Universidad para la Cooperación Internacional

Master in Project Management

Planning and Strategic Analysis of the Company

Presentation – Week 2: **Strategic Deployment**

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How is the SWOT analysis applied?

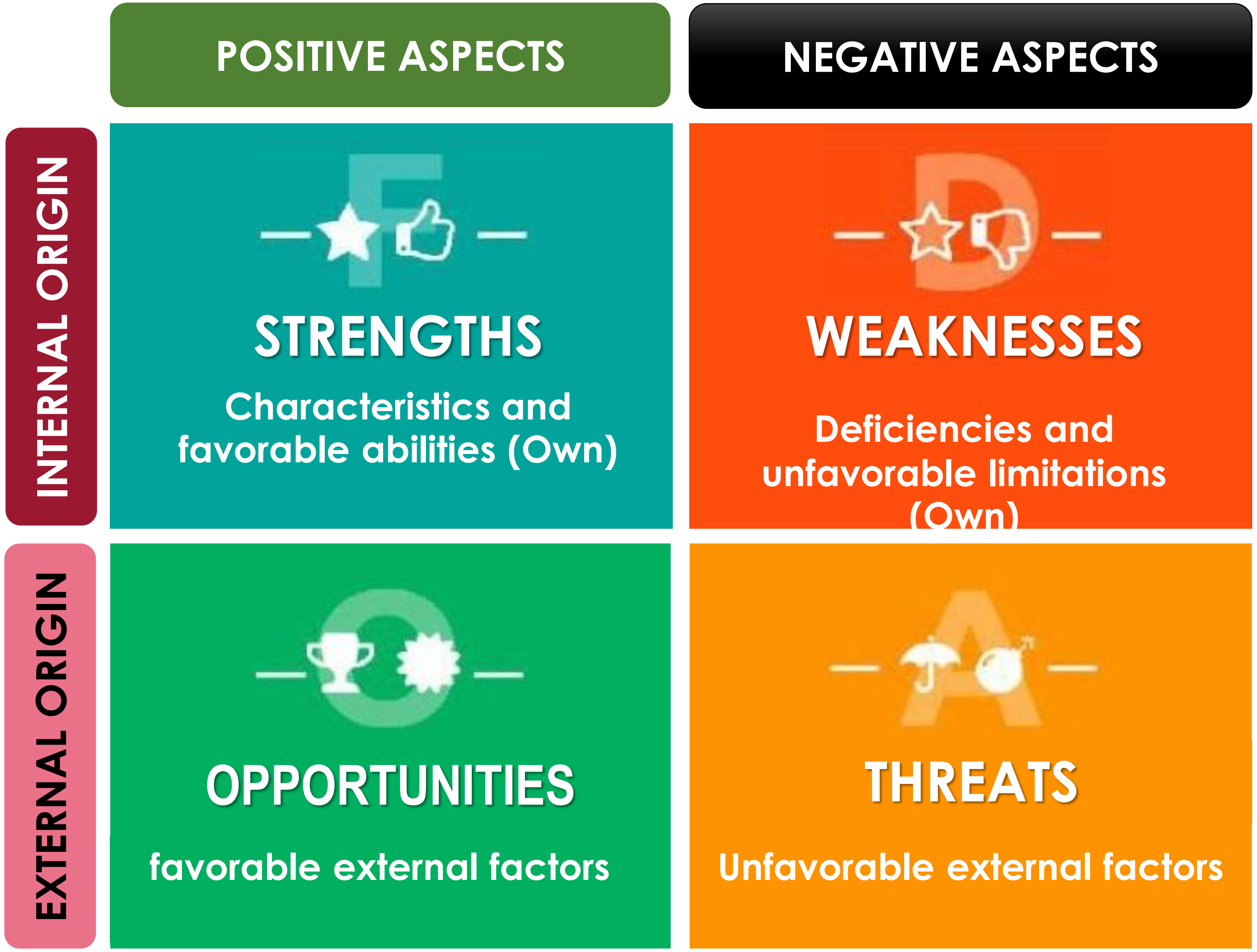
The importance of understanding the situation of the organization to guide current and future decision-making

the premises

- They are the identified, analyzed and foreseen conditions, on which the plans operate.
- This includes assumptions or forecasts about future conditions that will affect the operationalization of the strategies.

