



Take on Board

Transcript – Babette Bensoussan

Helga Svendsen 0:00

So today on the take on board podcast I'm speaking with Babette Bensoussan about strategy and competitive intelligence. First, let me tell you a bit about Babette. She is on the board of Volunteering Sunshine Coast, and she's formerly been a director of the National Australia Day Council, the New South Wales Board of Adult and Community Education and Eastside Radio. As a decision making maverick. Babette assists organisations to make better competitive decisions and assist individuals to make better decisions about their life, careers and leadership. As Managing Director of Mind Shifts, which specializes in competitive intelligence, strategic planning and strategic marketing projects in the Australian region. She's passionate about leadership, future trends and new ways of thinking. She works with Australian and global fortune 500 companies, government departments and small to medium enterprises and seeks to enhance the quality leadership and strategic thinking that surrounds us in our everyday lives. Welcome to the take on board podcast.

Babette Bensoussan 1:07

Thank you very much Helga.

Helga Svendsen 1:09

Babette, it is fabulous to have you here to talk about strategy and competitive intelligence. But before we go there, I would love to dig just a little bit deeper about you. Can you tell me about your upbringing and what lessons you learned what you got up to in the leading influences on how you thought and what you did?

Babette Bensoussan 1:30

Wow, that is such a huge question. So where to start? Well, first of all, I was born in Morocco, Casablanca, and we came to Australia when I was very young. I got most of my education here in Australia. But I did have the opportunity to go and live in Switzerland where I learned German. I lived in the states for a couple of years. And I have to say that when I was in the US, one of the things I learned was about the importance of an education. So I came back to Australia when I came back to Australia I did my MBA, and straightaway started my own consulting firm in the area of strategy and competition. That was my passion. And that's one of the key lessons I've learned is if you've got a passion about something, then you have the wherewithal and the courage to go forth and create it. If you're not passionate about something, and it's a nice to have or you wouldn't mind or I'd like to,

don't even go there, because there is a lot of hard work involved. And so over the years, since starting my firm, I specialised in competitive intelligence, my passion and strategy. And over the years, I've managed to work with over 350 firms globally on strategic competition issues. I've won awards, I've written seven books on the topics. And then I went on to coaching individuals in the area of how to make better decisions. And I realised that everything I was working on was around improving the quality of decision making. that's it in a nutshell. Helga, hope that makes sense.

Helga Svendsen 3:23

Absolutely. And better decision making is such a key thing for boards. I mean, it's what boards do is decision making. And of course, we're always aiming for better decision making, which, to my mind is about, you know, drawing on the strategy developing the strategy. And I mentioned competitive intelligence in your introduction, and you've mentioned that it's one of your passions. So can you just explain to us what competitive intelligence is and why it might be important for board directors to have an understanding of it?

Babette Bensoussan 3:53

So most people when they hear the word competitive intelligence, hear the word competitive tool, but I'm not talking about competitive tools. I'm talking about competitiveness and competitive ability of an organisation. So when an organisation says, oh, yes, we have competitive intelligence, predominantly, what I find is that they may know a little bit about their competitors. But they really have no understanding of the disruptors that might completely change their industry. Government forces, you know, regulations that again will change the framework of their industry. What about technology and the delivery that new players or existing players might bring into the arena. These are just some of the factors that affect the competitive ability of an organisation. So if a board is responsible for the competitiveness of an organisation to produce By the appropriate returns to shareholders, understanding just your competitors is not a good job, you're only understanding one element of the competitive environment in which an organisation competes. And this is where competitive intelligence sits. Its objective is to understand the environment to collect and analyse information about the external world in which an organisation competes in order to further its business goals and strategy. So when you think about it, look at Uber, Ola. These organisation have disrupted completely taxi services. Can we all know that? But the thing that astounds me is that Uber and Ola and any of the others didn't occur. One day they were didn't exist and then 24 hours later, they did, that's not how business works.

