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Lean Thoughts

SWOT

The Traditional SWOT Definitions
Unfortunately, in many plans this results is a list of opportunities made up mostly of the advantages gained if you can overcome a weakness. And the threats are often just a list of consequences if you lose a strength, as shown below.

Strengths
- •Experienced personnel
- •Loyal customer base
- •Strong legacy products

Weaknesses
- •Little focus on new products
- •Some locations have seen minimal growth in three years

Opportunities
- •Creating new products to offer to our client base
- •Transforming poor performing locations

Threats
- •Losing people to our competitors
- •Losing customers

Internal versus External
What gets missed in the traditional approach is a dimension, which we call internal versus external. We believe it is essential that the SWOT does a robust job of identifying internal and external factors and their current or potential impacts. Therefore we recommend the following approach:
•Strengths and opportunities are positive and weaknesses and threats are negative.
•Strengths and weaknesses are internal and opportunities and threats are external.
So based on this, any statement about an internal factor, whether it's current or future, would be a strength if positive or a weakness if negative.

Any statement about an external factor, whether it's current or future, would be considered an opportunity if positive or a threat if negative.

Attribute and Impact
There is another significant difference in the way we see a SWOT analysis. In the previous example, strengths included "experienced personnel, loyal customer base and strong legacy products." We believe these aren't strengths, they are just attributes of the organization.

Strengths
- •Our experienced personnel allow us to recognize problems quickly and bring proven solutions to the table.
- •Our loyal customer base generates high levels of repeat business and referrals.
- •Our strong legacy products provide a foundation of consistent revenues year after year.

Weaknesses
- •A lack of focus on new products can threaten future earnings should our legacy products decline.
- •Some locations have seen minimal growth in three years making it more difficult to achieve our growth goals.

Where Lean Thoughts can become Reality

"Unless you try to do something beyond what you have already mastered, you will never grow."

Ronald. E. Osborn

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Opportunities

•The acceptance by the public of web-based purchases provides an opportunity for low cost/high margin sales.

•Given the current economic condition, we can position our legacy products as vehicles for combating the situation.

Threats

•The easy success of two new low priced competitors into the market place may result in additional new entrants – putting even more price pressure on us.

We define a strength as being an attribute plus an impact. So "experienced personnel" is just an attribute. To make it a strength, the wording might be, "Our experienced personnel allow us to recognize problems quickly and bring proven solutions to the table." Now that's a strength because you have both the attribute – your experienced personnel – and also the impact – the ability to recognize problems quickly and bring proven solutions to the table. The attribute plus impact rule also applies to weaknesses, opportunities, and threats.

Why is defining both the attribute and the impact so important? Well, you might say that your strength is experienced personnel. But I may believe that the impact is very different – that the impact of your experienced personnel is to recruit other staff members. Someone else may have a different view of what the impact is. If you're not clear on the impact, ***you may be wasting valuable time, labor and financial resources on the wrong strategies*** to enhance your strengths or overcome your weaknesses. And the same goes for capitalizing on opportunities or reducing threats. So make sure your SWOT analysis identifies both the attribute and the impact for all four components.

Note that, to help with keeping opportunities and threats focused externally, we recommend that you start each statement with the external condition and then give the impact on the organization.

How does the SWOT impact the Plan?

Is the SWOT just a intellectual exercise or is the information used during other parts of the planning activity? Yes, it does frequently come into play during the planning activity. Strengths and opportunities often become strategies; weaknesses and threats show up as barriers.

The Washington Post's Mensa Invitational once again invited readers to supply alternate meanings for common words.

And the winners are:

1. Coffee, n. The person upon whom one coughs.
2. Flabbergasted, adj. Appalled by discovering how much weight one has gained.
3. Abdicate, v. To give up all hope of ever having a flat stomach.
4. Esplanade, v. To attempt an explanation while drunk.
5. Willy-nilly, adj. Impotent.
6. Negligent, adj. Absentmindedly answering the door when wearing only a nightgown.
7. Lymph, v. To walk with a lisp.
8. Gargoyle, n. Olive-flavored mouthwash.
9. Balderdash, n. A rapidly receding hairline.
10. Testicle, n. A humorous question on an exam.
11. Rectitude, n. The formal, dignified bearing adopted by proctologists.
12. Pokemon, n. A Rastafarian proctologist..

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