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“Information Worth Gathering”

Watching the frenzied rush to jump aboard the Internet bandwagon, hi-tech entrepreneurs might be forgiven if that’s where they start their initial reconnaissance. But if that’s the last stop on their due diligence journey, then the response from their competitors and potential entrants may not be so forgiving.

It takes a great deal of ingenuity, imagination and chutzpah to investigate traditional and Internet information sources — to ferret out juicy tidbits of valuable information that’s often buried in a local newspaper, on the tip of a supplier’s tongue, or contained in a dusty legal document that hasn’t seen daylight for years.

It also takes top-level commitment and a well-thought out corporate intelligence plan to identify areas for scrutiny and analysis; and to create and maintain a bank of accessible corporate and tacit knowledge that can help managers and executives consistently make better and more informed decisions.

*I keep six honest serving-men (and women)
Their names are What and Why and When
And How and Where and Who*

- Rudyard Kipling

The key to developing a timely and relevant corporate intelligence plan lies in first aligning the effort with the firm’s business strategy, objectives and

timelines. Where's your company going? What are you trying to achieve? Why, and how are you expecting to reap the benefits? When will it take place, and by what means? Asking these questions up-front will give indications of the kind of information you need to gather, who to speak to, and where to get it.

Consider for a moment, the questions you might have for a partnership or acquisition project. How serious is the interest of the acquisition candidate's management? What is management's track record? Do they own all of their intellectual property? Are their significant changes expected in the technology in the next 2-3 years? Is your target firm in discussions with other companies? How serious are they? What are the perceived strengths and weaknesses of your company and theirs?

In a project focused on a competitor's product and sales, one might be interested in finding information on: the sales objectives and volume of a given product. Or, one might want to know about specifics behind the corporate, marketing and production strategy, and areas of potential vulnerability/opportunity? What about timelines for product upgrades and new features and benefits? Does the competitor have any serious challenges to its distribution channels, cost structure and staff retention? Clearly, the right mix of information and intelligence around these questions could have significant implications whether a company stands pat or moves forward.

Knowing is Understanding

Now that you know what you want to know, remember that successful information searches start with your imagination, experience and gut instincts. And, some outside help to verify your knowledge, and give you perspective, insight, and speedy access to fresh sources of intelligence (you didn't even know existed).

Understand too, the value of the information search. If the hidden costs of an alliance are recognized early, then a comprehensive integration strategy could be developed, thereby saving millions of dollars in potential market share, keeping programmers happy and productive, and saving face (in a different cultural milieu). Or, the effort could be scrapped, saving a lot of time, money and aggravation.

Similarly, a payoff scenario for investing in intelligence gathering or market research could mean a cycle time reduction of 30%, and the benefit of leapfrogging the competition. Moreover, this could be a pretty significant advantage in a \$50 million market with a 12 month window of opportunity.

Remember to sketch out an initial plan/strategy with cost budget and deadlines for gathering the information you need. Make sure there's adequate time allowed for analysis, interpretation and bouncing ideas off people you trust.

Know who's doing what so you don't reinvent the wheel, sap scarce resources, or tip off your competitors or acquisition target.

Seek and Ye Shall Find

In the preface to *Empire*, a 687-page tome on Howard Hughes' business goliath written award-winning Philadelphia Inquirer reporters Donald L. Bartlett and James B. Steele, the authors referred to:

"thousands of Hughes' handwritten and dictated memoranda, family letters, CIA memoranda, FBI reports, contracts with nearly a dozen departments and agencies of the federal governments, loan agreements, corporate charters, census reports, college records, federal income-tax returns, Oral History transcripts, partnership agreements, autopsy reports, birth and death records, marriage license applications, divorce records, naturalization petitions, bankruptcy records, corporation annual reports, stock offering circulars, real estate assessment records, notary public commissions, applications for pilot certificates, powers of attorney, minutes of board meetings of Hughes' companies, police records, transcripts of Securities and Exchange Commission proceedings, annual assessment work affidavits, transcripts of Civil Aeronautics board proceedings, the daily logs of Hughes activities, hearings and reports of Federal Communication Commission proceedings, wills, estates, records, grand jury testimony, trial transcripts, civil and criminal court records."

"The good news is that there is an incredible amount of information in the public record," said Steele (as quoted in *The Reporter's Handbook: An Investigator's Guide to Documents and Techniques*, 2nd ed. (Edited by John Ullman and Jan Colbert of Investigative Reporters and Editors Inc.) p. 210. "The bad news is, that it's not all in one place," he said.

That was before Internet whirlwind really took hold.

It's a small, small world

The Internet provides a vast wealth of information on numerous topics contributed by people around the globe. Users have access to a wide variety of services at their fingertips: electronic mail, file transfer, vast information resources, interest group membership and discussion, interactive collaboration, multimedia displays, and much more. The Internet consists primarily of a variety of access protocols which include e-mail, FTP, HTTP, Telnet, and Usenet news (many of which have programs that allow users to search for and retrieve information made available by the protocol). An excellent primer on Internet use resides at the University of Albany Library site (<http://www.albany.edu/library/internet/search.html>).

