Continuous Improvement Toolkit

SWOT Analysis
- SWOT Analysis

- A simple and structured planning tool.
- A scan of the internal and external factors.
- Evaluates:
  - Strengths.
  - Weaknesses.
  - Opportunities.
  - Threats.
- Provides the knowledge needed to understand the current situation in order to make more effective decisions.
- SWOT Analysis

Can be Applied to:

- An entire organization.
- An individual department or a business unit.
- A project.
- In personal development and career progression.
- SWOT Analysis

When it is Used?

- When reviewing the position and health of an organization.
  - Allows to examine the gap between where we are now and where we need to be.
- As a basis to evaluate the performance over time.
Other Uses:

- To assess a strategic option:
  - Investment opportunity.
  - A potential partnership.
  - Etc.

- Prior the development of a new strategic plan.
- Prior launching a new product
- In preventive crisis management.
- During the prioritization process of projects.
- SWOT Analysis

Benefits:

- Encourages strategic thinking.
- Reveals the direction of change.
- It’s simplicity encourages the participation without prior knowledge of the technique.
- SWOT Analysis

It Allows to Answer:

- How can we maintain and emphasize our strengths?
- How can we compensate our weaknesses?
- How can we exploit opportunities?
- How can we anticipate future threats and protect ourselves against them or reduce their effects?
- SWOT Analysis

- Involves identifying the **key internal and external factors** that are helping or hindering reaching your goals.

- **Internal Factors:** strengths and weaknesses internal to the organization:
  - Corporate culture and image.
  - Leadership and human resource capabilities.
  - Competitive priorities.
  - Organization structure.
  - Performance systems.
- SWOT Analysis

- **External Factors** are the opportunities and threats presented by the environment external to the organization:
  - Market trends.
  - Competitive position.
  - Economic conditions.
  - Legislations considerations
  - Political considerations
  - Technological considerations
  - Socio-cultural considerations.
- SWOT Analysis

- **Strengths** – The internal capabilities that put the business or project at a competitive advantage.

- **Weaknesses** – Internal deficiencies that may inhibit or limit achieving the goals.

- **Opportunities** – The events and elements that the business or project could exploit to its advantage.

- **Threats** – The unfavorable events and barriers that may have a negative effect on an organization or project.
- SWOT Analysis

Example:

<table>
<thead>
<tr>
<th>Internal</th>
<th>External</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>S</strong> Strong financial position</td>
<td><strong>O</strong> Growth of existing market</td>
</tr>
<tr>
<td>Competent workforce</td>
<td>Untapped markets</td>
</tr>
<tr>
<td>Strong management team</td>
<td>Facilities from government</td>
</tr>
<tr>
<td>High quality products</td>
<td>Arrival of new technologies</td>
</tr>
<tr>
<td>Good reputation</td>
<td>Decreased sales of substitute products</td>
</tr>
</tbody>
</table>

| **W** Inability to meet demand | **T** A new lower-cost competitor |
| Company location | Shortage of manpower |
| High turnover rate | Economic difficulties |
| Out-of-date equipment | New costly regulations |
| High unit costs | Rising materials price |

Results are often presented in the form of a matrix.

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- SWOT Analysis

How to Conduct a SWOT Analysis:

- With your team, clearly explain why it is important to conduct the analysis and how you will do it.
- Hang out four large flipcharts, one to each category.
- Use brainstorming to log inputs under each category.
- Take time to ensure the appropriateness and completeness of the recorded information.
- Once the SWOT analysis is complete, prioritize the findings then record the inputs in the form of a matrix.
- Present the SWOT matrix to key decision makers.
- Develop an action plan to address each of the four categories.
- **SWOT Analysis**

**Personal SWOT Analysis:**

- The SWOT analysis can be used to identify and assess a person’s strengths, weaknesses, opportunities and threats.
- The analysis can help you to better understand many things about yourself.

