

Say, just how competitive is your business anyway?

Every business owner launches his or her company wanting to be successful. But once you get out there, it usually becomes apparent that you're not alone. To reach any level of success, you've got to be competitive with other similar businesses in your market.



When strategic planning, one important question to regularly ask is: Just how competitive are we anyway? Objectively making this determination entails scrutinizing key factors that affect profitability, including:

Industry environment. Determine whether there are any threats facing your industry that could affect your business's ability to operate. This could be anything from extreme weather to a product or service that customers might use less should the economy sour or buying trends significantly change.

Tangible and intangible resources. Competitiveness can hinge on the resources to which a business has access and how it deploys them to earn a profit. What types of tangible — and intangible — resources does your business have at its disposal? Are you in danger of being cut off or limited from any of them?

For example, do you own state-of-the-art technology that allows you to produce superior products or offer premium services more quickly and cheaply than competitors? Assess how suddenly this technology could become outdated — or whether it already has.

Strength of leadership team. As the owner of the business, you may naturally and rightly assume that its management is in good shape. But be open to an objective examination of its strengths and weaknesses.

For instance, maybe you've had some contentious interactions with employees as of late. Ask your managers whether underlying tensions exist and, if so, how you might improve morale going forward. There's probably no greater danger to competitiveness than a disgruntled workforce.

Relationships with suppliers, customers and regulators. For most businesses to function competitively, they must rely on suppliers and nurture strong relationships with customers. In addition, if your company is subject to regulatory oversight, it has to cooperate with local, state and federal officials.

Discuss with your management team the steps the business is currently taking to measure and manage the state of its relationships with each of these groups. Have you been paying suppliers on time? Are you getting positive customer feedback (directly or online)? Are you in compliance with applicable laws and regulations — and are there any new ones to worry about?

Loss of competitiveness can often sneak up on companies. One minute you're operating in the same stable market you've been in for years, and the next minute a disruptor comes along and upends everything. Contact us for more information and other profit-building ideas.