How to educate and develop (market intelligence) analysts?

Successful analysts generate deliverables that are being acted upon

When considering how to select, educate, train and professionally develop the strategic analysis or market intelligence[1] officer and analyst[2] of the future, the first thing that came to my mind was an aphorism minted by Stephen Covey: "*begin with the end in mind*".

When attempting to answer this essay's title question, properly defining *the end* may well be imperative prior to beginning. My first step towards an answer thus starts with a question: how to define *the end* in market intelligence?

The desired end state in market intelligence for the purpose of answering our question is defined as:

"*Market intelligence is to significantly contribute to the successful definition and execution of a company's*[3] *strategy"*

For market intelligence deliverables to contribute in this way, the first requirement the deliverables need to meet is that they must be used by decision-makers. The latter are being defined as the principals of the market intelligence work that themselves operate outside the intelligence community.

When is market intelligence work being acted upon? In my experience, when the work is of convincing quality in at least two dimensions. Excellence is required both in content and in persuasiveness of delivery. This reasoning allows us to draw an interim conclusion. The analyst of the future needs to be selected, educated, trained and professionally developed both to deliver work of great content as well as of strong persuasiveness towards the relevant decision-makers. So far, this is nothing new. The requirement to deliver great content in a persuasive manner is timeless. The addictive beauty of market intelligence work is hidden in a single word: it is about the future. What analyst can meet this requirement in the future? For this, we need to look forward.

Intelligence permanently updates a company's market environment map

Prior to diving into what the future may look like, it has a merit to briefly review the role of intelligence. A simple equation[4] may be helpful:

Threat[5] = Competency + Intent + Surprise

In this equation, threat is analyzed in terms of how a competitor may hurt a company's interests. **Competencies** are defined as the competitor's (in-) tangible assets. Think of number and size of competitor factories or brands they own. The **intent** is to summarize the objective of the competitor's leadership. What plans do they *really* have to grow their business, given the assets they control today and may have access to tomorrow?

The term **surprise** indicates the power of surprise a competitor may use. What competitor surprises could our market intelligence analysts imagine *and* convince our company's leadership to prepare for, *before* they materialize? This equation not only holds true for a single competitor but may also be applied to markets, suppliers, countries et cetera. A market intelligence function concurrently solves multiple threat equations at any one time. I believe this to be the core role of market intelligence in corporate strategy design and execution. Market intelligence is to monitor and forecast all threats a company may face by adding up all relevant threat equations. In so doing, market intelligence builds a holistic and permanently actualized picture of the market environment. This picture metaphorically serves as a map for decision-makers to real-time navigate in the market environment and where needed to change course. In so doing, market intelligence is fully integrated in a business planning cycle like the plan-do-check-act loop. Given this role, a successful analyst not only permanently updates the map but also ensures the corporate ship is navigated based on this latest map. It is great to have an actual map; it is better to use it.

In summary, I see two key requirements for the analyst of the future: he knows how the relevant market environment looks in the future and he knows how to persuade the future executive to integrate his market intelligence deliverables as input in her decision-making.

The future may be unpredictable, but people do not change

In this section we are moving back to the future. We face two questions. The first question is: what do we anticipate the future market environment to look like? The second question concerns the professional needs of the future decision-maker. These questions are interlinked. Answering the question what the future market environment for a business will look like will by implication lead to attributes that a successful business leader will need. These attributes will thus determine how she is best served her market intelligence needs.

I feel tempted to describe the generic future market environment. Words like rapidly changing, globally connected and volatile come to my mind. These terms, however, may look wise but are neither actionable nor specific enough for the individual company to be useful. Moreover: I am an analyst not a futurologist. Suffice it to say that the successful analyst of the future needs to offer foresight on the future market environment *regardless of what future emerges*.

Similarly, the successful analyst of the future needs to serve and persuade the future decision-maker *regardless of who she happens to be*. The latter analyst' task may well be easier than the task to forecast the future market environment. Different market environments may bring different leaders to executive positions, but people as such do not fundamentally change. Basic human psychological needs like recognition, association or power are not affected by changing currency exchange rates or shifting economic and political power. For an analyst to become persuasive, grasping the psychology of executive power is imperative, regardless of this morning's level of the Dow Jones Index.

In summary, we thus need to educate and train the analyst both for *any* future market environment that may emerge and for serving *any* decision-maker. Before starting with an analyst's education, we clearly first need to select those analysts that naturally are best suited for such future role. Let us now consider some analyst' selection criteria.

