Strategic Situation Analysis with SWOT

Effective use of AI Analytics for SWOT

Abstract

The new and improved SWOT for rapid situation analysis

SWOT is an effective strategic management method. Assessment of the situation an organization faces in strategic planning is critical to their long-term continuity and viability. The focus on Strengths, Weaknesses, Opportunities, and Threats, is a key component in strategy formulation.

Situation analysis is at least a two-part effort. The first (the basis of the one-week project) sorts through many options to identify those of significant impact and interest to toe organization, The second fine tunes the analysis to create a type of triage view of the strategic situation.

Depending on the scope of the organization (i.e., size and complexity) several cycles of Situation Analysis may be required. Multiple operating units may require small and quick efforts and an integration of the results.
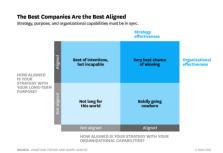
Advances in Analytics make SWOT a powerful Tool

Certain analytics provide for reducing the dimensionality of a problem to speed up identifying core solutions. This is a form of Principle Component Analysis (PCA) with a simpler algorithm to identify the key components. The two-stage approach takes advantage of this type of analysis. It quickly includes a large variety of quadrant elements and narrows down to focus on the core elements in each category.

Gaining Competitive Advantage with SWOT

A better-quality situation analysis gives an organization a competitive advantage in their industry and deters entrants into their market space. The goal is to identify asymmetric opportunities that improve your competitive position. Strategic alignment links the external landscape with strategy and execution.

This project provides managers and professionals with skills in making strategic management decisions. Participants review and develop the skills needed for effective situation analysis.

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Stage 1: Project Start Up

Project start up involves preparing the SWOT team for the project. This means understanding the method and criteria for conducting a SWOT situation analysis. There are four major components to the analysis, Setting up the analysis, Quadrant Analysis, Cross Quadrant Analysis and Conclusions/Interpretation including potential Strategic Direction. Workshop teams consist of 12 to 15 of the following; only SWOT team members, a mix of team and non-team, or a complete non-team set of members.

Step 1 – Project 'Kick Off'

- Project Overview
- Conducting the two key workshops
- Preparing the SWOT Input Plan
- Defining the Outputs
- Results Expectation

Action: Setting up the Workshops

Step 2 – Preparing Workshop Materials

- Review of Existing Material
- External Impact Workshop
- SWOT Quadrant Members
- SWOT Criteria (Objective and Subjective)
- SWOT Cross Quadrant Relations (Optional Depending on time)

Action: Distributing Workshop Materials to Workshop Members

Step3 – Workshop – Selecting PESTLE Categories

- Conduct brief research for potential members of each category
- Choose 4 PESTLE-MBI categories of interest (more may be added later)
- Prepare workshop spreadsheet materials for each category
- Select subjective criteria for categories
- Select and define objective criteria for selected categories
- Review spreadsheet subjective criteria for meaning

Action: Fill out subjective criteria spreadsheets first

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Day Two

Stage 2 – Data Gathering Workshops

Each data gathering workshop involves just a few steps. The steps include selecting the list of elements in each SWOT quadrant, identifying, and applying criteria via spreadsheets and identifying relationships between spreadsheets. Some initial analysis is done based on the results of each workshop effort. The subjective and objective criteria must be consistent across quadrants for analytics purposes.

Step 1 – PESTLE-MBI Impacts Determination

- Rank the selected PESTLE categories based on subjective criteria options
- Combine spreadsheets to reduce bias
- Rank the selected categories based on objective criteria (if time permits)
- Combine objective criteria spreadsheets
- Create composite rank of PESTLE elements
- Separate into opportunities and threats

Action: Calculate composite ranking of each SWOT category

Step 2 – Internal Quadrants preparation

- Identify the Strengths of the organization
- Prepare spreadsheets with subjective criteria for Strengths
- Prepare spreadsheets with Objective criteria for Strengths
- Identify the Weaknesses of the organization
- Prepare spreadsheets with subjective criteria for Weaknesses

Action: Consolidate criteria spreadsheets into one summary spreadsheet

Step 3 – External Quadrants Preparation

- Identify the Opportunities of the organization
- Prepare spreadsheets with subjective criteria for Opportunities
- Prepare spreadsheets with Objective criteria for Opportunities
- Identify the Threats of the organization
- Prepare spreadsheets with subjective criteria for Threats
- re spreadsheets with Objective criteria for Threats

Action: Consolidate criteria spreadsheets into one summary spreadsheet

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Stage 3 Individual Quadrant Analysis

Quadrant analysis uses subjective and objective analytics of the four quadrants independent of each other. The goal is using advanced analytics (AI and Statistically based) to identify the most significant of the elements of each quadrant and those that have the most influence on the other category elements. This makes the first cycle of situation analysis more efficient and reduces the number of things that require more intense scrutiny.

