



CASE MAG – ACTIVE INTELLIGENCE COMMUNITY SUPPORTING SUCCESSFUL MARKETING AND SALES

MAG is the third largest metal cutting machine tool manufacturer in the world. The company produces machines from micro machining for medical use all the way up to 3 storey high machines for large diameter cutting and milling. Customer industries include aerospace, automotive, construction, mining, oil fields, and power generation. MAG is headquartered in New York.

Interviewed for this case article was **Noam Sahbti, Director of Intelligence and Strategic Planning** at MAG. In the article, Sahbti discusses the benefits of systematized sharing of intelligence when supporting sales, marketing and strategic decision making. An Early Warning System also plays a significant role in the MAG Competitive Intelligence operation.

From the Information Monster to the MAG Intelligence System

MAG Industrial Automation Systems today have a comprehensive intelligence system in place that supports key processes in the organization, marketing and sales included. The reality looked quite different back at the time when Noam Sahbti, Director of Intelligence and Strategic Planning at MAG, took on the challenge of changing what people frequently referred to as having an “Information Monster” in-house.

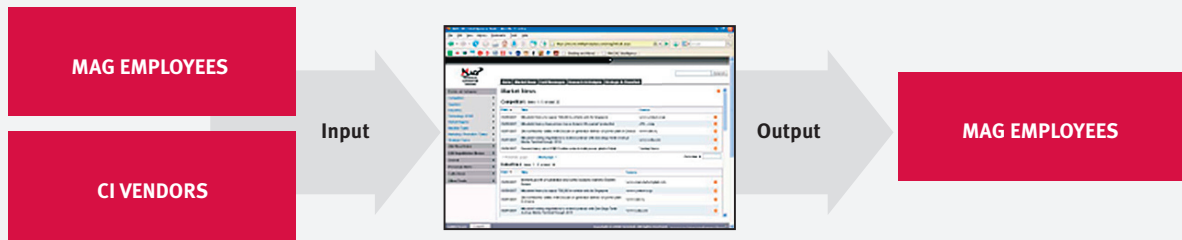
“It was quite a chaos if you think of it”, Sahbti remembers. “Information was being collected by a number of people from all kinds of sources, and it was stored on shared drives, in people’s emails, in the intranet and what not. Making sense of the ‘big picture’ was obviously a challenge, and we decided to go with a full blown intelligence system to ‘tame the monster’ if you will”, Sahbti describes.



Today, the intelligence workflow process at MAG runs smoothly, centring around the “ISS”, Information Sharing System as they call it. According to Sahbti, input is secured from a wide variety of relevant sources, and analysis is continuously being produced on topics that matter for the company. Conclusions and recommendations to senior management have a vital role in the process.

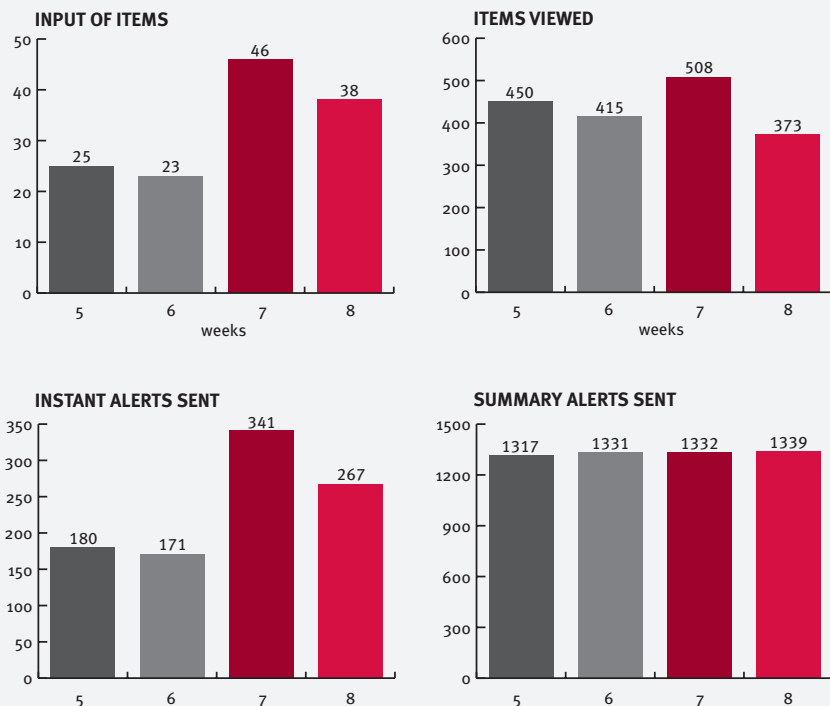
“Especially the high end analysis has been made possible in our intelligence system by us having outsourced parts of the content work”, Sahbti explains. “Us inside the company should have a lot of time to discuss the conclusions and implications of the market developments that we see around us, and outsourcing parts of the content work has been a great support there.”

