

SWOT ANALYSIS

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Learning objectives

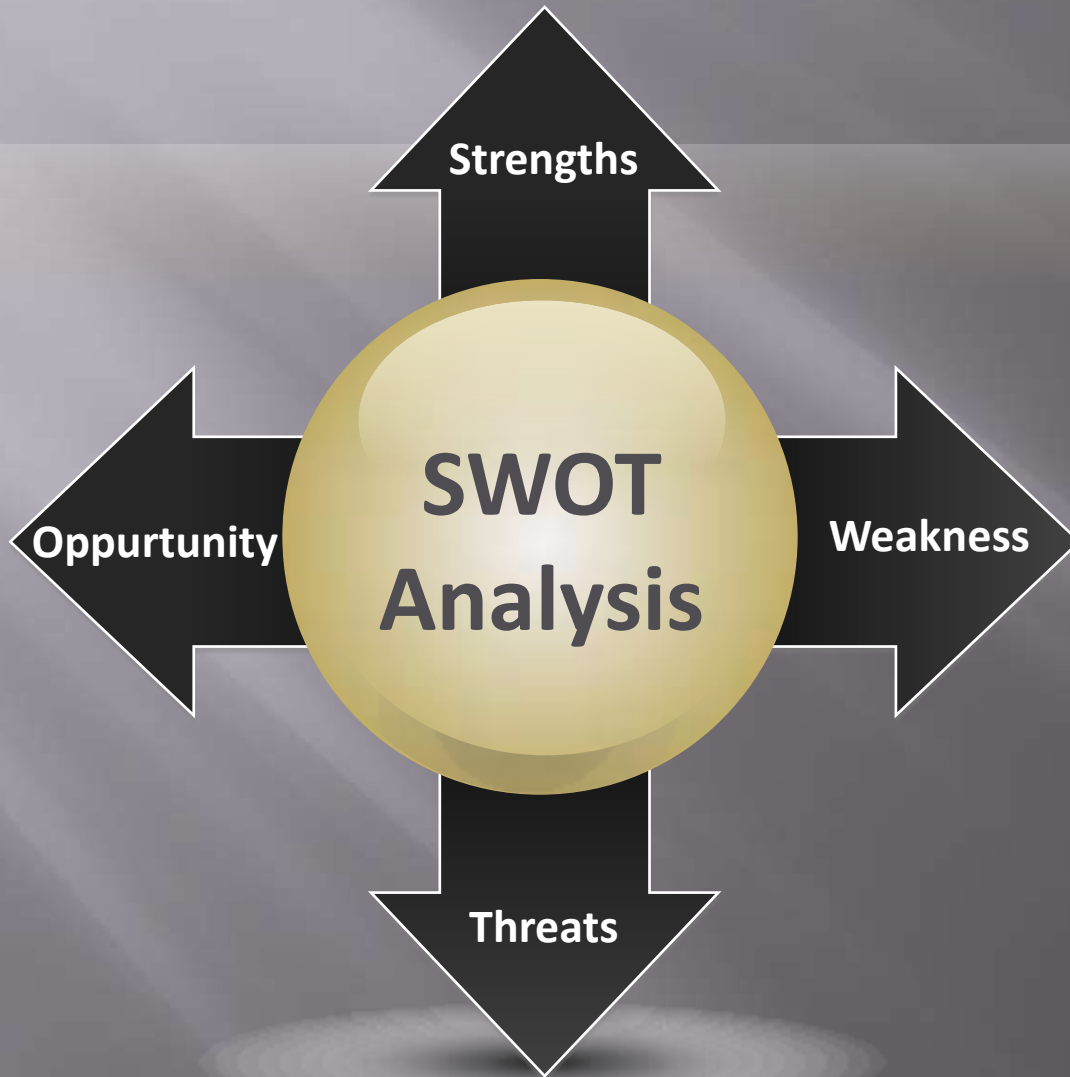
- ▣ **What is SWOT analysis?**
- ▣ **Aim of SWOT analysis.**
- ▣ **Who need SWOT analysis?**
- ▣ **How to conduct SWOT analysis?**
- ▣ **Pitfalls of SWOT analysis.**
- ▣ **Tips for SWOT analysis.**

What is SWOT analysis

- ❑ A technique that enables a group 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.

