

Journal of Competitive Intelligence and Management

Special Issue *on Country-Specific Competitive Intelligence*

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Journal of Competitive Intelligence and Management

The Journal of Competitive Intelligence and Management (JCIM) is a quarterly, international, blind refereed journal edited under the auspices of the Society of Competitive Intelligence Professionals (SCIP). JCIM is the premier voice of the Competitive Intelligence (CI) profession and the main venue for scholarly material covering all aspects of the CI and management field. Its primary aim is to further the development and professionalization of CI and to encourage greater understanding of the management of competition by publishing original, high quality, scholarly material in an easily readable format with an eye toward practical applications.

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Competitive Intelligence in Israel

Michael Belkine

Shafran Ltd. and Israel Competitive Intelligence Forum

Executive Summary

Competitive intelligence emerged in Israel in the early 1990s. It was accepted by the intelligence-oriented business community but its application is directed, primarily, to short-term, tactical, sales and marketing issues. There is no definite information on the extent of CI use by Israeli companies. Data, derived from a survey conducted in 2003, indicates that it is more prevalent amongst larger, internationally oriented, companies. Despite a seemingly attentive business leadership, CI's application and future depend to a large extent on Israel's economic recovery, relief from short-term pressures on corporate survival, and by a global acceptance of CI's academic validity adopted by Israel's universities.

Key Words

applications of Israeli CI, characteristics of Israeli CI, competitive intelligence, survey of Israel, Israel Competitive Intelligence Forum (ICIF), origins of Israeli CI

About the Author

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1. Introduction

Reviewing competitive intelligence in Israel, its origin, evolution and future, cannot but begin with the earliest records, back in the Land of the Bible. Ben Gilad, in his seminal keynote speech upon being presented SCIP's 1996 Meritorious Award, analyzed the early biblical episode of Moses sending spies to the Land of Canaan (Numbers 13:11 - 14:9) in light of current day competitive intelligence wisdom. One is invited to consider an even earlier chapter of the biblical narrative: Genesis 2:17: "but of the tree of the knowledge of good and evil you shall not eat, for in the day that you eat of it you shall die". Thus we come to learn that, even at the very beginning of things, knowledge and intelligence were perceived as matters of life and death¹.

Ever since the beginning of the modern Jewish settlement in Palestine in the late 19th century and the establishment of the State of Israel in 1948, Israel has been facing an array of strategic disadvantages: numerically small, geographically confined, dire shortage of natural resources, to mention a few. To compensate for its shortcomings, Israel has developed leadership and national determination, military and defense competencies, scientific and industrial inventiveness, and business entrepreneurship as some of its leading national traits.

Intelligence, in its military and political applications, has become an essential element in the revival of the Jewish nation and creation of the State of Israel. It was the natural weapon for a physically weak and numerically deficient people to be applied to their own advantage. The Six Days War (in the year 1967), the Entebbe Raid (in the year 1976) and the destruction of the Iraqi nuclear reactor near Baghdad (in the year 1981) are but outstanding examples of the application of intelligence to national advantage. Israel has had its share of Pearl Harbour- and Operation Barbarosa-type intelligence fiascos too, most notably in the 1973 Yom Kippur War. In very recent times, Israel has been applying a massive intelligence effort in combating terrorism, both in the defensive and counter-offensive roles. The loss of life and all-round damage would surely have been much greater if it would not have been for the widespread application of intelligence in a multitude of roles, technologies, and configurations.

As much as intelligence, security has also played a contributing role in the creation of the State of Israel.

Millennia of life in distant Diasporas, the exigencies of resettlement in a hostile Middle Eastern environment, and the continuous need to bolster an emerging national entity have made security an essential - at times bordering on an obsessive prerequisite for survival. The dual requirement for intelligence and security brought about the early formation of the national Intelligence and Special Duties Agency - "Mossad" and of the General Security Service - "Shabak", much along the lines of the USA's CIA and FBI and of the UK's MI6 and MI5, respectively. A formidable Intelligence Corps was set-up within the Israel Defense Forces (I.D.F.) to address military intelligence requirements.

2. Characteristics of the Israeli Economy and Its Business Managers

Israel's economy has been supporting a rapidly growing nation. Since its formation in 1948, Israel's population has multiplied by 6, from 1 to over 6 million citizens. During the last decade of the 20th century alone, Israel absorbed more than 1 million immigrants. Burdened by a heavy foreign debt, with a public sector almost 1.5 times larger than the private sector, growing unemployment currently at over 10 percent, suffering an extended recession augmented by an international economic downturn, and the heavy burdens of a three-year war on terrorism, Israel's economy can be defined as an experience in survival. Short-term existence has always taken precedence over long-term planning; immediate tactical problems overriding strategic foresight.

Israeli business management reflects these realities. Managers are continually under pressure of the day-to-day battle of making business ends meet, the struggle has never been more formidable than in current times. A foreign student of CI who visited Israel to explore its unique CI experience described its management culture and business practices as follows: "...Israeli businessmen are tough, they can make things happen very fast. They have the ability to improvise...they never give up and are good problem solvers... (they) are described as emotional, intuitive and political...Israelis are not good at teamwork...The business process has few formalities and little methodology. The business focus is rather tactical than strategic... (the typical Israeli director) believes he knows everything and is reluctant to receive help or learn from anyone" (Nilsen, 2000).

