

Montana West Economic Development
E2 Forum for Entrepreneurs

Tuesday, May 24, 2011

12:00 pm – 1:00 pm

Flathead Valley Community College
Arts & Technology Building Room 139

THINKING COMPETITIVELY ... ALL THE TIME



presented by

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eBizServices

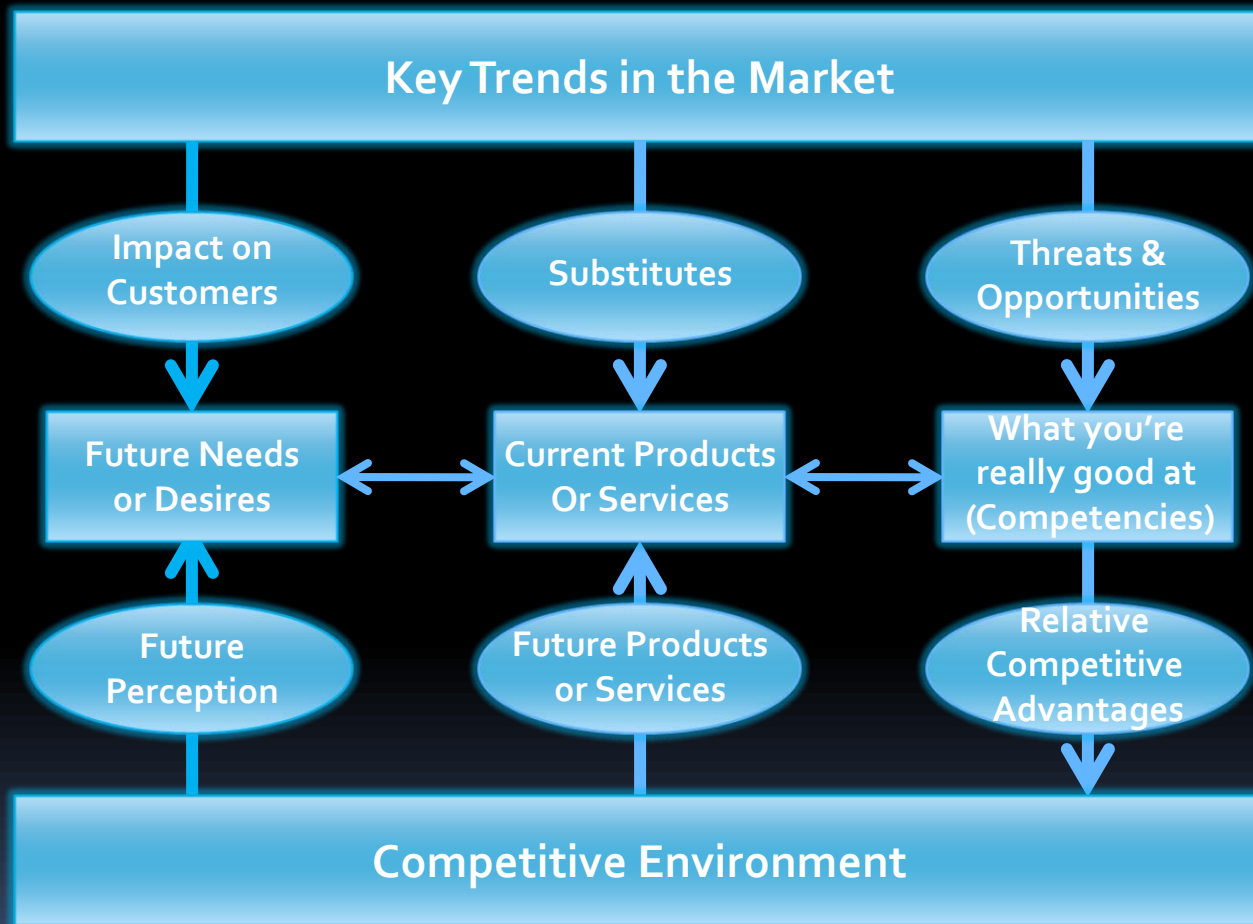
Sun Tzu: *The Art of War*



- *If you are ignorant of both your enemy and yourself, then you are a fool and certain to be defeated in every battle.*
- *If you know yourself, but not your enemy, for every battle won, you will suffer a loss.*
- *If you know your enemy and yourself, ... you will win every battle.*

