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Rediscovering SWOT Analysis: The Extended Version

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1.0 INTRODUCTION

SWOT analysis was developed to help companies define their strategies in the context of the ever emerging and competitive business environments. This decision-making tool owes its name to the fact that it examines the strengths and weaknesses within the firm, as well as the opportunities and threats of the external market. According to Meyer (2003), the SWOT analysis suggests that a sound strategy should match the firm's strengths(S) and weaknesses (W) to the opportunities (O) and threats (T) encountered in the firm's environment. It is meant to spark strategic insight and distil fragmentary facts and figures into coherent backdrops for strategic planning (Mintzberg, 1994).

2.0 HISTORY OF THE SWOT TOOL

SWOT analysis is intended to yield strategic insights however; there are numerous contradictory views on the origin of this useful tool to business practice. The origin is credited to Albert Humphrey, who led a research project at Stanford University in the 1960s and 1970s using data from many top companies to manage change and find out why company planning failed. Humphrey and his research team known as the Team Action Model (TAM) identified a number of key areas and the tool used to explore each of these critical areas was called **SOFT analysis**. They used the categories "What is good in the present is **S**atisfactory, good in the future is an **O**pportunity; bad in the present is a **F**ault and bad in the future is a **T**hreat."

When Humphrey's research work was presented to Urick and Orr in 1964 at a Seminar in Long Range Planning at the Dolder Grand in Zurich, Switzerland, they changed the **F** to a **W** and called it SWOT Analysis. Urick and Orr then promoted SWOT in Britain. What was necessary was the sorting of the six issues advocated by Humphrey into the programme planning categories of Product (what are we selling?); Process (how are we selling it?); Customer (to whom are we selling it?); Distribution (how does it reach them?); Finance (what are the prices, costs and investments?); and Administration (and how do we manage all this?). These issues make organizations more quantifiable and measurable, responsible teams more accountable and business activities more manageable. The other pivotal part in the process is achieving the commitment from the team(s) involved, which is partly explained in the item summarizing Humphrey's TAM® model and process.

SWOT analysis works best when part of an overall strategy or in a given situation. As far as identifying actions from SWOT issues is concerned, it very much depends on one's reasons and aims for using it, and also one's authority to manage others, whom by implication of SWOT's breadth and depth, is likely to be involved in the agreement and delivery of actions. SWOT is also credited to two Harvard Business School Policy Unit professors – George Albert Smith Jr and C Roland Christiensen during the early 1950s. Kings (2004) also cites Haberberg (2000) as stating that SWOT was a concept used by Harvard academics in the 1960s, and Turner (2002) attributing SWOT to Ansoff (1987), of Ansoff's

Matrix fame. Meanwhile, numerous research works have indicated that SWOT has no documented epistemology. By 2004, SWOT has been fully developed, and proven to cope with today's problems of setting and agreeing realistic annual objectives without depending on outside consultants or expensive staff resources.

3.0 REVIEW OF RELATED LITERATURE ON THE SWOT ANALYSIS

Humphrey's proposed framework was based on the premise that the final strategy adopted by a company should achieve a 'fit' between its internal capabilities (strengths and weaknesses) and the external situation (opportunities and threats). SWOT analysis involves undertaking an analysis of the external environment within which the firm operates and an objective appraisal of the organization's current position. The tool provides a good framework for reviewing strategy, position and direction of a company or product. It is a traditional means of searching for insights into ways of realizing the desired alignment (e.g., Ansoff 1965; Andrews 1987; Porter 1991; Mintzberg, Ahlstrand, & Lampel 1998). SWOT is promoted as a useful technique in many texts; however, it is not universally praised. Some prefer to think of SWOT as a "Significant Waste of Time" (Hill & Westbrook, 1997). In addition, people who use SWOT might conclude that they have done an adequate job of planning, and ignore such sensible issues as defining the firm's objectives or calculating Return on Investment for alternate strategies. SWOT should be used in the context of the organization, its goals and market place. However, traditional procedures consist of questions devoid of explicit theoretical underpinnings, (Valentin, 1998; Thompson & Strickland 1998; McDonald, 1999; Kotler, 2000).

