Book critique: “Introduction to private and public intelligence: the Swedish school of competitive intelligence.”

Jonathan Hartmann (jonathan-hartmann93@web.de)
Master of Science in Industrial Management and Innovation, Halmstad University, Sweden

Matthias Lebherz (matthias.lebherz91@gmail.com)
Master of Science in Industrial Management and Innovation, Halmstad University, Sweden

Abstract

Klaus Solberg Søilen’s book “Introduction to Private and Public Intelligence: The Swedish School of Competitive Intelligence” from the year 2005 is introducing the reader in the field of public and private intelligence. The book is presenting academic foundations to teach several aspects of the field of public and private intelligence. He is providing the reader the basic elements of the field and shows the recent methodologies that are used. Case studies from Nordic companies are presented to explain how the theory can be used in practice. In addition, the author introduces briefly the role of technology and ethics.

The book is well structured and provides the reader a basic understanding in the field of private and public intelligence. However, this book critic could identify several points that could be improved. The major point to criticize is that the overall content is too extensive, especially when it comes to the different technologies and the ethics of intelligence.

Keywords: private intelligence, public intelligence, business intelligence, analysis

Introduction

The main topic of the book is business intelligence and in particular the current scientific methods and tools used in private and public intelligence. Due to the point that companies are more and more challenged or even struggling with collecting data, analyzing information and using the right data for intelligence to create competitive advantage became essential (Solberg Søilen, 2005, p. 64). Klaus Solberg Søilen is an expert of the field, teaching business intelligence in Scandinavian university such as Lund Technical University or Copenhagen Business School since more than three years (Idem, p. 8). Sweden in particular is the country, where the recent academic and practical development of the study is located, containing several articles and reports in the Swedish language (Idem, p. 8, 19). Therefore, the author is presenting several
practical examples of Nordic companies he worked with (Idem, p. 62-64).

The purpose of the book is to increase the recognition of the term “business intelligence” outside Scandinavia and to teach the field throughout the English language (Idem, p. 8). In the following a summary of the book is made. After that, it will be discussed if the author managed to pursue his purposes in an appropriate way.

Summary of the book

The book starts with a preface. The goal of the preface is to provide the reader ideas about public and private intelligence. However, the emphasis is on the private intelligence (Idem, p. 7). Solberg Søilen (2005) composed this book because there are already some Swedish books about the same topic but only a few in English. Within the preface the author also thanked several groups of persons, such as former students, practitioners and colleagues (Idem, p. 8-9).

The title of chapter 1 is “Introduction to the study of private and public intelligence.” and is further divided into four subchapters (Idem, p. 11-29). It starts with a description of the book structure and the main contents of each chapter. Afterwards the author clarifies the place and task of the study of private and public intelligence. It takes place within the field of business and economics and also in the field of political science. Moreover, it also includes topics like entrepreneurship, strategy and marketing research. The most similar subject to private and public intelligence is the Geoeconomics (Idem, p. 13-14). It is the “application of geopolitical theory to economic problems” (Idem, p. 14). Nonetheless, there are still some differences between the two fields. An example therefore is, that the study of private and public intelligence combines geographical analysis with the PEST analysis, to identify the best environment for companies. This means, they integrate some parts of geoconomics but don’t go more in detail (Idem, p. 16).

The next part of the first chapter is about the roots of a systematic process, which is called intelligence. It has been used already in former times. The first ones, who had an organized intelligence system, where the Venetian Republic. Furthermore, today’s business organization intelligence is also more than 100 years old. A Swedish investor set up an intelligence department within his bank in 1903 and was really successful with it because they knew how to deal with information (Idem, p. 17-18). According to Solberg Søilen (2005) the field of private and public intelligence is not yet an applied science but there is a need of its employment today (Idem, p. 18). The following pages define the terms of private and public intelligence and describe their evolution. In Sweden the study of business intelligence is called “omvärldsanalys” and it includes private and public intelligence. The closest translation, which is used in English, for omvärldsanalys is environmental scan. (Idem, p. 22). Moreover, Solberg Søilen (2005) explains “intelligence” as “actionable information” (Idem, p. 22). This means, it is information, which can support business actions and decisions. Usually intelligence is applied in specific business intelligence teams (BIT) with three different customers. These customers are the top, middle and front line management (Idem, p. 22-23).
Public intelligence is the collecting of information for local and regional government interests but it is more complicated than business intelligence due to the more definite aim of businesses. But if you regard the information needs of the different governments (national, local, regional), local governments are mostly too small to integrate an intelligence system and national governments too big. However, to gather intelligence resources are needed and therefore it is more important for regional than for local governments (Idem, p. 23-25).

