Chapter 15

SWOT Analysis

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Introduction

A SWOT Analysis, in which the strengths, weaknesses, opportunities, and threats of a company, product, or brand are assessed, was developed for competitive and strategic planning. Although its origins are somewhat murky[1,2] and its effectiveness has been questioned,[3] it is a model that is often used in business classes. It's a two-by-two matrix in which strengths and weaknesses that are internal to the company are examined as well as opportunities and threats that are external to the company.[4]

Though students are often introduced to the framework in their business classes, they may not know where to find the elements to fill it nor how to make it specific to their firm or brand. Some business databases, such as MarketLine via Business Source Complete or Global Data via Investext, provide SWOTs, but students should learn how to construct these matrices themselves so they know where the pieces originate from and how bias may shape the chart.

Figure 15.1
Source: Xhienne, "SWOT analysis diagram in English language," 2007. CC BY-SA 2.5 https://commons.wiki-media.org/wiki/Category:SWOT_analysis#/media/File:SWOT_en.svg

Planning

Number of participants

The number of participants is best at about 20–30 because small group discussion is part of the class.

Audience

The audience may be undergraduate or graduate business students.

Preparation and Resources

The preparation requires:

1. A computer to project or a large piece of paper to fill in and share the SWOT template with the class.
2. The instructor must prepare a ten-minute lecture on the definition of a SWOT analysis and the types of information that go into each section. The instructor should also share this information with students as a Google document or a handout (for example, see figure 15.2). It will be used for the exercise.

Figure 15.2
SWOT Chart with Types of Information

Strengths	Weaknesses
• Advantages of market position • Capabilities • Competitive advantages • Financials • Market reach and distribution • Processes and systems • Management	• Disadvantages of market position • Gaps in capabilities • Reputation, presence and reach • Financials • Supply chain robustness • Processes and systems • Management
Opportunities	**Threats**
• Market developments • Competitor vulnerabilities • Industry or lifestyle trends • Technology developments • Product development • Partnerships/Distribution • Global economies	• Political, Legislative effects • Competitor intentions • Industry or lifestyle trends • Environmental effects • Technology developments • Partnerships/Suppliers • Global economies

3. For the class exercise, the students will be broken up into four teams and they will have ten minutes to work on one section of the SWOT.
4. Students will be called back together and their SWOT entries will be read and voted on. The top three entries will make the cut for the final SWOT. This part of the class should take about 20 minutes.
5. A 20-minute lecture and demonstration should be prepared to show which databases can supply evidence for each section of the SWOT. The instructor will demonstrate one source from each section. These sources might include

the president's letter from an annual report, an article database, company press releases, and an investment analyst report database.

6. Handouts and/or a LibGuide to show the SWOT template with suggested business information sources filled in as a takeaway (see figure 15.3).

Figure 15.3
SWOT Chart with Information Sources

Strengths	Weaknesses
• President's letter Investment analyst reports • Business/Trade articles from Business Source Complete or ABI/INFORM • Market research report to show market position	• Business/Trade articles from Business Source Complete or ABI/INFORM • News articles from Factiva or NexisUni Financial data from a company's financial reports • Social Media
Opportunities	**Threats**
• Company Investors presentations • Press releases from company website about new hires, new products, new plants, partners • Investment Analyst reports	• News articles from Factiva or Nexis Uni that highlight executive departures • Litigation from Nexis Uni • Investment Analyst reports on Competitors

Description of Lesson/Activity

Learning outcomes

1. Complete one section of a SWOT analysis matrix.
2. Learn how to examine primary and secondary sources to determine the point of view or bias of each.
3. Analyze, categorize, and prioritize SWOT-relevant information.
4. Synthesize findings by voting on chart entries that best encapsulate each section.

Time required

This is a one-shot instruction session. This class should last about one hour. The instructor can shorten it by providing a handout, LibGuide, or video that describes where to find information to complete each element of the SWOT template.

Teaching Outline

There are three sections of this class. The first section is a ten-minute lecture in which the librarian instructor defines a SWOT template and discusses the types of information that go into each section. If working online, the instructor may share a link to a Google Doc. If working in person, the instructor may hand out a piece of paper. The instructor can define the SWOT tool as:

> A SWOT is a common analysis tool used to show a company's competitive position within its industry. It identifies what makes the company a

unique competitor, what its problems are, possible growth opportunities, and external threats to that growth. An analysis is a snapshot in time, so it needs to be updated as conditions change. The strengths and weaknesses are internal to the company; opportunities and threats are external to the company. SWOT analyses are often used for strategic planning.

For the second section of the class, the instructor should choose a well-known company or product for the in-class exercise. For undergraduates, an internationally sold product, such as Coke or Starbucks Coffee, works well. It can be engaging for students to work with an organization they have strong feelings about, such as a popular phone manufacturer or a fast-food chain. For graduate students, the instructor might choose a company with multiple businesses, such as Amazon or Alphabet (Google).

