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Anthology : The Research

Understanding SWOT Analysis

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Abstract

SWOT analysis is a really simple, but a powerful tool to help a business strategy, whether it is for a start-up or for guiding an existing company. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats.

Strengths and weaknesses are internal to Organization—things that we have some control over and can change. Examples include who is on your team, your patents and intellectual property, and your location.

Opportunities and threats are external—things that are going on outside our Organization, in the larger market. We can take advantage of opportunities and protect against threats, but you can't change them. Examples include competitors, prices of raw materials, and customer shopping trends.

A SWOT analysis arranges top strengths, weaknesses, opportunities, and threats into systematized list. When we take the time to do a SWOT analysis, we'll be armed with a solid strategy for prioritizing the work that we need to do to grow your business.

We may think that we already know everything that need to do, to succeed, but a SWOT analysis will force us to look at our business in new ways and from new directions. We can look at our strengths and weaknesses, and how we can control those to take advantage of the opportunities and threats that exist in the market.

Keywords: Strength, Weakness, Opportunities, Threats, SWOT

Introduction

Strength and Weaknesses both are internal attributes of organization.

Opportunities and Threats both are external attributes of the environment.

SWOT analysis is a strategic planning technique used to help a person or organization identify strengths, weaknesses, opportunities and threats related to business competition and project planning.

Strength and weakness are internal to the Organization, while opportunities and threats commonly focus on external environment.

Strengths

Characteristics of business or project that give it an advantage over others.

Weaknesses

Characteristics of the business that place the business or project that a disadvantage relative to others.

Opportunities

Elements in the environment that the business or project could exploit to its advantage.

Threats

Elements in the environment that could cause trouble for the business or project.

Review of Literature

Lee M and Cunningham L F, 2001studied in their research, titled as "A cost benefit approach in understanding customer loyalty", the customer loyalty effects in growth of the company in the competitive market environment. The research findings indicate that higher levels of customer satisfaction would lead to greater customer cost of loyalty. Increasing customer loyalty is a crucial factor for company's performance and growth.

RohitRamahandran and Baskaran, 2003analyzed the marketing techniques, opportunities and strategies of telecom service providers in the highly technology oriented and competitive market environment. Also, this study analyzed the prevailing Indian market conditions with Hamilton model and discussed the five development stages from Monopoly to Highly competitive level with active presence of multiple service providers.

Moon Koo Kim, Jong Hyun Park & Myeong Chool Park, 2004 in their research, titled as "The effect of switching barriers on customer's retention on Korean mobile telecom services", studied the influence of the interaction between customer satisfaction and the switching barriers on customer retention in mobile telecom services.

Bharat. M. Gupta, Robert Johnson and Sailaja Pramidi, 2005 have studied the effectiveness of Self service by Customers in Cost Optimization, Customer satisfaction and Retention & ARPU increase, in their research, titled as "The challenges of customer self-service in Telecom". The research analyzed the conventional approach in self-service, giving by way of Knowledge based solutions and Transaction based.

Subash Jain, 2007 researched the effective marketing strategy and statistics and examined different aspects of strategic management and its difference from marketing management. This work discussed the three important C's of the strategic marketing, the Customers, Corporation and Competition and tried to find the influence of the C's over strategies

Thor Gunnar Eskedal, 2008, in his research, focused the impact of forecasting in telecom market and effect of convergence in future markets needs to optimize cost. This study wasplanned on Delphi model in three phases, with initially forecasting of participants without any questionnaires and answering them.

ChengchangWang, Abinav Kishore, 2009 in their research, analyzed the marketing strategies of India & China and compared the marketing environment, at first. Then, it compared the strategies in 2 ways such as Basic strategy & corporate strategy of telecom companies.

Sabbir Rahman, Ahasanul Haque, Mohammed Ismail, Sayed Ahamed, 2010 investigated the factors that have played significant role in Malaysian mobile customers to select telecom service providers. The research, titled as "Exploring influencing factors for the selection of mobile phone service providers: A SEM approach to Malaysian customers", was conducted among customers of different demographic background and included the factors of analysis of price, service quality, service availability and promotions.

SPECTRUM PLANNING (India) Ltd ,Report July - Sep 2011 in this survey, titled as "Assessment of customer perception of service through survey – A final report on Andhra Pradesh circle by TRAI", aims to analyze the customer satisfaction on important parameters for provision of service, billing, network performance, reliability and availability, on supplementary services like VAS and Customer grievance redressal by service provider and thereby assessing the overall service quality, given by service providers in Andhra Pradesh circle.

Objective of the Study

1. To help organizations to prepare a strategic plan to meet Organizational goals.
2. To improve operations.
3. To examine the internal analysis (strength and weakness) of the organization.
4. To examine the external analysis (opportunities and threats) of the organization.

Research Methodology

In the present research study, Secondary data has been collected through various magazines, newspapers and Internet.

Necessity of SWOT

SWOT analysis is a great way to guide business-strategy meetings. It's powerful to have everyone in the room to discuss the Organization's core strengths and weaknesses and then move from there to define the opportunities and threats, and finally to brainstorming ideas. Oftentimes, the SWOT analysis we visualize before the session changes throughout to reflect factors we were unaware of and would never have captured if not for the group's input.

A company can use a SWOT for overall business strategy sessions or for a specific segment such as marketing, production or sales. This way, you can see how the overall strategy developed from the SWOT analysis. We can also work with a segment-specific SWOT analysis that feeds into an overall SWOT analysis.

Who should use SWOT Analysis?

