



How to Identify Your Competitive Advantages

An exercise to conduct a competitive analysis and identify your competitive advantages.

In this guide, we will cover:

- ◆ **The Basics on Competitive Advantage**
- ◆ **An Exercise to Conduct a Competitive Analysis**
- ◆ **An Exercise to Identify Your Competitive Advantages**
- ◆ **A Canvas to Conduct a Market Analysis & Identify Competitive Advantages**

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What is a Competitive Advantage?

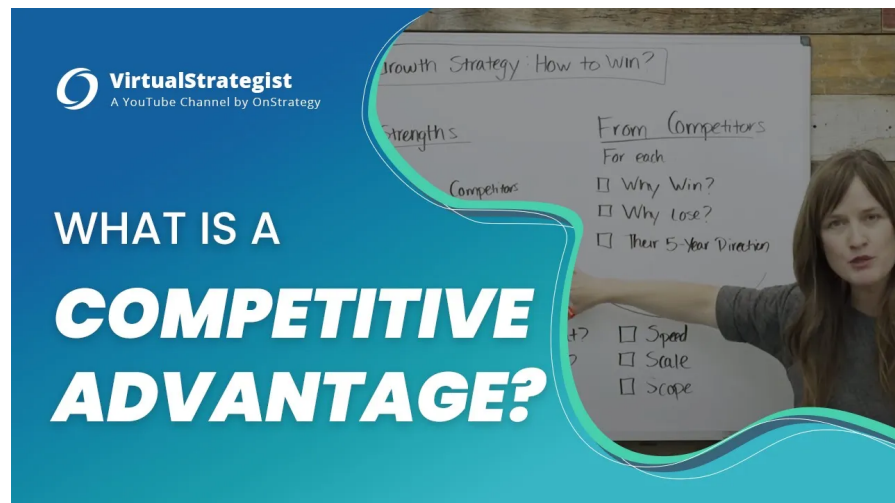
What is a Competitive Advantage?

A competitive advantage is a strength or capability that enables an organization to meet a customer or market need better than the competition. Competitive advantages are core organizational strengths that are difficult for competitors to recreate or duplicate.

A competitive advantage defines what your organization is best at in your market. They are unique strengths that your customers value.

Why is defining a competitive advantage important?

You need your competitive advantage as the basis for your organization's approach to growth – to fully realize your organization's growth potential, you need to understand what your organization does better than your competitors and why your customers value that.



Watch the Video

The Basics on Competitive Advantages

The Checklist for a Competitive Advantage



The biggest and best of your core strengths.

Your identified competitive advantages are also the best of the best from your organization's core strengths. We recommend completing your organization's SWOT analysis before considering your organization's competitive advantages.



What your customers value most from your organization.

What do your customers value most from your organization? If a customer was to enter the marketplace right now, what do they value the most from your organization, and why would they choose you over your competitors?



An advantage is difficult to replicate

True competitive advantages are difficult, expensive, or impossible for your competitors to replicate. The idea is that your organization uses these advantages long-term to further differentiate or create a competitive moat from the competition.

Competitive Advantages are not:

- ✗ **Traits your competition could copy or replicate without tremendous effort.** A true competitive advantage would be difficult, expensive, or impossible for a competitor to replicate.
- ✗ **Advantages aren't just strengths.** Don't just list your strengths as advantages. Sure, they're important, but a strength doesn't necessarily give you a leg up over the competition.
- ✗ **Advantages aren't things that don't add value to your customers.** You might think an advantage is something valuable to your organization, but your customers must value it in the marketplace. Advantages are the reason your customers choose you over your competition.
- ✗ **Traits your competitors also have.** If your competitors also have that advantage, it's no longer an advantage. It's just table stakes to be competitive in your marketplace.

An Exercise to Identify Your Competitive Advantages

Identifying your competitive advantages really comes down to two critical actions.

First, you need to do a competitive analysis to examine your competitors. **Second**, you look at your organization's current-state to examine which of your strengths are your competitive advantages.

