Strategic Intelligence attitudes in Belgian SMEs: a survey

This paper is a new contribution to the knowledge about SMEs’ attitudes toward Strategic Intelligence (SI). It is the first, descriptive, and quantitative survey in French-speaking Belgium.

Context of the research
ASE (Agence de Stimulation Économique, Economic Stimulation Agency) was created in 2006, as part of the Marshall Plan for Wallonia¹. ASE is a public institution whose mission is to organise and coordinate a group of services and tools dedicated to entrepreneurs. One of these programs consists of developing SI among SMEs. It is the first large-scale SI development project in Belgium. The expression SI was chosen by ASE with a concern for differentiation from both the respectively French and Anglo-Saxon concepts of Economic Intelligence and Competitive Intelligence (ASE, n.d.a).

Indeed, ASE definition of SI is very close to the French acceptation. The Walloon organization considers it as a “multidisciplinary approach based on 3 fundamental pillars: intelligence, protection, and influence”² (ASE, n.d.b). This definition, similar to these of lots of French authors (Clerc, 1995; Harbulot, 1995; Larivet, 2006; Levet & Paturel, 1996), is wider than the Anglo-Saxon definition of Competitive Intelligence (CI). SI includes CI, defined by Wright and Pickton (1998, p76) as “the strategic process of identifying, understanding and using Critical Success Factors”, but also safety or security measures (designed to safeguard information and intangible assets such as knowledge, databases, or reputation), and influence or lobbying practices. ASE program is a public initiative, directed towards SMEs, which is more or less similar to the French Chambers of Commerce programs. However, unlike in France (Smith, Wright & Pickton, 2010), CI is not considered in Belgium as a state role, even if state institutions might play a role (a draft agreement concerning the protection aspects was signed with the Belgian State Security Service). Even if the geographic and language proximity made France a natural benchmark, among other countries, ASE wanted to avoid one of the French pitfalls in the use of the concept of Economic Intelligence: the confusion with economic espionage. This confusion is so frequent, in France, that some Chambers of Commerce don’t use the expression Economic Intelligence anymore, fearing negative reactions of entrepreneurs (Smith, Wright & Pickton, 2010). Consequently, when ASE started its own program in 2007, it was decided to adopt the use of an expression that would not, or less, be associated by French speakers to illegal practices.

ASE SI program includes awareness actions, training, and coaching. By the end of 2010, awareness programs had reached 680 SMEs, training sessions were delivered to 140 SMEs, and 99 SMEs were individually coached (ASE, personal communication, November 19, 2010). These SMEs had been subjectively selected by Walloon economic development operators. At this stage of the program, ASE felt a need for further investigation, first to assess the program, and, second, to take stock of the attitudes of Walloon SMEs concerning SI. It was decided to survey two samples: SMEs which had been trained to SI, and SMEs randomly taken. The results of this second survey are those presented in this article.

The particular interest of this study for the CI academic community lies in the fact that it is the first survey ever carried out about SI in Wallonia. As far as known by the authors, no

¹ Wallonia is the mainly French-speaking southern region of Belgium. It has suffered from heavy industry decline. Wallonia has its own regional government, which launched in 2004 a recovery plan popularly called Marshall Plan for Wallonia.
² Translated from French by the authors.
study of CI or SI has ever been made in this part of Belgium. A quantitative study of CI in Belgium (and South-Africa) was published by Saayman et al. in 2008. But the Belgian sample was made of Flemish companies only, which make this research nearly impossible to consider as a study of the same country. Flanders and Wallonia can almost be regarded as two separate states, even if they officially belong to the same country. Indeed, “business and social conditions in Flanders, Brussels-Capital, and Wallonia have always been significantly different and will probably become more so” (Economist Intelligence Unit, 2010, p8).

Methodology
A quantitative survey was performed from August, 20 to September, 8, 2010 by a marketing agency called Expansion, appointed by ASE. Consequently, the research was carried out with time, budget and other ASE requirements constraints.

