

Is your SWOT leaving money on the table?

A Strategic Thinking SWOT How-to

Dr. Michele Benton





INTRODUCTION

Every profession has its seasons, and for marketers, there's "Situation Analysis" season, that time when we look at our state of affairs so we can develop profitable strategies and plans for the year ahead. One of the central activities during this time is the SWOT analysis. Teams will spend hours upon hours generating lists of Strengths, Weaknesses, Opportunities, and Threats with the aim of...

...well, hmm...not sure.

As painful as this seasonal exercise may be, SWOT has become entrenched as a perfunctory business planning ritual.

The time and energy most teams spend on creating a SWOT is a waste.

5 Tips

FOR MAKING A SWOT HELP YOU GROW YOUR BUSINESS

For the most part, we already have preconceived notions about what the possibilities and risks are on the business. Of course. We've been working in the space for a while now and have a strong sense of what needs to be done. After much belaboring and cross-functional input, we diligently capture our list of S, W, O, and T items on a few slides and eagerly move on to the fun strategy stuff.

Unfortunately, this all too common approach is leaving money on the table. Despite the hours involved in the SWOT exercise, rarely does it return with anything new or challenge how the team currently thinks about its business. **Should it?**

It seems Marketers are left with three choices:

- Keep going through the yearly motions of SWOT, wasting people's precious time and fatiguing the team.
- Abandon the fruitless activity completely, shifting people resources elsewhere.
- Make the SWOT work in a way that it was originally intended; that is, to increase your bottom line profit.



If you decide to invest time doing a SWOT, we say it better help you grow your business. Here are five tips for making sure your SWOT makes you money.



TIP 1

Check that you're doing a SWOT analysis not a SWOT inventory

The purpose of a SWOT is to discover ways to increase the value you bring to customers in the context of your situational reality.

- You should be considering the SWOT as, first, the need to identify essential attributes in your business situation and, second, the need to evaluate how these attributes interact with each other.
- That means that you should take each internal attribute (each Strength and Weakness) and assess if it helps or hurts the ability to address each external attribute (each Opportunity or Threat).
- If you are simply collecting individual silos of S, W, O, T and not spending time analyzing the relationships between them, you are missing out on uncovering new ways to think about your customer, your market, and your business. Your assumptions will not be challenged and you and your team will be leaving money on the table.

Strengths

Internal assets & capabilities
Competitive advantage

Weaknesses

Internal liabilities & deficits
Competitive disadvantage

Opportunities

External environment that makes
doing business **more** attractive

Threats

External environment that makes
doing business **less** attractive





TIP 2

Make the attributes powerful

Make sure each attribute is significant, clear, and mutually exclusive, so that you can analyze how they interact with each other.

After generating your list of S, W, O, and T, the first thing you want to do is make sure that each attribute is categorized correctly:

- Strengths are internal attributes that are positive relative to the company, where Weaknesses are negative internal attributes.



Sometimes it's easier to start with the O and T, and then do the S and W after.

The biggest mistake people make here is that they forget these attributes are not absolute, but rather, should be compared relative to your competitors. If your competitor is equal at doing something you do, for example, it's not really a Strength.

- Opportunities are the potential for profit available in the market, completely independent of your brand, whereas Threats are factors outside your immediate control that limits the attractiveness in the market.

Sometimes people confuse the term Opportunity with the generic, casual way we say, "this is our opportunity on the business." When this happens, the O section becomes contaminated with internal strategy things (notice how in this paper, we use the word "possibilities" in lieu of "opportunity" for this very reason). Remember, the O and T should apply to anyone in your category looking at the market.

- Once you've got the SWOT attributes clear and clean, you want to make them useful in the analysis. Simplify the attributes!

This means culling the laundry list down into at least five but no more than ten inputs for each S, W, O, and T. Since you're going to be assessing the interaction of each S on each O and each T, and then each W on each O and each T, you need a well-curated, distilled range of inputs that reflect the span of things going on internally and externally in a manageable and meaningful way.



TIP 3

Remember the competitor SWOT

The Situation Analysis should have a section on the competitors, which typically includes things like their activities and potential launches. Using the SWOT method can help shore up your competitor analysis, too.

- As part of your SWOT, you should also identify the S and W for each of your major competitors, asking, "What are their relative strengths and weaknesses?"
- The O and T will most likely be the same, since you operate in the same environment.

Your competitive analysis can examine how each competitor's S and W interact with the O and T, which could suggest very different things and may even highlight deeper competitive threats than you originally anticipated.



TIP 4

Don't jump to strategies, no matter how tempting

A problem well-defined is a problem half solved

We are surprised at how often a team's SWOT outputs results in a list of strategies right out of the gate. **SWOT is an analysis, which begets the need for findings as the initial output.** These findings are not strategies—they are findings about the situation, and should define the main challenges, problems, or possibilities for you in the market. For example:

- What's going on in the market and among our customers?
- What problems do our customers have that need to be solved?
- How well-poised are we to manage this situation successfully?

If you're jumping to solution (that is, strategy) as the first output, you are likely jumping over hidden areas for adding value to customers or nuances in potential risks for your business.

As Charles Kettering famously said, "A problem well-defined is a problem half solved". The goal of the analysis is to clarify and prioritize the "problems" you must solve on your business. When you take the time to be clear with first defining the "problem," your strategy-setting later on will be a much more focused, effective, and streamlined endeavor.

Your first output of a SWOT analysis should be a set of findings about the situation. Period.

