

An abstract, low-poly geometric design in shades of blue and teal. It features interconnected lines and points, creating a sense of depth and movement, resembling a stylized map or a network of data points.

INTELLIGENT BUSINESS

2022 Strategic Intelligence Report

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Introduction

On 11 January 2020, China reported its first confirmed death, a 61-year-old male in the city of Wuhan, from a new type of coronavirus. This was the first piece of publicly available information of what would turn out to be the start of the COVID-19 pandemic.

What ensued was a tsunami of data – figures of cases and deaths by region, country, city, R numbers, the cost to businesses and government spending responses – essentially an endless stream of qualitative and quantitative information as the pandemic encircled the globe.

For governments and businesses alike, sifting through and analysing this information – for relevancy and actionability – became key to informing their individual responses. How do we protect our people? How do we steer our business through this? What lies ahead? Sharp insights were sought out like never before.

In an increasingly interconnected world, navigating risks and leveraging opportunities have not only become more complex but have also become of greater importance to businesses. Major events like the COVID-19 pandemic and, more recently, Russia's invasion of Ukraine, have shown us that developments thousands of miles away can have very real and immediate consequences on our doorstep. Today, businesses need to be able to look over the horizon to better prepare themselves for emergent risks; they need to understand the world they operate in now and how it may change tomorrow. They must proactively prepare for new risks and seek new opportunities that reside somewhere in the future. Because of this, the intelligence game is changing.

Drawing on the results of S-RM's proprietary research – **in which we surveyed 205 consumers and creators of strategic intelligence in large organisations to learn how they use intelligence today, how that has changed, and what the future of intelligence looks like for them** – we believe that a tipping point regarding the use of intelligence has been reached. These sentiments are echoed within the business community, and according to conversations with senior leaders from three multinational corporations, the need for good and *strategic* intelligence is growing; helping organisations better respond to global events and seize the opportunities that lie ahead.

Strategic intelligence has moved from its traditional role in security risk management, into the heart of organisational decision-making and value creation. Companies are increasingly using intelligence to further their goals and influence company strategy. Using good intelligence to understand the external world – be it the geopolitical state of play, drivers of political or societal change or indeed reputational threats – helps informed decision-making that is based as much on what is relevant today as on what may happen next.

Key Findings

STRATEGIC INTELLIGENCE IS GROWING IN IMPORTANCE

The operating environment for large organisations is growing increasingly complex over time. Our survey respondents overwhelmingly recognise the importance of good intelligence growing alongside that complexity. Now is the time to **examine the sources and use of intelligence within your organisation**.

65% of respondents say strategic intelligence has risen in importance over the past 5 years

TAKE INTELLIGENCE ACROSS THE BUSINESS

Companies that lead the field when it comes to using intelligence to both manage risks and find opportunities are evolving their internal intelligence structures – taking risk from a siloed business unit and providing connections across the business, including the C-Suite. They are using **intelligence as a business accelerator and an enabler**, not only a preventative measure.

ENSURE YOUR INTELLIGENCE IS TAILORED

Relevance is the quality valued above all others in strategic intelligence. Ensuring **tailored intelligence** is fundamental to reducing the 'noise' and achieving actionable insights. The days of relying on purely generic reporting are over.

67% prioritise relevance as a key feature of strategic intelligence

THE VALUE OF REAL PARTNERSHIPS

Effective partnerships will result in better strategic intelligence. Survey respondents who work with their **intelligence partners as an extension of their team**, rather than a service provider, report fewer issues with their intelligence. Achieving quality intelligence means 'letting in' your intelligence partners.

01

Strategic Intelligence: The State of Play

'Strategic intelligence' means different things to different organisations. At S-RM we think of strategic intelligence as **the timely, relevant, accurate and actionable insights an organisation uses to identify, respond to, or even anticipate external risks and opportunities pertinent to their sector and jurisdictions.** Yet, even when viewing intelligence in this way – as a tangible product that supports commercial decision-making – the outputs and uses of these products are as varied as the organisation utilising them.

To gain a broader understanding of how strategic intelligence is viewed and used today we commissioned market research agency Opinium to survey 205 creators and consumers of strategic intelligence within organisations with a turnover of over USD 250 million.¹ We asked them the reasons why they use strategic intelligence, what type of intelligence they receive, and who provides their intelligence – in-house teams, external suppliers or a mix of the two, and the results proved interesting.

¹ Research was carried out in March 2022 with 104 US and 101 UK respondents.

Why Use Strategic Intelligence?

Security and commercial risk management are the top two uses of strategic intelligence services today at 72% and 61% respectively (figure 1).

The traditional use of strategic intelligence in security risk management is unsurprising. There is an ever-present need for organisations to keep safety and security at the heart of their operations and in their engagements with the external world. In fact, according to the Uppsala Conflict Data Program², 2020 brought with it a reversal in the falling trend of violence-related fatalities worldwide, and an increase in conflicts involving both state and non-state actors; trends which have continued into 2022.

With the world also facing new safety and security pressures amid the pandemic, a company's sense of duty of care has expanded significantly, as too has the need for effective and flexible security risk management. Similarly, evaluating commercial risk remains a priority for large organisations. Global pressures on national economies bring with them new vulnerabilities in country and currency risks, among other threats. Businesses seeking growth in new jurisdictions constantly need to effectively navigate regulatory uncertainties as well as engage with unfamiliar political and commercial stakeholders. While for others, the challenges of globalisation are simply too great, and many are bringing back operations closer to home.

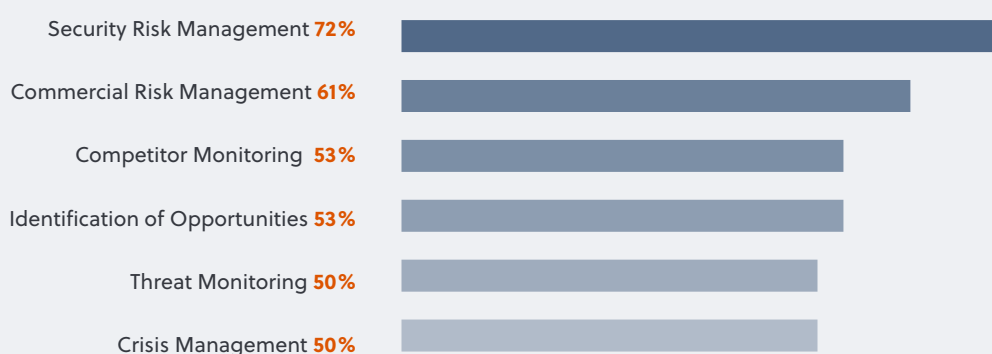
Yet the near even split across the other uses of intelligence – identification of opportunities, threat monitoring and competitor monitoring – demonstrates the versatility of good intelligence for business. With 53% of respondents seeing the potential for intelligence to be used for *opportunity*, it is clear that strategic intelligence can be an enabler for business as much as it ensures the safety of people, assets and reputations.

