

The Bad News Bearers

Effectively Managing “Negative” Competitive Intelligence

By Cormac Ryan, TMA International

Several years ago, moviegoers enjoyed “The Bad News Bears,” a humorous account of a ragtag kids’ baseball team managed by a lovable curmudgeon. The kids weren’t very good, hence the “Bad News” sobriquet. And like their manager, they were feisty but lovable. The movie had a happy ending, and everybody left the theater with a warm, fuzzy feeling.

Things like that happen in the movies. In real life, especially in the business world, it doesn’t always turn out that way. Business has its ups and downs, and when it’s down (that is, when the news is bad) management gets upset. When they’re obviously unhappy with the news, they often become unhappy with the people bringing them the news—the bad news bearers. This article addresses that issue and suggests ways to obtain, analyze, and present bad news when it surfaces in competitive intelligence projects.

BAD NEWS BEARERS IN HISTORY

Nobody knows for sure when it first surfaced, but bad news has been around for a long time. Even in the Garden of Eden, they had problems. One long-ago example of bearing *good* news occurred in 490 B.C. when Pheidippides, a Greek soldier, ran from the battlefield at Marathon to Athens to bring news of the Greek victory over the Persians. He delivered the momentous message of Niki (victory), then collapsed and died.

History doesn’t tell us whether there was a Persian soldier running in the opposite direction to alert *his* king to the news of their defeat. If he did, let’s hope that the Persian king

wasn’t a kill-the-messenger type of ruler. That’s the modern-day challenge: to deliver the bad news in business and figure out what to do about it, without suffering negative fallout from management.

RECENT EXAMPLES OF BAD NEWS IN COMPETITIVE INTELLIGENCE

Our company, TMA International, has completed more than 200 competitive intelligence projects worldwide in the past 20 years, so we’ve made our share of bad news presentations, including the following examples:

- A superior supply chain organization and operation for a key competitor of one of our retail clients. They had better inventory control procedures and were able to move products from their warehouses to their stores more effectively in terms of both costs and timing. Not surprisingly, they were also taking share from our client, the market leader.
- Improved sales force coverage by several major pharmaceutical competitors. We uncovered the competitors’ plans to increase their number of sales representatives and, at the same time, increase research and development (R&D) and promotional spending for their leading prescription products. This resulted in our client’s diminished “share of support” in sales, marketing, and new product development.

- Lack of information technology (IT) outsourcing opportunities in Europe for a technology-based client. This was due to the major competitors' success in "locking up" their current customers. The bad news was that we couldn't succeed in this region by going it alone, which had been the company's intention. One of our recommendations was to look at alliance opportunities (see "Have a plan to address the problem").
- Poor customer service by a consumer products firm. This food client's products were excellent, but their customer service efforts were significantly behind those of several key competitors. This resulted in retail and foodservice customers regarding our client as a commodity manufacturer, and focusing on low pricing.
- Effective merchandising of several guest amenities by competitors of a hotel chain client. These amenities, which our client did not offer in all their properties and did not consider important, had become increasingly essential in the minds of hotel guests, particularly business travelers. As a result, our client was losing part of its share to the competition.

BAD NEWS BEARERS

In these and other situations, we had the responsibility of telling our clients the bad news, while providing them with the analysis and our specific conclusions and recommendations. We went beyond informing our clients of what was happening; we told them what we believed it meant and what we proposed they do about it.

This wasn't easy (it never is). The clients weren't thrilled to hear the bad news, and they were being asked to change their business approach to address these problems. And because bad news is always less welcome than good news, and change is frequently difficult and expensive, we had to figure out the best way to deliver this information without being caught in the crossfire.

