



Know your forces: Business Intelligence to stay competitive

Do-It-Yourself Guide to Industry Assessment

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About the author

This DIY Guide has been created by Jayat Ghosh. Jayat is a Sr. Transformation Manager with the Wadhvani Advantage initiative at Wadhvani Foundation.

Please reach out to Jayat if you have any queries regarding this guide at jayat.ghosh@wfglobal.org



Introduction

Business today exist in a VUCA world (Volatile, Uncertain, Complex, Ambiguous). But as a business owner, you don't want your company to just 'exist'. You want it to live. You want it to thrive. You want it to chart its way through the rough weathers and come out triumphs. One of the fundamental things that you need to be able to do that is a comprehensive understanding of the eco-system in which your business operates. You need to know about the different stakeholders who are playing a crucial part in shaping the destiny of the industry your business is a part. This document will provide you a framework to understand these entities and evaluate them to take better strategic decisions.

Target Audience for this Guide

This QII is applicable for all types of companies, be it B2B, B2C or even B2G, and it is industry and size agnostic.

Benefits of Implementing this Guide

Quantitative and Qualitative Understanding

You need to get a clear understanding - both from a Quality as well as Quantity perspective of the various forces affecting your business.

Evaluation of the forces

You need to be able to evaluate the relative importance of these forces for your business. For example, if you are in a pharmaceutical oriented business, your attention to detail for norms and regulations has to be much more than possibly a company operating in the agriculture space. You need to be aware of these things.

Better Strategic Decision Making

Once you have understood the forces affecting your business, you will be in a much better position to take informed strategic decisions to guide your company towards success.

Risk Mitigation

This not only helps you take better decisions for your business today, it will also help you pre-empt the possible risks and challenges that your business might face in the future and take precautionary steps today.

Detailed Steps

Step 1: Defining the Factors

The first step is to define the factors that are affecting your business from a strategic as well as tactical perspective.

Business literature evolved over the last 4 decades defines the following as being the most potent factors impacting any business:



Fig: Illustration of the 6 Forces affecting your business

- **Threat of New Entrants**
This is basically answering the question - ‘How easy is it for new companies to enter your industry and consolidate their position?’
- **Supplier Power**
This is answering the question - ‘How strong are the suppliers in your industry and how much bargaining power do they exercise?’
- **Buyer Power**
This answers - ‘How influential are the customers in your industry and how much power do they yield in dictating terms to the companies?’

- **Threat of Substitute**

'Are there alternate products or services delivering the same / similar functionality that the customer can switch to?'

- **Complementary Products**

'What is the effect of products or services that are compatible with what your industry is selling?'

- **Competitive Rivalry**

'How much competition do you face in the market?'

To learn more about these six forces, please click [here](#)

Step 2: Creating detailed Questionnaire

The next step is to create the questions that you want to ask to understand the effect of each of the above factors on your business.

Some indicative questions for each of the forces are listed below:

- **Threat of New Entrants**

- How much capital is required to start a business in this industry?
- Can existing companies do anything to retaliate if someone new enters?

- **Supplier Power**

- Are there only a few suppliers in the market?
- Are the suppliers large companies with ability to forward / backward integrate?

- **Buyer Power**

- Are there only a few buyers in the market for the products or services?
- Are buyers very price sensitive?

- **Threat of Substitute**

- Does any substitute product with attractive price or better quality exist?
- What is the buyer's propensity to switch to alternative products?

- **Complementary Products**

- Does any complementary product exist for your industry?
- Is the business of the complementary product booming or is it slow?

To understand complementary products / services better, you can go [here](#)

- **Competitive Rivalry**

- Are there many competitors in the market?
- Are the competitors equal / comparable in size and power?

Please download the detailed questionnaire from [here](#). This is an excel template. In case you feel the need to add more questions to make the questionnaire more relevant to your company, please go ahead and do so.

Step 3: Answering the Questions

The next step is to find answers to each of these questions. Most of the questions you should be able to answer on your own. But for others, you might need to take the help of some industry experts.

Step 4: Analysis and Inference

Once the questions have been answered, you will then need to analyse the data so developed to find out inferences regarding each of the 6 forces. Finally, you will have a very good understanding regarding which of the above forces are strong and which of them are weak in your industry.

Step 5: Creation of Strategic Plan

Depending on the outcome / inferences from the above step, you will be in a position to create a comprehensive strategy to take optimal advantage of all the above forces.

You will also be able to understand what kind of changes you need to make to your **Marketing Mix** (Product, Price, Promotion, Place, People, Processes, Physical Environment) to achieve higher levels of profitable growth and target your market more effectively. To understand more about Marketing Mix, please refer to our QII regarding the same.

Template for creating the strategy is also available. [Click here](#) to download the same and use it.

Summary

If the above steps are followed diligently, there is no reasons you will not have

- A better understanding and grasp of the forces impacting your business at a strategic, tactical and operational level.
- The relative importance of these forces in your business environment and which of them needs your attention
- A strategic plan to take optimal advantage of these forces for a more profitable growth

Checklist

SL. No.	STEP	APPROX. DURATION	STATUS
1.	DEFINING THE FACTORS	-	
2.	CREATING DETAILED QUESTIONS	1 DAY	
3.	FINDING ANSWERS TO THE QUESTIONS	5 DAYS	
4.	ANALYSIS AND INFERENCES	3 DAYS	
5.	CREATION OF STRATEGIC PLAN	1 DAY	

Important Links

These are the important links/resources that have been referenced in this document:

- Learn more about the 6 forces model: [here](#)
- Understand complementary products / services better: [here](#)
- Additional Reading: [Link](#)
- Simple Video explaining the 6 forces: [Video Link](#)
- Template for Questionnaire, Analysis and Strategy Creation: Download [here](#)
- Download the Wadhvani Advantage App to connect to service providers including digital marketing experts, website developers and more.



We wish you all the very best in implementing this quick impact initiative. Should you need any assistance, please contact us at takeadvantage@wfglobal.org