These observations have been dramatically crystallized by none other than Ephraim Halevi, longtime senior staff member and Director (1998-2002) of Mossad, appointed in 2002 to Director of the National Security Council - a post he unexpectedly resigned from in August 2003. In an interview Halevi justified his move: "In the last year a situation has developed which denies the Prime Minister some of the options that should be available to him. A situation has developed that does not allow for orderly decision making...If asked what troubles me most today it is the manner in which decisions are made on fateful issues. There exists, in the country today, an intolerable ease in making fateful decisions" (Shavit, 2003).

And yet there exists in Israel a thriving business community whose achievements are impressive and highly commendable. Speaking the praises of Israeli entrepreneurship goes much beyond the scope of this article. Suffice to point out that some extremely successful Israeli enterprises are well represented in the CI survey section of this article. Among them are world leaders in billing and customer relationship management services, agricultural technologies, multimedia digital recording developers, generic drugs manufacturing, hi-tech companies, and providers of local and international telecommunication services, to describe but a select few. Competitive intelligence (CI) has emerged in Israel against this background, which explains some of its unique characteristics.

3. The Origins of Competitive Intelligence in Israel

First steps in the development of formalized CI in Israel can be traced back to the early 1980s. IAI - Israel Aircraft Industries Ltd., at the time the country's largest industrial entity, was assigned to develop "Lavie", Israel's indigenous fighter aircraft. A 12-strong business intelligence unit was set-up within IAI at that time. Towards the end of the 1980s, the ambitious project was scrapped - throwing IAI into a financial crisis which led to the disbandment of its business intelligence unit. One person only, later joined by another, were kept to deal with IAI's business intelligence needs. Other defense-related industrial companies ventured at the time, briefly, into the business intelligence sphere but only one of them remains continuously active to the present.

Competitive intelligence appeared more noticeably

on the Israeli business scene in 1991-92. Echoing developments abroad, primarily in the US, Israelis were quick to identify and adopt CI as a worthy managerial discipline. The credit for introducing Israeli business leaders and practitioners to CI should be put squarely to Professor Benjamin (Ben) Gilad who, in 1991-92, educated both Israeli students and businessmen to appreciate and adopt CI as a managerial tool. At a year-long seminar at the Hebrew University School of Business Management, later replicated at the School of Management, Ben Gurion University in Beer Sheba, and at public presentations sponsored by the Israel Management Center, Gilad raised widespread interest in a discipline which easily made sense to an intelligence-oriented audience.

In 1992, Gilad made some critical observations on the reactions to and acceptability of CI within the Israeli managerial sector: "Israelis have never heard of Porter's Five Forces but breathe intelligence with their mother's milk...(Israeli managers) grasp immediately the need for CI as a survival tool, as well as a catalyst for the growth of the firm...The way Israeli companies implement the model is based on the way the highest level managers perceive intelligence work as a tool for strategy making. In Israel, the demand for CI comes from the CEO. My number one problem in helping Israeli firms improve their CI capabilities was getting the CEO to stop being the company's chief intelligence officer... a typical Israeli firm's agility, opportunity identifying and exploiting skills, and short response-time ability are superb. The minus is also clear: lack of professionalism. Unfortunately the CEO is often a bad intelligence manager. He has no time, no patience, and no training in coordinating a company-wide systematic effort at strategic intelligence and analysis. The CEO might...react fast to tactical opportunities and threats, but the company has no intelligence capability" (Gilad, 1992/93).

Ten years later it appears that, even if intellectual enthusiasm persists in some companies, it is seldom matched by managerial commitment. Resistance to the widespread adoption of CI across Israeli businesses can be attributed to a poorly-informed, tight-fisted, managerial approach, and the ever-present "I know all about intelligence and can do it all myself" attitude that is particularly common of business leaders with military backgrounds. Resistance to the widespread adoption

of CI can also be attributed to the mistaken perception of CI as an element in the corporate management of knowledge, adequately dealt with by means of information technology (IT) hardware and processes. Additionally, the tendency to discredit competitive intelligence as a euphemism for industrial espionage, prevalent in some quarters of the Israeli business community, also acts against broad acceptance of CI.

4. Extent of CI Application in Israeli Companies

There is only limited evidence regarding the extent of the formalized application of CI in Israeli business corporations. The first CI survey was conducted in 1997 by Dun & Bradstreet (D&B) Israel. D&B sent a questionnaire to leading Israeli companies, in which various basic CI-related activities were described, requesting respondents to indicate those activities used within their organizations. According to D&B, one such identification sufficed for inclusion as a 'CI user'. The survey showed that 10% of large Israeli companies operated a competitive business intelligence system and noted that, even if that percentage is not high in definite terms, it is of similar proportions to those prevailing within U.S. companies (Raveh, 1997).

