Chapter 2

Anticipatory Standards Development and Competitive Intelligence

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ABSTRACT

More and more companies operate today in a worldwide market under conditions of globalization, increased complexity, and competition. In such an environment, business decisions need to be made quickly yet intelligent, substantiated by the most salient and relevant information available. Under the global competition, with a diligent and measured manner, many companies are increasingly treating business like an economic war. Enterprises are methodically monitoring and investigating their competitors, while deploying all the resources they have at their disposal in order to beat their current or future rivals. Competitive Intelligence (CI) has become the ‘latest weapon in the world war of economics’. This paper contributes to the growing body of literature on competitive intelligence by synthesizing knowledge stemming from many years of experience in the standardization arena. The authors aim to show how, in the economic war, engaging in committee-based standards development may be used for winning the competition battle.

DOI: 10.4018/978-1-4666-2650-8.ch002
INTRODUCTION

*Standardization is one of the best sources of competitive intelligence available. (Purcell, 2007)*

Competitive intelligence (CI) is “the process of ethically collecting, analyzing and disseminating accurate, relevant, specific, timely, foresighted and actionable intelligence regarding the implications of the business environment, competitors and the organization itself”. CI is an emerging discipline, which has only become increasingly important in the business arena since the early 1980s, notably following the publication of Michael Porter (1980) on the technique of competitive intelligence to analyze industries and competitors (Du Toit, 2003, p. 113).

In the contemporary changing global political and social environment, with the increasing pace of business, increased global competition, and rapid technological changes, the growing number of companies are treating business like an economic war: “with ever-increasing vehemence, … enterprises are methodically monitoring and investigating their competitors, while deploying all the resources they have at their disposal in order to beat their current or future rivals” (Du Toit, 2003, p. 113). While it is argued that CI has become the “latest weapon in the world war of economics” (Kahaner, 1996, p. 25), in this paper we will argue that it is rather standardization than competitive intelligence, which deserves the title of a “weapon”. Competitive intelligence, as the term unambiguously suggests, is first and foremost the process of intelligence, i.e., inward-oriented process of gathering information for making strategy decisions. Standardization, on the other hand, utilizes the CI processes to develop products or services to be offered to the market. Thus, standardization gives a company the possibility to change the way the competitors “fight” in the market, where the “standardizer”2 keeps the control on the market development trajectories.

Akin to competitive intelligence, standardization has only recently begun receiving wide attention in business affairs. Yet it has already become a cornerstone issue for companies engaged in virtually any business operation, from new products or processes design (King et al., 1994), to responding to customer requirements (Fomin, King, Lyytinen, & McGann, 2005, p.569), to outsourcing or devising globalization strategies (Lovelock & Yip, 1996; Swaminathan, 2001).

While the role of existing standards in the global markets received substantial attention among scholars (Farrell & Saloner, 1985; Funk, 2002), to this date, with few notable exceptions (de Vries, 1999; Mattli, 2001) hardly any systematic studies exists to guide company’s involvement in the process of developing formal or consortia standard, i.e., *anticipatory standardization process*. Anticipatory standards define future capabilities of products or services *ex ante* in contrast to *ex post* standardizing existing practices or capabilities through de facto standardization in the market. The lack of scholarly attention to anticipatory standards development may be attributed to the fact that this subject matter isn’t granted its own theory. Another reason may be in the complex organizational nature of the international standardization arena, which entails innovation system, market place, and regulatory regime (Lyytinen & King, 2002, p. 98).

In this paper we wish to contribute to the growing body of knowledge in two distinct, yet intricately linked domains – these of competitive intelligence and standardization. As science often progresses from a practical knowledge of how to do something, to a deeper knowledge of why this something works the way it does (Stokes, 1997), our contribution draws on years of personal experience of the first author in the field of standardization. This paper contributes to empirical domain of knowledge by explaining how company’s competitive intelligence practice can utilize specific tasks of standardization process.
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