Research objectives and questionnaire
As said before, the main objective of the research was to take stock of the attitudes of Walloon SMEs toward SI. More precisely, ASE wanted to know if some threats to such programs, identified by previous studies, had to be taken into account or not in its own approach. These handicaps mainly lie in the cognitive and behavioural dimensions of SMEs’ attitude toward SI:

- **Cognitive dimension**: As stated by lots of authors (Bergeron, 2000; Larivet, 2004; Smith, Wright & Pickton, 2010), lots of SMEs don’t know what SI (or whatever it is called in different countries) is. The concept remains vague or abstract to them (Brouard, 2006; Smith, Wright & Pickton, 2010). In particular, in France, which is very close to Wallonia in terms of language and geography, SI is often associated to economic espionage, which makes the use of the expression difficult (Smith, Wright & Pickton, 2010). This confusion might even be considered as responsible for a negative emotional response (fear) to SI programs promotion. Moreover, SI programs are not well known by SMEs (Bergeron, 2000).

- **Behavioural dimension**: According to Bergeron (2000), there is no real demand from SMEs for SI programs. This might be explained by previous statements, but also because SMEs are not conscious of their needs. Salles (2001) notes aberrations in the expression of information needs in SMEs. For instance, SMEs engaged in cost and delay reduction plans don’t feel the need of collecting information about production.

It was impossible to replicate the previous research done by Wright, Pickton and Callow (2002) about UK firms attitudes toward CI, because it was designed for companies already aware of the concept. As 79% of Walloon SMEs hire less than 20 employees (Agence Wallonne des Télécommunications, 2006), it was obvious, according to previous studies, that most of them would probably not know what SI is. For the same reason, it was difficult to use Rouach and Santi’s typology (2001).

Consequently, a new questionnaire was built. It was divided into 8 topics (see appendix 1). The firm’s satisfaction about its information level (topic 1) and SI practices (topic 5) were used to compare what SMEs feel about information and what they do, concretely. This comparison aimed to understand if, like suggested by Salles (2001), SMEs were really “conscious” of their needs. Topic 3 (spontaneous perception of SI) was designed to investigate awareness of the concept. Topic 4 (opinion about SI) is a group of questions which were asked after having explained briefly to SMEs what SI is. It includes questions of self-evaluation and more general opinion. Topic 6 is made of one question about SI Walloon specialists (the idea was to find if SMEs were aware of the existence of institutions that could
provide them with awareness or training programs). Topic 8 was designed to evaluate the demand for such programs. Topic 7 consisted of questions about strategic practices usually related to SI, such as innovation, strategic planning and proaction. Finally, questions about respondent and company identities were grouped in topic 7. The final questionnaire included 33 questions. Yes/no questions, scaled questions, and open ended questions were used as described in appendix 1. The questionnaire was written and used in French. The translation given in appendix 1 was made for academic communication only.

**Sampling method**

SME’s names and phone numbers were extracted from the Ketels database, provided by Spectron Company, which is known as one of the most complete and updated database in Belgium. The target population consisted of Walloon SMEs hiring between 3 and 250 employees, with the exception of companies belonging to non-eligible sectors for ERDF funding (see appendix 2), representing a total of about 13000 companies. Random sampling was used to select a 1000 SMEs sample. A phone survey software was used to random select the phone calls order. Telemarketers called until 250 questionnaires were completed and usable. Only head of SMEs or top-managers were interviewed. The error of margin is ± 6.1% for a 95% confidence interval.

**Sample profile**

85% of respondents are very small companies (under 20 full-time equivalent employees). This is quite similar to the Walloon average of 79%. Due to the sampling choice (see appendix 2), it is difficult to compare the sample structure in terms of sectors to the Walloon SMEs population. 38% of respondents are in the construction sector, which is indeed the most important sector among Walloon SMEs (Agence Wallonne des Télécommunications, 2006). 23% of respondents belong to the manufacturing sector, 17% to the service industry (mainly BtoB services), 12% are wholesalers, 5% transport-related companies, and 5% are agriculture, forestry or mining firms. 81% of respondents say that their clients are mainly national or regional. And 71% think it won’t change in the future. A chi-square test clearly indicates that this result is not a sector effect due to the high proportion of construction companies.