Market intelligence is a smart people's business

In my experience, market intelligence is rarely a numbers war. Throwing loads of people at a (market) intelligence puzzle is not by definition conducive to solving it rapidly and elegantly. Reginald V. Jones - head of British Scientific Intelligence during World War II – corroborates my view when he writes how an intelligence team is to be set up[6]:

> *"The size of the staffs […] should be kept as numerically small as possible, and that quality was much the most important factor"*

His counterpart in WW II British Naval Intelligence, Admiral John Godfrey even more passionately advocates the relevance of the quality of the analyst[7]:

> *"It is quite useless, and in fact dangerous to employ people of medium intelligence. Only men with first-class brains should be allowed to touch this stuff. If the right sort of people cannot be found, better keep them out altogether."*

When selecting first class market intelligence officers, what quality do I believe we need to look for? In line with common human resource practices, I distinguish functional and behavioral competences. A critical functional competence in selecting an analyst I believe is intellect. Being smart, however, is not enough. When selecting an analyst, I also look for research skills, knowledge of business administration, language skills and increasingly for consultancy skills. An analyst that has no feel how to connect to a decision-maker may be highly useful in a team, but the smaller the team, the more every team member must able to act independently. An analyst needs to be thinking on his feet, i.e. being always prepared, even when he unexpectedly happens to share the elevator with their decision-maker customer. In job interviews I ask candidate analysts their elevator pitch. The candidate better must score an instant sell to stay in the recruitment process.

In behavioral competences, I think of qualities like curiosity, frustration tolerance, persuasiveness, humility, perseverance, courage, discreetness and innovativeness. There are two more distinctive qualities in a candidate I look for. The first is the degree of xenocentric thinking that the candidate demonstrates. In analysis, putting the other party central is critical when aiming to understand their current steps and predicting their next steps.

The final required quality is the candidate's passion for market intelligence work – embracing the puzzle game as a mean to have a rewarding career. I intentionally write career, not job. Market intelligence is one of these crafts where experience matters more than proportionally. In market intelligence the 10,000-hour rule certainly applies: no mastery without extensive practice. For as long as artificial intelligence cannot replace analysts, we need to select analysts that are willing to dedicate their lives to the cause. In return an analyst should not only be entitled to an intellectually rewarding profession but also to a decent financial package.

The best employers have developed a dual career ladder, where becoming a thought leader is equally conducive to receiving higher job grades as becoming a leader of ever larger numbers of staff. There is a catch though. I try to avoid selecting Mammon's mercenaries. If your pay matters more than your puzzle, try Wall Street.

Educate and train to doubt, not to know

There is a critical difference between chess and cheese. In chess, rules are fixed, and adversaries change. In the cheese business, rules – paradigms if you wish – are fluid and adversaries tend to remain the same. Even when today's paradigm is that cheese is mainly sold through supermarkets, tomorrow's rule may be that it is sold through e-commerce. As a cheese producer, you are often still up against the same competitors, only the channel has changed. Why does this matter to how to educate[8] analysts?

If cheese would be like chess, the focus in analyst education would be on a one-off learning of business' paradigms and related functional tools. Provided we have selected the best and brightest minds as analysts, education would only require a relatively modest effort. Listening skills and reasonably regular class attendance would already take our analyst a long way.

Tools and traits to learn in market intelligence include classics like the intelligence project cycle. The cycle consists of brief reception, project definition, collection, analysis, reporting and filing and finally customer debrief. For each of the phases of the cycle, both functional and behavioral analyst skills need to be educated. Think of project management skills, of OSINT[9]- and/or HUMINT[10]-collection courses, of courses in analysis tools, in the psychology of bias and in strategy, of a course in slide writing and story-lining, of a course in consultancy skills including personal effectiveness and last but not least of a mandatory training in ethics and applicable compliance. The above list is not exhaustive and should be tailored to the job needs of the future analyst rather than the other way around.

The real effort to educate and train a future analyst would have to be spent on training by doing, with the analyst in training over time independently taking on ever more complex problems. In so doing, the analyst in training gradually builds a mental library of multidimensional intelligence problems and related solutions. In a sharp mind, problems and their solutions are unconsciously filed as patterns. The 10,000+ hour experienced analyst has an instant grasp of a complex new problem, because he intuitively recognizes the new problem as matching a mentally stored pattern. Moreover, the pattern informs him on the script that is likely to enroll for this type of problem and thus the most appropriate course of action to take. Problem solving through pattern recognition built upon experience indeed is a source of power in chess[11].

Chess, however, is not cheese. The fundamental difference may be summarized in a single word: doubt. The cheese market analyst for sure needs to take the education and training summarized above. It is imperative that all business strategy tools need to be mastered, next to market intelligence-specific skills. The 10,000-hour rule certainly applies as experience makes a proven difference[12]. That is all similar and true for chess and cheese.