To begin searching on the there's the basic general search engines (such as Infoseek, Excite, Hotbot, Yahoo, Magellan, and AltaVista) which ask for your search terms, and then look for them in various Web sites; providing a bevy of data; some of it meaningful, and much of it irrelevant. Still, Hotbot (www.hotbot.com) is the rave of many professionals because of its ability to search by media type (video, audio, GIF), URL, geography, and personal names. Megasearch engines such as MetaCrawler, Profusion (profusion.ittc.ukans.edu/) and Dogpile are more useful but somewhat slower, because they search all the other search engines, and then give the first, most highly-rated items from each list.

Additional resources abound, from Scott Nicholson, who bills himself as the Virtual Reference Librarian (www.askscott.com); Open Text's Livelink Pinstripe's Business Knowledge engine (<http://pinstripe.opentext.com/>), and Northern Light's extremely useful site (www.northernlight.com) which groups. Visitors to this site are prompted for entries into categories such as: "words anywhere" or "words in title" or "words in URL". All WWW sites and Northern Light's 4500-title Special Collection are searched, and the results are grouped into concepts and site folders. A modest fee is charged to retrieve documents from the Special Collection.

Other useful sites include: The National Technology Transfer Consortium site (<http://www.nttc.edu/gov/other.html>); and an extensive list of government resources (http://www.nttc.edu/gov_res.html); The Library of Congress with 110 million-plus items (<http://lcweb.loc.gov/rr/tools.html>); the CIA World Factbook (<http://www.odci.gov/cia/publications/factbook/index.html>); and, Nasdaq (<http://www.nasdaq.com>)

When using these search engines, it's important to remember that as a self-publishing medium, nothing personifies change more than the Internet; there will always be new information available, Web sites that disappear replaced by the dreaded 404 code, and new technology to help you get it. Also, in some search engines there are invisible defaults. For example, a space between terms will automatically default to "and" or "or". Put phrases in quotation marks if you want to find words next to each other. Field searches to can also bring about impressive results [marketing vs. hi-tech: marketing]) For best results, three caveats are worth remembering:

- (1) Multiple searches invariably yield more information than one attempt;
- (2) Search within a search;
- (3) Invest time in learning advanced search techniques.

Your friendly, helpful librarian

Whether on staff, at a university, community college or government library, librarians (or information specialists as they're now known) are usually the most underrated, cost-effective and supportive sources known. They can help you

navigate through uncharted waters, electronic and otherwise, saving countless hours to find the quintessential book, report, white paper, or statistic that you need. They can search a host of government resources, and fee-for-service trade and business-oriented databases like NEXIS and come up with qualified leads and critical, substantive information.

An information specialist can also be of enormous help in getting background information and stories from daily newspapers (e.g. New York Times, Wall Street Journal, Seattle Times, San Jose Mercury); wire services and business networks; radio & TV programs; business magazines (e.g. Forbes, Fortune, Time, Business Week, and a host of trade publications (via the Business Periodical Index and the F&S Index of Corporations and Industries). Red Herring is an excellent publication for the hi-tech investment community.

The specialist can also help point you to information about inter-corporate linkages, board membership, and biographies (e.g. Who's Who publications. Newsletters can be found in the Newsletter Yearbook Directory, and the requisite vertical and horizontal trade and professional associations can be located via Internet search, in the Encyclopedia of Associations or the National Trade and Professional Associations of the United States. High tech associations which have excellent schmoozing and learning events are the Washington Software Alliance, the Software Publishers Association, the American Electronics Association, and the Institute of Electrical & Electronics Engineers.

The best sources of corporate information are regularly updated reports from Standard & Poor's, Moody's and Dun & Bradstreet. Detailed analysis of companies and industries are issued by securities analysts covering specific sectors (e.g. E-commerce, aerospace, advanced manufacturing, etc.) for large brokerage houses, investment firms and venture capitalists. The annual Price Waterhouse Technology Forecast (and sister publications) are also excellent information sources, pointing to new industry trends, market forecasts, companies on the move, and technology development. The Gartner Group and Forrester Research Inc., are also excellent, but often pricey sources of "inside-track" briefings and information.

Basic corporate data is available from publications such as Dun & Bradstreet's Million Dollar Directory and Middle Market Directory and from Standard & Poor's Register of Corporations, Directors and Executives. The voluminous Thomas Register of American Manufacturers and Thomas Register catalog file are more comprehensive than the other two, advises The Handbook.

The Securities & Exchange Commission (<http://www.sec.gov>) is also very useful repository of corporate information, containing public documents (provided by companies) so that shareholders can make informed decisions about management's performance. (If companies are unwilling to provide these

documents, they are available for a fee through private firms, such as Disclosure Inc.)

