

PREDICTING THE COMPETITIVE POSITION OF AN ORGANIZATION

To achieve maximum profitability, a firm must find a way to achieve meaningful competitive advantage over its competitors. Unequal command of valuable resources forms the basis of competitive advantage for a firm. Competitive advantage is connected to relative competitive strength, which is the net value of a firm's strengths and weaknesses comparative to benchmarks, usually the strengths and weaknesses of key industry rivals. That is why it is essential to research the competitive analysis of organization for making it stronger on the market.

Competitive analysis involves the organization looking both inward to its internal environment, as well as outward to its competitors and other forces in the external environment. The analysis will generally include the following elements: identifying potential competitors; identifying the firm's strengths and weaknesses; identifying competitors' strengths and weaknesses; comparing the degree to which the firm possesses each strength and weakness relative to a particular competitor(s); and identifying and assessing other external threats/opportunities.

To predict the competitive position of an organization relative to its rivals there are the following steps:

- the first step is to define the scope of the competitive analysis by defining the industry in which the business competes and identifying the firm's key competitors within that industry.

- then, the organization needs to identify all of the success factors that are common to businesses in that industry. In other words, which competencies are important to a firm's economic success in the industry? This step can be done using a SWOT analysis.

- SWOT analysis will help the organization focus both internally for strengths and weaknesses and externally for potential opportunities and threats.

- There are other tools used in the analysis including management

experience, customer surveys, benchmarking and brainstorming.

- Once the organization has developed a list of success factors, the next step is to narrow the list to a manageable number of critical success factors, called key success factors (KSF). These KSF are the parameters on which the organization will compare itself against other competing firms. In addition, determine an importance weight to assign each KSF based on its relative value to business success.

The results of this multi-model analysis will provide the organization with a fairly complete resource-based analysis, as well as a picture of the firm's competitive position in its industry. In particular, the analysis will help the firm identify its distinctive competencies based not only on what the firm thinks it excels at, but also based on the value that resource adds to the firm.