

Protecting your competitive advantage

If you've spent time and money developing products, services, prices, channels or a way of doing business that gives you an advantage over your nearest rivals, it makes sense to keep these unique and exclusive to your business for as long as possible.

Sometimes you can get a permanent advantage such as legal protection on intellectual property, but for most small businesses it's probable competitors will try to battle their way into your market. When you first start up it can be like surviving a siege, as competitors try to tear down your castle walls. Luckily there are things you can do to bolster the ramparts.

Build a defensive perimeter

Look to discourage new entrants by emphasizing the barriers to enter your market, or anything that makes another business owner think it's too hard to compete directly. An established brand in the minds of customers is one way. If you asked ten people to name an online marketplace, an accounting software provider and fast food, nine of them will probably say Amazon, Xero and McDonalds. These businesses have invested in their brands to be top of mind.

To prevent new businesses entering your market try:

- › Being first to market with unique products or services.
- › Setting up an exclusive trading area you can defend legally.
- › Having a supplier agree to only supply your business.
- › Being the only approved vendor.
- › Developing partnerships within your industry.
- › Building an online following in social media.
- › Topping search rankings.

Anything which makes someone think twice before setting up outside your business is useful.

Protect your intellectual property (IP)

Having the law on your side is handy when it comes to stopping any imitators. Your IP includes the parts of your business that you can legally protect and take action if anyone breaches your rights.

This includes:

- › Copyright.
- › Patents.
- › Designs.
- › Trademarks.
- › Trade secrets.
- › Company and domain names.

To help decide what to do, make a list of the essential elements of your business you can't do without, identify if they can be protected and then weigh up the cost of legal protection versus the possible loss.

Visit the [United States Patent and Trademark Office](#) to get an overview of what is covered under IP and seek advice from a professional adviser or lawyer before you take action.

Protect your intellectual assets (IA)

An intellectual asset is a competitive advantage that usually can't be legally protected, such as your business contacts, networks, your business know-how and knowledge of what customers want.

In these cases, you can still build a barrier by:

- › Keeping your information secret.
- › Having staff sign confidentiality agreements.
- › Documenting internal processes with key employees only.
- › Sharing information (like prices) only to qualified leads.
- › Limiting what you place online and in the public arena.

List what intellectual assets are mission-critical to your business and outline how you'll keep these elements confidential.

Protecting your competitive advantage

Protect your price advantage

If one of your key advantages is being able to source inventory or materials cheaper than competitors, allowing you a higher-than-average margin or to price lower while still making a decent profit, protect it by:

- › Locking in exclusivity of supply with a legal contract.
- › Building cash reserves to buy in bulk for volume discounts.
- › Documenting your systems or processes that give you a cost advantage.
- › Keeping fixed costs low, e.g. owning your location, contracting out when busy etc.

Safeguarding your price advantage will help your business remain resilient and agile in a competitive market.

Being awesome

This goes beyond having satisfied customers. It's about creating a brand that consistently delivers excellence and stands out in the marketplace. To maintain this edge, make sure that every aspect of your business reflects your commitment to quality and customer satisfaction.

Regularly gather feedback from customers to understand what they value most about your products or services and identify areas for improvement. Implement robust training programs for your team so that everyone upholds the same high standards. Monitor market trends and competitor activity to stay ahead and continue refining your offerings. Additionally, consider investing in technology or systems that streamline operations, making it easier to deliver a reliable and enjoyable customer experience.

Be the industry expert

If you can prove you know more than anyone about your industry, it's a great advantage and hard to copy. Beyond sharing insights on social media and participating in events, consider creating in-depth resources such as whitepapers, eBooks, or industry reports that showcase your expertise. Collaborate with reputable organizations or thought leaders to co-create content, amplifying your credibility and reach.

Develop a strategy to stay current on industry developments by subscribing to leading publications, joining professional associations, and engaging in continuous learning. Share your findings with your audience in an accessible and engaging way to reinforce your leadership position. Finally, consistently evaluate and refine your messaging so that it highlights your unique insights and the value you bring to customers, solidifying your role as the go-to expert in your field.

Next steps

- › Identify the unique elements that set your business apart, whether it's your brand, pricing strategy, or industry expertise.
- › Outline specific actions to safeguard your intellectual property, intellectual assets, and competitive positioning.
- › Regularly review and enhance your products, services, and customer experience to maintain your edge.
- › Stay ahead by monitoring market trends, refining your strategies, and adapting to changing conditions.

When you take steps to protect your competitive advantage, you're safeguarding the foundation of your business's success. In a constantly evolving marketplace, maintaining your edge requires strategic planning, continuous improvement, and vigilance against potential threats. Whether it's through legal protections, refining internal processes, or staying ahead as an industry leader, your efforts to defend what sets you apart will make sure your business remains resilient and ready to thrive. Remember, your competitive advantage isn't just what you have today. It's what you cultivate and protect for tomorrow.

Note

This is a guide only and should neither replace competent advice, nor be taken or relied upon as financial or professional advice. Seek professional advice before making any decision that could affect your business.