- ❑ The SWOT Analysis framework is a very important and useful tool to use in marketing Management and other business applications
- ❑ As a basic tool its mastery is a fundamental requirement for the marketer, entrepreneur or business person.
- ❑ A clear understanding of SWOT is required for business majors.

What is SWOT Analysis?



- ❑ Technique is credited to **Albert Humphrey** who led a research project at Stanford University in the 1960s and 1970s.
- ❑ **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.

SWOT is an acronym for:

S – Strengths

W – Weaknesses

O – Opportunities

T – Threats

Internal Environment

External Environment

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, 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?

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?

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..
- ▶ **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 .



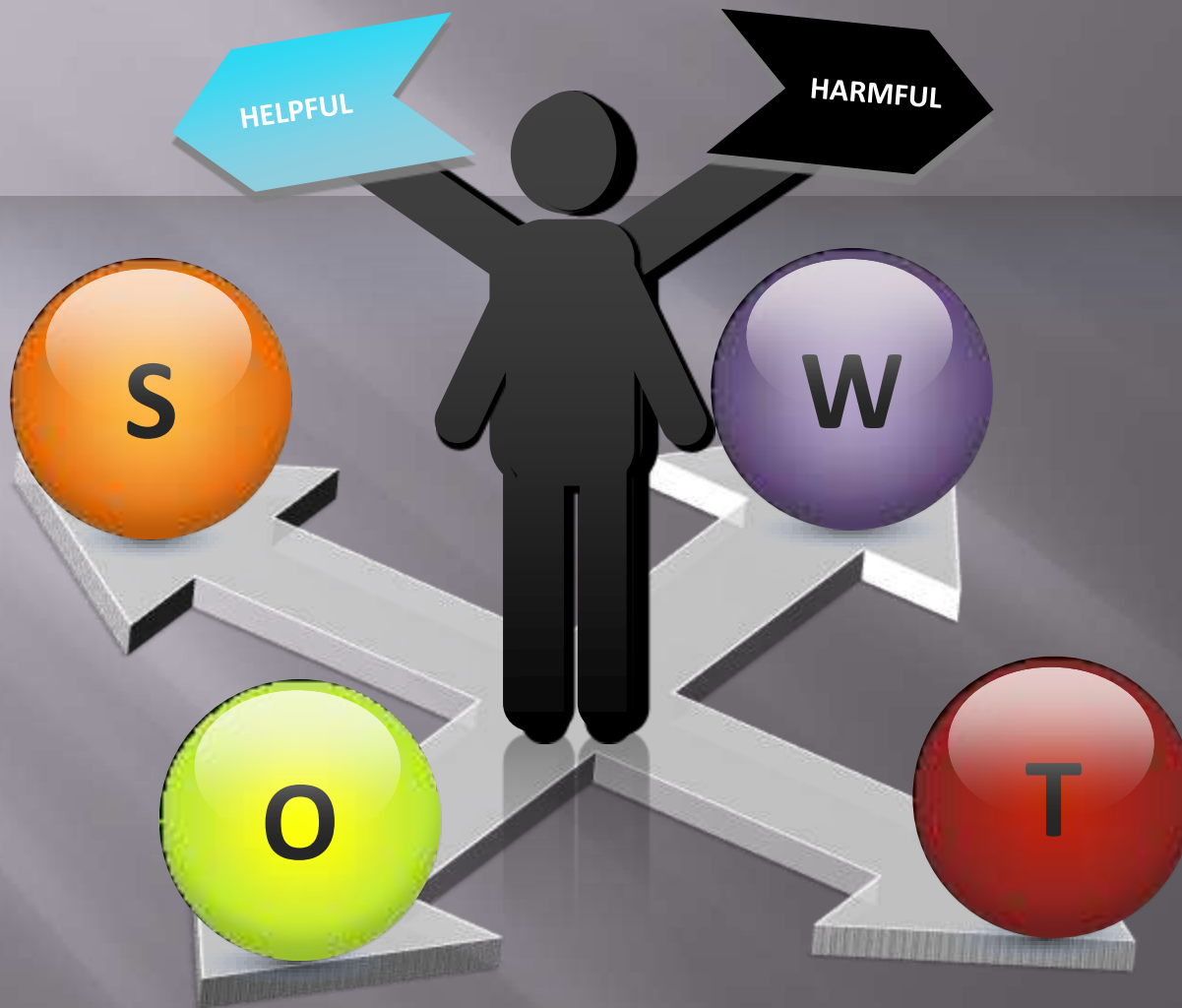
What is SWOT Analysis?

