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6S METHODOLOGY

The SWOT analysis is an extremely useful tool to assess a company's strategic positioning



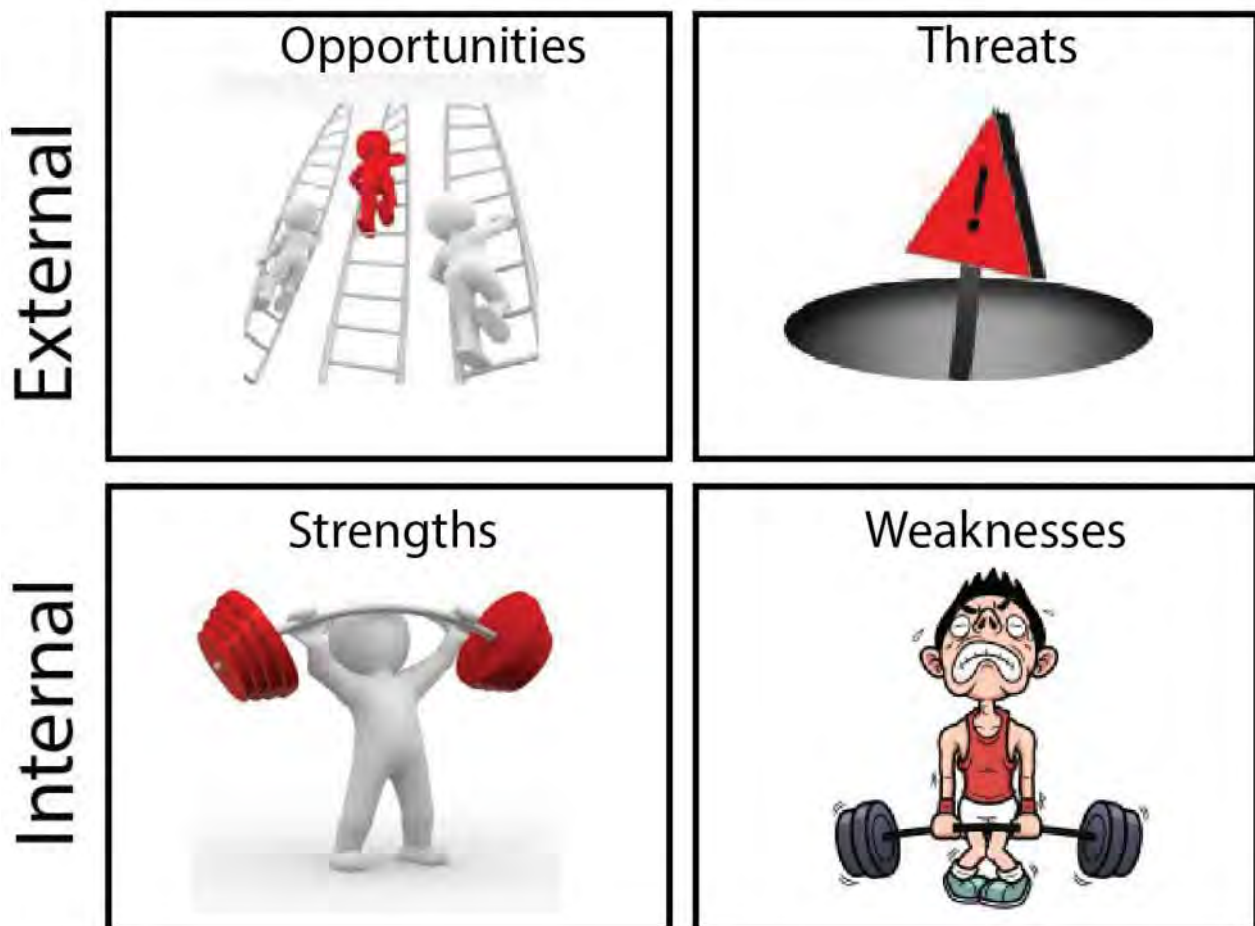
The SWOT analysis is an extremely useful tool to assess a company's strategic positioning Use a SWOT analysis to determine whether a company's key strategies are aligned with its objectives and what obstacles have to be overcome

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Internal positive factors are called **Strengths**, internal negative factors are called **Weaknesses**, external positive factors are called **Opportunities**, and external negative factors are called **Threats**. This framework is seldom used in the day-to-day work of MBB consultants because it overlaps between many categories (for example, customers putting pressure on prices can be seen as either an external threat or an internal weakness of the customer base). However, in case interviews, the SWOT analysis can still be used as a tool to segment influences into a 2x2 matrix.



We will now go over each of the four branches in more detail and provide examples.

Strengths (Internal positive factors)

The strengths of a company are its resources and capabilities, for example:

- Image/Goodwill
- Financial resources
- Technology
- Know-how
- Patents
- Customers
- Access to networks, natural resources

Weaknesses (Internal negative factors)

Weaknesses can usually be viewed as the absence of specific strengths or things that are done better by competitors, for example:

- Poor reputation
- High cost structure
- Lack of customer/employee loyalty
- Lack of innovative R&D
- Lack of access to key distribution channels/resources/trade associations

Opportunities (External positive factors)

Opportunities reveal new options for growth in profits including:

- New technologies
- Removing barriers to trade
- Loosening of regulations
- Entry into new markets

Threats (External negative factors)

External changes that will have a negative effect on growth and profit are threats, for example:

- A shift in customers' needs, expectations and taste away from the core of the companies products
- New regulations
- Neutral factors like this can also be opportunities if they are beneficial to the company

- Especially with external factors like these, it is important to set it into the context of the respective company
- New market entrants/low barriers to entry
- Emergence of a substitute product (see Porter's Five Forces)

Once you have completed the SWOT analysis, draw insights into the matrix

After lining out the gathered information in a simple 2×2 Matrix, step further by identifying strategies that address the following questions:

- How to use strengths to take advantage of the opportunities.
- How to take advantage of the strengths to avoid threats.
- How to use opportunities to overcome weaknesses.
- How to minimize weaknesses and avoid them.

Key takeaways

- The SWOT matrix is a simple analysis of internal strengths and weaknesses as well as external opportunities and threats.
- Opportunities can be seen as threats and vice versa.
- SWOT matrices don't show the interrelationship between internal and external factors.
- The SWOT analysis itself does not allow us to make strategic decisions but can be used for meaningful insights.

*For more on this topic and others check out **Paramonos Research Labs**, a cost savings & strategy consulting firm that partner with executives on solving complicated problems within their organization using the **latest costs saving data collection tools and methodologies**.*

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Gabe is an Operations, Engineering, and Business Process Improvement professional with over 9 years domestic and international experience. He is a practitioner of Lean and change management strategies, a licensed industrial engineer, and Master Six Sigma Black Belt. Gabe experience includes managing key segments of medium size and larger, industry leading consumer products manufacturers, automotive component suppliers, and smaller technology and engineering based organizations. His manufacturing knowledge spans from raw material conversion, through component fabrication, coating, assembly, and packaging. He also has extensive experience off the manufacturing floor implementing ERP systems, and leading improvements in transactional processes. He has a drive for “improving every day” through the use of effective change management techniques, a strong technical skill set, and the application of process analysis/improvement tools. Gabe holds a Bachelor of Science degree in Industrial Engineering from the University of Alabama “In the global and competitive environment of today and tomorrow, organizations must rethink and reshape their approach to execution in order to stay competitive. Operational Excellence is the strategic initiative under which this process can take shape.” View all posts by Gabriel Daniels PE,.

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