Menon, Bharadwaj, Adidam and Edison (1999) in their findings showed that the use of this framework harmed performance. When Hill and Westbrook (1997) examined the use of it by 20 companies in the UK in 1993-94, they concluded that the process was so flawed that it was time for "product recall." Information derived from the SWOT analysis is used to develop specific strategies to exploit environmental opportunities and organizational strengths, neutralise environmental threats, and overcome organizational weaknesses. Some experts suggest that one must first consider outlining the external opportunities and threats before the strengths and weaknesses as the latter are controllable.

As Koch (2004) cited, he recognized that a series of SWOT/TOWS analyses had the advantages of a single arbitrary matrix. Wheelen and Hunger (1998) used SWOT to look for gaps and matches between competences and resources and the business environment. Dealtry (1992) considered SWOT in terms of groups and vectors with common themes and interactions. Shinno, Youshioka and Hachiga (2006) amalgamated SWOT analysis with an Analytic Hierarchy Process (AHP) that ranked and prioritized each element using software. Shinno *et al*., (2006) do not really deal with the obvious limitations of SWOT. Valentin (2001) also looked at SWOT from a resource-based view. Panagiotou (2003) also introduced a TELESCOPIC OBSERVATIONS strategic framework that maps strengths, weaknesses, opportunities and threats against his suggested acronym. T stood for technological advancements; E stood for economic considerations; L for legal requirements etc. Panagiotou's work does not only recognize the difficulty in finding the origins of SWOT, but also manages to identify some interesting alternatives. This paper also looks at the marketing and strategic choices based view of the SWOT analysis.

SWOT offers powerful insights into the potential and critical issues affecting any business into future decision-making. Some existing literature on SWOT makes the technique look too simple by just identifying favourable and unfavourable internal and external variables. It fails to share light on how the variables are to be identified or classified correctly but are usually fortified with checklist that determine innumerable factors that might affect a business. Others also see it as including checklists intended to facilitate SWOTs and their strategic implications. They explain how the strengths may be leveraged to realize the opportunities and how weaknesses, which exacerbate threats or impede progress, may be overcome (e.g., Hofer & Schendel, 1978; Schnaars, 1998; Thompson & Strickland, 1998; McDonald, 1999; Kotler, 2000).

Valentin (2001) provided a conceptual foundation of a better approach to the SWOT analysis called the Resourced-based SWOT analysis. His model focuses on systematic causal issues that afford more perceptive, reliable, and actionable insights. It is grounded in contemporary strategic management and marketing theory, especially the resource-based view of the firm (e.g. Harper, 2010; Werner, 1984; Conner, 2001; Amit & Schoemaker, 1993; Peteraf, 1993; Hunt, 2000). The resource-based SWOT draws notably from two complementary frameworks, Porter's (1980) acclaimed competitive forces model, and Brandenburger and Nalebuff's (1996) value net. Valentin (2001) further argues that every firm is a unique bundle of resources that determines which external circumstances afford opportunities and which poses threats. Comparative advantages and disadvantages in resources are tantamount to strengths and weaknesses that engender cost and differentiation advantages in competitive product markets (Day & Wensley, 1988; Porter, 1980, 1991; Hunt, 2000). Resources are building blocks of capabilities (Amit and Schoemaker, 1993; Hunt, 2000), but rigid distinctions between resources and capabilities need not be drawn (Conner, 1991; Patterson, 2008; Barney & Hesterly, 2010). Resources and capabilities may be relatively mobile or immobile assets, depending on how readily they can be exchanged or deployed or in terms of their legal and economic bonds to an organization. Critical resources may also include tangible and intangible variables such as financial, intellectual, legal, human, organizational, informational, relational and reputational.

SWOT seemingly entices analysts to limit their work to determine and examine the variables that distinguish one business from the other. Consequently, traditional SWOT analysis often yield only shallow extemporaneous inventories that are as likely to detract from critical issues, themes, and thrusts as illuminate them (Hill & Westbrook, 1997; McDonald, 1999). Cole (1997) also argues that SWOT analysis can be applied to various business levels but its application will depend partly on where the organization lies in its life cycle. Situation assessment is apt to be more illuminating when emphasis is shifted from categorizing to gaining systemic understanding. Yet, taxonomic SWOT analysis will prevail as long as it is mistakenly deemed the essence of situation assessment. The use of SWOT is highly subjective; meanwhile variables are listed as if all are equally important. There are several ways of graphically representing SWOT on a matrix and Figure 1 shows a version.

