

Unit 15

SWOT Analysis



General Objective

After studying this Unit, you should be able to help participants in your training session to help participants understand the significance of carrying out a SWOT analysis of an enterprise.

Specific Objectives

This Training Unit will help you to enable trainees to:

- Assist participants in your training session to understand the relative strengths, weaknesses opportunities and threats in setting up an enterprise;
- Identify actions to be taken on the weaknesses they encounter in their own enterprises.

Planning

Time	:	One hour thirty minutes
Training Methodology	:	Case study on “Ramvati Pickles”; group discussions
Training Material	:	Chart papers, markers, copies of the case study
Trainer’s Preparation	:	Reading the case study. Preparation of separate charts for strengths, weaknesses, opportunities and threats for discussion. Preparation of pictorial charts on relative strengths, weaknesses and opportunities, threats for Ramvati Pickles. Also think of dividing participants into four groups.

Background Material

Introduction

It is often said that in a society, one has to study the history, position and status of women, to understand its limitations. The concept of women’s

empowerment, thus, carries a lot of significance and it has always been dependent on the prevailing models of development. A discussion on the problems and constraints of women entrepreneurs reveals that besides problems like occupational mobility, household chores and marketing, it is the lack of risk-taking and experimentation that hinders the growth of enterprises run by women.

SWOT stands for strengths, weaknesses, opportunities and threats. Strengths and weaknesses are internal factors. For example, a strength could be availability of local market for women growing mushrooms. A weakness could be the lack of a new product. Opportunities and threats are external factors. For example, an opportunity could be a demand for the product in the nearby village. A threat could be a new competitor in your home market.

SWOT Analysis is an effective method of identifying Strengths and Weaknesses, and to examine the Opportunities and Threats the women face in setting up an enterprise. Often carrying out an analysis using the SWOT framework will be enough to reveal changes, which can be usefully made. This has been a useful tool for industry where it has been used as a decision-making aid when new vocational programmes are planned. SWOT is a simple, easy to understand technique. It can be used in formulating strategies and policies for the women entrepreneurs. However, it must be remembered that this is not an end in itself.

SWOT analysis can be simply understood as the examination of an organization's internal strengths and weaknesses, and its environments, opportunities, and threats. It is a general tool designed to be used in the preliminary stages of decision-making and as a precursor to strategic planning in various kinds of applications. An understanding of the external factors (comprised of threats and opportunities), coupled with an internal examination of strengths and weaknesses assists in forming a vision of the future.

How to Do a SWOT Analysis

In order to carry out a SWOT Analysis, women need to write down answers to the following questions:

Strengths

- What are your advantages?
- What do you do well?

Consider this from your own point of view and from the point of view of the people you deal with.

Weaknesses

- What could be improved?
- What is done badly?
- What should be avoided?

Again this should be considered from an internal and external basis – do other people perceive weaknesses that you don't see? Do your competitors do any better? It is best to be realistic now, and face any unpleasant truths as soon as possible.

Opportunities

- Where are the good changes favouring you?
- What are the interesting trends?

Useful opportunities can come from such things as:

- Changes in technology and markets;
- Changes in government policy related to your field;
- Changes in social patterns, population profiles, lifestyle changes, etc. ; and
- Local Events.

Threats

- What obstacles do you face?
- What is your competition doing?
- Are the required specifications for your products or services changing?
- Is changing technology threatening your position?
- Do you have a bad debt?

The next step in a SWOT analysis is to make a worksheet by drawing a cross, creating four sectors one each for strengths, weaknesses, opportunities, and threats. An outline of such a worksheet is shown in the following discussion. Following this the women need to list specific items related to the problem at hand, under the appropriate heading in the worksheet. It is best to limit the list to 10 or fewer points per heading and to avoid over-generalizations.

Strengths	Weaknesses
1. Groups are homogenous.	1. Group's overdependence on facilitator.
2. Groups save regularly.	2. Illiteracy level high
3. Enterprise issues discussed in group.	3. No participation
4. Skill levels of group members high.	4. No skills
5. Dependence on money-lenders declining	5. No resources

What are the opportunities and threats?

Opportunities	Threats
1. Availability of Government funds, cooperation low	1. Inter-group cooperation low
2. Training Centre exists in neighbourhood	2. Enterprise work increases burden on women

3. Demand for product	3. Training and capacity building not given importance
4. No competitors	4. Group formation not strong
5. Easy access to market. Enterprise work increases burden on women	5. Existence of competitors

Carrying out this analysis is really illuminating.

SWOTs can be performed by individual women or groups of women. Generally this analysis provides objectivity, clarity and focus to discussions about strategy.

A SWOT analysis can be an excellent tool for exploring the possibilities for initiating new programmes. It can also be used for decision making by individuals. It is a relatively simple way of communicating ideas, and concerns to others. Probably the strongest message from a SWOT analysis is that, whatever course of action is decided, decision making should contain each of the following elements: building on Strengths, minimizing Weaknesses and sensing Opportunities, and counteracting Threats.

SWOT analysis is very flexible. An updated analysis can be made frequently. SWOT is not cumbersome and because of the relative ease with which it can be carried out it can form a foundation for all planning by women.

