

Swat and pest analysis

Business



Analyzing the Internal and External Environment of the Business

The decision problems faced by many firms in the business sector can be analyzed from one perspective. The general way of identifying the problems and proposed solutions is by analyzing the internal and external environment of the business to identify the strengths, weaknesses, opportunities, and threats faced by the company. The main strength faced by Sampson's family relating to Hugh's option is the expertise that Hugh is expected to have. The study indicates that Hugh has previously worked with different winemakers and undertaken different levels of trainings. The other strength faced by this option is the price superiority; the premium cider sells at a price higher than the regular cider.

The case studied also indicates that the set-up process for the new process, Hugh's option, would not be costly, in fact, it is just an enhancement of current production techniques. This indicates that the company would not need to engage in substantial capital expenditure. The last strength that would be faced by Hugh's option would be the ease of integration of the new process into already existing processes. As already mentioned, the old process would need a few changes to accommodate the new process, which would also improve the efficiency of the whole process. Because of the improvement, the company will get the wine breaking into the market at a lower price than it did before.

Despite the strengths mentioned above, the main weakness faced by the company in the consideration of Hugh's option is the current workers. The introduction to the case studied emphasized the fact that since the company is family owned, the relations between management and employees has been favorable, as evidenced by the reluctance of the employees to join <https://assignbuster.com/swat-pest-analysis/>

labor unions. However, the proposal by Hugh would drastically cut down the labor needed in the production process, a factor that might lead to worsening relationships with the employees. The other weakness of the proposed option is the source of financing, since it seems that the option would require outside financing. The use of outside financing would effectively mean the dilution of voting power in the company, which is through the introduction of new stakeholders. The company is strictly family-owned; therefore, the introduction of new owners is not advisable. The factors presented in the above strength and weakness analysis are the best for this case because they influence the most important factor. In an analysis of a business, it is imperative to identify the factors that influence the viability of the option, its sustainability, and its maintenance. The factors shown above indicate that the option presented by Hugh is viable and sustainable.

An analysis of the external environment of the company indicates that the cider market is slowly dying in the economy; therefore, the best way is to opt for wine production. The main opportunity in the production is the chance of maximizing the health benefits of cider, which would promote the health-driven consumer buying behavior. Another opportunity is the popularity of pubs as eateries, which can be used to display the use of cider as an accompaniment like wine. However, the cider market is faced by one main barrier; the perception that it is a cheap drink. This is one perception that would take a lot of time to be overcome.

The main threat faced by Sampson's in the provision of the Hugh option is the threat of competitors. There are four main competitors identified in the market for cider, and the company needs to find a strategy to make an entry

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into the market share. However, an analysis of the political environment of cider indicates that the policies that the government is embarking on might negatively affect sales. The underage drinking advertisements might reduce the sales of cider, since its sweet sales is usually associated with teenage drinking. The production of cider would also take into consideration environmental factors, since the product is mostly locally produced, and reduces the carbon footprint.

After an analysis of the factors presented above, it is evident that Hugh's option is viable and Sampson's should consider taking it as their new business venture. The main weakness faced by the company is the problem of the workers, but from an analysis of the opportunities available, it is evident that expansion is possible. This means that the company can retain the current number of employees by increasing the production capacity, a factor that would effectively eliminate the main weakness being faced. The company would then be able to participate in the production of Premium Cider, which is identified as the better option over the old production method.