

# Chapter 11

## The SWOT ANALYSIS: Process and Basic Components

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# Chapter Outline

- What is SWOT analysis?
- Basic Elements of The SWOT Analysis
- Aim of SWOT analysis.
- Who need SWOT analysis?
- SWOT Analysis for Individuals
- How to conduct SWOT analysis?
- Pitfalls of SWOT analysis.
- Tips for SWOT analysis.

# What is SWOT analysis

- ❑ A technique that enables organisations or individual to move from everyday problems and traditional strategies to a fresh prospective.
- ❑ SWOT analysis looks at your strengths and weaknesses, and the opportunities and threats your business faces. SWOT can help your company face its greatest challenges and find its most promising new markets.

- ❑ The SWOT Analysis framework is a very important and useful tool to use in marketing Management and other business applications
- ❑ A clear understanding of SWOT is required for business majors.

# Basic Elements of The SWOT Analysis

**S** – Strengths

**W** – Weaknesses

**O** – Opportunities

**T** – Threats

Internal Environment

External Environment

# Strengths (internal, positive factors)

- \* Characteristics of the business or individual that give it an advantage over others in the industry.
- \* Positive tangible and intangible attributes, internal to an organization or individual.
- \* Beneficial aspects of the organization or the capabilities of an organization, process capabilities, financial resources, products and services, customer goodwill and brand loyalty.
- Examples - Abundant financial resources, Well-known brand name, Lower costs [raw materials or processes], Superior management talent, Better marketing skills, Good distribution skills, Committed employees.

# Weaknesses (internal, negative factors)

- Characteristics that place the firm or individual at a disadvantage relative to others.
- \* Detract the organization from its ability to attain the core goal and influence its growth.
- \* Weaknesses are the factors which do not meet the standards we feel they should meet. However, weaknesses are controllable. They must be minimized and eliminated.
- Examples - Limited financial resources, Very narrow product line, Limited distribution, Higher costs, Weak market image, Poor marketing skills, Limited management skills, Under-trained employees.

# Opportunities

- Are external attractive factors that represent reasons your business is likely to prosper.
- \* Chances to make greater profits in the environment - External attractive factors that represent the reason for an organization to exist & develop.
- \* Arise when an organization can take benefit of conditions in its environment to plan and execute strategies that enable it to become more profitable.
- \* Organization should be careful and recognize the opportunities and grasp them whenever they arise..
- Examples - Rapid market growth, Rival firms are complacent, Changing customer needs/tastes, New uses for product discovered, Economic boom, Government deregulation, Sales decline for a substitute product .



# Threats (external, negative factors)

- \* External elements in the environment that could cause trouble for the business - External factors, beyond an organization's control.
- \* Arise when conditions in external environment jeopardize the reliability and profitability of the organization's business.
- Examples - Entry of foreign competitors, Introduction of new substitute products, Product life cycle in decline, Changing customer needs/tastes, Rival firms adopt new strategies, Increased government regulation, Economic downturn.

# Aim of SWOT analysis



- To help decision makers share and compare ideas.
- To bring a clearer common purpose and understanding of factors for success.
- \* To organize the important factors linked to success and failure in the business world.
- \* To help individual or organization to understand their strengths and weaknesses.
- It promotes strategic thinking

# Who needs SWOT Analysis?

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- When the team has not met its targets
- Customer service can be better
- Launching a new business unit to pursue a new business
- New team leader is appointed

**Business Unit**

**Job Holder**

1

- When supervisor has issues with work output
- Assigned to a new job
- New financial year – fresh targets
- Job holder seeks to improve performance on the job

3

- When revenue, cost & expense targets are not being achieved
- Industry conditions are unfavorable
- Launching a new business venture

**Company**

# Who needs SWOT Analysis?

SWOT Analysis is also required for / during...



# SWOT Analysis for Individuals

- “Those with keen understanding of their strengths and needs are in much better position than those with limited or faulty self-knowledge.

—Howard Gardner, *Frames of Mind*

- Personal SWOT analysis is a great tool to assess yourself in order to plan your career.
- You can use it to assess yourself, compare yourself against your peers/competitors and also use it to find career growth opportunities.

