

SWOT Analysis



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Before knowing swot analysis in details, let us see what are the frequently asked questions related to SWOT analysis of the person:

1. What is the **SWOT analysis**?
2. What are the **benefits** of swot analysis of a person?
3. Is SWOT analysis also called **personal analysis**?
4. **How to do** a SWOT analysis of a person?

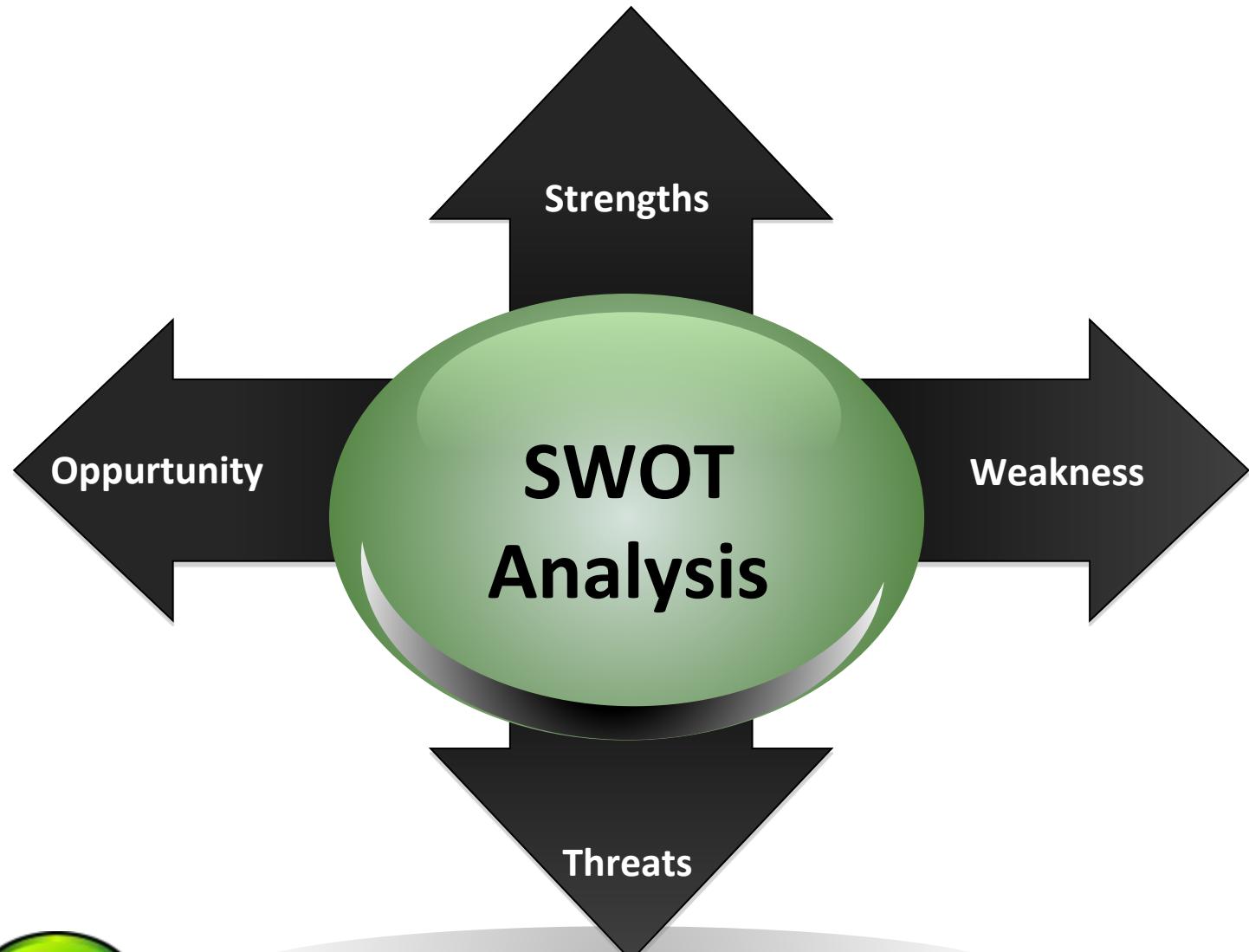


SWOT analysis (or SWOT matrix) is a strategic planning or technique used to help a person or organization identify **strengths, weaknesses, opportunities, and threats** related to business competition or project planning.

From Wikipedia



What is SWOT Analysis ?