THE BAD NEWS PRESENTATION

We recommend the following six steps when presenting competitive intelligence that qualifies as bad news:

1. Gather all the facts to understand the problem
2. Tell them the news as early as possible
3. Don't delegate the speakers
4. Look 'em in the eye
5. Be completely and brutally objective
6. Have a plan to address the problem

These six actions are essential to effectively communicating the bad news. If you follow these steps,

you'll get your message across clearly and emphatically—and probably avoid getting "killed" by management.

1. Gather all the facts to understand the problem

When conducting competitive intelligence or any investigative project, it's essential to explore all possible sides of the issues under examination and probe the negative as well as positive aspects of these issues. In addition to asking the "what's right with this picture?" questions, our people are trained to examine the "what's wrong with this picture?" side of the equation.

These assignments aren't surveys or popularity contests—we're not looking for yes/no or simple answers. We don't want them to *vote*, we want them to articulate their responses to these complex issues in detail and tell us the whole story—both the good news and the bad news. Without developing an in-depth understanding of these issues, particularly the negative aspects, we're shortchanging the client and not doing our job.

So don't waffle. Ask the tough questions and get all the information necessary to develop a thorough and professional presentation. If the client is impressed with your thoroughness ("you've really done your homework"), they're more likely to buy into your presentation and your conclusions.

2. Tell them the news as early as possible

People don't like to hear bad news. And they *really* don't like to hear bad news late—long after you've discovered their problem. The last thing you want is to have management say something like "you knew about this six weeks ago and you're just telling me *now*?"

The earlier you know about the problem, the faster you can start correcting it, so as soon as you know enough about the problem to report it with confidence, do so. All our competitive intelligence projects include scheduling an interim presentation around the midpoint of the project to discuss with the clients our findings to date and preliminary conclusions, and to implement any mid-course revisions they may require.

Top client management often skips the interim presentation; however, if we have bad news, we make sure that they are present for this session. We want them to know about it as soon as possible. And we want them to hear it directly from us. Which brings us to the next step...

3. Don't delegate the speakers

All client presentations are important. Bad news presentations are particularly significant. For them, make sure your senior, experienced professionals report the findings, conclusions, and recommendations. This is not the time to train people. Junior staff can observe but should not present. Those who present catch the client questions, and when the news is bad, the questions are tough. Make sure the "A team" makes the presentation.

Similarly, make sure that the client's top management people are present. Don't let the middle management people say, "top management doesn't need to attend; we'll brief them later." This usually isn't a problem. Middle management wants us to deliver the bad news directly to their bosses, so they receive the full impact of the information and analysis. There may be a self-preservation motive here as well. If the boss does want to kill the messenger, they'd rather have us be the sacrificial lambs.

4. Look 'em in the eye

Written reports are great; they confirm what's been said at the presentation and provide a permanent record of the findings, conclusions, and recommendations. The key words in the preceding sentence are "confirm what's been said at the presentation."

Under no circumstances should the written report be distributed in advance of your in-the-flesh, eyeball-to-eyeball presentation. You need to deliver the bad news in person, together with your analysis of the situation and recommended action, and be prepared to answer client questions and discuss the problems in depth.

Do not distribute the written report during the presentation. People have a habit of "skipping ahead" and reading the report when they should be listening to the presenter. If you're presenting, all eyes should be on you and all ears should be tuned to what you have to say. If they ask for the presentation in advance, or at the beginning of the presentation, just say no.

And look 'em in the eye when you tell them the news. Being tough with clients is much easier said than done, but this is the time to be tough.

5. Be completely and brutally objective

In my article in the March–April 2004 issue of this publication ("Knowledge is Power: Utilizing CI to Improve Strategic Planning"), I described the need to be thorough, professional, and objective. We've already discussed thoroughness, particularly when bearing bad news; professionalism has to do with the conduct and standards we maintain during the project.

Objectivity deals with presenting the facts in a clear, unbiased manner and giving the client the full, honest story—no matter how bad the news. Leave your, and their, preconceptions and personal opinions out of it. Tell them the truth, even when the truth hurts.

