How to Conduct A SWOT Analysis

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Purpose

- To provide an overview of environmental scanning and SWOT analysis

- To develop an understanding of the process of conducting these activities in your unit

- To develop an understanding of when and how these processes should be conducted

- To develop an understanding of how to incorporate results of these analyses into your action plan

Training Agenda

- Overview of Institutional Effectiveness
- Overview of the strategic planning process and its connection to environmental scanning and SWOT
- Environmental Scanning
- SWOT Analysis
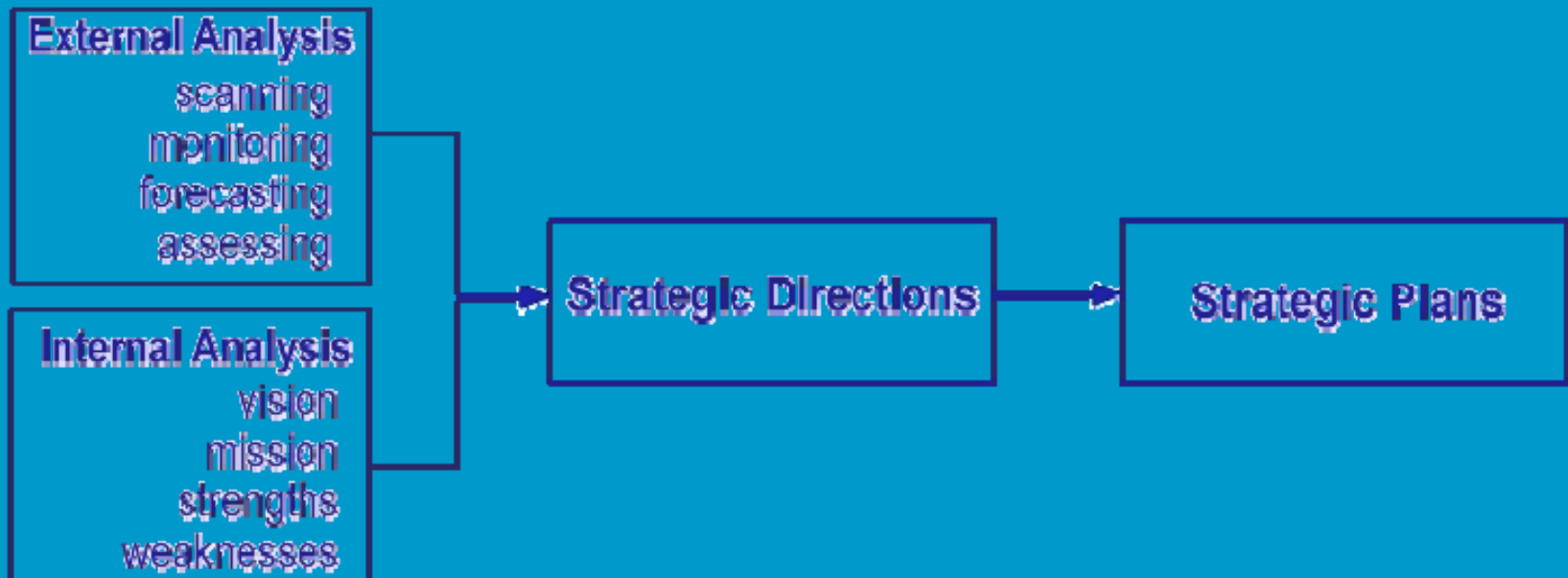- Recording analysis results
- Wrap-Up

Role of Institutional Effectiveness

- Institutional Effectiveness is the ongoing quest for quality and the demonstration of how well EKU is fulfilling its mission, realizing its vision, and implementing its strategic plan.

- 6 components of Institutional Effectiveness to achieve *continuous improvement and quality enhancement.*

- Handouts:
  - Framework
  - Calendar of Activities

Strategic Planning Process

Figure 1

The Role of External Analysis in Strategic Planning

External Analysis
scanning
monitoring
forecasting
assessing

Internal Analysis
vision
mission
strengths
weaknesses

Strategic Directions

Strategic Plans

Environmental Scanning (ES) is…

- The process of taking stock and involves thorough examination of both the internal status of the organization and the external context in which it is situated

- A method that enables decision makers both to understand the external environment and the interconnections of its various sectors and to translate this understanding into the institution's planning and decision-making processes

Environmental Scanning (ES) is…

- A kind of radar to scan the world systematically and signal the new, the unexpected, the major and the minor

- The exploration phase of a strategic planning process. Scanning is our opportunity to take a fresh, objective look at educational needs

- The process of using information about the world in decision making.

