

Devil's Advocate: A Methodology to Improve Competitive Intelligence

by Avner Barnea



National intelligence organizations are facing significant difficulties when delivering assessments internally to upper management, and externally to government leaders. The reason is not the lack of information, as we are living in a more transparent time with an overload of information. Additionally, in the digital era, government intelligence agencies have become much more effective in gathering information. While the collection phase has made fast progress, the process of assessment has not kept pace and remains a major challenge, particularly in the area of strategic intelligence. Government intelligence agencies are aware of this and are looking at various ways to improve the capabilities of their intelligence analysts¹. Intelligence scholars in academia are also concerned about this issue². One of the new directions now being explored is how to use Artificial Intelligence (AI) to improve assessment capabilities³, as it appears that AI may reduce the impact of cognitive biases, which are considered to be the core of the problem⁴. Nonetheless, AI is still in its infancy and it is too early to present a detailed discussion about its capabilities.

The business sector, worldwide, is facing a problem similar to that of national intelligence estimations. Many corporations are looking for methods to upgrade the assessments delivered by their Competitive Intelligence (CI) units and/or strategic planning departments. As in national intelligence, executives are not concerned about the gathering process, but rather the quality of the assessments presented to them⁵.

The open dialogue between CI units and their internal customers (i.e., members of senior management, also known as the "C-Suite") is at the heart of the discussion. The difficulties that CI directors confront while fulfilling their professional responsibilities are well understood, but it looks as if there has not been major progress to significantly improve the state of affairs, that is, to arrive at the best decisions through better intelligence reviews and thus satisfy the needs of the C-Suite⁶. The gap between the expectations of the C-Suite and the quality of the deliveries by CI is possibly the reason why CI teams are often not deeply involved in the decision-making process inside organizations.

Actually, the problem begins one step prior to assessment, during the stage of converting information into intelligence. There are strongly-held expectations

that the CI will work independently of the C-Suite and that it is well-qualified to deliver its message based on its own analysis, without any input from senior executives. The CI is often tested by the rate of acceptance of its "products," and one of the most important roles of the CI director is to be able to "market" the capabilities of his unit to the senior management, especially to the C-Suite. Many times, the prime "target" is the CEO and/or the Chairman of the Board. Hence, the reality of the situation is that, rather than work entirely independent of the C-Suite, the CI director needs to ask senior management for feedback, to make sure that the message of his "product" has been clearly understood. Building up strong relationships with the C-Suite is a key success factor for the CI director, which can be a sensitive matter, as usually there are no set procedures regarding this matter; and, in each corporation, one can find different implementations for the inter-relationships between CI and upper management⁷.

In order to be successful, a CI director must be actively involved, throughout the decision-making process, by participating in the relevant internal forums. CI directors are not fulfilling their obligations by just "distributing papers." Rather, CI directors need to remember that they are a vital resource in the process of decision-making, which means that they must also strengthen their relationships within the firm in order to influence all of the necessary people at each step.

I have identified several key success factors for a CI unit to remain relevant to and esteemed by an organization:

1. Creating an influential CI unit, with strong capabilities in analysis.
2. Developing and maintaining strong relationships with management, especially with the C-Suite in order to learn about their concerns and later to be able to fully meet their needs.
3. Becoming an official participant in relevant internal forums, which regularly discuss important issues, primarily strategy, marketing and business development.
4. Seeking and obtaining formal and informal feedback on CI insights and reports.



