

|   |                      | <b>Strengths</b>  |
|---|----------------------|---|
| <b>INTERNAL ENVIRONMENT</b><br>Areas or issues controlled by the organization | <b>Strengths</b>     | <p><i>Business units, functional areas and strategies that work or perform well</i></p> <p><i>Helpful technologies and innovations that the organization controls or owns</i></p> <p><i>Assets, cash, and other financial strengths</i></p> <p><i>Good reputation, brand, customer etc.</i></p>   |
|   | <b>Weaknesses</b>    | <p><i>Business units, functional areas and strategies that do not work well</i></p> <p><i>Poor profitability or cash flow, balance sheet problems</i></p> <p><i>Poor reputation, brand, customer service, etc</i></p>   |
| <b>EXTERNAL ENVIRONMENT</b><br>“the outside world”                            | <b>Opportunities</b> | <p>Buyers (increased purchases)</p> <p>Competitors (acquisition, exit from market, poor performance)</p> <p>Economy (growth, expansion)</p> <p>Government (favorable changes in taxation, industrial policy, philosophy)</p> <p>Industry lifecycle (growth and maturity stages)</p> <p>Information systems (application of technology)</p> <p>New markets (new buyers, different regions, etc.)</p> <p>New applications for existing products or services</p> <p>Suppliers (new or alternative sources, integration or acquisition)</p>                                     |
|   | <b>Threats</b>       | <p>Buyers (reduce purchases, switch to other sources)</p> <p>Competitors (Degree of rivalry, size of companies)</p> <p>Economy (contraction, recession)</p> <p>Government (Degree of industry control, philosophy)</p> <p>Legal (civil lawsuits, criminal charges, fines)</p> <p>New entrants (startups, acquisitions, spinoffs)</p> <p>Regulations (Current or potential)</p> <p>Societal issues (culture, religion, etc.)</p> <p>Substitute products or services</p> <p>Suppliers (Consolidation, scarcity of materials, integration with competitors or other firms)</p> |

Figure 1. Common issues in SWOT analysis.

|                      |               | INTERNAL ENVIRONMENT   |   |
|----------------------|---------------|--|---|
|                      |               | Strengths  | Weaknesses  |
| EXTERNAL ENVIRONMENT | Opportunities | Use strengths to pursue opportunities that fit corporate and business strategies | Correct or eliminate major weaknesses while pursuing opportunities that fit corporate and business strategies |
|                      | Threats       | Use strengths to counter important threats                                       | Defensive strategies to address important threats<br><br>Eliminate or reduce weaknesses                       |

Figure 2. Identification of generic strategies using SWOT analysis.

Note. From “SWOT Analysis”, retrieved on January 29, 2004 from <http://www.quickmba.com/strategy/swot/>

1. SWOT is a relatively simple tool when compared to other analytical techniques used in IS 7010. Use SWOT as a starting point, but avoid creating a complex SWOT analysis.
2. SWOT analysis is highly subjective. Make notes to remind yourself of important assumptions that you made.
3. Be realistic about the strengths and weaknesses of the organization.
4. Be realistic about possible opportunities and threats. Focus on issues that exist at casetime, and identify issues that managers should have anticipated at casetime.
5. SWOT analysis should focus on the condition of the organization at casetime. When you develop alternative strategies, it is helpful to create a new SWOT that describes where the organization *should* be after casetime.
6. Don't try to analyze the current condition of the organization. Use the material in the case, and don't update the information with the current condition of the organization.
7. Be specific when describing each strength, weakness, opportunity or threat.
8. Rank each issue relative to the organization's competitors.

Figure 3. Tips for SWOT analysis.

Note. From “SWOT Analysis”, retrieved on January 29, 2004 from [http://www.marketingteacher.com/Lessons/lesson\\_swot.htm](http://www.marketingteacher.com/Lessons/lesson_swot.htm)