THREATS

- ▶ 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.
- ▶ 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.

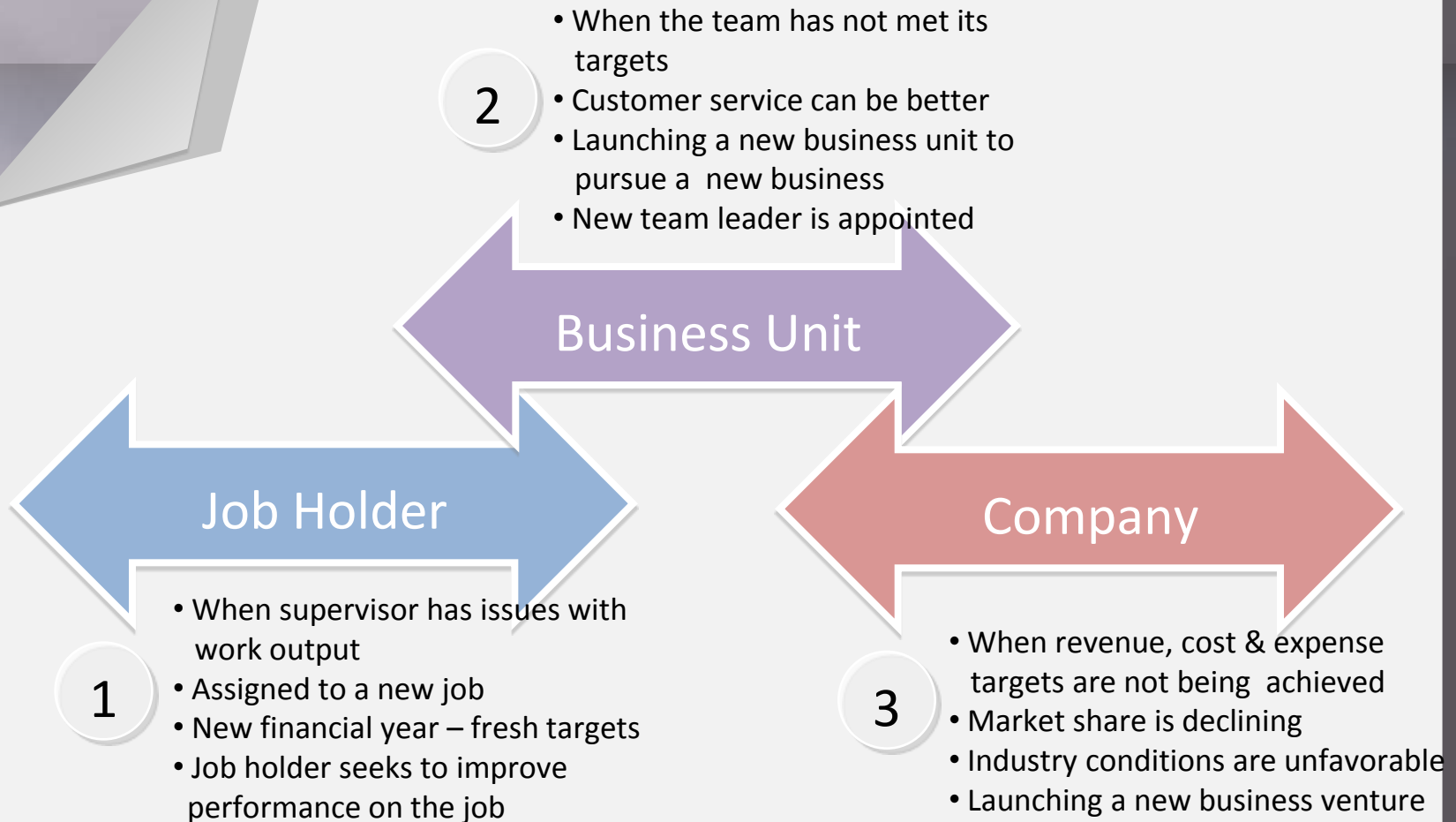


Aim of Swot analysis



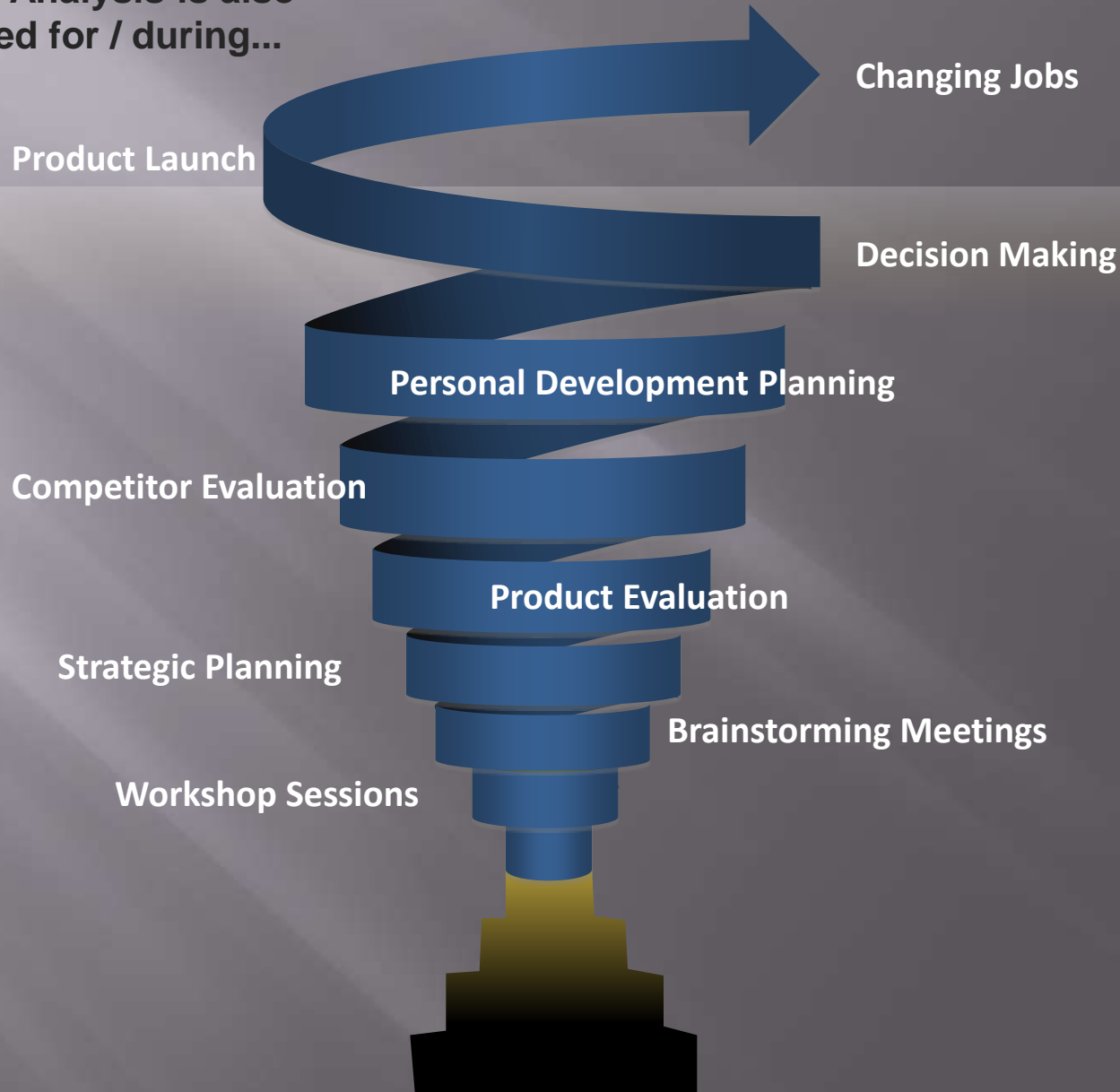
- ▶ To help decision makers share and compare ideas.
- ▶ To bring a clearer common purpose and understanding of factors for success.
- ▶ To organize the important factors linked to success and failure in the business world.
- ▶ To provide linearity to the decision making process allowing complex ideas to be presented systematically.

Who needs SWOT Analysis?