Whereas private intelligence contains intelligence about business and non-profit-organizations. There are four different intelligence functions in private organizations and these are competitor, marketing, competitive and business intelligence. The competitor intelligence contains the gaining of information about the competitors of the company and is included in the marketing intelligence. Competitive intelligence involves everything, which is important for the competitiveness of the organization and business intelligence contains even more than all the intelligence about the competitiveness (Idem, p. 26).

*Chapter 2* comprises the “Elements of private and public intelligence” (Idem, p. 31-78). The first pages of this chapter describe the practice of private and public intelligence and different methods to gather information. Therefore the choice of means is very important (Solberg Søilen, p. 31-34). It can be chosen between the ethical and unethical way. Both of them can also be legal or illegal. The legal-unethical way is also a gray zone. If firms go international with their business, they usually adapt their way of means due to the different ethical codes and laws. According to Solberg Søilen (2005) there are four different strategies to gather information. These are the defensive, offensive, ethical offensive and ethical defensive strategy (Idem, p. 35-37).

Furthermore, in private and public intelligence there is a clear differentiation between intelligence, information and data. Hence, the goal of an intelligence organization is to provide intelligence to a company. So, the main task of it is to collect data, sort the information and analyze it afterwards. The result out of this process is intelligence, which should support the decision making. Depending on the ability to clearly distinguish information and intelligence, the execution of the just described process and finally on the quality of the intelligence a company can gain competitive advantage or not (Idem, p. 37-41). According to Solberg Søilen (2005) the only competitive advantage nowadays is the information, which is owned by a single firm, due to the constantly increasing competitors and shorter product life cycles. Thus, companies try to develop better information and intelligence systems.

Furthermore, if a company has more valuable information than their competitors, the author describes it as information asymmetry. Based on an information asymmetry a company can make better decisions and because of that can gain a competitive advantage. Moreover there are two different strategies to reach a competitive advantage. This is either cost or differentiation advantage. Thus, depending on the resources and capabilities of a company, it creates a competence. With this competence one of the two strategies is implemented. Nevertheless, it is not only the resources and capabilities, which create distinctive competencies but also the information (Idem, p. 41-42).
In addition, Solberg Søilen (2005) explains, that there are two more topics, which are important to the study of private and public intelligence. These two are security and counterintelligence. Counterintelligence is the creation of an organizational and technical system to make counterattacks without knowing if there is a potential attacker (Idem, p. 43) and security is the generation of an organizational and technical system to hinder a potential attacker in getting information (Idem, p. 43).

The purpose of business intelligence is a main problem of the marketing department. If you look at information as the most important factor to gain competitive advantage, the author claims, that companies spend too less effort in gaining information (Idem, p. 48).

According to Solberg Søilen (2005), the intelligence working process consist six steps. It contains (1) the definition of the problem, (2) choosing a method, (3) collecting information, (4) analyzing the information, (5) presenting the result to decision makers and (6) evaluating the results and process. The author also claims, that this process should be executed from an interdisciplinary BIT because one person alone can’t handle this amount of work. In addition, the author mentions, that an interdisciplinary BIT needs strong leadership (Idem, p. 49-53). Here Solberg Søilen (2005) claims, that this working process defines how to work but not on what. Due to that an intelligence strategy is necessary, which defines on what the information gathering of companies is focusing. Furthermore the goal of private and public intelligence is “foreknowledge”. But the further we want to see in the future, the vaguer are our results. Business intelligence is able to make predictions of the future in an interval of 0-3 years, based on trends and certain lifecycles (Idem, p. 54-61).

