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**SUPPLY CHAIN & LOGISTICS**  
Institute

# Lean TQM Toolbox Series

## *SWOT Analysis*

A Strategic Assessment & Development Tool



# Lean TQM Toolbox – Strategic Assessment & Development Tools

## SWOT Analysis

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*The problem: You need to develop your strategy, operating plans and budget for next year, or perhaps you are exploring a new initiative or project, revamping internal policies, considering new opportunities or testing the strategic fit of an emerging opportunity.*

A *SWOT Analysis* is an assessment of your company's Strengths, Weaknesses, Opportunities and Threats.

It is designed to facilitate a realistic, fact-based, data-driven look at the organisation/project/industry for assessing the performance, competition, risk, and potential. It can just as effectively be applied to any part of a business such as a product line, division, sector, venture or new strategic direction.

The technique will guide the organisation towards strategies that are more likely to be successful, and away from those that are likely to be less successful, by understanding what is lacking, and eliminating hazards that would otherwise catch the organisation unexpectedly.

With a detailed, realistic *SWOT Analysis*, you can develop a strategy that distinguishes the organisation from its competitors, and compete successfully in the market.

Introducing and considering a diverse raft of perspectives is a most powerful evaluation method, so it is best to involve people who can represent different aspects of the organisation, from sales and customer service to marketing and product development. Of course, Owners and Senior Managers must be involved and committed: they cannot delegate this type of task. Also, remember that the analysis process works best when diverse groups or voices within the organisation feel free to provide realistic data points rather than prescribed messaging.



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A *SWOT Analysis* framework is typically presented in a four-quadrant format, and Team-brainstorming and data is used to complete each quadrant.

### Strengths

Strengths are things that the organisation does particularly well and creates an advantage over other organisations.

Remember, it is only a strength if it brings you a clear advantage.

### Weaknesses

Weaknesses, like strengths, are inherent features of the organisation, so focus on people, resources, systems, and procedures. Think about what could be improved, and the sorts of practices that should be avoided. Its not easy, but its important to be honest and self-critical here.

### Opportunities

Opportunities are openings or chances for something positive to happen, but they need to be seized, as they won't just fall into your lap. They usually arise from situations outside the organisation and require insight into what might happen in the future.

### Threats

Threats include anything that can negatively affect the business from the outside. Think about the obstacles faced in getting product to market and selling, competitor activity and evolving technology

#### Internal

- Strengths
- Weaknesses

#### Strengths

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- ✓ What do we do well?
- ✓ What unique resources can we leverage?
- ✓ What do external parties see as our strengths?
- ✓ What is our competitive advantage?
- ✓ What resources do we have?

#### Weaknesses

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- × What needs improvement?
- × What products are underperforming?
- × What do competitors do better?
- × What resources do we lack?

#### External

- Opportunities
- Threats

#### Opportunities

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- ✓ What market opportunities are present?
- ✓ How can we leverage our strengths?
- ✓ What trends can we take advantage of?
- ✓ What new market segments can we explore?

#### Threats

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- × What do our competition do well?
- × Do our weaknesses expose our business?
- × What threats can hurt our business?
- × What market changes or consumer trends threaten the business?



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To get a better picture of a *SWOT Analysis*, consider the example of a fictitious international retailer chain. To better understand how it competes within the retail market and what it can do better, it conducted a *SWOT Analysis*.