# Personal SWOT

## Combination of ...

- Self-assessment tool
- Strategic planning activity

## And Created ...

- In light of an individual's personal mission statement
- Their vision of where they see themselves in the future



# When to do a personal SWOT analysis ?

- When going to an interview – So you can focus on your strengths and talk about them more. It will help in preparing the CV as well. If you have a very good idea about the job requirements beforehand you can modify the CV to match them as well.
- When applying for a promotion – helps you to assess yourself against other candidates. You'll have a good understanding of your strengths against your competitors so you can focus on them rather than your general strengths.



- Before a career switch – helps you to figure out whether your skills match the opportunities in your new career or whether they are much suited for your current job.

# How to conduct SWOT Analysis?



1. Analyse Internal & External Environment

2. Perform SWO T Analysis

3. Prepare Action Plans

# 1. Analyse Internal & External Environment



1. **SO strategies**—use a firm’s internal strengths to take advantage of external opportunities.

*(LEVERAGE)*

2. **WO strategies**—are aimed at improving internal weaknesses by taking advantage of external opportunities.

*(CONSTRAINTS)*

3. **ST strategies**—use a firm’s strengths to avoid or reduce the impact of external threats.

*(VULNERABILITIES)*

4. **WT strategies**—are defensive tactics directed at reducing internal weaknesses and avoiding external threats.

*(PROBLEMS)*



TOWS/SWOT Matrix

## SWOT نموذج ؟

التحليل الرباعي :

(القوة / الضعف

الفرص / التهديدات)

يشير هذا التحليل الى وجود

اربع استراتيجيات بديلة

مستقلة عن بعضها ، وقد

تتداخل هذه الاستراتيجيات

وقد تتابع في نفس الوقت

من خلال تحليل

SWOT تتحقق

الجوانب التالية :

- نحدد الفرص المتوفرة

في البيئة الخارجية .

- نحدد التهديدات والمخاوف في البيئة الخارجية.

- نحدد نقاط القوة المتوفرة لدى المؤسسة (مزاي تنافسية) .

- نحدد نقاط الضعف الموجودة لدى المؤسسة

## نقاط القوة / الفرص :

التركيز على مناحة وتحقيق الفرص الخارجية.

وضع الاستراتيجيات التي تعمل على الاستفادة  
من نقاط القوة في السعي لتحقيق الفرص  
الخارجية الممكنة.

تكمن أهمية هذه الاستراتيجيات في السعي  
لتحقيق الفرص قصيرة المدى

## نقاط القوة / التهديدات :

التركيز على التخلص من التهديدات التي تواجه  
المؤسسة.

وضع الاستراتيجيات التي تعمل على استخدام  
نقاط القوة للتخلص أو التقليل من التهديدات  
التي تواجه المؤسسة

تنقسم البدائل الاستراتيجية

الى اربعة بدائل swot

\* حسب تحليل

## نقاط الضعف / الفرص :

التركيز على مجالات التطوير والتحسين.

وضع الاستراتيجيات التي تساعد على فتح فرص  
جديدة من خلال العمل على تقليل بعض نقاط  
الضعف (أو زياده نقاط القوة).

تساعد هذه الاستراتيجيات على إعداد خطة  
طويلة المدى للتطوير

## نقاط الضعف / التهديدات :

التركيز على تجنب المخاطر والتخفيف من أثرها.  
وضع الاستراتيجيات التي تساعد على تجنب  
والتخفيف من أثر التهديدات التي قد تنبع عن  
نقاط الضعف.

يتم تحقيق ذلك من خلال تطوير: (1) استراتيجيات  
للتخلص من نقاط الضعف وتحويلها إلى نقاط قوة

(2) استراتيجيات وقائية للتقليل من احتمالية  
حدوث التهديد أو شدة

## 2. Perform SWOT Analysis & Document (1)

- **Establish the objectives** - Purpose of conducting a SWOT may be wide / narrow, general / specific.
- **Select contributors** - Expert opinion may be required for SWOT
- **Allocate research & information gathering tasks** - Background preparation can be carried out in two stages – Exploratory and Detailed. Information on Strengths & Weaknesses should focus on the internal factors.
- **Create a workshop environment** - Encourage an atmosphere conducive to the free flow of information.

## 2. Perform SWOT Analysis & Document (2)

- **Evaluate listed ideas against Objectives** - With the lists compiled, sort and group facts and ideas in relation to the objectives.
- **List Strengths, Weaknesses, Opportunities, & threats**
- **Carry your findings forward** - Make sure that the SWOT analysis is used in subsequent planning. Revisit your findings at suitable time intervals.