INFORMATION SHARING SYSTEM (ISS)



On top of the information that is constantly being collected and processed from a variety of sources, MAG have concentrated on involving especially their sales people, product managers and marketing managers – those who typically talk to customers and interest groups - in sharing signals from the field with the rest of the organization. In the ISS, the internally produced signals will be combined with information collected from the outside as presented in the above graph.

“I think the internal signals from the sales and marketing front adds greatly to the level of interest that the ISS provokes among our employees”, Sahbti says. “Of course it’s important to have the external signals collected into one place in a structured way, but the moment when someone personally picks up and shares a signal that he or she thinks has special relevance for our company, it is reflected in the usage statistics”, Sahbti continues.



From on-going monitoring to an Early Warning System

The ISS solution at MAG strongly focuses on the customer processes but also covers the competitors, markets and geographic regions that are of relevance for MAG. Sahbti still wants to emphasize that they are not only interested in what is happening, but are rather keen to develop an early warning capability that will provide a basis for scenarios on what is going to happen.

The MAG approach to collecting and interpreting weak signals from the operating environment has been described in the table below.

EWS Aspects	Description
Select key players	Identify companies and organizations that have an impact on the industry (customers, regulators, competitors, suppliers...)
Set and prioritize developments to monitor	Determine the key issues to track, such as customers' purchasing process, competitors' product launch processes, or technology adoption processes
Develop indicators	For each issue, develop a set of indicators in order to track the sequence of events
Monitor indicators	Monitor the indicators at regular intervals in order to identify changes
Analyze indicators	Analyze changes in the indicators with regards to reasons, impact, influence on other indicators and possible future change
Determine and implement action	Based on the changes in indicators, take appropriate action

The monitoring and analysis of the indicators is naturally supported by the ISS system where designated employees track topics within their scope of the business and summon an analysis meeting when required.

Measuring the performance of the Intelligence Sharing System

It is vital to understand how the users perceive the performance of the intelligence function and the ISS solution, and MAG conducted an end user survey among the users.

- 90% of respondents were better informed of market developments than earlier
- 80% of the respondents felt that time savings has been achieved in dealing with business information
- 96% of the respondents felt that the topics monitored were relevant for them

"I interpret the survey results among our users so that it is fantastic to have a centralized system in place", Noam Sahbti comments. "We have never had the ability to share information this efficiently", he continues.

"In addition to interpreting the survey results, we of course also monitor what information is being used and what is not in order to further adjust the scope of our information coverage", Sahbti says.

To add to the above measurements, a number of other indicators are in use at MAG to demonstrate the value of the ISS system and the intelligence operation:

- **Number of requests for information coming in** – Repeated requests from the organization tell that people are happy with what the CI team produces
- **Organization-wide interest and recognition** – Usage of the intelligence solution and discussions about intelligence in regular sales and management meetings
- **Success stories** – Winning a new customer, successfully entering a new market segment, and other stories demonstrate the advantages of the intelligence approach
- **Active input of information from people within the organization** – “Nothing demonstrates the recognition of the ISS better than people out in the field sharing their signals through the system.”
- **Intelligence is embedded in business processes and strategic initiatives** – Business Intelligence is involved in all high level company activities from the sales council, through product design and development, and to strategic analysis, acquisitions and market penetration.

Key success factors

Asked to list out the key success factors in Competitive Intelligence at MAG, Noam Sahbti links them with “the gap” that the company initially identified when starting to develop intelligence activities. The key success factors according to Sahbti are

1. ...to fill the gap by providing intelligence that matches needs.
2. ...to demonstrate results that directly relate to the CI function.
3. ...to provide relevant contribution to the sales process, strategy and decision making in general.
4. ...to establish a workflow process and executive buy-in.

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Today, we are the preferred partner for organizations seeking to understand, compete and grow in international markets. Our industry expertise and coverage of over 100 countries enables our customers to make better informed decisions worldwide.

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