**You can then apply personal strategies to:**

- Turn weaknesses into strength
- Take advantages of strengths and opportunities.
- Minimize or eliminate weaknesses and threats.
Example – A SWOT analysis to identify and assess a person’s characteristics and capabilities:

- **S** (Strengths)
  - Creative thinker
  - Have an exciting vision
  - Good writing skills
  - Good time management skills
  - Companies embracing Change
  - Speech clubs like Toastmasters
  - Audible audio books

- **W** (Weaknesses)
  - Not giving family enough time
  - Not a social media person
  - Limited technical knowledge
  - Poor verbal communicator
  - Poor economy
  - Limited ability to move

- **O** (Opportunities)
  - High unemployment rates
  - Entry of new competitors in my field

- **T** (Threats)
  - Limited ability to move
  - Companies embracing Change
  - High unemployment rates
  - Limited technical knowledge
  - Poor economy
  - Not a social media person
Further Information:

- One way of utilizing the SWOT analysis is to convert weaknesses into strengths and threats into opportunities.
- Be objective and self-critical when conducting a SWOT analysis and never make excuses or get defensive.
  - It is normal for any business or human being to have some weaknesses.
- You may need to separate the group into smaller teams to allow individuals to speak up and contribute.
Further Information:

- **PEST Analysis** often linked to and even used with SWOT.
- A strategic planning tool used to analyze the impact that the **political**, **economical**, **social**, and **technological** factors.
- It helps to spot the different external factors (beyond your control).
- It is often used when conducting a strategic analysis or doing a market research.
- Information derived from the PEST analysis can identify opportunities and threats in the SWOT analysis.
- SWOT Analysis

Further Information:

- **Benefits of PEST Analysis:**
  - Provides an understanding of the wider business environment.
  - Reveals the direction of change within the business environment.
  - Encourages the development of strategic thinking.
  - Raises awareness of threats to your business or project.
  - Helps avoid starting projects that are likely to fail for reasons beyond your control.
  - Helps an organization to anticipate future difficulties and take action to avoid or reduce their effect.
  - Helps an organization to spot opportunities and exploit them.
Further Information:

- Example of PEST Analysis:

- **P** (Political)
  - Low level of inflation ...

- **E** (Economic)
  - Low cost of communication ...

- **S** (Social)
  - Changing family structure ...
  - Increase in health consciousness ...
  - Weak brand loyalty ...

- **T** (Technological)
  - Increasing number of internet users ...
  - Online banking transactions ...

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Further Information:

- **STEEPLED** is an alternative of PEST with the environmental, ethical, demographic and legal factors added to the mix.
# SWOT Analysis

## Further Information:

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<tr>
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<th>Social</th>
<th>Technological</th>
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<tbody>
<tr>
<td>Political stability</td>
<td>Interest rates</td>
<td>Customer buying patterns</td>
<td>Automation</td>
</tr>
<tr>
<td>Labor laws</td>
<td>Exchange rates</td>
<td>Lifestyle trends</td>
<td>Licensing</td>
</tr>
<tr>
<td>Trade restrictions</td>
<td>Inflation rates</td>
<td>Health &amp; safety</td>
<td>R &amp; D funding</td>
</tr>
<tr>
<td>Tariffs and Tax Policy</td>
<td>Seasonality issues</td>
<td></td>
<td>Technology incentives</td>
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<th>Demographic</th>
<th>Ethical</th>
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<tbody>
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<td>Employment laws</td>
<td>Natural resources</td>
<td>Integration of minorities</td>
<td>Business ethics</td>
</tr>
<tr>
<td>Consumer protection</td>
<td>Climate change</td>
<td>Ethnic ratio</td>
<td>Freedom of information</td>
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<tr>
<td>Privacy laws</td>
<td>Waste disposal and recycling</td>
<td>Living standards</td>
<td>Bribery</td>
</tr>
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<td>Sustainable energy</td>
<td>Income distribution</td>
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