

SECRETS OF BUSINESS SUCCESS: HOW DO YOU MANAGE YOUR COMPETITION?

Most businesses operate in competitive markets. And for many of us competition is getting tougher. Take some time to think about how you compete in your market place and whether or not your strategy is a sustainable one.

Just thinking about your competitive strategy can be a challenge. Every day is busy and most of your time is spent at an operational level. For some, their business moves from one day to the next without a real competition strategy in place.

Many SME's compete on a 'me too' strategy - not a good recipe for the future.

These businesses don't have a point of differentiation. They do what their competitors do, believing they can compete on service or pricing. And generally this pricing strategy is to discount. In the process they hope to carve out market share and build a profitable business. If this is a popular strategy then where's the problem?

Think about the high failure rate in small business. If you're modeling your business on your competitors it's possible you're modeling your business on an operation that is already on the downward slide.

What about competing on a price? Most SME's are under capitalized so are the least capable of competing here. Many go broke in the process or struggle from year to year.

Consider what's happening in your market. If most business owners are adopting a 'me too' strategy and competing on a price basis then how do your customers make a choice? The answer can only be based on the lowest price or location convenience to your customer.

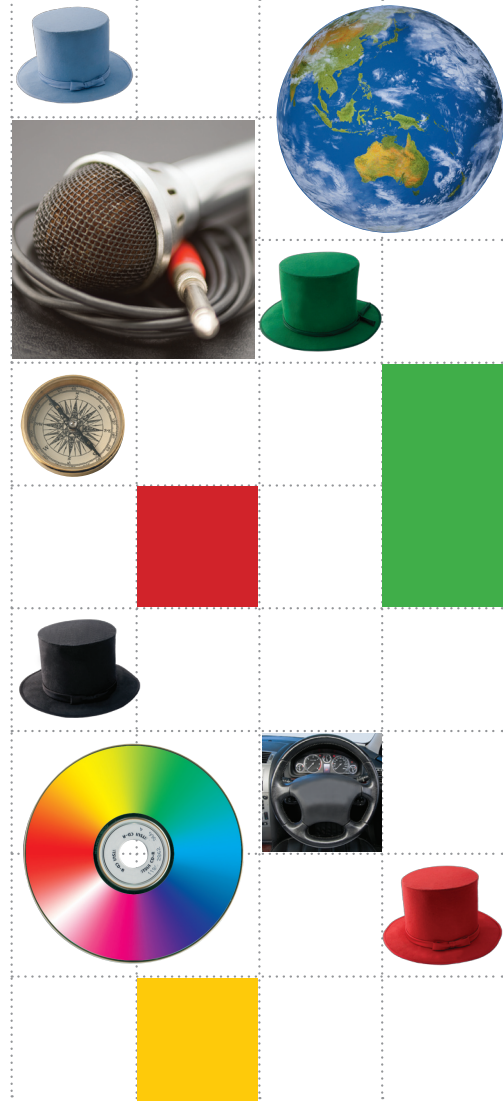
We do know that today there is clear evidence of reduced consumer loyalty. You cannot rely on your customers to return to do business with you because they have done so in the past. As well as working out your competitive position, you need to manage competition within your market place. Here are a few things to think about:

MANAGE YOUR COMPETITION:

- Take time to develop your competitive position
- Identify your market and your preferred customer
- Point of differentiation
- Be prepared to innovate
- Be aware of what your competitors are doing
- Get your message across consistently

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Take time to develop your competitive position

Just going through the process will make a difference. And make sure you write it down. It will reinforce your thinking and provide a future point of reference. Ask yourself - why would a customer prefer to deal with my business? You need to have an answer for this one.

Identify your market and your preferred customer

Before you decide how you are going to compete you need to understand your market. This includes market location, customer demographic and the market quartile you are planning to operate in.

Point of differentiation

This could be your product, packaging, method of delivery, service style or your price. And these are only some of the options. Keys to a strong point of differentiation are that it is clear, identifiable and meaningful - all in the eyes of your customer. Once you have decided on your point of differentiation make sure your marketing messages focus on it.

Be prepared to innovate

As soon as you come up with a good idea it may be only a matter of days or weeks before your competitors will start to copy what you are doing. If you want to avoid the 'me too' strategy then you may need to be prepared to make some changes, try something different. The early wins and profits will be with the innovators.

Be aware of what your competitors are doing

There's no substitute for good market knowledge. Your market may be changing around you, so make sure you know what your competitors are up to and be prepared to respond. Remember, responding doesn't necessarily mean copying. This may be an easy approach, but one which may not offer great value to your business.

Get your message across consistently

Once you've worked out your competitive strategy make sure you get the message out there. This doesn't necessarily mean spending huge amounts on advertising. Advertising is only a part of the message process.

Managing competition is an ongoing part of business life. Spending time here will give you a stronger and more profitable business. Ignore it and you're at risk.

If you need assistance with any of the issues raised in this article, talk to us today.

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