

Outotec **CASE OUTOTEC** – **WORLD CLASS MARKET INTELLIGENCE**

Outotec is a global provider of process solutions, technologies and services for the mining and metallurgical industries. The company utilizes its experience and advanced process know-how by providing plants, equipment and services based mainly on proprietary technologies. Outotec works in close partnership with its customers and provides proven environmentally sound and energy saving solutions.

Interviewed for this case is Heikki Puustjärvi, Vice President of Business Intelligence at Outotec, on the topic of how to set up an intelligence function from scratch.

Background on Outotec

In October 2006, Outotec, previously named Outokumpu Technology and a leading international developer and provider of technologies for the mining and metallurgical industries, became listed in the Helsinki Stock Exchange. Until that time, the parent company Outokumpu Oyj had supplied its Technology division with Market Intelligence deliverables and tools. But in conjunction with the separation of the two organizations, Outotec found themselves in a situation where they needed to set up an own intelligence function to support their strategic planning and sales efforts.

“We suddenly found ourselves empty-handed with regards to Market Intelligence, being an independent company and no longer a subsidiary”, says Mr. Heikki Puustjärvi, Vice President of Business Intelligence at Outotec. “It was clear from the beginning that both our strategic planning process and operative sales efforts needed to be supported by high quality intelligence content. These two areas made up the scope of our intelligence activities at the start, and they still remain at the heart of our intelligence needs”, Puustjärvi continues.

CASE EXAMPLE

Approach

In conjunction with Outotec’s public listing, Puustjärvi was mandated by the company’s top management to set up an intelligence function from scratch.

Puustjärvi, having worked on sales development previously, was not entirely new to the intelligence field, but had approached the topic from a practical user’s perspective rather than through theoretical frameworks. He went about the project by first seeking best practices from literature and colleagues in the intelligence profession.

Since Outotec wanted tangible results quickly, the decision was made to set up an intelligence software tool in the early phases. That way, the company took a pragmatic approach and started an iterative process of “continuous improvement on the go” rather than spending lengthy time periods at the planning table before launching any concrete deliverables.

By March 2007, an intelligence process had been defined for Outotec and the organization laid out that would be producing the intelligence deliverables to support sales and strategic planning. Once the intelligence software tool had been launched to its first user groups, it was all about internally marketing the newly established intelligence function. As has been illustrated in the below graph and the related table, the entire setup phase took Outotec less than six months.

Timeline and the sequence of the setup activities of Outotec’s intelligence function



OCT-NOV 2006	DEC 2006–FEB 2007	MAR 2007	APR-MAY 2007
Needs analysis	Process planning	Technology tool	Internal marketing
	Organization	Content production	Starting the refining of intelligence procedures
	Content production		

Early Warning and Opportunity System through scenario work

Once the intelligence function was up and running at Outotec, it was time to seek still more impact from the content that was being collected and disseminated to decision makers. Outotec launched into a scenario exercise as part of the company’s management training program.

The purpose of the scenario project was to improve strategic planning at times of uncertainty, and it resulted in an Early Warning and Opportunity System that was designed to keep the identified uncertainties and trends under radar on a continuous basis.

Current situation and path forward

At the current moment, Outotec has 285 active users in its intelligence software tool. Different types of content are being delivered through the platform, such as daily market news, monthly reports, company profiles and blog monitoring.

When asked about the perceived current state of development of their intelligence operation, Heikki Puustjärvi reflects the situation against the GIA world class intelligence development framework as has been illustrated in the below graph.

