



The Write Plan, LLC Newsletter

- A Technical Writing Solutions Company

"Industry Analysis"

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The past month, more precisely the last 2 weeks, has been crazy for myself but in a good way. I have met so many new people at networking events. Thank you and I am truly blessed for the connection to you.

I have acquired a very exciting new client that helps the veterans and the businesses they start. The client's name is Veterans Business Outreach Center (VBOC). I would encourage everyone to check out the exciting work they do even if you are not a veteran.

This month's issue of my newsletter is on the topic "Industry Analysis." This section of the Business Plan helps identify the market factors influencing the way your industry develops.

Also, as many have recalled from last months issue I recently improved the layout of the networking calendar and made it even easier to navigate with links within each event to help find all the information you need. Thank you for the feedback on the improvements and I will continue to find ways to make all the networking events I am aware of easily accessible to all of you. ☺

Happy Networking!

Chad

"The NetworkING of Pittsburgh"

NEED HELP PROMOTING A NETWORKING EVENT?

If your event would be of interest to entrepreneurs and small business owners please submit your event information for inclusion on the monthly networking events calendar to networking@thewriteplanllc.com

HAVING TROUBLE TELLING OTHERS YOUR BUSINESS EXISTS?

If you would like over 800 other businesses to find your business why not advertise within this newsletter. Contact our Advertising Department advertising@thewriteplanllc.com

HOW DO I SIGN-UP TO RECEIVE MY OWN COPY OF THE NEWSLETTER?

If you are looking to receive your very own copy of this newsletter each and every month please submit the form on our webpage <http://www.thewriteplanllc.com/Newsletter.html>

FEEDBACK, QUESTIONS, OR COMMENTS?

Please submit feedback, questions, or comments on the Request Form webpage http://www.thewriteplanllc.com/Request__Form.html

Industry Analysis: Basics

The Industry Analysis is important to the business plan because, after researching the certainty of the industry, it says, "This is what would be required to launch a successful business in this industry." The rest of the business plan essentially responds to the proposition in the Industry Analysis by showing that you not only know what it takes, but can put together and manage what it takes to be successful.

Your business plan must address the forces at work in your industry, the basic trends and growth over time, and where your company fits in.

Demonstrating to outsiders that you understand and have anticipated the important factors of your industry builds a case for your company's success.

Think of your industry as those companies providing products and services similar to yours. This includes those companies selling similar products and services, as well as complementary and supplementary products or services.

In the industry section of your business plan, provide answers to the following types of questions:

- What is the size of your industry by both revenue and number of firms?
- Discuss the characteristics of this industry such as growth trends, units sold, or employment.
- What factors are influencing growth or decline in your industry?
- What have been the trends in previous years? coming years? (include supporting research)
- What are the barriers of entry for your industry?
- How many companies are expected to enter your industry in the future?
- What, if any, government regulations affect your industry and your business?
- Provide a general explanation of the distribution system for products and services in your industry.
- Is it difficult to gain distribution access to your industry? Explain.

Mistakes to Avoid

- Not demonstrating a solid understanding of how your industry functions.
- Appearing unaware about the companies that form your industry.
- Lacking understanding as to where your business fits into the distribution channel of your industry.
- Omitting growth trends, revenue size, and significant statistics for your industry.

Identify and Analyze the Competition

The competitive analysis is a statement of the business strategy and how it relates to the competition. The purpose of the competitive analysis is to determine the strengths and weaknesses of the competitors within your market, strategies that will provide you with a distinct advantage, the barriers that can be developed in order to prevent competition from entering your market, and any weaknesses that can be exploited within the product development cycle.

The first step in a competitor analysis is to identify the current and potential competition. There are essentially two ways you can identify competitors. The first is to look at the market from the customer's viewpoint and group all your competitors by the degree to which they contend for the buyer's dollar. The second method is to group competitors according to their various competitive strategies so you understand what motivates them.

Once you've grouped your competitors, you can start to analyze their strategies and identify the areas where they're most vulnerable. A competitor's strengths and weaknesses are usually based on the presence and absence of key assets and skills needed to compete in the market.

To determine just what constitutes a key asset or skill within an industry, David A. Aaker in his book, *Developing Business Strategies*, suggests concentrating your efforts in four areas:

- The reasons behind successful as well as unsuccessful firms
- Prime customer motivators
- Major component costs
- Industry mobility barriers

According to theory, the performance of a company within a market is directly related to the possession of key assets and skills. Therefore, an analysis of strong performers should reveal the causes behind such a successful track record. This analysis, in conjunction with an examination of unsuccessful companies and the reasons behind their failure, should provide a good idea of just what key assets and skills are needed to be successful within a given industry and market segment.

Through your competitor analysis, you will also have to create a marketing strategy that will generate an asset or skill competitors don't have, which will provide you with a distinct and enduring competitive advantage. Since competitive advantages are developed from key assets and skills, you should sit down and put together a competitive strength grid. This is a scale that lists all your major competitors or strategic groups based upon their applicable assets and skills and how your own company fits on this scale.

Create A Competitive Strength Grid

To put together a competitive strength grid, list all the key assets and skills down the left margin of a piece of paper. Along the top, write down two column headers: "weakness" and "strength." In each asset or skill category, place all the competitors that have weaknesses in that particular category under the weakness column, and all those that have strengths in that specific category in the strength column. After you've finished, you'll be able to determine just where you stand in relation to the other firms competing in your industry.

Once you've established the key assets and skills necessary to succeed in this business and have defined your distinct competitive advantage, you need to communicate them in a strategic form that will attract market share as well as defend it. Competitive strategies usually fall into these five areas:

- Product
- Distribution
- Pricing
- Promotion
- Advertising

About Us

To encourage and promote the growth and success of other business owners. We offer the benefits of years of experience creating the solutions to the problems that are often roadblocks on the path to success.

Instead of enjoying their professions, many business owners are feeling overworked and understaffed. **The Write Plan, LLC** can help you reclaim your original vision by offering friendly, collaborative assistance on large and small projects.



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