After a lot of theory the author presents some experiences with business intelligence in Nordic companies (Idem, p. 62-64). The first example is Ericsson. Ericsson has developed a very advanced business intelligence system, which led them to success. Other examples, which developed a sophisticated business intelligence system are Nokia, Tetra Pak, Volvo, Länsförsäkringar and Alecta. Most of these companies are Swedish and this is due to the academic influence, which started at the university in Lund in the 1970s (Idem, p. 62-64). With these experiences and the improved dealing with information the companies can react faster on new market demands and launch faster products on the market, which leads to a competitive advantage (Idem, 64-65). The companies also experienced, that open sources can be enough to reach competitive advantage. Open sources are information, which are accessible for everyone and they are either free or affordable. However, there are also secret sources but they become also open sources one day (Idem, p. 66-70).

In the next pages (Idem, 70-74) the author clarifies the relationship between the industry and company analysis. The industry analysis contains the external environment of the company and the company analysis defines what internally is going on in a company. Both of them are important regarding the strategy and entrepreneurship. Considering the entrepreneurship, a business plan, which includes a marketing and financial plan, is the central document (Idem, p. 70-74). To complete the second chapter, Solberg Søilen (2005) compares the personal and
relational analysis. The author claims here, that too many industries and companies analysis flounder because of the not looking at the relational facts and human resources within the analyses (Idem, p. 75-78).

In chapter 3, Solberg Søilen (2004) is presenting the fundamentals of developing a general Intelligence model and conducting the analysis in private and public intelligence. In order to detect the unexpected factor x and the relevant dimensions (political, economic, judicial, social, infrastructural, demographic, technological, and ecological), experts make use out of models and checklists (Idem, p. 79). The author is introducing two examples, including the factor x model of Frankelius and a modified version of Porter’s Five Forces model (Idem, p. 79-81). Important for the analysis of influencing factors are all the groups of the value creation process. This could, dependent on the case, also include suppliers´ supplier and customers´ customer. Furthermore, it could be useful to include non-competitors, which represent the category of the so-called “influencer”. (Idem, p. 82).

Another model for the analysis in private and public intelligence is the submarine model. This model represents the very first step when a company is developing a system of business intelligence: How does our world look like? (Idem, p. 83). The periscope of the submarine (represents the organization) symbolizes the business intelligence system of the company and helps to analyse the environment. The environment consists of the internal environment, the micro environment, and the macro environment. Environmental scanning, however, includes only the last two environments (Idem, p. 84). For these environments, relevant factors have to be identified and integrated into a model. The resulting models will be different, whether it is for private or public intelligence (Idem, p. 85-87).

For better understanding of the submarine model, the author is presenting a real-life case of a business intelligence system. TelecomCity, a Swedish interest organization for telecom companies, developed a business intelligence system according to the idea of the submarine model on their extranet. It provides a collection of need to know information for the top management of the member companies. The information is added and managed by handpicked external and internal experts, as the essence of the intelligence system is to provide the need-to-know information and to exclude nice-to-know information for the top managers (Idem, p. 88).

In the next subchapter, the author is introducing the essence of selecting and conducting analysis. Solberg Søilen (2005) points out that “the ability to understand what analysis is and what it does […] will separate a good analyst from a mediocre one” (Idem, p. 90). The core of the analysing process is take data apart (analysis), put data together in a new context (synthesis), and get new knowledge and value out of it (Idem, p. 90-91). The additional knowledge and value created by analysis particularly depends on choosing the right kind of analysis for the right problem and the amounts of valid data. Hence, analysis must be accurate, objective, timely, comprehensive, and clear (Idem, p. 91). The analytical process in total can be described throughout the five steps (1) choosing the right kind of analysis, (2) counting/evaluating the content, (3) conclusion of the counting/evaluating, (4) consequence of the conclusion, (5) and implications of the findings (Idem, p. 92). Additionally, the author examines the difference
between pre-active (analyst can shape information) and post-active (people fill out questionnaires) (Idem, p. 93). Because of the importance of choosing the right analysis, the author is presenting a table that shows an overview of appropriate analysis used in different contexts (Idem, p. 96).

