

DEFINING A COMPETITIVE STRATEGY

This tool shows how to define a competitive strategy that will distinguish you from your competitors and enable your company to win and maintain market share. It employs a multi-step process that asks leaders to answer a logical series of questions related to the competition. Among other things, it results in an analysis of potential factors that could be used against you by your competitors – and your readiness to deal with those contingencies.

First

1. Define the business involved (i.e. the specific product or service).
2. Identify the significant competitors.
3. Identify the differences between you and them.
4. Identify your present objectives and any known differences from your competitors.

Then

1. Starting with the present business, forecast changes in the environment over 3-5 years. (Include markets, technology, industry volume, and competitive behavior.)
2. Predict what your performance will be with no significant change in policies or methods of operation.
3. If this is satisfactory, stop there.
4. Appraise the significant weaknesses and strengths that you have in comparison with your most important competitors. This should include any factors that could become important (philosophy, marketing ability, technology, costs, organization, morale, reputation, management depth, etc.).
5. Evaluate the difference between your strategies and those of your major competitors.
6. Conceive of some variation in policy or strategy that would improve your competitive posture in the future.
7. Appraise the proposed alternate strategy in terms of risk, response and payout. Evaluate in terms of minimum acceptable corporate performance.
8. If this is satisfactory, then stop and focus on planning implementation.
9. If a satisfactory result has not been found, then broaden the definition of the present business and repeat the cycle. Ordinarily, redefinition means looking at other products you can supply to a market that you know and understand. Sometimes it means supplying existing products to a different market. Less frequently, it means applying technical or financial abilities to new products and markets simultaneously.
10. If the existing business is not satisfactory, and no attempt to broaden it offers satisfactory results, then only two alternatives exist:
 - Lower the performance expectations.
 - Reverse the process and attempt to find an orderly method of dis-investment.

LRI's expert consultants can help you develop and implement an effective business plan. Please call us for a free consultation at 800-598-7662 or email info@leadingresources.com.