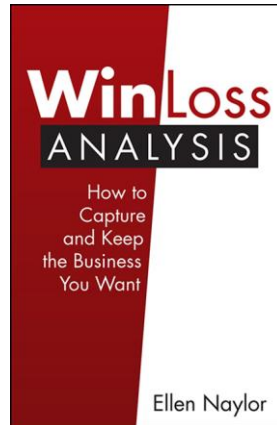


## Sample Chapter

### Win/Loss Analysis: How to Capture and Keep the Business You Want

By Ellen Naylor



### Chapter 1: What is Competitive Intelligence and Win/Loss?

*All knowledge has its origins in our perceptions.*

Leonardo Da Vinci

I have worked in competitive intelligence (CI) since 1985. While the field contains many worthwhile tools, my favorite technique is Win/Loss analysis—it helps companies win more deals and stops needless loss.

Is Win/Loss worth your investment? Only if you want results!

**So what is *competitive intelligence*? Let's start with what it is *not*.**

- It is not spying, which is what many think it is.
- It is not a Google Internet search.
- It is not networking.

Macro factors that influence the competitive environment include economic, ecological, socio-cultural, political, legal and technological challenges facing an organization. Competitive intelligence focuses on turning this external information into the intelligence required for strategic and tactical decision-making.

*Companies can't afford not to do competitive intelligence.* Think about those that have lost their mojo following a period of growth and success. Blackberry, Nokia and Blockbuster are recent examples of such companies. They clearly were not acting on competitive intelligence findings, and lost sight of what was changing in their marketplace. And I don't just mean the competition. Disruptive technology brought down Nokia and Blackberry, and a new distribution model pioneered by Netflix killed Blockbuster. If they actually had recognizing the changing marketplace, they still failed to make the necessary changes to survive.

Competitive intelligence is a continuous activity that provides an ongoing update of activities in the marketplace. A functioning intelligence process will provide signals or early warnings that allow a company to act first in anticipation of a competitor's moves or to adopt or counteract new technologies that will have an impact on their industry. Within organizations, CI is unique in that it's a catalyst drawing on personnel from different areas of the company to cooperate in gathering and sharing competitive and market developments.

In fact, CI is a people-centric activity that brings together information from departments that often don't or never communicate with each other (see *Figure 1*). An effective CI process can help break down the silos that are often created by departmental rivalry. Keep in mind that competitive intelligence can mean different things to different people, based on the understanding of their job function.

- A sales person thinks of CI as creating silver bullets that can be used against specific competitors.
- A research scientist views CI as intelligence on disruptive technology and competitors' R&D initiatives.
- Executives value CI that is long-term and strategic, giving them insight on the marketplace, rivals and exciting opportunities.



Figure 1

One of the most common recurring questions I get from clients is:

*How Did You Get into Competitive Intelligence?*

Like many, I had no particular training in competitive intelligence, but chose to enter this field 30 years ago. I earned an MBA, but competitive intelligence was not taught at school. I have always been incredibly curious, just like my mom. People often tell me the story of their lives, even at cocktail parties; I guess that I'm naturally approachable. Even my husband tells me that I encourage people to share, since I am truly interested in learning what they do. Being curious and encouraging people to share are two important traits for those in competitive intelligence.

My first corporate job was with the Chesapeake & Potomac Telephone Company where I worked my way up through Sales during AT&T's initial divestiture in the early 1980s. By 1985, I worked for the newly formed Bell Atlantic and had the best financial services clients in the Washington, DC metro area including VISA and the Navy Federal Credit Union. The problem was I couldn't sell them anything! During that phase of divestiture—which ran through all of 1985—I could only sell local telephone network services and I realized that my large financial services customers were *leasing* all the local network services that they needed. In fact, their strategy was to bypass the local telephone

company entirely and connect directly to their long distance carriers. Thus, if anything, they would be *reducing* their use of local telephone services, leaving me and my “product” without a market.

Upon realizing that my large financial services customers would not be buying additional local network services, I approached my boss. We didn’t have a competitive intelligence function at Bell Atlantic, and I was just itching to start such a group. In my sales job, I performed such a function. I used to give talks about the competition to my peers, so it was a natural progression for me.

I told my boss that I didn’t think he would want to pay me to sell to these large financial services clients during 1985 since there really wasn’t anything new to sell to them. He was skeptical, but asked me how I was so sure about that. I asked him if he had 10 minutes to review the opportunities to sell to my eight financial services customers. In those 10 minutes, I convinced him that there would be no revenue growth from these customers.

“Young lady,” he asked, “what would you like to do now?”

“I want to start Bell Atlantic’s competitive intelligence initiative for enterprise marketing,” I said.

“Young lady you shall have that job.”

True to his word, two weeks later I had the job, which included a promotion. And I had the good luck to be able to build a great team to help me get competitive intelligence off the ground.

What I really liked was my independence. There was no one telling me what to do as I started this competitive intelligence initiative. This was new territory for Bell Atlantic, one of the Baby Bells born in 1984. Since I had been in Sales, I knew that we in Sales understood and knew about the competition, and that our customers and prospects were key sources for competitive intelligence.