Principles of ES

- Explore both sides of the ledger to gain a complete picture
- Think macro and micro
- Use multiple lenses to look at the same information or situation
- Look for ways to triangulate information
- Think beyond felt needs and opportunities

3 Levels of Environment

- <u>Task Environment</u>:
  - The institution's set of clients or customers.
    - In higher education, this may include students, potential students, parents, political leaders, and employers.

- <u>Industry Environment</u>:
  - Comprises all enterprises associated with an organization in society.
    - For higher education, public confidence or student aid legislation are industry factors affecting institutions.
    - How will these groups impact the organization in the future?

3 Levels of Environment

- Macroenvironment:
  - **S**ocial/demographic/cultural
    - What is the dominant religion?
  - **T**echnological/scientific
    - Does technology offer our unit a new way to communicate with our clients?
  - **E**conomic/occupational
    - Interest rates
  - **E**nvironmental
    - Does the population have a strong/weak opinion on green issues?
  - **P**olitical
    - How stable is the political environment?

Scanning

- <u>Passive Scanning</u>:
  - Reading journals/newspapers. Passive scanning does not use a systematic process for scanning the information.
  - Consequence: potential to miss ideas that signal changes in the environment.

- <u>Active Scanning</u>:
  - Focuses attention on information resources that span the task, industry, and macroenvironment.

Environmental Scanning Process

- Identify who is responsible for the process
  - Committee of people, with fair representation
- Determine the appropriate data collection methods and a plan for scanning
  - Who will be responsible for what, by when?
- Review and update socioeconomic and county/area information
- Take stock of existing in-house information

Environmental Scanning Process

- Actively collect and assess scanning information
  - Survey key leaders in organization for critical trends and developments affecting the institution
  - Conduct interviews/focus groups with internal and external constituents
  - Compare this information with benchmarking efforts, self-studies, or the existing strategic plan

Environmental Scanning Process

- Initiate a series of exercises where the "environmental scanning group" identifies and prioritizes critical trends and emerging issues in the environment
  - Data to come from any of the identified methods
  - Instruct participants to:
    - Seek signs of change
    - Look for signals of potential events on the horizon
    - Look for forecasts of experts
    - Look for indirect effects
    - Be aware that there are few guidelines on how to do scanning
    - Write a summary

Environmental Scanning Process

- Synthesize and act on scanning information:
    - Translate scanning information into actionable ideas.
        - How?
            - Conduct a SWOT Analysis

EKU Process for Environmental Scanning

- Define environmental scan/purpose
- Identify data needs that would guide future planning
- Identify who has the data sources
- Contact those with data to identify what is available and place requests
- Gather Data
- Organize data sets into big chunks
- Disseminate data sets to individuals or small groups to review/analyze

EKU Process for Environmental Scanning

- Individuals/small groups submit up to one page summary of data reviewed

- Leaders of the group compile all summaries into final environmental scanning report and presentation to large group

- Leaders get final approval of both products from scanning group

- Information to be used by the Strategic Planning Committee as they develop the next iteration of the EKU strategic plan

Data Collection Methods

Surveys	Focus Groups/Interviews
Open Forums/Public Meetings	Observation/site visits
Media Monitoring	Anecdotes/Case studies
Literature Reviews	