You	Them	Outcome
?	?	☹
!	?	~ ☹
!	!	☺

A Strategic Framework



Evaluating the Competitive Environment

- Lots of tools to assist the evaluation
 - computerized databases (detail, fancy, \$\$\$)
 - file folders in your lower left hand desk drawer (available, <\$)
- How to evaluate the players
 - weighted average to rank competitors

Ranking Competitors

Factor	Weight	You		Comp 1		Comp 2	
Price <i>(save money. live better -Wal-Mart)</i>	4	3	12	5	20	2	8
Service	3	4	12	3	9	3	9
Quality	3	4	12	3	9	3	9
Brand	2	2	4	4	8	3	6
Score			40		46		32

[1= Low, 5 = High]

Evaluating the Competitive Environment

- Lots of tools to assist
 - computerized databases (>detail, fancy, \$\$\$)
 - file folder in your lower left hand desk drawer (available, <\$)
- How to evaluate the players
 - weighted average to rank competitors
- **“Good Enough”**

S.W.O.T

Strengths, Weaknesses, Opportunities, & Threats

- It's a tool
- A simplified Star Trek Tri-Corder



Strengths	Weaknesses
Opportunities	Threats

S.W.O.T

Tool: ~4-function calculator

(+ - x /)

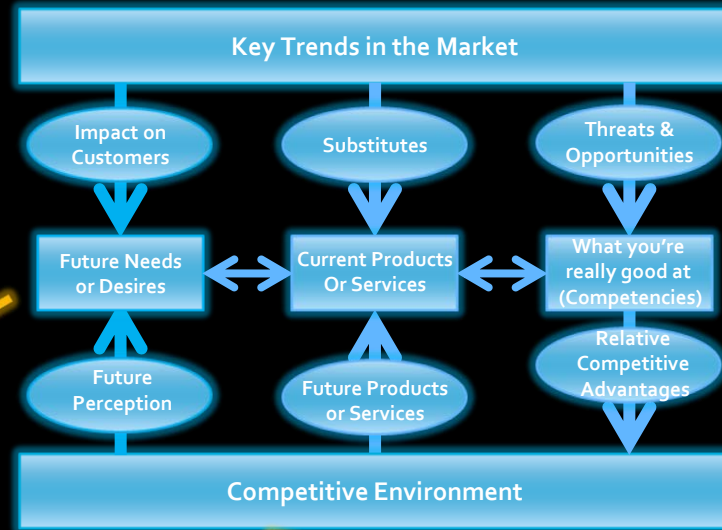
- Strengths/Weaknesses
= **Us / In-house**
- Opportunities/Threats
= **Them / Out there**

Strengths	Weaknesses
+	-
Opportunities	Threats
x	/

How to use results of SWOT?

Inputs from market analysis

- New players/consolidations/relocations
- Pricing strategies
- Possible alliances/partners
- Influencers actions (enablers/inhibitors)
- Relative competitive advantage



Strengths	Weaknesses
+	-
Opportunities	Threats
*	/

“Output”/Initiatives/Principles

- Guidance to marketing communications
- Input on possible future products
- Highlighting future needs as opportunity
- Red flags on future competitors/dislocations

SWOT Example – Betty's Beauty Boutique

Strengths	Weaknesses
<ol style="list-style-type: none">1. Hair styling-excellent2. Manicures3. Good location (walk-in traffic \$\$)4. Most experienced in valley	<ol style="list-style-type: none">1. No pedicures2. One location3. Emp. Benefits so-so
Opportunities	Threats
<ol style="list-style-type: none">1. New coloring certification course now available2. Good location in CF available	<ol style="list-style-type: none">1. Competitor recruiting

- Not too many items
- Not too fancy
- Focus on the biggies

The Competitive Info Puzzle

- Sources of information
(@ staff mtg, word of mouth, emails, tweets, scraps of paper, ...)
- The competitive info repository
(computer file, file folder, dedicated inbox, ...)
- Quality of the information
- Analysis of the information
- => **Competitive Intelligence**



Things to Keep in Mind - SWOT

- **Who is my competitor?**
 - Others offering same product/service
 - Others offering similar product/service
 - Those that could offer same or similar product/service
 - Those that could remove the need for product/service

