Kim Kelly

CI Advocate for Winning Business

At the time of this interview, Kim Kelly was a manager of business development for International Launch Services, a joint venture between Lockheed Martin (LM) and two Russian companies. He has worked in proposal development for 20 years. He started in 1982 with IBM Federal Systems, which was later acquired by LM. Since 1991, he has been a full-time competitive intelligence professional and has provided major CI studies to proposal teams at 10 different LM locations. He is a member of the Society of Competitive Intelligence Professionals (SCIP) and was instrumental in LM's selection as one of 12 companies (and the only aerospace company) honored for their best-practice CI operations by the American Productivity and Quality Center (APQC) in 2000. Kim is now an independent competitive intelligence consultant and a partner with Knowledge Link.

KimKellyCI@aol.com

Please tell me about your background and how and when you started performing competitive intelligence.

I have an Operations Research and Industrial Engineering degree from Cornell University and an MBA in Finance from George Washington University. I've worked with Lockheed Martin for 20 years. I really spent the first 18 years in one facility and changed companies three times but never left the building! In the aerospace industry there's been a lot of consolidation. Originally, we were known as IBM Federal Systems—a little bit of an anomaly since IBM was more of a commercial computer-oriented company, while we applied computer technology to the DOD (Department of Defense) and civilian government area. We were eventually bought by Loral, and Loral was sold to Lockheed Martin. Two years ago our unit was known as LM Naval Electronics and Surveillance Systems (NESS), in Manassas, Virginia. From there I went to my current position.

I started out in an area called Cost Engineering, which is a function that estimates costs for production and development programs. “Engineering” was in that organizational name because we were involved in initial production of a new system. In other words, we weren’t producing chairs or widgets, we were developing new systems. Instead of having cost tables to refer to for material and labor costs, our engineers had to calculate hardware costs—also referred to as “should costs.” Should cost is a cost projection for a not-yet-manufactured or not-yet-developed product. So it was in this cost-analysis-oriented job from 1982 to 1991 that I had my first analysis apprenticeship. Much of my stint was doing software cost engineering—estimating the cost of software development—a complex process particularly since it is very labor intensive. We had a specialized department that would look at software project costs, at what the cost drivers were, and we came up with cost approaches to software development, system engineering, and documentation. This provided me with a total program cost estimation capability, leading to my competitive intelligence position in 1991. The total program cost capability was an important point, because we started CI long before most people had heard of the profession. And through the CI process, I was able to achieve a win rate of 80 percent at NESS Manassas, which was way above the industry average. The largest proposal I have worked on is the Joint Strike Fighter Program, the largest contract ever ordered by the DOD or by the U.S. government. And in 2000, when I moved to Lockheed-Martin’s joint venture called International Launch Services, I helped assist in improving our win rate by 30 percent. So certainly I’m a big advocate of competitive intelligence and its impact on the business.

How would you describe your current function in a nutshell?

I'd like to split that into two pieces; tactical competitive intelligence and strategic competitive intelligence. I spend most of my time on the tactical side—day-to-day proposal bidding activities. Strategic is higher level, broad-based analysis that affects the organization over a much longer period of time. My role is to figure out the right price to bid for our proposal in order to have a competitive bid. In that process we need to forecast our competitor's bid and technical approach, our competitor's team structure, team strengths and weaknesses, and how the customer will evaluate our proposal vs. our competition's. We try to conduct this analysis months before the proposal has to be submitted so that we can have an actual effect, a real influence on how our proposal is postured, and improve our chances of winning. We'll try to influence our own team to be doing the right things by showing what our competition is doing. We'll look at our competitor's technical solution, we'll come up with a should-cost, we'll try to estimate what their win strategy will be, and go from there.

One way I like to describe our job is that we are an advocate, or a window into what our competition is doing. We have to be objective from that standpoint. I am the only person in the organization that is objectively communicating what our competition is doing. We're starting to have an influence at the executive management level of our respective companies. People know it's a valuable input and are seeking that kind of expertise, which may be why you're doing a book on it. The fact that you're doing a book about CI is a good indication that we're making a lot of progress in the business world.

With strategic CI, we conduct market analysis or look at our business strategy, and try to show how our competition or our customer may influence our assumptions and our strategies. As I perform my tactical work, over months and years, I keep an eye out for trends or issues that will affect the business at a broader scale, particularly if my customer or competitor is doing a right turn and changing something dramatically. For example, we were making a product and there was a key subsystem, like the engine of a car, and I noticed that, of the five companies that made the subsystem, two had been purchased recently by our competitors, and a third was rumored to be in the process of being acquired by a fourth. I wanted my management team to know now, as early as possible, that the five alternatives were down to three, now going down to two, and that our competition was becoming vertically integrated by buying the companies that produced the subsystems. That certainly could limit the choices that we really had in the marketplace—now what should we do about it?