Part I: How to Conduct a Competitor Analysis

The first part of this exercise is to examine your current competitive landscape to understand what your competitors are best at, why they win business, and why they lose.

Having a complete competitor analysis is important for three core reasons:

1. **You need to know the players in your space, and how closely you compete.**
2. **Competitive advantages are unique, so you need to know what *you* are best at, and what *your competitors* are best at** to decipher what is an advantage and what is just table stakes.
3. **A clear understanding of your competitive landscape informs** how you'll work to further differentiate your organization, or what you need to strengthen to create a new competitive advantage.

Step 1: Set Up the Comparison Grid

As a shortcut to analyze your competitors, we've developed this exercise to help your team answer three core questions to paint a clear picture of your competitive market.

To set this up, we recommend using a standard whiteboard or a whiteboard tool like [Miro](#) or [Mural](#). *In practice, the whiteboard looks like this:*

| | Why do they win? | Why do they lose? | What is their big, bold vision? |
|--------------|------------------|-------------------|---------------------------------|
| Competitor 1 | | | |
| Competitor 2 | | | |
| Competitor 3 | | | |

- **Why do they win?** Think about your competitor's core strengths and why those core strengths are valuable to your customers or market. If they win business over you, why?
- **Why do they lose?** Alternatively, it's nice to think about why they lose business, either to your organization or to your competitors. What are their weaknesses?
- **What do we believe is their bold vision of success?** It's not always clear, but sometimes you can make a hypothesis about your competitor's direction and 5-year BHAG. A few examples might be a competitor starting to focus on an enterprise market where they've concentrated on mid-market organizations in the past.

Looking at it from a different context helps you understand a few essential ideas from a different perspective. First, it allows you to understand what your competitors are good at and where you think they are going in the future. Secondly, it will enable you to consider why they lose and how you might capitalize on that in your growth strategy.

Step 2: Finish the Grid for Each Competitor

In a group discussion [or breakout groups for larger teams], ask the three questions in the grid for each competitor.

As you work through each competitor, it's important to listen for any competitor strengths that could be a competitive advantage. If a competitor's strength is unique and valuable to your customers, and is hard to imitate, it's probably one of their competitive advantages.

Competitive Analysis

| | Why do they win? | Why do they lose? | What is their big, bold vision? |
|---------------------|---|--|--|
| Competitor 1 | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid red; background-color: #f08080; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid red; background-color: #f08080; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid red; background-color: #f08080; padding: 5px; width: 30px; height: 30px; text-align: center;">Note </div> </div> | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid red; background-color: #f08080; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid red; background-color: #f08080; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid red; background-color: #f08080; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> </div> | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid red; background-color: #f08080; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid red; background-color: #f08080; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid red; background-color: #f08080; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> </div> |
| Competitor 2 | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid blue; background-color: #66b3ff; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid blue; background-color: #66b3ff; padding: 5px; width: 30px; height: 30px; text-align: center;">Note </div> <div style="border: 1px solid blue; background-color: #66b3ff; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> </div> | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid blue; background-color: #66b3ff; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid blue; background-color: #66b3ff; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid blue; background-color: #66b3ff; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> </div> | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid blue; background-color: #66b3ff; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid blue; background-color: #66b3ff; padding: 5px; width: 30px; height: 30px; text-align: center;">Note </div> <div style="border: 1px solid blue; background-color: #66b3ff; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> </div> |
| Competitor 3 | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid orange; background-color: #ffcc66; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid orange; background-color: #ffcc66; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid orange; background-color: #ffcc66; padding: 5px; width: 30px; height: 30px; text-align: center;">Note </div> </div> | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid orange; background-color: #ffcc66; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid orange; background-color: #ffcc66; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid orange; background-color: #ffcc66; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> </div> | <div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid orange; background-color: #ffcc66; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid orange; background-color: #ffcc66; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> <div style="border: 1px solid orange; background-color: #ffcc66; padding: 5px; width: 30px; height: 30px; text-align: center;">Note</div> </div> |



Pro Tip: It is helpful to star items you believe are your competitor's advantages. Do this as you go and put questions in a parking lot.

