Why Organizations Go Off Course – Lesson 1: Failure to Take into Account Your Competitive Environment
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Each edition of this newsletter contains a section I call "What Works."

In this edition, I'm launching a new series of articles about why organizations go off course. This series offers a counterpoint to the lessons in my other series: Why Organizations Thrive.

For fans of that series, don't worry, I'll still be adding to it. But I've developed a series of ideas about why organizations go off course and this one just kept popping into the front of my mind.

I've been involved with at least two social impact organizations that I feel went awry because they failed to recognize the importance of analyzing the competitive environment as part of a planning process.

To explain why, I'd like to start with a thought-experiment from the for-profit business world and then ask how it applies to the challenge social impact organizations face when developing strategic plans. In particular, organizations sometimes go off course in determining their core niche and primary marketing strategy when they fail to account for competition.

Imagine you are a fruit vendor in a world where there's two types of fruits - apples and bananas. You've been focused mostly on bananas, but also sell apples. You're not doing so great compared to some of your competitors.

So you commission a study to talk to potential fruit buyers - both your existing customers and people you've identified as potential customers.

Among the things they tell you - by about a 2-1 margin, they would prefer a fruit vendor that focuses on selling apples.

So you decide to start emphasizing selling apples in your marketing, and rejigger your fruit vendor stand to make apples more prominent.

In theory, this means more customers will want to shop at our fruit stand. Right? Possibly, but in some circumstances the opposite will happen -- an effort to rebrand yourself to appeal to more fruit buyers could backfire.

Why?

Imagine the fruit vendor scenario, but now add in the fact that there are a dozen other fruit vendors in town and nearly all of them are exclusively or predominantly focused on selling apples.

Suddenly the refocusing of your marketing and product to focus on apples becomes counterproductive. When you focused on your bananas, you had a pretty strong case to make to the one-third of the audience who are most focused on bananas. But with apples, you suddenly have lots of competition for the two-thirds who love apples.

If you're to thrive in that environment, you need to have an extremely compelling case for why they will pick my apple selling over my competitors. Will they be better apples? Will your fruit sellers be friendlier? Will you have lower prices?

Can I take enough of the market share to actually be ahead of where I was when I focused on bananas. Would I be better off being the very best banana salesman and try to move the fruit buying audience to understand that bananas are much better than apples.

In Good to Great and the Social Sectors, a monograph by Jim Collins, he talks about the importance of nonprofit organizations finding the intersection of three things: what you're most passionate about, what you can be the best at, and who will pay you (what he calls your resource engine).

Rather than doing an analysis solely of fruit buying behavior, our vendor would have been better off asking these questions in concert: finding what Collins refers to as their Hedgehog Concept.

Applied to a social impact organization – instead of a for-profit fruit vendor – these same principles apply.

To be sure, often your competitors are also your allies. You work together on shared goals and the overall success of your movement depends on both of you thriving.

But just because the fruit vendor community may be allies when it comes to convincing the public to buy more fruit and less vegetables, doesn't mean you don't have to be calculating in figuring out where you best fit in the fruit world.