A structured, systematic, academic survey, under the auspices of the School of Business Management at Bar Ilan University, was conducted in 1998, aimed at exploring the trends and operational characteristics in the spheres of business information and intelligence in Israel. The survey analyzed data provided by 199 'large' companies (average number of employees at 185, over US\$100 million in average annual sales, average of 30 years in operation). The survey report states: "... in 6.5% of Israeli companies, there is a unit engaged in information and/or business intelligence. In an additional 4.5% of companies there is an employee responsible for information and/or for business intelligence..." (Kashuk, Kadosh, & Levi, 1998). Thus, the cumulative incidence of Israeli companies employing CI-dedicated employees, according to the Bar Ilan report, stands at 11 percent. The report compares these figures to the U.S. at the time, quoting Larry Kahaner: "Why, according to the Society of Competitive Intelligence Professionals, do only 7 percent of large U.S. companies have a full-scale, formalized competitive intelligence

system? For small companies the number is lower, about 5 percent" (Kahaner, 1996). Whichever way the numbers are viewed, they indicate a low incidence of formal CI application in Israeli companies.

The Israel Competitive Intelligence Forum (ICIF) has retained membership records for eight of the last ten years, excluding 1996 and 2001 (Israel Competitive Intelligence Forum, 1994; 1995; 1997; 1998; 1999; 2000; 2002; 2003). Even if somewhat incomplete, these records show that over a decade, between 1994 and 2003, 143 Israeli companies (excluding consultancies, intelligence services providers, etc.) were at one time represented by their employees as members of the ICIF. Cross referencing ICIF membership lists with data appearing in the 2003 Dunsguide Israel Business Directory (Dun & Bradstreet Israel, 2003), shows that of the 40 leading Israeli industrial corporations, rated by their sales turnover, 23 have had at one time over the last ten years representation in the ICIF, whilst of the companies rated 41-200, only 10 had such representation. Similarly, of the 40 leading Israeli commercial corporations, rated by their income, 12 had at one time been represented in the ICIF, whereas representation of companies rated 41 - 160 stood at 5 only over the span of ten years. Aggregating across sectors, 35 of the leading 80 companies listed (44 percent) had staff members involved in CI sometime over a ten-year period. Of the total 360 companies listed, 50 had such representation, an incidence of 14 percent, a number consistent with the figures reported by D&B and The Bar Ilan University report. One obvious conclusion, drawn from this set of data, is that larger Israeli companies have three times as much CI involvement than smaller companies.

5. The 2003 Israel Competitive Intelligence Survey and Report

5.1 Introduction

A special survey for the purposes of this article was conducted in July, 2003 (see Appendix for a copy of the survey questionnaire). 34 CI professionals were selected of which only one refused to respond. Telephone interviews lasted between 12-15 minutes. All respondents were assured both personal and corporate anonymity. Respondents represented 27 Israeli corporate entities, in 6 cases there were 2 respondents per entity. This

differentiation is emphasized in the findings wherever relevant. Interviewees were selected according to the following criteria:

- Practicing CI professionals within Israeli business corporations.
- All of the respondents are practitioners who have voluntarily identified themselves as CI professionals, i.e. current members of the Israel Competitive Intelligence Forum (ICIF) and /or Israeli members of the Society of Competitive Intelligence Professionals (SCIP), or having otherwise been associated with them. Organizational affiliations represented were:

ICIF members.....	12
ICIF members who are also Israeli members of SCIP	8
Israeli members of SCIP (non ICIF members).....	5
Others (past members of ICIF, etc.).....	8
Total	33

All questions presented to the interviewees were of the 'open' type. Classification and collation are entirely the work of the interviewer. The survey was conducted with no recourse to any format previously used for similar purposes. The survey findings were, however, matched with some of those presented in the 2000/'01 SCIP Salary Survey (Society of Competitive Intelligence Professionals, 2001) and, wherever relevant, are shown in the following tables under the 'SCIP (2001) Data' column.

5.2 Survey Findings

Corporate Characteristics

Of the 27 companies represented in the survey, 16 appeared in the 2003 D&B Israel listing of top 40

industrial companies and top 40 commercial companies (11 and 5 respectively), together forming 20 percent of the top companies listed by D&B Israel.

Table 1: Industry Affiliation

<u>Affiliation</u>	<u># of Companies</u>	<u>Percent</u>
Communications & Telecom, Industry & Services	8	30%
High Technology	6	22%
Manufacturing	6	22%
Chemicals, Pharmaceuticals, & Biotechnology	4	15%
Services	3	11%
TOTAL	27	100%

Geographical Business Orientation

22 of the 27 companies represented in the survey, over 80 per cent, were focused on international markets; as industrial, hi-tech and services exporters, or as integral units of global corporations. Only 18.5 per cent of the companies (5 of 27), were focused domestically.

As Table 2 indicates, several of the surveyed companies had multiple CI units within their corporate structures (i.e. at corporate headquarters, SBUs, etc). Thus, the 33 survey respondents employed by 27 companies belonged to a total of 32 CI units: 5 companies had CI professionals working in two different CI units within their corporate structures. Respondents were somewhat circumspect in providing data on the precise number of CI workmates they were associated with. The data should be regarded as indicative only.

