



# RAMA UNIVERSITY

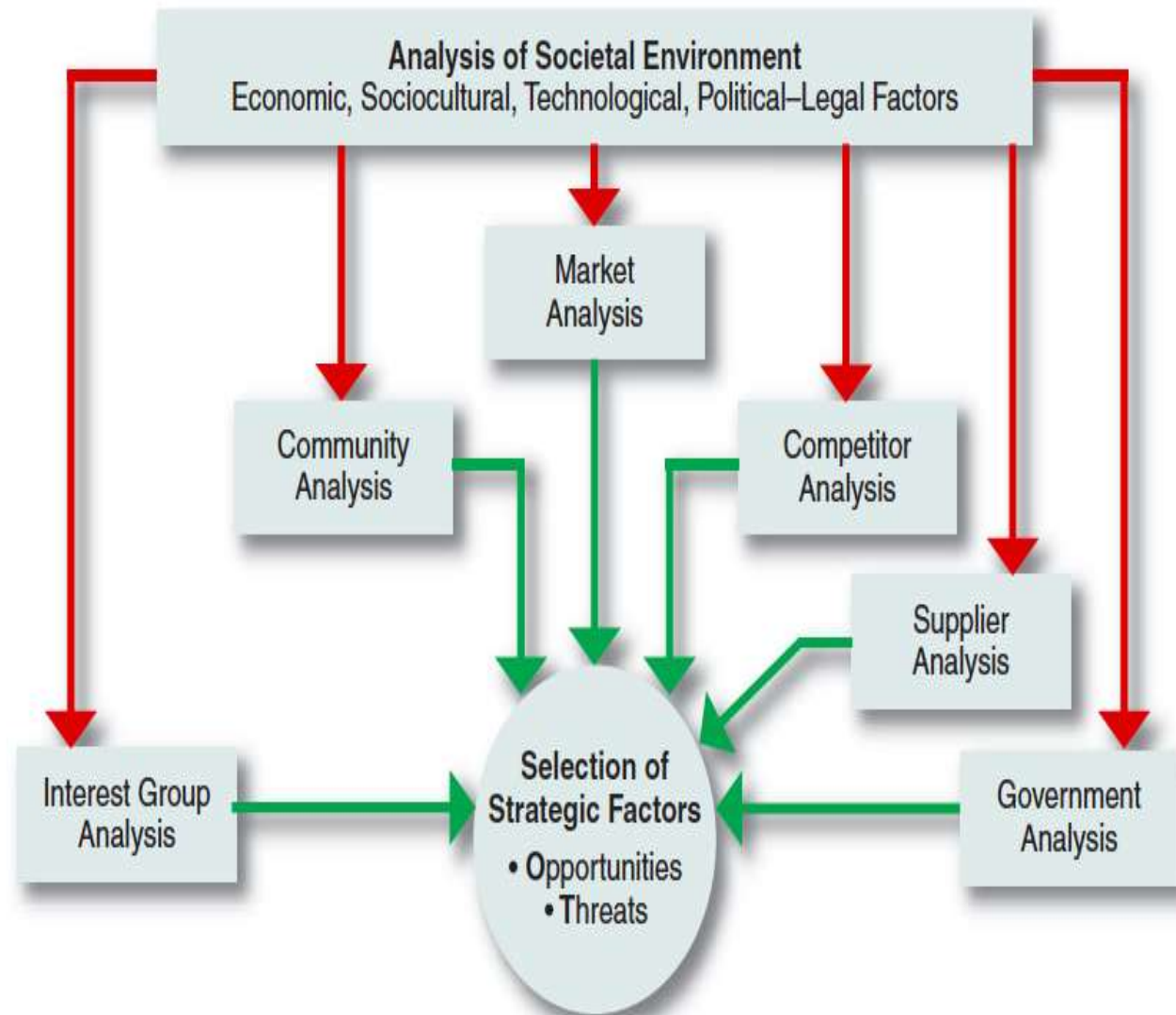
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## E-Content BCH-601 : Business Policy

### Lecture 31

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FIGURE 4-1  
Scanning External Environment

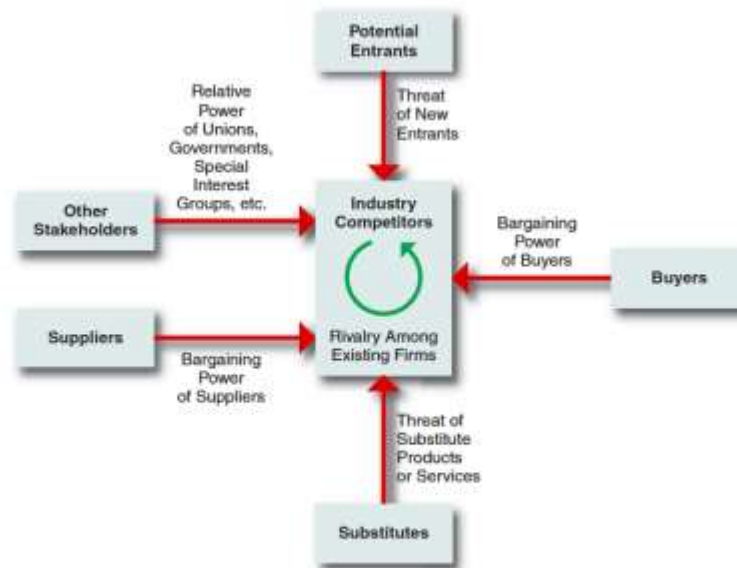


# Industry Analysis: Analyzing the Task Environment

An industry is a group of firms that produces a similar product or service, such as soft drinks or financial services. An examination of the important stakeholder groups, such as suppliers and customers, in a particular **corporation's task environment is a part of industry analysis.** For example, people from each of the brand management teams work with key people from the sales and market research departments to research and write a “competitive activity report” each quarter on each of the product categories in which P&G competes. People in purchasing also write similar reports concerning new developments in the industries that supply P&G. These and other reports are then summarized and transmitted up the corporate hierarchy for top management to use in strategic decision making. If a new development is reported regarding a particular product category, top management may then send memos asking people throughout the organization to watch for and report on developments in related product areas. The many reports resulting from these scanning efforts, when boiled down to their essentials, act as a detailed list of external strategic factors.

# PORTER'S APPROACH TO INDUSTRY ANALYSIS-

FIGURE 4-3  
Forces Driving  
Industry  
Competition



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# SWOT Analysis - Definition, Advantages and Limitations

- **SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats.** By definition, Strengths (S) and Weaknesses (W) are considered to be internal factors over which you have some measure of control. Also, by definition, Opportunities (O) and Threats (T) are considered to be external factors over which you have essentially no control.
- **SWOT Analysis** is the most renowned tool for audit and analysis of the overall strategic position of the business and its environment. Its key purpose is to identify the strategies that will create a firm specific business model that will best align an organization's resources and capabilities to the requirements of the environment in which the firm operates.