Tell them what they *need* to hear rather than what they may want to hear. That's your job—to get all the data, do the analysis, and report the results with total candor and objectivity. Don't vacillate or sugarcoat the problem. When you're given a project, your client "hires" you for more than your expertise—they want an independent, objective point of view. Make sure to give it to them, particularly when it's bad news.

6. Have a plan to address the problem

I've talked a lot about gathering the information and presenting the bad news. Laying out the problem, though, isn't the end of the process. You can't leave the client with only the findings. You need to recommend ways to solve, or at least diminish, the problem.

Let me give you a specific example. One of our telecommunication clients asked us to investigate the customer service practices of two major competitors with domestic and international telecommunication carriers. This included promotion support activities, new product/service initiatives, R&D and technical support, knowledge of customers' business, and several other aspects.

We learned that one competitor was highly regarded by customers (current and prospective) on virtually all these parameters, and this competitor was considered significantly ahead of our client in these areas. We also learned the types of customers they had, and the types they were likely to pursue. To counter the news of the competitor's success, we recommended that our client adopt a defensive strategy regarding their own accounts, rather than devoting resources to going after this competitor's customers (those customers were highly satisfied and unlikely to switch suppliers).

We also recommended that the client initiate several of the competitor's programs, which were particularly well regarded by their customers. Conversely, we uncovered a number of weaknesses in the other competitor and recommended that the client pursue a more aggressive program to win some of the weaker competitor's customers.

Such recommendations need to be detailed enough to generate specific actions. You don't want to limit the recommendations to broad-stroke generalities, which are easy to agree with but difficult to implement without further elaboration. For example, if we left this client with something like "therefore, we suggest you adopt a defensive posture against the strong competitor, and an offensive posture against the weak competitor," we wouldn't have done our job. We need to go much deeper and delve into strategies and tactics to make those defensive and offensive objectives work.

For the strong competitor, we touched on adopting several of their (highly successful) programs. We also recommended specific actions to protect our client's current customer base, particularly the customers who fit the competitor's service profile. Similarly, we segmented the weaker competitor's customer base to identify which of their customers to attack, and we proposed specific ways to do this.

BAD NEWS CAN BE GOOD—FOR THE CLIENT AND FOR YOU

Just as with the Bad News Bears in the movie, bad news bearers can experience a happy ending. If you've done your homework and obtained all the information, and then analyzed it thoroughly and presented it in an objective and

professional manner, chances are the client will be impressed with the project and wind up thanking you for a job well done.

Nobody likes bad news, but you've provided a valuable service in unearthing the problems and recommending ways to address them. In the case of the telecommunications client described above, although they scowled and growled during the presentation, at the end of the meeting they acknowledged that we were correct in our assessment of the situation, and they implemented most of our recommendations. They even thanked us for bringing the situation to their attention and helping them address the problem. Best of all, they've given us repeat business.

It's a lot more fun to be a good news bearer than a bad news bearer. We've been in both situations, and we definitely prefer sharing good news with the client. But if the news turns out to be bad, then you need to "grin and bear it" for your client. Give them an objective and professional presentation of all the facts, your analysis of what the facts mean, and an explanation of what they should do about it. Business, after all, is as much about solving problems as capitalizing on opportunities.

On second thought, when you're the bad news bearer, it's probably not a good idea to grin during the presentation. Bad news isn't a laughing, or grinning, matter.

Cormac Ryan, president of TMA International, worked with Kodak, Nabisco, and three global advertising agencies before joining TMA in 1992. He worked in the U.S., Mexico, Canada, and Argentina, and has directed competitive intelligence projects in more than 25 countries. Cormac holds a BA in economics from Columbia University and an MBA in marketing from New York University. For six years, Cormac was adjunct professor of marketing at the NYU and Pace graduate business schools in New York. He is now based in Dallas, Texas, and can be reached at +01.972.867.9300 or cryan@tmainternational.com.



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