

Market Intelligence: Making Smart Business Decisions

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In last month's article on Improving Business Performance I stated that bank managers want to know why you are going to make money. In this article I will look at "market intelligence" improves business performance and how one local company turned their "intelligence" into profits.

Marketing is much more than advertising. It is about understanding your customers and competitors. For most companies much of this understanding relies on instinct. This means that many important business decisions are based on untested assumptions. This exposes companies to unnecessary risks on a daily basis. Market intelligence, then, is the ability to learn from experience and to respond successfully to a competitive situation.

Here is a real example of how one small, local plastics manufacturer used market intelligence to improve business performance. The company had been operating at a loss for several years when they decided to embark upon a new sales strategy.

As the planning initiative got underway, the company looked at all of its current customers and potential customer groups. They identified, researched and analysed twelve distinct markets. To prepare the final recommendations, the company evaluated the profit potential of each market. The results confirmed some prior assumptions, which is good, and threw other assumptions in the garbage, which is very good. Correct assumptions give you confidence to undertake more aggressive strategies. Wrong assumptions can destroy your company.

At the end of the analysis, one market segment showed tremendous potential. Within two months the company decided to hire a manager to target the emerging segment. Nine months later the company signed a \$500,000 contract. This alone put the company into the black for the first time – ever.

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The purpose of this article is to encourage small and medium businesses to take a critical look at themselves. How competitive is my business? How much do I know about my customers? Am I able to predict competitors' moves and industry trends? How can I use this knowledge to improve my business performance?

The next article of the Improving Business Performance series will look deeper into market analysis. The first article in this series looked at the difference between marketing and selling. Here I explored how you can make smarter business decisions by improving your market intelligence. The next article will look at market power: the ability of a company to turn market position into profits.

David J. Connell & Associates has developed a quick, ten-minute exercise to companies begin a self-examination of assumptions and to assess market intelligence. If you are interested in receiving a free copy, fax your name, position, company name, and fax number to David J. Connell & Associates at 905-838-1481.

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