Level Description	Informal MI “Firefighters”	Basic MI “Beginners”	Intermediate MI “Coordinators”	Advanced MI “Directors”	World Class MI “Futurists”
Intelligence Scope	No specific focus has been determined. Ad hoc needs drive the scope.	Limited scope, seeking quick wins. Focus typically on competitors or customers only.	Wide scope with the attempt to cover the current business environment comprehensively.	Both wide and deep scope covering not only issues of HQ interest, but also those that interest business units.	Future-oriented scope that also covers topics outside of the current micro business environment.
Intelligence Process	Reactive ad hoc process puts out fires when they emerge. Uncoordinated purchases of information.	Needs analysis made. Establishing info collection from secondary external sources. Little or no analysis involved.	Secondary info sources complemented by some primary info collection. Analysis included with still a limited scope.	Advanced market monitoring and analysis processes established. Targeted communication of output to key people.	MI integrated with key business processes and utilized in key decisions. Future oriented analysis is being conducted, and an early warning capability exists.
Intelligence Deliverables	Ad hoc deliverables quickly put together from scratch.	Regular newsletters complement ad hoc deliverables, little analytical ambitions.	Various reports and profiles emerge as new, structured MI output.	Two-way communication is increased in both producing and utilizing the MI output. The level of analysis increases.	High degree of future orientation and insight creation in the process of producing and delivering MI output. Workshops and seminars in regular use.
Intelligence Tools	Email and shared folders as the primary means for sharing and archiving information.	Corporate intranet is emerging as a central storage for intelligence deliverables. Email still in use for distribution.	Web-based MI tool established that provides access to structured MI output. Users receive email alerts about new info in the system.	Sophisticated channeling of both externally and internally produced MI content to the MI tool.	The MI tool with its functionalities supports the intelligence process, and is being used frequently for end user collaboration.
Intelligence Organization	No resources specifically dedicated to MI. Individuals conducting MI activities on a non-structured basis.	One person appointed as responsible for MI. Increasing coordination of MI work in the company. Loose relationships with external info providers.	A fully dedicated person manages MI and coordinates activities. Centralized, internally or externally resourced info collection and basic analysis activities exist.	Establishing an MI network with dedicated resources in business units. Non-core MI activities outsourced. Utilization of local primary info collection.	Integrating the internal MI organization with the outsourced arms to support key business processes. A steering group to guide MI efforts.
Intelligence Culture	No shared understanding exists of the role and benefits of systematic MI operations.	Some awareness exists of MI, but the organizational culture overall is still neutral towards MI.	MI awareness on a moderate level, sharing of info is encouraged in the organization through internal training and marketing.	People participate increasingly in producing MI content. Top mgmt voices its continuous support to MI efforts.	A strong MI culture is reflected in the way the organization shares info and acts on it. CEO is a strong supporter of MI.

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While Puustjärvi is rather satisfied with the status of Outotec’s intelligence operation with regards to its scope, organization and tools, he sees room for improvement especially on the less tangible side, in the intelligence process flow and culture. On the other hand, Puustjärvi calls for increasingly thorough and pointed analysis deliverables, which is something he wants to spend more time and effort on, going forward.

“Going forward, we are working on several elements in our intelligence operation to take the whole to the next level”, Heikki Puustjärvi describes.

“For instance, we are building a process for tapping into tacit knowledge at our sales front, while simultaneously trying to raise the level of analysis of our intelligence deliverables. Organization-wise, we will be working on improving cross-division cooperation, where the challenge is that many people in the divisions only have a small part time role in the intelligence activity, but their contribution is still expected. Finally on the technical side, we are in the process of launching a new, geographical map based tool that will be linked to our intelligence software to facilitate a more visual user interface to intelligence content.”

The need for Needs Analysis

To conclude, Puustjärvi says what many intelligence developers have noticed over the years of working in the intelligence field: “Developing the various elements of the intelligence operation, there’s one thing that one keeps coming back to, time after time, and that’s Needs Analysis.”

Indeed needs analysis is something that should be thought of as virtually belonging in between each step of the world class intelligence development framework. Intelligence needs evolve as businesses and organizations evolve, and few intelligence development plans remain unchanged from the early phases all the way to the “Futurist” levels.

Exhibit 4. GIA’s World Class Market Intelligence Framework

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Exhibit 5. A dummy for a company-specific action plan to bring its intelligence operation from the early setup stage to world class levels

