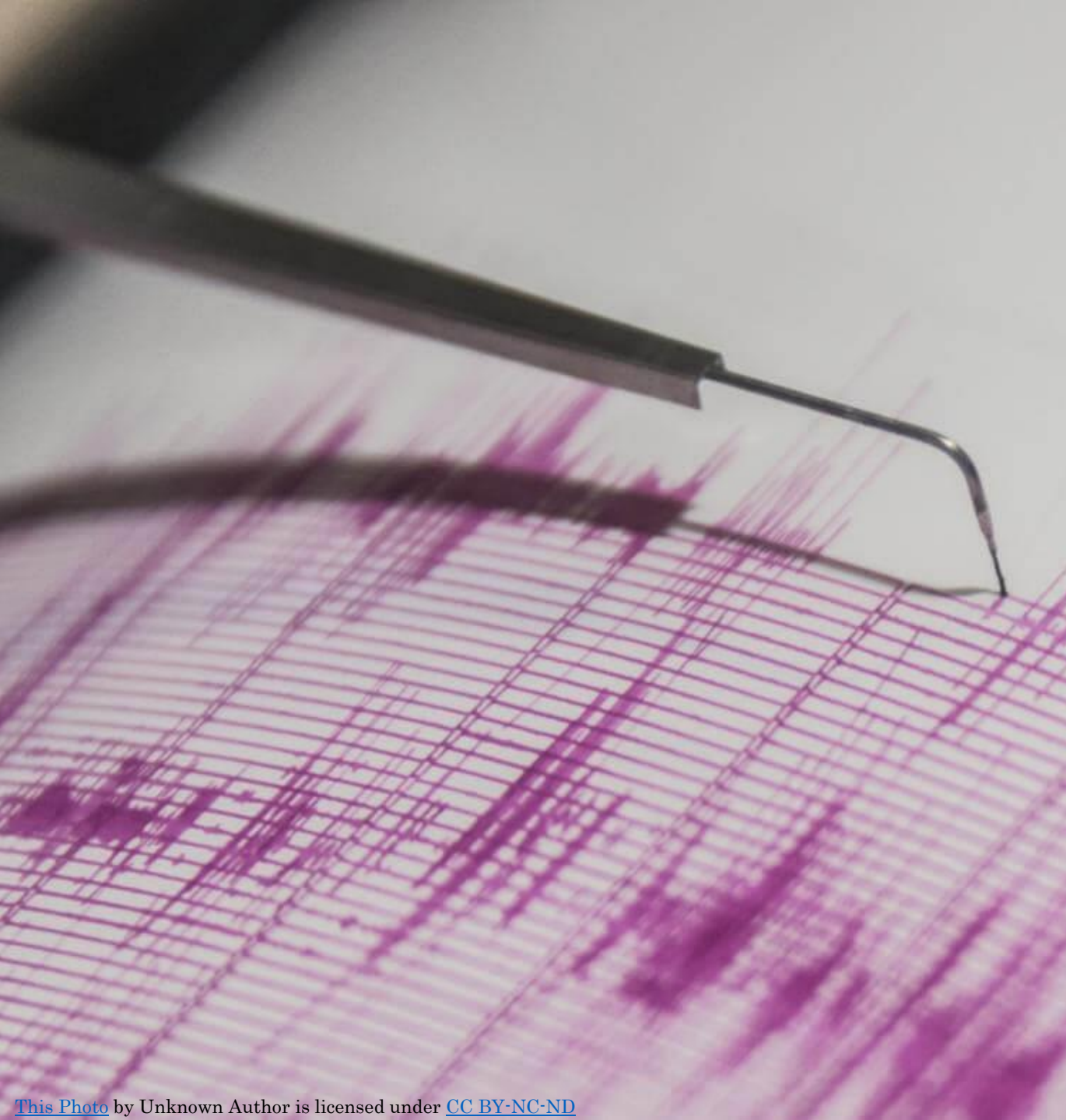


# Impact

IFB103

- Why consider impact?
- Tools for examining impact
  - SWOT
  - PESTLE

*Special Thanks to Dr Nicole Vickery who was a guest speaker in 2019 and the IFB101 Teaching Team in 2017-18, particularly for slides 2-13)*



How do we  
measure  
impact?

Impact Analysis  
Tools

# Impact Analysis: SWOT

	HELPFUL	HARMFUL
INTERNAL	<b>S</b> STRENGTHS	<b>W</b> WEAKNESSES
EXTERNAL	<b>O</b> OPPORTUNITIES	<b>T</b> THREATS

SWOT  
Analysis is  
very  
common

But what  
inputs into a  
SWOT  
Analysis?

