

**GOAL DEFINITION AND PERFORMANCE INDICATORS IN SOFT PROJECTS: BUILDING A
COMPETITIVE INTELLIGENCE SYSTEM (CIS)**

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INTRODUCTION

This paper describes a "soft" project: the setting up of a competitive intelligence system (CIS) in an agency of government. This case serves to illustrate:

1. how project management methods can be successfully applied to situations where the objectives are, at the outset, relatively unclear
2. how success requirements were determined and subsequently used to keep the project on track and how, even in nebulous areas such as "managerial technology," such indicators can be selected and applied
3. how performance indicators need to be tackled early on for purposes of control and, more importantly, for sharpening the planning and implementation processes.

After describing the context of the project, we review the project itself. The conclusion draws some lessons on the specifics of managing soft projects.

THE CONTEXT AND THE PROJECT

The government agency where the project took place is concerned with tourism; its mandate is similar to other governmental tourism bodies throughout the world, that is, marketing and promotion, assistance to private sector industries related to tourism (grants, technical support, standards, etc.). The organization is structured into three divisions: marketing, product development and research, and policy (including most data collection and analysis). The rivalry between divisions is relatively high, and coordination requires substantial resources.

The competitive intelligence system project idea flowed from a complete review and strategic reorientation launched in 1984. This reorientation called for a clearer role definition and a more commercially aggressive stance for the organization (i.e., concentrate all efforts first on expanding Canadian exports, limit its domestic role to helping a small set of Canadian destinations compete directly with foreign destinations).

In this context, the need was felt by management for a competitive intelligence system to generate high quality information for itself and the various line managers.

As with all such systems, this CIS was to inform management about the actions and the intentions of Canada's chief

competitors for tourist dollars in markets identified as among the most promising (e.g., Pacific Rim countries). This intelligence was to focus on other countries' marketing strategies and on trends in new tourist products. When arrayed against information on the evolving state of Canadian attractions, such intelligence was intended to provide 1) a continual monitoring of how Canadian destinations were likely to fare in the competition for tourist dollars, and 2) early identification of threats and opportunities in this sector.

Initial Goals, Assumptions and Structures

In its original formulation, the goal of the project was: "to have in place, fully operational, within two years a complete CIS which would be at least as good as the best ones existing in the private sector."

The first project plan, described below, made the following assumptions, albeit implicitly:

1. A clear set of rules or a dominant model for setting up and successfully running a CIS existed in large corporations.
2. This "proven technology" could be imported without extensive modification.
3. The key feature of a CIS was the collection, storage, and retrieval of information (i.e., the core of the project consists of designing and setting up this "machinery").
4. A CIS was basically an outgrowth of the research data collection function (i.e., line managers and top management were its relatively passive consumers rather than active participants/producers).

The project management structure was under the responsibility of the head of research and planning. Two teams were set up, one internal to the organization, the other made up of consultants. As indicated in Table A, the internal team was to proceed immediately with reorganizing the data gathering and analysis functions (from the library to EDP). As well as laying the groundwork for the system, the internal team was also given the task of preaching the new gospel to the rest of the organization.

The external team was responsible for the overall design of the system, for ensuring that it met the quality and completeness standard of "best business practices" in the field, for defining the final implementation strategy, and

for providing technical assistance during the last implementation phases, at which time it would merge with the internal team. The very existence of an external team was seen as an expression of top management's commitment to the project: this team was totally insulated from "crises" and emergencies.

The coordination structure was both simple and rigid: at least every other week, the two teams would meet to assess progress and report to the overall project coordinator.

The key feature of this project structure was that implementation and planning were, in practice, to proceed simultaneously. For insurance, the

internal team would busy itself with reorganizing the library, part of the EDP and research function, and with pre-marketing potential CIS clients, while the external team was working on refining knowledge of the exact structure of private CIS to be borrowed, establishing performance criteria (project and system), and designing the system's implementation primarily for participants (functions) other than those reached by the internal team. The success of the project itself was predicated on 1) rigorous determination of the CIS features to be copied, 2) precision in formulating instructions to personnel, 3) good choice of computers, and 4) fast and efficient training/recruitment.

TABLE A
INITIAL PROJECT STRUCTURE AND TASKS (SUMMARY)

	(Periods: 2 weeks)	1	2	3	4	5	6	7	8	9	10
<u>INTERNAL TEAM</u>											
1. PLANNING AND CONCEPTION											
- Canvas Potential clients (int. and ext.)											
- Format info for circulation											
etc.											
2. IMPLEMENTATION											
- Focus library acquisitions											
- Storage and circulation											
- Change EDP (qualitative info)											
- Train personnel, procedures											
etc											
<u>EXTERNAL TEAM</u>											
1. PLANNING AND CONCEPTION											
- Establish "best business practices"											
- Design adapted CIS											
- Design transfer mechanism											
etc.											
2. IMPLEMENTATION											
- Technical Advice											

On the Brink of Disaster

Within a matter of weeks it became obvious that the project was heading for serious trouble if its structure and purposes were not modified. The assumed clarity of

goals, as summarized above in four assumptions, evaporated as soon as they were confronted with reality. Serious organizational resistance was encountered in all implementation aspects: unrealistic budgetary requests; demands for highly

detailed instructions (not forthcoming) on what to collect, how, and why; drift into turf battles ("Research power grab has to be resisted."); apparent lack of interest from potential CIS clients, both internal and external; etc.

