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# Smart Business Brief

Advice for Success!

## Competitive intelligence is a required tool for small businesses

Competitive intelligence (CI) is not only for the Fortune 500. Small business owners need CI as much or more than major corporations. Small business owners face the same competitive pressures and exposure to factors outside their control, often magnified because they are still defining their business plans and directions. CI can be a powerful tool to help them navigate the competitive landscape.



CI can be defined as the legal and ethical gathering, analysis, and interpretation of available information for decision-making and action. CI helps organizations understand their place in their industry and to prepare for the sometimes unexpected factors that affect them and their competitors. There are many forms of CI, including market research, consumer purchasing patterns, executive profiling and industry analysis.

Consider a few examples where a better understanding of the marketplace could help business owners develop new strategies for growth.

- A long-time, family-owned Italian restaurant is faltering. Six months ago, a chain Italian restaurant set up a free-standing location less than five blocks away. The question is, "How much business are we losing to this competitor and what can we do about it?"
- A group of friends have translated their love of the outdoors, adventure, and craftsmanship into a custom canoe company. They know what makes a good custom canoe and they know the amenities that outdoorsmen want. Their question is, "What does the canoe market look like and how do we find our niche?"
- A widget producer with two major contracts has just been surprised by one client wanting to renegotiate price. The question is, "What brought about this surprise change and how do we prepare if it were to happen again?"

Small business owners face hundreds of similar questions as they work to grow their businesses. A commitment to thorough, regular CI can spark ideas for remaining competitive. Sample CI strategies might include customer surveys or focus groups to reveal the needs of the company's target customers, research of competitive pricing strategies, and even "mystery shopping" trips to experience competitors' treatment of customers.

Good CI should not only focus on today's problems, but also should develop an early warning system that businesses can use to prepare for unexpected events, such as the appearance of a new competitor. The more prepared small business owners are to change direction, the less vulnerable they will be to events outside of their control.