

Competitive Intelligence 101

12/10/07

I need some competitive intelligence. What do you suggest? We've recently lost a couple deals that I was pretty certain we were going to get. One went to a bigger competitor who almost never pays attention to our target market. The other deal went to a small start-up. I don't want to lose business if I can help it.

It's always good to know your competition. Markets can change quickly, especially in volatile economic times. If you can identify competitive threats and jump to make changes you may be able to save your company time, effort and revenue.

Let's figure out what your competitors are up to. Start with a list of those competitors you want to investigate – big and small. My suggestion would be to build the list in excel, where you can give each competitor a line, and add columns of data as your search bears fruit.

List each competitor, including home address, top executive and top sales person. Build headings for 2006, 2007 and 2008 (forecasted) sales. Put in a column to indicate whether each is public or private, as well as a column to list their top accounts. Focus on gathering data about competitors' target markets, core services or products, recent or planned innovations, and noteworthy staff changes – hired or fired. Create 2 columns where

you can list strengths and weaknesses of each bidder, followed by a column for your company's competitive position – which you'll fill in later, once your research is done.

Next, build a profile of the bids you've completed in the past 6 months – won, lost and pending decisions. Again, profile the bids in excel, so you can lay out data in a somewhat searchable database. Create a column for won/lost. Create columns for each bidder. Define the size of each bid. List the attributes of each bidder, as best you know. Define the prospect's requirements, and have 3 columns where you list how well you did and did not match what the prospect wanted, including a column for any mistakes you made in the bidding process. Be completely honest in your assessment of how well you've done on recent bids. If your company blew the opportunity, trying to blame the competition isn't going to get you anywhere.

Search the web to gather data. Read competitors' websites. Ask clients if they share any details of what they did and didn't like about competitors. Ask prospects if they'd debrief the bidding process. Find out what the top 5 decision points revolved around. Ask where your company was strongest and weakest. Don't get defensive – stick with data gathering.

Next build a list of your 2008 sales targets. Profile what firms they currently use. Pay attention to any names that come up regularly. Include a column for the strengths and weaknesses of each firm, and a column you fill in with your company's competitive position.

You can also hire firms to develop competitive profiles. Make up a list of companies you want investigated. Be specific about what you want to learn in order to insure that the firm doing the investigation will be pointed in the right direction.

If any of your competitors are public, ask for an annual report and read through it carefully. If they are all private, you'll have your homework cut out for you. You will probably have to rely on what others have to say about the firms you're investigating. Don't forget to approach vendors you know, who may also do business with the competitors. Ask about their payment history, lines of credit, volume of purchases, and anything else you can think of that could tell you how they're doing.

In a volatile economy it's not unusual to get squeezed on both ends. Bigger competitors lower their targets to prospects they would have overlooked in better economic times. On the other end of the scale, if your industry has few barriers to entry, recently downsized executives may look



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for opportunities to start a business in your back yard.

If you run into big guys differentiate what your business stands for. Remember, however, that the bigger the competitor the deeper the pockets and the more resources they can throw at getting new clients on board. You will have to emphasize things like service, nimbleness and willingness to customize, as well as a long standing track record of performance in this target market.

If you're confronted by smaller upstarts, emphasize your years of experience. Build a competitive matrix comparing your firm to the small guy who's just starting out. Don't forget to list references from satisfied clients, as this is something the start up won't have.

Looking for a good book? Try Competitive Intelligence: How to Gather, Analyze, and Use Information to Move Your Business to the Top, by Larry Kahaner.

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