There were signals. They were hiring, there was registration of the company, there was legislation, they had to get insurance, they had to get premises. Where were the other companies, the taxi companies, when these companies were out that you do that in broad daylight, you can't rent premises, you can't register a business. You can't do that in secrecy. So who was not scanning their external world? The same with Airbnb? What were the hotels doing? You need to tell me that Airbnb came up out of nowhere? Of course it didn't. It had to get a list. It had to promote itself. You know,

talk to people who would put their places on Airbnb, build a website, the hotels doing you know, there are things that they could have done to protect themselves. I don't know. But when I talk to a taxi Driver, and it breaks my heart to hear a taxi driver who purchased the silver taxi license for 500,000 to 750,000. And today, that same taxi license is worth \$50,000. You know, that's, to me that tragedy is so sad, you know, because they work so hard. And so the question is, could they have led a bap stop? I don't know, but they didn't even try.

Helga Svendsen 6:27

So competitive intelligence. It sounds like it's a it's almost a framework, I guess for as an input into strategy. So some of the information that comes into the strategic thinking, excellent, excellent.

Babette Bensoussan 7:41

It is an input into strategic thinking. So, for example, I had the CEO of a business, medium sized waste service company who wanted to enter into waste oil recycling. Now, you know, he wanted To know, should he enter that marketplace? So his first question was, you know, tell me who's who in waste oil. So I said to him, Well, what decision Are you going to make with this information? He says, Well, I want to know, should I enter waste oil? And then I said to him, Well, what would make you into waste all and he said, Well, I want to achieve an ROI of 15% in three years. So by understanding the decision that is being made, you now know what kind of information to collect. And this is a critical step in competitive intelligence. If you do not understand the decision that's being made, then there's nothing to collect. You can get go to a librarian and get them to give you the info and we'll be do but what you do is that when you understand the decision, you say, okay, what's the analytical framework I can use to analyze that information because people don't often think when they're collecting information. How do you sort it? Do you put it chronologically? Do you put it? How you pick it up? Do you creatively create a framework, or there are over 200 analytical techniques in management that have been delivered by experts like Michael Porter, and SOF, there are so many tools that we can use to help executives and boards make better decisions. See, the other thing is that boards need to be able to improve the quality of their decision making the CEO and his team will have already made a decision or have a bias towards a particular path or to what they perceive is a particular framework that a board needs to look at the risks in a different light. These board members is bringing their particular skills and expertise to the table to evaluate a project. Now, if you're not given an independent analysis or summary of the marketplace and conditions, how do you make a good decision? How do you move the organisation forward? You know, it's like someone saying in a hotel, well, you know, the board's going to make a decision that we need to improve occupancy over the next five years by 20% growth rate, or we want to an ROI of x y z or we want to a profitability ratio of this or that or an EBIT? Well, with due respect, if you don't understand your environment in which you're competing, how do you grow your EBIT? How do you grow your profit margins? How do you grow your revenues, because strangely, that comes out of the world in which you compete. The only thing you can do to increase your EBIT is cut costs.

Helga Svendsen 11:06

So then I heard you say before that one of the key things that boards can do or organisations can do that first step is really understanding the decision to be made, which is key to any decision making process. It's like whoa, what is that we are actually deciding what are the other steps or even what are the questions that boards should be asking themselves about this?

Babette Bensoussan 11:26

Okay, so let me give you a case study and I'm going to change the names to protect the the guilty, not the innocent, I'm changing names to protect the guilty. We had a client in health food bars, who wanted to grow their market. And one of the things we found was that six months ago, they had been given the opportunity to buy a local health food back. So they got a large accounting firm to do its due diligence and everything should they purchase. And the accounting firm said, well, there's a problem in this organisation. They've got contract drivers, they've got the union, they've got bits and pieces, it's going to be difficult to get them to work together. The price, let's say the price of this small Health Food Company was about \$30 million dollars. And so they decided that let's not get it. We'll let it go. So who bought it a major competitor to my client. Now, what no one addressed was the competition side of it. So what had happened is the reason this large competitor had not gone into this health food area of my client is because they had no facilities anywhere to expand into that area. So lo and behold, when this Australian entity came up, and the Australian entity went to my client because they're all so Australian and bigger as the first port of call, and they said not too many headaches, too many issues you've got in your business, not a value. They allow the international competitor to buy it. And within 12 months, they had lost more than \$30 million in revenue in the health food, because now the international competitor had the facilities, the ability to enter the market quickly because it had these kinds of products overseas that it brought in, quickly changed the factory and went away. The client since then, has lost Nearly 80% of its market share \$30 million. All I had to do was buy it, mothball it. That's all I had to do. So what should the board have been asking themselves? With the benefit of hindsight? What should the board have been asking themselves during those discussions about notes too hard? What should they have been asking themselves instead? If we don't buy, who will?