Strategic Intelligence, Roles and Responsibilities

The versatility of (good) strategic intelligence becomes increasingly evident when exploring *how important* strategic intelligence is to each use case, particularly across different stakeholders. When looking at how senior executives up to board level value the uses of intelligence, compared to mid and senior managers, it is clear that strategic intelligence is not only versatile across the business but also enables different stakeholders to perform their roles more effectively.

Owners and leaders at the very top of a business are required to look at organisational risk at a broader macro level and over the longer term, while mid to senior managers, often tasked with growing the business, can by necessity be more focused on mid- to short-term challenges. Our survey results support this premise, and we see senior-most respondents prioritise intelligence concerning public

FIGURE 1 OVERALL TOP FIVE USES OF STRATEGIC INTELLIGENCE SERVICES



² Uppsala Conflict Data Program, Department of Peace and Conflict Research, [Uppsala University](#).

FIGURE 2 IMPORTANCE OF STRATEGIC INTELLIGENCE PLACED BY BOARD & SENIOR EXECUTIVES, AND SENIOR AND MIDDLE MANAGERS

| | BOARD AND SENIOR EXECUTIVES | SENIOR AND MIDDLE MANAGERS |
|----|---------------------------------|---------------------------------|
| 1 | Public & Government Relations | Market Entry |
| 2 | Identification of Opportunities | ESG |
| 3 | Threat Monitor | External Stakeholder Management |
| 4 | Market Overviews | Commercial Risk Management |
| 5 | Crisis Management | Security Risk Management |
| 6 | Horizon Scanning | Competitor Monitoring |
| 7 | Political Risk Monitoring | Political Risk Monitoring |
| 8 | Competitor Monitoring | Horizon Scanning |
| 9 | Commercial Risk Management | Crisis Management |
| 10 | Security Risk Management | Market Overviews |
| 11 | External Stakeholder Management | Threat Monitor |
| 12 | ESG | Identification of Opportunities |
| 13 | Market Entry | Public & Government Relations |

and government relations, opportunities and the monitoring of threats. Meanwhile, for the senior and middle managers

closer to the 'coalface', intelligence that can better support the actions that follow strategic decisions regarding market expansion, stakeholder engagement and compliance become increasingly important (figure 2).

Yet when it comes to decision-making within

organisations, our research found little difference between the help intelligence can offer to strategic (34%) versus operational decisions (29%). In fact, versatile intelligence outputs can inform *both* strategic and operational level decision-making and activity. Top-level leaders are perfectly split, with the same share seeing strategic intelligence as important for operational and strategic decisions (figure 3).

FIGURE 3 LEVEL OF IMPORTANCE OF STRATEGIC INTELLIGENCE PLACED ON DECISION-MAKING

Board and Senior Executives



Senior and Middle Managers



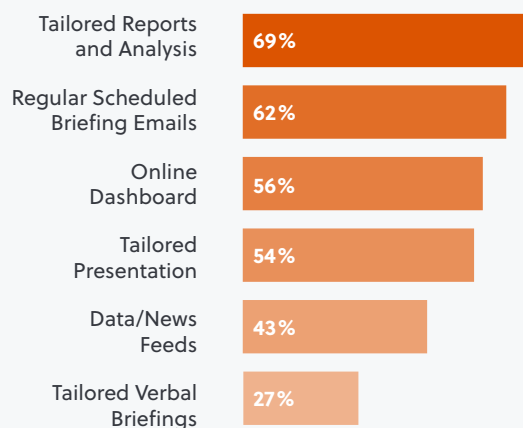
■ OPERATIONAL DECISIONS ■ BOTH OPERATIONAL AND STRATEGIC ■ STRATEGIC DECISIONS

FIGURE 4 PROVISION OF STRATEGIC INTELLIGENCE BY EXTERNAL OR INTERNAL CONSULTANTS/SOURCES

Who and What: The Producers and Types of Strategic Intelligence

While it is clear that strategic intelligence has multiple uses within a business, it is also important to consider how this can be resourced and in what form intelligence is received. According to the survey, when considering who provides strategic intelligence for an organisation, there is a clear reliance on external support (we interrogate this more deeply in Chapter 3). Figure 4 shows that 80% of respondents require some form of external provision of strategic intelligence, with 20% reporting their intelligence is mostly or solely provided by internal teams.

The most common form of intelligence product received by respondents are tailored reports and analysis (69%), regardless of whether such products are provided by internal or external sources (figure 5). Ideally, these are customised to address the end user's unique needs, and a large part of achieving this is ensuring intelligence is timely and relevant. In fact, at least 67% of respondents prioritised relevance as a key feature of strategic intelligence. This may well be related to the growth and availability of information, meaning companies find less and less value in generic reporting.

FIGURE 5 COMMON WAYS TO RECEIVE STRATEGIC INTELLIGENCE



The Winds of Change

We are operating in an uncertain world. Even a quick pulse check of global concerns today will include interstate war in Europe, the fragility of supply chains, spiralling inflation, and a climate crisis, to name just a few. All of these have made businesses think twice about their global exposure and vulnerabilities to external change. And the interconnectedness of each issue cannot be ignored, as Cheryl Steele, CSO, Starbucks Coffee Company says in her interview below, *'Thinking about risk in isolation means you may miss the intersections and the knock-on impacts'*.

In recognition of the pressures and risks facing organisations today, the 205 respondents in our survey overwhelmingly believe their company needs to give greater importance to strategic intelligence, with 80% agreeing their firm needs to invest more in these services, additionally 88% of respondents identify strategic intelligence as an important factor for the overall success of their company (figure 6).

