

# Competitor Benchmark Review

2016

## Your Business Model

*How do you make money & deliver value to your customer?*

One of the very first conversations we have with our clients at Miles Dolphin is to focus on your business model. The review entails not only looking at your business but comparing each element to your top two competitors.

Over the page, you will see the hub and spoke framework we use to illustrate your business model. The business model represents the five key components of business – products, customers, suppliers, distributors, and sales channels. Analysing each of these components helps identify how your business makes money and how you deliver value to your customers. It helps businesses answer two fundamental questions:

- How do we make money in this business?
- What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?

Taking the time to review your business model and benchmark it against your competitors enables you to strategically focus on:

- Innovation
- how what is sold is made; and
- how products are sold.

### **Your Business**

- What are your top Revenue Streams?
- What are your top Cost Drivers?

### **Products**

- Are the business's products unique and differentiated?
- Can similar products be found among competitors? Are they better quality or price?
- How do you innovate?

### **Customers**

- What is the primary customer segment for this business?
- Does the customer base possess any unique or differentiated characteristics that allow the business to thrive?
- Does the business possess a unique relationship with its customers?
- Do your competitors provide better customer service or have a better image?

### **Suppliers**

- How does the business negotiate with its suppliers and manage its supply chain?
- Is this different from competitors, and does the difference lead to a competitive advantage?

### **Distributors**

- How does the business bring its products to market?
- Do these distribution channels (or relationships with third parties) provide a unique advantage?
- Are your customers better able to access your competitors?

### **Sales Channels**

- How does the business sell its products? (retail, direct etc.)?
- Does this significantly differ from your competitors?
- What advantages accrue from this process?

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**Instructions:** Use this framework as a guide to evaluate your business model by completing the following steps:

- Describe each of the five key components of your business in the appropriate spokes.
- List two of your top competitors at the bottom of the page.
- Think about how your business framework compares to that of your competition. Rate how each spoke on the framework performs in comparison to each competitor on a scale from 1 to 5.
  - (1 – the competitor outperforms your company in this area;
  - 5 – your company outperforms the competitor in this area)

A	B
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**Products**

What are your top Products & Services?

**Sales Channels**

How does the business sell its products? ( retail, direct etc.)?

A	B
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**Your Business**

What are your top 3 Revenue & Cost Streams?

**Customers**

Who are your Top 3 customers?  
 How do you add value to them?

A	B
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**Distributors**

How does the business bring its products to market?

A	B
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**Suppliers**

How do you negotiate with your suppliers and manage your supply chain?

A	B
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Competitor A	Competitor B
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## Competitor Benchmark Results *What does it all mean?*

### COMPETITIVE ADVANTAGE

**If you scored mainly 4's and 5's**, you appreciate the importance of creating and sustaining a competitive advantage within your business. You understand the importance of ensuring that each aspect of your business model is strong and see aligning each element as key to delivering superior results within your market place.

There may be some areas for improvement, but you are well on your way to maximising business value and driving business performance. It is critical for management to continue to monitor, review and improve your business to ensure that you maintain your competitive advantage.

For targeted improvements, carefully examine the areas where you scored your competitors higher and challenge yourself to look for opportunities.

If you find you are struggling to generate new opportunities or overcome some barriers for growth, it may be time to get an external perspective to get a fresh take on your business and help take you to the next level.

### BUILDING COMPETITIVE ADVANTAGE

**If you scored mainly 3's**, you are most likely working in a level playing field where it is difficult for your customers to identify the difference in value between you and your competitors. You may find that you have a competitive advantage in 1 or 2 areas but not others. This may be a result of how long you have been in business, the resources or the capability you have as a business owner. More could be done to differentiate your business model in order to build a profitable, sustainable and competitive business.

Carefully review the items that you did not tick and identify those that either have the largest negative impact on your business or those that can be easily remedied. Consider bringing these issues up with your management team or key people in your business to develop improvement actions on key focus areas.

If you find that you do not have the time, capability or resources, find the right expert who can help you do this.

### START OF COMPETITIVE JOURNEY

**If you scored mainly 1's and 2's**, your business is not differentiating itself in most areas. If your business does not succeed in differentiating itself, you may lose significant business value as customers find easier substitution through your competitors.

You may appreciate the basics of what it takes to be competitive but you may be too busy to grasp the importance of how differentiating can help secure and improve the profitability, competitiveness and sustainability of the business.

Consider taking time to think strategically about the future of your business in terms of why your business exists, where you want your business to go and how you will get there.

Review the areas you are missing above and include them in your business plan to close the gap.

If you are unsure of where to start, considering collaborating with an expert who can help build your own capability.