

SWOT ANALYSIS

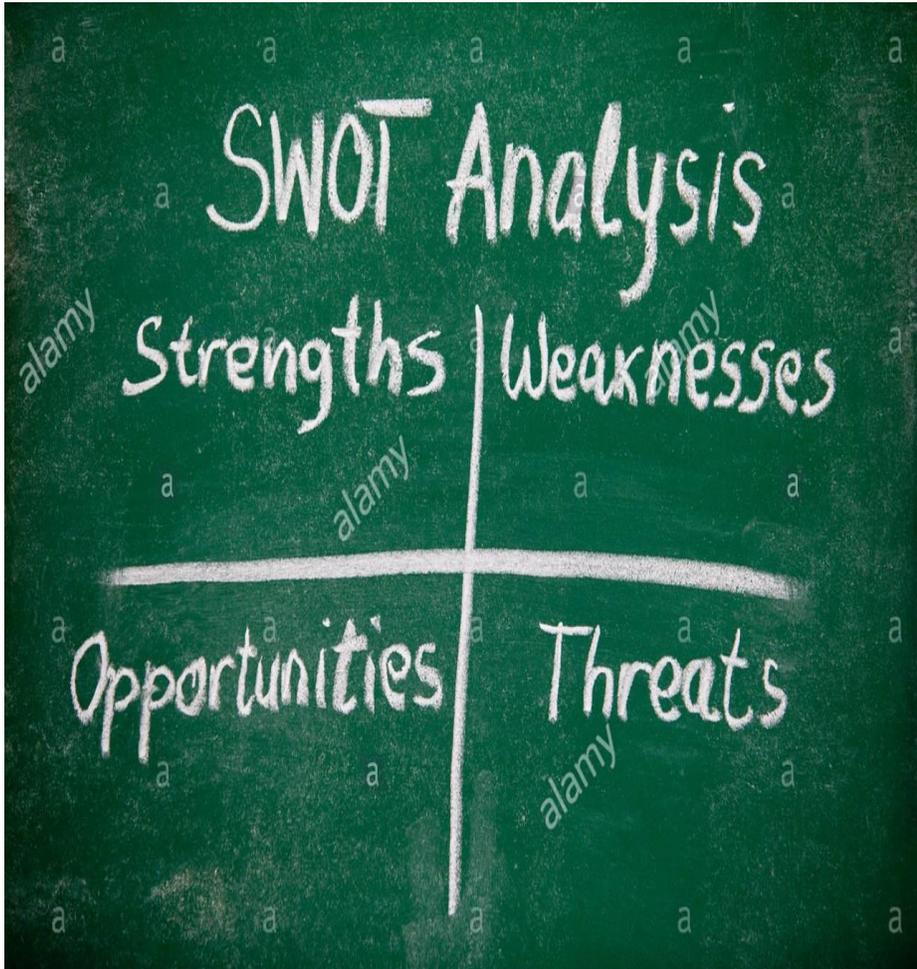
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BY EANNES ONGUS

LEARNING OBJECTIVES

- ▶ Introducing SWOT Analysis?
- ▶ Aim and Objectives of SWOT Analysis
- ▶ Who needs SWOT Analysis?
- ▶ How to conduct SWOT Analysis?
- ▶ Benefits & Pitfalls of SWOT Analysis
- ▶ Tips for SWOT Analysis
- ▶ What next after SWOT Analysis

Introducing SWOT



- ❑ Acronym for Strengths, Weaknesses, Opportunities, and Threats.
- ❑ **Planning tool** used to understand Strengths, Weaknesses, Opportunities, & Threats involved in a project / business.
- ❑ Used as **framework for organizing** and using data and information gained from **situation analysis** of internal and external environment.
- ❑ Technique that enables a group / individual to move from everyday problems / traditional strategies to a **fresh perspective**.

Strengths and Weaknesses

- ▶ Describes where the project or organization is now
- ▶ The existing resources that can be used immediately and:
- ▶ The current problems that won't go away.
- ▶ It can help identify where new resources, skills or allies will be needed'.

Opportunities and threats

- ▶ Describes what is going on outside the organization, or areas which are not yet affecting the strategy but could do.
- ▶ Opportunities include ‘ideas on how to overcome weaknesses and build on strengths’ within the environment the program operates in.
- ▶ Threats are ‘things that constrain or threaten the range of opportunities for change’ in the programme environment.
- ▶ These external aspects are often related to ‘sociological, political, demographic, economic, trade-specific’ and environmental factors.

What is SWOT Analysis?

Strengths

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

What is SWOT Analysis?

Opportunities

- ❑ 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. Opportunities may arise from market, competition, industry/government and technology.
- ❑ **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 .

What is SWOT Analysis?

Weaknesses

- ❑ Characteristics that place the firm 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, Weak spending on R & D, Very narrow product line, Limited distribution, Higher costs, Out-of-date products / technology, Weak market image, Poor marketing skills, Limited management skills, Under-trained employees.

What is SWOT Analysis?

