

# [Swot analysis strategy](https://assignbuster.com/swot-analysis-strategy/)

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SWOT Analysis Number: Lecturer: SWOT Analysis in strategy SWOT analysis is a tool used in strategic management to understand thestrengths and weaknesses internally, and identify opportunities available and threats faced by a business entity. By analyzing strengths and weaknesses, a company will be able to formulate a strategy to distinguish itself from competition, hence competing successfully. On the other hand, uncovering opportunities will enable the business to exploit them fully while eliminating the threats from impacting on the operations. This analysis gives the strategic position of the business and the environment by identifying the strategies creating a firm specific business model that best aligns the organization’s resources and capabilities to the requirements of the environment in which it operates.   
The acronym SWOT stands for, as has been alluded, to strengths, weaknesses, opportunities and threats. Each of these has a strategic implication to the business, and proper analysis will show a true picture of the organization’s place in the business environment. Strengths and weaknesses are internal to the business entity directly controlled by it while opportunities and threats are external, and a company can only anticipate and react to the changes. As such, analysis is instrumental in strategy formulation and selection to pursue the optimum possible position.   
For success to be realized, strengths should be build upon, weaknesses rectified, opportunities exploited and protect against threats. Strategic planning is enhanced by SWOT analysis as it is a source of information for strategic planning to identify core competencies, and setting of objectives. From the knowledge of the past and present, the future can be comfortably planned (Pearce & Robinson, 2012). Let us consider each of the four substrata in the SWOT matrix.   
Strengths   
An organization’s strengths are either tangible or intangible qualities which enable it to accomplish its missions. They form the basis under which success can be laid and sustained. They include patents, brand names, good reputation, exclusive access to resources, technical know-how by employees, and distribution network. The firm must have distinct features giving it consistency. The employee expertise, process capabilities, finances, products/services with customer goodwill and brand loyalty form the foundation for the organization to thrive.   
Weaknesses   
These are qualities hindering the firm from achieving its mission and accomplishing optimum potential by hindering the organization’s success and growth. The absence of certain strengths can be viewed as weakness. Some of the things that form part of the weaknesses are the opposite of the items in strengths, making it not to react appropriately to the changing strategic environment. They include, but not limited to, depreciating machinery, narrow product range, poor decision-making process, and insufficient research and development facilities. Some other problems like high employee turnover, huge debts, raw materials wastage, and lack of proper and wide consultation in decision making. It is important to note that, a firm is able to control by making necessary changes when these weaknesses are identified by minimizing and eliminating where possible.   
  
Opportunities   
The environment under which the firm is operating portents opportunities for the it to grow and make profits. The firm should be able to identify these opportunities and benefit from them, to plan and execute strategies that lead to better profitability and to gain competitive advantage. The organization, apart from auditing the environment strategically for opportunities, it should be able to analyze how these opportunities present themselves and how to take advantage. With a great customer focus, opportunities rise from markets, competition, industry, government policy, and technology. The government can deregulate the business environment which can cause the ripple effect in technology advancement, and demand for previously prohibited goods and services. The organizations should be able to have the flexibility to react appropriately and make money, for example, regional trade blocs can be created or trade barriers loosened.   
Threats   
Threat result from the environment when, instead of favoring the business environment, it curtails by thinning revenue streams or regulating the environment. Threats jeopardize reliability and profitability and compound vulnerability if they can relate to the internal weakness of the organization. Threats are uncontrollable and can mean destabilizing and threatening the survival of the company. They include change in customer tastes, new regulations, and increase in trade barriers, new substitute products, employee unrest, technological changes, increased competition, price wars, and reducing industry profits (Pearce & Robinson, 2012).   
Works Cited   
Pearce, J., & Robinson, R. (2012). Strategic Management Planning for Domestic & Global Competition Pearce (13 ed.). New York: McGraw-Hill Higher Education.