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Finding Key Sources of Competitive Intelligence for a Global Consumer Products Manufacturer

Faced with the merger of its two nearest competitors, a \$15 billion global consumer products manufacturer (and worldwide market leader) turned to TLCN for an in-depth assessment of the new company's global manufacturing operations. The competitor was headquartered in North America and in Europe, with the majority of its manufacturing outsourced to factories located in China and South East Asia. The client's key intelligence questions were as follows:

1. In which countries and at which factories did their competitor manufacture products? What kind of relationships did they have with those factories?
2. Where and how would the recent merger affect manufacturing capacity?
3. In what ways will the recent merger affect the structure of their global manufacturing operations?

Putting "Six Degrees" to Work

The six members of the BI/CI engagement team were chosen for their diverse language, cultural and professional backgrounds. They came from four countries, three of them Asian, where the ability to access primary sources was key to the project's success. Many of the suppliers we were researching in Asia were privately owned and did not publicize their information. Leveraging the team's national and ethnic ties allowed us to reach into the competitor's supplier network in various countries.

One key challenge was learning about the competitor's manufacturing plants in Mainland China. Many turned out to be owned by Taiwanese holding companies or factory groups, and since expatriate communities tend to be pretty tight-knit, our Taiwanese team member used her nationality to generate valuable contacts through the Taiwanese business network in China. It didn't take us long to gain access to factory management.

- In one example, we contacted the industry association in Taiwan (*one degree*) to better understand the main supplier groups to the competition, ownership links, and future trends.
 - This led to personal referrals (*two degrees*) into key competitor factories in China.
 - Through those connections, in turn, we were referred (*three degrees*) to factory managers and production planners in competitor's factories based in South East Asia, who were able to answer detailed inquiries about the client-factory relationship, the structure of their manufacturing operations, and to help us quantify the impact of the merger on shifts in production capacity.



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- In another example, we were introduced to the owner of a major factory group through a team member's family connections (*two degrees*). Although this owner's factories' goods did not compete directly with our client, he knew most of the competitor's factory group owners and was able to share invaluable information on future trends and expected shifts on a more strategic level.
- Our Indian team member was able to confirm valuable information about the competitor's investment plans for new factories in India by contacting friends in the industry association (*one degree*).
 - From there, she was instantly referred to several consultants in the US (*two degrees*) who were working on a project for the government of India to assess foreign investments in the targeted industry. With these kinds of "proper referrals," the consultants were willing to share information which we would not have gained access to otherwise.
- Finally, by talking to our client's managers in their local offices (*one degree*), we were able to gain access to former employees of the competitor (*two degrees*) who were now working for the client.
 - This, too, led both to additional valuable intelligence, as well as other knowledgeable contacts (*three degrees*).

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