By all accounts CI in Israeli businesses is a relatively new occurrence. Table 3 shows that as much as half of all CI practicing companies have been doing so for less than five years.

The effectiveness of CI's contribution to a company's processes depends, inter alia, on the closeness in which its functionaries are held in relation to senior management

Table 2: Number of CI Professionals Employed in Corporate CI Units

Number of CI Professionals	Number of CI Units	Percent	SCIP (2001) Data*
Single	14	44%	43%
2	8	25%	19%
3	2	6%	
4	5	16%	19%
5+	3	9%	19%
	32 units	100%	100%

**percentages based on SCIP data calculated for 633 full-time CI professionals only*

Table 3: Number of Years of Corporate Involvement with CI

Years	Number of Companies	Percent
Up to 5 years	14	52%
5 to 10 years	10	37%
10 - 15 years	1	4%
15 years and over	2	7%
	27 companies	100%

within the organizational reporting structures. Table 4 shows that in a majority of companies, almost 60%, survey respondents claimed to relate to 2nd Grade corporate staff members whilst close to 40% reported to 4th Grade staffers.

Another way of viewing CI's corporate role is by identifying its functional affiliation within the corporate structure. Table 5 shows that the majority of respondents, almost 60%, claimed to be affiliated to the sales and marketing corporate functions with only a small fraction affiliated to business development functions. This and other characteristics too, will imply that Israeli corporate CI is oriented towards tactical, rather than strategic, issues.

Findings represented in Table 6 show that respondents claimed that their issue orientations tended to be very much more, close to 70%, within present time marketing oriented activities than with future oriented strategy and planning focused activities. These findings support

those of the preceding table in that short term tactical matters seem to have precedence over longer term strategic problems.

Professional Titles

As shown in Table 7, 14 of the respondents, 42 percent, had the term "Intelligence" included in their professional titles.

Academic and Professional Background

Of the 21 respondents holding either a graduate degree or a Ph.D., 12 had MBAs (i.e. 36% of total number of interviewees). The survey responses revealed additional insights into the professional background of the respondents:

Table 4: Reporting Relations

Grade	Number of CI Units	Percent	SCIP (2001) Data*
2nd Grade: Vice President / Deputy General Manager	19	59%	38.5%
3rd Grade: Division Director	1	3%	38.5%
4th Grade: Department or Unit Director	12	38%	23.0%
	32 units	100%	100%

* percentages based on SCIP data calculated for 448 respondents relating to 2nd grade - 4th Grade staff functionaries.

- 18 respondents; i.e. 55 percent, claimed to have had no dedicated training prior to being engaged in CI-related employment. They have gained their CI professional expertise 'on the job'.
- 7 respondents; i.e. 21 percent, had earlier careers in Israeli military intelligence or national security and intelligence establishments prior to seeking employment as CI professionals. Only 2 of those were engaged in CI capacities by defense-related companies, the 5 other national intelligence-background CI professionals had found employment with non defense-related companies.
- 1 respondent (i.e. 3 percent) graduated from the Academy of Competitive Intelligence (Fuld Gilad Herring Academy of Competitive Intelligence, 2003)
- 7 respondents (i.e. 21 percent) had been exposed to various short-term or limited scope training courses in intelligence; i.e. in military service, journalism, Israel Export Institute CI workshops (2), SCIP workshops (1), etc.

Length of Employment and of CI Service

- Average overall term of engagement of all 33 interviewees with current employer has been close to 9 years, including pre-CI employment.

Table 5: Functional Affiliation

Corporate Functions	# of CI Units	Percent
Sales and Marketing	19	59%
Business Development	5	16%
Products and Technology	3	9%
Other functions	5	16%
	32 units	100%

Table 6: Issue Orientations

Orientation	Units	Percent
Present time, Marketing-oriented activities	22	69%
Future Oriented, Strategy and Planning	10	31%
	32 units	100%

- Average term of employment in CI capacity with current employer has been close to 5 years.
- Average term of employment for the 18 respondents specially recruited by their current employers for the purpose of serving in CI has been close to 6 years.

Table 7: Professional Titles

Titles	# of Respondents	%
Business Intelligence/ Competitive Intelligence	12	36%
Business Information/ Business Development	5	15%
Marketing Intelligence/ Marketing Analyst	5	15%
Information Center/ Info. Services/ Info. Specialist	4	12%
Knowledge Expert/ Knowledge Management	2	6%
Security	2	6%
Strategic Marketing/ Strategic Planning	2	6%
Technology Assessment	1	3%
	33 respondents	100%

Given the choice of identifying their disciplinary orientation, 33 respondents declared the following as captured in Table 9.

The 33 interviewees stated their involvement in the various phases of the Intelligence Cycle as shown in

Table 10 below. It is in the nature of the intelligence discipline that its performers engage themselves in multiple phases of the Cycle.

Interviewees were asked to identify the primary corporate clients for their CI units' intelligence products. Multiple answers were offered as shown in Table 11 below.