### 3. Prepare Action Plan

Once the SWOT analysis has been completed, mark each point with:

- ✓ Things that **MUST** be addressed immediately
- ✓ Things that can be handled now
- ✓ Things that should be researched further
- ✓ Things that should be planned for the future



# Advantages of SWOT (1)

- **In social work** practice framework is beneficial because it helps organizations decide whether or not an objective is obtainable and therefore enables organizations to set achievable goals, objectives, and steps to further the social change or community development effort.
- **In organisation** it enables organizers to take visions and produce practical and efficient outcomes in order to effect long-lasting change, and it helps organizations gather meaningful information in order to maximize their potential.

# Advantages of SWOT (2)

- **In the individual** to know yourself more by focusing and answer objectively on each of the four questions, you will be able to get a less emotional and more realistic analysis. I know that the SWOT analysis Analyze lets you look objectively at your role and your performance, to see what you can change it to get the desired results. And also it allows you to take some action toward opportunities, and reduce your weaknesses.

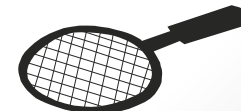
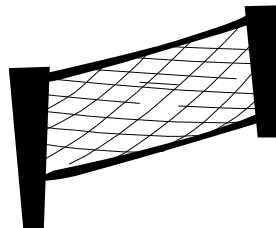
# Limitations of SWOT

- SWOT can be misused as a technique, as it can be quickly designed without critical thought leading to a misrepresentation of SWOT, within an organization's internal and external surroundings.
- Development of a swot analysis simply to defend previously decided goals and objectives. Leads to:-
  - Limitations on brainstorming possibilities and "real" identification of barriers.
  - Also places the organization's interest above the well being of the community.
- The design of a swot analysis by one or two community workers is limiting to the realities of the forces specifically external factors, and devalues the possible contributions of community members.

# Tips of conducting SWOT analysis

## DO'S

- ✓ Be analytical and specific.
- ✓ Record all thoughts and ideas.
- ✓ Be selective in the final evaluation.
- ✓ Choose the right people for the exercise.
- ✓ Choose a suitable SWOT leader or facilitator.
- ✓ Think out of the box
- ✓ Be open to change



## DON'T S

- ✗ Try to disguise weaknesses.
- ✗ Merely list errors and mistakes.
- ✗ Lose sight of external influences and trends.
- ✗ Allow the SWOT to become a blame-laying exercise.
- ✗ Ignore the outcomes at later stages of the planning process.

## Tips & Exercise

### EXAMPLE

#### Mc Donald's SWOT Analysis



# Tips & Exercise

## Mc Donald's SWOT Analysis



**STRENGTHS**

- Ranks very high on the Fortune Magazine's most admired list
- Community oriented
- Global operations all over the world
- Cultural diversity in the foods
- Excellent location
- Assembly line operations.
- Use of top quality products

**WEAKNESSES**

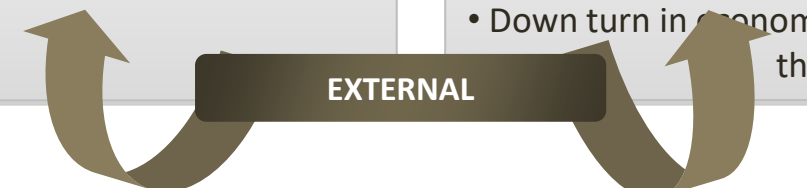
- Failing pizza test market thus limiting the ability to compete with pizza providers.
- High training costs due to high turnover.
- Minimal concentration on organic foods.
- Not much variation in seasonal products .
- Quality concerns due to franchised operations.
- Focus on burgers / fried foods not on healthier options for their customers.

**OPPORTUNITIES**

- Opening more joint ventures.
- Being more responsive to healthier options.
- Advertising wifi services in the branches.
- Expanding on the advertising on being more socially responsible
- Expansions of business into newly developed parts of the world.
- Open products up to allergen free options such as peanut free.


**THREATS**

- Marketing strategies that entice people from small children to adults.
- Lawsuits for offering unhealthy foods.
- Contamination risks that include the threat of e-coli containments.
- The vast amount of fast food restaurants that are open as competition.
- Focus on healthier dieting by consumers.
- Down turn in economy affecting the ability to eat that much.



# Conclusion

- A SWOT analysis identifies your S, W, O and T to assist you in making strategic plans and decisions.
- SWOT is a simple yet comprehensive way of assessing the positive and negative forces within and without your organization, so you can be better prepared to act effectively



**T H A N K Y O U**