- ▶ Acronym for **Strengths, Weaknesses, Opportunities, and Threats.**
- ▶ Technique was credited in **Stanford University** in the **1960s and 1970s.**
- ▶ **Planning tool** used to understand Strengths, Waknesses, 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.**



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Strength

- **Characteristics of the business or team that give it an advantage over others in the industry**
- **Positive tangible and intangible attributes, internal to an organization**

Example

- **Abundant financial resources**
- **Well known brand name**
- **Economies of scale, Lower costs (raw material & processes)**
- **Superior management talent**
- **Better marketing skills, good distribution skills**
- **Committed employees**



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Weakness

- 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.

Example

- Limited financial resources
- Weak spending on R & D
- Very narrow product line
- Limited distribution
- Higher cost, out of date product/technology
- Poor marketing skills, limited management skills
- Under trained employees



Opportunity

- **Chances to make greater profits in the environment**
- **External attractive factors that represent the reason for an organization to exist & develop.**
- **Organization should be careful and recognize the opportunities and grasp them whenever they arise.**
- **Sometimes it may lead to a trap as well.**

Example

- **Rapid market growth**
- **Rival firms are complacent**
- **Changing customers need and taste**
- **New uses for product discovered**
- **Economic boom**
- **Goverment deregulations**



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Threat

- External elements in the environment that could cause trouble for the business
- External factors, beyond an organization's control
- Compound the vulnerability when they relate to the weaknesses.
- Threats are uncontrollable. When a threat comes, the stability and survival can be at stake.

Example

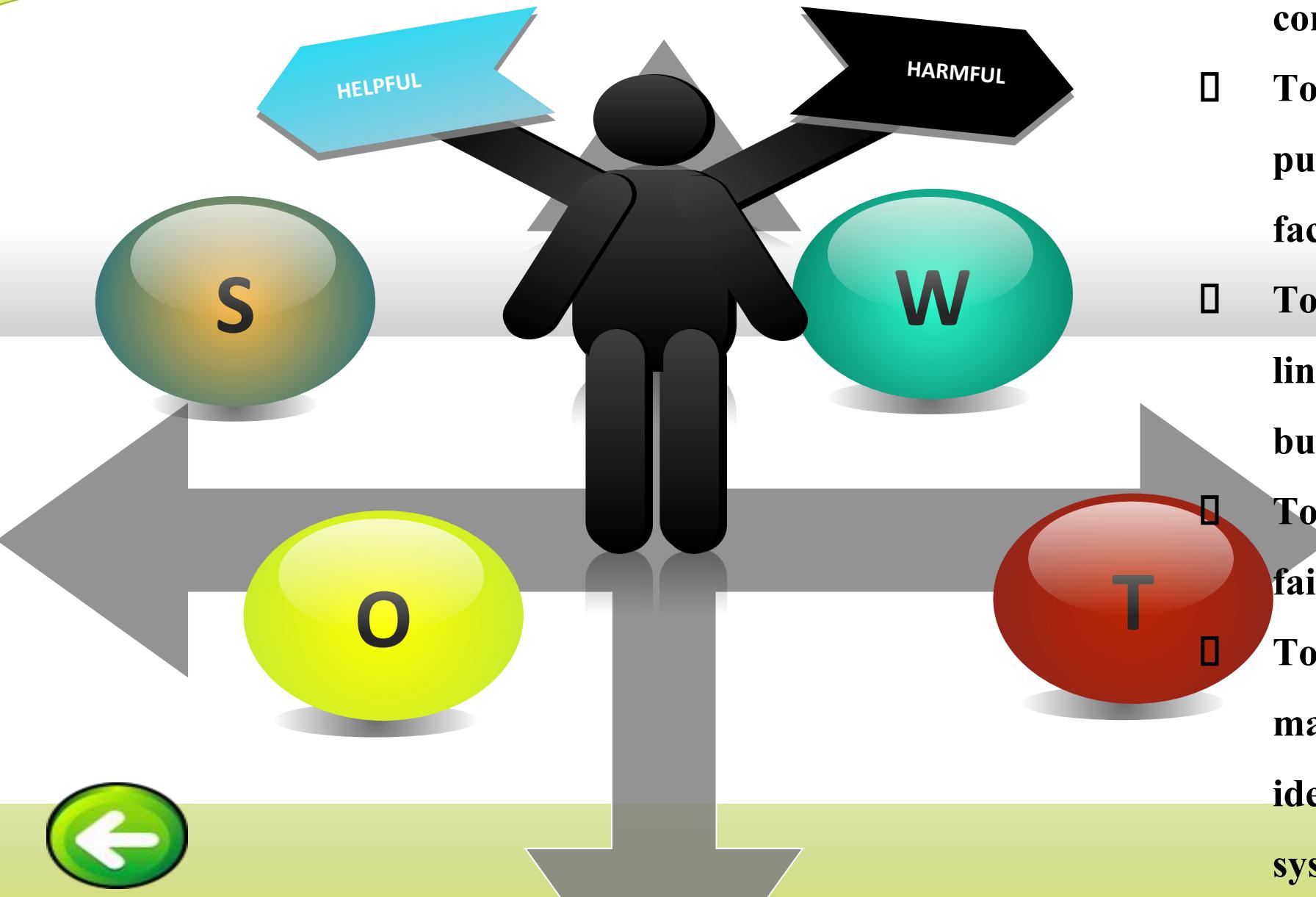
- Entry of foreign competitors
- Introduction of new substitute product
- Product life cycle is declining
- Changing customer need and taste
- Rival firms adopt new strategies