Threats

- ❑ External elements in the environment that could cause trouble for the business - External factors, beyond an organization's control, which could place the organization's mission or operation at risk.
- ❑ Arise when conditions in external environment jeopardize the reliability and profitability of the organization's business.
- ❑ Compound the vulnerability when they relate to the weaknesses. Threats are uncontrollable. When a threat comes, the stability and survival can be at stake.
- ❑ **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.

Aims 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 analyze issues that have led to failure in the past.
- ❑ To provide linearity to the decision making process allowing complex ideas to be presented systematically.

Who needs a SWOT Analysis

Management

- ❑ 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

Company/Organization

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

Business Unit

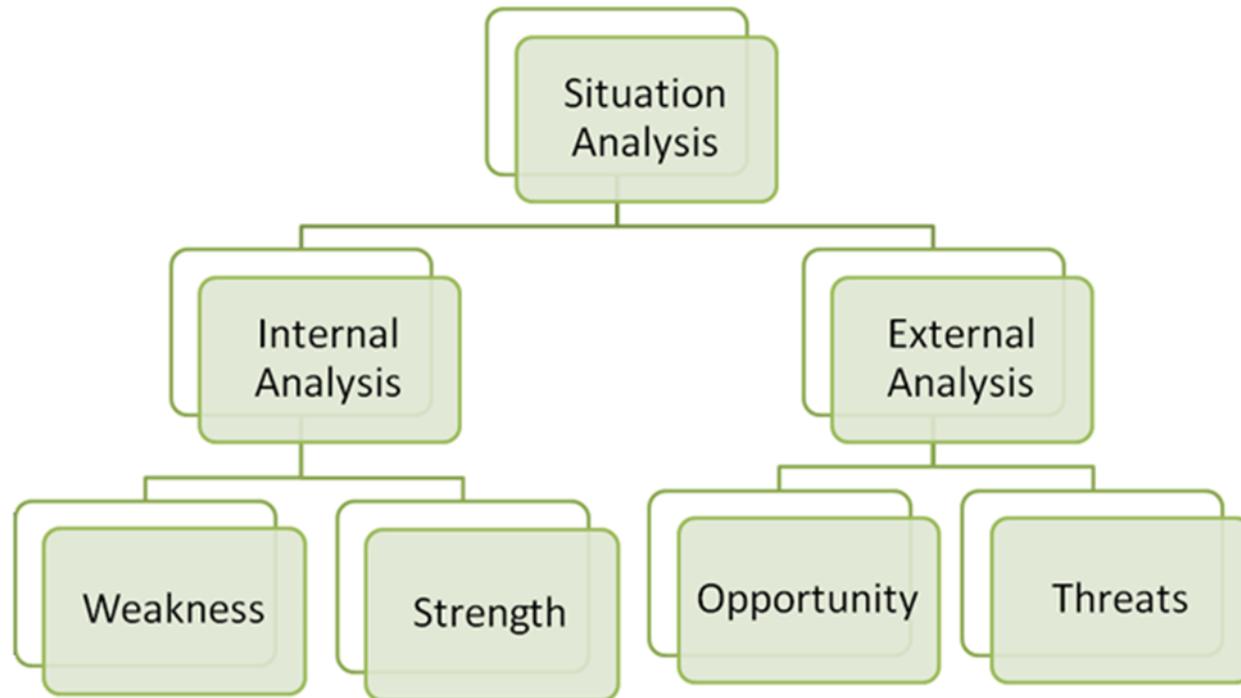
- ❑ When the team has not met its targets
- ❑ Customer service can be better
- ❑ Launching a new business unit to pursue a new business
- ❑ New team leader is appointed

Where else do you need SWOT Analysis

Contributions from Scholars

How to conduct SWOT Analysis

Analysis Internal and External Environment



How to conduct SWOT Analysis

Strengths

I.

Weakness

I.

Opportunities

I.

Threats

I.

How to conduct SWOT Analysis

Perform SWOT Analysis & Document

- I. **Establish the objectives** - Purpose of conducting a SWOT may be wide / narrow, general / specific.
- II. **Select contributors** - Expert opinion may be required for SWOT
- III. **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 & information on Opportunities & Threats should focus on the external factors.
- IV. **Create a workshop environment** - Encourage an atmosphere conducive to the free flow of information.
- V. **List Strengths, Weaknesses, Opportunities, & threats**
- VI. **Evaluate listed ideas against Objectives** - With the lists compiled, sort and group facts and ideas in relation to the objectives.
- VII. **Carry your findings forward** - Make sure that the SWOT analysis is used in subsequent planning. Revisit your findings at suitable time intervals.

How to conduct SWOT Analysis

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

Benefits of SWOT Analysis

Knowing the Competition

- ❑ Reviews a company's competitors & benchmarks against them to configure strategies that will put the company in a competitive advantage

Decision Making Tool

- ❑ Provides well-rounded information that prompt well-informed decisions.

