

**Title:**

How Do I Build A Winning Business Plan? - Part 2

**Word Count:**

460

**Summary:**

Competitor Analysis - Keep it Real

Failure to identify competitors in your business plan is a warning sign to potential investors that either:- you've not done enough research; you haven't acknowledged the competition you face; or that actually the market is not large enough to support any competition. You're not going to find anyone to invest in your business if the latter is true.

It is much better if you acknowledge realistic strengths and weaknesses of your closest ...

**Keywords:**

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**Article Body:**

Competitor Analysis - Keep it Real

Failure to identify competitors in your business plan is a warning sign to potential investors that either:- you've not done enough research; you haven't acknowledged the competition you face; or that actually the market is not large enough to support any competition. You're not going to find anyone to invest in your business if the latter is true.

It is much better if you acknowledge realistic strengths and weaknesses of your closest competitors, and how you will address those with your business model. It also acts as evidence to the potential investor - as mentioned above - that the market is large enough to support a number of businesses. A perceived margin of safety that there's business there for the taking.

Competitive Analysis - Prove your barriers to entry

In the part in your business plan which addresses competition, you must cover the area known as competitive barriers.

Some businesses naturally have barriers that prevent upstart competitors from getting a look in.

Take the oil industry for example. The nature of the business is such that development costs are prohibitive and the licenses for exploring viable sites are already in the ownership of the oil majors. This acts as a significant barrier for anyone fancying to start up business in the oil industry.

This does not mean that new companies do not start, rather they are few and far between because the resources and expertise required to compete are high.

In your business plan you must identify exactly what the barriers to entry into your business are and knowing these how you will prevent any actual or potential competitors from taking a large part of your customers away from you.

Some examples of competition barriers include no availability of prime sites (take supermarkets for example), legal restrictions, import duties, expensive plant and machinery, exclusive distribution licenses etc.

It is also important to consider the situation very seriously if you identify few or no barriers to entry. This may jeopardize the future growth or even viability of your business. How could you make it more difficult for competitors to take your customers. What kinds of things could you do. Could you sign them up to longer term contracts for example? Can you protest legitimately at every planning application of new competitors etc.

#### Competitive Analysis - Demonstrate your advantage

It is convenient whilst analysing the competition, to turn the spotlight of analysis on yourself, and demonstrate how your competitive edge is truly razor sharp, to the point of being unfair.

The typical kinds of assets that show strong competitive advantage include patented technologies and processes, proven management record of success, exclusive contracts with suppliers and customers that make it difficult if not impossible for competitors to compete on the same terms.