Considering the very small size of the internal Walloon or even Belgian markets, this figure is raising the question of the international development of Walloon SMEs. The hypothesis of a poor access to international market information should be investigated in further study.

**Results**

For communication size reasons, only the major results are given below.

**SI awareness**

66% of respondents don’t know the concept of SI, independently of their size. In our sample, medium firms are not more aware of SI than very small ones. This figure is a little higher than the 53% one calculated by Larivet (2004) in France, at the beginning of SI public programs.

20% spontaneously associate SI to the word “strategy”. Even if the explanation might be a tautological reasoning, it is not, at least, bad news in a SI development program perspective. Only 6% think of “environmental scanning”, 4% of “anticipation”, and 2.8% of “information seeking”. As environmental scanning is usually the first step to SI, it is a very minor but positive result. Only one firm associates SI to protection, and none to influence or lobbying, the two other SI pillars. In short, Walloon SMEs don’t know what SI is. Wallonia is a virgin

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3 The European Regional Development Fund (ERDF) was set up in 1975 to stimulate economic development in the least prosperous regions of the European Union (EU). Non-eligible companies can’t receive ASE support.
territory for SI. The negative side of this result is that SMEs probably don’t practice SI either. Of course, it is generally admitted that some SMEs do SI without knowing it; but further results show that it is not really the case here. Anyway, the fact that SI awareness is that poor is not entirely negative. On the contrary, the fact that SMEs have no prejudice against SI might help ASE to develop a more efficient SI perception than, for example, in France. SI is not associated to espionage or economic patriotism or to any state policy that could frighten a small business.

Bergeron (2000)’s statement about the lack of visibility of SI programs is: 93% of Walloon SMEs are not able to quote a single SI Walloon specialist.

**Opinion about SI**

After having heard a short explanation of what SI is (the “three pillars” definition), SMEs have a positive opinion about SI.
- 66% (fully or mostly) agree with the fact that SI can help in defining strategic mid-term and long-term goals (10.9% disagree).
- 70.3% think that SI is useful for the growth of the company (14.1% disagree).
- 63.7% assume that it helps to position the company against competition (14.5% don’t).
- 47.4% suppose that it is useful for international development (31.8% don’t). Associated to the fact that most SMEs don’t believe that they will have an international development in the future, this results might indicate that information is not the main problem that SMEs face, or think they would face, if they wanted to take the plunge.
- 53.1% disagree with the fact that SI is for big companies only (32.9% agree).

SMEs seem to well understand what’s in stake with SI, even if they are not fully convinced of the opportunity of SI for international development. Moreover, they don’t see it as a “big company” practice (which wasn’t the case in France before the huge awareness effort of the Chambers of Commerce and other institutions). Though, they are moderately preoccupied by SI: 41.16% feel (very or rather) preoccupied by environmental scanning (29.7% don’t); 44.6% feel (very or rather) worried about information protection (34.9% don’t); and 35% only feel (very or rather) preoccupied by influence and lobbying (39.5% don’t). One can hardly say that they have a negative attitude toward SI, but the difference between the fact that they that SI is useful and the fact that they are not really preoccupied by it, shows that strength of conviction will be needed by ASE to convince them to participate in its programs. The size of the company was also found to be related to SI preoccupations (Khi-square test). Companies over 20 employees worry more about SI. This result confirms previous qualitative findings about a 20 employees “pivotal size in terms of SME manager involvement” (Smith, Wright & Pickton, 2010, p534).

**Self-evaluation**

86% of Walloon SMEs think they know well or very well their clients needs, and 67% are confident in their knowledge of prospects needs. It doesn’t mean that they don’t need information about their clients. Salles (2001) found that about 20% of French SMEs information needs were about clients and prospects. SMEs self-confidence is less important, but still significant, concerning other parts of their environment, except for foreign competitors:
- 44.3% think they manage to stay informed about their Belgian competitors quite or very easily (for 21% it is quite or very difficult)
- 24.5% think they manage to stay informed about their foreign competitors quite or very easily (for 51.1% it is quite or very difficult)
71.5% think they manage to stay informed about their current or potential suppliers quite or very easily (for 6% it is quite or very difficult)

68.5% think they manage to stay informed about technologies and production methods useful to the company quite or very easily (for 10.3% it is quite or very difficult)

48% think they manage to stay informed about regulations evolutions quite or very easily (for 30.6% it is quite or very difficult)

These figures seem to indicate that SMEs don’t feel the urge to improve their level of information, with the exception of foreign competitor’s intelligence. 83% are even satisfied or very satisfied with their information seeking methods. But when asking them to self-evaluate their SI skills, only 39.3 % think they have got a (very or quite) good level of command of environmental scanning (21.5% a bad or very bad level). This is a first sign of the gap between the self-confidence shown in their previous declarations, and their practices.

