

Advanced Project:
Analysis of SWOT Analysis

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Benefits of SWOT Analysis

I wanted to conduct a SWOT analysis for my advanced project because the process has been relevant throughout my academic study of leadership and development for nonprofit organizations. Whether in marketing, project management, organizational management, leadership, or courses specific to nonprofits, SWOT analyses are used to get a sense of where an organization or department stands internally and externally. In conducting the analysis on Friends of the Orphans, I discovered benefits as well as shortfalls in conducting a SWOT analysis, which I will examine in the following pages.

In an organization-wide SWOT analysis, diagramming strengths, weaknesses, opportunities, and threats establishes the anatomy of an organization. It gives a clear picture that could not otherwise be immediately accessed. A compilation of organizational structure, financial policies, mission, program/product, and implementation is all depicted in a four part grid. This boiled down visual informs the strategic planning of the organization and helps staff at all levels to better understand their internal and external situations.

When using a SWOT analysis to look at each individual department, the information gleaned from the process gives a comprehensive picture of all divisions simultaneously. This can then be combined with a more general SWOT of the overall organization to capture the entire organization at a defined moment in time. Further discussion of items discovered during the analysis can help to determine causation or broad reaching effects, allowing an organization to

see where certain strengths or weaknesses of one area may be affecting another department in a way that was not realized before.

One example found in my organization-wide analysis of Friends of the Orphans is where donors restricting gifts to specific areas is considered a threat to the organization. Clearly this is a threat to general operating costs, and thus creates shortfalls in funding for things like technology upgrades, staff development or employee benefits. However, if the individual giving staff had conducted their own SWOT and compared their findings to my assessment of restricted gifts, they may have seen the ability to offer specific projects to donors as a strength or opportunity. Donors who might not otherwise give may be sold when they hear something specific, such as a need for 10 computers in an El Salvador classroom. Identifying these cross-departmental issues can provide an opportunity for dialogue to make sure each strength, weakness, opportunity, and threat is vetted thoroughly for how it may affect the micro levels of the organization as well as the macro levels.

The benefits of this cross-departmental comparison of SWOT analyses can also identify shared opportunities that may yield more results than one department going it alone. For example, a planned giving department may see an opportunity to market will and estate gifts as part of a financial planning package. They might not have otherwise realized the individual giving department could offer year-end or multi-year giving strategies as tax benefits. Reviewing the two departments' SWOT analyses could help them realize a shared opportunity that could mean shared marketing costs and a more appealing concept, as well as increased success for both departments.

This ability to uncover potential is a major selling point of conducting a SWOT analysis. It helps to define value propositions, such as in the financial planning example. SWOT analysis can help to prioritize, which is extremely useful when doing strategic planning for short term and long term goals. Also contributing to the success of strategic planning is the creation by a SWOT analysis of a defined moment to learn from past and plan for future simultaneously. This allows a strategic plan to not only focus on goals, but to increase likelihood of success by avoiding the mistakes of the past. For example, my SWOT analysis may help Friends realize that they are encouraging donors to take interest in specific projects, which conflicts with their desire to focus on unrestricted giving. Learning from this mistake, Friends can address in its strategic plan how marketing materials will support the goals of the organization.

Execution of SWOT: Internal or External?

I chose to conduct a SWOT analysis of Friends of the Orphans, in part, because of my history working there as an Office Administrator for about two years. My academic study of SWOT analysis, risk planning, scorecards, and other needs assessment and strategic planning components has led me to believe that an intense understanding of the day-to-day work flows is integral to effective execution of any of these methods of assessment. Without a knowledge of the nuances of interdepartmental relationships and battletested operational procedures, it is challenging to make a fair and informed assessment. That is why I believe that employees of an organization must be an active part of any organizational evaluation process in order for it to be effective.

While consultants can be hired to interview staff and observe operations, there is something inherently inorganic about the method of study. Work flows and employee interactions are likely to be affected by an observer taking notes in the background. Normally confident employees will often feel self-conscious about communication mannerisms or work habits that they normally perform without question. An illustrative example is how your typing is often impacted by someone watching over your shoulder. Leedy and Ormrod state, “*by his or her very presence*, the researcher may alter what people say and do and how significant events unfold” (145). Alternatively, reviewing an organization through its policies without observing behaviors would be an insufficient evaluation. Assessment of an organization needs to focus on the actual execution of tasks, not be based solely on policies or official procedures that may or may not be used.

