

## SWOT Analysis Revision Guide

The SWOT analysis has been widely accepted in marketing and business literature as a valuable means of assessing the fit between what a firm can and cannot do (strengths and weaknesses) and the environmental conditions that influence firm choices and behaviour (opportunities and threats) (Ferrell and Hartline, 2011:120). Strategic focus and the development of effective, productive priorities is a frequently overlooked and undervalued condition of the modern business environment. For organisations seeking to establish more opportunistic competitive footholds, the SWOT analysis offers a snapshot interpretation of both internal and external variables that could both positively and negatively influence the effectiveness of business decisions (Ferrell and Hartline, 2011:122). One of the key values of the SWOT analysis is that it may allow firms to recognise those areas of the organisation that, whilst once highly successful and value-added business segments, are now in decline as a result of either internal or external conditions (Griffin, 2011:73-4). A more comprehensive exploration of the market including those forces that act upon corporate strengths or exploit organisational weaknesses will present both the opportunities and the threats that must be incorporated into the business strategy.

Organisational opportunities can be leveraged in order to increase corporate performance, either by converting weaknesses into strengths or by accessing new strengths that can be strategically integrated into the organisational model. Threats will limit this performance, and without addressing these limitations and degrading influences, firms may fail to effectively navigate market changes or variability (Griffin, 2011:70). Exploring the internal capabilities involves a segment by segment review of business processes, exploration of systems, evaluation of facilities and equipment, assessment of team skills and experience, definition of internal capabilities, and identification of areas for improvement (Bruce and Langdon, 2000). Exploration of external variables includes a comprehensive review of the consumer factor, competitive influences, market flux, and future predictions. Once the SWOT is constructed it is essential that key business drivers have not only been identified and included, but are easily identifiable within the summary (Bruce and Langdon, 2000). Ultimately,

the SWOT analysis is a regular process that provides organisations with a periodic snapshot of their business performance and a wide range of strategic opportunities. By restricting limitations that undermine business performance and value, firms will gradually gain strength and positioning within markets that may be highly uncertain or experiencing a constant state of adjustment. Firms which adjust and adapt their strategy to maintain market positioning or access new business segments are likely to actualise growth and improve competencies in those areas which might have otherwise been overlooked. In essence, the SWOT analysis is a wake-up call; a managerial tool that, when used appropriately and implemented effectively, can maximise competencies and enhance the overall influence of corporate strengths whilst establishing stability, dominance, and strategic orientation within the marketplace.

## Top 5 Sources for SWOT Analysis Study

Bruce, A., Langdon, K. (2000) Strategic Thinking. New York: Penguin Publishing.

Cagan, M. (2006) Streetwise Business Plans. Avon, MA: Adams Media.

Ferrell, O.C., Hartline, M.D. (2011) Marketing Strategy. Mason, OH: South-Western Cengage Learning, 5th Edition.

Fine, L.G. (2009) The SWOT Analysis: Using Your Strength to Overcome Weaknesses, Using Opportunities to Overcome Threats. New York: Create Space.

Griffin, R.W. (2011) Fundamentals of Management. Mason, OH: South-Western Cengage Learning, 6th Edition.

## Example SWOT Analysis Questions

**Question 1:** Please describe several key benefits of SWOT analysis, highlighting their value and influence from a strategic corporate perspective.

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**Question 2:** In what ways do managers fail in their efforts to construct SWOT analyses? How can these pitfalls be avoided?

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**Question 3:** Describe the transitional process between conceptualisation and implementation of the SWOT model in the business or marketing environment?

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# Perfect Answers to the Example SWOT Analysis Questions

**Question 1:** Please describe several key benefits of SWOT analysis, highlighting their value and influence from a strategic corporate perspective.

There are a wide range of benefits associated with SWOT analysis, particularly those which arise out of more focused review of corporate competencies, their market orientation, and the opportunity to advance beyond underlying limitations. For example, if a manufacturing firm has positioned its operations as a market leader in screw manufacturing, entering the nail market as a form of diversification might be limited by competitive, economic or consumer forces that interrupt the opportunity for success. The SWOT analysis can provide a snapshot of underlying limitations and challenges that may require strategic re-orientation or an evaluation of means of enhancing competencies within a particular sector or business segment.

Although recognising where a corporation's weaknesses fall is valuable, it is the identification of limitations via this portion of the SWOT analysis that ultimately provides the most tangible benefits. **1** For firms seeking to enhance their market position or establish a growth-oriented business model, the complementary nature of strengths and market opportunities provides insight that could alter the future of strategic decision making.