After stating the core aspects of the analysis process, the author is presenting eighteen currently applied analysis in private and public intelligence. Briefly summarized, these types of analysis are:

1. **Focus Group**: Organized discussion with five to ten researchers (Idem, p. 97-98).
2. **Questionnaires**: Questions filled out by different people (Idem, p. 98).
5. **Benchmarking**: Comparison of key success factors of a company or a product (Idem, p. 100).
6. **SWOT**: Analysis of strengths, weaknesses, opportunities and threats for the company (Idem, p. 100).
7. **Game theoretical approaches**: Simple decision trees, or 2 x 2 decision matrixes (Idem, p. 101).
8. **Simulations**: Computer software for simulating future revenue and profit (Idem, p. 102).
9. **Ratio analysis**: Extract intelligence from combinations of comparable figures such as profitability ratios (Idem, p. 103).
10. **Cost analysis**: Investigation of costs in the accounting system (Idem, p. 103).
11. **Spread sheets**: Simple form of analysis, such as the presentation of data over two dimensions by an x and a y axis (Idem, p. 104).
12. **Devil’s advocate**: Putting yourself in the position of someone else to learn their perception and future steps (Idem, p. 105).
13. **PEST**: Analysis of most important macro factors (Political, Economic, Socio-cultural, and Technological) (Idem, p. 105).
14. **Power analysis**: Analyses the distribution of economic or political forces (Idem, p. 107).
15. **Statistical analysis**: Several techniques for counting, summarizing and finding relationships between data (Idem, p. 108).
16. **Scenario analysis**: Qualitative method, which describes future scenarios or events (Idem, p. 108).
17. **Signal analysis**: Environmental scanning of information with the help of newspapers and article (Idem, p. 109).
18. **Early warning analysis**: Defining, which assumptions could increase value of signals (Idem, p. 109).

After the presentation of the eighteen types of analysis, the author introduces different ways how to classify analyses (Idem, p. 111). Analysis for instance differ in fields of appliance (continuous intelligence tasks or problem related intelligence tasks), relevant criteria and type of language (Idem, p. 110-113).
In subchapter 3.4, the author shows the different requirements of intelligence systems. Dependent on the stage of the intelligence cycle, employees need different competences and degree of analysis. Advisor models of intelligence make use of both push and pull strategy for intelligence and require different qualifications of the participants of this model (senior analysts, CEO, …) (Idem, p. 114-116). In addition, it is important to consider the way of how intelligence material is presented. However there are not many standards developed for business intelligence, it is important to make use of standards such as templates and to observe sources carefully (Idem, p. 116-122).

Subchapter 3.5 explains the scope and logic of the language for analysis. In general, analysis can be divided into mathematic, linguistic, and geometric analysis. Other aspects of analysis are the time aspect (present, past, or future) and the perspective aspects (own organization, competitor, …) (Idem, p. 122-126). Moreover, the author mentions that gathering relevant facts is more important than the analysis itself, as good data makes conclusions often obvious. (Idem, p. 126-127).

In order to gather relevant and useful data, organizations use several models, such as down-up intelligence model, (multi) departmental intelligence model, central intelligence model, or advisor model of intelligence (Idem, p. 128-130).

The selection of the right mix of push and pull intelligence represents a major challenge for companies and is mostly dependent on factors like industry and company culture (Idem, p. 130-132).

In chapter 4, the author introduces the use of technology in the context of intelligence. Several technology techniques (signal intelligence, imagery/photo intelligence) support companies to gather information and represent a complementary opportunity to human intelligence (Idem, p. 133-138).

Another trend in business intelligence is software and online services. Companies make use of software analysis (relationship, unstructured text, and comparative analysis) and the intranet (Idem, p. 138-142).

In consequence of increasing technology use, chapter 5 is dealing with the ethics of intelligence. The drive for economic growth is challenging human values. Financial interest is pushing electrical and human intelligence over the ethical boarder. Industrial espionage, as an example, brings along the discussion of business ethics and organizations such as intelligence interest groups. In the end it is a decision between human or economic value importance (Idem, p. 143-153).

**Critique**

In the beginning Solberg Søilen is doing well when using the *preface* to introduce and tell the reasons for writing and publishing this book (Idem, p. 7-9). He is thanking the people he worked with and how he got all his information.

Nevertheless, there are several things missing in the preface or introduction of this book. First
of all, a brief description about the author itself, Klaus Solberg Søilen, is missing. It would be interesting to know what the author is doing and what his intentions are. In comparable books, there is often one page reserved for the author, where a brief summary of his curriculum vitae is presented. This could help the reader to identify with the author, to get a deeper understanding and to make the work more authentic.

Furthermore, the author’s motivation to write this book is not exactly explained. Although Solberg Søilen is explaining that there is a lack of English books dealing with this topic, it gets not clear what other reasons he may have be. For the reader, it would add further value to know in detail, why Solberg Søilen is writing this book.