Step 1 – The Internal View, Strengths, and Weaknesses

- Rank and discuss the strengths on subjective criteria
- Calculate and discuss the influence of criteria
- Calculate and discuss the influence of elements
- Calculate the composite ranking of each strength and weaknesses
- Identify any internal innovative opportunities and hidden threats
- Integrating objective criteria analysis (if time permits)

Action – List potential scenarios for the top three strengths and weaknesses

Step 2 – The external view. Opportunities and Threats

- Correlating opportunities and threats based on criteria
- Calculating the influence of criteria
- Calculating the influence of elements
- Relating the composite ranking of each category
- Integrating objective criteria analysis (if time permits)

Action: List potential scenarios for the top three opportunities and threats

Step 3 – Starter scenario analysis

- Prepare a scenario template
- Expand the strengths scenarios
- Expand the weaknesses scenarios
- Expand the opportunities scenarios
- Expand the threats scenarios

Action: Integrating across all four quadrants

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Day Four

Stage 4 Cross Quadrant Analysis

Once quadrant analysis is done and the most significant elements in each quadrant are identified, cross quadrant analysis can proceed. The starting point approach is organized around the external/internal view of relating quadrants.

Step 1 – The Internal View, Strengths, and Weaknesses

- Correlating strengths and weaknesses based on criteria
- Calculating the influence of criteria
- Calculating the influence of elements
- Relating the composite ranking of each category
- Some innovative opportunities and hidden threats are internal
- Integrating objective criteria analysis (if time permits)

Action - Integrating the most significant elements perspectives

Step 2 – The external view. Opportunities and Threats

- Correlating opportunities and threats based on criteria
- Calculating the influence of criteria
- Calculating the influence of elements
- Relating the composite ranking of each category
- Integrating objective criteria analysis (if time permits)

Action: Integrating the most significant elements perspectives

Step 3 – Analyzing the Link Between External and Internal Perspectives

- Identify relationships of the six pairs of quadrant categories
- Calculate the context factors for each SWOT
- Rank each quadrant elements according to context
- Identify deployment issues for the top two highest context in each quadrant
- Identify a strategic response for dealing with the issues

Action: Prepare bullet list context analysis conclusions for strategy formulation

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Stage 5 The Strategy Formulation Input

The external/internal view is not the only way to look at the quadrant relationships. Further, it is important at this point to attach starter scenarios of action that feed the strategic plan. The goal of the last stage is preparation of the strategic formulation input for the strategic plan with the results of situation analysis. Anywhere from 12 to 24 scenarios may result from tis analysis (3 to 6 per quadrant). Therefore, the scenarios must be terse at this point.

Step 1 – Cross quadrant Analysis of all four quadrants

- Create cross quadrant correlation matrix
- Prepare four box analysis of each of the six relationships
- Rank the correlations
- Review the rank results
- Identify scenarios for each of the op correlations

Action: Summarize the results of the cross-quadrant analysis

Step 2 – Develop skeleton scenarios

- Identify scenarios of interest
- Prepare framework for each scenario
- Assess competitive response
- Assess unintended consequences (the known/unknown approach)
- Complete draft of each scenario

Action: Identify the top 4 – 6 scenarios

Step 3 – Prepare strategic plan inputs

- Collect the scenarios in one place
- Evaluate the scenarios using portfolio analysis techniques
- Expand the top four scenarios
- Identify conclusions for the situation analysis thus far
- Draft a summary report for strategy formulation

Action: Review and submit the situation analysis report

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Project Objectives

The core objective of this project is the definition, exploration, and recommendation of a starter input to strategy formulation using the SWOT approach with advanced analytics to initiate the formulation.

After completing this project your organization will have an input to the strategy formulation effort and, you will be able to:

- Explain why SWOT situation analysis is important for strategy
- Describe the components of a good SWOT application
- Analyze the end-to-end impact SWWOT impact
- Define how quadrant contributes to strategy formulation
- Identify the contents of each quadrant
- Describe potential unintended consequences.
- Explain the key factors for scenarios for key elements of each quadrant
- Define and specify a prioritized approach each quadrant
- Demonstrate potential deployment issues with each quadrant
- Describe the impact of cross quadrant relationships on strategy

Note:

Projects may take longer depending on the scope of the situation analysis and size of organization, The recommended initial use of this approach is 1 to 2 weeks to understand the use of the new analytics in helping sort out the options available for strategy formulation. Software tools to apply the analytics make updating the situation analysis more simple than past methods. Excel is the capture approach for the analysis material while the analytics are provided by another tool that uses Excel as input.

Who should attend?

Strategy analysts, managers involved with strategy formulation, Business and Strategy Determination teams, Business planners, Professionals, IT Specialists, Business Architects.

Contact Knowledge Consultants, Inc. via email requests to knowhow@knowledgebiz.com and receive a response within 24 hours.