Practices
A second sign of this gap is that only 32% of SMEs approach new markets by seeking out a new opportunity. Most of them follow clients’ needs (66%). Looking closer, only 48% watch their clients, 37% their competitors, 26% their suppliers. 25% do general technological intelligence, 22% legal intelligence. Brands and patents intelligence are practiced by less than 7% of SMEs. No sector effect was detected (industrial firms could have been more attentive to patents, for instance, but it is not the case). Generally speaking, SMEs have environmental scanning practices that are not really consistent with their self-confidence about their level of information. The same types of results were found concerning the other SI pillars (protection and influence). It seems that the intuition of Salles (2001) about “aberrations” in terms of SMEs’ SI needs is confirmed. These characteristics, and previous ones, make most Walloon SMEs likely to belong to the passive or reactive groups identified by Rouach and Santi (2001).

Demand for SI programs
Quite surprisingly, regarding to Bergeron (2000) statements about the demand for SI programs, 64.4% of respondents think that SI should be taught to future managers. 60.4% have asked for more information about ASE training sessions. 20.8% would be interested by following a deeper and qualifying SI training.

Conclusion
This research has limitations, mainly because it was done with institutional constraints: it is descriptive; it is exploratory; the sample only takes into account sectors eligible to ASE support; and the error of margin could be improved by interviewing more companies. However, and taking these limitations into account, this survey answers a certain number of questions about Walloon SMEs attitudes. It shows their lack of awareness concerning SI and SI programs, but reveals that the concept has not been contaminated by the French prejudice about espionage and has (when explained) a positive image. It reveals a gap between a quite high level of confidence of SMEs in their information level, and their concrete intelligence practices. It's as though SMEs were unsure of their needs, or of opportunities that could be opened by SI practice. Of course, this last assertion is a bit simplifying: there seems to be a demand for awareness and training sessions. And making SMEs aware of the usefulness of SI wouldn’t be enough for them to engage in SI. They might lack resources for it. However that may be, Wallonia is a virgin territory for SI, but does not suffer from all the handicaps that were identified in previous other countries’ programs.

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References


## Appendix 1: Questionnaire structure

### Topic 1: Firm’s satisfaction about its information level

- **Q1**: Do you know your current clients needs? [semantic scale]
- **Q2**: Do you know your prospects needs? [semantic scale]
- **Q4**: Tell me if you manage to keep yourself informed about the evolution of the following elements in your environment:
  - Q4a: your Belgian competitors [semantic scale]
  - Q4b: your foreign competitors [semantic scale]
  - Q4c: your current or potential suppliers [semantic scale]
  - Q4d: technologies and production methods useful to your company [semantic scale]
  - Q4e: regulations evolutions [semantic scale]

### Topic 2: Strategic practices

- **Q3**: Most of the time, when you approach a new market, it is [a) to respond a client’s needs/b) to retaliate to a competitor’s move/c) because you sought out a new opportunity/ d) through chance meeting or reading]
- **Q5**: At what frequency do you make strategic plans? [semantic scale]
- **Q6**: When did you launch a new service/product in Belgium for the last time? [semantic scale]
- **Q7**: When did you launch a new service/product outside Belgium for the last time? [semantic scale]

### Topic 3: Spontaneous perception of SI

- **Q8**: Could you tell me in a few words what the notion of “Strategic Intelligence” means to you? [open ended question]
- **Q9**: [only if didn’t answer “I don’t know” to Q8] : How did you become aware of what SI is ? [open ended question]

Previously to the following questions, telemarketers briefly explained what was CI:

> “From now, we will call SI the business approach that consists of mastering and protecting strategic information, including 3 practices: environmental scanning, information protection, and influence.