In general, it can be said that the whole topic of this book is well structured. When looking at the content it gets clear that the author tries to divide the chapters in subheadings as detailed as possible. Solberg Søilen is providing a wide overview about the whole topic of private and public intelligence in the beginning of the book.

Even the headings of each sub heading are giving already an explanation what the topic is about. An example for this is the following heading: “intelligence strategies and demands on information gathering” (Idem, p. 54-62). The reader directly gets an understanding what he can expect by reading this chapter. The author is also doing well when connecting the chapter with each other. This helps the reader to become an overview of further reading and improves the flow of reading. An example for this is written on page 53: “we have seen how intelligence analyst works, often in groups […] For that she needs a well-defined intelligence strategy.”

When looking at chapter 1 there can be criticized that Solberg Søilen is referring too much on historical events to introduce private and public intelligence (Idem, p. 17-22). Readers can get confused with the overall content, when they read about the “Roman Catholic Church” (Idem, p. 17). Taking this a bit shorter would be easier to read and less confusing in the beginning. By scratching that, the author would give the reader a first impression what they can expect by going on reading about business intelligence in companies. The graphics Solberg Søilen uses to underline the different types of intelligence within a company is a good visualization (2005, p. 25). Even without reading the whole text the reader understands the content. Another thing that could be improved is the distinction of business intelligence and geoeconomics/geopolitics. (Idem, p. 14-17). Instead of going that much in detail, a brief description of the differences between the three terms would be enough (Idem, p. 14-17).

In chapter 2 (Idem, p. 31 -75) the author is going deeper into the theory of business intelligence. Solberg Søilen is taking all the connected fields and topics of business intelligence into consideration to connect them with each other. How to gather information, collect them, analyze them and using them as intelligence is one example for this. The topics “distinction between intelligence, information and data”, “different gathering strategies” and “the working process” complete the content of chapter two. Solberg Søilen is doing this to let the reader gain knowledge about the whole topic to finally connect this to reality. Here it comes to the most interesting part in this chapter. The author is taking the Swedish companies Ericsson, SAAB and Nokia as good
examples for implementing intelligence departments to become successful (Idem, p. 62-65). Solberg Søilen points out the importance of business intelligence departments to create a competitive advantage and to succeed on the market compared with other competitors (Idem, p. 64).

In the subchapter 2.10 “open sources as a policy and as a philosophy” the author talks about different kind of information, which can be used to create intelligence (Idem, p. 66-70). Using an own subchapter for this part is too detailed. These facts about open and gray information could also be mentioned in part 2.2 “Strategies of information gathering” (Idem, p. 66-70). Due to the point that this book is an introduction there is no need to catch every point so detailed.

The graphics, which are for instance included on page 60, makes it easier for the reader to understand different kind of time perspectives in private and public intelligence (Idem, p. 60).

In chapter 3 “analysis in private and public intelligence” Solberg Søilen is using these graphs and tables even more than in the previous chapter. Since chapter three has the most pages of all chapters, these graphical tables are required to easier understand the different types of analysis such as game theoretical approaches and specific models such as the submarine model (Idem, p. 81, 89, 96, 102, 114, 124).

The three intelligence models Factor x, Hussey and Jenster model, and submarine model get explained more in detail in subchapter 3.1 and 3.2 (Idem, p. 79-88). This part is based on a theoretical description. However, Solberg Søilen understands to catch the reader’s attention through a practical example of TelecomCity, illustrating the approach of the submarine model (Idem, p. 89). Such practical examples (in a brief version) could also improve the understanding of the Factor x and Hussey and Jenster model.

Choosing the right kind of strategy is important. Nevertheless, it would be enough to stress it out once. The author mentions the importance of choosing the right strategy before and after describing the analytical process. Mentioning it only before the description of the process would be enough and would improve the flow of reading (Idem, p. 91-93).

In the subchapter of 3.3.2 “The classification of analyses”, Solberg Søilen is describing different classification possibilities of business intelligence analysis (Idem, p. 110). A little bit confusing is the structure of this part. He starts to write about certain types of analysis and with the distinction of analyses for continuous intelligence and problem related intelligence tasks (Idem, p. 110-111). Afterwards, he shows the ranking of the most used analyses and a short description of them and switches back to the distinction of analyses again after that (Idem, p. 112). For the reader, it would be easier to start this subchapter with the ranking and to switch to the nature of analysis with the different possibilities of distinction afterwards.