Drawbacks of SWOT Analysis

Some of the shortcomings of a SWOT analysis are listed here:

- SWOTs usually reflect a person’s existing position and viewpoint, which can be misused to justify a previously decided course of action rather than used as a means to open up new possibilities. It is important, therefore, to note that sometimes threats can also be seen as opportunities, depending on the people or groups involved. There is an interesting saying that says, “A pessimist is a person who sees a calamity in an opportunity, and an optimist is one who sees an opportunity in a calamity.”
- SWOTs can easily allow one to take a lazy course of action that looks for strengths that ‘fit’ in, yet ignore the possibilities that could be used to your advantage.
- SWOT analysis can be very subjective. Women should not rely on it too much. Two people rarely come up with the same final version of SWOT. So use it as a guide and not a prescription.
- It should be recognized that opportunities and threats are not absolute. What might at first seem to be an opportunity, may not emerge as such when considered against the resources of the organization or the expectations of society. The greatest challenge in the SWOT method could probably be to make a correct judgment that would benefit both the woman and the community.

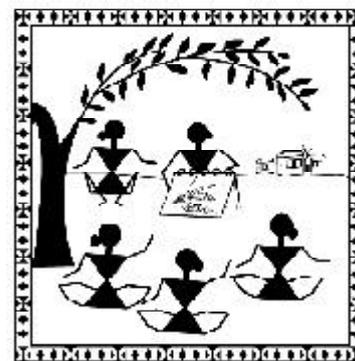
Work Plan for Your Training Session

Group Exercise

Procedure

Step 1

1. Trainer begins the session by stating the need for a feasibility study as concluded in the previous session.
2. It is emphasized that every business has some strengths and some weaknesses. Similarly all opportunities have some threats. Before launching an enterprise it is wise to understand and prepare to face them.



Step II

1. Describe the case on 'Ramvati Pickle', while displaying the pictorial charts. Ensure that participants have understood the story.
2. Display to them the Strengths, Weaknesses, Opportunities and Threats (SWOT) chart and one point related to each category is illustrated in the training session.
3. Participants are divided into sub-groups of 4 to 5 women. They can then discuss in groups about:
 - a) the strengths, weaknesses, opportunities and threats they perceive in the case;
 - b) the ways and means to overcome the weaknesses;
 - c) the ways and means to convert threats into opportunities;
4. Participants are allowed to discuss and prepare the list of suggestions either in words or through pictures or graphs as the case may be.

Step III

1. Each sub-group is allowed to present and explain the list and chart prepared by them before the whole group. Others may be encouraged to add to the list.

Possible Outcomes

From the combined presentations the possible outcome of the discussion under different headings may appear as follows:

The strengths of the product could be:

1. the pickle can be made very tasty;
2. low investment;
3. skills easily available; and
4. simple technology;

The weaknesses could be:

1. seasonality of raw material, leading to large stocks;

2. the product is perishable if not prepared properly; and
3. licensing formalities are cumbersome.

The opportunities could be:

1. large market;
2. once the brand is established, selling is easy; and
3. variety of pickles can be made to suit customer taste, e.g. sweet pickles, extra spicy, etc.

The threats could be:

1. there are a large number of competitors;
2. establishing a brand is difficult; and
3. customer tastes may change.

Processing

While the groups are presenting their points, you can facilitate the discussion by clearing doubts. The outcome of the discussion may be summarized under the following headings:

1. Weaknesses can be overcome in various ways:
 - a) Different raw materials are available in different seasons. Instead of making one pickle throughout the year, they can make different pickles with the materials available in different seasons.
 - b) Extra care can be taken in the production process ensuring that the product should be tested periodically.
2. Threats can be converted into opportunities:
 - a) A number of different varieties can be introduced to meet the different taste requirements of various customers.
 - b) To face the large number of competitors, they could focus more on quality and on special types of pickles.
 - c) Emphasizing on the brand name, as customers would get used to hearing about their product.
 - d) They could also keep asking the liking of customers and make necessary changes.

After having a clear picture of strengths and weaknesses that an enterprise is bound to have, the participants discuss how weaknesses can be overcome through their efforts. Similarly all opportunities will be accompanied with some kind of threats. But threats can be converted into opportunities by understanding the environment. To ensure the customer's response it is necessary to go to the market and collect information, which will help in finalizing the project. Besides the market study, there will be a need to assess technical requirements, expenses, revenues and extent of profits. For this before launching an enterprise, producer women need to carry out a feasibility study such as the one illustrated in the case study.

CASE STUDY: “RAMVATI PICKLE”

Ramvati comes from a village of Uttar Pradesh and was married to Sanatan, from Rajasthan.

She always wanted to do some work to earn money to increase family income. After seeing the women in her village involved in some activity or the other, Ramvati thought of making pickle and selling it in the market.

She thought it was a good idea, for she knew how to make tasty pickles. Ramvati thought of visiting the market and found out more about the demand for pickle. For making pickle she may not have to go outside her house. She would not need to invest a lot of money. The technique for making pickle, she thought, was also very simple.

There was a potential market near her village. Ramvati thought she could brand her pickle (perhaps “Ramvati Pickle”) so that selling becomes easier.

She found that the people in the town and nearby villages ate a lot of pickle out of habit. She thought she could make many types of pickles to suit different tastes – “extra spices”, “sweet pickle’ and “mixed pickle”.

But Ramvati realized that the material needed for making pickles was seasonal, and she would need a large stock. There was also the problem that the pickle could get spoiled if not prepared properly, it may get spoiled even if not stored properly. She would, therefore, have to sell it fast.

Her husband Sanatan also told her that she needed a license as it was a food item.

Ramvati decided to visit the market to find out more about the product.

She found there were many other women making and selling pickles.

She also saw that people who buy pickles mostly purchase brand names that are common and popular.

After returning home, Ramvati started thinking whether she should go-ahead with her pickle making plan or not.