=PLACE FIGURE 1 HERE=

While at first glance this looks like a simple model and easy to apply, to do a meaningful SWOT analysis requires adequate time, team effort and some significant resources.

4.0 MARKETING AND STRATEGIC CHOICES OF USING THE SWOT ANALYSIS

Kotler and Armstrong (2010), argue that managing the marketing function begins with a complete analysis of the company's situation. The marketer must therefore conduct a SWOT analysis to match the company's strengths to attractive opportunities in the environment, while eliminating or overcoming the weaknesses and minimizing the threats. Kotler and Keller (2009) also posit that good marketing is the art of finding, developing, and profiting from monitoring all the key macroenvironment forces or factors and significant microenvironment factors that affect the company's ability to earn higher profits. When used in a business context, the SWOT analysis helps you to carve a sustainable niche in your market.

However, Kotler (2000) provided a checklist for evaluating strengths and weaknesses in terms of various performance dimensions exemplified by market share. Empirical studies have revealed correlations between market share and profitability (e.g., Buzzell, Gale, & Sultan, 1975; Jacobson & Aaker, 1985). However, doing so diverts attention from causal details that determine whether market-share leadership is relevant and sustainable. Moreover, organizations differ in their capabilities to resolve to shape their environments to their advantage. Substitutes can be found for almost any product, but the performance in terms of its application and benefits or price gap may be vast. Product choices reflect customer's aim to realize desirable consequences and avoid undesirable consequences (Peter & Oslon, 1996). The maximum profit a product can yield is the difference between its customer value and its cost. Ideally, customer value evaluations are based on performance or benefit dimensions. Potential effects on customer value are assessed largely by applying buyer behaviour theory and insights from studies of technology diffusion through market research.

Strategic implications are interactive and must therefore determine strategic significance. Obviously, it will be naive for anybody to create a strategy for achieving a goal without taking into account the organization's strengths and weaknesses as well as the competitive environment (Linn, 2008). An effective conducted SWOT analysis should clarify ways in which the organization can achieve sustainable competitive advantage and what critical success factors are necessary to achieve it. Strategic thinking is a readiness for action based on market realities, organizational competencies and brand equities.

In our practice as marketers and lecturers, and having carefully reviewed so many articles, papers and books, we are of the view that the strengths and weaknesses of the SWOT analysis captures;

- the elements of the marketing mix
- the concept of the value chain, and
- Porter's generic strategies.

The opportunities also capture

- Ansoff's growth strategies,
- the marketing mix, and
- Porter's generic strategies, and

The threats column also captures the

- PESTEL and
- Porter's five forces models.

Figure 2 shows the proposed diagrammatic conceptual framework of the SWOT analysis and their marketing and strategic choices available to planners.

=PLACE FIGURE 2 HERE=

Figure 2 shows that the internal strengths and weaknesses, compared to the external opportunities and threats, can offer additional insights into the potential of the business. Strengths and opportunities offer positive variables whereas the weaknesses and threats offer negative or have the potential to be negative. This proposed framework is explained below.

4.1 STRENGTHS AND WEAKNESSES

These internal examinations focus on the organization's past performance, present strategy, resources and capabilities. It is based on an analysis of facts and assumptions about the company as it captures the elements of the marketing mix, the value chain concept, and Porter's generic strategies.

4.1.1 The Marketing Mix

The mix is the set of controllable marketing tools firms use to implement its marketing strategy in their offerings to satisfy a target group. Originally, the 4Ps were meant for products whereas the additional three of people, process and physical evidence have been for services however, they now capture a firm's entire offerings. Any or all of the mix could serve as both strengths and/or weaknesses of any organization.

Product is a good or service for the target's needs offered by the organization (Perreault, Cannon and McCarthy, 2009). It is what an organization makes or does; its core business or service. It captures variables such as quality, variety, features, brand name, services, warranties etc. Products could be either a strength or weakness depending on their application, performance, benefits, and perceived value.

