 5. Analyze Appropriate Data |
| 6. Prepare Findings and Select Best Recommendation |
| 7. Prepare Draft Report |
| 8. Review & Approve |
| 9. Issue Report & Deliver Presentation |
| 10. Seek Feedback from Client |

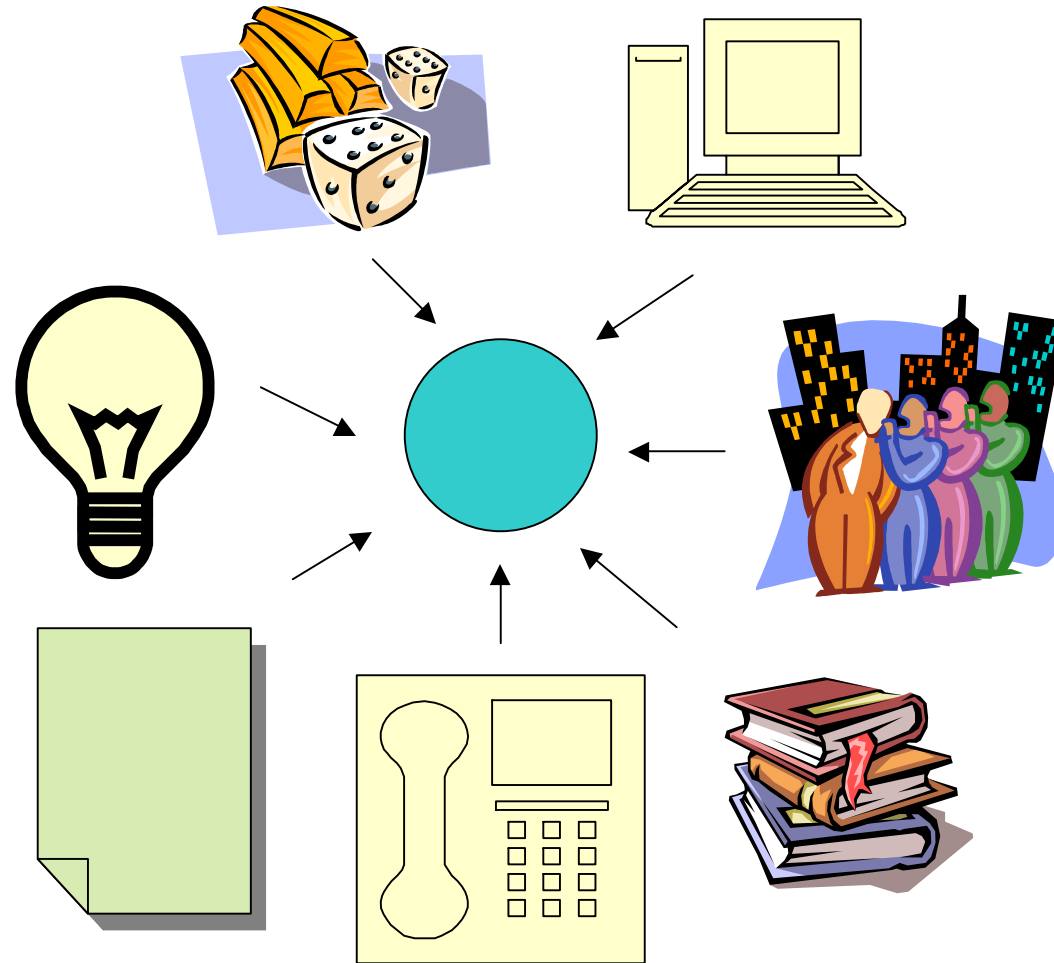
Source: Cliff Kalb, Merck

Pyramid

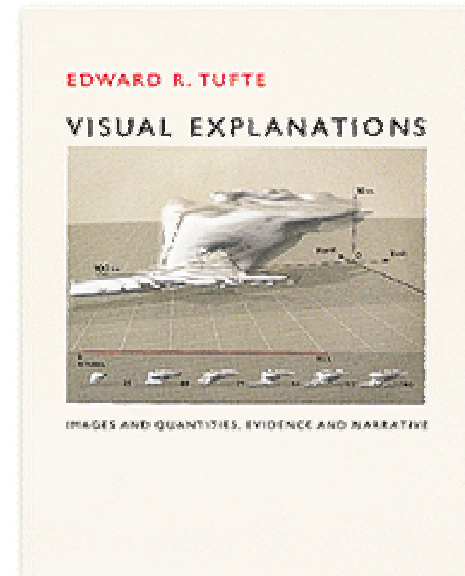
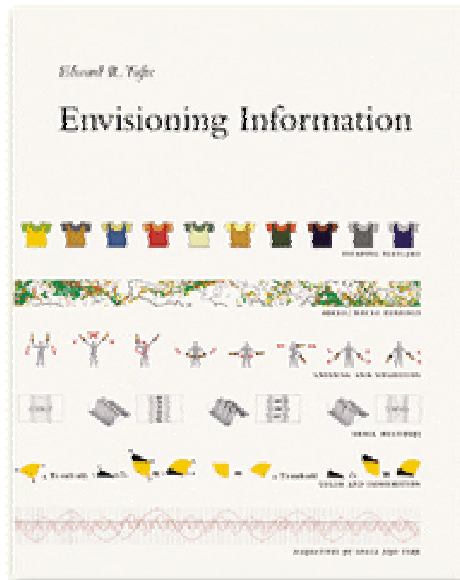


Source: Bret
Breeding

Hub & Spoke



Visualization



“You need to tell a story.” -- *John Prescott, PhD*

Further Reading - Articles

- ♦ Aguilar, F. (1967). Scanning the business environment. New York: Macmillan.
- ♦ Coates, J.F., Inc. (1985). *Issues identification and management: The state of the art of methods and techniques* (Research Project 2345-28). Electric Power Research Institute.

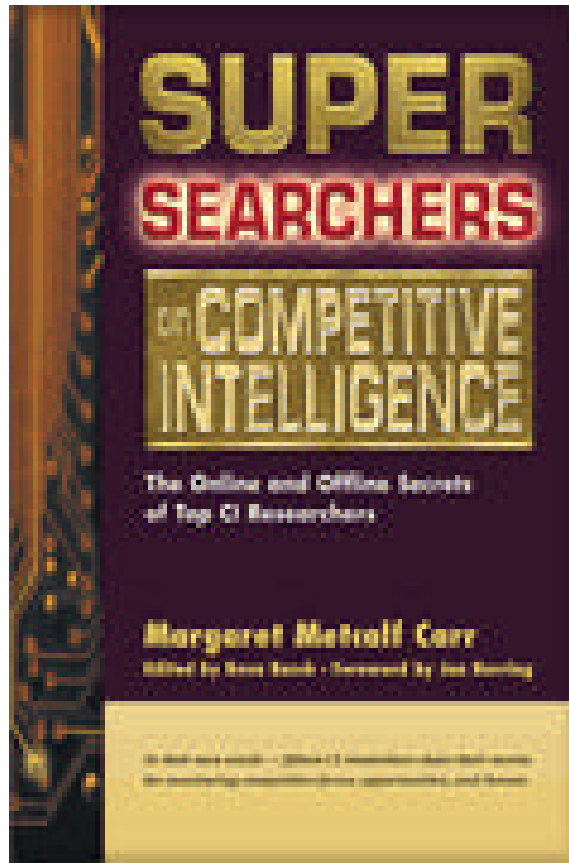
Further Reading - cont'd

- ♦ Fahey, L., King, W.R., & Narayanan, V.K. (1981). Environmental scanning and forecasting in strategic planning: The state of the art. *Long Range Planning*, 14(1), 32-39.
- ♦ Morrison, J. L. "Environmental Scanning." In M.A. Whitely, J.D. Porter, and R.H. Fenske (Eds)., *A primer for new institutional researchers*, p 86-99. Tallahassee, Florida, The Association for Institutional Research.

Further Reading - Books

- ♦ ***The Business Intelligence System***, by Benjamin Gilad. New York, AMACOM, 1988.
- ♦ ***Competitive Strategy: techniques for analyzing industries and competitors***, by Michael E. Porter. New York, The Free Press, 1980 (reprinted 1998)
- ♦ ***The New Competitor Intelligence: the complete resource for finding, analyzing, and using information about your competitors***, by Leonard M. Fuld. New York, John Wiley & Sons, Inc., 1995.
- ♦ ***Proven Strategies in Competitive Intelligence*** by John E. Prescott and Stephen H. Miller Society of Competitive Intelligence Professionals.
www.scip.org.

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Questions, Comments

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