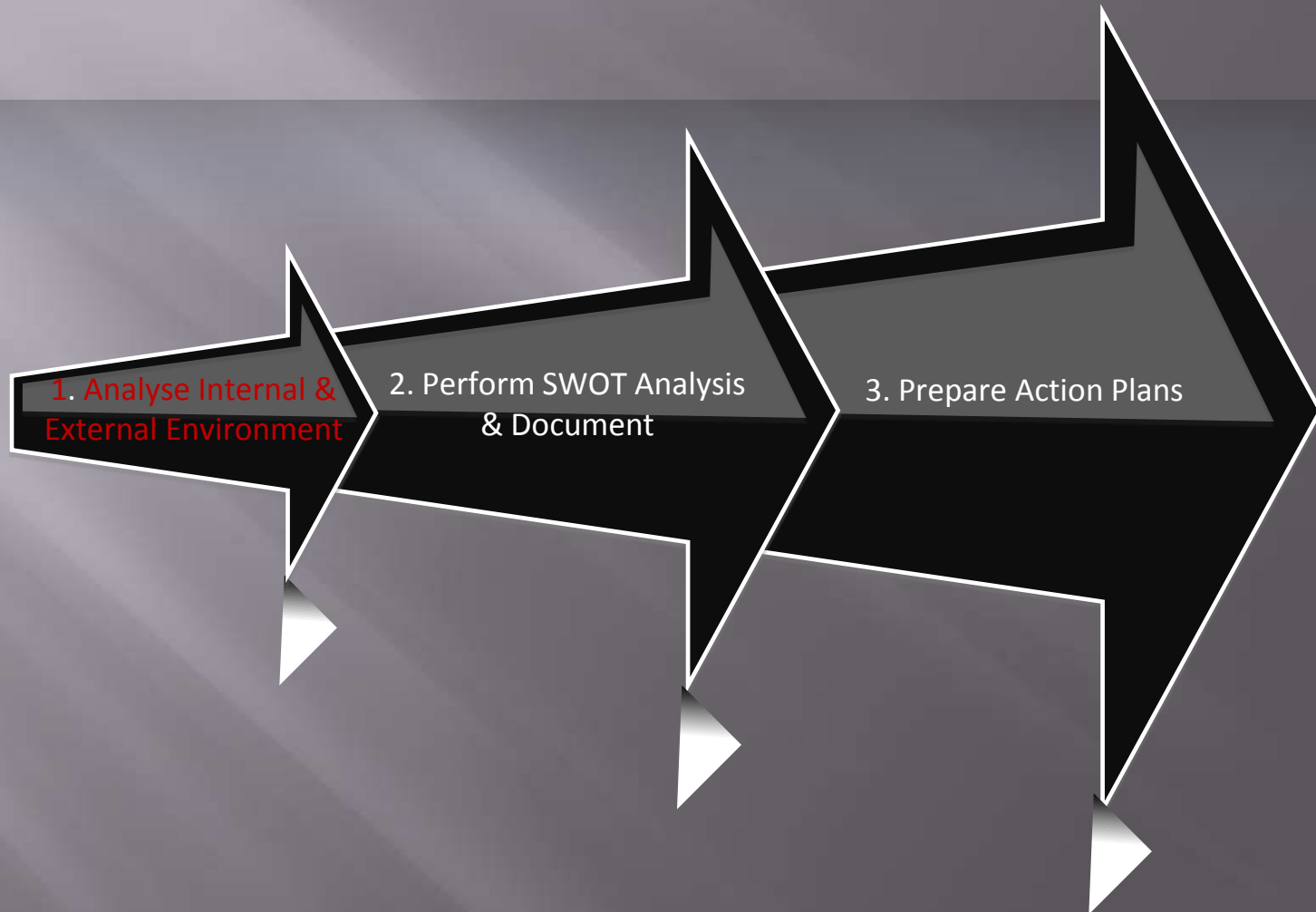


Who needs SWOT Analysis?

SWOT Analysis is also
required for / during...

