

Your competitors - What you don't know DOES hurt you! - Part 2

Top performing organizations have superior authority or own an open position. They maintain their unique edge despite competitors' strategy changes, emerging new players and new channels while others languish. Sharp competitive analysis gives them market information they need to evolve ahead of field. Yet many companies relegate competitive analysis to low level analysts when it should be led from a holistic, strategic view.

Step One: Pick your competitors wisely

Last month we described how picking the competitive set is critical to a great analysis. We discussed that many companies omit studying:

- Start up or early stage contenders
- Companies with broader product lines than yours
- Out-of-category competitors who might enter your market
- Companies in different distribution channels

Step Two: Conduct significant analysis

Use a wide range of internal and external resources to analyze your competition, across all functions and channels. While analysts can compile information and data, do not relegate this analysis to low level analysts alone. Rather, develop your analytical plan from a strategic perspective. Make sure you benchmark over a number of years so you track trends and strategic shifts.

Tip: Don't clean out your files!

This sounds basic, but we are surprised at how many companies do not keep competitive 12 month file data or catalogs for multiple years to track services, growth, merchandise categories & pricing trends.

Utilize a variety of sources to collect data including information from the public domain, SEC filings, news articles, trade press, executive speeches, websites, catalogs, advertisements and data cards. Interview former employees. While some are covered by confidentiality agreements and won't talk, it amazes us how many former executives will be happy to share information on strategy, key competencies, weaknesses, corporate bias, best selling product, and more juicy information.

Spend time building databases of key information. Bottoms-up information is reliable, especially when tracked over a number of years. Watch how merchandise categories grow and shrink; track number of products, skus, space and pricing by

category for insights as to what is working or not in merchandise lines.

Tip: Make sure your research is objective.

We don't know a company that is truly objective about assessing quality and value as it relates to itself v. its competition. We recommend hiring a third party to evaluate merchandise quality/value objectively. The return is well worth it.

Step Three: Identify implications of the analysis

Once the analysis is complete, spend enough time drawing out implications, which is often best accomplished in a brainstorming session. You'll be inundated with data. The art of analysis is to understand which data should inform your strategic planning process. Ask "what does this mean?" "What is important?" "What are the big Ah-hahs?"

Step Four: Fold the implications into your strategic planning and SWOT

A high-quality competitive analysis will inform your company's strengths and weaknesses as well as the external environment in the form of threats and opportunities. Make sure you prioritize the issues.

Step Five: Develop offensive & defensive competitive strategies

Your strategic plan should include both offensive & defensive strategies to protect and improve your position. Take a long range view, be strategically action oriented and eat them for lunch!

For information on how [windward group](http://www.windwardgroup.us) can help you develop impactful strategic initiatives to transform your organization or just to chat, call us.

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