

Evaluating Your Competition

Your Business will be like every other business in the world – it will have competition. Any businessperson will tell you that you must always have an eye on your company, an eye on your customers, and an eye on your competitors.

Don't make the mistake of thinking that your idea is so unique that there is nothing like it out there—in other words, without competition. If that were true, it would probably be because there is no market need or demand for it. Don't be so awed by the perceived opportunity or so in love with your idea that it overrules your common sense and your ability to think in a logical and reasonable manner.

You must not only evaluate your competition in all possible ways; you must also learn from them. By researching and understanding them, you will better understand your own products and services and thereby give a sense of reassurance to yourself and your investors. Your competition will always get more intense...not the other way around. Knowledge is power. When you take the time to thoroughly evaluate who and what you're up against, the information you gather will be accurate and useful for a good while. The same information will keep you from making unwise decisions and over the long haul will save you a lot of time and money.

You need to know what you're up against. You must be able to learn from your competition.

Every business has competition. And every business, new or otherwise, must know their competition. Before even starting a new business, you must know whether or not there is room in the marketplace for you. If you start a business in an area where there is only room for five similar

businesses and you are number six or seven, look for financial disaster to come your way. You need to know exactly who are your direct and indirect competitors. You can easily identify all competitors. Go to the yellow pages and look up your industry type. Drive around to the various stores, and take detailed notes of your observations. Call them for more specifics. Assess which ones seem profitable. If a publicly held company, you can get accurate reports and analysis online. You need to know what you're up against. You must be able to learn from your competition.

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When doing a competitive analysis, you must identify the products or services of each of your key competitors. You will need to do extensive research and gain accurate information to the following questions:

- How long have your competitors been in business?
- How are they perceived by their customers?
- How large are their sales, and are they a profitable business?
- What competitive market advantage do they have?
- What will your competitive edge be, and how will you draw customers because of it?
- What are the strengths and weaknesses of your competitors?
- What is their market share?
- Will you be able to do a better job of satisfying their customers' needs than they will?
- Do you have a window of opportunity?

When you can accurately and honestly evaluate your competition, you will gain a much better understanding about your own business and its products and services and be able to reassure yourself, your staff, and your investors of its future success.

It is of the utmost importance to **never** underestimate each of your competitors, not only as you **begin** a new business, but also **during** and **after** you begin. If a customer cannot tell the difference between you and your competitor, you already have a serious problem. This could lead to a loss of market share very quickly. If your competitor does superior work, has superior products, has better pricing, a better location, better packaging, or better marketing and promotion, you are in trouble. What you don't know about your competition **can and will** hurt you.