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Entrepreneurship

SWOT analysis

Dr habil. PhD. MBA. **Walery Okulicz-Kozaryn**, Honorary professor
Profesor of Center of Entrepreneurship, Wrocław University of
Environmental and Life Sciences

v-kazarin@narod.ru



The aim of the lessons

BH P7S UW05, BH P7S U UW08:

- the aim is to learn the basic concepts of SWOT analysis for enterprise (U2).



The plan of the lessons

1. SWOT analysis: Definitions,
2. Four steps for making SWOT analysis,
3. SWOT Matrix diagram,
4. Internal factors,
5. External factors,
6. Four types of strategy,
7. Homework.



SWOT analysis: Definition

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

It is designed for use in the preliminary stages of decision-making processes and can be used as a tool for evaluation of the strategic position of an organization.

SWOT analysis: Definitions

Strengths and weakness are frequently internally-related, while opportunities and threats commonly focus on the external environment:

Strengths: characteristics of the business or project that give it an advantage over others.

Weaknesses: characteristics of the business that place the business or project at 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.



Four steps for making SWOT analysis



Step №1: Scanning External and Internal Environment



Four steps for making SWOT analysis



Step №2: Internal and External Analysis



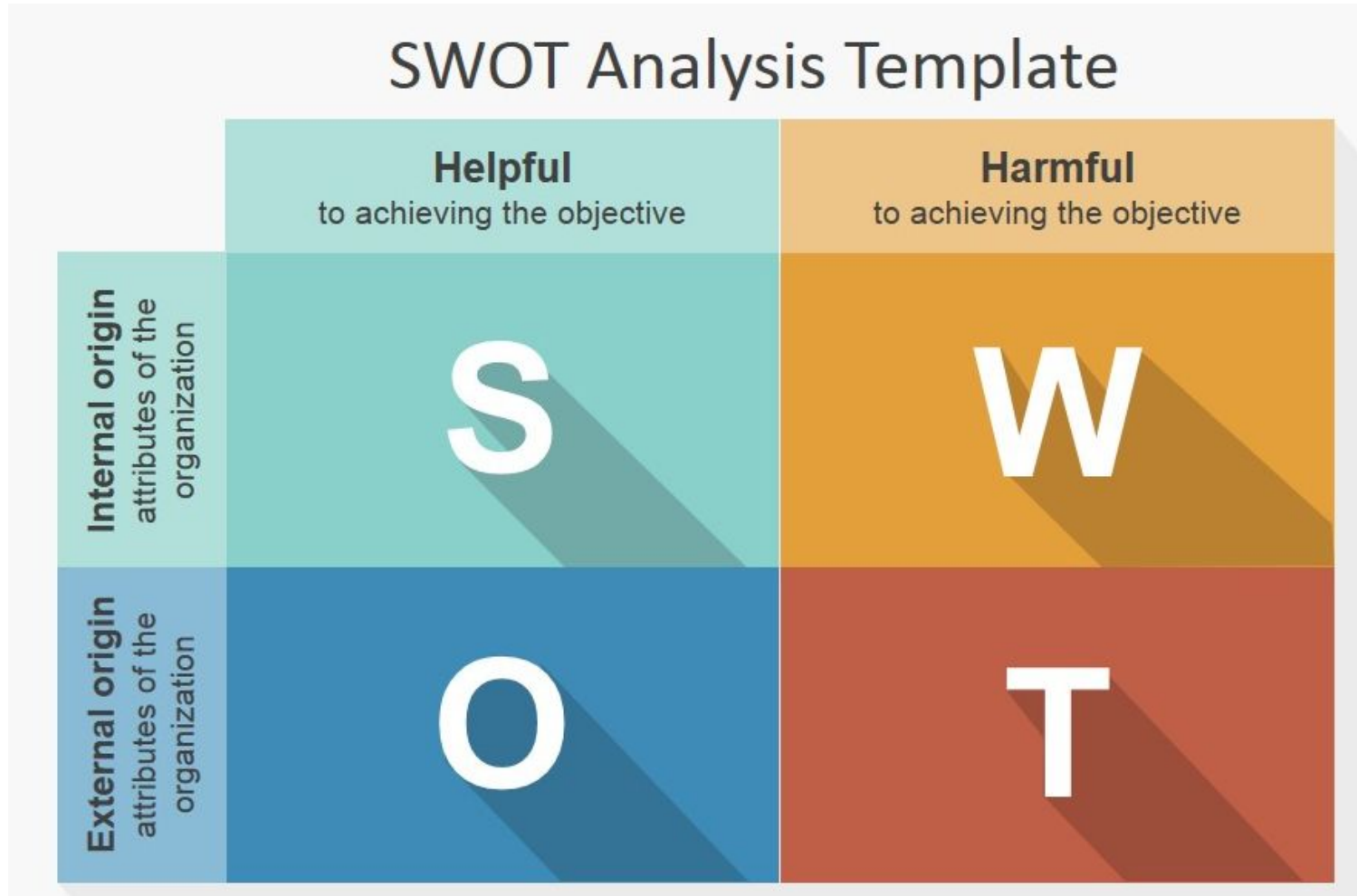
Four steps for making SWOT analysis



Step №3: Construct the SWOT Matrix

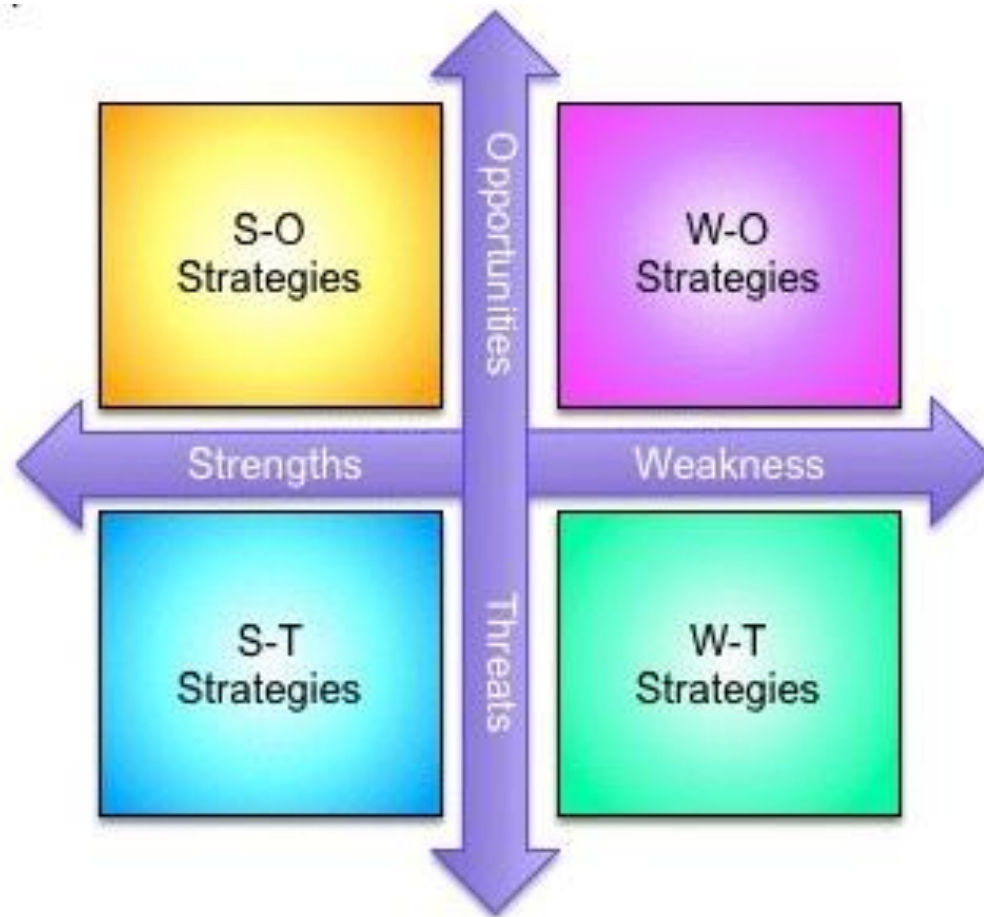


SWOT Matrix diagram





Four steps for making SWOT analysis



Step N°4: Define SWOT Strategies



SWOT Matrix diagram: S=2, W=10; O=7, T=6

SWOT ANALYSIS

Internal		External	
Strengths	Weaknesses	Opportunities	Threats

Internal factors

