
Overcoming Hurdles: The Implementation of Competitive Intelligence in Brazil's Largest Bank

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After months of confidential negotiations, in November 2008 Brazilian banks Itaú and Unibanco signed a merger contract of their financial operations, creating the country's largest bank and one of the twenty largest in the world. The new institution calls itself Itaú Unibanco Holding and has a net equity of over US\$ 57 billion.

As a result of the merger, the aforementioned institutions are prepared to overcome barriers and become the first bank in the southern hemisphere with the resources to be a global player. Numbers sustain this expectation. With US\$ 575 billion in assets, 14.5 million clients and 21 percent of deposits in the Brazilian banking system, Itaú Unibanco Holding has already risen to be the 17th largest company in the world (in terms of market capitalization). The merger crowns an aggressive growth movement by Itaú, which was the second largest Brazilian banking institution previously.

Like many other financial institutions, the bank had some intelligence initiatives in place in internal areas. However, they were acting in an isolated manner. Databases were dispersed and access to their information were restricted.

One of the most important areas of the bank, its treasury did not have a structured intelligence organization just two years ago. This competitive intelligence (CI) situation evolved through an initiative taken by the director in charge of the treasury when he formally created the Business Intelligence Department (GIN). The GIN was tasked with the mission to dig deeper into opportunities for growth in the bank's market segments and follow competitors' actions more closely. In a short time, the department's efforts began to show results, and since April of 2007, the bank has estimated that GIN contributed 10% to the Treasury's performance.

As soon as she received the mission to structure the area, the manager in charge developed a preliminary set of ideas regarding how the unit should function. She sought input from personnel with more experience in this area and

consolidated their ideas into an implementation plan.

For the last ten years Brazil has had a competitive intelligence conference that is similar to the annual SCIP conference. When she attended the 2007 meeting of this conference the manager sought and gained insights into how best to organize the project. In addition, she also hired an outside consultant to help organize the unit's initial steps and build team knowledge when selecting and applying intelligence techniques.

CHALLENGES

The development of the CI unit began in 2007 with a focus on the bank's sales desk and the mid-sized company segment. One of the early implementation challenges for management was gaining access to databases developed in and managed by other areas of the company and integrating their competitive information. The size of the bank itself presented an additional challenge – the effort required to mobilize and bring other areas to the discussion table was substantial. The differences of opinion on many competitive intelligence issues further complicated the task.

The GIN unit began to develop several products. Starting out with a basic strategic analysis, the unit started to track the movements and actions carried out by competitors, promote competitive research, and discuss competitive intelligence cases as a group. The unit also created an intelligence portal, a centralized information base about the financial industry and the company's competition. The goal was that within a short time, all the bank's employees and managers would be using this portal as a resources.

At the same time, the manager of competitive intelligence launched another service called *Important News*. In a single channel *Important News* brings together the most important information of the day pertaining to the

products managed by the head of Financial Business, as well as information with a strategic focus. The GIN unit also implemented the *Mystery Box*, a box akin to the suggestion box common in many companies. After an internal publicity campaign, employees began to place in the Mystery Box information about competitors collected in the most diverse situations. The general objectives of the unit were to evaluate competitor actions, measure their impact on the bank, and seek ways to supercede them.

The GIN unit also began to implement a monthly follow-up report on investments, derivatives, and loan market shares. All of these actions facilitated improved control and distribution of information, and generated integration of information from people who worked in departments ranging from those supporting companies of several sizes to public power, high-income wholesale, and retail.

TALENTS

One of the reasons for the success of the intelligence unit is that it gained credibility with internal clients. In light of the inherent inconsistency of some information sources, intelligence management has created databases containing trustworthy information. The unit has also implemented the concept of “done-checked:” no information or analysis is to be released by the intelligence area without first being checked by at least one other person who did not participate directly in its development. By having someone look at intelligence results from a different perspective, divergences can be eliminated, new perceptions and approaches aggregated, and numbers checked and questioned.

When faced with a question asked by decision-makers, the team always behaves proactively by saying, “I will check and get back to you in minutes.” The response is never, “I think...” Thanks to this approach, clients have begun to view the intelligence team and its data as trustworthy and precise. The unit continually gained credibility until it became what it is today – a group that confirms rather than assumes that the information it presents is correct.

An effort of this magnitude requires the skills of high class personnel. The structuring of the GIN team began with competent internal recruitment carried out by the intelligence manager. She personally came from operations, which gave her a clear

understanding of the needs of internal clients. This manager sought committed people with high-level complementary professional profiles. She invested in intelligence courses and training and from there began to consolidate a high-performance, proactive, winning team. Management knew how to develop individual and collective challenges in a way that kept the team motivated to create solutions that met the demands of company decision-makers.

THE EVOLUTION OF INTELLIGENCE PRODUCTS

As its new products continued to be well-received, GIN began to receive new demands from decision-makers. With a proactive approach, the team began to develop solutions that ended up exceeding management's expectations.

Included among the new tools was the *Managerial Summary*, a management report for result optimization including history, projections, and weekly trend analyses by product channel (corporations, individuals, institutional and public power). The internal clients of the GIN team included directors, partner areas, and superintendents and managers of the Board.

GIN also created another intelligence product called *Compass*, which maps relationships with Itaú clients and identifies areas where the biggest and best business opportunities are for Treasury products. The internal clients at this point were the commercial area, table traders, and the team specializing in these product sales.

