

SWOT ANALYSIS

One of the most useful tools in “change management” is a technique called **SWOT**. In order to create change and develop a new competitive environment, managers need to understand the basics of an approach that can swat the old ways and help generate new ideas for any size organization.

SWOT (not swat) stands for STRENGTHS, WEAKNESSES, OPPORTUNITIES, and THREATS.

This 4-part approach to analyzing an organization’s strategy has been used thousands of times by all size organizations in addressing change issues.

The notion is to analyze an organization’s position in the marketplace in relationship to its competitors (or comparable organizations). The goal is to identify all of the major factors affecting competitiveness (or effectiveness with customers) before crafting a business strategy.

SITUATIONAL ANALYSIS

Some management experts might call this technique an expansion of “situation analysis.” The principles involve the three strategic ideas:

1. What are your core competencies? This is your organization’s main business know-how.
2. What are your liabilities? These are easily recognized weak points that need improvement.
3. Who are your customers and competitors?

The purpose of your strategy is to be really clear before you launch into a given market or new organizational direction.

INFLUENTIAL FACTORS

The point of a SWOT Analysis is to have a clear shot at changing in a way that anticipates the future. Can your team—and this is always a team project—predict your customers' needs 12 to 24 months in the future? It tries to anticipate changes involving both INTERNAL and EXTERNAL factors that affect your organization.

INTERNAL FACTORS

(Strengths and Weaknesses)

- ❑ Organizational Structure (Culture, Resources)
- ❑ Stakeholders (employers, management, investors)
- ❑ Customers (people who benefit by paying)
- ❑ Competitors (offer similar services/products to a similar customer base)

EXTERNAL FACTORS

(Opportunities and Threats)

- ❑ Technology
- ❑ Economy
- ❑ Politics/Regulation
- ❑ Society

CONDUCTING THE ANALYSIS

Everyone in your organization must get involved. This is a top to bottom project. Regardless of the results, a clear strategy must emerge via consensus. Fuzzy strategies usually fail. If the vision created is not accepted by all of the stakeholders, making it work becomes very challenging. Everyone will not agree with every item on the analysis chart but, after consensus, everyone must change their activity to best meet the strategic initiatives.

A respected and unbiased facilitator needs to lead the discussions team by team or unit by unit. Constant feedback and communication to every group involved is essential. Email, chat rooms, list serves, meetings, etc. all can facilitate the topics being discussed and incremental decisions and judgments addressed.

Most analysis use a questioning technique to lay all of the issues on the table. Under each of the four parts, a whole series of questions needs to be brought up by the facilitator. The next four sections give you a feel for the type of questions often used in this more general discussion.

STRENGTHS

Define areas where you excel (competencies, resources, etc.)

- What do you do very well?
- How strong are you in your market?
- Does your organization (and your unit) have a clear strategic direction?
- Identify the current strategic direction.
- Does the culture produce a positive work environment?
- How strong are your financial and people resources?

WEAKNESSES

Evaluate your liabilities.

- What could be improved?
- What activities are done poorly?
- What should be avoided?
- Are you behind on use of technology?
- Are you weak on financial resources?
- What human resource weaknesses are operating?
- Will people readily change activities?
- Is talent willing to be retrained?
- Is the talent pool too small?
- Are there funds for technology enhancement?
- Does the income stream support customer needs?
- Will customers pay more for services/products?

OPPORTUNITIES

Analyze your customers and market attractiveness.

- What favorable circumstances are emerging?
- What are the most relevant trends in the market?
- What is your position relative to these trends?
- What new markets are you entering?
- How advanced is your technology compared to competition?
- How loyal are your customers?
- How influential is price in the market?
- Address your product/service quality issues.
- Market penetration of existing products/services?

THREATS

Check out the competition. Assess other potential challenges.

- What are the current obstacles to success?
- How is the competition addressing challenges?
- Are the product/service needs of customers changing?
- What is your ability to counter competition?
- Is competitor use of technology threatening?
- Is the external regulation hurting?
- Would an improving/declining economy kill you?
- Is the need for your product/service declining?
- Are overseas competitors taking market share? Why?
- What is your ability to influence industry trends?
- Do you have flexibility to change quickly?
- What is happening to revenue streams?
- Can we respond quickly to competition and be profitable?

CONCLUSION

This analytical approach raises awareness to the challenges facing your organization. A future vision and mission can emerge only after a thorough analysis using an approach like the SWOT ANALYSIS. This is one popularly recognized approach used to affect change in organizations.

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