Step 3: Identify Your Competitor's Advantages

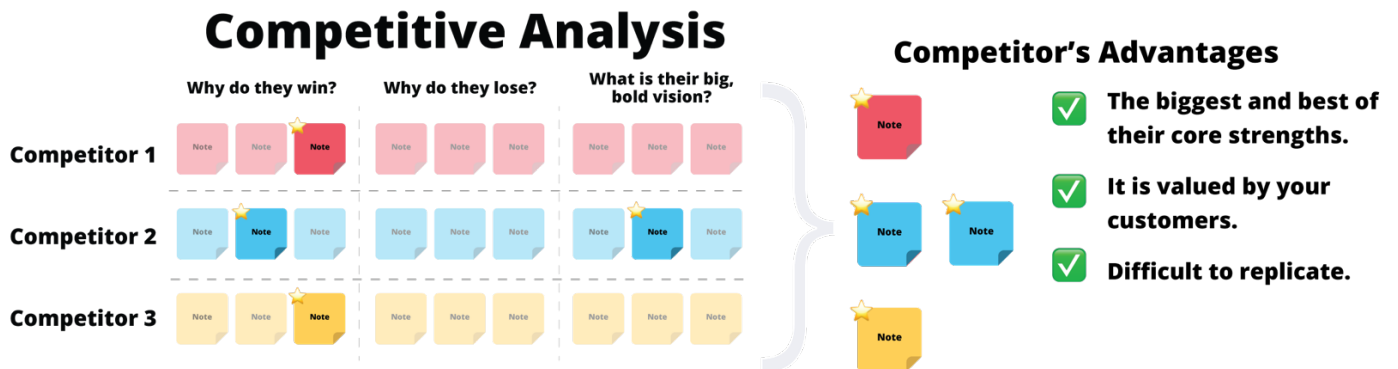
After finishing the exercise, focus on the “why they win” and “their big, bold vision” columns. As a team, discuss which you believe are your competitive advantages.

Pull out the best notes from this column and place them below the grid. Compare each against these traits to see if they are a competitive advantage:

- ✓ **The biggest and best of your competitor's strengths.**
- ✓ **It is valued by your customers.** It needs to be valued by your customers or market, or it is not a competitive advantage.
- ✓ **Difficult to replicate.** It must be really challenging for you or another competitor to recreate. If it's easily copied, it's not a competitive advantage.

If they satisfy each item on the checklist, they are your competitor's advantages.

Output: A list of competitor advantages used later in this exercise.



Step 4: Rank Your Competitors

After completing the discussion, we recommend reviewing your competitors and ranking their level of competitiveness. We like using High, Medium, and Low level of competition as the labels.

Competitive Analysis

| | Why do they win? | Why do they lose? | What is their big, bold vision? |
|------------------------------------|-----------------------|-------------------|---------------------------------|
| Competitor 1 LOW | Note Note Note | Note Note Note | Note Note Note |
| Competitor 2 HIGH | Note Note Note | Note Note Note | Note Note Note |
| Competitor 3 MED | Note Note Note | Note Note Note | Note Note Note |

Output: A list of competitors and their competitiveness.

Part II: Identify Your Competitive Advantages

The second part of this exercise is to examine your current state, identify your competitive advantages, identify critical actions you can take to improve your market position, and go on the offense against your competitors.

During this part of the exercise, you will:

- 1. Identify why you're winning, why you're not, and what competitive moves you can make.**
- 2. Determine what your competitive advantages are.**
- 3. Consider what strengths you might improve upon so they become competitive advantages.**
- 4. Decide what weaknesses you need to shore up.**
- 5. Determine how you might make offensive moves against your competitors.**

Step 1: Complete the Exercise for Your Org

Once you've completed the exercise for your competitors, work on completing the same grid for your organization with a few edits.



Pro Tip: We recommend completing your SWOT Analysis before this exercise. [Check out the SWOT Analysis guide here.](#)

Instead of answering the question about the vision statement, have your team consider the question, **“what competitive moves can we make.”**

The idea is to prompt your planning team to consider what you might consider acting on to create a new competitive advantage or battle one of your competitor’s advantages.