### Topic 4: Opinion about SI

- **Q10**: Assess your level of concern for each of the following topics:
  - Q10a: environmental scanning [semantic scale]
  - Q10b: information protection [semantic scale]
  - Q10c: influence and lobbying [semantic scale]
- **Q11**: Assess your level of command for each of the following topics:
  - Q11a: environmental scanning [semantic scale]
  - Q11b: information protection [semantic scale]
  - Q11c: influence and lobbying [semantic scale]
- **Q12**: Do you agree with the following items?
  - Q12a: SI is only for big companies [Likert scale]
  - Q12b: SI can help in defining strategic mid-term and long-term goals [Likert scale]
  - Q12c: SI is useful for the growth of your company [Likert scale]
  - Q12d: SI might help to position your company against competition [Likert scale]
  - Q12e: SI is useful for international development [Likert scale]
- **Q20**: Do you think that SI should be taught to future managers? [yes/no/no opinion]

### Topic 5: SI practices

- **Q13**: Which types of intelligence does your company do? [cite items, several answers accepted]
  - Competitor intelligence
  - Clients intelligence
  - Suppliers intelligence
  - Technological intelligence, generally speaking
  - Patents intelligence
  - Brand intelligence
  - Political intelligence
  - Regulation intelligence
  - Public markets intelligence
  - Others (which?)
  - None
- **Q14**: We are now going to talk about information search methods (for instance, the use of search robots, of databases, of specific softwares, of libraries...). Generally speaking, do you think that the use of these methods, in your company, is...
Q15: How do you get information about your competitors? [cite items, several answers accepted]
- Internet
- Clients
- Suppliers
- Sales force
- With the help of external consultants
- Others (which?)
- Not applicable
Q16: Did your company face a malicious attack? [Yes/no/I don’t know]
Q16bis: If yes, of which nature? [cite items, several answers accepted]
- Data theft
- Equipment/material theft
- Employee
- Deception operation
- Hacking
- Other (which?)
Q17: Have you ever called external consultants in that field? [yes/no]
Q18: I am now going to read you different sentences about your company’s influence. Tell me if you agree or not with them
Q18a: My company knows how to make public opinion evolve [Likert scale]
Q18b: My company contributes to norms and regulations’ orientation in our sector [Likert scale]
Q18c: My company uses Internet to make its reputation evolve [Likert scale]
Q18d: My company is capable of reaching public decision-makers if needed [Likert scale]

**Topic 6: SI actors**
Q19: According to you, who are the SI specialists in Wallonia? [Opened ended question]

**Topic 7: Company and respondent identity**
Q21: What is your position in your company? [Opened ended question]
Q22: What is the date of your company setting up? [Opened ended question]
Q23: Which life cycle step is your company in?
- [Being set up / just been setted up]
- Development/growth
- [Handing over]
Q24: Sector? [Opened ended question]
Q25: Is your company part of a corporate group?
Q26: Turnover in 2009
Q27: In comparison with 2008, 2009 turnover were
- [More than 10% lower]
- Less than 10% lower
- Stable
- Less than 10% higher
- More than 10% higher]
Q28: Your current clients origin is mostly
- [Regional]
- National
- European
- Worldwide]
Q29: In a mid-term perspective, your clients origin will be
- [Regional]
- National
- European
- Worldwide]
Q30: Percentage of export sales in your turnover
Q31: Are you a member of
- [A professional federation]
- A Walloon cluster
- A competitiveness cluster
- A chamber of commerce
| Topic 8: Interest for SI training | Q32: ASE organizes SI training sessions in your region. Would you like to receive more information about it? [yes/no]  
|                                 | Q33: Would you be interested by following a deeper and qualifying SI training? [yes/no/don’t know] |
## Appendix 2: Ineligible sectors

