

SWOT

I am not a great fan of SWOT, as I discuss in my book. The primary reason is that it makes you jump to a judgment about what is a strength and what a weakness. But, Sir Fred Goodwin's strength was his focus on reducing the cost base of the banks he acquired – which proved to be a weakness when he and Royal Bank of Scotland acquired ABN Amro this “strength” turned out to be a weakness – as focusing on costs meant that he neglected to look at the balance sheet. Similarly, a strength of Japanese manufacturing companies is that they operate with low inventory – but this is a weakness in China where supplies are less reliable than in Japan

It is better to think of Sir Fred's focus on costs as a Capability that can be a strength for some Opportunities (such as banks that are under performing due to high costs but a good balance sheet), but can be a weakness for others (such as banks with a dodgy balance sheet). This approach is taken by the *strategy triangle*.

There are lots of links to information on SWOT – e.g., see http://en.wikipedia.org/wiki/SWOT_analysis

<http://marketingteacher.com/lesson-store/lesson-swot.html>