Competitive Analysis

| | Why do they win? | Why do they lose? | What is their big, bold vision? |
|---|--|-------------------|--|
| Competitor 1 LOW | Note Note ★ Note | Note Note Note | Note Note Note |
| Competitor 2 HIGH | Note ★ Note Note | Note Note Note | Note ★ Note Note |
| Competitor 3 MED | Note Note ★ Note | Note Note Note | Note Note Note |

Our Competitive Advantages

| Why do we win? | Why do we lose? | What competitive moves can we make? |
|----------------|-----------------|-------------------------------------|
| Note Note Note | Note Note Note | Note Note Note |
| Note Note Note | Note Note Note | Note Note Note |
| Note Note Note | Note Note Note | Note Note Note |

Step 2: Identify Your Advantages

After finishing the exercise, focus on the “why we win” column. As a team, discuss which you believe are your competitive advantages.

Pull out the best notes from this column and place them below the grid. Compare each against these traits to see if they are a competitive advantage:

- ✔ **The biggest and best of your core strengths.** Your identified competitive advantages are also the best of the best from your organization’s core strengths.
- ✔ **It is valued by your customers.** It needs to be valued by your customers or market, or it is not a competitive advantage.
- ✔ **Difficult to replicate.** It must be really challenging for a competitor to recreate. If it’s easily copied, it’s not a competitive advantage.

If they satisfy each item on the checklist, they are a competitive advantage that should be used in your growth strategy.

Output: A list of 2-3 core strengths that articulate why you win in the market to be used as the base of your growth strategy.

Our Competitive Advantages

| Why do we win? | Why do we lose? | What competitive moves can we make? |
|--|--|--|
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Our Competitive Advantages

- ✔ **The biggest and best of your core strengths.**
- ✔ **It is valued by your customers.**
- ✔ **Difficult to replicate.**

✔
Note

✘
Note

✘
Note

✔
Note

Step 3: Examine Other Strengths that Could Be Developed into Advantages

Once you've identified your competitive advantages from the "why we win" column, look at the other strengths. Are there any strengths that *should* be advantages, but aren't?

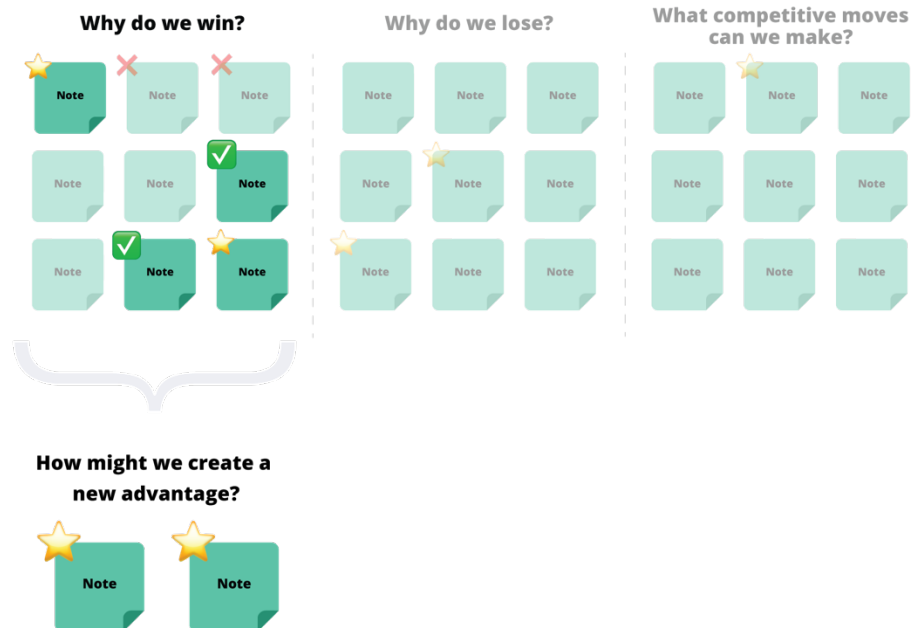
If you look at your current set of strengths and see a strength that is not yet a true competitive advantage, consider setting a set of objectives or goals to turn that strength into a competitive advantage.