The situation was no better within the external team. The "easy" job of establishing the fine points of what constituted a good private CIS proved quite difficult. Getting on with the "real" job of designing its integration into the organization was consequently stalled. Contrary to initial expectations, no single dominant private sector model of a CIS existed. Indeed a bewildering array of techniques, managerial practices, and structures existed, all loosely termed "CIS."

The project had clearly been underplanned. The goal, which in fact was a rather delicate change in a strategic management process, had been treated as if it were the purchase and installation of a well-known machine. The hasty partial implementation attempts had forgotten that "building blocks" cannot be put together before consensus is reached on plans for the whole structure. Even more importantly, the realization had come too late that a CIS constituted not only an addition to the organization, but also a change in its *modus operandi*. Competitive intelligence systems (CIS) were differently organized in various companies essentially because, wherever they had been successful, they had become embedded into existing strategic decision processes and so had been moulded by a particular company's culture and environment.

Consequently, the management of the project had to be guided as much by determinants for successfully effecting organizational changes as by technical indicators. In practice, to be successful as a project, the setting up of a CIS had to:

1. meet needs felt at lower levels (specially those of middle line management)
2. be designed for and perceived as allowing improvement in job performance with the appropriate rewards
3. be inspired by "best business practices" (to give it legitimacy), and fit into the organization's culture and mandate (congruence)
4. be part "owned" by the people who would have to run and use it; that is, they must have a say in its design and implementation.

The Project: Second Wind and Preliminary Results

The above considerations for a successful project led to a drastic reorganization in terms of goals, progress (success) indicators, and distribution of tasks.

Deadlines and budget were only slightly modified, since the problems had been detected early.

Briefly, the revamped project focused on:

1. Distinguishing those best business practices which were essential to implement within the organization (external team)
2. Defining options for the rest of the system, specifically, practices which might be useful but were not essential; the basis for selecting these options was to be their "fit" within the organization (external team).
3. As the work progressed on those two aspects, the internal team was to float the various options, obtain informal reactions to the fit between them and the interested parties within the organization, and transmit feedback to the other project team.
4. The partial implementation measures envisaged at the outset were dropped.

First and foremost, in terms of goal definition, a classification of "best business practices" emerged, clearly separating the necessary characteristics of a CIS from those which were really options (see table). The criterion used for this classification was simple: Only practices which were observed in all or virtually all companies running successful CIS, despite variations in company size, business environment, and industry, were considered to be compulsory features of a CIS. The criteria were equally straightforward for deciding whether a CIS was successful: survival for more than five years and top management satisfaction with it.

This table confirms the wisdom of postponing the partial "technical" implementation. Indeed, it is on those very "technical" characteristics that clear "best business practices" did not exist; "best" was simply what was most convenient to a particular organization. For instance, the choice between specialized information gathering personnel and information collection by line personnel or between computerized and manual systems proved to be discretionary, instead of necessary, features of a good CIS.

No less important results were that in virtually all observed instances:

1. The key element in a successful CIS was that rather ill-defined step called analysis, i.e., the crucial link in the system was the quality of the analysis of the information not, as was believed at the outset, the collection stage. This confirmed the key role of line involvement as a requirement for success.

TABLE B
NECESSARY VS DISCRETIONARY PRACTICES IN SUCCESSFUL PRIVATE CIS

	1	2	3	4	5	6
PRACTICES:	Specialized Staff Collects	Collection: for line staff	Computerized system	Qualitative information	Sources	Use of outside commercial services
1. Uniform across organizations ("necessary")		X		X		
2. Varies according to circumstances ("discretionary")	X		X		X	X

	7	8	9	10	11	12
PRACTICES:	Divisional location Collects	Single leader (accountability)	Line managers dominate analysis	Standard format for dissemination	Integration (collection and analysis)	Much resources in focusing info collection (mini-projects)
1. Uniform across organizations ("necessary")		X	X			X
2. Varies according to circumstances ("discretionary")	X			X	X	

2. To keep costs under tight control in information gathering and to minimize the risks of flooding the organization with papers and meetings, the dominant requirement was that the quest for information be very carefully targeted. This meant that small-scale competitive assessments had to be conducted to define the identity of competitors and the threats and opportunities they represented; that is to say the system involves a series of mini-projects. This requirement for what otherwise would be an ongoing activity provided the most practical avenue for building feedback mechanisms right into the CIS. For instance, the users (line and top management) would be involved in requesting such assessments and line personnel in providing them.