the premises

- The best known technique for the identification of the premises is the SWOT or SWOT.
- It contemplates both the analysis of the internal and external environment of the organization.



the premises

- The exercise of identification of premises can be enriched by means of the PESTEL analysis technique .
- It is a strategic planning instrument that is used for the analysis and identification of the forces that, at the macroeconomic level, can influence a company.
- Actually, PESTEL is an acronym and its meaning is the sum of the meanings of the words that compose it.

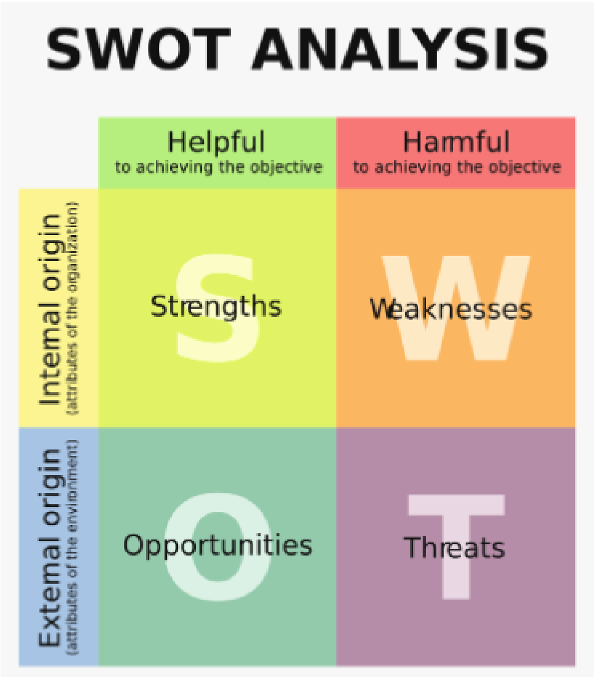
The premises: PESTEL analysis

P	E	S	T	E	L
- Government policy	- Economic growth	- Population growth rate	- Technology incentives	- Weather	- Discrimination laws
- Political stability	- Exchange rates	- Age distribution	- Level of innovation	- Climate	- Antitrust laws
- Corruption	- Interest rates	- Career attitudes	- Automation	- Environmental policies	- Employment laws
- Foreign trade policy	- Inflation rates	- Safety emphasis	- R&D activity	- Climate change	- Consumer protection laws
- Tax policy	- Disposable income	- Health consciousness	- Technological change	- Pressures from NGO's	- Copyright and patent laws
- Labour law	- Unemployment rates	- Lifestyle attitudes	- Technological awareness		- Health and safety laws
- Trade restrictions		- Cultural barriers			

Source: Global Business Time (Perea, J. et. al. (2016). *Fundamentals of Marketing* .)

The SWOT Analysis

- This method was developed by M. Dosher , Dr. O. Benepe , A. Humphrey, Birger Lie and R. Stewart at the Stanford Research Institute (USA) between 1960 and 1970. The aim was to find out why corporate planning failed at the managerial level



- It is a tool designed to understand the situation of a business through the realization of a complete list of its strengths-weaknesses-opportunities-threats, and it is essential for current and future decision-making.

