

Analyzing Your Competition

SWOT

You may not be able to answer all of the questions at first, just make sure you take the time to find out what the answers are. Also, consider involving your partners, employees, colleagues to help.

Strengths

First start by considering your company's strong points. This should be from both your own and your customers' points of view.

What distinct advantages does your company offer?

Why do customers say they like doing business with you? Is it your product or service, customer service, knowledge, price?

Is there anything you currently offer that cannot be copied by a competitor, now or in the future?

Weaknesses

Now take a look at your company's weaknesses not only from your perspective, but also from the perspective of your competitors. It's sometimes difficult to think about and discuss your weaknesses, but it is best to be realistic now and face any unpleasant truths as soon as possible.

- What does your company do that can be improved?
- What does your company do poorly?
- What should be avoided?
- What do your competitors do better than you?
- Do competitors have a particular market or segment locked up?

Opportunities

Next, consider the areas in your market that offer you room to grow. Opportunities can come from changes in technology and markets on both a broad and narrow scale; changes in government policy related to your industry; changes in social patterns demographics and customer lifestyle changes; and local events, such as the closing of a store near you.

- What and where are the interesting opportunities in your market?

- What are the important trends occurring in your local area as well as across the nation?
- What do you anticipate happening in the future that may represent an opportunity?

Threats

Although we don't like to think of them, we all face threats in our business. Many times, they're out of our control, such as a downturn in the economy, a shift in market demographics, or perhaps a new mega-corporation opening in your local area. It is critical to think about and be prepared for such events.

- What are the obstacles that your company faces?
- What is your competition doing that could take business away from you or stunt your company's growth?
- Are the required specifications for your products or services changing?
- Is the changing technology threatening your position in the market?
- Do you have cash flow problems that could keep your company from acquiring new technology, staff or equipment?

As you complete your SWOT analysis, you'll be in a better position to develop a strategic plan that takes into account your competition, market trends, customers' needs and your company's ability to compete in the marketplace. Your plan should be aimed at allowing all members of your organization or investors to understand your market position and how your company plans to compete