Forecasting

- ❑ Provides a variety of information critical to forecasted variables. Threats, for e.g., can impact a business's forecast. By understanding the company's advantages & disadvantages, forecasts will be more accurate

Pitfalls of SWOT Analysis

- ❑ Can be very subjective. Two people rarely come up with the same final version of a SWOT. Use it as a guide and not as a prescription.
- ❑ May cause organizations to view circumstances as very simple due to which certain key strategic contact may be overlooked.
- ❑ Categorizing aspects as strengths, weaknesses, opportunities & threats might be very subjective as there is great degree of uncertainty in market.
- ❑ It lacks detailed structure, so key elements may get missed.

TIPS to consider in SWOT Analysis

Do's

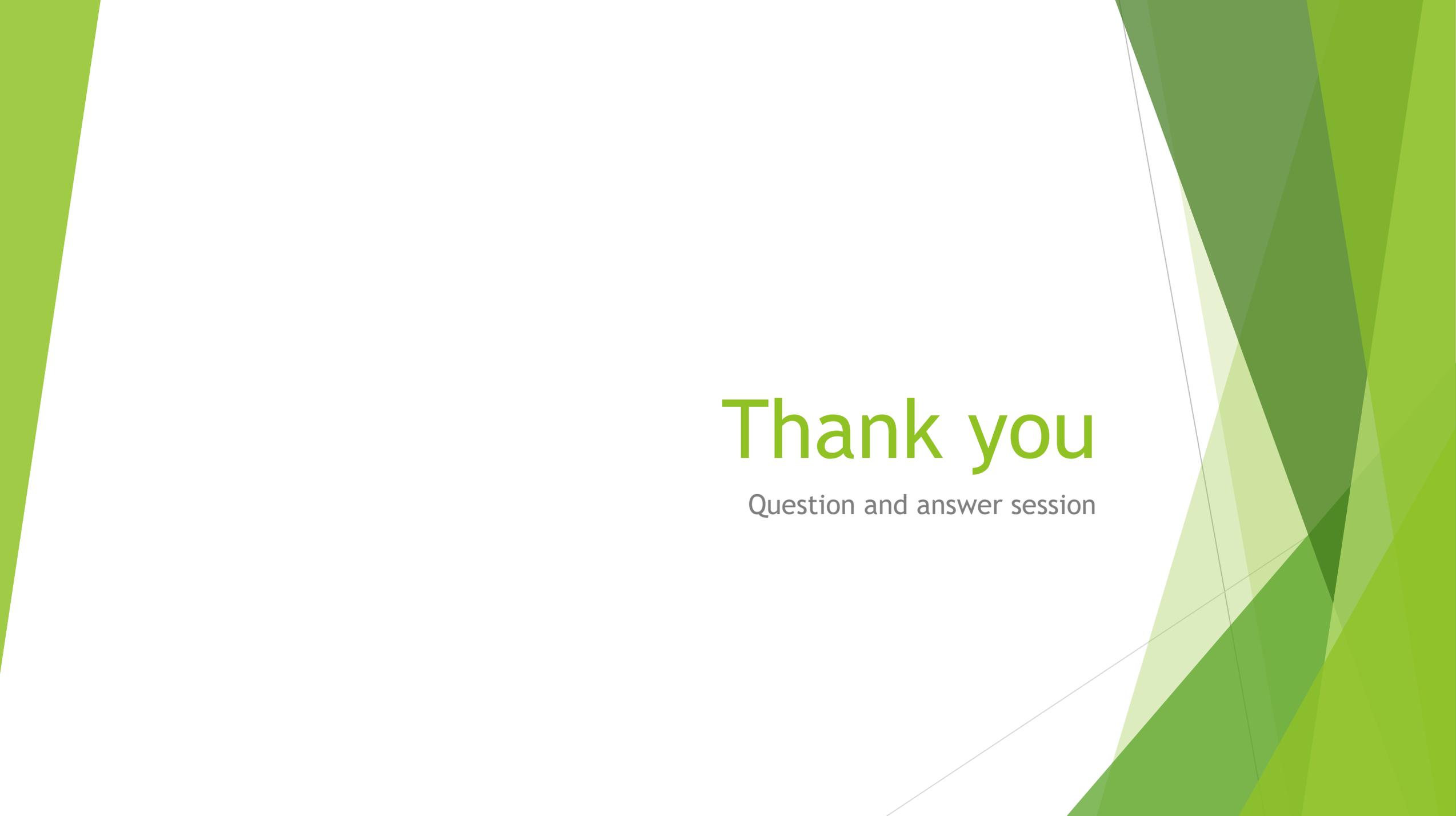
- ✓ Be analytical and specific.
- ✓ Record all thoughts and ideas.
- ✓ Be selective in the final evaluation.
- ✓ Choose the right people for the exercise.
- ✓ Choose a suitable SWOT leader or facilitator.
- ✓ Think out of the box
- ✓ Be open to change

Don'ts

- ✗ 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.

What next after SWOT Analysis

- Draw a strategic plan for the organization or company, business unit or the new office/program holder

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Thank you

Question and answer session