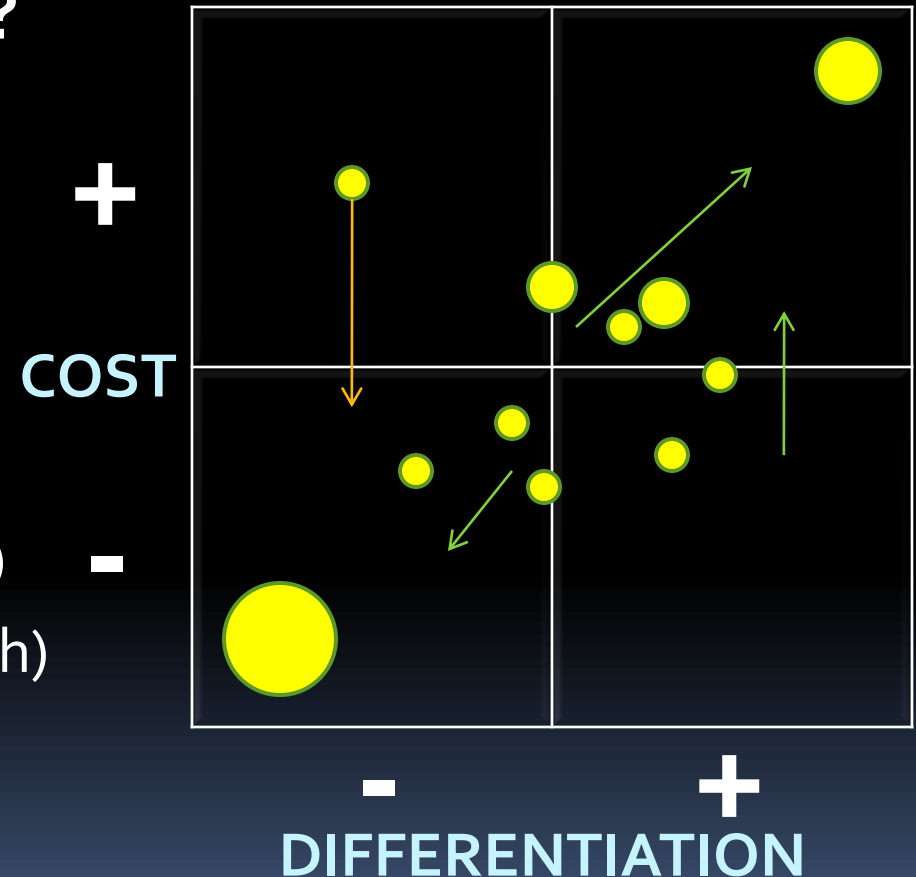
The Competitive Choices

- **Cost vs. Differentiation?**

- Cost: Wal-Mart
- Diff: Ethnic restaurant, art gallery, luxury item

- Differentiate based on:

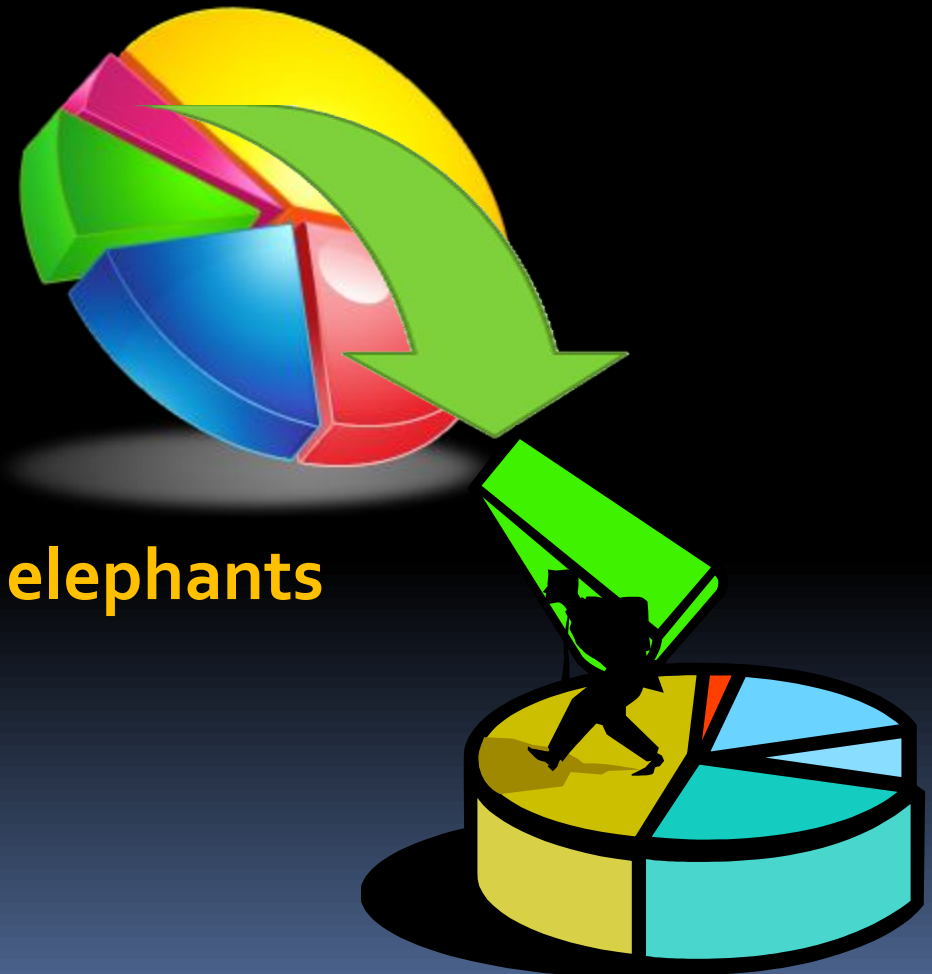
- Technology ("Know-how")
- Location (geographic reach)
- Service