There is a difference though. In contrast to the expert fire fighters and the master chess players discussed by Gary Klein, the cheese business as we know it has neither Laws of Physics nor fixed rules as its basis. The most fundamental asset that education and training may deliver a future analyst in the cheese business[13] is that single intelligence virtue: doubt.

This is where foxes and hedgehogs enter. The ancient Greek poet Archilochus has written a line that has inspired today's forecasting professionals such as Nate Silver and Philip Tetlock[14]:

> "*The fox knows many little things, but the hedgehog knows one big thing*"

Nate Silver uses this line to distinguish between poor and above-average forecasters. We already discussed above that the analyst of the future should be selected, educated and trained to be successful in *predicting* market or competitor *future* moves in *any* future, serving *any* future decision-maker.

It seems a limited stretch to apply the apparent critical behavioral skills of an above-average forecaster to a successfully educated market intelligence analyst. Nate Silver coins his poor forecasters hedgehogs:

> *"Hedgehogs […] believe in Big Ideas – in governing principles about the world that behave as though they were physical laws and undergird virtually every interaction in society"*

In cheese market intelligence, a Big Idea could be that cheese is yellow – with the analyst conveniently overlooking that white mozzarella cheese is amongst the fastest growing cheese types. Another Big Idea could be to only look for competitors in traditional sales channels.

The above-average forecasters are positioned as foxes[14]:

> *"Foxes […] believe in a plethora of little ideas and in taking a multitude of approaches toward a problem. They tend to be […] tolerant of nuance, uncertainty, complexity and dissenting opinion."*

The fox embraces her multitude of small sources and views. Doing so calms her fundamental doubt about how fast paradigms in her business over time shift. She realizes that such shifts may render her library of historically obtained patterns dangerously obsolete and by implication render her script-related historically successful courses of actions no longer adequate. That is good thinking! It raises a question though. *How* to educate and train a smart fox?

The question is whether a smart fox may result from education and training in the first place. Behavioral economist and Nobel Prize laureate Daniel Kahneman is skeptical of the role of education in topics such as this where psychology seems to matter[15]:

> "*Teaching psychology is mostly a waste of time*"

Still, the result of our efforts to select, educate, train and develop analysts remains unchanged. The future analysts need to deliver market intelligence that is to significantly contribute to the successful definition and execution of a company's strategy. We have identified that proper selection, education and training may to a large degree contribute to build that very analyst. We cannot be sure yet, whether these efforts have seeded enough doubt in the analyst's mind to embrace foxiness. The latter thus is our key attention point in us *developing* our analysts.

Developing analysts' confidence makes them radiate and receive trust
We have so far defined the role of market intelligence. Market intelligence outputs seamlessly need to integrate into decision-making processes. We subsequently reviewed the selection and curriculum of our future analysts. What is left to do? We now still need to ensure that things move beyond thinking and into execution and to ensure a well-trained analyst remains foxy. It is the market intelligence educator's and practitioner's responsibility to ensure both that the market intelligence output from all analysts – junior and senior - is indeed being fruitfully used by the corporate decision-making for whom it is intended – and that the analysts become and remain foxy.

Both educators and senior market intelligence practitioners should develop the analysts of the future to make the ultimate connection: building trust with the company's management as a catalyst and safeguard to ensure *our* market intelligence deliverables are considered critical input in *their* decision-making. We need to repeat it: market intelligence is a people's business. A decision-maker first needs to trust the analyst prior to trusting the analyst's work. I have seen foxiness contribute to credibility. More than once I witnessed management being relieved that market intelligence took a profoundly non-dogmatic, non-partisan position, highlighting pros and cons and taking multiple perspectives. Objectivity is a rare currency in top management echelons. Harvest as market intelligence staff its value and coach future analysts to do the same.

For a foxy analyst to receive trust it is critical that she first trusts herself. Senior managers tend to be equipped with a remarkable sense for discovering their advisors' uncertainty. Even when they may not say it, they may still - perhaps even unconsciously - think: if you don't trust yourself, how can I trust your judgement on this market intelligence topic?

Moreover, uncertainty is hard to mask. It reveals itself in subconscious body language, in tone-of-voice and in the very phrases used to present a market intelligence deliverable. To prevent personal uncertainty to reduce or annihilate the impact of what factually is a good market intelligence brief, developing an analyst requires to develop his self-confidence, his trust in his own judgement. This requires on-the-job coaching, praising every piece of good work and constructively suggesting improvements to less-than-perfect deliverables.

First, we aim to select well-educated talent. Once selected, we'd better offer a challenging and inspiring on-the-job and formal training and development setting. In the best companies' senior leaders are held accountable for creating a climate in which our talents for the future thrive, regardless of whether their career path leads them to people leadership or to thought leadership.