New GIN products began to include several board activities and influence actions regarding client attraction and retention strategies. The GIN team began to assist the development of commercial campaigns, constantly monitor competition, and build information links with tools that facilitated internal communication.

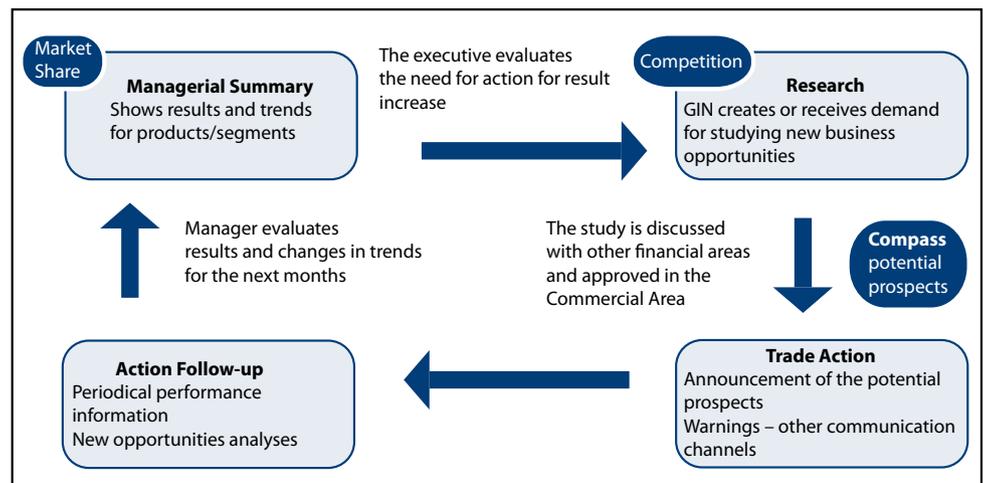


Figure 1: GIN in Action

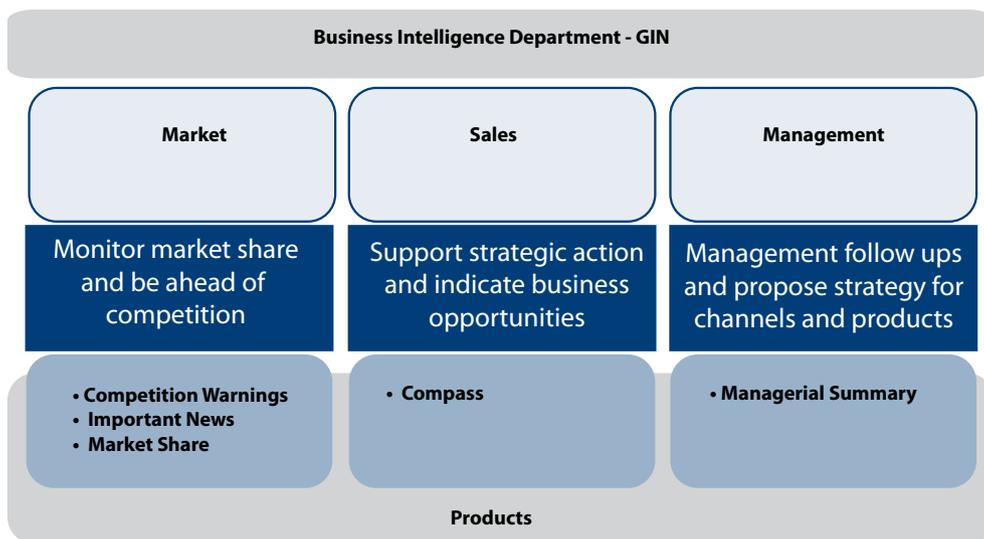


Figure 2: GIN intelligence products

A specially selected multi-disciplinary team established and maintained a stimulating and motivating environment by implementing such practices as:

- Meeting weekly for brainstorming solutions.
- Establishing policies of “one does, another proofs.”
- Conducting intensive training and creating opportunities for skill development.
- Placing in front of the main executives the team members who worked hard on developing evidence that supported the team’s analytical conclusions.

SUCCESS FACTORS

The external environment is becoming increasingly complex and changing more rapidly than ever. This reality is also having an impact on the Brazilian banking segment, which is now consolidating and facing increased competition with other banks, including foreign banks. Decision-makers must now face the challenge of not only monitoring these changes, but also identifying the implications for their organizations as they seek and maintain competitive advantage. One of the obvious reasons for Itaú’s success in this environment is the contributions made by the competitive intelligence departments.

The reasons for GIN’s success are numerous. From the outset, GIN’s sponsor provided total support. This included political support and open lines of communication with other bank departments. The sponsor also chose the right person to lead the team. In addition to her strong profile as a talent manager, she also has a solid background in business.

What particularly helped GIN obtain credibility with its clients was the use of a cooperative approach to the integration of previously existing initiatives within other departments. This action proved to be critical to the construction of an effective internal information exchange network.

Several other factors facilitated the internal recognition of GIN’s importance. Among them were the ready assessment of decision-makers’ needs, and the structuring products and disseminating of products in the most appropriate form (portals, bulletins, reports, etc) to encourage effective use of the intelligence they offered.

Success also hinges on having qualified personnel who function together as a team. At Itaú, this was an important component of the unit’s success from the beginning.

- Breaking internal barriers, stimulating participation from other areas, aggregating interests, and taking constructive action has caused Itaú’s intelligence practices to mature quickly and move rapidly toward its objective of developing world-class practices that support the bank’s growth strategy and internationalization.

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