Changing the Turf...

- Create a niche
- a new perspective
- a new approach
- ...NEW <something>

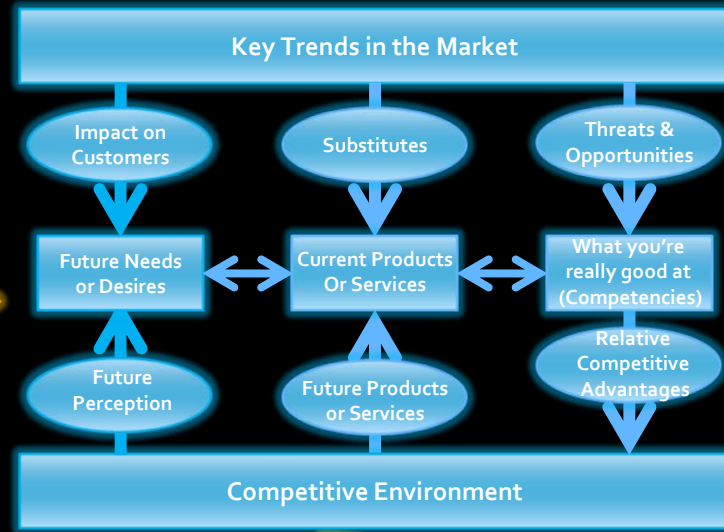
- **Avoid dancing with the elephants**



Creating Competitive Output

Competitive choices:

- My competitors
- Cost/Diff
- Market turf



SWOT Sheet

Strengths	Weaknesses
+	-
Opportunities	Threats
*	/

Competitive Output

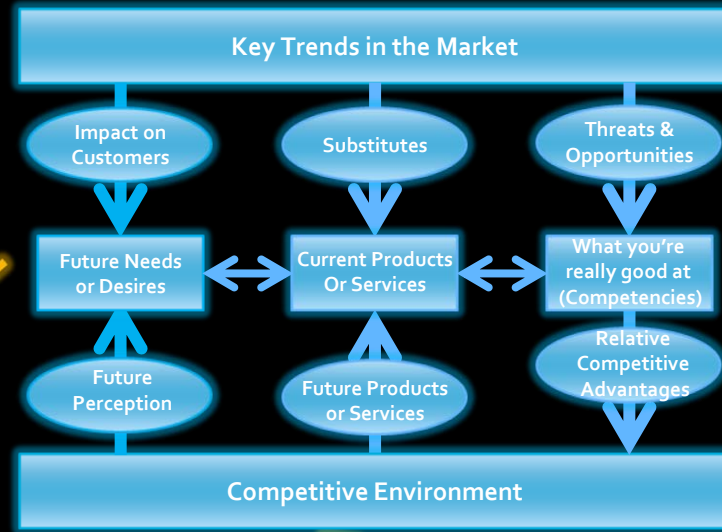
- Communications
- Future products
- Future needs
- Red flags

Ex.#1: Competitive Output

S.W.O.T. Betty's Beauty Boutique

Competitive choices:

- Differentiation
- In the current market
- Other current & future competitors



Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Hair styling-excellent 2. Manicures 3. Good location (walk-in traffic \$\$) 4. Most experienced in valley 	<ol style="list-style-type: none"> 1. No pedicures 2. One location 3. Emp. Benefits so-so
Opportunities	Threats
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Competitive Output