There is a benefit of having an outside view of the SWOT process as well. As evidenced in my SWOT analysis of Friends of the Orphans, I was viewing the organization with a bias towards the existing procedures and cultures. Once reviewed by an outside professional, Kaki Friskics-Warren, it was realized that the recommendations for board development were still too confined within current strategy. The internal strategy for board recruitment had always relied heavily on suggestions by current board members of people within their own networks. My own recommendations focused on creating recruitment goals for the board members, rather than a more strategic plan for targeted board recruitment to fill the actual needs of the board, rather than just the empty seats. Covey writes, “People may be looking at the same facts, but the *meaning* of those facts is interpreted through prior personal experiences” (195). In this

case, the advice of an external party highlighted a deeply rooted organizational tendency, which offered an opportunity to look further outside of currently assumed capabilities.

Limitations of SWOT Analysis

SWOT analysis is not without its detractors. Armstrong writes that, “Because it mixes idea generation with evaluation, it is likely to reduce the range of strategies that are considered.” He is assuming that doing both simultaneously means neither is done to its fullest potential. What he doesn’t entertain is the idea that doing both simultaneously could actually help both evaluation and idea generation be developed further. For example, evaluating the weaknesses of an annual gala may spur ideas on how to either make it a better event or use its strengths in a different, less costly capacity such as a luncheon or family-themed event.

The rigidity of defining complex issues into only one of four categories is not only challenging, but often too narrow to allow for thorough vetting and development of a subject. For example, the opportunity of low cost email campaigns may not be considered as a threat that could increase donor fatigue, or as a weakness in the amount of face time with donors that is eliminated. Additionally, many subjects simply do not fit into a concept of “internal or external.” They are often complicated by an organization having multiple facilities, varying levels of partnerships, and nontraditional structures, products, or services. An unexpected natural disaster in Haiti causes threats to children’s safety, organizational financial stability, and

creates a large need for unbudgeted medical supplies and relief materials. Yet, at the same time, it brings media attention to the poverty and need in Haiti and increases donations.

Another complication of SWOT analyses is determining priority or ranking the topics uncovered during the process. Traditional concepts of SWOT analysis procedures do not address the problem of weighting the issues, which may make it difficult to decide on which actions to take once the analysis has been completed. Leigh suggests his “IE² (internal/external, inhibitor/enhancer)” process, in which “stakeholders quantitatively evaluate SWOTs in relation to one another according to (1) estimates of the net value added or subtracted of each factor and (2) approximations of the degree to which an organization can exert control over those factors” (129). Adding a quantifiable element similar to Leigh’s would eliminate at least some of the challenges an unranked SWOT analyses would pose.

Another option would be a scorecard analysis (a simple ranking of an organization based on predetermined questions or categories). Daft and Marcic describe the “balanced scorecard” developed by Robert Kaplan and David Norton as a “comprehensive management control system that balances traditional financial measures with operational measures relating to a company’s critical success factors” (584). A scorecard such as the one developed by Kaplan and Norton allows an organization to incorporate traditional measures of success, like fundraising numbers, with quantified tracking of less traditional measures, such as staff development, employee morale, and donor satisfaction.

SWOT does not include cost or budgetary implications. Often overly general issues identified in a SWOT analysis are challenging to assign a dollar value, and are difficult to

reconcile with what budget lines they may impact. By first using a ranking system such as Leigh's method referred to in the previous paragraph, focus can be placed on those issues with a higher net gain or loss to the organization. Limiting the cost analysis to specific, prioritized issues may reduce the amount of time needed to reconcile SWOT analysis findings with budgetary planning.

Conclusion

Rooted in my academic study of organizational assessment, my experience in conducting a SWOT analysis of Friends of the Orphans has led me to conclude that SWOT can be an effective assessment tool for organizations. It should, however, include several elements to ensure the most benefit is gained from the process.

First, employees of all levels should, in some form, be included in the analysis. The insight from those achieving the goals of the organization and implementing its policies and procedures is invaluable to developing a comprehensive SWOT analysis. Relying too heavily on only one level of employees, such as executive staff, may cause the organization to lose out on ideas and observations that could save money, increase funds, or otherwise benefit the organization.

Secondly, an external observer can add insight to prevent internal culture from blocking new ideas. Ideally, the observer will have an understanding of the organization, but not be too entrenched to provide unbiased opinions. Board members may be a good source for an external observer if an organization's budget does not allow an outside consultant, but ideally

the external observer should not be affiliated with the organization as closely as a board member.

Thirdly, a SWOT analysis should include quantifiable measurements in order to prioritize findings. This can be similar to Leigh's model, or may be based on other supplemental or alternative methods such as Kaplan and Norton's balanced scorecard. The informed prioritizing of findings will help facilitate reconciling of SWOT results with budget restrictions and strategic planning.

Due to its limited purpose of identifying characteristics of an organization, SWOT analysis should not be used as an alternative to more comprehensive strategic planning and organizational assessment. SWOT analysis should be used as a helpful tool with which to inform larger assessment and decision making of an organization.

Works Cited

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