Through this analysis, it identified that its *strengths* were a wide product range, large scale, and a well-known trusted reputation

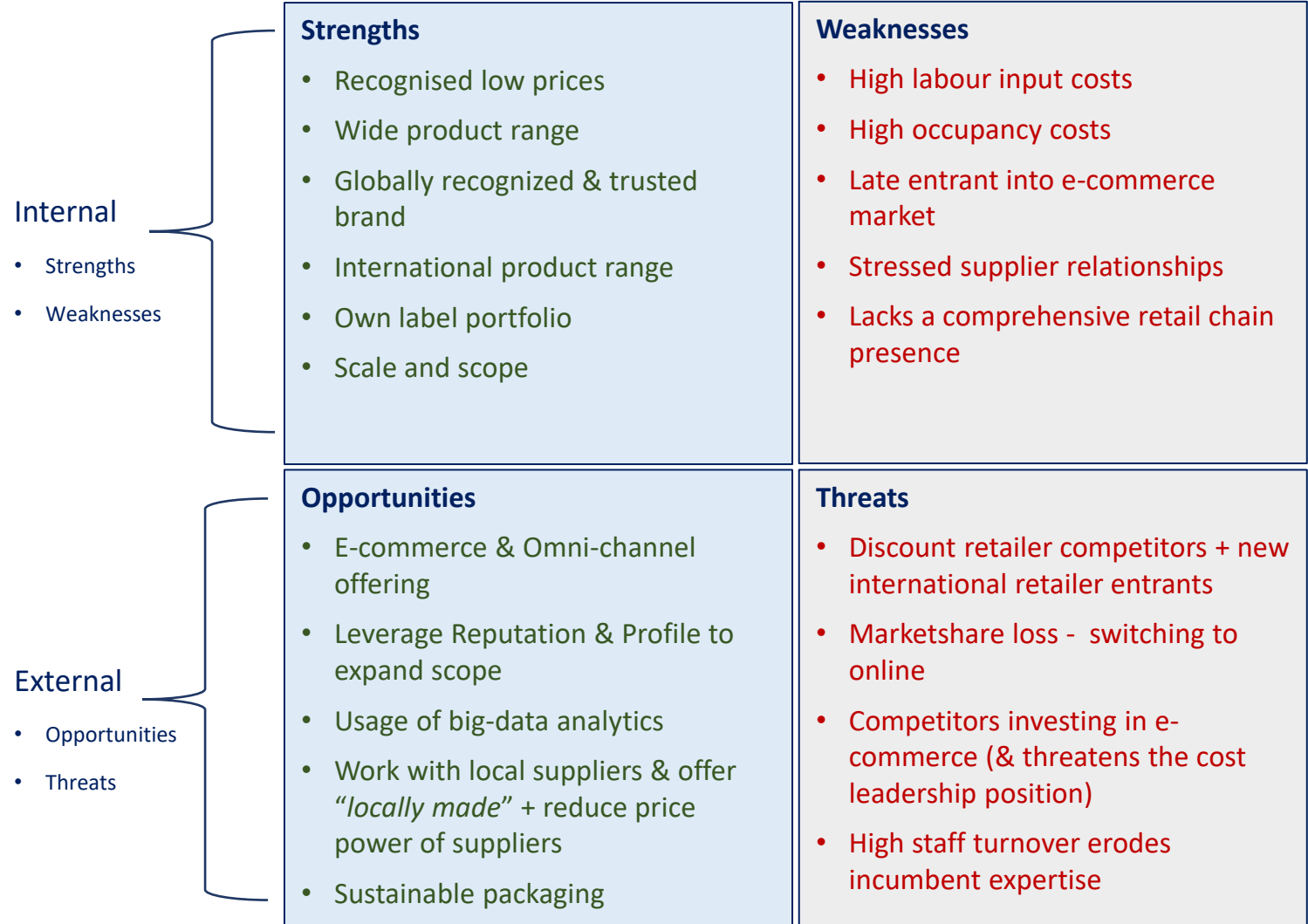
Assessing its operations, it identified a few areas of *weakness*: high costs, poor relationships and an under-developed e-commerce capability.

Examining how the external environment affects its business, it identified *opportunities* in emerging technology, improving relationships, and investing in sustainability.

It also found *threats* from competitors and the changing market

In conjunction with other planning techniques, the company used the *SWOT Analysis* to leverage its strengths and external opportunities to eliminate threats and strengthen areas where it is weak.

### *SWOT Analysis for ABC Retail Chain*





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