<table>
<thead>
<tr>
<th>Group 1: Mining of coal and lignite, extraction of crude petroleum and natural gas, mining of uranium and thorium ores, support activities for petroleum and natural gas extraction, processing of nuclear fuel</th>
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<tbody>
<tr>
<td>Group 2: Electricity, gas, steam and air conditioning supply, water collection, treatment and supply, sewerage</td>
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<tr>
<td>Group 3: Wholesale and retail trade; repair of motor vehicles and motorcycles, retail sale of automotive fuel in specialised stores</td>
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<td>Group 4: Agents involved in the sale of agricultural raw materials, live animals, textile raw materials and semi-finished goods, agents involved in the sale of fuels, ores, metals and industrial chemicals, agents involved in the sale of timber and building materials, agents involved in the sale of machinery, industrial equipment, ships and aircraft, agents involved in the sale of furniture, household goods, hardware and ironmongery, agents involved in the sale of textiles, clothing, fur, footwear and leather goods, agents involved in the sale of food, beverages and tobacco, agents specialised in the sale of other particular products, agents involved in the sale of a variety of goods</td>
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<tr>
<td>Group 5: Retail sale in non-specialised stores with or without food predominance, retail sale in specialised stores of fruit and vegetables, of meat and meat products, of fish, crustaceans and molluscs, of bread, cakes, flour confectionery and sugar confectionery, of beverages and tobacco, other retail sale of food in specialised stores, dispensing chemist in specialised stores, retail sale in specialised stores of medical and orthopaedic goods, of cosmetic and toilet articles, of clothing, of footwear and leather goods, of electrical household appliances, of audio and video equipment, of hardware, paints and glass, of furniture, and other household articles, of newspapers and stationery, retail sale of other goods in specialised stores, retail sale of second-hand goods in stores, retail sale via stalls and markets, retail trade not in stores, stalls or markets, retail sale via mail order houses or via Internet</td>
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<td>Group 6: Repair of personal and household goods, repair of consumer electronics, repair of household appliances and home and garden equipment, repair of footwear and leather goods, repair of watches, clocks and jewellery, repair of other personal and household goods</td>
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<td>Group 7: Holiday and other short-stay accommodation, camping grounds, other accommodation, food and beverage service activities, except for holidays centres</td>
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<td>Group 8: Passenger rail transport, urban and road transport, regular passenger transport, taxi operation, other passenger land transport</td>
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<td>Group 9: Travel agencies</td>
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<td>Group 10: Financial institutions, insurance activities, financial and insurance auxiliaries, real estate activities, buying and selling of own real estate, renting and operating of own or leased real estate, real estate activities on a fee or contract basis, real estate agencies</td>
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<tr>
<td>Group 11: Renting and leasing of motor vehicles, of other land transport equipment, of water transport equipment, of air transport equipment, renting and leasing of agricultural machinery and equipment, renting and leasing of construction and civil engineering machinery and equipment, renting and leasing of office machinery and equipment (including computers), renting and leasing of other machinery and equipment, renting and leasing of personal and household goods</td>
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<tr>
<td>Group 12: Primary education, general secondary education, technical and vocational secondary education, higher education, driving school activities, in-service training and other education, training courses delivery</td>
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<td>Group 13: Hospital activities, medical and dental practice activities, other human health activities, veterinary activities, residential care activities, social work activities without accommodation</td>
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<tr>
<td>Group 14: Entertainment, cultural and sports activities, motion picture distribution activities, motion picture projection activities, radio and television activities, performing arts and music, theatre administration, fairground attractions, other performing arts activities, libraries, archives, museums and other cultural activities, press agencies, sports activities and amusement and recreation activities, gambling and betting activities, other amusement and recreation activities; except for motion picture production activities, natural heritage activities, activities of amusement parks and theme parks, other tourist curiosities activities</td>
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<tr>
<td>Group 15: Personal service activities: Hairdressing and other beauty treatment, funeral and related activities, physical well-being activities and other personal service activities, except for washing and dry-cleaning</td>
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<td>Group 16: Activities of households as employers of domestic personnel</td>
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<td>Group 17: Liberal profession and associations of such professionals</td>
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<td>Group 18: Car parking activities</td>
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<td>Group 19: Pet pensions and everything related to pets</td>
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<tr>
<td>Group 20: Farmers and transformation and selling cooperatives which receive agriculture helps</td>
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