<b>S</b>	<b>Strengths</b> <ul style="list-style-type: none"><li>• Things you are good at</li><li>• Experience, knowledge</li><li>• Unique characteristics</li><li>• Resources</li><li>• Geographical location</li><li>• Competence, capabilities</li><li>• Quality, reputation</li><li>• Flexibility on Product, Pricing, Distribution</li></ul>	<b>W</b>	<b>Weaknesses</b> <ul style="list-style-type: none"><li>• Things you need to improve</li><li>• Gap in skills, knowledge</li><li>• Financial issues</li><li>• Market awareness and reputation</li><li>• Right people doing the right job</li><li>• Poor location</li><li>• Leadership and Management issues</li><li>• Staff motivation and involvement</li></ul>
<b>O</b>	<b>Opportunities</b> <ul style="list-style-type: none"><li>• Strategic alliances, acquisitions</li><li>• Diversify the business</li><li>• Take advantage of new trends (PESTLE)</li><li>• New Product Development</li><li>• Enter new markets</li><li>• Reduce costs</li><li>• Be faster, better, easier, more stylish,</li><li>• Innovation an technology development</li></ul>	<b>T</b>	<b>Threats</b> <ul style="list-style-type: none"><li>• Change in the environment (PESTLE).</li><li>• Loss af major customers.</li><li>• Raw material, energy and transport costs</li><li>• Strong competition</li><li>• Competitors new products and innovation</li><li>• Change in technology</li><li>• Fashion</li><li>• Seasonality</li></ul>



## Strengths

### Possibilities:

- Patents?
- Strong brand name?
- Good reputation among customers?
- Many product lines?
- Broad market coverage?
- Manufacturing competence?
- Good marketing skills?
- Good materials management systems?
- R&D skills and leadership?
- Information system competencies
- Human resource competencies?
- Brand name reputation?
- Portfolio management skills?
- Cost of differentiation advantage?
- New-venture management expertise?
- Appropriate management style?
- Appropriate organizational structure?
- Appropriate control systems?
- Ability to manage strategic change?
- Well-developed corporate strategy?
- Good financial management?

## Weaknesses

### Possibilities:

- Obsolete, narrow product lines?
- Rising manufacturing costs?
- Decline in R&D innovations?
- Poor marketing skills?
- Poor materials management systems?
- Poor reputation?
- High cost structure?
- Loss of customer good will?
- Inadequate information systems?
- Inadequate human resources?
- Lack of access to distribution channels?
- Lack of access to natural resources?
- Loss of brand name capital?
- Lack of patent protection?
- Growth without direction?
- Bad portfolio management?
- Loss of corporate direction?
- Infighting among divisions?
- Loss of corporate control?
- Inappropriate organizational structure and control systems?
- High conflict and politics?
- Poor financial management?

## Opportunities

### Possibilities:

- Expand core business(es)?
- Exploit new market segments?
- Arrival of new technologies?
- Removal of international trade barriers?
- Exploit unfulfilled customer need?
- Widen new market segments?
- Extend cost or differentiation advantage?
- Diversify into new growth businesses?
- Expand into foreign markets?
- Apply R&D skills in new areas?
- Enter new related businesses?
- Vertically integrate forward?
- Vertically integrate backward?
- Enlarge corporate portfolio?
- Overcome barriers to entry?
- Reduce rivalry among competitors?
- Make profitable new acquisitions?
- Apply brand name capital in new areas?
- Seek fast market growth?