Simple if we don't, who will? If we don't, who would be interested in this? Often? That also raises the question, well, maybe we can form a strategic alliance. Or maybe we can create a partnership here.

But if you don't question, if you go arrogantly and say, we don't need to do this, we've got enough headaches or we don't want to do it. The question is, if you don't Who will help you no one operates in a vacuum. There's always competitors around. So the first step is always to the question, what is the decision that's being made? The second key step is what analytical framework will you used? So, for example, I've introduced many organisations to numerous frameworks, analytical frameworks. And as you know, I've co authored five books on the topic of analytical frameworks. And it's

interesting that what happens is people don't argue about the information. They will argue about the weighting, you give certain things. And so it's interesting that it's not the information that is the issue. It's how you do the analysis. If they understand the analytical tool, or the analytical framework. board directors get it. They get Yeah, they understand what you say. So we did the same with, you know, optometrists we've done, you know, the same, you know, individual optometry businesses that were part of a co op, we looked at where the business was going in the future. The same with pharmacists. We worked with a pharmaceutical company and a drug company, a very large multinational drug company. And we were looking at the driving forces and where their industry was changing. And we identified a couple of things that wasn't even on their radar, but the information is out there.

Helga Svendsen 16:37

So, the second understand the decision to be made and then choose define whatever it may be your analytical frameworks. So, you know, it begs the question that is what are your favorite analytical frameworks for this?

Babette Bensoussan 16:52

So my first go to have any market, any market entry or any market competition evaluation And all that is a tool called industry fusion analysis. It is a combination of Porter's five forces and steep or pest. It's a tool that I've merged together into one. And it's a fabulous tool because it still answers. In essence, how attractive is the industry? And how best can we compete? Which is the key of how boards need to answer. Do we take this on or if we don't? That's the first one. The second tool that I just I love is called driving forces analysis. driving forces analysis is a technique that looks at the forces that will shape an industry over the coming years. You're going to look at social trends, technology trends, and you put them all down and you give them weightings in everything. And it comes out as to what are the key driving forces as a result of identifying your driving forces, what are the strategies you need as an organisation to put into place to make you so it could be you need to form a stronger strategic alliance. So, in the drug company, it was to form a stronger strategic alliance with pharmacies because they were going to take over or have an are taking over some of the basic roles of doctors. So they're trying to relieve GP's of some basic things and it's being moved to pharmacies. Well, we identified that 15 years ago, 10 years ago. So that's the second one. I love the SWOT when done properly. Non the four boxes, please, that's what you do in kindergarten. But how the SWOT was originally developed by a Harvard professor in the 1970s. There my three favorites, so just on that final one on the SWOT, you were very careful to say the SWOT when done properly, not the four boxes, tell us How is the squat done properly? Can I have a blackboard? And a pen? Look, I would recommend to people to go to my books because there we have exact examples of how squats are done properly. A SWOT is not four boxes, a SWOT is in fact 2, 4, 6, 8 boxes, and people get it so wrong. your strengths and weaknesses that you list are your strengths and weaknesses relative to your competitors. If you're going to say our people, well, every player will say our people, but for example, if you're in the five or six star hotel industry, would you say one of your strengths was your people think about?

Helga Svendsen 19:54

I would. However, I suspect what you might say to me is that every five star hotel would also say there people are and therefore that is just a consistent so unless my people unless there is something special about my people that is more special than five star hotel down the road, then we can just assume we're all even in that and we don't need to necessarily call it out as a string.

Babette Bensoussan 20:20

Correct spot on. So what that means is to operate a five star six star hotel, your people training and your people is part of the entrance fee to play in the five and six star hotel game. So to write that down as a strength. Unless it's something extraordinary, then I agree, but that's not a strength.

Helga Svendsen 20:47

So it's just just in very common business as usual.