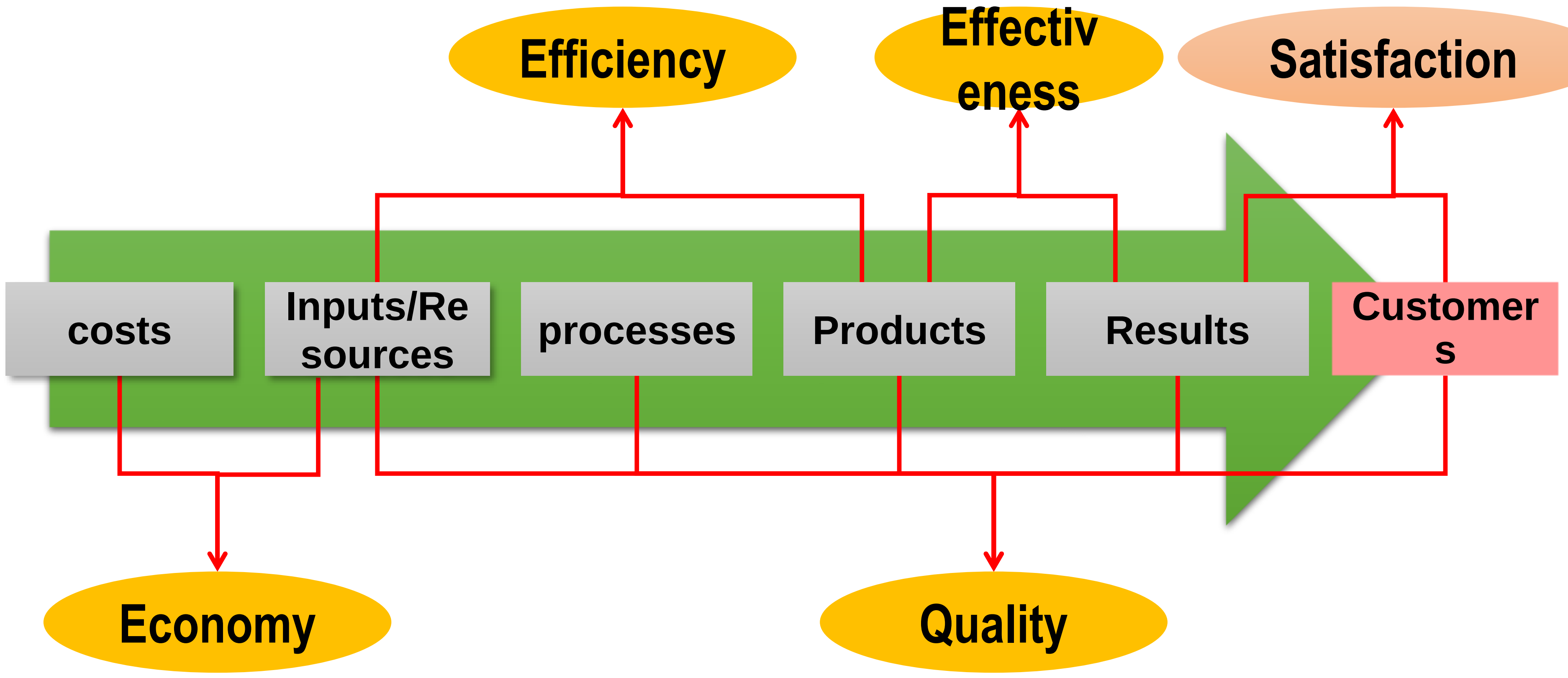
The SWOT Analysis

- Factors to be evaluated internally:

Production:	Productive capacity, quality levels, inventory costs, work shifts, quality.
Marketing:	Image the organization, the cost of advertising, promotions, the positioning of the company.
Organization:	Management, control and organization processes.
Human	Profiles, rotation, formation, selection.
Finance:	Resources available to the company, profitability, liquidity.

The SWOT Analysis

- Factors to be evaluated internally:



The SWOT Analysis

Special capacities, competences and resources available to the company.

Examples:

- Favorable work climate.
- Quality of the final product.
- Motivated human talent.
- Quality technical and administrative processes.
- High level services.
- R+D+i Program.
- Good image in consumers.

The SWOT Analysis

Factors that generate an unfavorable situation compared to the competition.