Price is what an organization charges for its market offerings including the goodwill element in the valuation of its corporate/product brands. A product is only worth what customers are prepared to pay for. Price should be competitive and not necessarily cheap. Price is the only element that generates revenue for the organization and as such setting a good price offers an advantage and vice versa.

Place captures distribution channels, company's relationships with distributors and any tangible commodities that facilitate performance and communication of the product/service. The place is concerned with all the decisions involved in getting the 'right' product to the target market's place, and captures variables such as coverage, transport, channels, locations and accessibility. Access to market offerings serves as strength and vice versa.

Promotion is a way a company communicates what it does and what it can offer customers. It must gain attention, be appealing and consistent with its message and must give the customer a reason to choose the organization's product. It includes all of the tools available to the marketer for total corporate and marketing communication, and should highlight benefits and not features of the product or services. A website and other variables such as advertising, sales promotion, personal selling, public relations, and direct marketing are vital as a wrong choice of any variable may be damaging and vice versa.

People are the life-blood of an organization's identity and they play a crucial role in product and service quality and delivery. They must be appropriately trained, well motivated and must have the right attitude, as they influence the level of quality. Expertise of employees serves as strengths and vice versa for any organization.

Physical Evidence is a tangible clue that consumers might receive during the process of receiving the service. Since there are no physical attributes to a service, a consumer tends to rely on material cues such as clean reception area, quality service delivery, etc.

Process is the means by which a service is delivered to customers. Inseparability of service and auxiliary aspect of service are important competitive tools in differentiating the service from competitors. Customers are interested in operational systems – minimum waiting times, helpful staff, quick response to complaints, and an operational website.

Philosophy is what the organization stands for, and how it undertakes its operations. It addresses issues of organizational culture and a mix of subcultures within the organization. A positive organizational culture enhances creativity and vice versa.

The analysis may sound simple but it is a lot of hard work. The choice of any wrong element could spell disaster. Some or all of the elements of the marketing mix could be the organization's strengths (right choices) or weaknesses (wrong choices). It is therefore essential that the organization review its marketing mix regularly to adapt to changing competitive environment.

4.1.2 The Value Chain Concept

Another technique for assessing a firm's strengths and weaknesses is Porter's value chain concept. He explains the concept as the breakdown of the firm into its important activities – production, marketing, human resources management etc – to enable its strategists to identify its competitive advantages and disadvantages. Each primary and support activity can be the source of an organizational strength (distinctive competence) or weakness. He suggested that activities within the organization should add value to the services/products that it offers to gain any real competitive advantage. The value obtained should exceed the costs of running them, for which he stressed that the organization should carry out value-creating activities to design, produce, market, deliver and support the firm's offerings. He further posits that a company's value chain is only as strong as its weakest link as it analyzes the links and information flows within the chain and reveals the strengths and weaknesses in the process.

The model identifies nine strategically appropriate activities – five primary and four support activities that create value and cost in a specific business. The primary activities are inbound logistics; operations; outbound logistics; marketing them, which includes sales; and servicing them. The support activities – procurement, technology development, human resource management, and firm infrastructure – are handled in specialized departments. The firm's infrastructure covers the costs of general management, planning, finance, accounting, legal, and government affairs. The firm must examine its costs and performance in each value-creating activity and look for ways to improve it, and determine if a product meets market requirements with regard to quality, price, design, speed of delivery, and competitiveness. Poor analysis of this concept will result to organizational weaknesses.

4.1.3 Porter's Generic Strategies

Porter has also argued that in order for an organization to examine its competitive capability in the marketplace, it must choose between three generic strategies:

- Cost leadership – becoming the lowest-cost producer in the market
- Differentiation – offering something different, unique, extra, or special
- Focus – achieving dominance in a niche market.

The adoption of any of these generic strategies could serve as a strength or weakness depending on its relevant application to business operations.

The implications are that the strengths and weaknesses of any organization revolve around the right/wrong selection and application of these concepts (marketing mix, value chain, and the generic strategies) to business practice.