You've mentioned some of the types of research that you perform now, such as SWOT analysis and market research. It also appears that you're looking at the environment and at customer trends. Can you expand any more on the kinds of research you perform?

Maybe we can divide that into primary and secondary, primary being person-to-person discussions and secondary being mostly online databases or magazines and articles, things of that nature. Both pieces are very important, and what we've found is that you've got to have the two integrated to get the best value out of both. The CI person can interweave that person-to-person discussion into the secondary research. Surprisingly, integrating these two kinds of intelligence is often overlooked.

When I'm working with organizations on a bid, I'll be working not only with our company, but I'll be getting information from our teammates. They obviously know their business better than we do, so they will know their competition in their business area. We get a lot of good intelligence from a variety of functional organizations within our own company. I'm a big promoter of internal intelligence contacts because folks who are just getting started in competitive intelligence will focus on the more obvious parts of the organization, like business development, to get an understanding of what the competition is doing. But really, there are other departments that can provide even more intelligence on what the competition is doing than business development or marketing and sales. Don't overlook program management, procurement, communications, and engineering.

Almost every organization in the company has insights on what's going on with the competition. I communicate to anyone I can get a chance to talk to about CI. One of my tricks of the trade, when I go out into organizations and promote CI, is to actually look for people that no one listens to or that no one approaches very often and asks for input. Because many times, those folks are a little bit out of the mainstream, and you need these original, out-of-the-box thinkers.

I make a point of meeting with the secondary research experts on a regular basis. If my research people know a little bit about how I do my job, how a CI process works, it makes them a lot more effective in providing information to us. The only way they can get that insight is to talk and meet regularly with the CI people, and that's what I do. It makes it into a teamwork atmosphere, which really promotes an effective and efficient process.

How do you feel CI differs from business and market research, or alternatively, how do you define CI?

I think there are two differences, and I don't want to upset the business research community in the way I'm differentiating the two. The first difference is that we're a little bit more focused in CI. From our standpoint we're not just looking at the competition. For example, we're looking at customer behavior, which actually forces us to look at the information world in terms of those constraints. The other difference is that we're an independent group;

we have to present an objective view of the competition and of our customer, so we often bring up things that are controversial.

Before, you spoke about the importance of primary research and the human intelligence aspect of the process. What other resources do you feel are essential in your CI toolkit?

We have the computer software tools, the spreadsheets. We also have a lot of industry-specific online newsletters that we review. There are also for-fee databases like DialogSelect [21, see Appendix], commercial databases of government data such as regulatory filings, contract awards, things of that nature. In my toolkit, I include people in the know in particular areas, such as technology or customers. I'll call those folks and run things by them. We also use alert emails like DialogSelect and Fed Sources FSI State & Local Headline News [127]—systems that collect your queries, retrieve related news or articles, and automatically send you email inputs on a daily basis.

The people-to-people network is very important. I founded a network of internal CI experts called the Lockheed Martin Competitive Intelligence Working Group whereby we have on tap other organizations that might be technology- or engineering-oriented that we can talk to. Every time I work on a proposal, I meet experts in a particular field that I can go back and contact—a year or two, three, four years later—because I know they'll be up to speed on the latest sensor technology or the best software language for writing commercial applications, or the best relational database that has some bells and whistles that everybody is asking for now.

When we're trying to predict the competitor's technical solution, that gets us into the engineering area, so we sometimes have to go to conferences that discuss technologies. We certainly will hook into our engineering people who are doing the same thing. They're getting Independent Research and Development (IRAD) money to study new engineering applications, and the conferences they're going to are the same conferences that the engineers at the competition are going to, so there are a lot of ways to network and find people who are doing that.

But you would be amazed at how knowledgeable folks are, particularly folks who aren't always asked for input. Certainly everybody has a really important job in your company, otherwise they wouldn't be there, and they have knowledge, and it's like uncapping something that's been waiting to burst. People get so happy that you're interested in what they know. Nothing makes me happier than to know down the line that that person's business intelligence or knowledge of the marketplace made a huge difference in our final decision making, and in connecting those dots. I really get excited about that.

You've talked about your internal network, which is very important. Do you also have an extensive Rolodex of external experts, such as industry analysts and magazine editors, whom you've hooked up with through your years of experience in going to trade shows, reading, and so on?