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The impact of cognitive biases

To be successful, a Competitive Intelligence unit not only has to take certain positive actions, as just outlined above, but it must avoid the influence of cognitive biases, which are defined as "systematic patterns of deviation from norm or rationality in judgement."⁸ Here are a few types of difficulties that CI units are facing:

- One interesting example of cognitive bias is "**Intelligence to Please.**"⁹ It indicates that although the assessment by the CI has been done precisely, the difficulty occurs during considerations made prior to its being sent to the decision makers. If, based on previous experience, the assessment looks like it will not match the perceptions of management, the message of the CI unit is altered, largely to prevent conflicts with management.
- Another instance occurs as a result of the "**Confirmation Bias.**"¹⁰ This usually takes place when the CI is concentrating on information that fits the perceptions and intentions of senior management, or when most of the attention is aimed in this direction, and so disregards other information that could be particularly relevant or have impact.
- Often, people tend to believe that the future will be much better than the past and the present. This belief is known as the "**Optimism Bias.**"¹¹ It means that overly positive assumptions can lead to disastrous miscalculations. Memory ends up being a reconstructive process and occasionally details are deleted and others inserted. Optimism Bias may have a strong negative impact on analytical ability and restrict one from seeing a clear picture because of optimistic illusions.
- CI can also suffer from the syndrome of "Group Thinking."¹² This is a very common problem in many organizations. Those who have different views are not inclined to express them, as they oppose the accepted views of the CI group or others in the firm. Recently, Alex Mintz and Carly Wayne added a new dimension to difficulties in decision-making by pointing to the Polythink phenomenon-- the inability to make decisions as a result of a lack of reaching consensus; Polythink is also relevant to the business sector.¹³

- The ability to discover later, which will change current views, is often blocked by "**Anchoring Bias**" that makes hard to revise our beliefs accordingly . This bias causes one to ignore recent information, especially if it is contrary to assessments that already have been made. Anchoring bias had a major effect on Nokia's inability to anticipate the new iPhone and was the reason for Nokia to stick with decisions based on what it knew and ignore the coming storm.

It is possible to take steps to counteract biases. A McKinsey study of more than 1,000 major business investments showed that when organizations worked at reducing the effect of bias in their decision-making processes, they achieved returns of up to seven percentage points higher.¹⁵ The dramatic impact of biases on information analysis and on decision-making is a familiar problem, both in the intelligence communities in many countries and among CI analysts and others involved in assessments in the business world¹⁶. Efforts are continuously being made to minimize their effects on the analytical process and also to strengthen pluralism in assessments, which is among the most recognized tools. However, the results are not encouraging and actually little has been achieved to improve the quality of business decisions, at either the individual or the organizational level.

Devil's Advocate - the Israeli intelligence experience and implications for the business sector

It might be useful to look at this issue of unsatisfactory intelligence analysis from another perspective, by studying the results achieved by the Israeli intelligence community. Israel is one of the few states that has successfully embedded a different approach into its intelligence assessment system, in order to counteract difficulties such as cognitive biases and relationships between CI and key decision-makers.

Almost 45 years ago, after the Israeli Intelligence had been caught by a strategic surprise and was suddenly attacked by Egypt and Syria in the Yom Kippur War in 1973, the Israeli Intelligence Community decided to take strong actions to review and significantly upgrade the process of its national intelligence assessments in order to avoid future surprises.

One of the most striking lessons learned was the need for intelligence pluralism, so to prevent the system from being fixated by "conception," that is, "overall assessment of the concept blocks all attempts to revise it based on new intelligence"¹⁷. As a result, changes in Israeli intelligence were made in several areas:

- Strengthening the intelligence research apparatus of the Mossad (Israel foreign intelligence service) and the Foreign Ministry, in addition to the Military Intelligence (the agency responsible for national intelligence assessment in Israel).
- Strengthening the internal intelligence system in the Military Intelligence, mainly by strengthening intelligence within the regional commands.
- Improving the analysis of information through the establishment of the "Devil's Advocate" function within the Military Intelligence.

In addition to these recommendations, it was also decided to create, as part of the process of intelligence evaluation, a unique capability of Devil's Advocate and to structure it into the organizational chart as an independent entity.

About "Devil's Advocate"

"Devil's Advocate" is a process in which a person argues a position that s/he does not necessarily believe in, for the sake of arguing, or during which a person presents a counterargument for the position s/he does not believe in, to another debater. This method can be used to test the quality of the original argument and identify weaknesses in its structure . Another meaning of the term "Devil's Advocate", originally comes from the Catholic church, describes someone who, given a certain point of view, takes a position, s/he does not necessarily agree with (or simply an alternative position from the accepted norm), for the sake of debate or to explore the thought further¹⁹.