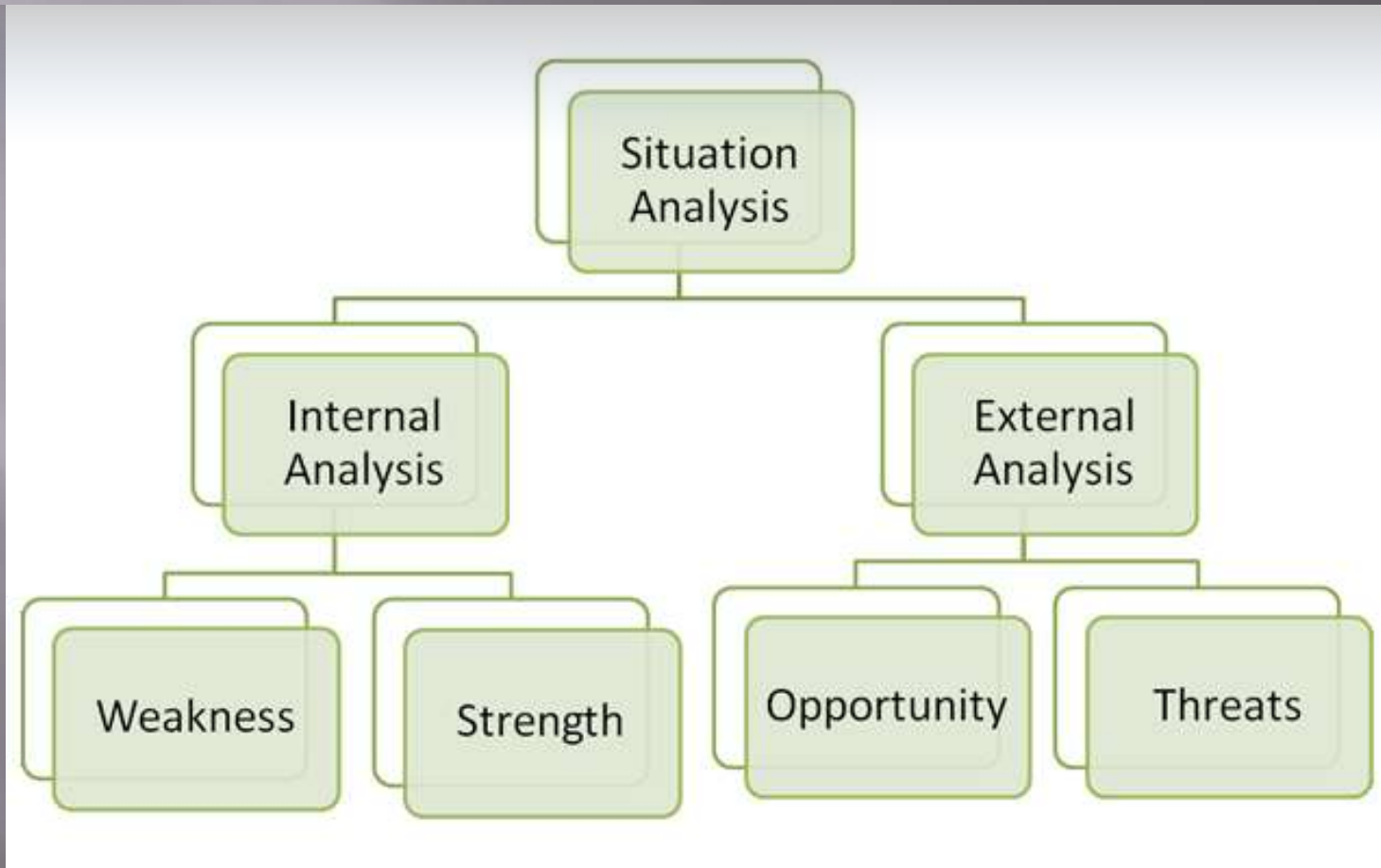


How to conduct SWOT Analysis?