Class activity

After the introductory lecture, the class will divide into four sections, one for each section of the SWOT analysis. They will have ten minutes to generate a list of ideas for their section of the SWOT (using the SWOT document with the types of information filled in; figure 15.2). These should be compiled in a brainstorming manner, without analysis. The goal in this section is to get students to think and talk about what kinds of information fit into each section. These will be collected from each group and posted to a document for all to see. If using a Google Doc, one person from each team can list their group's entries.

Reunite the class and ask for each group's inputs. Note these inputs on a board or projected image for the class to see. The goal in this section is to generate content and share it with the group. Once the SWOT template is filled in, work with the class to narrow it down to no more than three entries per section through discussion and voting. This part of the class should take about 20 minutes.

Once the SWOT data needs have been defined, for the third section of the course, the instructor shows the class which sources could confirm their entries. Share a SWOT framework with business information sources filled in for each section. (The instructor will customize the business information sources to the databases that are available in the host library or organization.) An alternative is to give students a blank SWOT and ask them to write in the sources while you speak as a form of guided notetaking. For example:

The librarian instructor should talk with the students about searching and show them where to find some of these sources via demonstration. The instructor should highlight one resource from each section.

Strengths

The president's letter in the annual report often provides context for strategy in the coming year. It may mention strengths and challenges (or weaknesses) the company faces. Ask students to be critical about what they find in this letter. The company is telling the story it would like its shareholders to hear, so they generally assert that no challenge is too great, and they're confident their plans will result in greater sales, better cash flow, and industry dominance. Quotes from executives derived from interviews or analyst calls can also highlight the company's view of its own strengths and weaknesses. However, students must go beyond this internal perspective to seek outside sources.

Articles or secondary sources are written by company outsiders. These provide external perspectives. Students should make sure the articles they find are objective. They should be written by reporters and supplemented by data, such as market share, number of patents, or financial data. Use terms such as "market share" and the brand or company name as keywords for searching. Students often search on the word "strength," but the instructor should point out that reporters don't write about a "company's strength" and that databases assign subject categories to articles, but these generally relate to markets or competition.

Weaknesses

Students should consider using social media (a primary source) to learn how consumers feel about the company or its products. In addition, students can examine the annual report of a company to see if sales are trending up or down. Show students how to search for articles that discuss competitors or failures in certain markets. If news articles describe companies letting people go through layoffs or early retirement programs, this is an indication that the company believes it will require cost-cutting to continue to operate.

Opportunities

LinkedIn can show job openings. Searching here can help students to identify if there is a new plant opening or if sales are expanding in different regions.

Students can also search article sources, with terms such as "acquisitions,'" "new offices," or "new hires." Investment analyst reports may list reasons to "buy" stock in this company because the analysts believe the company is investing in the right sorts of activities for the market. Articles about partnerships can add insight to the opportunity area. Students should look for articles that describe why a company is partnering. Is the company partnering to expand sales to a new region or to use new technology to improve a product or to distribute their goods in a more efficient manner?

Threats

One common mistake that students make is to identify threats that every company in the industry faces, such as currency fluctuations or pricing pressures. In order to really excel in the SWOT analysis, the threats section should be specific to the company or brand being examined. Articles that discuss specific competitors can be named in this section as well as supplier, distributor, or legal difficulties (lawsuits). Another threat might involve personnel. Departures of high-level executives to competitors or startups could signify a toxic culture or a failure to adapt to market conditions.

This speaking and demo section can take about 20 minutes. Include time for questions.

Instructors may wish to assess the class by asking students to explain which kinds of source they prefer to use for the SWOT—a primary source such as a press release or social media post, or a secondary source such as an article, or both. This can be quickly accomplished by a show of hands, or thumbs up or thumbs down, for one versus the other.

One way to expand the class is to discuss competitive intelligence research. This is related to the SWOT analysis because companies use both for strategic planning. Most companies do some form of competitive intelligence research, though they might call it something else such as pricing research (to find out what other firms charge for similar goods and services) or market research.

Transferability

Ability to transfer to online or to in-person

The class can be moved online as long as students are willing to participate in breakout rooms or other small group settings.

Endnotes

1. Richard Puyt, Finn Birger Lie, Frank Jan De Graaf, and Celeste P. M. Wilderom, "Origins of SWOT Analysis," *Academy of Management Proceedings* 20, No. 1 (August 1, 2020), https://doi.org/10.5465/AMBPP.2020.132.
2. Dac Teoli, Terrence Sanvictores, and Jason An, "SWOT Analysis," in *StatPearls* (Treasure Island, FL: StatPearls Publishing, September 2020), https://www.ncbi.nlm.nih.gov/books/NBK537302/.
3. Terry Hill and Roy Westbrook, "SWOT Analysis: It's Time for a Product Recall," *Long Range Planning* 30, No. 1 (February 1997).
4. Brandenburger, Adam. "Are Your Company's Strengths Really Weaknesses?," *Harvard Business Review* (August 22, 2019), https://hbr.org/2019/08/are-your-companys-strengths-really-weaknesses?autocomplete=true.

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