4.2 OPPORTUNITIES

4.2.1 The Marketing Mix

As earlier discussed, the relevant application of these tools offers opportunities for the organization to gain competitive advantage(s). A thorough marketing analysis, planning, implementation and control would help marketers to spot opportunities in the marketing environment.

4.2.2 Ansoff's Growth Matrix

Ansoff's matrix is perhaps the most quoted model in marketing and strategy theory and practice. He claims that marketers have two objectives revolving around products (old or new) and markets (old or new). The model helps companies to decide what course of action to take to enhance current performance, and further suggests that a business' attempt to grow depends on whether it markets ***new or existing*** products in ***new or existing markets*****.** The output from the model is a series of suggested growth strategies that set the direction for the business strategy. Thus, marketers have:

- *existing products* which they can sell to *existing markets* (Market Penetration)
- *existing products* which they can sell to *new markets* (Market Development)
- *new products* which they can sell to *existing markets* (Product Development)
- *new products* which they can sell to *new markets* (Diversifications)

Figure 3 shows the suggested growth strategies available to marketers and strategists as they consider ways to grow the business via existing or new products, in existing or new markets.

=PLACE FIGURE 3 HERE=

Market Penetration

This strategy requires increasing existing product market share in existing markets. It is appropriate when a market is growing and not yet saturated. Penetration can be achieved by attracting non-users of a product or increasing the usage, or purchasing rate, of existing customers. It is implemented by increasing activity on any of the marketing mix elements using more intensive distribution outlets, aggressive promotion, pricing, etc. This is the least risky way for a company to grow.

Market Development

This strategy requires the identification of new customers for existing products or when a businesses wish to expand. It can also occur when a new use has been discovered for an existing product. Its implementation involves appealing to market sectors not currently catered for repositioning of products or new distribution methods or channels.

Product Development

This requires developing new products for existing customers or markets. Promotional aspects emphasize the added qualities of the "new" product and link it specifically to the security of, and confidence in, the brand. It builds on customer loyalty and customer benefits. New product development can be a crucial business development strategy for firms to stay competitive.

Diversification

This strategy requires new products to be produced for new markets. It means catering for market sectors that are also new to the firm. Firms can diversify by producing their own new products or by taking over some other product. In the latter case, there are two main types of diversification – integration (which may be vertical or horizontal) or conglomeration. Vertical integration involves the acquisition of some other enterprise in the chain of distribution between the manufacturer and the customer. It can be either "forward", i.e. towards the customer, or "backward" towards the source of raw material. Horizontal integration is the acquisition of another organization that has a feature that is desired. Conglomeration moves the firm into an entirely new area in order to satisfy a primary objective.

The work of Ansoff (1965) suggests that strategies involving the development of new products or technological processes and/or those aimed at the satisfaction of new needs and markets are more risk-taking than the others are, so the strategy of market penetration becomes the safest option as compared to diversification, the most risk-taking alternative.

Ansoff's model is extremely useful in deciding which strategy to adopt in any given set of circumstances; however, it fails to consider any environmental factors, inhibits planners' creativity, and it does not give any room for judgment on profitability. Marketers need to consider all influencing factors when selecting any strategy.

4.2.3 Porter's Generic Strategies

As earlier discussed, Porter has argued that in order for an organization to examine its competitive capability in the marketplace, it must choose between three generic strategies; Cost leadership, Differentiation, and/or Focus. The adoption of any generic strategy could serve as an opportunity or threat for the organization depending on its application to business practice.

4.3 THREATS

4.3.1 PESTEL Analysis

The “radical and ongoing changes occurring in society create an uncertain environment and have an impact on the function of the whole organization” (Tsiakkiros, 2002). A company’s marketing environment consists of microenvironment and macroenvironment. For the sake of this analysis, we will look at the macroenvironment (the uncontrollable forces that affect the operations of the organization) from which the PESTEL analysis is drawn and discussed. PESTEL is a framework that categorizes environmental influences as political, economic, social, technological, environmental and legal forces. It examines the impact of each of these factors (and their interplay with each other) on the business to make contingency plans for threats when preparing business and strategic plans (Byars, 1991; Cooper, 2000).