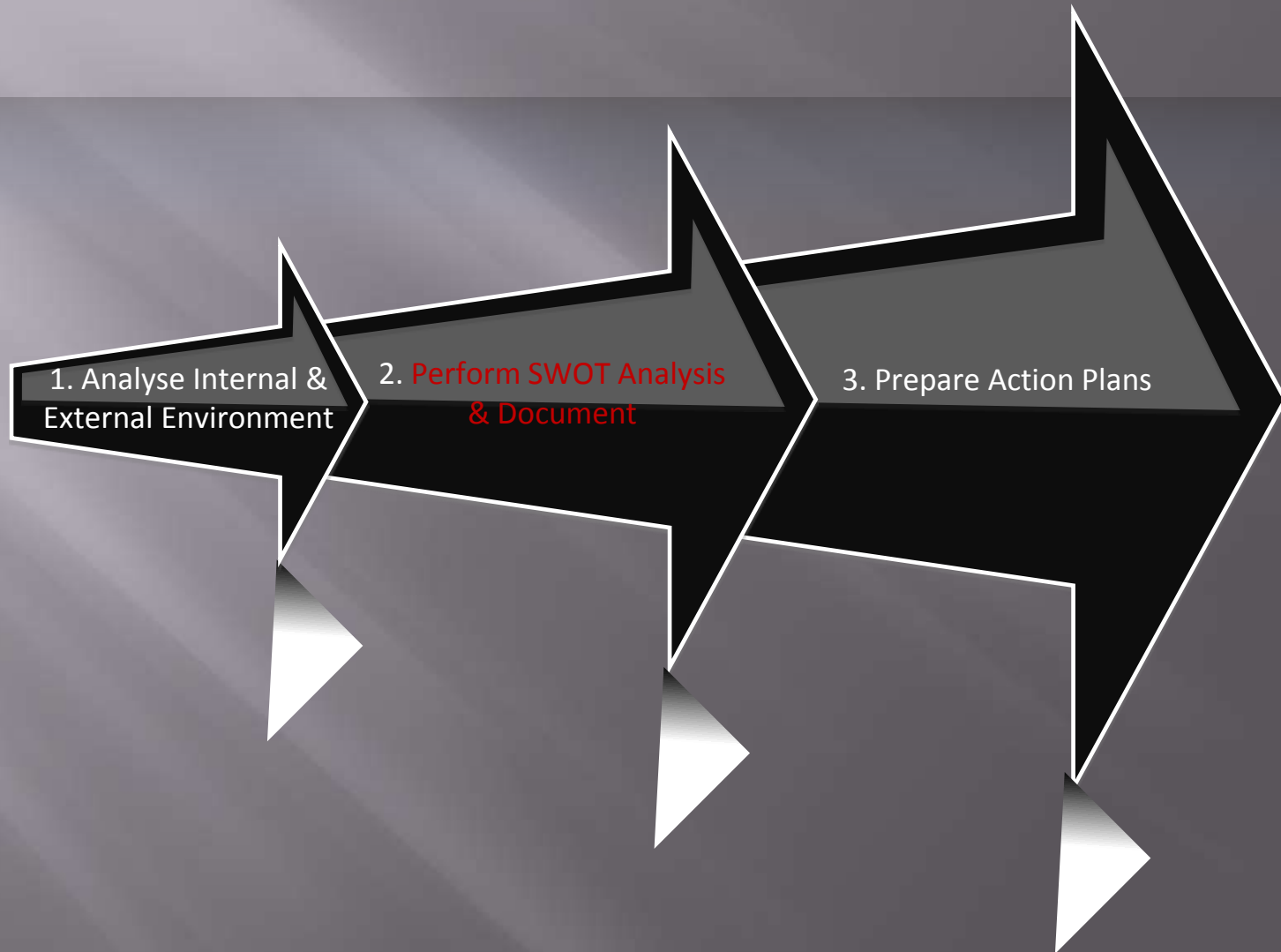


How to conduct SWOT Analysis?

1. Analyse Internal & External Environment



How to conduct SWOT Analysis?



How to conduct SWOT Analysis?

2. Perform SWOT Analysis & Document

Carry your findings forward - Make sure that the SWOT analysis is used in subsequent planning. Revisit your findings at suitable time intervals.

Evaluate listed ideas against Objectives - With the lists compiled, sort and group factors and ideas in relation to the objectives.

Create a workshop environment - Encourage an atmosphere conducive to the free flow of information

Select contributors - Expert opinion may be required for SWOT

List Strengths, Weaknesses, Opportunities, & threats

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.

Establish the objectives - Purpose of conducting a SWOT may be wide / narrow, general / specific.

How to conduct SWOT Analysis?



How to conduct SWOT Analysis?

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

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.



To be effective, SWOT needs to be conducted regularly. The pace of change makes it difficult to anticipate developments.



The data used in the analysis may be based on assumptions that subsequently prove to be unfounded [good and bad].



It lacks detailed structure, so key elements may get missed.

Tips & Exercise

TIPS

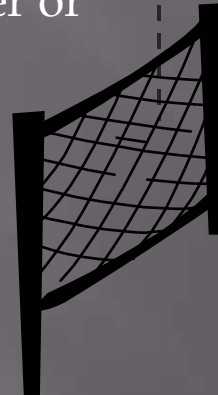
Do's

- ✓ 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.



Thank You!