In Israeli Military Intelligence, "Devil's Advocate" was structured to become an organized unit that was set up and manned by high-quality intelligence officers with readiness to present unpopular opposing views that were based on expert analysis. The unit's first objective was to explore the validity of the assessments that were

in the hands of "conventional" researchers. It was hoped that this would significantly improve the "final products" of the intelligence and actively prevent mistakes during the intelligence process.

A realistic expectation from this unit was that it would be able to examine major intelligence challenges differently, based on the same information used by the "regular" research department, and to produce distinctly different but well-established assessments. The next step after receiving the report from the Devil's Advocate unit was to compare the two assessments in order to test the value of the "regular" estimation.

Over the years, the experience acquired by the Devil's Advocate tool has shown itself to be an interesting and worthwhile method with much promise. It has to be emphasized that this format of double-checked estimation usually has been performed for specific issues of high significance, and has not been part of regular intelligence activity. Devil's Advocate is perceived as a powerful technique employed by top decision-makers, which encourages pluralism and a mixture of views. The Devil's Advocate Unit has the power to initiate an examination into important issues, rather than simply respond to requests.

There are strong arguments claiming that the format of Devil's Advocate structure has a direct influence on the overall quality of information products and exposes decision-makers to interesting aspects that can be meaningful and important²¹. Further, Devil's Advocate is seen as a better alternative to brainstorming and other techniques for open discussions, as it is a much stronger tool that practically drills down independently into the information it is a much stronger tool that practically drills materials gathered and assessed, to convey original insights.

Possible benefits to CI

For many years, the world business sector has been facing a situation in which leading corporations have been suffering major setbacks due to failures to predict the next move by their key competitor/s; as a result, they have been caught by surprise by the competitive landscape. Usually, the problem has not resided in the gathering process, but in the inability to produce high-level estimation reports²².



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Clearly, a CI unit within a business firm has distinct responsibilities and works in a different atmosphere than intelligence agencies. However, as the cognitive biases problems are the same, as well as the relationship difficulties between upper management and CI, it is worthwhile to examine the utility of the Devil's Advocate tool in the business sector, especially within CI units and strategic planning.

In addition to conservative views that are held about the Devil's Advocate tool, a key reason that it has not been implemented into the business sector is the argument of lack of resources. This claim has to be taken with considerable caution and has to be balanced against the added value of further insights, which may lead to better decisions. It is the opinion of the author that "lack of resources" is not a strong-enough argument, and that Devil's Advocate will be beneficial if it were to be accepted as an independent organizational entity within a corporation, even inside the CI unit itself. It seems obvious that this format can be useful in certain circumstances, such as for major strategic issues or for other issues that will highly impact the future. Further, it requires a superior analyst/s who can take on the responsibility of performing Devil's Advocate in an ad-hoc manner. A key to success is strong support by the CI director and/or senior executive. It is feasible, but less effective, to execute Devil's Advocate approach by outsourcing to a consultancy with a strong knowledge base and expert analytical capabilities.

Conclusions

Using the Devil's Advocate method can be a pivotal tool of great magnitude for CI, if it is used appropriately; it can have a profound influence upon the quality of the CI analytical products. The chances that Devil's Advocate will be embedded into the strategic overview will be greater if it is supported by senior executives and preferred by at least one senior "Champion" who has learned this tool and is capable of convincing his colleagues of its great value. However, Devil's Advocate also may create a challenging atmosphere inside the CI unit and in strategic planning, and it may encourage views that seem alien and are at odds with those of the decision-makers. Nonetheless, experience shows that presenting dissenting views tends to be a precondition for reaching better decisions than overwhelming consensus.

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22. See Barnea, 2017, for examples of intelligence failures in the business landscape.



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