TIP 4 CONT.

Don't jump to strategies, no matter how tempting

How to develop your SWOT findings:

- List the Strengths and Weaknesses along the left side, and the Opportunities and Threats along the top.
- Within each grid "box," plot + (positive), - (negative), o (no affect or interaction) to show to what extent specific Strengths and Weaknesses interact with specific Opportunities and Threats.

	Opportunity	Threat
Strength	+ The Strength helps exploit the Opportunity o The Strength has no effect on ability to exploit the Opportunity	+ The Strength helps manage/reduce the Threat o The Strength has no effect on ability to manage/reduce the Threat
Weakness	- The Weakness reduces ability to exploit Opportunity o The Weakness has no effect on ability to exploit the Opportunity	- The Weakness makes the Threat even more ominous o The Weakness has no effect on ability to manage/reduce the Threat

SWOT analysis		Opportunities				Threats			
		Opp 1	Opp 2	Opp 3	...	Threat 1	Threat 2	Threat 3	...
Strengths	Strength 1	+	+	+		o	+	-	
	Strength 2	+	+	+		o	+	-	
	Strength 3	+	+	o		+	+	o	
	...								
	...								
Weaknesses	Weakness 1	o	o	-		-	o	-	
	Weakness 2	-	-	-		o	-	-	
	Weakness 3	-	-	-		-	-	-	
	...								
	...								

TIP 4 CONT.

Don't jump to strategies, no matter how tempting

How to prepare your SWOT findings:

- Look for Threats you are NOT poised to manage ("o" or "-" in Strengths, or "-" in Weaknesses).

What about it causes alarm?

- Look for Opportunities you are NOT poised to seize ("o" or "-" in Strengths, or "-" in Weaknesses).

What about it is cause for concern?

Note: An opportunity you identified may be good for your business (e.g., baby boomers age, increasing raw number of target consumers). However, if you are ill equipped to take advantage of the "Opportunity"—a "o" perhaps under Strength, or "-" in Weakness—the Opportunity in fact becomes a Threat you must manage. (This is an example of a pathway often overlooked in SWOT analysis.)

- Don't forget to look for Opportunities you are poised to seize ("+" around corresponding Strength(s)).

What must you be absolutely sure to recognize in your plans to ensure you can optimize the Opportunity?

- Again, be sure to look for Threats that you are poised to manage ("+" around corresponding Strength(s)).

What is important recognize in your plans so that you can indeed manage the Threat successfully?

- Synthesize these findings into a brief list, including a short description of the major relevant implication.

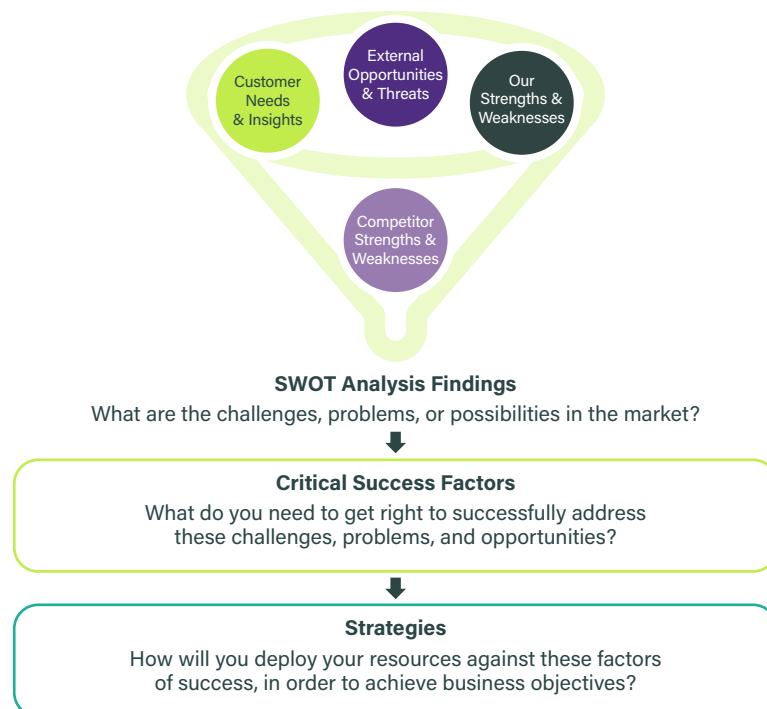
This list can be organized into categories like "Headwinds" or "Tailwinds".
This list can be a helpful summary, and may even be visualized for simplicity and clarity.

TIP 5

Determine implications before getting to strategy

With your SWOT findings in hand, you can take one helpful step before moving into strategy: Implications.

- As you look at the body of your findings, it is useful to identify what's the "so what" to you, asking, "What do I need to get right in order to win?"
- These implications are not strategies—they aren't the how or where you will get it right. Rather, these implications (sometimes called Critical Success Factors) suggest where you should be prioritizing your strategic efforts. They put forth the path that leads to success. Your strategies can then fall out of each Critical Success Factor.





The strategic marketing capabilities
partner for life science companies

Lime is on a mission to put the *life* back in life sciences.

We transform life science marketing by cultivating proven marketing ingredients that grow profits at life science companies, and ensuring that our partners remain relevant, differentiated, and human in a fast-changing, global and digital world. Lime is the marketing strategy and capabilities partner for life science companies who want to do right by their customers, employees, shareholders, and society.

**Proven marketing ingredients to grow
profits at life science companies**

info@growwithlime.com | growwithlime.com

