

LECTURE-14

SWOT ANALYSIS

What is SWOT?

SWOT analysis is a process that identifies the Strengths, weakness, opportunities and threats of an organization, product, place, industry, company, or person. Specifically, SWOT is a basic, analytical framework that assesses what an organization can and cannot do, as well as its potential opportunities and threats. A SWOT analysis takes information from an environmental analysis and separates it into internal Strengths and weakness, as well as its external opportunities and threats.

Internal factors the first two letters in the acronym, S (strengths) and W (weakness), refer to internal factors, which means the resources and experience readily available to you. Example of areas typically considered includes:

- Financial resources, such as funding, sources of income and investment opportunities
- Physical resources, such as your company's location, facilities and equipment
- Human resources, such as employees, volunteers and target audiences
- Access to natural resources, trademarks, patents and copyrights
- Current process, such as employee programs, department hierarchies and software system

External factors influence and affect every company, organization and individual. Whether or not these factors are connected directly or indirectly to an opportunity or threat, it is important to take note of and document each one. External factors typically reference things you or your company do not control, such as:

- Market trends, like new products and technology or shifts in audience needs
- Economic trends, such as local, national and international financial trends
- Funding, such as donations, legislature and other sources
- Demographics, such as a target audience's age, race, gender and culture
- Relationship with suppliers and partners
- Political, environmental and economic regulations

Definition of SWOT

A SWOT analysis is a planning tool used to understand the Strength, Weaknesses, Opportunities and Threats involved in a project or in a business. It involves specifying the objective of the business or project and identifying the internal and external factors that are supportive or unfavorable to achieving that objective.

Importance of SWOT:

SWOT analysis is not concerned with making only four lists but it is much than that.

1. Strengths are the qualities that us to accomplish the organization's mission. These are the basis on which continued success can be made and continued/sustained.

Strengths can be either tangible or intangible. These are what you are well-versed in or what you have expertise in, the traits and qualities your employees possess (individually and as a term) and the distinct features that give your organization its consistency.

Strengths are the beneficial aspects of the organization or the capabilities of an organization, which includes human competencies, process capabilities, financial resources, products and services, customer goodwill and brand loyalty. Examples of organizational strengths are huge financial resources, broad product line, no debt, committed employees etc.

2. Weaknesses are the qualities that prevent us from accomplishing our mission and achieving our full potential. These weaknesses are the factors which do not meet the standards we feel they should meet.

Weakness in an organization may be depreciating machinery, insufficient research and development facilities, narrow product range, poor decision-making, etc. Weaknesses are controllable. They must be minimized and eliminated. For instance – to overcome obsolete machinery, new machinery can be purchased. Other examples of organizational weakness are huge debts, high employee turnover, complex decision making process, narrow product range, large wastage materials, etc.

3. Opportunities are presented by the environment within which our organization operates. These arise when an organization can take benefit of conditions in its environment to plan and execute strategies that enable it to become more profitable. Organizations can gain competitive advantage by making use of opportunities.

Organization should be careful and recognize the opportunities and grasp them whenever they arise. Selected the targets that will best serve the clients while getting desired result is a difficult task. Opportunities may arise from market, competition, industry/government and technology. Increasing demand for telecommunications accompanied by deregulation is a great opportunity for new firms to enter telecom sector and compete with existing firms for revenue.

4. Threats arise when condition in external environment jeopardize the reliability and profitability of the organization's business. They compound the vulnerability when they relate to the weakness. Threats are uncontrollable. When a threat comes, the stability and survival can be at stake. Examples of threats are – unrest among employees; ever changing technology' increasing competition leading to excess capacity, price wars and reducing industry profits; etc.

The following points highlight its importance:

1. SWOT Analysis brings to light whether the business is healthy or sick.
2. An undertaking comes to know of both internal as well as external factors affecting its success or failure.
3. It helps in the formation of a strategy so as to make preparations for the possible threats from the competitors.
4. SWOT analysis evaluates the business environment in a detailed manner so as to take strategic decisions for the future courses of action.

HOW TO USE THE TOOL

To perform a personal SWOT analysis, write down answers to the following questions.

STRENGTHS

- What advantages do you have that others don't have (for example, skills, celebrations, education, or connections)?
- What do you do better than anyone else?
- What personal recourses can you access?
- What do other people (and your boss, in particular) see your strengths?
- Which of your achievements are you most proud of?
- What values do you believe in that others fail to exhibit?
- Are you part of a network that no one else is involved in? If so, what connections do you have with influential people?

Consider this from your own perspective, and from the point of view of the people around you. And don't be modest or shy-be as objective as you can. Knowing and using your strengths can make you happier and more fulfilled at work.

And if you still have any difficulty identifying your strengths!

Tip:

Think about your strengths in relation to the people around you. For example, if you're a great mathematician and the people around you are also great at math, then this is not likely to be a strength in your current role-it may be necessity.

WEAKNESSES

- What tasks do you usually avoid because you don't feel confident doing them?
- What will the people around you see your weakness?
- Are you completely confident in your education and skills training - if not, where are you weakest?
- What are your negative work habits (for example, are you often late, are you disorganized, do you have personality traits that hold back in your field: For instance, if you have to conduct meetings on a regular basis, a fear of public speaking would be a major weakness.

Again, consider this from a personal/internal perspective and an external perspective. Do other people see weakness that you don't see? Do co-workers consistently outperform you in key areas? Be realistic – it's best to face any unpleasant truths as soon as possible.

OPPORTUNITIES

- What new technology can help you? Or can you get help from others or form people via the internet?
- Is your growing? If so, how can you take advantage of the current market?
- Do you have a network of strategic contacts to help you, or offer good advice?

- What trends (management or otherwise) do you see in your company, and how can you take advantage of them?
- Are any of your comp[editors failing to do something important? If so, can, could you create an opportunity by offering a solution?

You might find useful opportunities in the following:

- Networking events, educational classes, or conferences.
- A colleague going on an extended leave, Could you take on some of this person's projects to gain experience.
- A new role or project that forces you to learn new skills, like public speaking or international relations.
- A company expansion or acquisition, Do you have specific skills (like a second language) that could help with the process?

Also, importantly, look at your strengths, and ask yourself whether these open up any opportunities – and look at your weakness, and ask yourself whether you could open up opportunities by eliminating those Weaknesses.

THREATS

- What obstacles do you currently face at work?
- Are any of your colleagues competing with you for projects or role?
- Is your job (or the demand for the things you do) changing ?
- Does changing technology threaten your position?
- Could any of your weakness lead to threats?

Performing this analysis will often provide key information – it can point out what needs to be done and put problems into perspective.