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Aim of SWOT Analysis ?



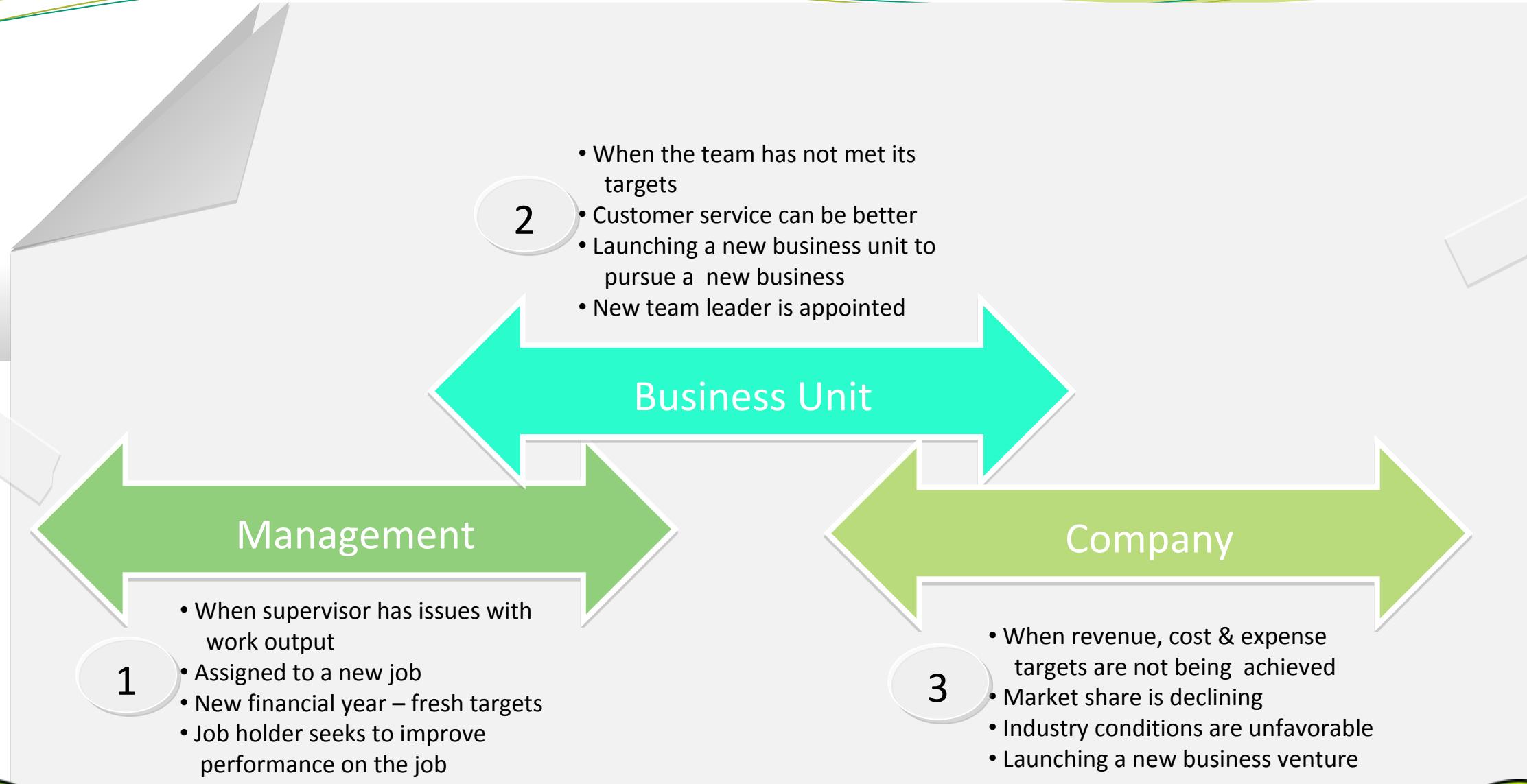
- To help decision makers share and compare ideas.
- To bring a clearer common purpose and understanding of factors for success.
- To organize the important factors linked to success and failure in the business world.
- To analyze issues that have led to failure in the past.
- To provide linearity to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



