

What is S.W.O.T. Analysis?

The SWOT Factor

S.W.O.T. is a method of analysis by which a team, project, business or organisation may identify the key factors driving its success – or lack of success. Four simple factors comprise it, making the acronym: Strengths, Weaknesses, Opportunities, Threats. It was first developed in the 1960s and early 1970s by Albert Humphrey at the Stanford Research Institute and has since been a standard for organisations wishing to gain a clear understanding of what they are and where they might go.

Inside & Out

Indeed, much of SWOT's appeal and effectiveness lay in its simplicity. With this basic, four-part framework, it addresses both the internal and external dynamics that affect performance. In other words, where strengths and weaknesses remain integral to a company's day-to-day operation, opportunities and threats reside outside, beyond its control.

Defining these factors, they are as follows:

Strengths: as the word suggests, the positive attributes of the business, both tangible and intangible.

Weaknesses: those attributes in need of improvement; any deficiencies keeping a business from meeting its objectives.

Opportunities: often, we refer to these as 'gaps in the market'. They are an environment's external attractions that account for an enterprise's existence, development and sustenance.

Threats: any external factors or forces that endanger a mission or the achievement of goals.

Advantage, SWOT

SWOT offers a quick, convenient and flexible facility for self-assessment:

- It is simply structured
- It enables the clear identification of internal strengths and deficiencies
- SWOT analysis stimulates strategic thinking
- It provides focus for management to enhance positive attributes
- Pre-emptive thinking is stimulated when addressing potential threats
- SWOT refines an organisation's ability to identify and exploit opportunities

Disadvantage, SWOT

By contrast, SWOT's convenience can also mislead. Experience shows that effective analysis still requires significant time, resource and collaboration. Without these, there can be difficulties:

- Users may oversimplify or employ an insufficient amount of data
- The process can suffer paralysis through data overuse
- Data can be founded on false assumptions, resulting in skewed analysis
- Its structure can be over simplified, lacking detail
- With an increasing pace in change comes a decreasing accuracy in anticipating future threats and opportunities

SWOT team at HR

When applied more specifically to human resources, SWOT is an exceptionally useful tool for developing a department's strategic plan. In this way, HR can define its strengths, be it a competitive compensation policy, well-managed staff turnover or robust health & safety standards. It also obliges the department to face harsher realities whilst setting these against company objectives. These realities could be a negative staff-retention record, a weak EVP, insufficient training resources or a poor reputation in the employment market.

Looking outwards, an HR department might spot opportunities in innovative IT infrastructures, positive changes in employment law or meeting new requirements of internal customers. Conversely, stifling employment legislation, litigious staff and negative stereotyping can all feature as typical challenges for any department to overcome.

Ultimately, it is paramount that all factors be combined in multiple ways when formulating strategy. For example, HR might consider how its strengths could be used to offset external threats, or how identified opportunities will be undermined by an internal weakness.

Exhibit #1: The Brief

'eTranslated' is a medium-sized enterprise in Katowice (Poland) looking to expand its automated software applications and AI technology in the translation services industry. Historically active in continental Europe and in traditional formats, they now seek to access corporate-scale markets through an intensely modernised, automated-services offer. A reassessment of their current technological assets and brand compatibility was therefore required.

The SWOT Template

The following would be a typical example of data input from a collaborative SWOT analysis:

Strengths	Weaknesses
People, skills, capabilities <ul style="list-style-type: none"> • High, general level of IT/digital tech fluency • Staff well-experienced in respective fields • High levels of literacy, education and culture • High level of emotional and professional maturity • Very good general level of fluency in English 	People, skills, capabilities <ul style="list-style-type: none"> • Large workloads owing to limited staff numbers • Dips in staff morale • Occasional issues with project turnaround times
Competitive advantage <ul style="list-style-type: none"> • Medium-sized enterprise offering good flexibility • Effective 'human touch' element • Traditional approach yields extremely high-quality content 	Competitive advantage <ul style="list-style-type: none"> • Brand lacks recognition in corporate sectors • 'Traditional' brand perception • Tendency toward reactivity over proactivity • Average level of software sophistication
Resources, assets: <ul style="list-style-type: none"> • Solid IT infrastructure • Efficient, internal communications systems • Good level of CRM maintenance • Efficient home-working infrastructure for translators 	Resources, assets <ul style="list-style-type: none"> • No resource in automated post-editing software • No resources for subtitling or video applications • No resource for voice search technology
Opportunities <ul style="list-style-type: none"> • Video game localisation market • Investment in CAT databases to optimise working times for translators 	Threats <ul style="list-style-type: none"> • Financial resources of large-scale translation companies • Companies' increasing independence in managing translation technology internally

<ul style="list-style-type: none"> • Outsourcing workflow to improve project turnaround time • Expansion also into medium-size service industry 	<ul style="list-style-type: none"> • Diversified competition
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Sources:

- Weeks, A. (2018) SWOT analysis. Factsheet. London: Chartered Institute of Personnel and Development.
- Summa Linguae, 'Top 5 Trends in the Translation Industry', (2020)
- SHRM, 'What is a S.W.O.T. analysis, and how does it apply to an HR department?', (2018)