FIGURE 6 OVERALL IMPORTANCE OF STRATEGIC INTELLIGENCE TODAY

The Overall Performance and Success of your Company

88%

The Leadership of your Company

80%

The Work of your Team

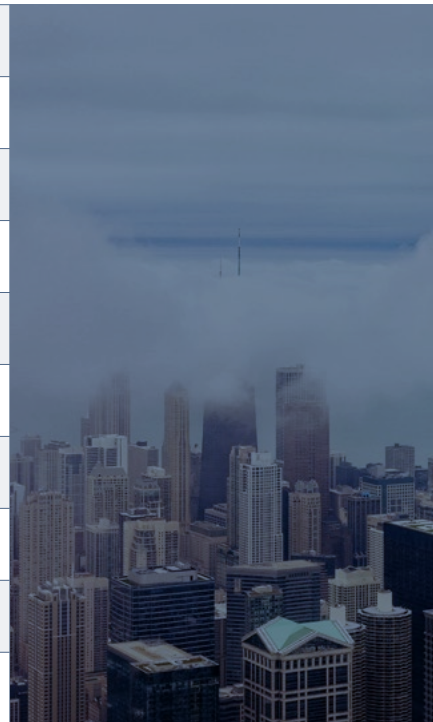
76%

Your Own Work, Personally

73%

FIGURE 7 REASONS FOR GROWTH IN IMPORTANCE OF STRATEGIC INTELLIGENCE

| | | |
|----|---|-----|
| 1 | Increased Cyber Security Risks | 51% |
| 2 | New/Increased Data Privacy Regulation (e.g. GDPR) | 50% |
| 3 | New/Increased Other Forms of Regulation | 49% |
| 4 | Covid-19 Pandemic | 40% |
| 5 | Desire From Company Leadership | 39% |
| 6 | Greater Geopolitical Uncertainty | 38% |
| =7 | New/Increased ESG Regulation | 36% |
| =7 | Exponential Growth of Information Creating Too Much 'Noise' | 36% |
| 9 | A Specific Issue That Has Affected the Company During That Time | 32% |
| 10 | Increase of Populism/Nationalism | 29% |



Headwinds, Tailwinds and Crosswinds

65% of respondents have seen strategic intelligence rise in importance within their organisation over the past five years. Respondents cited increased cyber security risks (51%), new/increased data privacy regulation (50%) and new/increased other forms of regulation (49%) among the main drivers of this (figure 7). Cyber attacks are crippling incidents, not just halting business for the time the attack is in play, but bringing with them reputational damage which can be long lasting. Closely linked to this, and the second most commonly identified driver, is data privacy and the laws surrounding data loss. Often a cyber attack can focus on organisational data and the threat or actual leak of this asset, which if carried out, in many jurisdictions will result in huge fines and further reputational damage.

Yet, it is clear that less cyber-focused or compliance-driven risks such as the COVID-19 pandemic (40%), greater geopolitical uncertainty (38%), and indeed simply a desire among company leadership (39%) are far from insignificant drivers

behind the increased importance of strategic intelligence for organisations. The Ukraine-Russia war, for example, may have changed the global political landscape for decades to come, exposing a network of global interdependencies and demonstrating the significance of geopolitical dynamics on the business world. Drivers of risk such as social change, unexpected but far-reaching government regulation or indeed shifts in the geopolitical order should be accounted for in strategic deliberations.

This is not uniquely about risk management, nor preparing for operational disruptions. Overall, there is recognition from all respondents that strategic intelligence is more about strategic advantage (39%) than merely keeping up with competitors or external events (20%). In fact, as Cheryl Steele of Starbucks says, *'When you achieve wide understanding that intelligence is a business driver, not an obstacle throwing up red flags left, right and centre, then you are seen as both an enabler and an accelerator of what the entire enterprise wants to accomplish.'*



INTERVIEW SPOTLIGHT

INTELLIGENCE: THE BUSINESS OF THE BUSINESS

Cheryl Steele, CSO, Starbucks Coffee Company

Open Source Versus Strategic Intelligence

The contrast in strategic intelligence versus open source is stark. There are endless amounts of open-source information out there. You can find whatever you want. But, if you're walking through a forest of information without a path, you can become overwhelmed and simply want to back out. Strategic intelligence is about walking into that forest with intent and good navigation.

For organisations, think of it in three stages. The challenge at the front end is, 'are we being thoughtful about what we're looking for?' Second, 'how are we navigating while we're in the thick of the data?' And finally, 'how are we calibrating what we've collected, condensing it and moving it forward in a format that's useful, digestible and action-oriented at the back end?'

Intersections of Risk

In the private sector intelligence is often used in a risk specific way i.e., the risk owner is thinking about intelligence to inform one specific swim lane. They may not have an overarching view of where things overlap, intersect and integrate.

One of my key accountabilities is business continuity. By its very nature, business continuity is the inheritor of every other risk because business disruption can be driven by a host of different things. Leading business continuity I see that no single risk is going to happen in isolation. The easiest example that we've seen across the world in the past couple of years with COVID has been the continuity of supply chains. Can I physically get product A to location X? But then you must examine everything that networks off that seemingly simple question. How might that impact my ability to do business at the end location? How might finding disparate sources and inputs into the supply chain impact due diligence processes?

Thinking about risk in isolation means you may miss the intersections and the knock-on impacts. Strategic intelligence comes in here; it is 'the business of the business'. What might materialise over the next six, nine or 12 months? How do those risks look in a three dimensional, textured, way? Layering in the different dimensions and topic areas of intelligence allows you to get an integrated picture. This rounded view of the risk and risk horizon can then drive contingency planning and preparedness.



When you achieve wide understanding that intelligence is a business driver – not an obstacle throwing up red flags left, right and centre – then you are seen as both an enabler and an accelerator of what the entire enterprise wants to accomplish.



Outsource or In-House?

Many companies go through a pendulum swing between building and retaining in-house talent to outsourcing it. This is as true of technology as it is of intelligence, or really any other shared service. If we think of a company as a car, the in-house intelligence function is the engine. As insiders we understand the points of leverage and the relationships between risk owners. We have the knowledge around which questions and insights are the most compelling. Within the in-house team you may have pockets of deep subject matter expertise or you may have a team of generalists. Either way, you will have an internal structure to ladder off of. Only when that internal function is set up do you ask, ‘where do we supplement and complement with outsourced expertise?’ If it is a bespoke or timebound issue it wouldn't make sense to make an investment in a full-time in-house person.

When you recognise a need for external support, you then look at how you'll build that external network – the vendors, partners and consultancies. Over time they will start evolving with you, understanding more about the business and industry you're in. Eventually these outsourced resources become partners who can push ideas in from the outside, adding value in a dynamic way.

In these past couple of years, across the board, there's been an increase in the urgency, immediacy and intersectionality of risk and disruption. That's put a new level of energy and attention on what strategic intelligence can contribute. We're always going to have that pressure of balancing the longer term (meaning beyond the fiscal year), against the urgency of today. There's a recognition of the increased value of having a strategic intelligence partner going through those three stages I referenced earlier

– asking the right questions, thinking about the answers in a robust way, and assessing the information to bring actionable insights.

Intelligence as an Enabler

Demonstrating the value of intelligence back to the different leaders across the business is key to building credibility. While you could take a top-down approach, in my opinion that leads to a short-lived or passing understanding of the value of intelligence. Bringing the whole community of stakeholders along with you is much stickier. Then they can see for themselves how the function helps creative thinking, bringing together parts of the business that traditionally have not had relationships. When you achieve wide understanding that intelligence is a business driver, not an obstacle throwing up red flags left, right and centre, then you are seen as both an enabler and an accelerator of what the entire enterprise wants to accomplish.