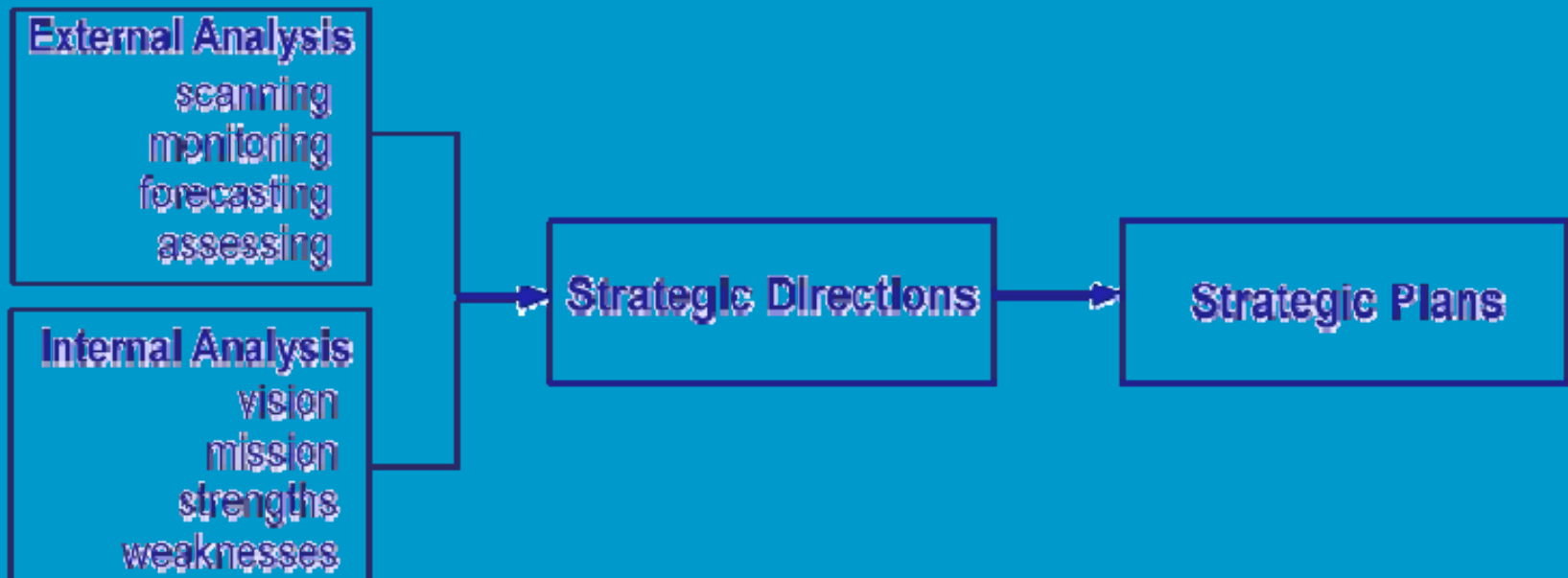# When Do I conduct an Environmental Scan & How Often?

Environmental Scanning process should be **CONTINUOUS**!

- Develop a plan for how this process will be followed-through on a regular basis.

- Conduct an annual formal review to inform the ongoing strategic planning process.

Strategic Planning Process

Figure 1

The Role of External Analysis in Strategic Planning

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Internal Analysis
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weaknesses

Strategic Directions → Strategic Plans

What is a SWOT Analysis?

SWOT Analysis is…

- A tool for auditing an organization and its environment
- First stage of planning; helps to focus on key issues
- Role of SWOT is to take the information from the environmental scan and separate it into internal and external issues.
- Once this is completed, SWOT determines if the information indicates something that will assist the organization in accomplishing its objectives or if it indicates an obstacle that must be overcome or minimized to achieve desired results

SWOT stands

for

<u>S</u>trengths, <u>W</u>eaknesses, <u>O</u>pportunities and <u>T</u>hreats

Strengths

- <u>Strengths</u>—internal to the unit; are a unit's resources and capabilities that can be used as a basis for developing a competitive advantage; strengths should be realistic and not modest.

- <u>Your list of strengths should be able to answer</u>:
    - What are the unit's advantages?
    - What does the unit do well?
    - What relevant resources do you have access to?
    - What do other people see as your strengths?
    - What would you want to boast about to someone who knows nothing about this organization and its work?