Internal factors: the strengths and weaknesses internal to the organization. Analysis may view the internal factors as strengths or as weaknesses depending upon their effect on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses (distractions, competition) for another objective. The factors may include product, price, place, and promotion as well as personnel, finance, manufacturing capabilities, and so on. The examples of factors:

- area of knowledge and human resources,
- logistics, production, technology, research and development area,
- sales and customer service area,
- area of Finance and development capacity,
- area of management and tools for implementing business processes.



External factors

External factors: the opportunities and threats presented by the environment external to the organization. The external factors may include macroeconomic matters, technological change, legislation, and socio-cultural changes, as well as changes in the marketplace or in competitive position. The examples of factors:

- Future trends in your field or the culture,
- The economy - local, national, or international,
- Funding sources - foundations, donors, legislatures,
- Demographics - changes in the age, race, gender, culture of those you serve or in your area,
- The physical environment - is your building in a growing part of town? Is the bus company cutting routes?
- Legislation - do new federal requirements make your job harder ... or easier?
- Local, national, or international events.



Four types of strategy

	Opportunities (external, positive)	Threats (external, negative)
Strengths (internal, positive)	<p>Strength-Opportunity strategies Aggressive strategy Which of the company's strengths can be used to maximize the opportunities you identified?</p>	<p>Strength-Threats strategies Conversion strategy How can you use the company's strengths to minimize the threats you identified?</p>
