

# Fuller Engineering Design

## Design Methods

### CBA - Competitive Benchmarking Analysis

#### Introduction

Competitive Benchmarking Analysis (CBA) is an ongoing examination of your current and potential competitors products, services and capability which is compared with your own products, services and capability to provide you with a strategic awareness of your competitiveness.

Benchmarking was pioneered by Xerox in the 1980s when their market share of photocopiers plunged to 35% due to new competition from IBM, Kodak and Japanese companies. The results were very dramatic, benchmarking made a major contribution to a corporate reorganisation process which resulted in the number of suppliers being reduced by 94%, parts commonality increased from 20% to 65%, quality problems and development time both reduced by 2/3rds, manufacturing costs and direct labour both halved and corporate staff cut by 35%.

Benchmarking and Competitive Analysis are sometimes confused with the term benchmarking commonly being used to describe analysis of own and direct competitor product specifications, capability, and sales price. Benchmarking is concerned with comparing "best practice" of business processes and should not be restricted to direct competitors, it is most powerful when the comparison is made between common processes that are used in diverse industries as innovations typically arise from thoughts and ideas generated outside your own industry sector.

#### Key Success Factors

For your industry and market sector determine the key factors that contribute to success. These will include a combination of company image and reputation, product capability, product price, availability, desire to own product, product reliability etc. For each of these key success factors allocate a weighting factor for their importance on a scale of 1 to 10

#### Competitor Profiles

Competitive Benchmarking Analysis requires competitors to be profiled. A competitor profile for each competitor and potential competitor should obtain information under the following headings, which should include the key success factors previously identified:-

- Corporate Data
  1. Company annual reports
  2. Directors names and responsibilities
  3. Company ownership
  4. Company objectives
  5. Mission statement
  6. Organisational structure
  7. Major assets
  8. Company growth plans
  9. Structural changes such as acquisitions and divestitures
  10. P/E ratio
  11. Dividend policy
  12. Financial record over previous 10 years
- Products
  1. Product range
  2. Product brochures
  3. Product specifications
  4. Company brand details
  5. Patents and licenses held
  6. Quality control conformance
  7. Rate of product innovation
- Marketing, Sales and Customer Support
  1. Market share
  2. Customer base
  3. Promotional material
  4. Distribution method

5. Geographical coverage
  6. Pricing and discount schemes
  7. Service arrangements
- Facilities
    1. Manufacturing capability, including age, capacity and efficiency of plant
    2. Warehouse and distribution capability
    3. Design and development capability
  - Personnel
    1. Number of employees, preferably broken down by function or department
    2. Strength of management team
    3. Key employees, particularly for product innovation

## Data Collection

Much of the above data will be difficult to obtain. Competitors annual reports are a must, it would be beneficial to hold some of your competitors shares and to attend annual meetings. Also join appropriate trade associations and institutions and attend meetings, Attend trade shows and exhibitions. Ensure that you research appropriate trade journals, local and financial press and maintain a library of publications, research competitors web sites on a regular basis. If appropriate purchase examples of your competitors products and submit them to test (the automotive industry goes to extremes, subjecting their competitors vehicles to road tests, disassembling them and testing components).

## Competitive Matrix

From the customer profiles a Competitive Matrix or Array can be constructed and scored. Each of the 7 headings listed above can be given a weighting between 1 (least important) and 10 (most important). Each competitor and your own company are then judged against each of these 7 headings and scored between 1 ( very poor) and 10 (very proficient). The numbers are then inserted in to a two dimensional chart, the scores are multiplied by the weighting factors and a total for each competitor evaluated as shown in the table below for two competitors and your company:-

Parameter	Weighting	Our Score	Our Rating	Competitor 1 Score	Competitor 1 Rating	Competitor 2 Score	Competitor 2 Rating
Corporate	5	6	30	5	25	4	20
Background	3	4	12	6	18	5	15
Financial	7	5	35	4	28	5	35
Products	8	3	24	8	64	6	48
Marketing	6	6	36	4	24	5	30
Facilities	5	3	15	5	25	4	20
Personnel	4	4	15	6	24	7	28
Total			167		208		196

## Conclusions

The Competitive Matrix will allow the strengths and weaknesses of your competitors and your company to be compared. Conclusions can then be drawn which can be used to influence the strategy to follow for improvement.