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Who needs SWOT Analysis?



How to conduct SWOT Analysis?

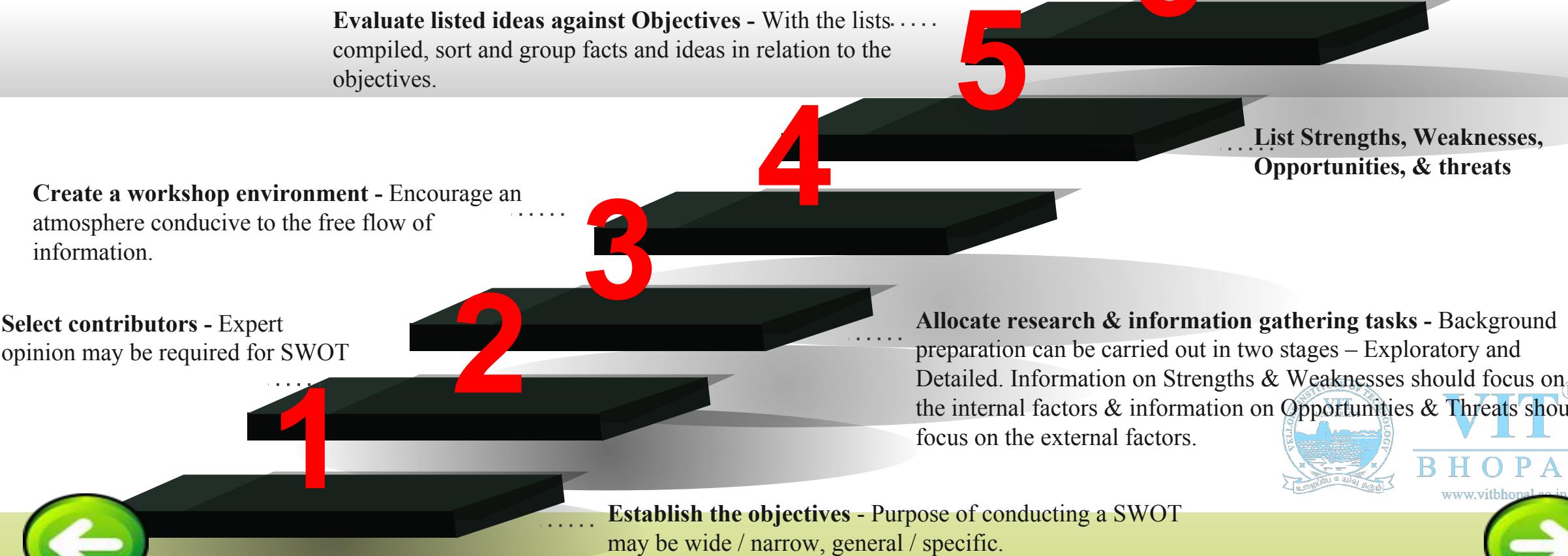
1. Analyse Internal & External Environment



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.



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



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Benefits & Pitfalls of SWOT Analysis

Benefits of SWOT Analysis

Besides the broad benefits, here are few more benefits of conducting SWOT Analysis:



- ▶ Helps in setting of objectives for strategic planning
- ▶ Provides a framework for identifying & analyzing strengths, weaknesses, opportunities & threats
- ▶ Provides an impetus to analyze a situation & develop suitable strategies and tactics
- ▶ Basis for assessing core capabilities & competencies
- ▶ Evidence for, and cultural key to, change
- ▶ Provides a stimulus to participation in a group experience



Benefits & Pitfalls of SWOT Analysis

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.



