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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA



SWOT Analysis: Integrating Strategic Tools

PEST, Porter's 5 Forces, BCG Matrix & Applications



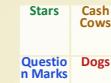
SWOT



PEST



Porter's 5F



BCG Matrix

OH&S
Construction
Quality Systems

2025-10-02

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Presentation Overview



Strategic Frameworks

- PEST Analysis**
Political, Economic, Social, Technological factors
- Porter's 5 Forces**
Competitive dynamics and industry attractiveness
- BCG Growth-Share Matrix**
Portfolio management based on market share and growth

Applications & Integration

- Integrating with SWOT**
How these frameworks complement SWOT analysis
- Practical Applications**
OH&S Management, Construction, Quality Systems
- Implementation & Conclusion**
Steps, comparison, and key takeaways

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PEST Analysis Framework



PEST analysis is a crucial strategic tool that helps organizations understand and monitor macro-environmental factors that influence their operations and strategic direction.

Organization



Political

Government policies, regulations, and political stability



Economic

Growth rates, inflation, interest rates, and market trends



Social

Demographics, cultural attitudes, and lifestyle trends



Technological

Innovation rates, digital transformation, and technology trends

Strategic Value

PEST analysis enables organizations to develop proactive strategies by understanding broader contexts, identifying opportunities, and preparing for potential disruptions.

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PEST Analysis Components



Political

Key Components

- ✓ Government policies
- ✓ Leadership changes
- ✓ Trade regulations
- ✓ Tax policies

Examples

New environmental legislation
International trade agreements
Political stability

Economic

Key Components

- Growth rates
- Inflation
- Interest rates
- Unemployment

Examples

Recession impacts
Currency fluctuations
Labor cost trends

Social

Key Components

- ✓ Demographics
- ✓ Cultural attitudes
- ✓ Lifestyle trends
- ✓ Consumer behavior

Examples

Aging population
Health consciousness shifts
Remote work adoption

Technological

Key Components

- Innovation rates
- Automation
- Digital transformation
- R&D activity

Examples

E-commerce growth
AI implementation
Production technology advancements

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Porter's 5 Forces Model



A strategic framework that analyzes industry competition and attractiveness.



Strategic Value

Helps organizations identify competitive advantages and formulate strategies to enhance profitability.

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Porter's 5 Forces Components



Competitive Rivalry

Assesses the intensity of competition among existing firms in the industry.

Key Characteristics:

- High when many competitors
- High when industry growth is slow
- High when products are undifferentiated

Threat of New Entrants

Evaluates how easy or difficult it is for new competitors to enter the market.

Key Characteristics:

- High when barriers to entry are low
- High with minimal capital requirements
- High when economies of scale are weak

Supplier Power

Examines the ability of suppliers to influence the prices of inputs or quality.

Key Characteristics:

- High when few suppliers exist
- High when suppliers offer unique products
- High when switching suppliers is expensive

Buyer Power

Analyzes the ability of customers to drive down prices or demand more.

Key Characteristics:

- High when buyers are large relative to competitors
- High when products are undifferentiated
- High when buyer switching costs are low

Threat of Substitutes

Considers the availability of alternative products that can satisfy the same customer needs.

Key Characteristics:

- High when substitutes offer similar performance at lower price
- High when switching to substitutes is easy and inexpensive



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BCG Growth-Share Matrix

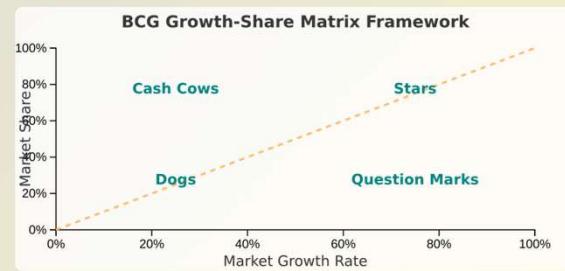


What is the BCG Matrix?

The BCG Growth-Share Matrix is a strategic portfolio management tool that helps organizations allocate resources effectively across their various business units or product lines.

