



# RAMA UNIVERSITY

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## E-Content BCH-601 : Business Policy

### Lecture 34

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# Advantages of SWOT Analysis

- SWOT Analysis is instrumental in strategy formulation and selection. It is a strong tool, but it involves a great subjective element. It is best when used as a guide, and not as a prescription. Successful businesses build on their strengths, correct their weakness and protect against internal weaknesses and external threats. They also keep a watch on their overall business environment and recognize and exploit new opportunities faster than its competitors.
- SWOT Analysis helps in strategic planning in following manner-
- It is a source of information for strategic planning.
- Builds organization's strengths.
- Reverse its weaknesses.
- Maximize its response to opportunities.
- Overcome organization's threats.
- It helps in identifying core competencies of the firm.
- It helps in setting of objectives for strategic planning.
- It helps in knowing past, present and future so that by using past and current data, future plans can be chalked out.

# Environmental Scanning

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graph TD; A[Environmental Scanning] --> B[Internal Analysis]; A --> C[External Analysis]; B --> B1[• Strengths]; B --> B2[• Weaknesses]; C --> C1[• Opportunities]; C --> C2[• Threats];
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## Internal Analysis

- Strengths
- Weaknesses

## External Analysis

- Opportunities
- Threats

# Limitations of SWOT Analysis

- SWOT Analysis is not free from its limitations. It may cause organizations to view circumstances as very simple because of which the organizations might overlook certain key strategic contact which may occur. Moreover, categorizing aspects as strengths, weaknesses, opportunities and threats might be very subjective as there is great degree of uncertainty in market. SWOT Analysis does stress upon the significance of these four aspects, but it does not tell how an organization can identify these aspects for itself.