Interviewees were asked to express their own evaluation of corporate management's support of the CI function. The responses are summarized in Table 12 below.

Senior Managements' Independent Access to Intelligence

Interviewees were invited to evaluate whether the respective senior managements in the 27 companies had access to independent intelligence sources, beyond those engaged by the CI unit. In some cases, multiple sources were cited:

- For 20 of the companies (74%) respondents believed, and at times even knew for a fact, that senior managers had access to independent, informal, sources of intelligence ("the grape-vine", "the old-soldiers network", etc). In some cases, relevant information filtered down to the respective CI unit.
- 7 of the companies (26%) employed independent intelligence gathering tools, some on an outsourcing basis, addressing specific senior managements' needs, beyond those provided for by the corporate CI unit.

Table 8: Academic Degrees

Degree	# of Respondents	Percent	SCIP (2001) Data
No academic degree	5	15%	6%
College degree	7	21%	34%
Graduate degree (including MBA)	18	55%	53%
Ph.D.	3	9%	7%
	33 respondents	100%	100%

Table 9: Disciplinary Orientation

Discipline	# of Respondents	Percent
CI orientation	24	73%
Knowledge Management (KM) & Information Technology (IT) orientation	5	15%
Combined CI & KM orientation	4	12%
	33 respondents	100%

- Respondents of 4 companies had no knowledge on this issue. In 2 other cases, respondents emphatically declared that no information reached senior managers other than that provided by themselves!

Interviewees were asked to cite what appeared to be the most acute problem interfering with their ability to provide the best possible service to the corporate entity. Their responses are presented in Table 13.

5.3 Evaluating the Survey Findings

It is noteworthy that competitive intelligence seems an 'equal opportunity' occupation in Israel. Of 33 respondents there were 16 women and 17 men, which translates to 48.5 and 51.5 per cent respectively (this compares closely to SCIP figures at 45 and 55 per cent, respectively) (Society of Competitive Intelligence Professionals. 2001).

One quarter of 40 leading Israeli industrial companies and one eighth of 40 leading commercial companies are known to currently operate corporate CI units. The majority of these companies are active in the communication and telecommunication, high-tech, manufacturing, and chemical industries, with only a small portion in the services industries. A large majority of the companies, 80 percent, operate internationally or are integral elements of international corporations. Though the sample is too small for statistical hypothesis

Table 10: The Intelligence Cycle

Intelligence Cycle Phases	# of Respondents	Percent
I. Defining Key Intelligence Needs	16	48%
II. Intelligence Collection Tasking	24	73%
III. Data Collection - Primary & Secondary Sources	30	91%
IV. Analysis and Evaluation - Intelligence Product	21	64%
V. Dissemination of Intelligence	27	82%

Table 11: Primary Corporate Clients

Corporate Client	# of Respondents	Percent
Sales and Marketing	25	78%
Management	19	60%
Business Development	8	25%
Product Development; R&D	7	22%
Logistics & Purchasing	3	9%
Technical Support	3	9%

Table 12: Corporate Support of the CI Function

Support	# of Respondents	Percent
Exceptional	4	12%
High	17	52%
Insufficient, Indifferent, Mediocre	12%	36%
	33 respondents	100%

testing, the impression one gains is that deploying CI units is an activity associated with leading, internationally oriented, Israeli companies.

It appears that half the companies had a relatively short record with CI, up to 5 years, with another third being active between 5 - 10 years. CI can therefore be considered

Table 13: Most Pressing Problems

Pressing Problems	# of Respondents	Percent
Corporate Cultural Deficiencies:	20	61%
"Ambiguity of company's intelligence requirements"		
"Distance from decision makers"		
"No awareness at senior staff level"		
"Lack of managerial feedback"		
"No CI education, therefore no appreciation of CI"		
"Internal competition for information"		
"Educating staff to be self-reliant in accessing information"		
"CI 'push' not reciprocated by clients' 'pull'"		
"Cumbersome processes"		
Insufficient Allocation of Resources:	8	24%
"Shortage of professionally qualified CI personnel"		
"Lack of analytical training and resources"		
"Company IT infrastructure incapable of supporting CI needs"		
"System not user-friendly"		
"Insufficient funding"		
Geographical Distance from Management	2	6%
No Answer	3	9%
	33 respondents	100%

a relatively new feature in Israeli corporate activity. CI units tend to be small in size: almost half of them, 44 percent, involve a single CI professional, and three-quarters of all have between 1 - 3 CI professionals.

60 percent of CI units report to second-echelon corporate functionaries: vice presidents or deputy general managers, a majority of which, 60 percent, are in charge of sales and marketing activities. 70 percent of the CI units identified short term marketing-oriented activities as their prime spheres of activity.

The overall impression one gains is that CI is employed in Israeli companies primarily to address tactical sales and marketing issues. This is consistent with the introductory presentation of the pressures faced by Israeli companies and their managers having to cope with the burdens of short term existence.

The competitive intelligence workforce is by far an academically educated professional community, with a predominance of graduate degrees in a multitude of

disciplines. One third of CI professionals have acquired MBA degrees.