Taking the First Steps

If you are in the very early stages of trying to start up an intelligence function within your enterprise, the first piece of advice I give is – do you trust that you truly understand the business of the business? Do not get fixated on ‘does the COO or CEO see value in intelligence’. Instead, work to understand who the most critical figures and influencers in the business are, the P&L owners, the critical function leads. Start there to build the credibility of the service you provide. Show the explicit value that you can drive into them. Once you've done that, you will find it easier to unlock future investment for your capability.



02

The Value of Good Intelligence

The high value companies place on intelligence in ensuring the continued success of their operations creates a strong imperative – and onus on those responsible for intelligence – to ensure the intelligence being delivered is both the right fit for the business and is used effectively by business leaders. There is no one-size-fits-all solution for this, and different intelligence outputs serve different purposes. Companies lean on intelligence to aid in both strategic and operational decision-making, and will decide on the most appropriate formats and focus areas depending on prevailing circumstances – consequently, the requirements each company has at any given time will vary.

The Harvard Business Review, in the article *How Corporate Intelligence Teams Help Businesses Manage Risk*, shares a model that neatly summarises the uses of strategic intelligence from a broad base of simply gathering facts to protect people and assets or to monitor ongoing developments, to the narrow end of sophisticated intelligence functions analysing a variety of trends to support strategic decision-making (figure 8).

In certain circumstances, keeping your finger on the pulse of rapidly moving developments may be the most helpful output. For instance, in the immediate aftermath of a crisis an organisation may have the need for continuous monitoring that allows it to be informed about an evolving situation.

But more and more, the weight is shifting to an intelligence function that goes beyond the immediate, and one that can take a longer-term

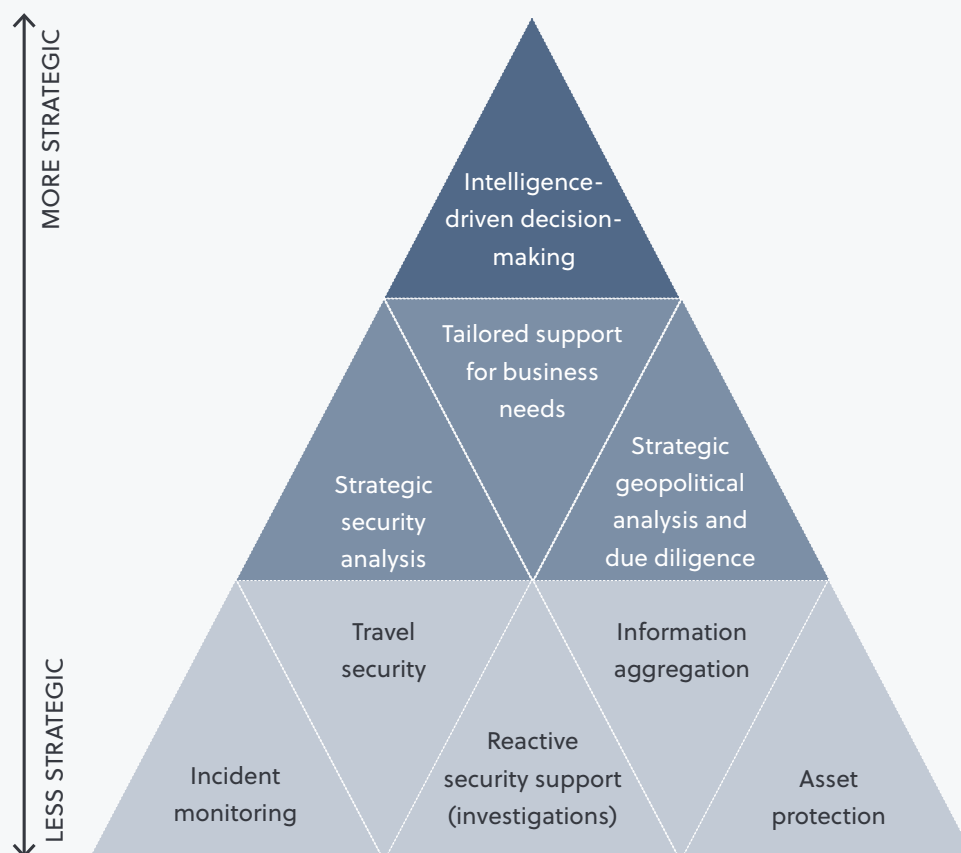
perspective, or that adopts a more versatile approach to intelligence. As Garrett Petraia, Vice President, Global Security & Resilience, Levi Strauss & Co. says, *'With so many different geopolitical variables and potential disruptions, having an approach where you have smart people across multiple disciplines, internal and external, to look at what's next – that's probably a best practice in the future'*.

Tailored and Relevant Intelligence

Identifying and examining gaps in the intelligence received is a useful starting point in promoting the use of intelligence within a company to a more strategic and value add activity.

Over half of respondents, 53%, feel the intelligence they received is either very or fairly focused on their business. But of these respondents, only 17% say they do not experience any problems or issues with that intelligence.

FIGURE 8 MODEL SHOWING HOW COMPANIES USE INTELLIGENCE



Source: [How Corporate Intelligence Teams Help Businesses Manage Risk \(hbr.org\)](https://hbr.org)
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FIGURE 9 ISSUES WITH INTELLIGENCE

Takes Too Much Time to Digest

59%

50%

Not Tailored to Our Business Needs

47%

39%

Too Much Information

35%

28%

Wrong Format

31%

27%

■ ALL RESPONDENTS
 ■ RESPONDENTS WHO REPORT RECEIVING
 'FOCUSED STRATEGIC INTELLIGENCE'

The standout problem identified in our research is the digestibility of intelligence, 59% across all respondents (figure 9). This figure drops to 50% for those who feel the intelligence is focused on their business, but it is still the top issue. And relatedly, the same group of respondents report that intelligence is insufficiently tailored to business needs (39%). This seemingly contradictory view of receiving very or fairly focused intelligence, yet still battling with undigestible and un-tailored intelligence, shows there are blockers to getting it right.

The importance of tailoring intelligence to business needs is further underlined when looking deeper into the format of the intelligence being provided. Only 51% of respondents who are receiving data or news feeds as their only form of strategic intelligence want to increase spending on intelligence, compared to 80% who received tailored reports. This may suggest those gaining tailored reports see more value in strategic intelligence than others.

When asked to evaluate strategic intelligence against five features – actionability, timeliness, relevance, accuracy and predictiveness – relevance rated the most important quality with an average score of 7.8 on a scale of 0 (not at all important) to 10 (extremely important) (figure 10).

