



Beating the Competition The Black Art of Competitive Analysis

BY LINDA WOLSTENCROFT

When engaged in a competitive situation for new business, it's usually not enough to consider only the value being offered to the customer. In many cases, one might study customer requirements at great lengths and in minute detail to develop and offer the best possible program only to still lose out to the competition.

An extreme example of this situation is the well-known history of CF-18 aircraft maintenance where the bid evaluation resulted in the recommendation of Bristol Aerospace of Winnipeg as the winner. However, this was later overturned and the contract was ultimately awarded to Quebec-based, Bombardier. According to industry legend the award was made for political reasons.

Notwithstanding the success of the ensuing program with Bombardier and now L-3 Communications MAS, when it comes to competitive analysis the question from the perspective of each bidder becomes: What are all the factors my competitors can bring that can bear influence to the outcome of the competition? Given this information, what can I do to make my bid successful over theirs?

In another situation, a competitive bid was let for a five-year Repair & Overhaul program that the incumbent contractor no longer wished to perform due to a change in its business strategy. While many potential bidders commenced the race, two ultimately prevailed to the stage of submitting bids. The story is that both technical bids were first-class. One bidder focused on setting their pricing to the lowest margin possible while taking into account the significant program start-up costs.

At the other end, the second bidder decided to make an investment over the initial

five-year period and substantially reduced their price to bank on the potential ability to receive follow-on multi-year contracts. The bet paid off and years later this program is still alive and well and contributing to the winner's business portfolio. The question again remains: What are all the factors my competitors can bring to bear that can influence the outcome of the competition and what can I do to make my bid successful over that of the competition?

These cases illustrate just how surprising competitive outcomes can be. How can a company set itself up to put its best foot forward in light of variable approaches that their competitors might be taking to a bid?

WHO ARE YOUR COMPETITORS?

Make positive identification on who your competitors really are. Hypothesizing about potential bid strategies of companies that may be bidding, without positively identifying them has two major pitfalls: First, precious time and energy may be wasted in trying to determine ways to beat competitor X when in fact they no plan on bidding. Second, the dark horse company who is quietly preparing their bid may surprise you at bid time. Had you at least known the fundamental fact that they were bidding, appropriate measures could have been taken to beat their win strategy.

Do SWOT analyses for your company as well as for all your competitors. The simple Strengths, Weaknesses, Opportunities and Threats analyses can be enlightening. When wearing your competitors' proverbial shoes, the world appears different. What you learn can help identify specific actions that should

be taken to mitigate what competitors might be doing.

List the factors that influence the outcome of the competition. In the two examples above the factors were political influence and investment in future business, respectively. Other factors to consider are: quality and innovation of technical solution, certifications, ability to springboard the program into winning other programs, linkage to company strategy, hunger / aggressiveness of the leadership, past performance record, ability to meet schedule, closeness of customer relationships, and cost competitiveness.

Rate the factors that you have identified in order of importance for winning. If you already have a draft or final RFP in hand, typically the bid evaluation methodology provides most of the information on selection. In addition, remember that factors outside the objective bid evaluation can also have an indirect impact on the outcome. Spend more of your energy working on the more important factors than the less important ones.

Monitor the competitors' activities and messaging. Keep in touch with the market and industry. As you garner new information, change your win strategy to suit. Finally, **communicate** with your customer about factors that make you stand out over your competition. Communicating your benefits early and often improves your probability of win.

One never has complete information on what the competitors are up to, but this is no reason to ignore the challenge. The more you can predict your competitors' moves, the better prepared you are to counter them. ■

Linda Wolstencroft is president of Aerospace BizDev Inc., which provides strategy and business development assistance in the aerospace and defence sectors. For more information or to contact Linda visit: www.aerospacebizdev.com