

SWOT Analysis



SWOT Analysis

- ❖ SWOT Analysis explores both the internal and external challenges to a firm under four headings...

SWOT Analysis

		Positives	Negatives
❖ Strengths ❖ Weaknesses ❖ Opportunities ❖ Threats	Internal	Strengths	Weaknesses
	External	Opportunities	Threats

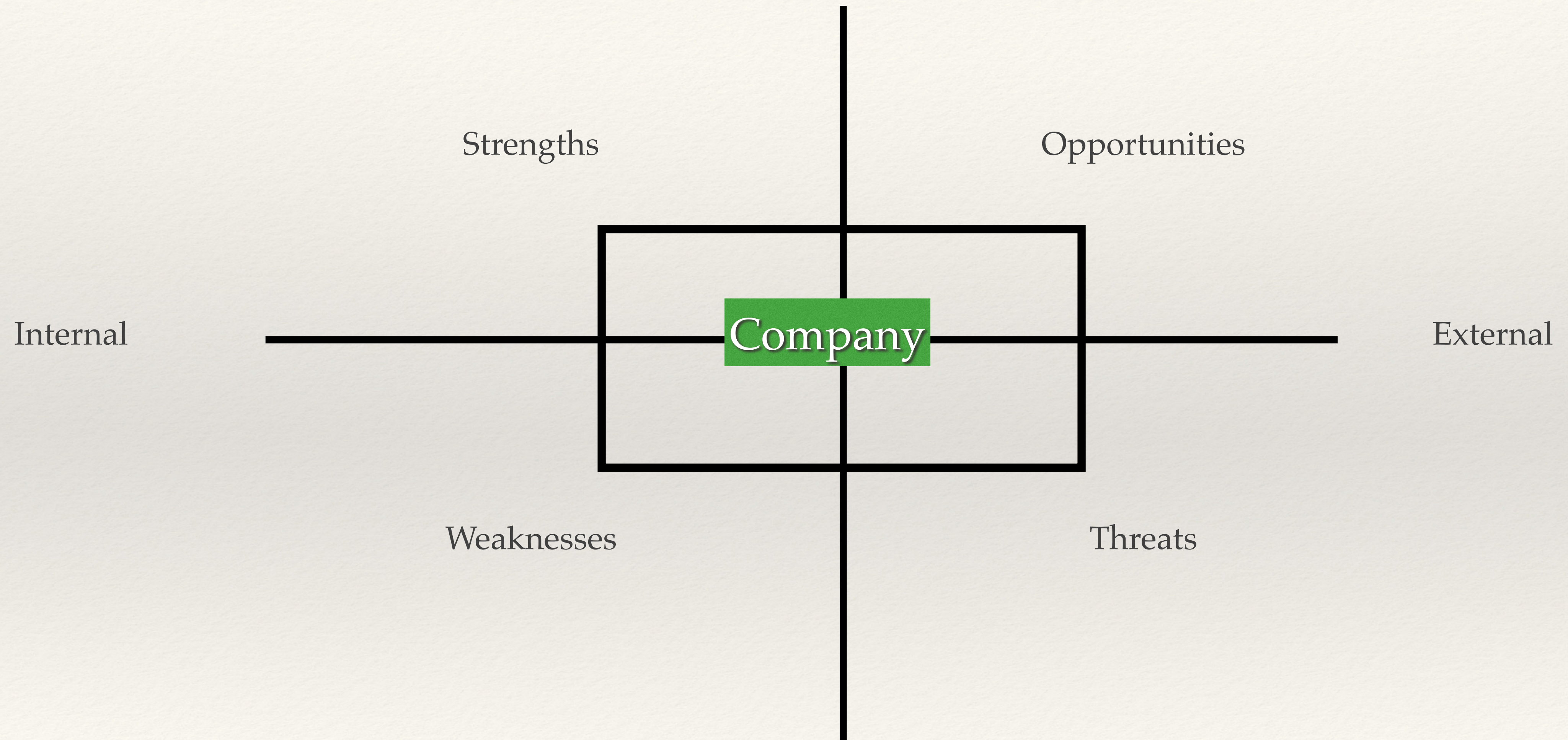
SWOT Analysis

- ❖ The model was introduced in the 1960s by Albert S Humphrey
- ❖ It has become an almost every day tool for strategic analysis

SWOT Analysis

- ❖ The model focuses on the Internal strengths and weaknesses of the firm
- ❖ And the External opportunities and threats
- ❖ This is also sometimes referred to as an Internal-External analysis

SWOT Analysis



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- ❖ The model is most frequently used at the early stage of the strategic planning process to develop an easy to understand assessment of the environment from which all aspects of the planning process can be coordinated and all the team members involved can move forward with the same world view.

SWOT Analysis

- ❖ SWOT analysis can apply to a product, a location, an industry or even a person.
- ❖ It has similarities to military tactical analyses where you are evaluating the enemy forces and your own capabilities.

SWOT Analysis

- ❖ It is also worth highlighting that the internal strengths and weaknesses are current or backward looking...
- ❖ the external opportunities and threats are forward looking
- ❖ This enables us to consider the current capabilities of the firm and frame them in the context of the future of the business.

SWOT Analysis

❖ Turning to the Internal analysis, strengths are what give the firm its competitive advantage while weaknesses are factors which require improvement

SWOT Analysis

- ❖ These internal factors might include:
 - ❖ Culture
 - ❖ Brand image
 - ❖ Brand awareness
 - ❖ Operational capabilities and efficiencies
 - ❖ Market position and market share
 - ❖ Financial resources and capacity
 - ❖ Organisational structure and key employees

SWOT Analysis

- ❖ External factors examine potential opportunities a firm might exploit in the future
- ❖ Threats which might hinder the successful implementation of the company's strategies, prevent the achievement of targets and goals.

SWOT Analysis

- ❖ External factors might include:
 - ❖ Changes in Society
 - ❖ Customers
 - ❖ Competitors
 - ❖ Economic environment
 - ❖ Government legislation and regulation
 - ❖ Suppliers
 - ❖ Partners
 - ❖ Market Trends

SWOT Analysis

- ❖ In this external analysis we can see a clear overlap with PEST and PESTEL analysis as well as tie-ins to Porter's Five Forces.
- ❖ Understanding the inter relationships between models helps you to become more sophisticated in your strategic appraisal

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