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|  | X factor exercise |

The following “Factor Exercise” helps you decide in what area you should develop a niche. For each service or industry niche that you are considering, score your firm on a scale of 1 to 10 in each of the following categories. A 10 means you more than meet the criteria, a 1 means you don’t meet any of the criteria.

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| **Factor** | **Explanation** | **Score** |
| Personnel | Do we have a passionate champion with relevant skills and contacts? |  |
| Seasonality | Can the work be done during the non-busy season? |  |
| Profitability | Does the type of work or absence of competition support higher margins? |  |
| Clients | Do we already have clients in this niche? Can we sell more services to them? |  |
| Referral sources | Do we have referral sources in this area? Have they been a recurring source of new business year after year? |  |
| Strategic alliances | Can we draw on existing partnerships to deliver technical competence? Do our partners have the relevant expertise? |  |
| Few competitors | Is there an absence of relevant competition in this space? |  |
| Maturity | How established is the industry? Is it growing or in decline? |  |
| Industry definition | How defined is the industry (real estate, construction, etc.)? |  |
| Other | Insert other criteria here. |  |
| Tax | Can we sell a full suite of tax services? |  |
| Audit | Can we sell a full suite of audit and accounting services? |  |
| Wealth management | Can we sell wealth management services? If so, which ones? |  |
| Advisory | Can we sell advisory services? If so, which ones? |  |
| **Total score** | |  |

Armed with this information, you have a foundation for determining the services or industries in which you should invest your resources and talent.