

SWOT Analysis **ISU College of Business**

PREAMBLE

Shrinking enrollments and ever increasing competitive challenges from other educational institutions via tuition incentives, research opportunities, online programs, and distance learning significantly challenge organizations already faced with pressing budget constraints and constantly changing expectations. Clearly, universities are under pressure to change and to become more responsive to the external environment. To survive, institutions of higher education are thus forced into examining their operations from a decidedly business-like perspective. How best to develop and align the strengths of an organization with changing external needs and desires are issues successful business leaders address on a daily basis. The ability to articulate and execute a clear strategic plan and competitive advantage has traditionally been one of the most effective tools businesses have for survival and prosperity. A SWOT (**S**trengths, **W**eaknesses, **O**pportunities, **T**hreats) analysis is the cornerstone of building a strategic plan and identifying opportunities for developing competitive advantages.

While many may contend such strategic initiatives are best suited to the executive offices of an institution, the reality is that the “Whole is only as good as the sum of its parts”. For executives to adequately assess the values of the institution, they must have a clear understanding of the various “parts and pieces” of the organization. There are certainly various ways of obtaining that information (internally generated analyses, third party audits, etc.). But, clearly, the most desirable process from an organizational unit’s perspective is to develop and present its own self-generated assessment and strategic plan.

As individuals, many of us who live in universities are the product of a special acculturation process that instilled an unquestioned belief in freedom of action, independence, and the ability to act out our own set of values. We believe that we are an important part of the university decision-making process. Accordingly, active participation in the strategic process through planning and assessment provides us with the opportunity to participate in and influence the strategic direction of our university.

It might be appropriate to reflect on how some other organizations have responded to the need for change. On point seems to be the example left by the mining industry when faced with the new demands of environmental regulation two and three decades ago. Most agree that the mining industry viewed itself as powerful and that it could resist change. In the end, regulators forced their own version of change on the industry without significant industry participation in the process. Many now view the industry as being reluctant subjects to environmental regulations that are more onerous than if the industry had acted proactively in the first place. The mining industry story has been used by environmental consultants – in the same way mothers tell children about the boogeyman – to get clients to be proactive in responding to changing regulatory context.

An honest assessment of the *internal* factors (strengths and weaknesses) of an organizational unit by members of that unit (while potentially an uncomfortable exercise)

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can, in fact reap significant benefits. It not only helps identify areas of needed change but assists an organization in “playing to its strengths”. Further analysis of *external* factors (opportunities and threats) helps to identify potential applications of those strengths and possible pitfalls from identified weaknesses and threats. An organization’s ability to honestly assess itself and then base strategic decisions on that assessment provides a well supported basis for its contribution to the university as well as the justifiable foundation for the direction the organization chooses to pursue.

The process can be as beneficial as the outcome since such analytical pursuits require input and consideration from various organizational members. These contributions require self-reflection and assessment on an individual basis and of course, have the potential to generate healthy controversy. *If successfully managed*, a SWOT analysis process can instill a clearer organizational understanding in its members and promote better “buy in” to the organization’s direction and decisions.

PURPOSE OF THIS DOCUMENT

SWOT Analysis and charting a long range strategic path are often difficult, regardless of the perspectives adopted by participants in the process. The purpose of this document is to hopefully make the process a little easier by offering some pointers about the SWOT technique and some tips for handling issues that seem to crop up regularly enough that they threaten success.

Although the following document is written as if offering tips to a SWOT meeting facilitator, the author offers it to everyone in hopes that it will provide something of value to all participants in the process. What follows (as he so humbly qualifies) is “simply the sum of his experiences as a change agent in a former industry life and his experiences facilitating planning meetings for companies and within academic units”. In his experience, sometimes planning meetings go smoothly and sometimes they don’t. Sometimes the issues discussed below will become important and sometimes they won’t. As he notes, this document’s value may lie in creating a general awareness of the subtle and not-so-subtle issues that sometimes become significantly important to the process and ultimately affect its outcomes.