Babette Bensoussan 20:50

Well, it's it's part of your entry into that particular marketplace. So that's what I'm saying. So strengths and weaknesses are separate. To your competitors. So often you'll identify your strengths and weaknesses by speaking to suppliers speaking to customers, new employees, is a whole lot of people you can talk to opportunities and threats are those opportunities and threats that come from the marketplace and are equally valid for your competitors. So developing a marketing strategy is not an opportunity. It is a particular strategy in one of the boxes. But an opportunity would be to address an underserved market segment, or there is an opportunity that a segment would like smaller, let's say, RV's recreational vehicles and a threat. I'll never forget I did it with one car company once and under the threats they had the dealer networks. But that's all the car companies have. a threat of the demands of the dealer network, it's a threat to the way the industry shapes. So what are their strategies under this weakness and threats box was get rid of the dealer network, which you couldn't do, because that's the structure of the industry. But it was still on it was there in front of them to look at as to how they wanted to react with their dealers. So then I'm wondering for you may not be able to share this, but I'll ask it anyway. So you're on the board. In fact, are you the chair of volunteering? Sunshine Coast? Yes. Okay.

Helga Svendsen 22:33

So tell me with your board, how do you use these tools in that context when your board is coming up to strategic planning?

Babette Bensoussan 22:41

That is a good question. It's it's a lot of work in understanding the environment of which and how volunteers are used for the purpose of relief for other charities for other so one of the things I Always try to understand is how other charities have needs evolved. So it's not about my business. It's about my end users. What are their needs? Where is the direction going? So we know, for example, one of the issues that concerns me. On one end, we know that there is donation fatigue. But at the other end, we know that there are the elderly who need greater support. I'm looking at the external world in which we operate. And that is what we bring to our strategy sessions. Rather than, well, how many volunteers have we got? Have we got insurance in place? I'm assuming the CEO and her staff have got that in order, but one some new innovative products we can deliver, what are some new services that will help us in other ways? How can we have you know, we're looking at emergency response volunteers, I tend to focus on the external world, because that is where my decisions have to be made as a board member, because I trust the CEO and her team to make the internal decisions.

Helga Svendsen 24:16

Oh, I've had so many wonderful tips in here. So I'm wondering, from our conversation today, what are the main points you want people to take away from what we've talked about today?

Babette Bensoussan 24:28

I think for board members, and for doing good governance is understand the external world in which you and your business is competing. And if you think you're not competing, then you should get off that board because everybody is competing for something or somewhat. So the key for me is understand the competitive environment in which you operate. You know, I can't stress that enough. And sadly, a lot of executives are focused on the internal machinations. Because when you go externally, it's hard. It's it's difficult. And tip number two, in that same area of understanding the external world, is get a librarian to work with you to help you get the info, because most people don't know how to Google. And there are lots of databases. Besides what's on Google. I use DuckDuckGo, because it doesn't track my searches from the past. So every time I do a search, it'll come up with a completely new search while Google has learned from your previous searches what you liked, so it will already give you a biased stream of information.

Helga Svendsen 25:56

Interesting. Well, there you go. There's that there's a tip just there. And then is there a resource that you would like to share with the take on board community It might help explore some of these things.

Babette Bensoussan 26:02

There are a number, but I think that the simplest is sorry to plug this, but I have a book called analysis without paralysis. In that book, we discuss the process of analysis in business and the importance in its decision making role. But we also give you 12 techniques and how to do them. I think this will help a lot of decision makers to understand what is it that they're trying to decide? And which tool would suit that decision? Yeah, I would definitely suggest Have a look. It's not like reading. But it is a handy book to have. And particularly when executives present anything to you to make a decision. I would always ask, and what analytical framework did you use to get to this conclusion? That's the key question I would ask as a board and if they go, Oh, oh, well, and they don't know, you've got you'll know that what you are being provided is biased information that may have plenty of gaps about the external world. Fantastic. There is a, again, a fabulous tip just there in there about questions to ask, which is always, I think the board directors are after is what are the key questions on this given us our key role really, is to ask those questions. Fabulous. Thank you so much for all of these tips. Today, I will make sure that we have a link in the show notes to analysis without paralysis. I will definitely make sure there is a link to that in the show notes, and to some of the other tools and so on that you've mentioned today. Thank you so much.

Thank you, Helga very much for this opportunity. And if you know anyone who sends your email or question don't hesitate to pass it on.