Contrary to widespread belief and despite Israel's preoccupation with intelligence, only a fraction, 20 percent, of CI professionals emerged from the national intelligence community, most of whom are employed by non-defense related companies. This dispels the prejudice that Israel's CI is dominated by ex-government and military intelligence operatives.

The majority of CI professionals are individuals who had neither formal competitive intelligence education, nor participated in CI-dedicated training in preparation for their roles; instead, they acquired their CI skills on the job.

In portraying the professional roles interviewees play within their CI functions, defined in terms of the traditional competitive intelligence cycle, almost half of the respondents spoke of being involved in Phase One, Defining Key Intelligence Needs in company with

senior corporate executives, at times during periodical planning sessions. Some respondents admitted, however, that no formalized planning processes existed in their companies. Three quarters of interviewees said they were involved with Phase Two, Intelligence Collection Tasking. A vast majority, 91 per cent, indicated an involvement in Phase Three: Data Collection. Phase 4, Analysis and Evaluation, engaged two thirds and Phase 5, Dissemination, involved 82 per cent of respondents. Respondents indicated a deficiency in analysis and evaluation abilities.

A majority of respondents, 78 percent, identified Sales and Marketing units as being their primary intelligence clients, while managerial echelons were the second most important at 60 percent. Only a quarter suggested they serve company development functions such as Business and Product Development and R&D clients. This is consistent with the short term emphasis of Israeli management.

There is ambiguity when assessing relations between company managements and their respective CI functionaries. Management attitudes are regarded by two thirds of respondents as 'exceptional' or 'high', with only one third evaluating them as insufficient, indifferent, or mediocre. By the same token, in all but two cases, CI practitioners were aware that their company managers did not rely entirely on their intelligence products only. In a majority of cases, managers complemented their corporate CI input by accessing informal sources and in a quarter of the cases, even operating independent formal sources of their own. One possible conclusion may be that some of managements' support shown to CI professionals is partially lip service.

Perhaps the most revealing response was the answer to a question relating to the most acute problem interfering with respondents' ability to provide the best possible service to the company: 60 percent cited corporate cultural deficiencies as the prime obstacle they faced while providing their services, with an additional quarter of respondents blaming insufficient resources as their main cause of grievance.

The survey was not intended, nor did it attempt, to explore the qualitative aspects or the contents of the services provided by its respondents; this should be left to an in-depth exploration of CI in Israel. The survey results do, however, allow for some definite conclusions. It appears that a large majority of corporate CI units

comprising mainly 1-3 professionals provide intelligence services to companies with an average of over 4,000 employees each³. They are concerned primarily with short-term tactical issues of sales and marketing, rather than tackling long-term strategic problems. They operate within a corporate climate that is not always conducive to the purpose for which CI is employed in the first place. Viewed in this light, there still seems to be much to which CI in Israel needs to aspire.

6. CI in Israel - Additional Characteristics

6.1 The Israel Competitive Intelligence Forum (ICIF)

Following the steps of US and European professionals who, in the early 1990s, began congregating around SCIP, a group of Israeli CI practitioners answered Ben Gilad's call in 1992 and set about forming a local CI community. From the outset it was felt that the SCIP pattern might not suit Israeli expectations. The majority of Israeli professionals were, at the time, inward looking and far more involved with the local business scene than with international horizons. A deciding factor was the match of interests identified between the ICIF founding members and those of the Israel Management Center (IMC)⁴ - the country's 5,000-strong non-profit organization of Israel's managerial professionals (similar to the American AMA). Ever eager to develop new channels of activity, the IMC was quick to recognize the potential in enlisting the ICIF as one of its innovative forums. Thus, an association emerged between the very informal ICIF and the well-organized IMC. The ICIF was formally launched at its first meeting in February, 1993.

A Steering Committee leads the Forum in terms of professional content, compiling an agenda of activities, inviting speakers, and maintaining relations with SCIP, whilst the IMC is responsible for all administrative, financial, promotional, and membership issues involved in making the Forum function properly. Many ICIF members are members of SCIP. The ICIF, while promoting SCIP in Israel, has a policy of recruiting all Israeli SCIP members into its own ranks. The strong ties that bind the two societies from the outset led, in 1997,

to a dialogue culminating in the SCIP - ICIF Alliance Partnership Agreement⁵, which has served as a model for similar relationships SCIP has formulated in other parts of the world.

In over ten years of continuous activity, the ICIF has convened more than forty times. Late afternoon sessions serve networking purposes, followed by talks on subjects of professional interest. The ties with SCIP have brought about the participation of foreign guests at ICIF events. SCIP Chairmen Dan Himelfarb (in the year 1993) and Dick Klavans (in the year 1995), Meritorious award winner Ben Gilad (in the years 1994, 1996, 1997, and 2002) and Members Ruth Stanat (in the year 1994) and Douglas Bernhardt (in the year 1998) were some of the overseas speakers who have addressed ICIF meetings.

