

# Introduction

“Competition is anything and everything which will send the dollars from your door.” This is a phrase I have often used at seminars and presentations; I even use an overhead showing an animated building—your firm perhaps?—and a flock of winged dollar bills, rapidly vanishing over the horizon, leaving the building scratching its head!

It’s important to consider the extent and scope of competition because not many companies, whether goods-producing or service-providing, want to countenance the diversity of competitive forces they face. Most people confine their examination of competition to just the other companies doing the same stuff that they are, what this book defines as traditional competitors or direct competitors. There are several reasons for this: traditional competitors are easy to spot; they are easy to study, especially the larger firms; and they allow for lots of nice, neat analyses.

Sadly, the real world bears no resemblance to this scenario; competition really and truly is “anything and everything” that will send the customers and thus their dollars *away from* your door. Competition can actually be the customers themselves, or it can be influencers who work at client or customer organizations. It can even be a third party like the government or—horrors!—it can be our very selves; more than one company has become adept at creating its own competition from within its four walls. Then there’s a whole range of “left-field competition,” which can arise out of nowhere and throw you flat on your back.

And nowhere is this diversity of competition more present than in the services sector. Unlike their goods-producing counterparts, service

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firms do not face “cut-and-dried” competition. Even worse, before now, no book has even looked at how you define and study competition in services or any sector where the output is not tangible but intangible. For this reason, I have made reference to the goods-producing sector from time to time as a way to illustrate the greater complexity of services competition and because anyone already familiar with competitive intelligence techniques has likely come across them solely in the context of products.

Oh, sure, most books on competitive intelligence do blithely toss around the phrase “products and services” but usually, by Chapter 3, the word “services” has dropped from view (although the author says that this is just for the sake of convenience and when the word “products” is used, “services” is really meant as well). But when you look at the methods and models these authors describe, you can quickly see there’s no application in a service business. Most books, articles, conference papers, and case histories on competitive intelligence are applicable to products. All thoroughly explore ways to study head-counts, capacity utilization, throughput, shipments, raw materials, market penetration, and various other aspects of competing, which are just dandy if you’re shipping widgets, but rarely, if ever, can these models and methods be used for services. They are not suited for studying how one law firm represents clients in court compared to another, how one recruiter finds the best candidates over another, how one consulting engineering firm can win more bids than another, how one market research firm can recruit better employees than another, or for analyzing the realities of the service, what comprises it and how it is delivered.

The closest many published works come to touching on services is by talking about hydroelectric services or telecom services; while these are certainly less tangible than automobiles or boxes of cereal, they’re not always close enough (although this book does use examples from these sectors). Rather, this book talks about services where human labor with the value-added of expertise—intellectual capital—forms the core of the business.

To achieve this has been a tremendous challenge because there’s a dearth of examples and case histories prepared by others. There are certainly few models to use in analyzing competition in services and,

as a result, I have to say the book is very light on models. Many case studies were read, but few tackled the issues important to someone running a service business and wanting to study their competition. Some case histories from business schools talk about strategy in the loftiest terms but never touch ground and look at how to gather intelligence about this facet of a competitor. In other cases that study particular companies, there's a brief mention that Company ABC, when entering a particular market, faced competition from XYZ. And that's it. No details on how this competition was identified, no techniques on how to gather information about competitors, and no guidance on how to go ahead and analyze what is found.

So this book is, by its very nature, a start, a beginning, for more attention to be paid to competitive intelligence in services. In the first part of the book, I look at the varying forms of competition, both external and internal, that a service business might face, and which a company owner or manager needs to be aware of. I have particularly kept in mind that many service businesses are small and entrepreneurial or owner managed in nature, and even if they are growing, they are still not on a scale of, for example, the manufacturing or pharmaceutical industries. As a result, this book may not be of as much interest to the so-called Big Five management consulting firms, which are global in scope, or other similarly sized service firms. Not that there are that many, and given current trends, they'll soon all likely merge to form the Big One.

The second part of this book looks at traditional competitors, firms that claim to be offering what your firm does, and ways to study them. To this I must add a caution: there is no magic bullet. There is no one source to tap. There are no ready recipes for gathering intelligence about competitors and studying it. What I have provided are some ideas and the kind of thinking you need to undertake and the *types* of sources you need to tap to gather intelligence about traditional competitors. But there really is no definitive list of sources. Apart from other basic books about competitive intelligence (CI) on the market that do list some elementary sources, experience has shown me that each services sector, each company, needs its own sources and these need to be identified and developed organically, at the grass-roots level. So, I have instead tried to show the way to get people started.

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As with all books, this one owes its existence to a collaborative effort, and so thanks are due to others. First, to John Bryans at Information Today, for taking an interest in the topic and working with me to develop the book. Then, thanks go to all the companies we have worked with since Information Plus was started in 1979; it is the assignments handled for them that have honed my understanding in the area of competitive issues in service businesses and, in some cases, given me examples to use in this book. Thanks also to the providers of various services who have shared their “war stories” with me and allowed these to be used as examples. The book would also have taken forever to put together if it had not been for the research assistance of Susan Hebdon, who ordered the case histories, visited the library, and tracked down often elusive background material for me to use. There would also be no manuscript for delivery to the publisher without the careful attention to detail of Linda Zangerle, who has labored, sometimes for entire days at a time, to get things in shape for shipping to the publisher.

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Deborah C. Sawyer  
Buffalo, NY  
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