

Introduction: SWOT analysis

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"The SWOT analysis is a tool of the strategic management for companies or products"

Outline:

With the SWOT analysis, a strength-weakness and opportunity-threat analysis has to be practiced. In addition to that, you can derive a strategy for the further evolution of the company.

The strength-weakness analysis refers to the company itself (internal), while the opportunity-threat analysis explores the influence of external factors on the company. The strengths and weaknesses are relative factors and get convincing in comparison with competitors.

The SWOT analysis is used as a planning instrument in miscellaneous companies. For example for the question: Adequate location for a company? (new branch office)

Usage:

Step 1: Strengths and Weaknesses

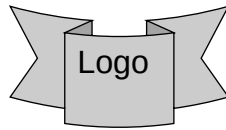
The worksheet *SW_analysis* deals with the internal factors of the company. Often a prior identification of critical success factors is helpful. In relation to these factors, all strengths and weaknesses can be reviewed next. Attention should be paid to the fact that all identified strengths and weaknesses are relative. Compared to competition or industry standards, the diagnostic value of strengths and weaknesses become more important. The list of criteria should serve as support for the analysis.

Step 2: Opportunities and Threats

The worksheet *OT_analysis* deals with the opportunities and threats, which are the result for a company of trends and changes in its environment. The list of criteria should again serve as support for the analysis.

Step 3: SWOT analysis

The result of the previous steps are automatically combined in the worksheet *SWOT*. Now, the company should be able to evaluate how it is possible to respond with its given resources to the expected external changes. Finally, a strategy for the further corporate development must be derived.



Strength-weakness analysis

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Strengths		Weaknesses	
1.		1.	
2.		2.	
3.		3.	
4.		4.	
5.		5.	

1. General company characteristics

- volume
- success (profitability, return on sale, profit ...)
- market shares
- cash flow
- stuff / employees
- locations
- legal structure

2. Offer potential (products and services)

- product quality (life cycle, durability ...)
- product performance
- product design
- range of products
- product age (life cycle phase of products)

3. Distribution

- sales organization
- selling capacity
- marketing channels
- readiness for delivery / delivery power
- logistics
- location
- warehousing
- transportation and shipping

4. Market communication

- advertising
- presentations on fairs
- public relations (PR)
- merchandising
- online communication
- image

5. Price and conditions

- price implementation potential
- pricing policy
- rebate system, special terms
- terms & conditions
- extent of additional services

6. Politic functional potential

- technical service
- warranties
- maintenance / service
- installation
- training
- financing offer
- technical documents / documentation / instruction manual

7. Production and manufacturing

- production type (jobbing production, batch/serial production, bulk production)
- manufacturing technology
- flexibility
- manufacturing capacity
- degree of utilization
- efficiency
- vertical integration
- locations

8. R&D - potential

- total investments - R&D
- R&D know how
- equipping
- patents and licences
- access to external R&D sources / cooperation
- number of new product introductions

9. Procurement

- accession to raw materials, semi-finished products, finished products
- efficiency of suppliers
- subscription price
- delivery time
- quality
- reliability
- number of suppliers / resuppliers
- security of supply
- disposal system & order system
- warehousing system
- dependency on suppliers

10. Finances

- equity capital
- debt capital
- costs of debt capital
- access to additional capital
- liquidity
- financial reserves

11. Human resources

- qualification

- expert knowledge
- motivation (working atmosphere, enthusiasms ...)
- payment system
- social benefits
- age structure
- fluctuation / turnover of staff
- leadership

12. Cost structure

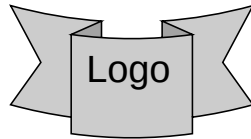
- wages and salaries
- raw material / pre-products
- power / energy
- depreciation of buildings and equipment
- costs of capital
- taxes / duties
- system of cost and activity accounting
- control system

13. Management and organization

- organization structure
- management style
- planning instrument
- instruments to control and lead

14. Information management

- state of the office communication
- state of the production control (CIM)
- degree of integration of internal information
- market research
- productivity of accounting and controlling



Opportunities-threats analysis

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Opportunities

1.	
2.	
3.	
4.	
5.	

Threats

1.	
2.	
3.	
4.	
5.	

A) Market and competition (branch)

1. Market structures

- entry barrier
- exit barrier
- structure and strenghts of customers
- structure and strenghts of the competition

2. Market potential / market volume

- number of potential outlets
- market growth
- market saturation
- investment behavior / consumer behavior
- available investment funds / available income
- demographic development

3. Customer demographics and customer demands

- customer demographics (dimension, branch ...)
- buyer power
- customer requirements

4. Business competition

- number of competitors
- structure of competitors (dimension, ...)
- market shares of competitors
- strategies / activities of competitors

- stability of the competitive structure der Wettbewerbsstruktur
- rules of the branch

B) Context and general basic framework

1. Statutory / state framework

- tax law
- environmental legislation
- competition law
- subsidies / promotion policy
- placing of a public order
- social legislation
- labour law
- import restrictions / export restrictions
- technical regulations / standards
- economic policy
- political stability

2. Social frameworks

- attitude / moral concept
- mentality
- leisure behavior

3. Ecological frameworks

- air pollution control
- water pollution control
- ground
- garbage collection / prevention

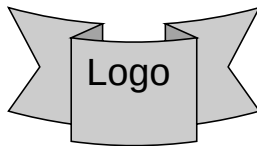
- rational use of energy
- rational ruse of raw material

4. technological / technical devolopment

- new product technology
- new manufacturing technology
- new materials
- substitution technology
- complementary technology

5. other (economic) frameworks

- economic situation
- inflation
- monetary stability
- balance of payments
- labor market situation
- availability of raw materials and energy
- climate



SWOT analysis

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Strengths

1.	
2.	
3.	
4.	
5.	

Weaknesses

1.	
2.	
3.	
4.	
5.	

external analysis

Opportunities

1.	
2.	
3.	
4.	
5.	

S-O strategies

W-O strategies

Threats

1.	
2.	
3.	
4.	
5.	

S-T strategies

W-T strategies

_ Is the current strategy appropriate and sufficient to respond to the expected changes?
 _ Use the opportunities or minimize the risks – which strengths do we need to expand? Which weaknesses do we have to work on?
 _ Do the existing strengths and core competencies go along with the world of tomorrow?
 _ Can today's strengths become weaknesses of tomorrow if we do not develop them further?

_ In terms of changes: How can we exploit our strengths best?
 _ Based on our specific competences, how can we respond better than the competition to external changes?
 _ What in particular can we improve?
 _ Can thereof competencies / business areas / service ranges be derived?