Membership in the ICIF is open to all; the 2003 Membership List has 34 names. Membership peaked in 1995 and 1998 to 107 and 97 respectively, averaging 71 for eight of the last ten years, but has dropped markedly in recent years, probably echoing trends afflicting SCIP.

The ICIF needs to address challenges posed by the state of CI in current times. To remain relevant it should provide its members with a better understanding and insight into their respective realms of activity and to facilitate professional cross-fertilization for the betterment of services they provide their corporate clients. Furthermore, an inadequacy in the professional training regarding intelligence analysis and evaluation techniques has been identified. Here too, the ICIF needs to take a leading role in providing its members with means of resolving these deficiencies. A major task facing the ICIF is the need to better influence, even educate, the managers of Israeli companies to recognize the true benefits they stand to gain by adopting CI as integral elements of their managerial culture. This too, echoes challenges facing SCIP.

6.2 CI and Israeli Academia

"I am surprised that competitive intelligence is not a subject taught at Harvard Business School" (Belkine, 2001). By the same token, it will be difficult for CI to flourish in Israel as long as it is not fully assimilated by Israeli academic institutions into their curriculums. This assimilation will probably require the lead of prestigious North American and European universities.

Professor Ben Gilad deserves credit again, this time for being the forerunner of academic teaching of CI in Israel. His two-year sojourn as teacher of CI at the Business Schools of the Hebrew University in Jerusalem and at the Ben Gurion University in Beer Sheba (1991/92 and 1992/93 respectively) stands out as a pinnacle of teaching of CI in Israel, followed by his one year tenure (1997) at the School of Business Administration, The College of Management, Academic Studies Division at Rishon Le'Zion. Furthermore, the translation of the Gilads' *The Business Intelligence System* (Gilad & Gilad, 1992) is the sole CI textbook available to the Hebrew reader. The only current dedicated CI teaching in Israel is that offered by Professor Daniel Rouach of ESCP-EAP French graduate management school based in Paris, Oxford, Berlin, and Madrid. He conducts a seven-session MBA course in competitive intelligence at the Faculty of Industrial Engineering and Management at the Technion - Israel Institute of Technology, Haifa.

Competitive intelligence is mentioned in the curriculum of several Israeli universities as a subject referred to in business administration courses. These are but brief overviews, not extensive teaching sessions. Moreover, it is in academia that ambiguity sets in as to the definition and implication of the term 'competitive intelligence'. Israeli universities and colleges abound with courses and classes dedicated to computer sciences and information technologies and the training of information technologists. It is here that the term competitive intelligence is used in a narrow context, referring to information gained, stored, retrieved, and processed by IT techniques only. To uninformed students this would seem to be their only encounter with CI, denying the need to look at this wide-reaching discipline in a fashion more akin to that known and practiced by seasoned competitive intelligence professionals world-wide. In the words of Daphna Raban, teacher of online competitive intelligence at the Graduate School of Business, University of Haifa: "When all is available for free on the Internet why would one invest in information?" and adds in a co-authored article (Raphaeli & Raban, 2002): "Seeing that so many are inclined to underestimate the value of information required for decision making, often decisions are made with no regard to information." This comment echoes earlier observations made in this article about Israeli managers and politicians.

6.3 CI Consultancies and Services Providers

With a sizable national intelligence and security infrastructure, one would expect that its imprint would be displayed significantly on the national business scene. This is not necessarily the case. Several retired national intelligence establishment functionaries attempted but failed to adjust to work in a strictly business-oriented environment. Others have found employment with Israeli companies but act under tight security constraints to the point that their CI-related activities are, at least outwardly, denied. Invitations to join the ICIF have been flatly rejected.

There exist, within the Israeli business community, numerous investigation companies and private investigation agencies who profess to provide CI services. Many of those are able to offer secondary sources, basic, data collecting services, but little else. Fully-fledged CI consultancies and services providers, experienced in producing a broad range of professional services extending across and beyond the Israel economy are very few indeed.

6.4 A Regional Advantage

Israel's long involvement with intelligence, concerned primarily with neighboring states, has over the years developed into a keen understanding of the language, culture, mentality, psychology, and make-up of Arab countries, societies and economies. The very intimate interaction between Israelis and Arabs has brought about the development of singular capabilities in the search for better understanding of trends and personalities, and the acquisition, assessment, and evaluation of information. These unique advantages manifested themselves in the mid-90s, at a time when the atmosphere in the region was more conducive to business entrepreneurship. With an improvement in the regional political climate, foreign seekers of information on Arab countries and issues may find in Israel a helpful pool of experts.

6.5 The Public Image of CI

CI seems to be viewed in Israel from several, sometimes opposing, angles. When first introduced to the Israeli public in the early 1990s, CI was regarded by

its new local disciples as a unique, new, and exciting business discipline which was quick in making sense to an intelligence-oriented audience. Several public presentations on CI arranged by academic institutions, the business press, and at the annual Tel Aviv INFO international conferences and exhibitions arranged by Teldan Information Systems⁶, drew relative large audiences in the early 1990's but, as the novelty of CI wore off, so too has the frequency of, and attendance at, such events.

