

Assessing a firm's competitive strength versus rivals

1. **List** industry key success factors and other relevant measures of competitive strength
2. **Rate** firm and key rivals on each factor using rating scale of 1 to 10 (1 = very weak; 5 = average; 10 = very strong)
3. **Decide** on the weight to give each KSF (a weighted system is usually superior to an unweighted one because the chosen strength measures are unlikely to be equally important) as a fraction of 1.0 (the weights must sum to 1)
4. **Multiply** the weights times the rating & **Sum** them in the column to get an overall measure of competitive strength for each rival
5. **Determine** whether firm enjoys a competitive advantage or suffers from a competitive disadvantage based on the overall strength ratings

A Weighted Competitive Strength Assessment

KSF/Strength Measure	Weight	ABC Co.	Rival 1	Rival 2	Rival 3	Rival 4
Quality/product performance	0.10	8/0.80	5/0.50	10/1.00	1/0.10	6/0.60
Reputation/image	0.10	8/0.80	7/0.70	10/1.00	1/0.10	6/0.60
Manufacturing capability	0.10	2/0.20	10/1.00	4/0.40	5/0.50	1/0.10
Technological skills	0.05	10/0.50	1/0.05	7/0.35	3/0.15	8/0.40
Dealer network/distribution	0.05	9/0.45	4/0.20	10/0.50	5/0.25	1/0.05
New product innovation	0.05	9/0.45	4/0.20	10/0.50	5/0.25	1/0.05
Financial resources	0.10	5/0.50	10/1.00	7/0.70	3/0.30	1/0.10
Relative cost position	0.35	5/1.75	10/3.50	3/1.05	1/0.35	4/1.40
Customer service capability	0.15	5/0.75	7/1.05	10/1.50	1/0.15	4/1.60
Sum of weights	1.00					
Overall strength rating		6.20	8.20	7.00	2.10	2.90

Rating Scale: 1 = very weak; 5 = average; 10 = very strong