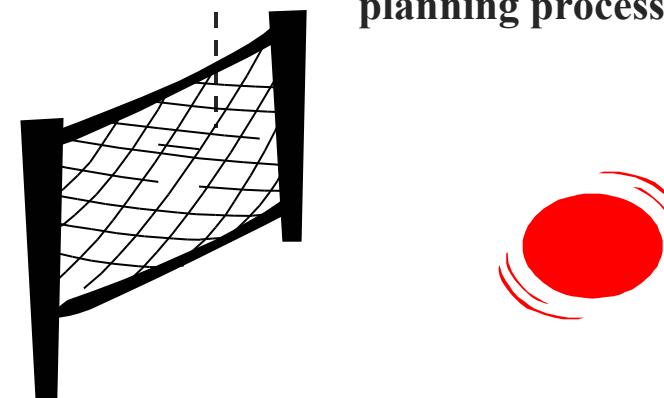
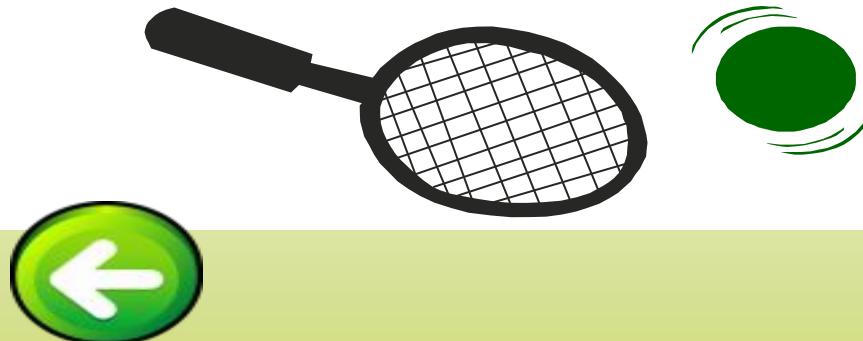
TIPS

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.



Tips & Exercise

TIPS

When conducting a SWOT analysis, designate a leader or group facilitator.

Introduce the SWOT method and its purpose in your organization to gain acceptance.

While doing a SWOT analysis for your job, invite someone to brainstorm with you.

Discuss and record the results. Prepare a written summary of the SWOT analysis to give to participants.

Be willing to breakaway from traditional methods.



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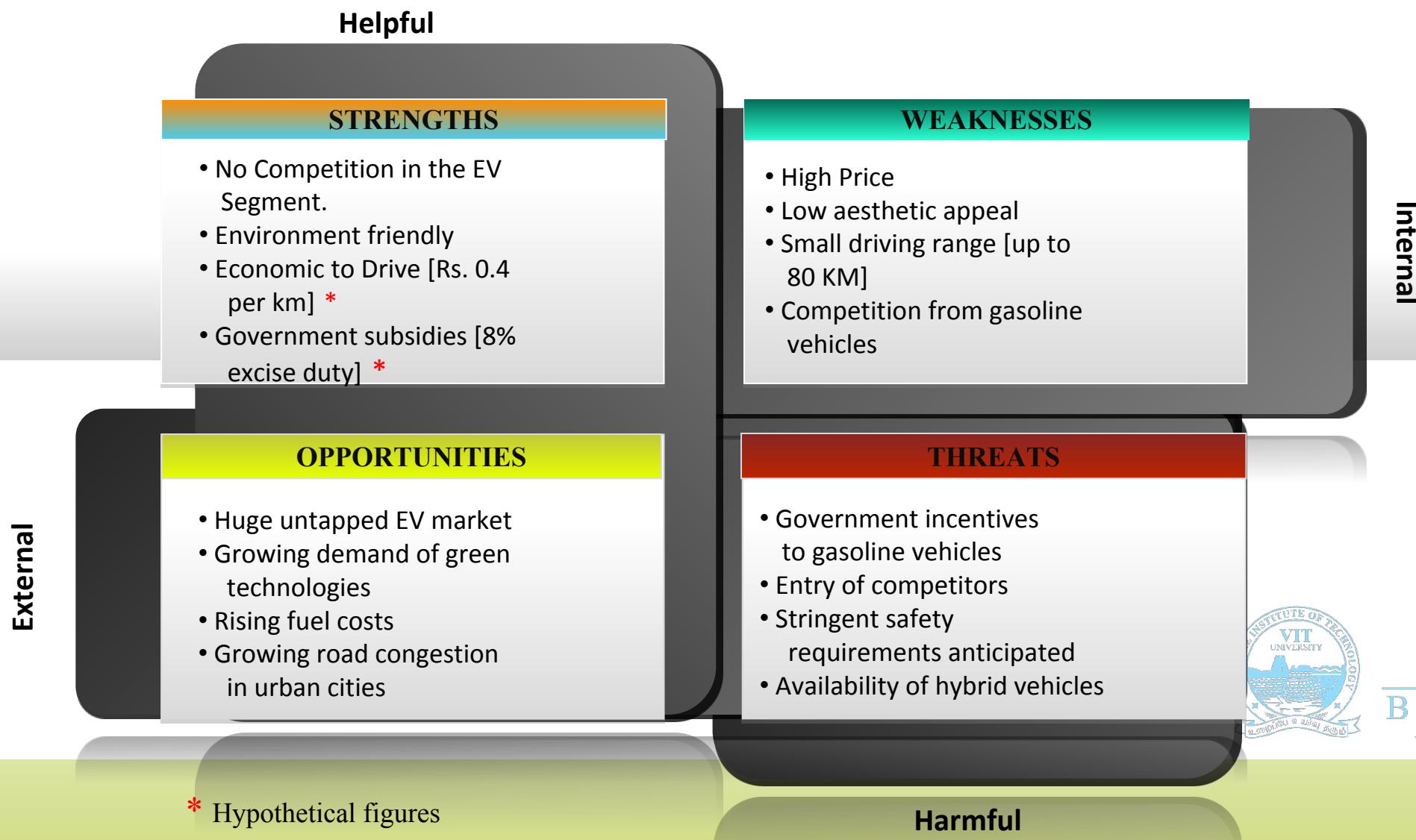