There is also a deep correlation between the group of respondents receiving tailored reports and relevance, with 67% of this group citing 'relevance' as the key quality valued by them. Of course, tailored reporting does not necessarily equate to complex outputs. As the data from the survey demonstrates, intelligence users value succinct outputs that at the same time relate to organisation-specific concerns. A key function of intelligence is sifting through inordinate amounts of information, much of which is readily available to anyone with a smartphone and internet access. The differential is the filtering and analysis process that draws meaning from that information. And rather than being presented as a generic report, intelligence consumers are increasingly demanding that the analysis addresses bespoke concerns. Shifts in the geopolitical landscape, changing regulations, or socio-economic challenges, to name a few, have specific rather than universal implications. Succinct intelligence outputs that recognise this are far more valuable to businesses than exhaustive reports that do not.

FIGURE 10 IMPORTANCE RATING FOR EACH QUALITY OF STRATEGIC INTELLIGENCE

| | |
|----------------|-----|
| Relevance | 7.8 |
| Accuracy | 7.7 |
| Timeliness | 7.7 |
| Predictiveness | 7.6 |
| Actionability | 7.4 |

WHERE 0 = NOT AT ALL IMPORTANT AND 10 = EXTREMELY IMPORTANT



A key function of intelligence is sifting through inordinate amounts of information, much of which is readily available to anyone with a smartphone and internet access. The differential is the filtering and analysis process that draws meaning from that information.





INTERVIEW SPOTLIGHT

THE FUTURE OF STRATEGIC INTELLIGENCE

Garrett Petraia, Vice President, Global Security & Resilience, Levi Strauss & Co.

Shifting Mindsets

There is a shifting mindset away from the protective, tactical, intelligence – what I would consider to be reactive, ‘point in time intelligence’ – to focus not only on identifying the business risks but identifying the opportunities. The key to that is not suffering from a lack of imagination – there's no longer the unthinkable, so being open minded about what may be coming next is going to be critical.

I've seen some of the challenges in our industry for professionals like myself, who have been in threat intelligence, and have a very short-term outlook of the world either because that's what we've always done or by necessity because the work required it. For example, you may have been responsible for a high-profile dignitary visit and that work didn't require you to look 10 years down the road, it required you to look 10 days down the road. So, I think it's a shift in mindset of the profession more so than a shift in mindset of our business partners who, at least in my experience, have been very willing to embrace the idea that we're going to help them look over the horizon.

The ‘Corporate Thinktank’

Today companies, and industry in general, are just starting to sort out where strategic intelligence appropriately sits. Traditionally you may have had multiple different groups, e.g. corporate security, government affairs, and

a regulatory group, all looking at intelligence. But with so many different geopolitical variables and potential disruptions, having an approach where you have smart people across multiple disciplines, internal and external, to look at what's next – that's probably a best practice in the future, a ‘corporate thinktank’ if you like. This model gets to the heart of the creativity needed, both on the issues at hand and looking ahead at what's coming at you, and as all these risks are intertwined, this approach also allows the dots to be connected.

It is analogous with world class elite players, whether it's chess or sports. They will tell you the game slows down for them and they're seeing multiple moves ahead because they're so well prepared or they just happen to be so effective at what they do. And I think entities, whether it's a public or private sector entity, need to be of that same elite mindset – those that are, are going to be thinking multiple moves ahead. The world will be slowing down for them.

Building Internal Intelligence Into the Business

There's so much open-source media available out there right now it's critical for the internal intelligence team to be built into the business and that everyone involved in that work deeply understands the company's business strategy, goals, objectives and risk appetite, because your job as an internal leader is to contextualise all that data

coming in. Therefore, when you think about building an internal intelligence team it's important to focus on business acumen, open mindedness and intellectual curiosity. That list of capabilities and competencies has shifted away from deep technical expertise in a particular region of the world or a particular component of physical security, and allows the team to be adaptable professionals to whatever comes next for the business.

Building Business Resilience

I've never been a big believer in the old adage of 'not letting a good crisis go to waste' I feel that what you do between the crises is where you really show your value. Of course, the intelligence function does add value to the company during a crisis, and many businesses have become more resilient simply by having gone through crisis, but you still must figure out how to be relevant between those periods of crisis and not be reactive.

A start is scenario planning and figuring out which actions you would take within those scenarios. Then the next phase of being more resilient, and how you add value to that forward looking approach, is to stay ahead of these things happening. Don't wait for the crisis to happen. Look forward, look at all the different variables and scenarios that could come to fruition. No one has a crystal ball, so you're going to have multiple subsets within a particular issue. Then get detailed about what you would do if this happened. The elite entities are going to look at how to create an opportunity from this once they've made sure their people are safe (if it's a safety related crisis).

Alternatively, instead of a crisis exercise, you look at the strategic objective down the road – three or five years out. What are the things that could potentially impede you from achieving those objectives? Take the 'pre mortem mindset'. How do you look at avoiding those pitfalls that you've identified in advance before they've happened?

No Longer 'Fast-Food Intelligence'

The days of fast-food intelligence partners – you're all things to everyone – have gone. If you're relevant to everyone then you're not particularly relevant to a particular company.

One of my challenges to intelligence partners is to ask very specific questions – what I would like to know about a particular circumstance or a country or an issue.

The broad-based country risk assessment is just not going to be relevant and create insights. So, it's critical to have a partner that can answer those specific questions.

Over the years, I think intelligence vendors have done a better job of introducing the quantitative to the qualitative. The challenge with purely qualitative intelligence is as you start to try and expand your horizon and your outlook, it becomes more difficult, if not impossible, to rely solely on qualitative, opinion based, intelligence. It's critical to understand the conditions and what the numbers tell us, which conditions, which countries or circumstances are trending in the positive, negative or neutral.

The more you try to predict into the future, the more difficult specificity becomes and that's when you look at changing conditions and relative risk – how are the



The days of fast-food intelligence partners – you're all things to everyone – have gone. If you're relevant to everyone then you're not particularly relevant to a particular company.



conditions changing from the current state? Because you may have gone into a particular situation, whether it's a country or a vendor, knowing that it was risky to begin with, how is that changing either positively or negatively? Relative risk, comparing apples to apples, is important for many companies and entities operating across high-risk environments. You want to understand how one is riskier or less risky relative to a similar environment.

Those are some really important details and whereas in the past, maybe 10, 15 or 20 years ago the ask was, 'I have a country, can you give me a country risk assessment?' today that is so general it's simply not relevant.



03

Power in Partnerships

Respondents are clear about what 'good intelligence' looks like (see Chapter 2). But that's only the first step. Each organisation must also identify their own preferred routes to good intelligence. How much can and should be conducted in-house (for example by internal intelligence teams), and when is it beneficial or even necessary to lean on external consultants? Is it best to use consultants as dispassionate independent advisors, or as partners, bringing them into 'the business of the business', the critical concept coined by Cheryl Steele, CSO of Starbucks earlier in our report?

