



Undertaking the 'New' SWOT Analysis

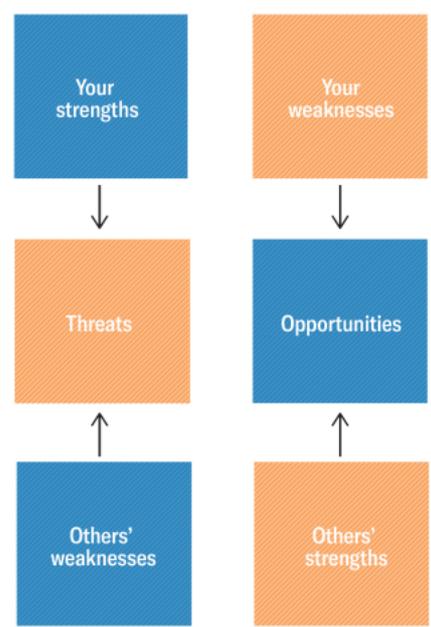
Overview

An outstanding tool for developing a powerful business strategy, the SWOT, can help business leaders navigate the reality of an ever-changing business landscape with greater clarity, and direction.

Traditionally, this framework is based on conducting an internal examination of your organization's strengths and weaknesses, scanning the landscape to identify external opportunities and threats, and then synthesizing all four factors into a strategic plan.

The downside of the traditional SWOT is that it doesn't account for the more dynamic less obvious forces at work in business.

To address them the model needs to be reconstructed as below ...



The retooled framework recognizes that threats and opportunities can come from within as well as from without — and that not just your own capabilities and deficiencies but those of other players also matter greatly.

Because of this, it requires examining two additional factors: others' strengths and weaknesses.

Critically, this acknowledges and accounts for the fact that the current strengths of an organization may actually pose a threat to it while its weaknesses may present opportunities moving forward.

The New Approach

Accordingly, it is important to take a very different view of strengths and weakness, while doing the same for opportunities and threats.

Therefore, the process begins in the traditionally way by listing all the organization's core strengths and weaknesses.

Then shifts into taking a new perspective and considering that strengths can turn into weaknesses, even threats, and vice versa.

For example, there are many instances where thriving organizations moved rapidly into significant challenges because the organization's core competencies often harden into core rigidities.

Features that served the organization well in the past such as its values, skills, and managerial and technical systems can become obstacles to progression when a new direction is required.

There are plenty of examples where a company's biggest core rigidity might be its top management, or even the leader. That's why in the process of a dynamically changing market the leaders need to be more open - getting objective external mentoring on this is a very effective way of overcoming this.

Examples of this are Kodak losing relevance to digital even though it had invented the technology, and the seemingly monopolistic Taxi companies being brought to their knees by Uber. The same can be said for the effect of Amazon on many traditional retail outlets.

In terms of weaknesses the same can be argued. There are many examples where companies with apparent weaknesses innovated and took a great deal of share from or defeated larger players.

For example, SpaceX is playing the weakness-opportunity card against giant players such as Boeing and Lockheed Martin in space technology, and they are winning.

This new perspective needs to be taken with opportunities and treats as well. And then also how you view your competitor's core strengths and weaknesses.

Summary

So, it is important to be flexible and adaptable inside this revised process. That does not mean thinking wildly, however. It's crucial to approach strategy in a structured way.

By using the 'new' SWOT framework, you can systematically ask important questions about whether upside-down rather than right-side-up dynamics may be at work in your business.