I was introduced to Win/Loss analysis in the late 1980s through a colleague who was an expert researcher at Bell Atlantic. Through my sales experience, I knew that customers would share information if only you took the time to ask. I could readily appreciate the timeliness of customer intelligence provided through a series of Win/Loss interviews as a great way to identify business blind spots. My natural expertise is primary research, which is accomplished through conversations with people to gain knowledge; the kind of knowledge not found on the Internet or on social media.

## **Win/Loss Analysis**

Win/Loss analysis is the process of interviewing your customers (wins) and prospects (losses) to find learn why they chose to do business with you or a competitor, and how they arrived at their decision. It's a great source of customer intelligence, competitive intelligence and company self-knowledge. It involves interviewing your customers and prospects soon after the buying decision has been made. This is not a survey but rather a conversational interview where you can gain incredible insight by listening to the customer or prospect as they share their total buying experience with your company (wins) or the competition (losses). The communication is two-way and immediate.

Ideally, Win/Loss interviews take place two to three months after the buying decision has been made. If you wait too long, your customers or prospects will not remember the details behind their buying decision. If you call too soon, they may still be in the midst of implementation, which is stressful. Besides, you also want to learn how the implementation went.

At the conclusion of the interviews, you analyze the results, which is custom research since the stories you hear from these conversations vary considerably. From what you learn, you make recommendations for change that will improve your company's competitiveness. Companies typically will share this analysis with those who are interested in Win/Loss analysis and can make the recommended changes: sales, marketing, product development and executives.

Win/Loss analysis is ideally an ongoing process, where interviews are conducted and analyzed either monthly or quarterly. However, if all you can afford is a one-time blast of Win/Loss interviews, you will still gain a good snapshot, which is better than never conducting Win/Loss analysis at all.

Win/Loss is an efficient way to acquire sales, tactical competitive information, and even strategic ideas, especially if you conduct reviews and analyze this data over time. Win/Loss interviews are a great marketing touch point with your customers and prospects since it shows them you are willing to invest the time to listen to their experience of business dealings and relationships with your company.

Over the years, I have become even more convinced of the value of Win/Loss analysis, this realization coming from customers and prospects who have called me for counsel.

I often hear, "We need competitor profiles. How can you help us develop a template and provide the content for a competitor profile?"

Quality competitor profiles are expensive to produce. Everyone has to consider their budget, so I'll ask, "Why do you want competitor profiles? How will you use them? How will you keep them up-to-date?"

Then I'll hear about the specific problem or objective that they hope a competitor profile will address. Most of the time it's an issue around disappointing market penetration or sales, such as, "We have recently introduced a new product, which we developed to address unmet customer needs. However, it's not selling well. We need to find out why, so we can take corrective action." A competitor profile will not always give them the specific knowledge they need, however, to solve a market penetration or sales problem. Competitor profiles do give an in-depth description of the competitor's background, finances, products, markets, facilities, personnel and strategies. They are often developed using company annual reports, product brochures, business directories, recent news reports, social media, etc. They usually include some primary research to fill in the holes; more so if the competitor is privately held requiring additional digging.

Another common problem is the following: "One of our traditional competitors has been taking market share from us over the last year. We need to learn why so we can strategize on how to regain our market position."

An example is a recent case where my client was the market leader in their field of electronic measuring instruments, which were marketed through wholesale and retail channels to industrial, commercial and home users. They had been losing revenue and market share over the course of several years. They weren't sure who they were losing to, since no industry consulting firm tracked their market. There were about twenty products in this space, so clearly this was a complex research project. The most revealing information came from eighty Win/Loss interviews with their customers and prospects. Unlike most B2B Win/Loss interviews, these were all cold calls. Yet we successfully received valuable insight.

We learned their company produced such a high-quality product that their customers were holding onto them twice as long as the company thought they did. They also had introduced similar features on competing products within their product line, so customers were buying fewer new instruments since the current models were more multi-functional than previous lines.

Like so many industries, they were affected by digital technology too. Computers now powered many components and engines that their instruments had been designed to measure in the past. These

computers were best measured by specialized equipment, so the company's instruments were no longer being used for such measurements. Lastly, we learned that their competitors were making gradual inroads in certain measurement niches, which also eroded sales. These were going to be difficult issues to resolve as the client's superior quality product was their trademark, but they were grateful to have this knowledge to work from.

Alas, finding the information to solve these specific problems is not the objective of a competitor profile. But competitor profiles are often what people know to ask for. New, inexperienced competitive intelligence managers often think a competitor profile will answer all their questions. However, for the scenarios described above, Win/Loss interviews with select customers and prospects are often the best way to get this information. Even if you outsource the Win/Loss process, it's still a lot less costly than outsourcing the production of quality competitor profiles. The analysis of these interviews often gives you the information you need to move forward.

It is important to note that Win/Loss analysis is a component of competitive intelligence. It does not replace competitive intelligence. As described in the outset of this chapter, competitive intelligence data is obtained very broadly from digital sources and people across functional areas within and outside of your company. Win/Loss interviews come from two of those external sources: your customers and those who chose a competitor.

### **Your Turn:**

- Do you engage in competitive intelligence at your company?
- If so, is competitive intelligence a people business or is it mostly digital monitoring process at your company?
- Do you know how competitors are pitching against you?
- If so, is their pitch accurate? Do your customers believe them?
- What is Win/Loss analysis?

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