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INTRODUCTION TO SWOT

SWOT Analysis is simply a tool for organizing relevant bits of information about the *external* environment (**O**pportunities and **T**hreats) and relevant bits of information about the *internal* organization (**S**trengths and **W**eaknesses). Analysis (underlined for emphasis) occurs when all the relevant bits of information are brought together to define a “strategic path” (i.e. a future direction) that makes sense given the role and importance of all the relevant bits of information when considered as a whole. Seems simple enough, right?

A successful SWOT Analysis is rarely simple or easy. It is a recursive process and therefore, inherently an iterative process. It is typically characterized by difficulty in assessing uncertainty and risk, perceptions of potentially high consequences for the participants and the organization, divergent opinions about what ought to be done, differing opinions on implementation issues, and – sometimes most importantly – a belief that the entire SWOT process is not needed at best, and wrong headed at worst. Even among top managers in for-profit organizations, where you might expect consensus on goals, long-range strategic decision-making often bogs down for these reasons. SWOT Analysis in an academic setting is even more complex. Academics and university administrators often reside in an even more complex network of factors that drive decision-making.

Just because SWOT Analysis can sometimes be difficult and frustrating doesn't mean that it can't be successful or produce worthwhile benefits. As alluded to previously, reaching agreement on common goals and long term direction can often do much to reduce inter-group conflict and to help the group coalesce around shared perspectives. Following are some suggestions for managing the SWOT process in hopes of achieving these ends.

SUGGESTIONS, TIPS & PITFALLS

The discussion to follow is organized into two broad sections. The first section offers some suggestions for setting the stage for a successful SWOT Analysis. The second section offers some tips for handling meeting dynamics that sometimes cause strategic decision-making processes to go astray.

Opening Remarks – Setting Process Guidelines & Perspectives

Although opening remarks by the facilitator often consume considerable time, they can sometimes make the difference between a successful meeting and one that bogs down. I usually shape opening remarks based on how much participants know about strategic decision-making processes, my perceptions of the need for trust in the process, and the degree that I expect resistance from the participants. Each group will be different and I have never discovered a one-size-fits-all approach that works. Facilitator judgment and improvising are almost always required.

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Define the Role of Facilitator

People often view the role of the facilitator in different ways. I believe that the facilitator's role is to walk a very thin line between remaining neutral in decision outcomes, while, at the same time, defining decision-making processes, exercising some control by directing "verbal traffic," periodically keeping the group focused on important issues, and retaining control of matters relating to meeting process. Participating in decision outcomes will undermine the facilitator's authority with the group. A heavy handed approach in keeping the group focused on certain issues or exercising too much control will do the same. Facilitating can be difficult at times, but it must be done with fairness to all.

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Define SWOT – What it does & What it is Intended to Accomplish

The “Introduction to SWOT” section of this document provides a working definition of SWOT Analysis and what it is intended to accomplish. However, it would be good for the facilitator to briefly discuss common problems that occur when doing a SWOT analysis. For example, it is easy for the group to lose sight of the objective of a SWOT Analysis and to become consumed by the process of listing factors that are strengths, weaknesses, opportunities, and threats. Sometimes the group will get caught up in trying to list every imaginable factor (instead of just the “relevant” ones) that could fall within these categories. Discussion sometimes bogs down as participants disagree on whether a certain factor is a strength, a weakness, or both at the same time. Explain that this is a natural and expected part of the process. It might be appropriate to say, “I will periodically ask participants to briefly explain how a given factor relates to the endpoint of the analysis and why the factor is relevant with the understanding that we might delete or re-categorize several of the listed items later.”

Define the Focal Point of the Analysis & Criteria for Judging Alternative Plausible Futures

It might not be immediately apparent to those not familiar with SWOT just what is to be analyzed. The focal group (perhaps a College, a department, or a committee) is to be analyzed. The analysis presumes that the group resides in an environment (i.e., all things outside the group) characterized by factors (i.e., opportunities and threats) that potentially affect the group’s future. The group itself is a collection of attributes (i.e., strengths and weaknesses) that cause the group to be well poised for or vulnerable to factors in its environment. Strengths are viewed as the potential building blocks of a future path. Weaknesses are important only to the extent that failure to correct them limits the ability to achieve the chosen future path. Weaknesses that have no bearing on implementing the future path are viewed as irrelevant. The end point of the analysis, in theory, is selection of the “best” future direction for the group. In theory, that is. In reality, “best” is a muddled term to be sorted out by the group. The discussion below is provided to help sort it out.