Company culture and the overall value placed on intelligence will have a big impact on how these questions are answered. Notably, each of our external contributors allude to this in their interviews. All three of these experts identify a shift in the perceptions of the utility of intelligence throughout their careers, and they point to the potential value of external consultants as more than just service providers.

Internal and External

These observations are reflected in our research. Firstly, and tellingly, just 6% of respondents said that they rely *only* on internal teams for their strategic intelligence needs. This speaks to the limitations that internal teams often face. Meanwhile, over half of respondents (51%), say their strategic intelligence needs are met equally by external consultants or sources and internal teams. And 27% say that most or all their intelligence is provided externally. An overwhelming number of respondents (70%) also say that 'external consultants and sources provide strategic intelligence that we simply couldn't generate ourselves internally'. Overall, the data suggests a notable reliance on external providers of intelligence and implicit in both groups is the idea of a relationship between external providers and in-house teams.



An overwhelming number of respondents (70%) also say that 'external consultants and sources provide strategic intelligence that we simply couldn't generate ourselves internally'.



We know from our regular interactions with critical decision-makers in global corporate organisations, that in-house expertise of business priorities are essential filters for valuable and actionable intelligence. However, external consultants can provide additional expertise and capacity for stretched teams to help make sense of fast-moving events. Even for the remainder of the respondents who work mostly or entirely with an in-house intelligence team, this same relationship appears to be replicated – there is still a partnership-relationship

between the in-house creators and consumers of intelligence.

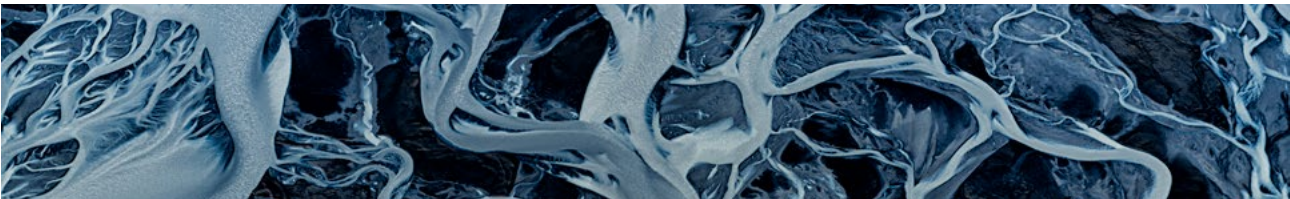
Getting the Most from External Partnerships

Digging a little deeper we found that more than half of the respondents regard external consultants simply as service providers, rather than extensions of their teams. While this may point to a limited use of the partnership model, in our experience many organisations use external consultants as somewhat distanced providers to independently sense-check or assess select issues. In these cases, consultants often have limited integration into internal teams. And there can be good reasons for this, for example where an investigation clearly needs to be conducted at arms-length from the client. Furthermore, our interactions also suggest that where internal processors of intelligence are juggling multiple priorities and limited resources, dealing with external providers in a more transactional sense can be absolutely necessary.

But there are potential downsides too; primarily, where the work of external consultants is not sufficiently directed by, or towards, business needs, or where external consultants have insufficient understanding of their clients' business. In these cases, outputs risk falling into the category of "*fast food intelligence*" as Garrett Petraia Vice President, Global Security & Resilience, Levi Strauss & Co. highlights in his interview.

Indeed, the data presented in figure 11 compares the problems identified by respondents viewing their external intelligence suppliers as purely 'service providers', and those as 'extension of [their] team'. Here we can see that those viewing external consultants as service providers are more likely to report experiencing issues such as receiving too much information, insufficiently tailored outputs and reporting taking too much time to digest. On the other hand, those who view external consultants as extensions of their teams are less likely to report experiencing issues across all areas.

FIGURE 11 PROBLEMS WITH INTELLIGENCE BY THOSE VIEWING EXTERNAL CONSULTANTS AS A SERVICE PROVIDER VERSUS AN EXTENSION OF THEIR TEAM



| PROBLEM / ISSUE WITH STRATEGIC INTELLIGENCE | VIEW OF EXTERNAL CONSULTANTS | | |
|---|------------------------------|------------------|-------------------|
| | | Service Provider | Extension of Team |
| | Too Much Information | 57% | 34% |
| | Information Not Tailored | 53% | 38% |
| | Too Much Time to Digest | 57% | 38% |

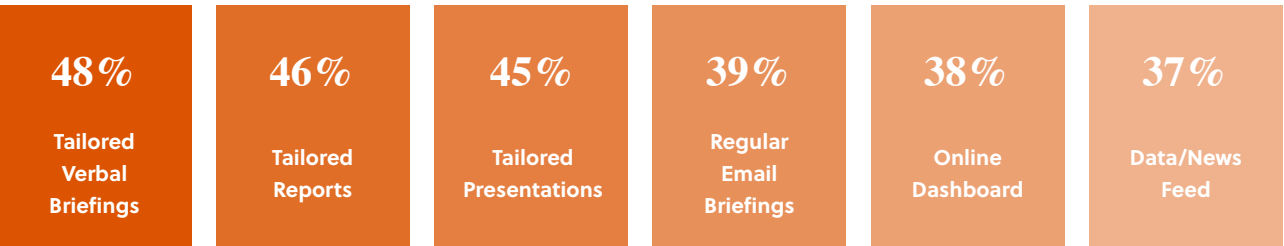
By extension, it is unsurprising that those who view external providers as an extension of their teams are more likely to receive strategic intelligence in the form of tailored outputs, as opposed more off-the-shelf products (figure 12). While it has clear benefits, this approach also requires significant investment from both sides, particularly at the onset of the relationship. Whether external providers are used for multiple intelligence needs or a single vertical requirement, they need to take the time to understand their clients deeply. In turn, clients must be willing to invest the time to bring consultants up to speed regarding relevant business priorities.