IMPLEMENTATION

The original intent, at least implicitly, had been to proceed in standard mechanical fashion according to the following sequence: define techniques, explain them to selected personnel (training), review budgets and make adjustments, assign tasks and responsibilities, and introduce control a few months later. Given the now more precise goals and awareness of key organizational behavioural constraints, the sequence and the approach had to be altered. The following sequence emerged:

1. Formulate and present options to the management team (costs, structures) both for the ultimate design of a CIS adapted to the organization and for the implementation strategy.

2. Test the feasibility of the options selected on personnel involved and adjust accordingly (involves extensive information dissemination).

3. Provide support services and follow-up mechanisms for the people initially involved in the CIS.

In practice, the implementation was quite different from what had been envisaged: The approach selected relied on imitation and competition inside the organization via a series of mini-projects carried out by small teams of volunteers drawn from all three divisions within the organization. Essentially to ensure relevant collection and analysis of information, in a setting where employees had no direct commercial contact with tourists, it was decided to keep specialized CIS staff to a minimum. The bulk of the work would be done by line personnel, involving the three divisions. This choice meant that feedback and integration would be maximized.

The implementation consisted essentially of providing guidelines, money and technical support, and an evaluation framework for these mini-projects. For instance, the following was communicated to the staff.

1. CIS was a high priority and its concrete input was needed.
2. Teams of volunteers were needed of no more than three to four people which had to include personnel from each division.

3. Each team would submit a short project proposal to the CIS team (e.g., to analyze the competition facing Canadian western ski resorts and to design and implement a cost efficient system for subsequent monitoring of this segment); they would assume the responsibility-initially at least-for running this monitoring system.
4. Within one week management would select a few proposals/teams and negotiate budgets, rewards (trips, good evaluations, etc.), deadlines (no longer than three months), time allocation with respect to "normal" line duties, and the amount of support required from the original external and internal teams.
5. At least two other rounds of such mini-projects would be called for, each time with more precise criteria for selecting and judging the success of the mini-projects. For instance, after the results of the first round were in, a primitive standardized format for circulating the intelligence (i.e., preliminary diagnosis of threats and opportunities on the basis of information gathered) to line managers and for allowing them to provide feedback both in terms of additional information needed and of their judgment of the reliability of the intelligence provided was developed.
6. By the end of the first year the entire CIS was to be in place; i.e., it should spread like wildfire, hopefully.

This implementation strategy provided:

1. Solid control of costs, since each mini-project was controlled separately
2. A sense of "ownership" throughout the organization of the CIS by various individuals whose diligence and commitment could not be commanded but who would respond favourably to incentives, competition, and technical support.
3. A gradual transition from what some had seen as a power grab by one division under the guise of a "newfangled system" to a standard operating procedure for deciding what information to use (and how) in the normal course of managerial decision-making.

The project was a success insofar as the CIS became a reality, gained acceptance, and met the basic criteria of adapting proven private-sector techniques and exhibiting good control of costs and deadlines - by the standards of organizational changes. The ultimate success of the new CIS belongs to the elusive realm of "improved management strategy and tactics." It will not be possible to ascertain its impact for a number of years.

CONCLUSION: THE LESSONS

1. First and foremost, this experiment showed how useful a systematic project management framework can be even in relatively unstructured situations. For instance, the original intent of management could have been carried out by decree: change in unit and job descriptions, purchases of new data gathering and processing equipment, etc. Those moves would have been costly and would have required very extensive (and protracted) changes and soul searching within the newly established structures and responsibilities. The attendant risks of low morale and of line managers dismissing the whole idea as harebrained were very high. Furthermore, the approach allowed for early detection and use of relevant performance indicators.
2. When applying project management methods to organizational and strategic changes, the approach must devote more resources and time to what is usually termed "the planning phase." Defining in operational terms the goal of the project becomes a rather detailed first implementation step. This flexibility leads to a sequential approach to both goal definition and implementation. In most soft projects, it has to be accepted that the initial formulation of the objective cannot be much more than a general direction, that the indicators of success have to be systematically devised early on by the project team.
3. The common problems associated with project termination are exacerbated in "soft" cases. For instance, in the project reviewed above, should the end be taken as when the CIS was in place (How big does it then have to be?) or was it when it was running smoothly (How smooth?) or when it had demonstrated that the CIS could deliver what it was hoped for (i.e., better marketing and development strategies and tactics)? The difficulty in using any of these criteria led to an arbitrary definition of the end: After one year of implementation and three series of (volunteer-led) mini-projects, it was deemed to be no longer a project, but rather a normal activity.
4. "Soft" organizational change projects constitute a fascinating field for refining project management methods. Namely, research is needed to design better, more systematic paths toward goals which are progressively defined as the project unfolds.

BIBLIOGRAPHY