It provides a visual framework for evaluating a company's product portfolio based on two key dimensions:

- Market Growth Rate
- Relative Market Share



Strategic Principle



Self-Reinforcing Advantage

Market leadership often leads to sustainable superior returns due to self-reinforcing cost advantages that are difficult for competitors to replicate.

Core Application

Resource Optimization



Cash generated by mature, high-market-share products ("Cash Cows") should be strategically reinvested into high-growth, high-potential areas ("Stars").

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BCG Matrix Quadrants



Stars

High Market Share High Growth

Characteristics: Market leaders in high-growth industries

Strategic Implications: Require significant investment to maintain growth and competitive position. Potential to become future "Cash Cows" as market growth slows.



Cash Cows

High Market Share Low Growth

Characteristics: High market share in mature, slow-growing industries

Strategic Implications: Generate more cash than they consume and require minimal investment. Surplus cash should fund "Stars" and "Question Marks".



Question

Low Market Share High Growth

Characteristics: Operate in high-growth markets but have low market share

Strategic Implications: Future is uncertain. Require substantial investment to increase market share and become "Stars," or risk becoming "Dogs" if investments fail.



Dogs

Low Market Share Low Growth

Characteristics: Low market share in slow-growing markets

Strategic Implications: Typically generate low profits or even losses. Often candidates for divestment or harvesting as they consume resources without significant returns.

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Integrating Strategic Tools with SWOT



PEST Analysis

Provides external context on Political, Economic, Social, and Technological factors that influence an organization's strategic landscape

Porter's 5 Forces

Adds industry-specific competitive dynamics, helping to identify threats and opportunities in the market

BCG Growth-Share Matrix

Informs resource allocation decisions based on market share and growth potential, guiding investment priorities

SWOT Analysis Integration

Strengths

Internal capabilities that provide competitive advantage

Weaknesses

Internal factors that hinder performance

Opportunities

External factors that can be leveraged

Threats

External factors that pose challenges

Integration Benefits

- ✓ Creates a holistic view of internal and external factors
- ✓ Informs resource allocation based on comprehensive analysis
- ✓ Enables strategic positioning that leverages competitive advantages
- ✓ Provides context for specialized applications (OH&S, construction, QMS)

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SWOT Analysis in OH&S Management



SWOT analysis evaluates Occupational Health & Safety systems, identifying strengths and weaknesses while leveraging opportunities and mitigating threats.

Strengths

- ✓ Robust safety policies
- ✓ Comprehensive training programs
- ✓ Strong safety culture

Weaknesses

- ✗ Inadequate safety equipment
- ✗ Inconsistent compliance
- ✗ Insufficient budget for safety

Opportunities

- + New safety technologies
- + Government incentive programs
- + Industry best practices

Threats

- ✗ Changing regulatory requirements
- ✗ Aging workforce
- ✗ Economic downturns

✗ SWOT analysis aligns with ISO 45001 standards and enhances risk management

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SWOT in OH&S

Using the SWOT analysis technique, a company can address three clauses of ISO 45001. These clauses are

Clause 4.1, 4.2

Clause 4.1 of ISO 45001 is about understanding the organization and its context. It requires the companies to determine their internal and external issues that are in line with the OHSMS. Instances of external issues can include regulations in occupational health and safety, and the expectations of customers regarding health and safety. Internal issues can include competence and preparedness of workforce to implement health and safety policies, the level of controls implemented in an organization for health and safety etc.

Clause 6.1.2.2

This clause addresses:

- (1)Assessment of risks of organizational health and safety
- (2)Risks to the organizational health and safety management system, which, in turn, asks the companies to assess other OH & S management system risks. These risks are called threats in the SWOT analysis.

Clause 6.1.2.3

This clause assesses OH & S management system opportunities. This clause requires the companies to determine their approach regarding upcoming OH & S management system opportunities. Concerning this clause, SWOT analysis can be used for risk identification and assessment of opportunities.

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SWOT Analysis in Construction Management



SWOT analysis evaluates a construction company's internal dynamics and external environment to identify strengths, weaknesses, opportunities, and threats.