Self-confidence builds with exposure. So, let the analysts deliver their good work to higher management by themselves as soon as they are up to it. When they know they get the chance to practice senior management advisory whilst their boss will back them up and support them in the meeting where needed, they also build flying hours in executive consulting. Success and experience will breed more self-confidence. This usually leads to a virtuous development cycle.

To nurture the best connections between analyst and managements I believe starts with managing expectations at both interfaces: that of the (junior) analyst and that of senior management. Senior management needs to understand that good market intelligence work can reduce but not remove uncertainty. Analysts needs to accept that when their market intelligence output and possibly their recommendations for courses of actions are ignored by line managers it doesn't mean their work was of poor quality or even worse that rejection reflects distrust in their capabilities.

In my experience, inevitable and occasional rejection of work is easier to accept when the larger perspective is kept in mind. No matter how wonderful market intelligence is as a profession, the role of market intelligence in the greater company should not be exaggerated, not even by its most passionate practitioners. Market intelligence analysts are only those employed to analyze and predict the business environment with a truly open and doubtful mind, bringing home the key messages to senior decision-makers with a keen and emphatic view of their customer's agendas and feasible management choices.

Executives anyway know that the buck stops, when it stops, at their management table. Today's and tomorrow's best market intelligence analysts, however, ensure that very table does not stand in their company's offices.

Notes

.1. The word intelligence is used both to mean 'market intelligence' (also known as business or competitive or competitor intelligence) as well as Government intelligence (also known as strategic intelligence). The latter term, however, is less appealing to intelligence professionals in business, as the term implicitly seems to suggest intelligence in business is not strategic.

.2. For the sake of brevity, in this essay the term 'analyst' is used for the (market) intelligence professional, be it an intelligence officer, an analyst or a data scientist or another individual with an intelligence role and responsibility whose role is to serve a non-intelligence-discipline decision maker, be it a politician or a business manager or executive.

.3. As my background is exclusively in market intelligence, the word company is used throughout this essay. For those originating from a military or Government background, the word may be substituted by Armed Service (Navy, Army etc.) or by Nation respectively without fundamentally altering the storyline I have aimed to build up.

.4. Using this single equation inevitably rather narrows the scope of work in (market) intelligence. I recognize and admit that analysts may have more roles and responsibilities than covered by the threat analysis equation. As, however, the responsibilities related to the threat analysis equation need to be met in market intelligence analyst work anyway, I believe this simplification is acceptable in this essay.

.5. In security circles, this equation is known as the Threat Analysis. In business where executives prefer to look at opportunities rather than worry about threats, an identical equation is the Opportunity Analysis: Opportunity = Competency + Intent + Surprise. Here Competency, Intent and (power to) Surprise relate to the own company's market initiatives to win business, rather than to competitor's competency, intent and (power to) surprise in search of capturing our own company's business, which would be reflected by a Threat Analysis.

.6. Jones, R.V. [1978], Most secret war – British Scientific Intelligence 1939 – 1945; edition used: Penguin Books, London, 2009, p. 74.

.7. Macintyre, B. [2010], Operation Mincemeat, Bloomsbury, London p. 151.

.8. The verb 'educate' I define in this essay's context as the transfer of knowledge from an educator to a pupil, irrespective of the format of education (e-learning, class training, self-study…). The word education in this definition is a synonym of learning. The result of education is the attainment of knowledge. The verb 'train' I define as the attaining of professional capabilities (call it experience) by an analyst by practicing learned skills in real-life or fictitious work cases. An example may be helpful here: a pilot needs to be educated in physics to understand e.g. weather phenomena. She needs to train starts and landings first in a flight simulator and later in real-life practice in a test flight environment. In many courses, e.g. in the way business schools like Harvard and Insead teach, the education element is hidden in the case studies that are discussed, while implicitly a library of patterns of business problems and solutions is developed in the mind of the student.

.9. OSINT stands for Open Source Intelligence: data acquired from publicly available sources

.10. HUMINT stands for Human Intelligence: data acquired from connecting with people

.11. Klein, G. [1999], Sources of power – how people make decisions, MIT Press, Cambridge, MA.

.12. Mandel, D.R., Barnes, A. [2014], Accuracy of forecasts in strategic intelligence, Proceedings of the National Academy of Science, Vol. 111, no. 30, pp. 10984 – 10989.

.13. What applies to the cheese business probably applies to any business but for the sake of the argument of doubt I can't be 100% sure

.14. Silver, N. [2013], The signal and the noise, Penguin Books, London, pp. 52 - 54.

.15. Kahneman, D. [2011], Thinking fast and slow, Penguin books, London, p. 170.