

Importance of internal and external business analysis



Introduction

In the current business environment in which we do exist, there is need for one to be dynamic in order to survive. The business environments, both internal and external are changing fast and swiftly hence not giving chance to businesses and people who are static. Therefore, in order for one to progress in the current business environment, one needs to identify his or internal strengths and weaknesses (Guy, 2009). One also should be in a position to identify the possible opportunities and threats and be in a position to capitalize on these threats by the strengths and weaknesses at hand.

Knowledge of Strategy and Economics

“ Strategy is the direction and scope of an organization over the long term: which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations” (Guy, 2009). As the business environment becomes more difficult and competitive, there is need for companies and individuals to have strategies to aide them sail through.

“ A prescriptive strategy is one whose objective is defined in progress and whose main elements have been developed before the strategy commences.” (Skinner and Skinner, 2008). “ An emergent strategy is one whose final objective is undecided and whose elements are developed during the course of its life, as the strategy proceeds.” (Abrahams, 2003). From the definations above, it could be seen that a prescriptive strategy provides clear set goals for a business. The prescriptive strategy would not be a good

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strategy for the agent as the business environment is changing. The emergent strategies would be most appropriate as, “ Emergent strategy increases flexibility in a chaotic environment, allowing the business to respond to pressure and develop opportunities” (Cadle, Paul and Yeates, 2010).

In a business environment that is constantly changing, forces of supply and demand constantly affecting the market hence price volatility. There are also imperfect market conditions meaning businesses could make either profits or losses depending on the sway of the market ((Cadle, Paul and Yeates, 2010). Agents should have good knowledge of this to allow the business to always be on the gaining side.

Changing business Environment

A changing business environment is expected for businesses that rely mostly on technologies and forces of demand and supply. The above-mentioned factors are not the only factors that lead to changes in business environment but there exist other factors. As an agent, one should have knowledge of these key factors, including globalization, rising incomes, rapidly changing technology, changing economic structure, e-commerce and skill requirement.

The understanding of the business environment is a key aspect for any agent who would want to penetrate the business world. The above factors vary greatly thereby affecting the business environment accordingly. The agent should therefore use emergent strategies that enable a person to adapt in any changes in the external and internal environment. Changes in the price
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levels and changes in technology levels greatly affect the business plans and strategies. Agents should keep in mind such changes and be in a position to predict their changes in order to make appropriate strategies in the given industries.

Strengths and Weaknesses

Strengths of a person can either be analyzed as personal and professional. Professional strengths are those acquired through learning and experience thereby depend on the exposure of the agent. Personal Strengths are those acquired through the environment one has been brought up in hence are the characteristics of the agents. As an agent, the possession of various language skills enables one to be in a better position to communicate and express ideas better (Kaplan and Norton, 2001). As I possess knowledge in only one language, that creates a weakness that should be eliminated. My knowledge in numeracy skills gives me an advantage in the industry as I am in a position to interpret and predict key important factors in the business environment. The possession of moderate IT skills is both a strength and a weakness as I am not fully knowledgeable in the area but at least literate.

Personal traits are also a key factor in the determining ones strengths and weakness. My interpersonal skills and self-organization increase my chances of associating well with the outside world. Time management is key of them all; this will enable me to strategies well and be in a position to predict the future in a right manner. A weakness exists in my risk taking ability therefore the need to avoid risk or learn on the best way to take risks.

Connecting to the Environment

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Strengths could be seen as Numeracy skills, self-organization, time management and interpersonal skills. Weaknesses include risk taking ability, language and IT skills. Opportunities include changes in the price levels and changes in consumer preferences. Threats include globalization, experienced agents and rising in incomes causing inflation. With these in mind, I would opt for a job as a manager who would thrive to chief executive officer in time.

Training in Information Technology and language skills will be of utmost importance. Communications skills will increase my employment base from local to international. Currently, with enough capital, the best business to set is the banking business. With increased rate of credit and reduced use of paper money, banking industry tends to be more profitable, (Abrahams, 2003). The best partners would be good financiers and people who have special skills in the industry. I would pick them from all over but the first place to start would be from my friend list, as I know them better.

Conclusion

Analyzing of one's strengths and weaknesses allows one to be in a position to capitalize on the opportunities and the threats available. Business Environment are known to change frequently due to various factors such as price and technology changes. Therefore, one should be able to choose the best strategy to implement in such a scenario. Emergent strategies are those strategies that can be manipulated with time unlike the prescriptive strategies that are set before the implementation process. For business that are changing, agents are advised to always update their education

background and strategies in order to always fit whenever the turn the business may take.

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