EXERCISE

Assume that a car manufacturing company has recently launched its products. Perform a SWOT analysis for the same.



EXERCISE



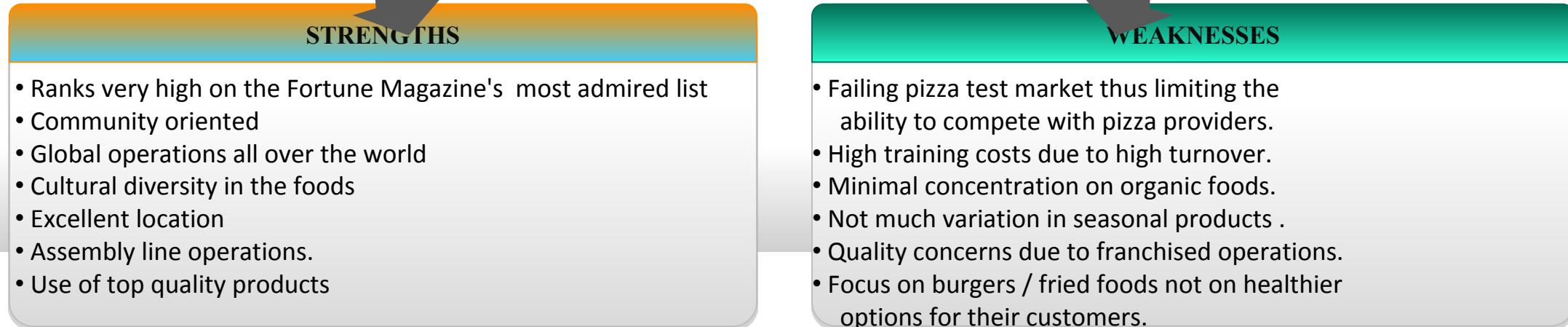
EXAMPLE

Mc Donald's SWOT Analysis



Tips & Exercise

Mc Donald's SWOT Analysis



Points to Ponder

- **Keep your SWOT short and simple**, but remember to include important details. For example, if you think your communication skills is your strength, include specific details, such as verbal / written communication.
- When you finish your SWOT analysis, **prioritize the results** by listing them in order of the most significant factors that affect you / your business to the least.
- **Get multiple perspectives** on you / your business for your SWOT analysis. Ask for input from your employees, colleagues, friends, suppliers, customers and partners.
- **Apply your SWOT analysis to a specific issue**, such as a goal you would like to achieve or a problem you need to solve. You can then conduct separate SWOT analyses on individual issues and combine them.



**THANK
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