Pro tip: Ask the question, "What do you need to invest in to make a strength a competitive moat?"

Output: A list of strengths to improve into competitive advantages.

Our Competitive Advantages



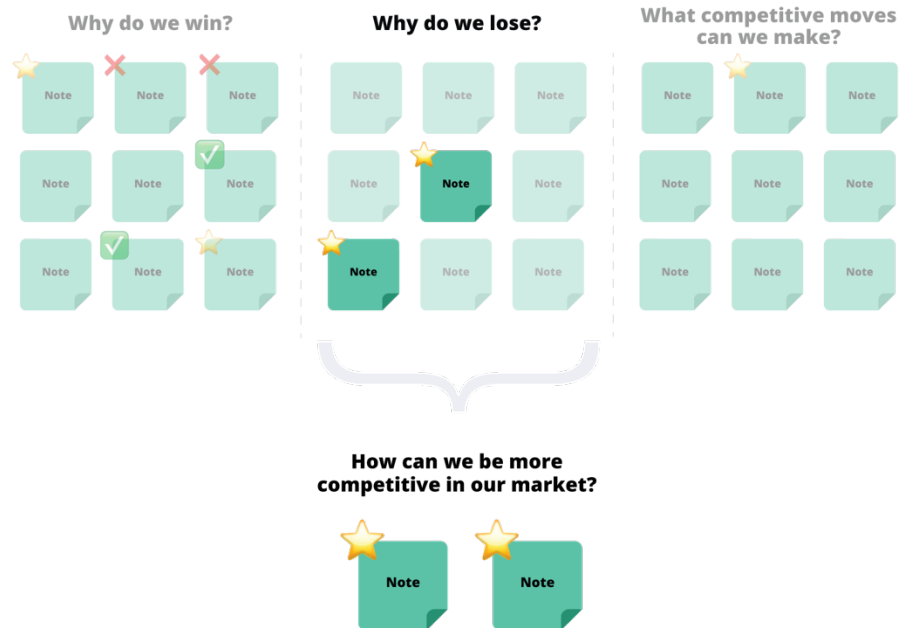
Step 4: Examine Weaknesses to Shore Up

Examine the middle column and identify 2-3 weaknesses your organization should shore up to better win business in your space.

This is similar to the output of your weaknesses from your SWOT analysis, but just make sure you set goals or objectives to address these weaknesses.

Output: A list of 2-3 weaknesses to be used as objectives in your plan to improve core functions of your organization.

Our Competitive Advantages



Step 5: Outline Competitive Moves to Make to Dethrone a Competitor's Advantage

Using the data in the far-right column and your identified competitor advantages from the earlier exercise, what actions could you take to target your competition?

Advantages take significant investment to achieve, but how might targeting your competitors better your organization's position?

Output: 1-2 objectives to offensively target your competitor's position in the market.

Our Competitive Advantages

The diagram illustrates the process of identifying competitive advantages and potential moves. It is organized into three main sections:

- Why do we win?:** A 3x3 grid of sticky notes. The top row has a star on the first note and red 'X' marks on the second and third. The middle row has a green checkmark on the third note. The bottom row has a green checkmark on the second note and a star on the third.
- Why do we lose?:** A 3x3 grid of sticky notes. The top row has three plain notes. The middle row has a star on the second note. The bottom row has a star on the first note.
- What competitive moves can we make?:** A 3x3 grid of sticky notes. The top row has a star on the second note, which is highlighted in a darker green. The other notes are plain. A bracket below this grid points to a single star-marked sticky note below the heading.

Don't Forget to Put This Exercise to Work!

This exercise is a simple and powerful way to look at your competitive market and organization's current state. But it's important to put all of this work into practice!

Make sure that you are using all the outcomes above to inform your organization's growth strategy, strategic objectives, and initiatives. It's all about improving your market position, so make sure this is reflected in your plan!