Kotler (1998) claims that PESTEL is a useful strategic tool for understanding market growth or decline, business position, and direction for operations. According to Kotler (2010), this tool ensures that a company’s performance is aligned positively with the powerful forces of change that are affecting business environment as well as deciding how and when to enter its operations into new markets and new countries. The factors that might be included in PESTEL analysis are outlined below:

- A nation’s political system is naturally intertwined with its legal system. Its political system inspires and endorses its legal system, which legitimizes and supports the political system. Managers study political and legal situations in order to adapt company activities to local conditions as governments develop public policies to guide commerce. Managers will again benefit if they are aware of how the legal systems affect company operations and strategy. Organizations are influenced by government policies such as taxations; political orientations etc. Success supports peace and prosperity. Failure leads to instability and national disintegration.

- Economic Environment pinpoints key elements including purchasing power, spending patterns, wealth, income, employment, etc. Globalization connects countries in many ways; hence, economic change in one country likely has consequences in other countries. Economic conditions affect how easy or difficult it is to be successful and profitable at any time because they affect both capital availability and cost, and demand (Thompson, 2002). Changing economic conditions can have a big impact on even the most successful companies and as such, companies must be proactive to responding to such changes.

- Social Environment encapsulates demand and tastes, which vary with fashion disposable income, and general changes, can again provide both opportunities and threats for particular companies (Thompson, 2002; Pearce and Robinson, 2005). Culture can be based on nationality, ethnicity, gender, religion, work organization, income level etc. This helps companies to gain a deeper knowledge about the right products and services to offer. Knowledge of any culture can be instructive.

- Technological Environment is the most dramatic force shaping the business environment. Its influence affects the organization’s structure, jobs and skills, productivity, and employee stress. Ethical aspects of technological change, safety and vulnerability must also be addressed to avoid threats on organizational operations as technological breakthroughs can create new industries that might prove a threat to existing organizations. Companies react to problems rather than anticipate them.

- Environment captures the natural resources needed as inputs by managers for business operations. Concerns are growing rapidly about the possibility of global climate change, shortages of raw materials, increased pollution, and increased government intervention in natural resources management. Companies must develop strategies and practices to support environmental sustainability. To avoid threats, companies must also respond to consumer demands with more environmentally responsible market offerings.

PESTEL is an appropriate strategic tool for understanding the external environment in which businesses operate, enabling the company to take advantage of the opportunities and minimize the threats faced by their business activities.

4.3.2 Porter's Five Forces Model

Porter explains that within any industry, there are five forces that influence operations. These forces are:

- Competitive rivalry
- Threats of potential new entrants (companies)
- Threats of substitutes products or services offered
- Bargaining power of suppliers; and
- Bargaining power of customers

'The collective strength of these forces, he writes, determines the ultimate potential of an industry'. The profit potential varies from industry to industry. Competitive environment is unattractive from the standpoint of earning good profits when rivalry is vigorous; entry barriers are low and entry is likely; competition from substitutes is strong; and suppliers and customers have considerable bargaining power. Competitive environment is ideal from a profit-making standpoint when rivalry is moderate; entry barriers are high and no firm is likely to enter; good substitutes do not exist; and suppliers and customers are in a weak bargaining position. In coping with the forces, the objective is to craft a strategy to insulate firm from competitive pressures; initiate actions to produce sustainable competitive advantage; and allow firm to be the industry's "mover and shaker" with the "most powerful" strategy that defines the business model for the industry. The key strategic implications of these decisions must be recognized and addressed, and these should focus on quantitative and qualitative issues.

5.0 CRITICISMS OF SWOT ANALYSIS

SWOT analysis is promoted as a useful tool for its simplicity and practicality however, it is not universally praised. Some prefer to think of SWOT as a "Significant Waste of Time." (Hill & Westbrook). SWOT has been widely adopted but, generally, its use has been accepted uncritically. Others have also argued that it is time to reappraise its value as a strategic management tool. If used simplistically, the framework may lead to strategic errors. More detailed analysis using complementary frameworks can overcome SWOT's inherent shortfalls. The framework does not readily accommodate tradeoffs. In sum, tradeoffs and their consequences are among various strategically significant phenomena that are complex, dynamic, and systemic. SWOT promotes superficial scanning and impromptu categorization as it leaves the false impression that variables can be easily spotted and their likely influence obvious and independent of context. Hence, they prompt analysts to instinctively equate the likes of stricter impending regulations with threats and rapid market growth with opportunities. Strengths and weakness are defined by opportunities and threats. Strengths facilitate thwarting potential threats and realizing apparent opportunities, while weaknesses render a business vulnerable or incapable of creating adequate value for customers and shareholders.