Scholarly articles on CI, mainly by local writers, have appeared on occasion in leading Hebrew management journals, namely *Status*⁷ and *Nihul*⁸. The media, primarily the business press, relates to CI very rarely and, when it does so, tends to portray CI in context with industrial espionage, alluding to an assumption that CI is an elegant excuse for doing much the same things under a legitimate title. Journalists seem to be impatient with the lack of drama that typifies the routine practice of CI. "Let me have some juicy tidbits" is the common precondition reporters lay prior to discussing CI.

The Israeli business scene has seen a fair share of aggressive competition: the dairy food industry, international telephone and local cell-phone services, the insurance industry, the local tabloids, and other sectors are instances where competitive infighting shed a questionable light on the acquisition of information and use of intelligence, at times tarnishing CI's legitimacy and public image. A particular case involved two food processing companies: Zoglobek and Tivol. Zoglobek accused its competitor, Tivol, of assigning a private investigator to penetrate Zoglobek's plant in an attempt to extract data on a new product it was developing. The scheme came to light in 1990 when strangers wearing white cloaks were caught removing samples of the product away from the plant. Zoglobek launched a legal claim⁹ in 1995, citing criminal industrial espionage. In 1998, the court ruled that neither criminal trespassing nor abuse of privacy were involved in the case which was thereby dismissed. An appeal that year¹⁰ upheld the initial verdict. CI practitioners, aware of and alert to ethical issues involved with their practice, viewed the court rulings with reservations as they set an example which falls short of professed CI professional standards.

7. CI In Israel - The Future

There is no clear view of where CI is heading in Israel, let alone on the global scene. Rather than indulge in crystal-ball gazing, let this article conclude by running a SWOT analysis regarding the future of CI in Israel.

Strengths

- The proven track record of CI in Israeli companies
- A respected community of CI professionals

Weaknesses

- Inadequate positioning of CI within corporate management structures
- A corporate unit which has been easily disposed of in hard times
- Cultural deficiencies in the use and application of intelligence analysis procedures

Opportunities

- An intelligence-oriented society
- Lively business community well acquainted with foreign business practices
- A possibility of adopting a National Intelligence Doctrine: recognizing that intelligence capabilities and applications comprise a prime national resource, the development of which should be structured to achieve national goals in the economic, social, educational and other spheres.
- World scholastic centers sanctioning CI as a valid academic discipline leading Israel's academia to follow suit

Threats

- An impatient, impulsive, self-relying managerial culture
- A political climate of ongoing crisis
- An economy under pressure, continuing recession, government and public sector playing decisive roles in business
- IT eclipsing CI

Given the above brief SWOT analysis, the challenge facing the Israel business and academic community in coming years is to develop a best course strategy to take

advantage of the opportunities and to prepare against the threats, within a unique society struggling with major strategic problems.

Appendix

Competitive Intelligence in Israel Questionnaire

1. What is your job title?
2. What is your professional background?
3. How long have you been with this company?
4. How long have you been at this post?
5. Do you work alone or in the company of other CI professionals? How many?
6. What are your job characteristics / what do you actually do?
7. To which of the following disciplines are you closer:
 - a. Knowledge Management (KM) and Information Technologies (IT)
 - b. Competitive Intelligence (CI).
8. To which level in the organization do you report?
9. To what extent do the following elements manifest themselves in your activities:
 - a. Participation in the organizational process of formulating key intelligence needs?
 - b. Participation in defining intelligence collection tasks?
 - c. Data collection from Primary and / or Secondary Sources?
 - d. Analysis and evaluation of collected data / formulating the intelligence product?
 - e. Dissemination of intelligence - to whom?
10. Who are the main users of your products?
11. How much support do you get from top executives?
12. Does your organizational leadership use its own intelligence gathering tools and processes?
13. What is the most pressing professional problem interfering with your task?

Notes

1. In Hebrew, both biblical and modern, the words *knowledge*, *information*, and *intelligence* all share a single root.
2. Israel Aircraft Industries Ltd. <<http://www.iai.co.il>>.
3. According to *Dunsguide Israel - The Israel Business Directory 2003*, the precise average numbers of employees are 4082 for the 11 leading industrial companies employing CI and 4853 for the 5 leading commercial companies.
4. Israel Management Center (IMC). <<http://www.hamil.org.il>>.
5. Agreement signed August 1 1998 by President Ava Youngblood and Executive Director Guy Kolb on behalf of SCIP and by Director General Haim Kaminitz of the Israel Management Center and Chairman Michael Belkine on behalf of the ICIF.
6. Teldan Information Systems Ltd. <<http://www.teldan.com>>.
7. *Status - The Managerial Thought Monthly* (Hebrew). <<http://www.status.co.il>>.
8. *Nihul - Israel Managers Magazine*, bi-monthly, published by the Israel Management Center. <<http://www.hamil.org.il/bitaon.asp>>.
9. Tel Aviv Court of the Peace, May 10, 1998 Criminal File 2833/95.
10. Tel Aviv District Court, June 22, 1998 Criminal Appeal 3804/98.

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