These public documents including the preliminary prospectus, the annual report, the 10-K Form (which discloses significant litigation involving the corporation), the proxy statement and other relevant filings. The 13-D, 14-D1, and 14-D9 have also been invaluable for business reporters seeking business, financial and investment information about corporate takeovers. Annual report footnotes often bury important and relevant information, in language such as “other matters, legal proceedings, additional information”, or “one-time write-down” or “unusual exceptions”. It is precisely these details that should be scrutinized, as they are clues to the health and wealth of the company and its major shareholders.

Other information also on the public record such as tax proceedings, bankruptcy information, and hearings and reports to state and federal committees. In addition, to SEC filings and the court system, companies must file documents with other government agencies, such as the Federal Communications Commission, the Interstate Commerce Commission, the Labor Department and many state agencies, and even through US embassies around the world.

Most of these documents are public and free. But if you're fixed on the Fedex “just-got-to-have-it-overnight” slogan, then you might want to engage the services of a corporate intelligence/counter-intelligence expert. Eerily reminiscent of a John Le Carré novel, these cloak-and-dagger types are secretive, surreptitious and expensive. Usually ex-military types, they have access to information that *is* probably off-limits, and a far-reaching global contact network. But they do deliver, and it may be the edge you need in a very competitive international marketplace.

Books: An olde-fashioned resource

As a former business journalist, my favorite search engine is a single book: *The Reporters' Handbook*, as referred to earlier. It's a fabulous primer to the in's and out's of investigative reporting (easily transferred to the business world) and for sifting through well-concealed but juicy nuggets of corporate and human to shed light on everything from complex financing, new product developments and enhancements and a CEO's leadership style, to insight as why the Fed might be considering an interest rate hike or even why a contract might be awarded to one bidder over another.

For guidance through the maze of documents, directories and source books, several books are particularly valuable, advises *The Reporter's Handbook*. They are “*Business Information Sources*,” by Lorna M. Daniells (University of California Press); *Where to find business Information* by David M. Brownstone and Gorton Carruth (John Wiley & Sons); *Encyclopedia of business*

Information Sources (Gale Research Co.); and Building Corporate Profiles: Sources and Strategies for Investigative Reporters, by Alan Gugenheim (Salem Press).

Other standbys include: schlock-TV maestro Matthew Lesko and his beefy Information USA compendium to wade through the bureaucratic maze); and, Instant Information by Joel Makower & Alan Green (Tilden Press). For international business, consult The Economist series of country guides and Hoover's Business Publications; Sources of Information for Canadian Business, by Brian Land (Canadian Chamber of Commerce); and the irreverent, comprehensive and often hilarious Fielding guide, The World's Most Dangerous Places, by Robert Young Pelton et. al., and its companion Dangerfinder® Website: <http://www.fieldingtravel.com/df/index.htm> For informative insights into global adaptation and cross-cultural issues, don't miss Communication between Cultures, and Cultural Communication, both by Larry Samovar and Richard Porter (Wadsworth Publishing).

The Art of Conversation

All the technological wizardry and electronic communication in the world can't replace the simple and elegant act of talking to another person. Or, sensing the nuances of a conversation, or the feeling of "where there's smoke, there's fire". Indeed, entrepreneurs might well be surprised how much information — and intelligence — they can get for the price of lunch ; time spent touring a plant, cultivating a relationship with a journalist or academic expert, or having a tête-à-tête with a brokerage analyst.

Some important human sources of information include off-the-cuff discussions with company officials at industry meetings, SIGs and user groups, although senior officials will generally be wary of giving anything but the party line. Middle management, and even administrative staff can be more forthcoming. Still, look for executive profiles and quotes in local papers and magazines; these can often tip you off to news and precious gems of intelligence. Former employees are also an excellent source of information about corporate culture and direction, key players and work practices, although many have axes to grind and there may be legal implications to approaching, or even hiring them. Some of the information they provide might be gossip or hearsay, so make sure to check your impressions and their anecdotes with other sources, or there may be significant competitive or legal implications.

Before you engage in costly reverse engineering activities, be sure to have a chat with a company's customers, suppliers and competitors, as they can provide an incredible wealth of information and insight into competitive missteps and marketplace gaps. Informally ask loading dock workers, or Friday afternoon revelers at the local brew pub and most will tell you (off the record) about issues ranging from your competitor's product quality, service responsiveness and overall customer satisfaction. If they've had trouble getting paid on time, you can

glean insights about a competitor's cash flow, organizational culture, staff morale, compensation schemes — you name it.

However, “using a wide variety of sources should reduce the chances of being fooled,” cautioned Business Week reporter Chris Welles in *The Reporter's Handbook*. cautioned. “I never feel comfortable in accepting what the person (source) tells me unless I've been able to confirm it with at least two other sources with different interests to protect.”

That's great advice, and a key ingredient in the recipe for a successful information search. Certainly, it's worth heeding.

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