

S.W.O.T. To Get Ahead
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Most of the clients I see at the Center for Economic Vitality (CEV) want to increase their sales and profits. While there is no magic formula for increasing sales, one technique that has had great results is to SWOT your competition. By using the SWOT technique on your competition and your own business, you will gain a clear understanding of what your differential advantage is. From this information successful marketing plans can be developed and implemented, new products and services can be developed, and goals and strategies are more likely to be realistic and successful. What is SWOT?

SWOT is an acronym for Strengths, Weaknesses, Threats, and Opportunities. Every business and even start-ups should know their competition inside and out. SWOT is a process in which you can analyze your competition. Begin by making a list of all your competitors. Be realistic about how you define as a competitor. All businesses with the possible exception of monopolies have competition. One client I worked with insisted that his company didn't have any competitors; his products were so superior that any buyer would never consider buying from anyone else. I suggested that if he couldn't identify any competitors to ask his customers, friends and suppliers who they saw as his competition. He quickly learned who the perceived competition was.

Strengths: Analyze the strengths of each of your competitors. Why do people buy from them? Do they have a pricing advantage? Better terms? Free delivery? Been in business longer? Are they better capitalized? Is their service better? Is the quality of their products or services better? Is the location a strength? Who are their top customers? Do they advertise? How often? What is their message or differential advantage? Do they offer free delivery? A toll free number? What is their reputation? Do they support civic or charitable organizations? Get a copy of any marketing literature, brochures, annual reports, and visit their web page.

Weaknesses: Analyze the weaknesses of your competition. What problems do they have? What is the history of this business? Do they have a high turnover of employees? Are they paying their bills on time? What do their customers say about them? Are there niches or markets that they aren't serving? What is their distribution system? Who are their suppliers? What are their prices? How would you judge their customer service? How would their customers judge their customer service? Do they handle special orders? Are they union? Do they have key contracts that are expiring soon? What are their management capabilities? Get copies of their credit rating from Dunn and Bradstreet, read the Business Journal to see if they have any liens, learn their prices they pay for their materials

After determining the strengths and weaknesses of the competition, SWOT yourself and your own company. Write down your own strengths and weaknesses. Be realistic and critical. Ask your key employees for their feedback. Ask your key customers. Ask your spouse.

Opportunities: After looking at your competitors' and your own strengths and weaknesses, is it easy to identify possible opportunities that your competitors may or may not be taking advantage of.

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Are there new markets that you could be servicing? Are there new products that the market needs? Are there changes in your industry that is creating new opportunities? These are opportunities your business can take advantage of. What are your customers and your competitor's customers asking for?

One client is opening a retail fabric store and used SWOT to determine what types of fabrics and notions to sell in her store, how much to charge and how to reach their prospective customers. An unexpected opportunity arose when they found out that there was a huge demand for custom sewing services. They are now offering this service to their customers.

Threats: By analyzing the competition's strengths and weaknesses you will also learn what the threats to your business are. Is there new technology that will obsolete your products? Are your competitors expanding or going out of business? Be clear as to the reasons why. Is your business dependent on regulations? What are the roadblocks that could arise? How is the competition reacting to your business in the market?

The key outcome of the SWOT exercise is to determine what your differential advantage is - why should someone buy from you over someone else? Your differential advantage becomes the foundation for your sales and marketing message. It helps you position your business against the competition and helps target your market to those who need your products and are willing to pay for your differential advantages.

Use SWOT as an ongoing process that all employees can contribute to. Keep a notebook updated on your competitors. Clip articles, talk to suppliers, go to trade shows, and listen to the buyers of your products. Use SWOT to help in setting your goals, strategies and action plans and in writing your yearly business plan.

Your sales will increase by thoroughly knowing your competition inside and out. SWOT the competition to determine your differential advantage and how to take advantage of the opportunities that are out there.