Not as much as you would expect. I tend to concentrate more on my internal connections, because they're so vast. That may sound way off-base, because I'm trying to project an external view of the world when I am primarily talking to internal people. Don't get me wrong; I do have external sources, but I have to be careful about contacting them. You have the unintentional opportunity to give away information that you don't want to give away. I've really cultivated my internal organizations, and I use the folks that know the external sources.

How do you weigh or balance the Internet with the for-fee database services in your workflow and research?

That's a constant challenge because the marketplace and resource capabilities are always changing. Sources are not always improving; when the dot-coms blew up, a lot of the services that were offered for free went away. There are huge differences, obviously, between the for-fee data services and the free Internet services. The Internet is cheaper but you could argue whether it is easier to use, and the data is not as reliable or accurate. Sometimes you get excited when you find something on the Internet, and it might be really misleading. But people in the CI profession are aware of getting information that is rumor or may not be accurate, and filtering it.

A very important point is that there are so many databases and sources of data out there that you really need to utilize your specialized business research or information specialist or librarian with a science degree. However your company describes that position, those folks are specialized even to the point that one might be best at accessing technical journals, another one might be really good at wading through DialogSelect, and yet another might be good at looking at LexisNexis [56]. There's really no one person that has all the answers, so the more you can identify the specialties that people have and use them, the better.

How do you cope when you are in the middle of a search and just not finding what you want or what you believe exists?

I have a couple of answers to that. One is that I expand my networking net, and pull more people into the search. Another is that I go back to the researcher and we work on our search words again. The search words may have been too broad-based, or too narrowly focused. Maybe we were a bit off the mark on what we were actually searching for. If I'm really in trouble, I will sometimes go back and reread some of the early research data to see what I might have missed.

It sounds like your secondary and primary research get quite intertwined; it's not a simple case of doing one before the other. Can you tell me a bit more about the process you go through after your research to provide the intelligence that you need to deliver?

Actually, that is an interesting point. I don't ever consider the secondary research really "done." If I had to make a process flow chart on how we do the work, certainly the secondary research would be a large activity at a certain point in the process. But then I would show that, over time, we still go back and collect more information, one obvious reason being that every day more articles are being published and made available in those databases that we want to look at.

But more importantly, the process is like a feedback loop that you keep going through over and over again. For example, you might get intel from an industry paper and then get intel from a primary person who knows something in an industry, and then see another article that by itself looks kind of bland, but there's a sentence or two in that article that, when you hook them up with the other two data points, supports a new direction that your competition is considering, that you wouldn't have gotten before. For example, let's say I'm trying to figure out what technology my competition, a software company, is going to use. If they have a teammate on board that specializes in *X*, or a teammate that always goes one way vs. the other, then that can be a piece of intelligence. If there's a new technology that no one's using yet, and you think maybe they would consider it because of their background and history, or if you find out that a commercial software company is trumpeting your competitor as being a beta test user, that's pure marketing to most people, but what it tells the intelligence guy is, oh, they're using that software, they only have so many engineers, and their engineers will be focused on the important pieces they really need.

It sounds as if you do many of the steps in the traditional Porter [163] process all by yourself. I know you have help with the research side, but it sounds like all other stages are performed in your department and not shared among others. Is that true, or do you perform a certain portion of the process and then turn it over to another department?

No, we're kind of self-sufficient. I'm the senior analyst CI individual for my location. I do depend on specialists in the company that support me in my position, such as the strategic planning guys and communications experts. You can't do everything yourself, and you need to use those sources of filtered information to perform the analysis. Their work allows me more time to take that data and formulate it into actionable information that the executive team can use. I rely on the folks that I work with on almost a weekly basis; those are the researchers, strategic planners, administrative colleagues who collect and distribute the weekly or daily industry-related articles, and all the other CI people. Then there are the other groups that are my primary research inputs, like program managers and business development folks. My experience in working with other CI folks is that they try to do too much themselves instead of depending on others who already do subsets of this type of work. There is no reason to have, and one shouldn't have, any duplication of effort.

Do you have a standard model or template that you use in order to organize your research results, or do you find that everything's pretty much custom-made?

We definitely have standard models and templates, because they give you a repeatable process that permits continual improvement. We find it also builds confidence in the organization regarding your outputs and your conclusions. The reason you have these templates, models, and things of that nature is that they feed your presentation. In order for your CI to be actionable, you have to get it in front of the executive team. That means you have a very short time to be effective. The more succinct and consistent your data formatting, the quicker the executives can absorb the results presentation and make decisions. That, then, reinforces the value of the CI professional. So it's a win-win for everybody.

What road map would you present to a researcher who is newly assigned to the CI function?

