Assess The Relevance Of Swot Analysis Essay, Research Paper

TOPIC: ASSESS THE PRACTICAL RELEVANCE OF A S.W.O.T. ANALYSIS Definition:An important strategic planning tool, SWOT analysis, compares internal organizational strengths and weaknesses to external opportunities and threats. (SWOT is an acronym for strengths and weaknesses, opportunities and threats.) This analysis provides management with a critical view of the organisation s internal and external environment. It is useful in the fulfillment of the firm s basic mission. • The matching of internal strength with external opportunity produces a situation known as leverage for the organisation. • A problem exists when environmental threats attack an organisation s weakness. • Constraints refer to situations where organisations are unable to capitalise on opportunities because of internal limitations. • Companies attempt to identify their own internal strengths and weaknesses while at the same time recognising any external opportunities and threats in their target market. In Practice:To develop a profile of your organization, it must be examined inside and out. The common approach to this profiling is SWOT. This has been a useful tool in providing insight for organisations. SWOT is a simple, easy to understand technique. It can be used in formulating strategies and policies for administrators. A strength one-year might be a weakness the following year, and an opportunity might turn into a threat. SWOT Analysis should be used on a continuous basis, and not in a vacuum. Marketing Mix:Once the market opportunities have been assessed and it has been ascertained how the company can respond to them, the marketing mix can be determined. This is one of the longest established and most useful concepts in the marketing repertoire. According to marketing mix theory, a company will have at its disposal a number of ingredients and its response to the marketplace will be any combination of these. Annualy:SWOT Analysis should be done on a yearly basis for developing annual goals and objectives, thus insuring a continual self-assessment using the previous year SWOT results to initiate the next year s analyses. SWOT Analysis can be performed by the individual administrator or in groups. Group techniques are particularly effective in providing structure, objectivity, charity and focus to discussion about strategy which might otherwise tend to wander or else be strangely influenced by politics and personalities. A successful SWOT analysis:A company s success will be in large part based on its ability to understand both the people it is selling to and its own employees and how they work. Understanding people s behaviour both as individuals and as part of a unit, be it a family, a company or a social grouping, is intrinsic to one of the theoretical underpinnings of marketing thought. The marketing theories of consumer behaviour and organisational buying behaviour stem from the theories of psychology. Internal Environment This profile scans various functional departments and business units, as well as corporate performance.Strengths: Areas in which the organisation holds superiority over its competitors. They can include such items as:° Capital well-being° Production efficiency

° Customer responsiveness° Zero defects (quality control)° Good quality, robust products° Competitive prices° Good reputation in traditional markets° Willingness of staff to change° Good location of centres° Perception of quality of servicesWhen determining a SWOT analysis you would ask the following:° What are the advantages?° What does the organisation do well? Weaknesses: Areas in which the organisation lacks superiority over its competitors. They can include the same items as those listed under Strengths. By identifying areas that need improvement, managers can determine whether additional employees, departments or other resources should be diverted to these areas to strengthen the company. Other examples could be:° Weak distribution network° Poorly organised and poor teamwork° Out of date machinery° Low productivity° Too many productsRegarding the weaknesses you may ask,° What could be improved?° What is done badly?° What should be avoided?Again this should be considered from an internal and external basis. External Environment This profile scans the industry and business environment outside the company or corporation. Opportunities: This scan of the world beyond the organisation s walls looks at elements of the environment that the company can capitalise on, based on what s happening within the industry.Some opportunities would be classified as:° Medium sized companies are a growing market° Replacement of previously sold equipment° More opportunities in other markets as internal conditions improve When you think of opportunities you would ask:° Where are the good chances facing you?° What are the interesting trends?Useful opportunities can come from such things as:° Changes in technology and markets on both a broad and narrow scale° Changes in social patterns, population profiles, lifestyle changes Threats: Its competitors must be understood, and management should feel secure in that special niche it wants to carve out in the market. Hence:° Competition is increasing and technology gap is widening° Banks may not be receptive to new loan requests° Potential for increased local taxes Considering the threats that would be involved,° What obstacles do they face?° What are the competitors doing?° Is changing technology threatening their position? Conclusion:In conclusion, SWOT analysis can be simply understood as the examination of an organisation s internal strengths and weaknesses, and its external opportunities and threats. It is a general tool designed to be used in the preliminary stages of decision-making and as a precursor to strategic planning. An understanding of the external factors, comprised of threats and opportunities, coupled with an internal examination of strengths and weaknesses, assists in forming a vision of the future. Hence, such foresight would translate to initiating competent programs or replacing redundant, irrelevant programs with innovative and relevant ones. References: Alkhafaji, Abbass F. Competitive Global Managenent 1995 St. Lucie Press Hampton, David R. Management 1979 McGraw Hill, Inc. Johnsons, Gerry Exploring Corporate Strategy 1997 Prentice Hall Europe

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