

## Pitfalls of Competitor Profiles

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Competitor profiles are one of those CI topics that can generate wide differences in opinion. I believe competitor profiles can have a role in CI especially for new departments. But beware of the many pitfalls associated with them. In my experience, the biggest pitfall is not understanding how to use them effectively.

Competitor profiles offer value in establishing a reference point for CI analysts to perform competitive analysis. All competitor profiles vary slightly but most should contain basic data required to analyze a company's competitive position. This includes:

- Financial highlights and ratios
- Executive management team bios or profiles
- Product and service offerings
- Targeted customers
- Distribution model
- Current business strategy
- Recent company events (e.g. acquisitions)

For some firms, competitor profiles are the purview of the competitive intelligence team only. Other firms disseminate competitor profiles selectively but not as true intelligence deliverables, and especially not to senior management.

Here is a list of common pitfalls to avoid when preparing competitor profiles.

**Pitfall # 1:** *Passing on competitor profiles as a deliverable to senior management.* Resist the desire to pass on a profile as a CI deliverable despite the time that can go into producing one. Competitor profiles can be very lengthy, which would overwhelm most senior executives who are short on time and only interested in focused findings. In addition, profiles are rarely actionable, and therefore of little value to top management. And, disseminating them to executives reinforces the image of the CI department as a research team, not a decision-support resource.

**Pitfall # 2:** *Not presenting profiles in a succinct manner.* Since there is the potential to report on vast amounts of detailed information, organize the profile into logical sections providing the most important and current data for each section. It is very easy to turn a profile into an irrelevant data dump. Provide links to other data-rich sources when possible to cut down the size of the profile.

For example, reference an SEC site or public firm's corporate website for previous years of financial statements instead of cutting and pasting the previous three to five years in your profile.

**Pitfall # 3:** *Preparing a competitor profile for an internal customer that has not thought through their specific key intelligence questions.* Many customers unclear on their intelligence requirements will ask for an entire profile to be produced – "tell me everything about ABC competitor." Push back on these requests. Try to identify what exactly your internal customer is looking to answer and how that information will be utilized. Work with the requestor to develop questions that, when answered, will provide actionable judgments and insights, not historic information. This will help pinpoint what type of intelligence deliverable you need to produce; chances are, it won't be a profile.

**Pitfall #4:** *Expecting a traditional competitor profile to provide analysis on competitor future intent or strategic moves.* A competitor profile is just that, a profile that contains static data on a competitor but not detailed analysis. The profile is useful because it should contain much of the data required to begin a competitor analysis. Be sure to set expectations with internal customers on what a competitor profile can and cannot provide.

**Pitfall #5:** *Misusing the term competitor profile.* If what you are providing is true competitor analysis then you should rename your competitor profile to *XYZ competitor analysis* for instance, so the title is indicative of the type of CI document you are producing, intelligence rather than information.

As stated up front, competitor profiles have a role but they are not a deliverable unto themselves. They should be used as references upon which the CI department can base more detailed analytical work.

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