If weaknesses are identified in terms of barriers to accessing these opportunities, then firms may ultimately find a means of purposefully orienting their strengths towards more tangible objectives. For managers, the realisation of unforeseen threats may also provide guidance necessary to avoid future pitfalls, enabling organisations to proactively respond to market conditions, competitive initiatives, and consumer demands in order to maintain or improve their position. **2** Although strengths in such models may be considered relatively obvious from an internal perspective, when considered on an external plane, organisations may be able to identify niche markets or previously unrecognised capabilities that offer a more dynamic means of navigating the marketplace.

**1** You must address the link between weaknesses and limitations, a means of activating new strengths.

**2** You must recognise that there are external variables that can be identified via SWOT analysis that will alter strategic thinking.

**Question 2: In what ways do managers fail in their efforts to construct SWOT analyses? How can these pitfalls be avoided?**

One of the primary complications associated with SWOT is directly related to the scope of the analysis. As managers attempt to define their organisational strengths and weaknesses, the potential for homogenisation of the modelling process reduces the insight that is possible from a more comprehensive, strategic analysis.

If all corporate branches are grouped and subjected to a singular analysis, the likelihood of identifying complementary opportunities is greatly reduced. **3** Although managers may view the SWOT process as revelatory and valuable, failing to address these variables through a focused segment by segment analysis will result in inevitable oversights and a fragmented view of competencies, priorities, and limitations. Given the truly influential role which the market plays in the SWOT model, external influences must be prioritised when considering the opportunities afforded to an organisation. In many cases, these influences will be revealed through consumer feedback or competitive positioning, influences that can be easily overlooked if managers are only focused on a more narrow interpretation of the immediate business environment. In essence, the average manager is egocentric in terms of their valuation of corporate performance and market positioning. Yet assumptive analysis of value and opportunity has potentially detrimental implications for the inertia-limited firm. As markets and related variables continue to change at a rapid pace, organisations are finding that their ability to respond effectively and strategically is based on more proactive efforts. **4** If managers fail to identify threats adequately, the competencies or practices valued by an organisation might be ineffective or inappropriate for the changing market. Therefore, one of the biggest pitfalls of the SWOT process is a lack of criticality. Managers must explore the internal and external forces and conditions associated with their organisation from a highly critical, strategy-oriented perspective. The opportunities afforded by such in-depth sector-by-sector review will be more likely to be based on organisational competencies and skill sets **5** than on ideals, maligned vision, and fragmented value systems.

**3**

An organisation is a network, one which you must recognise can be divided into its key segments during SWOT analysis.

**4**

SWOT is too frequently reactive in nature. You must identify the benefits of proactivity from a strategic perspective.

**5**

SWOT is about strategically enhancing competencies and skill sets in order to achieve corporate objectives. Managers fail to recognise this approach and you must highlight a refocusing of vision.

**Question 3: Describe the transitional process between conceptualisation and implementation of the SWOT model in the business or marketing environment?**

The SWOT model is not only a tool for evaluating organisational performance. Instead, it must be viewed as a comprehensive means of actualising success and growth potential. Strengths, for example, will offer insights into areas of core competency that might have previously been unrecognised. **6** The publishing firm might realise that its editing services are a value-driving arm of the organisation. The automobile manufacturer may find that its parts business segment is driving profit and maximising differentiation. Weaknesses, on the other hand, represent areas in which the firm is limited in their ability to activate skill sets and maximise differentiated positioning in order to gain access to consumers or segments of the marketplace that could generate substantial organisational **7** value. For managers, the identification of these two areas is frequently a point of realisation, and a portion of the SWOT analysis that occupies the majority of the analytical focus. Yet opportunities are innately linked to strengths because of the competencies needed to maximise market positioning and actualise gains. Threats are simultaneously linked to both strengths and weaknesses, as both of these categories may be exploited by previously unforeseen or unpredictable threats. Accordingly, it is necessary for managers to evaluate the best-fit approach for applying the SWOT findings to their business model, thereby maximising the organisational benefits and minimising future exposure to threats. One means of achieving success from SWOT analysis is by converting weaknesses into strengths. Firms that cannot grow beyond their limitations are likely to fall victim to market forces, whether consumer-based or competitor-driven, these pitfalls must be avoided. **8** If a firm's strengths represent both their internal competencies and the external perceptions and values associated with continued operations,

**6**

Strengths are not always overt and the recognition of incidental or underlying competencies is of particular value in SWOT.

**7**

Weaknesses are internal and external and you must recognise that strategic positioning is designed to eliminate limitations and avoid weakness pitfalls.

**8**

You need to recognise that SWOT is not simply a model but it is an action plan, one which when effective and in-depth can provide managers with a value-added rehabilitation programme for the organisation.

then strategic re-orientation of weaknesses requires focused market evaluation and purposeful competency development. From training to knowledge acquisition to diversification to consumer-driven product reviews, the priority for managers is to ensure that SWOT findings are translated into a more tangible, practicable model of organisational competency and positioning.