Examples:

- Poor wages and non-timely payments.
- Untrained staff.
- Financial problems / Low level of sales.
- Lack of planning.
- Outdated equipment and technology.
- Weak distribution network.
- Reduced product portfolio.

The SWOT Analysis

- Factors to be externally assessed:

Market:	Segmentation, the evolution of demand, and consumer behavior.
Sector:	industry changes, chances of success, substitution of products.
Competition:	Products of other organizations, prices, advertising, channels.
Environment:	Political, social, legal and technological.

The SWOT Analysis

OPPORTUNITIES

Environmental factors that may be favorable to the organization's plans.

Examples:

- Favorable legislation.
- High demand for services or products.
- Low input rates.
- Diversification of related products.
- Positive exchange fluctuation.
- Opportunity to enter new markets.
- Badly served customers.

The SWOT Analysis

THREATS

Situations that come from the environment and that can threaten the stability and plans of the organization.

Examples:

- Changes in the legislation.
- Increase in input prices.
- Consolidated competition in the market.
- Entry of new competitors.
- Growing bargaining power of customers and/or suppliers.
- Increase in sales of substitute products.

The SWOT Analysis

Offensive Strategies (FO)

How do strengths allow me to take advantage of opportunities?

- They are used to get the maximum benefit from a favorable external situation. It is the ideal situation for any company.
- They are applied when you have sufficient abilities and strengths to take full advantage of the opportunities that present themselves.
- The growth of the business, its strengthening and expansion is recommended.

The SWOT Analysis

Defensive Strategies (FA)

How do I take advantage of strengths to counter threats?

- It aims to respond to unfavorable situations in the external environment, based on the strengths of the organization.
- These strategies are appropriate when the company, thanks to its strengths, is ready to face threats.

The SWOT Analysis

Reorientation Strategies (DO)

How to minimize weaknesses taking advantage of opportunities?

- It points to the use of a favorable situation from the outside, to correct weaknesses or internal deficiencies.
- When there are interesting opportunities but there is not adequate preparation to take advantage of them, it is advisable to reorient our policies to improve our internal situation.

The SWOT Analysis

Survival Strategies (DA)

How do I prevent weakness from favoring threat?

- They are intended to resist as much as possible, the adverse effects that the situations that surround the company could have.
- These strategies are suitable if we are facing external threats without the necessary internal strengths to fight against them.

The SWOT Analysis Matrix

	OPPORTUNITIES	THREATS
	• opportunity 1 • opportunity 2 • Opportunity No.	• threat 1 • threat 2 • Threat N
STRENGTHS	**est . Offensives (FO)**	**est . Defensive (FA)**
• fortress 1 • fortress 2 • fortress N	• Strategy 1 • Strategy 2 • Strategy No.	• Strategy 1 • Strategy 2 • Strategy No.
WEAKNESSES	**est . Reorientation (DO)**	**est . Survival (AD)**
• weakness 1 • weakness 2 • weakness N	• Strategy 1 • Strategy 2 • Strategy No.	• Strategy 1 • Strategy 2 • Strategy No.

The SWOT Analysis

- Types of strategies

Strategy Type	Description
1. Forward integration	Take over distributors or retailers, or increase control over them.
2. Backward integration	Seek to appropriate a company's suppliers or increase control over them.
3. Horizontal integration	Seek to take over competitors or increase control over them.
4. Market penetration	Seek greater market share for products or services present in current markets through increased marketing efforts.
5. Market development	Introduce the products or services present in a new geographical area.

David, F. (2017). *Strategic Management Concepts* (16th ed.). Pearson Education.

The SWOT Analysis

- Types of strategies

Strategy Type	Description
6. Product development	Seek to increase sales through the improvement of existing products or services or the development of new ones.
7. Related diversification	Add new products or services but related to the present ones.
8. Unrelated diversification	Add new products or services not related to the present ones.
9. Cut expenses	Reorganization through cost and asset reduction.
10. Divestment	Sale of a division or part of the organization.
11. Settlement	Sale of all company assets, in parts, for their tangible value.

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