In addition, the tool lacks criteria for prioritizing SWOTs as variables are listed as if all are equally important. Meanwhile it requires a deliberate intention, on the part of the different actors participating in its application, to reach a consensus. The process of formulating strategic guidelines is only of value under this condition. Otherwise, this model may tend to produce an erroneous diagnosis. Better instructions could mitigate some flaws (Valentin, 2001). However, as Hill and Westbrook (1997) intimated, improving situation assessment markedly entails replacing SWOT analysis, not merely refining it.

6.0 CONCLUSION

One should therefore always remember that today’s strengths could be tomorrow’s weaknesses. Plans can thus be tailored to fit the current, or changing, circumstances and should therefore be much more effective. Carried out regularly, an objective SWOT analysis is a key in the process of achieving a strategic fit between a company’s resources and abilities and its external environment. It is recommended that when compiling the framework, one should be as focused and honest as possible; and that variables should be listed in order of priority and benchmarked against key rivals. Carrying out SWOT analysis is a tiring job and as such, planners must take their time to evaluate the variables that have strong influence on their business operations. A thorough review of the strategies proposed for this framework could identify the strength, weakness, opportunity or threat that may positively or negatively affect business practices.

Our research and experience has also shown that, on occasions, opportunities (and even threats) can arise from internal sources, for example, new product ideas or new manufacturing processes. SWOT is derived essentially from the notion of ‘strategic fit’ and therefore comes as a result of an audit. The environment gives rise to major organizational opportunities and threats and as such, there must be an establishment of an intelligence system capable of monitoring and forecasting changes in the environment.

SWOT analysis leads to one of four major conclusions (Sherman, Rowley & Armandi, 2007): Strengths outweigh weaknesses, opportunities outweigh threats – supports a growth strategy; Strengths outweigh weaknesses, threats outweigh opportunities – supports a maintenance strategy; Weaknesses outweigh strengths, opportunities outweigh threats – supports a harvest strategy; Weaknesses outweigh strengths, threats outweigh opportunities – supports a retrenchment strategy. This profile is compared to determine how well the firm is internally aligned as well as aligned with its SWOT analysis (Sherman, *et al.,* 2006). It is supported by long-range objectives, strategic flexibility and a need to stay ahead of change. Organizations need to build long-term objectives to align with the strategic goals and manage the consequences of contemporary decisions. Another way of utilizing SWOT is matching and converting. Matching is used to find competitive advantages by matching the strengths to opportunities.

Converting is to apply conversion strategies to convert weaknesses or threats into strengths or opportunities.

The proposed framework provides analysts with a better sense of what to look for when surveying the strategic landscape and pondering the internal-external link.

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APPENDICES

Figure 1 The SWOT Matrix Model

Positive	Internal	Negative or

			potential to be negative
	Strengths	Weaknesses	
	Opportunities	Threats	
	External		

Figure 2. The proposed conceptual SWOT Matrix Model – Marketing and Strategic Implications

Positive	**Internal**		**Negative or potential to be negative**
	Strengths • The marketing mix (4, 8 or 10 Ps) • Value Chain • Porter's generic strategies	**Weaknesses** • The marketing mix (4, 8 or 10 Ps) • Value Chain • Porter's generic strategies	
	Opportunities • The marketing mix (4, 8 or 10 Ps) • Ansoff's growth strategies matrix • Porter's generic strategies	**Threats** • Pestel/Slept • 5 forces model	
	External		

Figure 3. Ansoff's growth matrix

Market

Existing New

Existing

Product

New

VN:R_U [1.9.11_1134]

Mmmmm Market penetration	Market development
Product development	Diversification