Weaknesses (internal, negative)	<p>Weakness-Opportunity strategies Competitive strategy What action(s) can you take to minimize the company's weaknesses using the opportunities you identified?</p>	<p>Weakness-Threats strategies Defensive strategy How can you minimize the company's weaknesses to avoid the threats you identified?</p>



Four types of strategy

	Strengths 1. 2. 3. 4.	Weaknesses 1. 2. 3. 4.
Opportunities 1. 2. 3. 4.	Opportunity-Strength strategies <i>Use strengths to take advantage of opportunities</i> 1. 2.	Opportunity-Weakness strategies <i>Overcome weaknesses by taking advantage of opportunities</i> 1. 2.
Threats 1. 2. 3. 4.	Threat-Strength strategies <i>Use strengths to avoid threats</i> 1. 2.	Threat-Weakness Strategies <i>Minimize weaknesses and avoid threats</i> 1. 2.



Four types of strategy

Aggressive strategy (Strength-Opportunities Strategies).
These strategies should enable your company to use all advantages that come from opportunities and use all already significant strengths of your business.

Competitive strategy (Weaknesses-Opportunities strategies).
These strategies should enable you to work to overcome all identified weaknesses of your company while you will use the opportunities from outside your business.



Four types of strategy

Conversion strategy (Strength-Threat Strategies). These strategies should allow you to use your internal strengths, while you will work to eliminate or reduce the threats from the environment.

An example of a conversion strategy is to find new markets.

Defensive strategy (Weaknesses-Threats Strategies). These strategies should allow you to eliminate all identified weaknesses and prevent external threats from outside your company.



SUMMARY

We've learned the basic concepts of SWOT analysis for enterprise (BH P7S WG08, BH P7S WK12):

1. SWOT analysis: Definitions,
2. Four steps for making SWOT analysis,
3. SWOT Matrix diagram,
4. Internal factors,
5. External factors,
6. Four types of strategy.



Thank you
very much

Welcome to cooperation
in lessons and research.