



# Practitioner's Guide:

## Strengths, Weaknesses, Opportunities & Threats (SWOT)



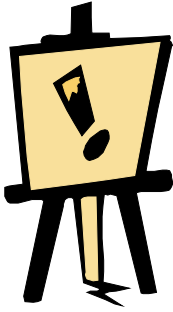
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Bundesministerium für  
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# Strengths, Weaknesses, Opportunities & Threats (SWOT)

### Brief Description



SWOT is an acronym in which its four letters stand for: Strengths, Weaknesses, Opportunities and Threats. A SWOT analysis can be used to identify and analyse the Strengths and Weaknesses of a project, organization or institution, as well as the Opportunities and Threats revealed by the information gathered on the external environment. It can be used to develop a plan that takes into consideration many different internal and external factors, and maximizes the potential of the strengths and opportunities while minimizing the impact of the weaknesses and threats. A SWOT session is a means of obtaining information from participants. That information is composed of observations and analysis of those observations by the participants.



### Strengths, Weaknesses, Opportunities & Threats (SWOT)

#### Proposed Main Users

Provincial & District Planner,  
Sectoral Line Agencies



#### Purpose of the Method



SWOT is a framework for analysing strengths, weaknesses, opportunities and threats. It has been developed as a simple yet effective method for analysis within the strategic marketing planning process. Within this process, however, the SWOT analysis is neither the first nor the last step. It has been based on a sound knowledge about the present environment and trends (in a business context these points would be clarified by a market analysis), as well as internal resources. Furthermore, since it is usually impossible to talk about the environment in general without becoming vague, those parts which are relevant have first to be identified. A business will usually make identification on the basis of past experience and orientate its activities according to a more or less explicit definition of target market segments and regions, customer needs to be met, etc. In some businesses, this understanding will be cast into a "business-mission" statement defining, besides the market and the customer aspects already mentioned, the distinctive competence that is to be built, the social and environmental standards to be respected, and/or other factors according to the priorities of management and owners.

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#### Advantages



SWOT analysis serves to:

- ▶ SWOT is essentially only an analytical framework of the internal and external audit.
- ▶ SWOT serves to structure basic information on projects, organisations and institutions.
- ▶ SWOT facilitates a common understanding of the “reality” among different working areas within one organizations or between organisations and their clients, suppliers, peer groups, shareholders or superiors.
- ▶ SWOT helps to delineate strategic options.
- ▶ SWOT Analysis is a most effective and objective way to determine how capable a company /organisation is, when it comes to surviving ‘threats’ and capitalising on ‘opportunities’.
- ▶ SWOT can be used in a conference where the participants come from different locations and organizations.
- ▶ SWOT can be used in a community or community based organization where the participants are unpaid and whose membership is based on residence.
- ▶ SWOT can be used in an organization, such as an NGO, governmental department, or private firm, where the participants are paid staff.

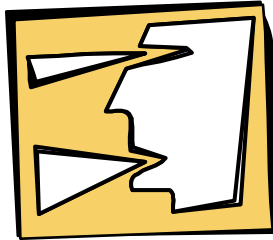
#### Limitations



- ▶ SWOT often only amounts to nothing more than a poorly structured, very general, hastily conducted exercise that produces unverified, vague and inconsistent inventories of factors regarded by the proposing individuals as most important components of their organization’s strategic situation.
- ▶ The way SWOT analysis is often conducted does not allow proper communication, discussion, and verification of all external and internal factors proposed by all involved.
- ▶ On such occasions, SWOT results prove a less reliable input to the strategy generation process than they are capable of being.
- ▶ Sometimes the results of SWOT analysis are going to be used as an input to the strategy generation process. If that is known, or anticipated, by those involved in SWOT analysis, the quality of their inputs will most likely suffer and be lower than otherwise possible, and desirable.
- ▶ SWOT can be a cause of what is considered an excessive formalization of the strategy making process.
- ▶ Simple frameworks such as SWOT cannot, of themselves, ensure the necessary rigour of strategic analysis.
- ▶ SWOT inventories are rarely modified for alternative strategy options.

# Strengths, Weaknesses, Opportunities & Threats (SWOT)

## Principles and General Procedures



As a first step a series of questions were used to guide the consultants in their deliberations.

- A. What is it that your business/organization does well? Why do your customers buy from you? What differentiates your business/organization in the market? What are the things that are going well for you? **[Strengths]**
- B. What are the areas of your business/organization that cause you concern? What areas or issues do you need to work on? What are the areas/things in your business that are not right or going well? What areas need improvement? **[Weaknesses]**
- C. What opportunities are available, which can be taken advantage of...both now and in the future? Are there new markets that could be tapped with your existing products and services? What opportunities exist to improve the way you perform your current activities, and what efficiencies could be gained? What are the new products and services that can be developed and added? What could you do, that you're not doing now? **[Opportunities]**
- D. Have there been any significant changes in the industry in which you operate? What are the issues your business/organization is facing that threaten business? Are there any, or do you anticipate new competitors in your market? **[Threats]**

The following broad definition of strengths, weaknesses, opportunities and threats were given as a guide for the consultants deliberations:

### Strengths are:

Internal (i.e. internal to the consultants) assets which can include such things as:

- ▶ know-how
- ▶ motivation
- ▶ technical skills
- ▶ business links

These internal strengths help to either exploit potentials and opportunities or they may be an asset to ward off threats and potential difficulties.

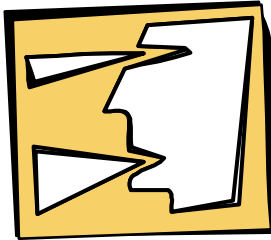
### Weaknesses are:

An internal condition which supports the reduction of the factors which erode the consultants competitive position in the consultancy industry or the weakness hampers the effective exploitation of the existing or future market opportunities. Weaknesses can include such things as:

- ▶ limited know-how
- ▶ insufficient skills and techniques
- ▶ poor information base about opportunities
- ▶ differing management and planning "culture"
- ▶ limited experience

### Strengths, Weaknesses, Opportunities & Threats (SWOT)

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#### Opportunities are:

Areas where one may enjoy a competitive advantage over other consultants. Opportunities and to some extent potentials are factors which the consultants must learn to exploit for their own or for the companies interests. While opportunities are external factors, the ability to exploit them is also based on the internal characteristics of the consultants. In other words, well qualified consultants are much more likely to be able to effectively make use of opportunities. Opportunities embrace such factors as:

- ▶ external circumstances, which are either dependent upon a given opportunity or they can be partly influenced by the consultant, who basically favours a development organization requesting the consultants services
- ▶ trends, attitudes and approaches will all affect the opportunities provided for consultants

#### Threats are:

factors which need not necessarily be seen only from the negative side, a threat can also be a challenge which may be posed by an unfavourable situation in the environment. What is important is that the threat requires some form of purposeful action, they can include:

- ▶ external circumstances which will unfavourably influence the consultants competence
- ▶ changing procedures/approaches of organizations which are unknown to consultants budget reductions by the consultancy companies and organizations

### Strengths, Weaknesses, Opportunities & Threats (SWOT)

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