- <u>Examples</u>: good reputation among customers, resources, assets, people, experience, knowledge, data, capabilities

- <u>Think in terms of</u>: capabilities; competitive advantages; resources, assets, people (experience, knowledge); marketing; quality; location; accreditations, qualifications, certifications; processes/systems

Weaknesses

- <u>Weaknesses</u>—internal force that could serve as a barrier to maintain or achieve a competitive advantage; a limitation, fault or defect of the unit; weaknesses should be truthful so that they may be overcome as quickly as possible.

- <u>Your list of weaknesses should be able to answer</u>:
  - What can be improved?
  - What is done poorly?
  - What should be avoided?
  - What are you doing as an organization that you feel could be done more effectively/efficiently?
  - What is this organization NOT doing that you feel it should be doing?
  - If you could change 1 thing that would help this department function more effectively, what would you change?

- <u>Examples</u>: gaps in capabilities, financial, deadlines, morale

- <u>Think in terms of</u>: disadvantages; gaps in capabilities; lack of competitive strength; reputation; financial; timescales/deadlines; morale/leadership; accreditations; process/systems

Opportunities

- <u>Opportunities</u>—any favorable situation present now or in the future in the external environment.

- See Environmental Scan, STEEP Analysis Data

- <u>Examples</u>: unfulfilled customer need, arrival of new technologies, loosening of regulations, global influences, economic boom, demographic shift
  - Where are the good opportunities facing you?
  - What are the interesting trends you are aware of?

- <u>Think in terms of</u>: market developments; competitor vulnerabilities; industry/lifestyle trends;; geographical; partnerships

Threats

- <u>Threats</u>—External force that could inhibit the maintenance or attainment of a competitive advantage; any unfavorable situation in the external environment that is potentially damaging now or in the future.

- See Environmental Scan, STEEP data

- <u>Examples</u>: shifts in consumer tastes, new regulations, political or legislative effects, environmental effects, new technology, loss of key staff, economic downturn, demographic shifts, competitor intent; market demands; sustaining internal capability; insurmountable weaknesses; financial backing

- <u>Your list of threats should be able to answer</u>:
    - What obstacles do you face?
    - What is your competition doing?
    - Are the required specifications for your job/services changing?
    - Is changing technology threatening your position?
    - Do you have financial problems?
    - Could any of your weaknesses seriously threaten your unit?

Benefits of SWOT Analysis

- Scaleable
- Simplicity
- Low Cost
- Flexibility
- Collaborative
- Quickness
- Integrateable

Who should be involved in the SWOT?

- Conduct Focus Group Sessions; planning meetings

- Internal and external constituents to develop list of strengths, weaknesses, opportunities, threats

- Planning committee to develop/select/ incorporate strategies into strategic plan

Steps to
Conducting a SWOT Analysis

1. Driving Forces (Environmental Scan data is presented)
2. Generate list of Strengths, Weaknesses, Opportunities, Threats
3. Clarification of SWOTs
4. Categorization into themes
5. Prioritization
6. Desired State & Implications to unit
7. Strategy Development
8. Strategy Selection
9. Incorporation of strategies into Strategic Plan
10. Documentation

Prioritization

- Reduce generated list to top 5 ideas per category
- How to prioritize?
  - Strengths that are distinctive competencies
  - Weaknesses that are debilitating
  - Reducing threats and maximizing opportunities

- Use a <u>Prioritization Matrix</u>

Identifying Strategies

	Strengths	Weaknesses
Opportunities	**Explore**	**Exploit**
Threats	**Avoid**	**Confront**

Criteria for formulating and adopting strategies and plans:

- Acceptability of decision makers, stakeholders, consumers
- User impact
- Relevance
- Consistency with vision, mission, and values
- Integration/coordination with other strategies, programs, and activities
- Technical feasibility
- Cost feasibility

Criteria for formulating and adopting strategies and plans:

- Cost effectiveness
- Long-term impact
- Risk assessment
- Staff requirements
- Flexibility/adaptability
- Timing
- Facility requirements
- Training requirements

Selecting Strategies

- See: Selection Grid Handouts

Recording Results

- The results of your environmental scan should be incorporated in your group's strategic plan under the section "Environmental Scan"

- Two categories of information should be entered: external trends (Opportunities, Threats) and internal trends (Strengths, Weaknesses)

- Type this information manually into the plan once you have saved the document from TracDat.

Thank You!