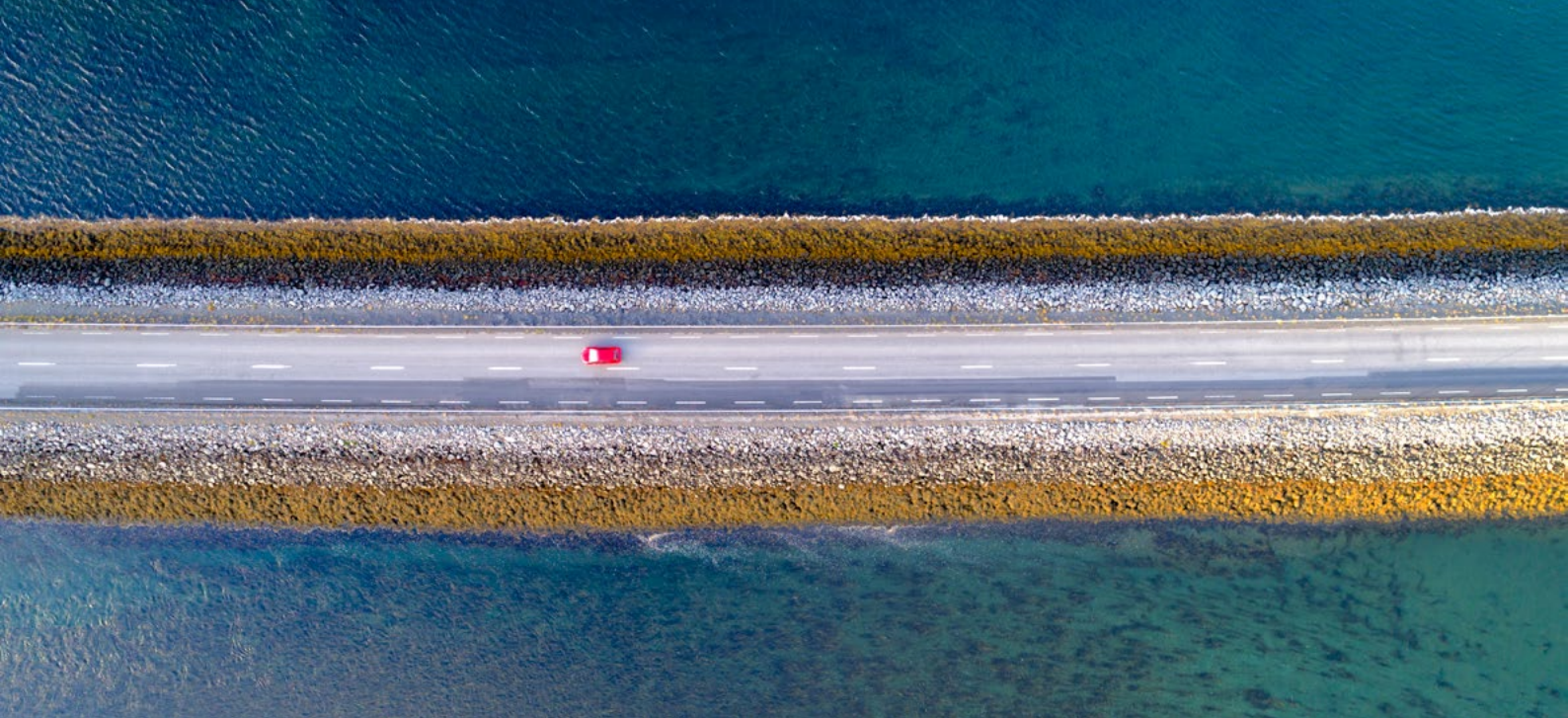
Beyond this, the partnership model is more likely to build that critical currency of trust that breeds an additional level of responsiveness over time, as consultants can anticipate their clients' needs better. As Jerry Kral, Chief Risk, Ethics & Compliance Officer,

Brown-Forman Corporation, tells us: *'It's imperative that we find an expert partner who understands our business with whom we can collaborate closely. When there's an issue that's potentially going to impact Brown-Forman, I want an alert – not one from a system that requires me to go through, read, and assess it. I want an alert from someone that knows our business and I trust, who has already scanned the information and can put it into context for me so it is actionable.'*

There are a variety of reasons why external consultants may add value to any organisation. Our research shows that there are a number of overlapping drivers for the procurement of strategic intelligence from external providers. Key among these is the need for expertise in specialist areas where it simply doesn't exist internally, and further, when seeking higher quality analysis as well as for the provision of independent assessments (figure 13).

FIGURE 12 PRODUCTS / SERVICES USED BY THOSE VIEWING EXTERNAL CONSULTANTS AS AN EXTENSION OF THEIR TEAM





Looking at the data a little more closely, we find that of those who said they currently receive strategic intelligence in the form of tailored reports and analysis (69%) also say they seek external consultants where they lack internal expertise. It seems the often complex nature of tailored reports and analysis requires specific expertise and often involves in-depth research and analysis.

The Route to Good Intelligence

The paths to good strategic intelligence can be manifold. Ultimately, it is imperative that every organisation that utilises intelligence is clear, not only about what value intelligence can, or better yet *should*, bring, but in what format and through what means. It is critical to fully understand the strength of internal producers of intelligence by being clear about in-

house capacity, expertise and priorities. As we learned from Cheryl Steele, these teams must also be fully looped into the commercial strategy and needs of the overall business.

But equally, questions must be asked around the best way to work with external providers. What expertise are they best placed to provide, when is an outside view needed and why, how can risks and opportunities be interrogated in discreet ways, how can benefits be gained from insights gleaned across multiple sectors, jurisdictions and amid fast-moving events. Our research and experience tell us that where external consultants are relied on, the best results are achieved when they are viewed as partners, with sufficient insight into the business to make strategic intelligence actionable and relevant to business needs.

FIGURE 13 REASONS WHY CONSULTANTS/SOURCES ARE USED FOR STRATEGIC INTELLIGENCE





INTERVIEW SPOTLIGHT

PARTNERING TO ACHIEVE ACTIONABLE INSIGHTS

Gerald “Jerry” Kral, Chief Risk, Ethics & Compliance Officer,
Brown-Forman Corporation

A Historic Starting Point for Strategic Intelligence

When we look at the intelligence industry in the United States, a key moment in history is the Foreign Corrupt Practices Act (FCPA) introduced by William Proxmire, a US senator from the state of Wisconsin, in 1977. That law was seminal to our industry of strategic intelligence because of two factors. One, the law had extraterritorial coverage, so US-listed companies needed to know how they were going to be held accountable for actions outside the United States. And second, it imposed third-party liability – so it made those companies responsible for the actions of its third parties.

That law was rather dormant, sitting on the books until the mid-2000s, when the German conglomerate Siemens was prosecuted and ended up paying millions in fines. From that point on, from my perspective, the concept of strategic intelligence was born – as it placed the onus on the corporation to do third-party due diligence on all its higher-risk business partners outside the United States. And it’s only continued to grow from there.

I started my career in consulting when this concept of compliance, born out of the FCPA activity in the mid-2000s, started to take shape. I worked with compliance officers who needed assistance in establishing processes and controls to ensure that they could defend their programmes. This snowballed to strategic business

decisions overall – for example, mergers and acquisitions, entering new geographies, global expansion through distributors and other high-profile business transactions.