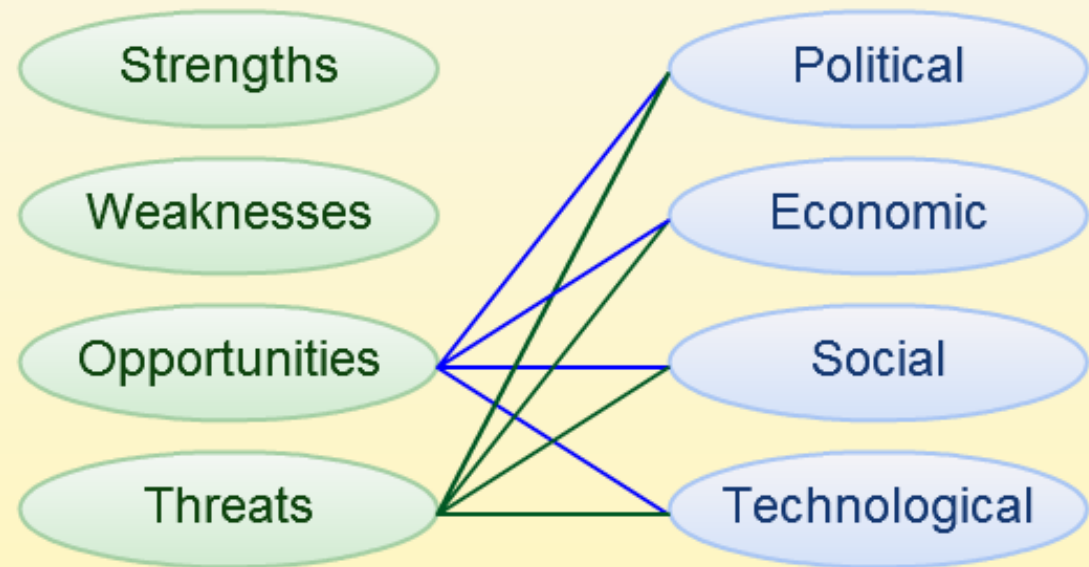
## Threats

### Possibilities:

- Attacks on core business(es)?
- Increases in domestic competition?
- Shift in consumer tastes?
- Emergence of substitute products?
- New regulations?
- Increased trade barriers?
- Increases in foreign competition?
- Change in consumer taste?
- Fall in barriers to entry?
- Rise in new or substitute products?
- Increase in industry rivalry?
- New forms of industry competition?
- Potential for takeover?
- Existence for corporate raiders?
- Increase in regional competition?
- Changes in demographic factors?
- Changes in economic factors?
- Downturn in economy?
- Rising labour costs?
- Slower market growth?

# PEST and PESTLE

## SWOT Analysis vs PEST Analysis



## PESTLE

Political

Economic

Social

Technological

Legal

Environmental



## SWOT

Strengths

Weaknesses

Opportunities

Threats

# *Political factors*



The political arena has a huge influence upon the regulation of businesses, and the spending power of consumers and other businesses.

- Government type and stability
- Freedom of the press, rule of law and levels of bureaucracy and corruption
- Regulation and de-regulation trends
- Social and employment legislation
- Tax policy, and trade and tariff controls
- Environmental and consumer-protection legislation
- Likely changes in the political environment



# *Economic factors*



Businesses need to consider the state of a economy in both short and long-term. This is especially true when planning for international marketing.

- Stage of a business cycle
- Current and projected economic growth, inflation and interest rates
- Unemployment and supply of labor
- Labor costs
- Levels of disposable income and income distribution
- Impact of globalization
- Likely impact of technological or other changes on the economy
- Likely changes in the economic environment

# *Social factors*



Particularly in the Digital age, the social impact of technology is considerable.

- Cultural aspects, health consciousness, population growth rate, age distribution,
- Organizational culture, attitudes to work, management style, staff attitudes
- Education, occupations, earning capacity, living standards
- Ethical issues, diversity, immigration/emigration, ethnic/religious factors
- Media views, law changes affecting social factors, trends, advertisements, publicity
- Demographics: age, gender, race, family size

# *Technological factors*



Technology is vital for competitive advantage, and is a major driver of globalization. If you are considering the impact of an information technology, one only looks at other relevant non-IT technological factors.

- Maturity of technology, competing technological developments, research funding, technology legislation, new discoveries
- Information technology, internet, global and local communications
- Technology access, licensing, patents, potential innovation, replacement technology / solutions, inventions, research, intellectual property issues, advances in manufacturing
- Transportation, energy uses / sources / fuels, associated / dependent technologies, rates of obsolescence, waste removal / recycling

# Legal Factors



Laws pertaining to new technologies are often created after the effect of the technology is experienced / understood.

- Current home market legislation, future legislation
- European / US / international legislation
- Regulatory bodies and processes
- Environmental regulations, employment law, consumer protection
- Industry-specific regulations, competitive regulations



# *Environmental Factors*



- Ecological
- Environmental issues, environmental regulations
- Customer values, market values, stakeholder/ investor values
- Management style, staff attitudes, organizational culture, staff engagement

The result of a PESTLE analysis is usually a list of positive and negative factors that are likely to affect a project

The main problem with these external PESTLE factors is that they are continuously changing

Therefore PESTLE analysis should include a thorough analysis of what is affecting the organization or a project **NOW**, and what is likely to affect it in the **FUTURE**

A question we sometimes receive from students:

*“should the **impact analysis** be for a system or should it be for the company that owns the system?”*

Answer: often, an impact analysis is for a system. For example, if the company is Apple and the system is their website/online store, your analysis is ideally for their website.

Any question about this week's content, contact me at  
[a.nili@qut.edu.au](mailto:a.nili@qut.edu.au)