Among the factors complicating high level decision-making in universities is that there are so many legitimate criteria that can be used to evaluate the worth of a group’s decision outcomes. For example, group decision processes usually recognize that a faculty member’s wishes have legitimacy. If a faculty member wants to do something or doesn’t want to do something else, university culture implicitly mandates that personal wishes are taken into consideration. It is not unusual for a faculty member to view research, teaching, and service (with implicit weights given to each) as his or her primary responsibilities and the road to tenure and promotion. All other activities are sometimes viewed as detracting from the ability to respond to primary responsibilities. Such views also have legitimacy. It would be possible to generate a lengthy list of other factors that are part of decision processes, but I think everyone understands them already. The point to be made, however, is that our group decision processes are complex with more than one legitimate way of viewing any issue.

There is, however, one set of criteria that sometimes gets overlooked in strategic planning processes. In businesses, decision processes are often shaped by their affect on competitive advantage. Competitive advantage is defined as doing something well that is valued by customers and not easily imitated by competitors. The implications of the

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definition shouldn't be lost in the SWOT Analysis process and is perhaps best illustrated by an example. Suppose an academic unit is considering two alternative future paths. Alternative #1 entails offering a fairly standardized set of courses to students everywhere in a web-based setting. Alternative #2 entails capitalizing on the unique talents of its faculty to offer tailored program to fit local needs in a traditional, brick and mortar setting. The definition of competitive advantage offers some guidance in evaluating the worth of the two alternatives.

Part of the evaluation process involves an assessment of demand for the two alternatives and the degree of competition the group faces by selecting one alternative over the other. For example, it could be rightly concluded that demand for Alternative #1 (web-base offering) is huge. It should also be concluded that selection of Alternative #1 exposes the group to direct competition from every other source of web based instruction for fairly standardized programs. The next question to ask is whether the group's offering has anything special about it that would cause students to select the group's offering over similar offerings by competitors. If the answer is no, the next logical question is whether the group's offering can be made to be special in a way that attracts customers (students) in way that competitors can't? If the answer to this question is no then the worth of Alternative #1 is diminished.

Now consider Alternative #2. While local demand is probably minuscule when compared to the worldwide demand for Alternative #1, it should be recognized that ISU is somewhat protected from competition by geography, a local reputation for quality, and by perceptions of value (often thought of as the ratio of quality to cost). So, even though Alternative #2 might provide a significantly larger share of a smaller demand pie, the ability to get the smaller slice appears to be sustainable. When the worth of the unique talents of faculty to provide a tailored program to suit local needs is factored in, Alternative #2 starts to look even better in terms of acquiring a degree of competitive advantage.

The point to be made is that Alternative #2 offers a degree of protection, whereas Alternative #1 doesn't. Imbedded in the discussion is that a contemplated course of action that seems likely of providing a degree of competitive advantage is better than one that doesn't. Stated in profit terms, competitive advantage increases the likelihood of having a steady stream of customers (students) in the future to offset the cost of implementation.

The discussion of competitive advantage is not intended to lessen the worth of the myriad of factors that go into establishing a future path for a group, but it should be recognized that competitive advantage is often seen as the "Holy Grail" sought by those who do strategic analysis and planning. It makes sense to build the notion of competitive advantage into your SWOT Analysis process.

Establishing Importance of Reaching End Points

In my experience, meeting participants often see their participation in high level decision-making meetings as a response to a management edict. Upfront time spent in establishing the importance of the meeting can sometimes pay big dividends as the meeting progresses. The "Preamble" section of this document was written, at least in part, with the aim of establishing the importance of reaching successful SWOT Analysis endpoints. It might be good to review relevant parts of the discussion for the group.