Beyond Compliance

It is important to recognise the increasingly dynamic relationship between risk and reputation for our companies. We have broader corporate purpose and accountability standards, increased stakeholder expectations, and trust and transparency than commonly existed twenty years ago.

For my role, not only must we monitor our own operations and reputation, but there is an important responsibility to know who we are doing business with. We want to know as much as possible about the ‘who’, because not turning over every stone to understand them has a very steep downside.

So, what started with anti-corruption and needing to know whether third parties, prospective or existing, were ‘dirty’ in any way, has only grown in scope. Now we are looking at our third parties from a human rights perspective, from an environmental perspective, from a corporate citizenship perspective, and so on. And we’re taking all these different perspectives into play when we evaluate candidates to do business with.

This additional scrutiny only expands the need for strategic intelligence. But finding the sources of

intelligence and identifying any potential red flags is quite challenging. It requires a partner who has access to substantial information and the resources to assimilate it in a meaningful manner.

Intelligence and Risk

Along with ethics and compliance, I'm responsible for looking around the next corner and being able to anticipate what is going to be a challenge to our business in the near term. Now, doing that when you operate in over 100 countries is very challenging, mainly because the risks are always moving and evolving, and today they are moving faster than ever. From climate change to geopolitical issues to social media misinformation campaigns, the pace at which the world is changing means there's a lot to stay on top of.

At Brown-Forman, our approach to external risk is based on 'hotspots' and 'tripwires'. We want to be aware of where a potential issue could surface, and we call that a hotspot. Where there's a hotspot, we put monitoring in place. And if the temperature starts to rise, we turn to what we call tripwires. These are conditions that, if met, will require us to take some sort of action. That action could be demonstrating duty of care, pausing our business or ceasing activities altogether with a particular business partner.

A Partnership Approach to Intelligence

Disciplines such as crisis management, emergency preparedness and business continuity have complex, detailed methodologies. The amount of rigor that must be applied to do them effectively requires a deeper investment than most companies are willing to make. Therefore, if you want to be prepared and able to respond appropriately on behalf of your people, your business and your shareholders, you need to partner with someone who can bring that expertise and experience to the table.

At Brown-Forman, our expertise is in making and marketing premium spirits, and we partner where a service is not a core competence, such as strategic intelligence. It's imperative that we find an expert partner who understands our business with whom we can collaborate closely. When there's an issue that's potentially going to impact Brown-Forman, I want an alert – not one from a system that requires me to go through, read, and assess it. I want an alert from someone that knows our business and I trust, who has already scanned the information and can put it into context for me so it is actionable.

Example Partnerships and Playbooks

In 2019, S-RM set up a crisis management conference that convened risk managers from a number of sectors. This was pre-COVID, when everyone tended to talk about crisis management in a very obtuse way. At that time, no one had ever experienced the scale and speed of a pandemic. During the conference, each company shared experiences and 'playbooks' for crisis management. At Brown-Forman, that primarily meant dealing with product quality. Meanwhile, a delegate from a real estate investment trust spoke about dealing with workplace violence. Another company expert shared an experience in dealing with human rights related issues in third-party manufacturing and their response. It was only through S-RM's ability to convene a range of companies and to share crisis management expertise, that we were able to round out our own playbook. There was real value in that, because since that time we have been faced with some of the challenges that had been discussed at the conference. And that proactive insight and shared learning is what helped us fill in gaps in our own crisis management playbook.

Example Corporate Response to COVID-19

In the early days of COVID, when it was unclear what was happening and what actions were required, strategic intelligence wasn't so much around the spread of COVID-19. It was the corporate response. There were 'hotspots' across Europe with whole countries starting to put restrictions in place. What did that mean? What was the likelihood for the United States to do the same? What were companies doing in response to that? At Brown-Forman, our first conversations revolved around ceasing international travel for our business colleagues and then included decisions around closing our offices, and we relied on strategic intelligence from S-RM to do that. Then we continued to use S-RM to monitor those hotspots so we could stay ahead of the situation and continue to adapt our response as the situation unfolded.

Conclusion

Quality strategic intelligence, used effectively across the business, will drive value-creation. For corporate leadership, navigating today's hyper-connected, digital world requires timely, relevant and actionable intelligence.

The explosion in publicly available information, combined with the velocity with which such information both travels and changes, has seen a shift in how open source intelligence, traditionally the domain of security and risk teams, is consumed. However, that very explosion in available data has created a forest of information and may well have compounded the challenge of relevance.

As our survey showed, relevance is the quality valued above all others. Achieving that requires a desire for partnership on the part of both the requestor and the vendor. The most successful intelligence providers will take time to understand the drivers of their client's business and how a particular project will fit into that client's objectives and strategy. For the client, being as open as they can be with regard to the "what" undoubtedly increases the probability of a successful outcome and a higher return on investment – whether that investment be their time or the ultimate decisions made by the business.

All three guest contributors pointed the same way with regards to the use of strategic intelligence. It is increasingly central to corporate decision-making. The skills and techniques traditionally honed within silos of risk and security management, are now being built and deployed across a broader canvas. These dynamics are unlikely to change as the globalised world we have become accustomed to operating in over the last few decades adapts to events of the past two years.

It's just intelligent business.

S-RM Authors



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Martin works with our clients to ensure critical decisions are well informed. Prior to S-RM, Martin spent 22 years at Goldman Sachs in London and New York. During his career, Martin assumed a number of leadership roles and became a Partner in 2002. From 2005 to 2011 he was Head of Equities for Central and Eastern Europe, Middle East and Africa (CEEMEA) and for the following two years an Advisory Director to Goldman Sachs with a focus on growth and frontier markets in CEEMEA.

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Gala started her career working for the Kurdistan Regional Government (KRG), as a political advisor to the KRG's Nordic representative in Stockholm and as an advisor to the Minister of Sports and Youth in Erbil. She later joined IHS Global Insight (now IHS Markit) as a Middle East and North Africa (MENA) analyst, and later managed the MENA team. Gala also spent five years with Control Risks, leaving as a Director on the Global Risk Analysis Department. She has a BA from the University of Cambridge and an MSc from the London School of Economics.

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With over 10 years in the industry, Gabrielle has worked closely with our clients to develop tailored solutions that map their precise requirements for intelligence and analysis based on their locations, exposure and objectives, analysing changing (geo)political, security and regulatory landscapes to better inform decision-making. Prior to joining S-RM, she worked for a travel risk advisory firm, and assisted in the planning and coordination of non-medical evacuations. Gabrielle holds a Bachelor of Social Sciences in Politics and Psychology, a Bachelor of Social Sciences (Honours) in Justice and Transformation, and a Master's Degree in International Relations, specialising in terrorism threats in East Africa.

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