In the subchapter of 3.4 “Required qualifications at different stages of the intelligence cycle”, very few points are containing a reference to the topic of the intelligence cycle. The reader expects to read more about the intelligence cycle when seeing the headline (Idem, p. 114). After one page about the particularities of the qualifications in the intelligence cycle, this chapter examines required social competences without referring to the intelligence cycle (Idem, p. 115-116).
Another headline that doesn’t fit to the following text properly is 3.5.3 “Push and pull intelligence, proactive and reactive intelligence, one-time and continuous intelligence” (Idem, p. 130). Although the text is containing the aspects mentioned in the headline, it gets not obvious that proactive and reactive intelligence are only two kinds of requests in pull intelligence (Idem, p. 131). A suggested adjustment for the heading for 3.5.3 would be: “Push and pull (proactive and reactive) intelligence, one-time and continuous intelligence.

All in all, the reader gets a good overview of what is important when doing an analysis in private and public intelligence. The process and its particularities are well explained and the description of the different analyses used in private and public intelligence provide a good picture of common approaches. Moreover, the author is helping the reader by mentioning and reasoning which analyses are excluded in the list (Idem, p. 97).

Chapter 4 is introducing the reader into the technology of intelligence, including the role of different techniques, software, and internet (Idem, p. 133-142). The chapter has a good introduction, illustrating the use of technology in the context of national competition (Idem, p. 133).

In subchapter 4.1, the explanation of human intelligence should be separated from the introduction of the techniques and terminology of technology. A subchapter 4.1.1 could be a solution (Idem, p. 134-135).

Although Solberg Søilen is writing about a recently important topic, the extent of subchapter 4.1 is too comprehensive. Especially the detailed description of the sense technologies, the different devices and the kidnapping can be shortened or taken out (Idem, p. 135-137).

Media monitoring, data mining, and the intranet, all topics that are mentioned in subchapter 4.2, are also terms with recently increasing attention. Important facts got mentioned briefly and in a well-structured way (Idem, p. 138-142).

The increasing use of technology in business intelligence goes hand in hand with ethical discussions. Chapter 5, “Intelligence ethics”, is examining the ethical question in the context of business intelligence (Idem, p. 143-153). The presentation of different examples like corruption, slush money/funds, and child labor helps the reader to get a better understanding about the issue (Idem, p. 144-145). The author is raising the question “what are the ethical limits of gathering intelligence”, showing that there is no specific distinction or ubiquitous used law (Idem, p. 146). Nevertheless, Solberg Søilen is presenting a table, showing the ethical rules of the Society of Competitive Intelligence Professionals.

The subchapter 5.2 “Industrial espionage:…”, which is showing examples of illegal and unethical means, should be shortened, as it is only an example of unethical behavior and not a core aspect of the study (Idem, p. 148-15).

Subchapter 5.2.1 by contrast refers to the national competitive advantage and therefore should be listed as an individual subchapter (Idem, p.150-152). The concluding remarks (5.3) sum up the topic in a comprehensible way and end with the fact that humans have the decision between human or economic values (Idem, p. 153).
Conclusion

After reading, summarizing and discussing the book “Introduction to private and public intelligence: the Swedish school of competitive intelligence” by Klaus Solberg Søilen (2005), it can be said that the book is providing a broad overview in the field of private and public intelligence. The book has a good structure and makes it easy to read. Extensive use of tables and graphics also improve the ease of reading and understanding. The content is presented in a way that almost no knowledge of this field is required in advance. Practical examples for instance are used to simplify different theoretical contents. Solberg Søilen managed successfully to deliver the message that the use of business intelligence got essential when it comes to the creation of a competitive advantage. In general, the book can be useful for different kind of readers such as employees, companies or students.

In some parts in the book, the content is presented in a too extensive way. This especially affects the chapter 4 (technology of intelligence) and chapter 5 (intelligence ethics), where the content goes beyond the scope of the study. Although business intelligence has many roots of academic and practical roots in Scandinavia and in particular Sweden, practical examples from non-Scandinavian companies would enrich the study.

Reference