

## FIVE TESTS OF COMPETITIVE ADVANTAGE

This tool provides a clear method for assessing the level of competitive advantage your company enjoys in a particular market segment. It lays out a two-step process that tests each product or service against five proven measures of competitive advantage.

First, define each specific resource you have that gives your business a competitive advantage. Include both tangible and intangible resources. You are not limited to four.

- Competitive advantage #1:
- Competitive advantage #2:
- Competitive advantage #3:
- Competitive advantage #4:

For each resource, use the following matrix to determine its value as the basis for an effective strategy. If you score consistently in the high range, then you have true competitive advantage.

Test	High	Med.	Low	Comments
Inimitability: Is the resource hard to copy?				
Durability: How quickly does this resource depreciate?				
Ownership: Who captures the value the resource creates?				
Absence of substitutes: Can your unique resource be trumped by a different one?				
Competitive superiority: Whose resource is really better?				