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SWOT: Historical Development

The origins of the SWOT analysis technique is credited by Albert Humphrey,

who led a research project at Stanford University, USA in the 1960s. The goal was

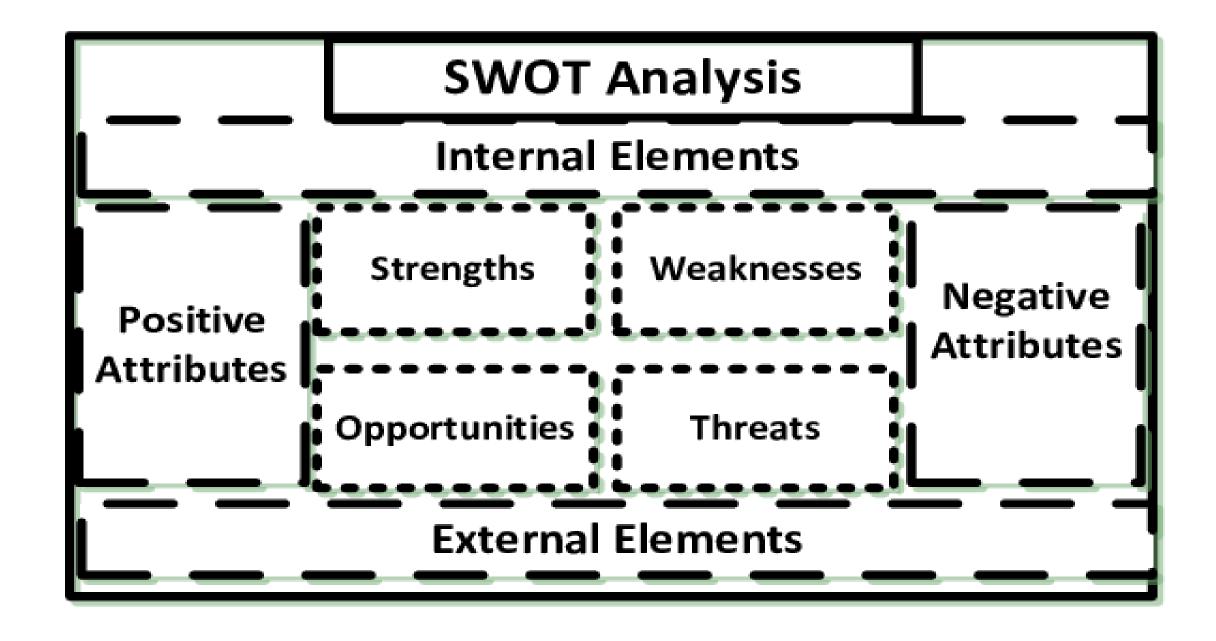
to identify why corporate planning failed.

SWOT: DEFINITION

- SWOT analysis (strengths, weaknesses, opportunities, and threats analysis) is a framework for identifying and analyzing the internal and external factors that can have an impact on the viability of a project, product, place or person.
- ➤ SWOT analysis guides to identify the positives and negatives inside an institution / organization / group (S-W) and outside of it, in the external environment (O-T). Developing a full awareness of a situation can help with both strategic planning and decision making.

SWOT: DEFINITION

• SWOT is a strategic planning tool used to evaluate the strengths, weaknesses, opportunities, and threats to a project. It involves specifying the objective of the project and identifying the internal and external factors that are favorable and unfavorable to achieving that project objective. The strengths and weaknesses usually arise from within an organization, and the opportunities and threats from external sources as described below



• **Strengths:** Strengths are the attributes of the Organisation that help achieve the project objective.

Example in the terms of an organization: Track record of the organization in completing similar projects (similar successes), Resource availability, Skill levels, Processes and systems, Reputation etc.

Example in the terms of a business management - Well-known brand name, Lower costs [raw materials or processes], Superior management talent, Better marketing skills, Good distribution skills, Committed employees.

• Weaknesses: Weaknesses are the attributes of the organization that stop achievement of the project objective.

Example in the terms of an organization: Gaps in knowledge and expertise, Timescale and deadlines, Budget and funding, Competing projects, Processes and systems etc.

Example in the terms of a business management -Limited financial resources, Limited distribution, Higher costs, Out-of date products / technology, Weak market image, Poor marketing skills, Limited management skills.

• Opportunities: Opportunities are the external conditions that help achieve the project objective.

Example: Technology and infrastructure development, Changing consumer behaviour, Emerging and developing markets, New innovations (R&D), Market demand etc.

• Threats: Threats are the external conditions that could damage the project.

Example: Political influences, Environmental factors, Competitor activity, Economy, Seasonal effects Entry of foreign competitors, changing customer needs/tastes, Rival firms, adopt new strategies, Increased government regulation, Economic downturn etc.

Conducting the SWOT Analysis

• SWOT analysis can be conducted either at the initial or middle phase of the project. However, it is important to have a clear objective during SWOT analysis sessions.

How to Conduct a SWOT Analysis for Your Small Business









Where do you need to improve?







What obstacles do you face?

Advantages of SWOT

- Helps in identifying basic information for project planning and management.
- Assemble project's strengths and weaknesses, maximize opportunities and overcome threats.
- Helps in identifying core competencies of project team and setting of project objectives.
- Provide information that helps in synchronizing the project's resources and capabilities with the competitive environment in which the project operates.

Disadvantages of SWOT

- Categorizing aspects as strengths, weaknesses, opportunities and threats might be very subjective
- It stress upon the significance of SWOT aspects, but it does not tell how an organization can identify these aspects for itself.
- Government legislation and economic environment related problems. May persuade organizations to compile lists rather than think about what is essential to achieving objectives.
- Presents lists uncritically and without clear prioritization so, for example, weak opportunities may appear to balance strong threats.
- Usually, a simple list and not critically presented.

