

SWOT Analysis

Strengths, Weaknesses, Opportunities, Threats

History of SWOT

In the 1960's and 70's, Albert Humphrey is said to have developed this strategic planning tool using data from the top companies in America at the time. A **SWOT Analysis** looks at the strengths, weaknesses, opportunities and threats that are rele-

vant to an organization in a new venture. A SWOT Analysis is a tool which allows users to look at the direction a company or organization may wish to move towards in the future. A SWOT Analysis is a useful tool, which in conjunction with oth-

ers can help make informed decisions.



Definition of SWOT

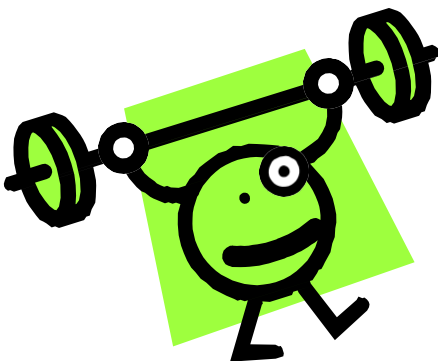
By specifying clear objectives and identifying internal and external factors that are either helpful or not, a short and simple SWOT analysis is a useful resource which may be incorporated into an organizations strategic planning model.

Strengths- Internal attributes that are helpful to the organization to achieving its objective

Weaknesses – Internal attributes that are harmful to the organization to achieving its objective

Opportunities – External factors that help the organization achieve its objective

Threats - External factors that are harmful to the organization to achieving its objective



After identifying the SWOT's, identification of the factors and their interdependence helps clarify the steps needed to achieve the ending objectives.

Internal and External Factors

The aim of any SWOT analysis is to identify the key internal and external factors that are important to achieving the objective. SWOT analysis groups key pieces of information into two main categories:

The internal factors may be viewed as strengths or weaknesses depending upon their impact on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses for another objective. The factors may include all of the 4P's; as well as personnel, finance, manufacturing capabilities, and so on.

The external factors may include macroeconomic matters, technological change, legislation, and socio-cultural changes, as well as changes in the market place or competitive position. The results are often presented in the form of a matrix.

- ◆ Internal factors – The *strengths* and *weaknesses* internal to the organization.
- ◆ External factors – The *opportunities* and *threats* presented by the external environment.

SWOT ANALYSIS

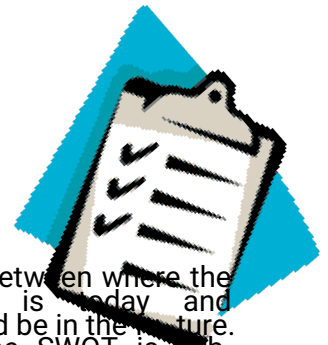


Figure 1: SWOT Analysis Matrix

Guidelines

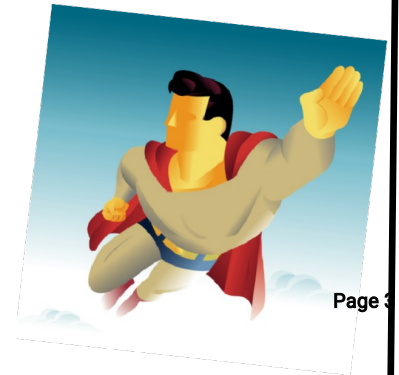
Before carrying out a SWOT analysis, consider the following guidelines...

- ◆ Be realistic about strengths and weaknesses. When performing a SWOT analysis on your business, be neither modest nor overly optimistic.
- ◆ Consider answers from the company's point of view and from the point of view of customers, vendors, distributors, and others who do business with them.
- ◆ Distinguish between where the organization is today and where it could be in the future.
- ◆ Note that the SWOT is subjective. No two people will come up with the same SWOT.



Potential Uses of SWOT Analysis

- ◆ **Set Objectives**– defining what the organization is intending to do
- ◆ **Environmental Scanning**– internal appraisals of the organizations SWOT, this needs to include an assessment of the present situation as well as a portfolio of products/ services and an analysis of the product/ service life cycle
- ◆ **Analysis of existing strategies**, this should determine relevance from the results of an internal/external appraisal. This may include gap analysis which will look at environmental factors.
- ◆ **Strategic issues defined**– key factors in the development of a corporate plan which needs to be addressed by the organization
- ◆ **Develop new/revised strategies**– revised analysis of strategic issues may mean the objectives need to change
- ◆ **Establish** critical success factors– the achievement of objectives and strategy implementation
- ◆ **Preparation** of operational, resource, projects plans for strategy implementation
- ◆ **Monitoring** results– mapping against plans, taking corrective action which may mean amending objectives/strategies



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**A Guide to
Research Tools**

Vancouver Island
University
Recreation Tourism
Research Institute



▶ Paul Bruniski
Eva Chen

Example

**British
Airways
SWOT
Analysis**

<h3>Strengths</h3> <ul style="list-style-type: none">◆ International operation◆ Employee productivity◆ Strong presence at London Heathrow International Airport	<h3>Weaknesses</h3> <ul style="list-style-type: none">◆ Declining profitability◆ Unfunded employee post retirement benefits◆ Sluggish revenue growth from key geographic region
<h3>Opportunities</h3> <ul style="list-style-type: none">◆ Global airline market◆ Increase in trans-pacific cargo◆ Growing Asia Pacific market	<h3>Threats</h3> <ul style="list-style-type: none">◆ Rising aviation fuel prices◆ Increasing competition from low cost airlines◆ Weak economic outlook for the US and Eurozone <p>(Source: British Airways PLC)</p>

A SWOT Analysis Can be Used for:

- ◆ Workshop sessions
- ◆ Brainstorming meetings
- ◆ Problem solving
- ◆ Product evaluation
- ◆ Strategic planning
- ◆ Competitor evaluation
- ◆ Personal development planning