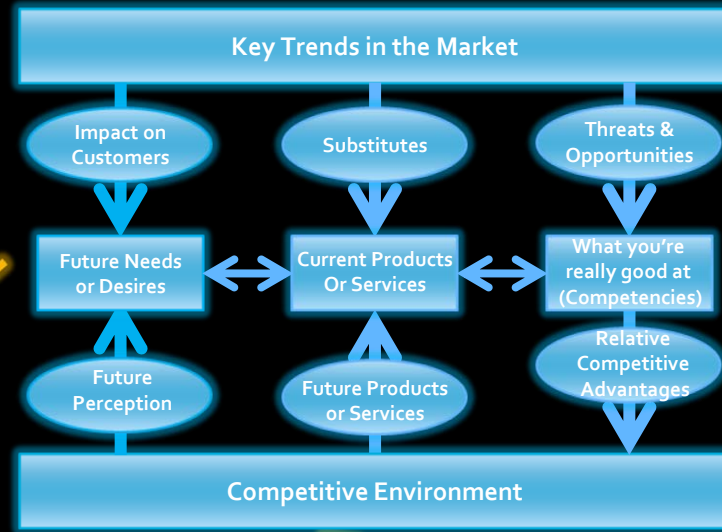
1. **Advertising:** Promote experience; walk-ins welcome
2. **Service:**
 1. send someone to pedicure school
 2. buy pedicure equipment
 3. set up pedicure station(s)
3. **Expand:** Get loan; Announce new location; Send someone to Certification Pgm
4. **Threats:** Talk w/ insurance agent about costs to improve health benefits; Define other tangible benefits.

Ex.#2: Competitive Output

S.W.O.T. Bob's Tire Company

Competitive choices:

- Service
- Expand markets
- Price compete, but not leader



Strengths	Weaknesses
1. Excellent service ratings 2. 3 good locations 3. Well-trained crew	1. No ORV products 2. Low sales volume – profits weak 3. Bank loans hard to get
Opportunities	Threats
1. Brother-in-law lives in Lake County 2. TireMan's Assn. Buying Program	1. Competition announced new location in Polson 2. High turnover

Competitive Output

1. **Communications:** do radio spots w/ customer testimonials; "It's all about service."; loyal customers program; New customer incentives
2. **Profit Mngns:** use Assn for buying power; Add ORV line
3. **Expand:** Talk w/banker abt expansion loan; Show moves on profit mngns.
4. **EOM Bonus:** Create incentives to reward performance; Days off for hunting, gift certs for family outing, recognition at group comm mtg, pic on wall where customers see it.

Now do it...all the time!

- **Establish a method** for collecting info
(@ staff mtg, word of mouth, emails, tweets, scraps of paper, ...)
- **Have a repository** to put the info
(computer file, file folder, dedicated inbox, ...)
- **Set aside time** for thinking competitively
(weekly, monthly, ad hoc)
(@ staff mtg, early segment of beer blast, the dreaded offsite meeting ...)
- **Refresh** SWOT/Competitive Output at least once per year (*as little as one hour/year...*)

Additional Resources

Search engines: Google, YouTube, ...

Books:

- *Blue Ocean Strategy*: W. Chan Kim and Renee Mauborgne
- *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, Michael E. Porter/Harvard University
- *Competitive Intelligence Advantage: How to Minimize Risk, Avoid Surprises, and Grow Your Business in a Changing World (Wiley)*, Seena Sharp
- *Managing Public Sector Projects: A Strategic Framework for Success in an Era of Downsized Government*, David S. Kassel

Links:

www.ebizservices.us/talks/

Competitive Quotes

- *"An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage."* –**Jack Welch**
- *"...figure skating was a great vehicle for me to...be competitive at something, without having to be big."* –**Scott Hamilton**
- *"I always had to keep improving my skills in order to remain competitive and keep winning."* –**Edwin Moses**
- *"Competition is the keen cutting edge of business, always shaving away at costs."* –**Henry Ford**

Summary

- **Thinking competitively** can be easy, fun, dynamic, and rewarding
- **Establish the process** for collecting and consolidating all inputs
- **Get everyone involved**
- **Set aside** a small, incremental amount of **time** to do the SWOT/Competitive Outputs analysis
- **Focus on the big things**, the rest will follow

THINKING COMPETITIVELY ... ALL THE TIME

*If you know your enemy and yourself,
you will win every battle. – Sun Tzu*

May you win every one of your battles...

*—Walt Curtis
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