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Define How “Agreement” is Reached

The Facilitator should recognize that academic meeting processes are sometimes characterized by multiple views of what constitutes “agreement” by the group. To some members, agreement might mean consensus. Hence, dissent by a single person legitimately represents non-agreement. To others, majority opinion constitutes agreement. In certain settings, agreement is reached when a “substantial majority” supports a position. In still other instances, any of the above notions of agreement might apply, except that persons of authority (Chairs, Deans, etc.) have a more powerful vote in the process.

In my experience, it is usually worthwhile to let the group define the terms of agreement. If you find that the group has, in fact, multiple views of “agreement” then you can almost certainly conclude forcing this discussion was the right thing to do. An additional benefit is that you can refer back to the terms of agreement later if you find that decision processes have bogged down for lack of a clear understanding on this matter.

Tips & Pitfalls - Common Ways the Process Goes Awry & Suggestions for Handling Them

Planning meetings, especially those that require application of the SWOT technique, seem to regularly encounter certain snags. Sometimes the snags are rooted in problems of applying the SWOT technique to the group’s situation and sometimes they are rooted in behavioral issues. Listed below are some of the snags that seem to crop up often enough that they are worth discussing.

What to Do When Someone’s Comment is Legitimate, but Doesn’t Fit in the SWOT “Boxes.”

Expect someone to raise a very legitimate issue, but you can’t figure out in which of the four SWOT “Boxes” (strengths, weaknesses, threats, and opportunities) the issue belongs. For example, someone might say “We are beholden to [insert a stakeholder name here]” or, “We must operate within the constraints of [insert constraint here]. Stakeholder groups could be students, faculty, professional groups, and so on. Constraints could be a position taken by university administration, the need to nestle the group’s decision outcomes within a hierarchy of mission statements, the need to meet demands of accrediting bodies, the need to be responsive to political bodies, etc.

Everyone should recognize that SWOT is a very coarse-grained tool that won’t accommodate all relevant information needed to chart a long term “strategic path” for the group. I typically wait until the first such comment surfaces and then intervene in the group discussion to shift emphasis toward developing two lists on a blackboard, easel pad, or whatever is handy. One list is labeled “Influential Stakeholder Groups.” Participants should be able to quickly develop a lengthy list of stakeholders that must be considered in plotting the group’s future. The other list is labeled “Network of Constraints.” The two lists can be viewed as defining the boundaries of “acceptable” long-range plans. In other words, not all possible “strategic paths” identified by SWOT are acceptable unless they also meet important stakeholder obligations and are acceptable when viewed within the network of constraints.

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To save precious meeting time, it might be appropriate to ask meeting participants to generate the two lists beforehand.

The Facilitator will likely encounter other instances in which SWOT simply isn't up to the job at hand. My advice: improvise and make it work.

Resistance to Doing the Analysis – “Let’s just jump to the endpoint now!”

My experience suggests that resistance to the process should be expected. A common form is trying to circumvent the process and jump immediately to the endpoint. Expect statements like, “Why do we need to go through this cumbersome SWOT procedure anyway? Can't we simply say what we want to do and be done with it?”

If (when) this happens, the Facilitator's response is important and requires a high level of trust from the group. Also required is the ability to confront a difficult topic with tact. My approach to this usually consumes a lot of time and is a admittedly bit blunt at times, but I think addressing this issue is sufficiently important that it can't be ignored. I try to shape my response to the current context, but a typical response might be:

We've all been in academics long enough to know that we are a very diverse group of people with firmly held opinions. Even though we openly speak about group decision-making and the importance of consensus, we've also seen decision outcomes that are simply the product of a few strong willed, very vocal people who shaped decision outcomes in accordance with their own values and beliefs. We all probably know several people who might feel ignored or hurt because they believe they didn't have a voice in the process. We all have probably seen groups where outwardly cordial behavior masks conflict that lies beneath the surface. We have all seen instances when unresolved conflict has caused a lack of buy-in and robbed the group of achieving its potential. Exacerbating this situation is that group members sometimes decide that it easier to live with the conflict than to address it head on. One feature of SWOT is that it forces elaboration of factors that implicitly reveal the diversity of the group's value and belief system. SWOT sometimes forces confrontation and resolution of sources of conflict rather than allowing them to exist beneath the surface. If you will place a little trust in the process, it could be that you might be better off by understanding your colleagues and seeing legitimacy of a position where you didn't see it before.