I'd suggest starting with some keywords, identifying the competitors and the companies that are on their team. We'll ask for information on business size, location, and expertise. We look at who the decision makers are, and what the management team looks like. We search press releases and statements that the decision makers have made on the strategic direction of the company. I also clue the researchers in on the specific tactical proposal. We look at the number of contracts the company has and has had with the specific customer who has requested the proposal, for example, the Air Force/SMC (Space and Missile Systems Center) or Army/STRICOM (Simulation, Training, and Instrumentation Command). If we find out that this smaller company gets 60 percent of its revenue from this particular customer, that tells me a lot. After the learning curve, it's time to go out and talk to PR, the marketing guys, strategic development, and really every single department, conducting interviews to find out what they know about the competition and the customer.

You mentioned that you use some standardized templates to help you provide predictable products and be consistent in your

presentation. Can you share the types of results you feel are essential to report, and which you make sure are contained in each report you deliver?

A typical list of section headers or key topics in our reports would include competitor's bid price, competitor's technical solution, competitor's bid strategies, competitor's discriminators/strengths/weaknesses, customer's evaluation criteria, score of LM vs. competitor using customer's evaluation criteria, competitor's business relationships with other companies or with the customer, competitor's teammates and their capabilities, recommended actions on our price, our bid strategy, our technical solution, our proposal improvements, and our teammate selection.

Keep in mind this list is not just raw data or information but reflects analysis that was based on the information collected. Be careful and do not get caught up producing competitive intelligence newsletters or competitive analysis databases that are nothing but data holders for raw information. Otherwise, you become more of an administrator, filling those databases or writing those newsletters, when you should be analyzing the data and making presentations that cause your executive teams to take action. It's easier said than done. Knowledge of company financials has little impact. What's more important are what the competitor's discriminators are, what our discriminators are, and how they compare. And if it becomes ho-hummish, you're not getting down to the nitty-gritty. I want specific examples of discriminators that they have that we don't have, and I want to be able to tell our executive team what those are. If we were a car manufacturer, every competitor could say they make a great car. What I want to know is do they have a feature I don't have—like a map system that hooks up to the Internet?

Perhaps the competitor knows the customer better than any of us. Since they've done a lot of work for them, they may have unique insights that we don't have. At SCIP conferences, people often refer to blind spots—you don't know what you don't know. When you're bidding on a proposal, it's very binary; you win or you lose. When we start to peel back the onion and look at the lessons and insights, we'll notice that we didn't understand what the customer wanted, or we weren't the only ones that listened to the customer and gave them what they asked for. It's philosophical almost, how organizations learn and improve.

Throughout the intelligence process, what percentage of your time do you allocate to the secondary research, primary research, analyzing results, and report writing and presentation?

I can be short and sweet on that. I estimate that I spend about 20 percent of my time on secondary, 30 percent on primary, and 50 percent or more is results analysis and communicating my results to the executive team. And, as I stated earlier, the more analysis, the more actionable the information is, and therefore the more valuable.

What software products have you found valuable for Web monitoring or alerts? Do you use any software packages for post-research processing or analysis?

We haven't really found any good CI software products that fit correctly into our process or that are economical. We tend to stick to general software, such as Excel [209] spreadsheets for financials. We use a simple home-grown database of very specific competitive information and process metrics to keep track of how we improve our CI process. We don't have a huge, elaborate database of CI data because there exist searchable databases like DialogSelect that put large quantities of competitive data at your fingertips. We've dabbled in Web-tracking products, but haven't found any homerun products out there. DialogSelect is one commercial headline alert service that we have found useful. However, most alert services are too expensive for multiple users; I'm still looking for an alert service that is less than $500 per person per year. We have found alert services through government agencies, proposal companies, and by digging around. Some of the ones we use are Fed Sources' FSI State & Local Headline News, Defense Systems Daily Headlines [114], and VTC Media Availability [192] from DOD. Many Fortune 500 companies have access to free email alert services from investment analysts that you can sign up for.

What was your largest coup?

I have a few, but the biggest success is the Joint Strike Fighter Program that we just recently won. It's valued at over $200 billion, and my work—including pricing strategy, working out what the avionics solution was going to be for our competition, and things like operations support costs—had significant impact. CI was really critical in helping us win there, and it was an honor just to be selected to work on that program.

I also helped win a program called CVN77, a big aircraft carrier electronics integration job, and, when I first started, back in '91, '92, a half-billion program called CCTT—close combat tactical trainer, a simulation modeling trainer for a tank. It's very satisfying to make a significant impact on winning programs, particularly those that developed into new business areas.

