

Get a clear picture of the professional services battleground

The value of competitive analysis is often underappreciated by professional services firms. Michael Haynes argues that by taking a holistic, client-centric approach to competitive analysis, firms will generate compelling insights that can underpin success in an increasingly competitive landscape.

Today's professional services firms face perhaps the most challenging business environment ever. A larger number of firms now provide end-to-end services, major players have forged strategic alliances with overseas partners and more global firms have expanded into Australia. To stay ahead of this fierce competition, local firms need proven and effective ways to remain in front.

However, to be successful in this environment, you have to do more than watch your competitors. As marketing and business development (BD) professionals, you need to lead the charge and get your firm to adopt a holistic, client-centric approach to competitive analysis. Here, the focus is on obtaining and using deep insights regarding your firm's clients, competitors and the external market to drive actions and decision making within your organisation.

Developing a client-centric approach to competitive analysis consists of three steps:

1. Start with what you know.
2. Develop a competitive analysis program.
3. Put your knowledge into action.

Step 1: Start with what you know

The first step is for you to conduct a review of your firm's understanding of its clients, competitors and key external factors.

Clients

To succeed against the competition, your firm must be able to identify which competitive opportunities to focus on, and where it can provide additional products and services. To do this, you need to understand what your clients need and how competitors are currently satisfying those requirements.

You must gain an in-depth understanding of current and prospective

clients' goals, priorities, strategies and key issues. This includes obtaining client feedback regarding their perceptions of alternative competitive offerings, as they may consider other market solutions that your firm is not aware of.

By completing this review, your firm can obtain a first-mover advantage with clients and provide improved or additional offerings before your competitors do.

Competitors

Your competitors are those organisations and solutions that your clients would consider as alternatives. A key objective of competitive analysis is to understand your competitors' strategies, to determine how your firm can differentiate and position itself in the marketplace.

A comprehensive competitor analysis includes reviewing other firms':

- product and service offerings
- strategies and market positioning
- strengths and weaknesses
- other activities including market expansions, product and service developments, and mergers and partnerships.

By considering each of these points, your firm will understand what your competitors are currently doing and even how to anticipate their future strategies and actions.

External factors

You must also understand other factors that can have an impact on your firm and the industries in which your clients operate. You can do this by examining industry trends and technology developments, as well as political, economic and regulatory changes. By understanding such factors, you will be able to help your firm anticipate and identify future client needs – in some cases even before clients recognise them!

After you have gathered and analysed the information your firm has across these three key areas, determine where the gaps in your understanding lie. Take steps to identify and assess possible ways to source the required information.

Step 2: Develop a competitive analysis program

Today's business environment is best summed up by the phrase: "change is the only constant". Market dynamics, political and economic conditions, and the priorities and strategies of your clients and competitors, as well as your own firm, can be in a state of flux. Establishing a competitive analysis program will enable your firm to regularly monitor and analyse these changing dynamics.

Some key considerations

When setting up a competitive analysis program, be sure to take into account factors such as your firm's key strategic objectives and priorities. These should guide the type of information gathered and analysis undertaken.

You should also make sure you have a clear understanding of who in the organisation is going to use the analysis and how it will be used. This will help to determine the level of detail required in specific areas.

Finally, you must determine what kind of knowledge management system you will use to store your competitive insights and enable members of the firm to access and use the information.

Sources of competitive intelligence

Information from current clients should be one of your primary sources of competitive intelligence.

By conducting regular, planned strategic discussions with members of your

clients' senior management teams, your firm will gain a strong understanding of their objectives, priorities and issues, and any alternative offerings they may be considering. This feedback will provide the insights needed to improve and develop your firm's product and service offerings, as well as identify new opportunities for clients. Other sources of competitive intelligence include:

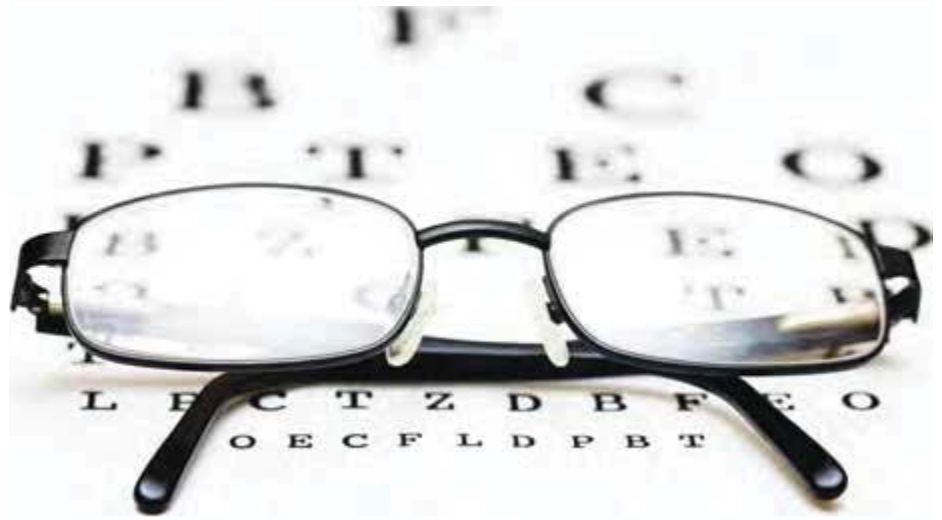
- industry and trade publications
- competitor websites
- industry associations
- market reports.

Step 3: Putting knowledge into action

One of the major challenges that even firms with robust competitive analysis programs encounter is putting the insights gained to use.

To help increase the likelihood the competitive analysis will be used, I recommend the following tips:

- Review and discuss the findings with your firm's senior management team. But make it short: either 30-minute quarterly briefings of key findings or a one-page executive summary that can easily be read on a mobile device.



- Incorporate competitive analysis findings into your firm's strategic planning and client planning processes. You may even wish to build competitive analysis into all planning meetings and templates.
- Establish processes to allow for easy sharing and communication of the findings across your firm.

The professional services landscape is only going to get more crowded, and it will become increasingly difficult to carve out a valuable position. The time to act is

now! Start working towards gaining a full view of the market and understanding the factors that affect it. By doing so, not only will you remain in the race but you will have the best possible chance of ensuring your firm achieves its objectives. ■

Michael Haynes is the founder of business consulting firm 2Excell (www.2excell.com) and former head of customer research for Telstra Wholesale. He holds an MBA in Marketing and International Business from Dalhousie University in Halifax, Canada and is a member of the Executive Scholars Program at the Kellogg School of Management in Chicago.

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