Incidentally, if strong resistance to the process is expected, a Facilitator from outside the group sometimes has an advantage in being able to address sensitive issues and to perhaps speak a little more bluntly than someone inside or close to the group.

Should We Argue Each Point Individually or Can We Reach a Better Understanding?

Meeting dynamics vary greatly, but it is not uncommon for participants to feel that each point must be thoroughly discussed and agreement reached before anything can be committed to writing. If this happens progress will be slowed to a snail's pace and group members will become noticeably frustrated. An approach that sometimes works is to

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interrupt the group's discussion and to propose an "understanding" for the group's consideration. Terms of the understanding are:

- Nothing committed to writing represents an agreement. We can (and must) revisit items listed later to assess their relevancy and appropriateness.
- More than trying to generate comprehensive lists in SWOT categories, perhaps the group will agree to focus on quickly developing what appears to be reasonable lists and then interpreting the future direction that is implied by the lists. Let's try to make the process an iterative one in which we quickly develop the lists, interpret the path suggested by the list after factoring in stakeholders and constraints, review and refine the lists, and repeat the process until we think we've arrived at the most appropriate solution.

Discussion Bogs Down Due to Emphasis of "Means" to the Extent that Sight of "Ends" Gets Lost

Sometimes group discussions bog down because someone offers an idea and someone else launches into a discussion of what it takes to implement the idea. For example, someone might say, "Let's do web-based distance learning." Someone else might say, "Yes, but that would require ... [extensive list of implementation issues]."

Discussion of implementation issues can be healthy and often serves to keep the group's discussion within the bounds of reality. Discussion of implementation issues can also become excessive, can cause group processes to unnecessarily bog down, and can take the group into areas over which it has no control.

I think the Facilitator has to exercise discretion as to when discussion have moved from the healthy into unnecessarily slowing down progress. An approach that sometimes works to get things moving is to interrupt the group discussion and to propose another "understanding" for group approval. Terms of the understanding are:

- Rather than get too bogged down in implementation issues – especially those that are beyond our control – would you agree to limiting the discussion mostly to "ends" (what we think we should accomplish) rather than "means" (how we get there). Often the "means" are beyond our control and require resources and/or approval from outside the group. When it comes to setting a long term direction, I think everyone realizes that the group is dependant on others to grant approval and to provide needed resources.
- Additionally, once we get a better feel for desired "ends" we will come back and discuss "means" more thoroughly. Discussing implementation issues later will help us make some progress now and will probably help us evaluate and narrow the set of future paths that we will probably generate. It might be that the group will decide to produce alterative future "strategic paths" accompanied by a statement that the group is willing to go in multiple directions depending on the willingness to provide resources needed for implementation.

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CONCLUDING REMARKS

I hope that anyone who reads this document recognizes that is little more than a reflection of the sum of my own perceptions, experiences, and biases as they affect the strategic decision-making process. For some groups, the issues that I have raised will have missed the mark by a mile. For other groups, well ... you can judge for yourselves.

The document was prepared in hopes of making the strategic decision process as smooth and as effective as possible. I hope it comes out sufficiently strongly that no single individual can make this happen. High level decision making in an academic setting is truly a group effort that requires special understanding and participation from all.

To summarize the main points of the document, they seem to be: (1) The need to engage in a strategic planning process has become an organizational reality, (2) that a proactive stance is better than a reactive one, (3) to think that the planning process is merely a required response to administrative edict is probably naïve, (4) a superficial approach to the planning process will likely come back to haunt you in the future, (5) to think that meeting dynamics will reflect a logical, rational approach could be right, but more likely they won't, and, (6) increased understanding of the SWOT technique (its strengths and shortcomings) and an awareness of the meeting dynamics that it will likely produce are probably the best routes to successfully completing the SWOT process and charting a viable future direction for the group.