Have you ever had a nightmare project or a significant "lesson learned?"

Winning is great but losing is a nightmare, particularly when you first hear you lost a program. Because I'm very analytical and do self-analysis to improve the process, I immediately ask myself, why did we lose, was it something that I did, or something that I missed, something I could have done better? Even though you understand that you can't win 'em all, when you're working on a contract that means the livelihood of 500 families that work for your company, winning vs. losing is intense and stressful. Lessons learned are extremely important, and the one bright spot, the silver lining in that cloud, is that usually you learn the most when you lose. The trick is to take those lessons learned and apply them to the next bid.

How do you stay current and confident with your strategies and resources?

That's pretty easy; I think the biggest reason is that I do CI full time. As such, my sole job responsibility and focus is competitive intelligence and customer intelligence. That, almost in itself, keeps me up-to-date. It's the stuff that people don't know that's harder to find—connecting disparate pieces of information, connecting the dots. I'm always networking with my fellow competitive intelligence colleagues. This may seem like apple pie and motherhood—but I cultivate a culture within my organization so that colleagues think about me when they come up with competitive intelligence. It's really incredibly invigorating to see people start to behave and do things with intelligence in their mindset.

Another way I keep informed is through my membership in SCIP, the Society of Competitive Intelligence Professionals. I also attend industry-specific conferences, such as software products and systems, and related conferences in areas that we need to learn more about. My engineers are usually keen on going to those, but in addition to them collecting brochures and being aware of what goes on, I find it critical that a CI person attend, someone who understands the environment, competition, and technical issues. They are more focused and aware, and therefore tend to gather and absorb the necessary intelligence that their business requires internally.

What skill set and/or education do you feel an individual needs to be successful in performing competitive intelligence?

I like the words "skill set" because if I say just "education," that might scare people away. You do have to be a jack-of-all-trades to a certain extent, but the ideal background is someone who has a good financial background—who's good with numbers—and also has a technical background, capability, or understanding. You could say that, as long as someone likes to absorb information and learn, no matter what the subject is, that's a great person to have. You need someone who isn't afraid to learn things, who isn't afraid to make mistakes. Communication skills are extremely important, because if I'm really going to get intel from all organizations, then I need to relate with almost every kind of personality in the world. And one definitely needs presentation, analytical, and trend analysis skills to make the information actionable and therefore intelligence. You've got to have a thick skin, because you're going to make mistakes, get slapped around a bit, and be criticized. Buck up, accept criticism, and think of it as a self-improvement cycle, because that's what it is.

Speaking of criticism, what do you see as downsides to being a CI professional?

The worst is getting a late start, when the team gets you involved later in the process than they really should, which means you have less time to impact their decision. Once someone makes a decision, particularly at a high level, they're going to have less propensity to want to change it. This is because they've already communicated to a large organization, or to certain other key people, the decision they've made, and it's hard to change those positions.

What do you enjoy most about this profession?

Winning! If you don't win, then what keeps you going is wanting to win the next one. In my business, it's really hard as a CI professional to lose the first couple. But if you have a lower win rate at first, that's okay, because you're coming up the curve, no doubt. Another fun aspect is the complexity of the job at hand. Each one represents a great challenge that tests you every day. I am never bored.

Super Searcher Power Tips

- Other departments can provide even more intelligence on what the competition is doing than business development or marketing and sales. Don't overlook program management, procurement, communications, and engineering.

- Do not get caught up producing competitive intelligence newsletters or databases that are nothing but data holders for raw information. Otherwise, you become more of an administrator, when you should be analyzing the data and making presentations that allow your executive teams to take action.

- I want specific examples of discriminators that our competitor has that we don't have, and I want to be able to tell our executive team what those are. If we were a car manufacturer, what I'd want to know is do they have a feature we don't have—like a map system that hooks up to the Internet?

- I spend about 20 percent of my time on secondary research, 30 percent on primary, and 50 percent or more on results analysis and communicating my results to the executive team. The more analysis, the more actionable the information is, and therefore the more valuable.

- Integrate the analyst with the researchers. I have a weekly meeting with my researchers even when I don't need them to work with me. They just listen to current issues, which allows them to understand my job better. Later, when things get hot in a particular area, the researchers are one step ahead of me.

- Always ask if your work is actionable and not just nice to know. You need to have actionable data. It's the intelligence that is unique and value-added.

- When you see a trend that's supported by data but still fragmented, trust your instincts and draw a conclusion; be gutsy. If you wait till everything is in line, then it's too late, because everybody in the world will know it by then and it's no longer intelligence, it's just data.