



## **STRATEGIC AND COMPETITIVE ANALYSIS: Methods and Techniques for Analyzing Business Competition**

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### **Book Description**

Given the priority of competitiveness in modern companies, practitioners of competitive or strategic corporate intelligence (CI) need to come to terms with what business and competitive analysis is and how it works. More importantly, they need to be able to convert the wealth of available data and information into a valuable form for decision-making and action. Collected data must be converted into intelligence. This is accomplished through analysis.

Strategic and Competitive Analysis comprehensively examines the wide spectrum of techniques involved in analyzing business and competitive data and information including environmental analysis, industry analysis, competitor analysis, and temporal analysis models. It helps business analysts and decision-makers to draw effective conclusions from limited data and to put together information that does not often fit together at first glance.

### **The Analysis Iceberg**

Strategic management involves all aspects of a business and requires a knowledge and understanding of the environmental impacts on an organization to ensure that correct decisions are made and taken. It is not just about looking at best fit but of taking into account the needs of different stakeholders and diagnosing the factors required to formulate a good strategy.

So how do you formulate strategies and ensure they are the right ones? It is only through the careful collection,

examination and evaluation of the facts, that appropriate strategic alternatives can be weighed in light of organizational resources and requirements.

In today's world of information overload, collection of data or information is not, in our opinion, the key issue. Instead, it is the examination and evaluation of the information through analysis that is the key to defining appropriate strategies. This process requires skill, time and effort. While most organizations gather some forms of competitive information, few formally analyze it and integrate the results into their business strategy.

When we use the word analysis we mean the separation of the whole into its constituent parts to understand each parts value, kind, quantity or quality. It is not about reasoning from the universal or general to the particular (called synthesis) nor is it about summarizing the information collected. It is about breaking down an issue into its parts. Today's strategic mindset says that every organization needs to have at least some professionals who are actively engaged in evaluating and examining each part.

Analysis is a multifaceted, multi-disciplinary combination of scientific and non-scientific processes by which an individual interprets the data or information to provide meaningful insights. It is used to derive correlations, evaluate trends and patterns, identify performance gaps and above all to identify and evaluate opportunities available to organizations.

The reason we do analysis is that although there may be plenty of information around, the issues being analyzed are often quite complex and the overall reality of the situation may not be all that obvious at first glance.

Ultimately though, drawing boundaries or boxes around industries, products and markets is a matter of judgment and judgment needs to take account of the purpose of the analysis. Fortunately the precise delineations used in establishing boundaries is seldom critical to the outcome of the analysis as long as we remain wary of the influences that are operating and understand the assumptions, biases and mindsets that we bring to any analytical process.

### **Premises Underlying the Development of the Book**

There are literally hundreds of business and competitive analysis techniques that we could have included in this book. It was not our intention to offer an exhaustive listing of the population of these techniques assuming that it could be accurately done in the first place. Instead, we have extensively reviewed the literature in the field, considered survey research and our own experiences in determining those we view as potentially being the most valuable across a broad range of applications in the analysis process.

Although we have tried to include both "classic" and evolving techniques, we recognize that some techniques that are being used in consulting and industry may not be included here. We recognize and hope that analysts will creatively develop techniques not included in this book that provide for better outcomes in their specific contexts.

The reader should also be alert to the fact that any listing of techniques is bound to run into a variety of problems of semantics and definitional confusion. Some of the techniques included in this book are known by multiple names. This may have occurred because the technique came to be associated with a particular originating organization (e.g., the BCG Matrix), a particular company's use (e.g., the GE Business Screen), a particular author (e.g., Porter's Five Forces Model), or has retained a generic nomenclature (e.g., environmental analysis). We recognize that some of the techniques included in this book have seen modifications in use over the years or are derivatives of other closely related techniques. In all cases, we have tried to include and describe the most popularly known versions of the techniques as opposed to all of a technique's possible derivatives. We have tried to alert the reader to where there is overlap between techniques by suggesting that the reader refer to the overlapping constructs elsewhere in the text.

