The disadvantages of using swot analysi

Finance, Financial Analysis

Other Planning Methods Perhaps one of the biggest disadvantages of using a SOOT analysis comes when the organization makes the decision, whether conscious or not, to only rely on the analysis for planning. While it may generate some useful information, other planning methods and tools are useful in helping an organization achieve its mission. The list of items generated by this analysis provides information or items it needs to look into deeper using other tools such as statistical surveys, focus groups or even employing a test-market strategy for a new product or service.

SOOT analysis should help management begin to think about the organization and its future, instead of ending any other planning efforts. Large or Heterogeneous Groups This type of analysis requires a considerable amount of time and energy when used in a large organization or in a small business that is heterogeneous, since an attempt at Just agreeing on the common mission may result in fighting among the different members of the group. While identifying a common mission helps give direction to its activities, SOOT analysis will not provide any results if the members cannot agree.

Related Reading: Comparison of SOOT Analysis With Portfolio Analysis Weighting Items SOOT analysis generates lists of strengths, weaknesses, opportunities and threats acing the organization. While these lists provide items to consider, the list may get used incorrectly. The items do not carry certain weight or points that represent how significant each item is to the organization. Members may conclude that a shorter list of threats versus a longer list of strengths means the organization is doing well, when in fact the threats are more significant than its strengths.

List Blindness This analysis allows an organization to generate lists of items concerning the group, but the lists alone do not help it realize itsgoals. Some organizations, however, stop after making the lists, thinking the planning process has been completed. The organization needs to move beyond the SOOT analysis lists and discuss what activities would help it achieve its objectives. The lists may help in identifying activities that manage risks and take advantage of the organization's assets. REF: http://smelliness's. Chronic. Com/disadvantages-using-soot-analysis-17835. HTML The Disadvantages of Using a PESTLE Analysis Written by Praying Gain PESTLE analysis studies external factors affecting a company. PESTLE stands for " political, economic, social, technological, legal and environmental" analysis. This The Disadvantages of Using SOOT Analysis By keelhaulsenvironment. Management uses this model to understand prevailing conditions and prepare itself for the future. This model gives the company an edge over its competitors. Though this is a helpful model, it does have certain flaws. Constant Reviewing External factors change rapidly.

This acts as a main deterrent to the PESTLE analysis. Management needs to keep reviewing and revising the study on a constant basis. For example, the government may increase taxes. These taxes have a bearing on the profitability scenario of the company. The analyst provides recommendations to help the company prepare itself. Then, within the next month, the government may extend a subsidy to the company. The subsidy impacts the company's position positively. For the analysis to be successful and correct, management needs to keep reviewing the results of the model.

It should consider the effects of both the taxes and the subsidies. Numerous People Needed Another disadvantage of the PESTLE analysis is that it requires numerous people to be involved in the study. Knowledge from different domains is needed for the results to be accurate. Also, different people have the tendency to view a scenario differently; the PESTLE analysis needs varied perspectives and points of view. The company needs to bear the costs of salaries of all the individuals involved in the analysis.

The services of these employees could have been used for other Jobs in the company. Need for Resources Gaining access to external data often involves a cumbersome process. The company needs to spend a lot of time and effort in obtaining data from external resources. The company may not be able to get full details of its competitors' policies, practices and traceries. If the company needs to comprehend its customers' tastes and preferences, it needs to spend time andmoneyresearching. The results of the research must be incorporated with the final product.

Subjective Analysis The results of the PESTLE analysis are likely to be influenced by the opinions and personal Judgment of the person carrying out the evaluation. The results are highly subjective, and the interpretations vary from individual to individual. The company suffers huge losses if the study results are misinterpreted. REF: http:// www. Owe. Co. K/info_8468735_disadvantages-using-pestle-analysis. HTML This technique has disadvantages too: Some users over simplify the amount of data used for decisions - it is easy to use scant data.

To be effective this process needs to be undertaken on a regular basis. The best reviews require different people being involved each having a different perspective. Access to quality external data sources, this can be time consuming and costly. The pace of change makes it increasingly difficult to anticipate developments that may affect an organization in the future. The risk of capturing too much data is hat it may make it difficult to see the wood for the trees and lead to 'paralysis by analysis'. The data used in the analysis may be based on assumptions that subsequently prove to be unfounded (good and bad).

DO get other people involved. DO exploit any expertise and resources that are already available within the organization. DO use PESTLE analysis in conjunction with other techniques, such as SOOT analysis, PRIMP-F analysis (see our SOOT analysis facets linked to above for more information), Porter's five forces (see Useful links and Further reading below), competitor analysis or scenario planning etc. DO incorporate your analysis within an ongoing process for monitoring changes in the business environment. DON'T try to do this on your own.

DON'T Jump to conclusions about the future based on the past or the present. DON'T get bogged down in collecting vast amounts of detailed information without analyzing your findings appropriately. REF: http://imaginativeness. Bloodspot. Co. UK/ 2008/08/pestle-analysis. HTML Barriers to Effective Scanning There are several reasons why environmental scanning may not be effective in an organization. The sheer volume of

information may be overwhelming, resulting in an information overload in which important pieces of information may be over-looked or missed.

There are also many sources of information that scanners may not be aware of, and so they may miss potentially important information. Navigating the ocean of existing information is also difficult because of the sometime lack of organization and completeness of that which is presented. Even in the best of circumstances, information may no longer be timely by the time scanners are able to locate it. This is particularly true of rapidly changing markets that are influenced bytechnologyor ejaculatory changes.

There are also problems with environmental scanning related to interpretation of the information that has been gathered. Determination of relevance, familiarity with the topic and information sources, language usage, time limitations, and accuracy of information all play a role in the analysis process. In addition, an overemphasis on scanning could have negative effects on an organization. This could be due to the focus on a defensive strategy to external forces rather than a continuation of process improvement and growth within the organization.

Environmental scanning offers many advantages for modern organizations. It contributes to an organization's transformation into a learning organization, one that continually seeks new information that may change its overall position in the marketplace. Environmental scanning also assists in the development of strategic plans and policies, the assessment of new information, and the adjustment of internal operations to meet new challenges as they arise. It can identify an organization's unique strengths,

find weaknesses in its competitors, and identify new arrests, prospective

customers, and emerging technologies.