For a SWOT analysis to be effective, Organization's founders and leaders need to be deeply involved. This isn't a task that can be delegated to others. But Organization's leadership shouldn't do the work on their own. For best results, we should gather a group of people who have different perspectives on the Organization. We should select people who can represent different aspects of the organization, from sales and customer service to marketing and product development. Everyone should have a seat at the table.Innovative Organizations even look outside their own internal ranks when they perform a SWOT analysis and get input from customers to add their unique voice to the mix. If we have to start or run a business on our own, we can still do a SWOT analysis. We can have additional points of view from friends who know a little about our business, our accountant, or even vendors and suppliers. The key is to have different points of view. Existing businesses can use a SWOT analysis to assess their current situation and determine a strategy to move forward. But we should remember that the things are constantly changing and we want to reassess our strategy, starting with a new SWOT analysis every 6 to 12 months. For start-ups, a SWOT analysis is part of the business planning process. It help to codify a strategy so that are start off on the right foot and know the direction that we plan on-going.

Constituents of SWOT Analysis

SWOT Analysis is a process that involves four areas into two dimensions. It has four components: 'Strengths', 'weaknesses', 'opportunities', 'threats'. Strengths and weaknesses are internal factors and attributes of the organization, opportunities and threats are external factors and attributes of the environment. So we can say that SWOT Analysis is a strategic planning tool used to evaluate the strengths, weaknesses, opportunities and threats of an organization. It gives information that is helpful in the organization's capitals and competences to the competitive environment in which it functions. Strengths and opportunities are helpful to achieve the organizational goals. Weaknesses and threats are harmful to achieving the organizational goals. Thus, the essentialfor any successful selection of strategies is an analysis of the organization's strengths and weaknesses that are affected by internal environment and the opportunities and threats that are affected by the external environment. The manager's role is to try to 'fit' the study of externalities and internalities, to stabilize the organization's strengths and weaknesses in the light of environmental opportunities and threats.

Strengths

Strength is the feature that adds value and makes it more special than others. Strength means something more profitable when compared to others. Strength refers to a positive and favorable features. Strength involves properties and skills by which an organization Gains benefit over other organizations and competitor. An organization can be described as strong, equal or weak compared to their competitors based on five criteria's: Relative market situation, relative financial structure, relative production and technical capacity, relative research and development potential, relative human capacity and management effectiveness[1]. "A strength is something an organization is good at doing or a characteristic the organization has that gives it an important capability" [2]. In this context "a strength is a resource, skill, or other advantage relative to competitors and the needs of the markets an organization serves or expects to serve. It is a distinctive competence that gives the organization a comparative advantage in the market place. Strengths may exist with regard to financial resources, image, market leadership, buyer/supplier relations, and other factors"[3].

Weaknesses

Weakness refers to lack of the form and competency necessary for something. Weakness means that something is more disadvantageous when compared to others. Weakness is a characteristic that is negative and critical. "A weakness is something an organization lacks or does poorly -in comparison to others- or a condition that puts it at a disadvantage"[2]. In this context "a weakness is a limitation or deficiency in resource, skills, and capabilities that seriously impedes an organization's effective performance. Facilities, financial resources, management capabilities, marketing skills, and brand image can be sources of weaknesses"[3]. It is as important to for the organization, to know its weaknesses as its strengths. The organizational weaknesses have the potential to lead the organization to inadequacy and incompetence should be known and improved. It is essential to solve the existing problems that cause difficulties and limitations in long-term plans and strategies.

Opportunities

Opportunity means a situation suitable for an activity. Opportunity is beneficial for an activity to take place. For organizations, an opportunity is the appropriate time or condition that presents to the organization to achieve its goals. In fact "opportunities are conditions in the external environment that allow an organization to take advantage of organizational strengths, overcome organizational weaknesses or neutralize environmental threats"[4].

Threats

Threat is a condition or situation that threatens the actualization of an activity. It refers to a situation of disadvantage. That is why, it has a negative characteristic that should be avoided. For organizations, a threat is an element that makes it challenging or difficult to reach the organizational goals. "Threats are the situations that come out as a result of the changes in the distant or the immediate environment that would prevent the organization from maintaining its existence or lose its superiority in competition, and that are not favorable for the organization.

Opportunities and Threats

Refer to financial, social, cultural, demographic, environmental, political, legal, governmental, technical, and economic trends and events that could meaningfully value or harm an organization in the future. Opportunities and threats are away from the control of a single organization. Strengths and weaknesses are an organization's well-regulated activities that are either performed well or unwell. Organizations strive to pursue strategies that capitalize on internal strengths and eliminate internal weaknesses [5]. "Understanding the story involves evaluating the strengths, weaknesses, opportunities, and threats and drawing conclusions about (1) how the organization's strategy can be matched to both its resource capabilities and its market opportunities, and (2) how urgent it is for the organization to correct which particular resource weaknesses and guard against which particular external threats"[2]

Suggestions

1. We should evaluate the external factors before evaluating the internal factors.
2. We should have a discussion with our staff and identify the weaknesses and strengths of our Organization.
3. We should discuss the time limit for all the opportunities that we have prepared. By allocating a timeframe, we can better recognize the time needed to get the maximum output of the available opportunities.
4. Threats are not in our control. So we can view threats as challenges that our organization should overcome.
5. To get the benefits of SWOT analysis, we should get/use real data.
6. We should prioritize our lists and select the most important items in each category.

Conclusion

This paper suggests that SWOT analysis is a technique for evaluating customers' satisfaction. Strengths and weaknesses are identified through an analysis of the organization. Opportunities and threats are obtained by comparing with other organization or with competitor. An assessable SWOT factor enables an organization to arrange SWOT factors in creating an action plan while a customer oriented SWOT factor guarantees that the abilities perceived by an organization are accepted and valued by the customers. This facilitates an organization to well formulate strategic planning for maintaining or improving customer satisfaction, thereby gaining a competitive advantage.

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