We must also note to our readers that it was not our intention to "invent a new wheel" when it comes to the analytical techniques. The techniques we have included herein all have a history. This book's techniques have been and are in use in real organizations; they do not exist just in theory.

Many of the techniques included herein were conceptualized by leading economists, financial and cost accountants, futurists, business professors, consultants, and other insightful practitioners or theoreticians. They often developed their ideas in an effort to solve pressing analytical problems that they faced. We are grateful to these individuals for enlightening our understanding of business and competitive analysis. We make a sincere attempt to acknowledge the originators of these techniques in the book. Nevertheless, there are times when accurately making this acknowledgement can be difficult such as when the technique (e.g., SWOT or TOWS) was

quickly and widely accepted and forms the common held body of knowledge underlying the domain.

### **Purpose of the Book**

We had a fairly simple purpose in writing this book. We wanted to provide our readers with a helpful text that would assist them in understanding the business and competitive factors impacting their organizations. We know from our own experience and research and most experts recognize that better analysis is positively associated with better decision-making and strategic thinking. Better decision making and strategic thinking are needed by today's organizations in order to understand the actions necessary to achieve competitive advantages in the marketplace and continuing performance results that are better than ones competitors. We trust our readers will find this guide of value in your endeavors to understand and evaluate your competitive world.

### **The Audience**

The book was written with both the CI specialist and non-specialist in mind. The book encourages readers to review, understand and improve the current practices of business and competitive analysis with which they are engaged. Especially relevant is the comparative methodology, called the FAROUT© method, underlying the description of each technique that helps the reader apply the proper technique under their particular environmental and organizational circumstances.

### **How to Use the Book**

To assist our readers, the majority of this book is self-contained with the array of analytical techniques being supported by references for further reading for those individuals that want lengthier treatments. The book is organized into three main sections. Section one provides an introduction that establishes the context for the comprehensive selection of analytical tools. As such, it includes several chapters that describe and discuss the basic facts about analysis, and how analysis relates to strategy, business and competitive intelligence. The last chapter in the section describes our unique FAROUT© method for understanding the application of the various tools. We strongly recommend that readers thoroughly review it before progressing into the remaining sections containing the analytical techniques themselves.

We have tried to make the book easy for the reader to use. The basic structure of the chapters containing the analytical techniques is common throughout the book. Readers will benefit themselves by becoming comfortable with the template that we describe thoroughly in chapter 4. We did not design the book for the reader to complete in one sitting. Instead, we have designed it in order that it may be frequently used as a handy comparison and reference source. In this respect, it can be applied in a "just in time" fashion so as to proactively or concurrently meet analytical needs as they arise in the larger CI process

The book features conceptual ideas about business and competitive analysis along with a strong bias toward practical application. Among the unique aspects of this book that readers should find valuable are that:

- It provides in one easy location, two dozen of the most common and popular models of analysis in used in business. Normally executives and students would have to go to multiple sources to locate each model as many authors have written a book on his/her particular model or pet theoretical approach. Here, for the first time, the most commonly used models are defined and explained in one book.
- Every model is also uniquely evaluated using FAROUT© - an evaluation process for identifying the ease of use, practicality and usefulness of each model. This will be the first time that FAROUT© will be introduced to the market. FAROUT© allows analysts or decision-makers to understand the strengths and weaknesses of the techniques.
- An easy to use, consistent format (i.e., template) is utilized to provide the reader with a faster understanding of how to apply the techniques
- The book covers both the so-called classic strategy techniques such as portfolio and value chain analysis along with some of the newer popular techniques such as scenario analysis and SERVO analysis.

- It provides external techniques addressing the environments and industry that the organization competes in along with the techniques for focusing internally on the organization
- Provides references to more comprehensive treatments of the techniques for those who want to investigate them in greater depth

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