Strengths

- Skilled workforce with advanced technology adoption (BIM)
- Strong supplier and subcontractor relationships
- Efficient project management processes
- Established reputation for quality

Weaknesses

- Frequent project delays and cost overruns
- Outdated equipment and labor shortages
- Reliance on few key clients
- Limited capital for large-scale investments

Opportunities

- Growth in green construction and sustainable practices
- Government infrastructure investment projects
- Modular construction and new technologies
- Expansion into new geographic markets

Threats

- Volatility in material costs
- Changing regulatory requirements
- Weather disruptions
- Economic cycles affecting demand
- Competition from other firms

Risk Management

Strategic Planning

Business Growth

Enhanced Decision-Making

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SWOT Analysis in Quality Management Systems



SWOT analysis is crucial for implementing and maintaining Quality Management Systems (QMS), particularly ISO 9001, helping organizations identify issues and align quality objectives with business strategy.

Strengths

- Well-documented procedures
- Trained and competent personnel
- Effective customer feedback mechanisms
- Strong leadership commitment

Weaknesses

- Gaps in process implementation
- Inconsistent quality control
- Limited data collection
- Lack of employee engagement

Opportunities

- Automation of quality processes
- Data analytics for predictive quality
- New quality management methodologies
- Expansion into high-quality markets

Threats

- Evolving customer expectations
- Changes in regulatory standards
- Competitive cost pressures
- Supply chain material quality issues

Implementation Benefits

⌚ Strategic quality planning

📈 Improved quality performance

👥 Enhanced stakeholder engagement

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Implementation Steps for Strategic Analysis



Define Objectives

Establish clear goals for your analysis. Determine which frameworks to use and what business issues to address.

Gather Data

Collect relevant information about your business context, market environment, and internal capabilities.

Map Frameworks

Apply PEST, Porter's 5 Forces, and BCG Matrix to your business. Identify relationships between frameworks and SWOT elements.

Integrate Analyses

Combine framework outputs into a unified SWOT analysis. Look for patterns and insights that emerge from the integration.

Develop Strategies

Based on the integrated analysis, create strategic options that leverage strengths and opportunities while addressing weaknesses and threats.

Implementation Tips

- Involve cross-functional stakeholders
- Ensure data-driven decisions
- Allow time for thorough analysis
- Be prepared to refine your approach

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Comparative Analysis of Strategic Tools



Framework	Strengths	Limitations	Optimal Use Cases
● PEST Analysis	• Comprehensive view of external factors	• Focuses only on external factors	• When you need to understand external business environment
● Porter's 5 Forces	• Analyzes industry attractiveness and competition	• Complex to use, doesn't address internal factors	• When you need to understand industry-specific dynamics
● BCG Matrix	• Guides resource allocation by market share and growth	• Only applicable to product/portfolio level	• When you need to allocate resources across business units
● SWOT Analysis	• Integrates internal and external factors for holistic view	• Can be complex and time-consuming	• When you need a comprehensive strategic perspective

Integration Benefits

When integrated, these frameworks provide essential external and internal context that feeds into a comprehensive SWOT analysis, enabling more robust and effective strategic planning across diverse applications.

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Key Takeaways and Action Plan



Key Takeaways

Integrated Approach: PEST, Porter's 5 Forces, and BCG Matrix provide complementary insights that feed into a comprehensive SWOT analysis.

Strategic Context: External factors (PEST, Porter's 5 Forces) and internal portfolio (BCG Matrix) create the foundation for effective SWOT analysis.

Application Specificity: OH&S, export strategy, and quality management require tailored SWOT approaches that address industry-specific challenges.

Implementation Process: Strategic analysis tools are most effective when implemented systematically with clear objectives and stakeholder involvement.

Action Plan

01 Define Your Objectives

Determine which strategic questions you need to address and which tool(s) will provide the best insights.

02 Select the Right Tool

Match the appropriate strategic tool(s) to your objectives and available data.

03 Gather Comprehensive Data

Collect relevant information for your chosen framework, ensuring it's current and complete.

04 Involve Stakeholders

Engage relevant parties to ensure buy-in and implementation of insights.

05 Review and Adapt

Regularly update your strategic analysis as market conditions and business priorities evolve.

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