



สำนักงานเศรษฐกิจการเกษตร
Office of Agricultural Economics



เศรษฐศาสตร์เกษตร
และทรัพยากร
มหาวิทยาลัยเกษตรศาสตร์

SWOT & TOWS WORKSHOP

FOR VALUE ADDED OF BUSINESS UNIT

M.L. KUNTONRAT DAVIVONGS

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TODAY'S AGENDA



- Overview of SWOT & TOWS in Strategic Management
- Understand Business Environment
- External Environment Analysis
- Internal Environment Analysis
- Identify SWOT
- Formulate Strategy using TOWS

**WHY DO WE NEED
SWOT & TOWS ?**

SWOT

A Framework used to evaluate a competitive position and to develop strategic planning of business entity

Internal Factors

External Factors

Strength

Weakness

Opportunity

Threat

Things that are better than competition

Things that are worse than competition and need to improve

Factors that make business grow better/faster

Factors that hurt business

TOWS

A Framework used to develop strategy of business entity

Strength

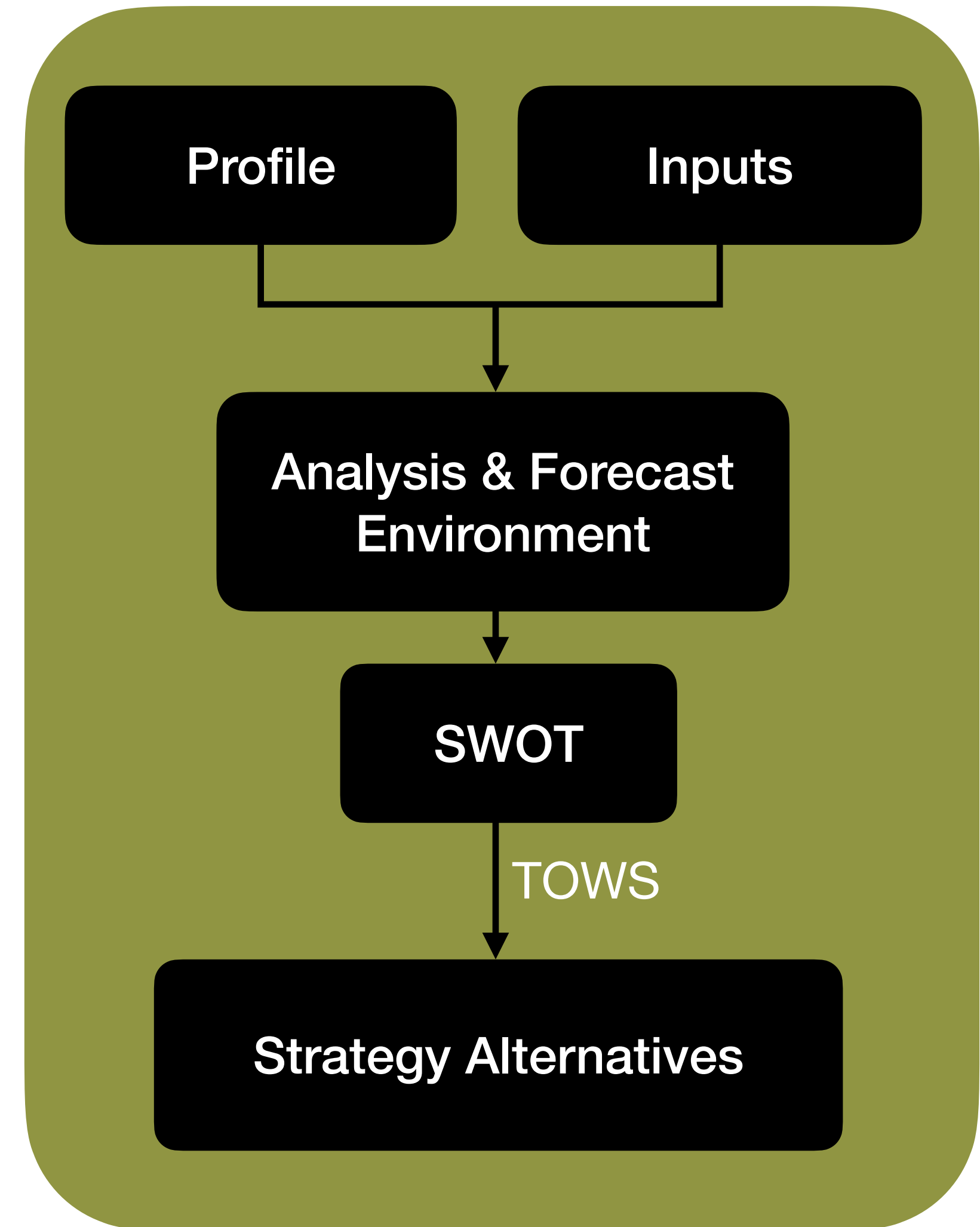
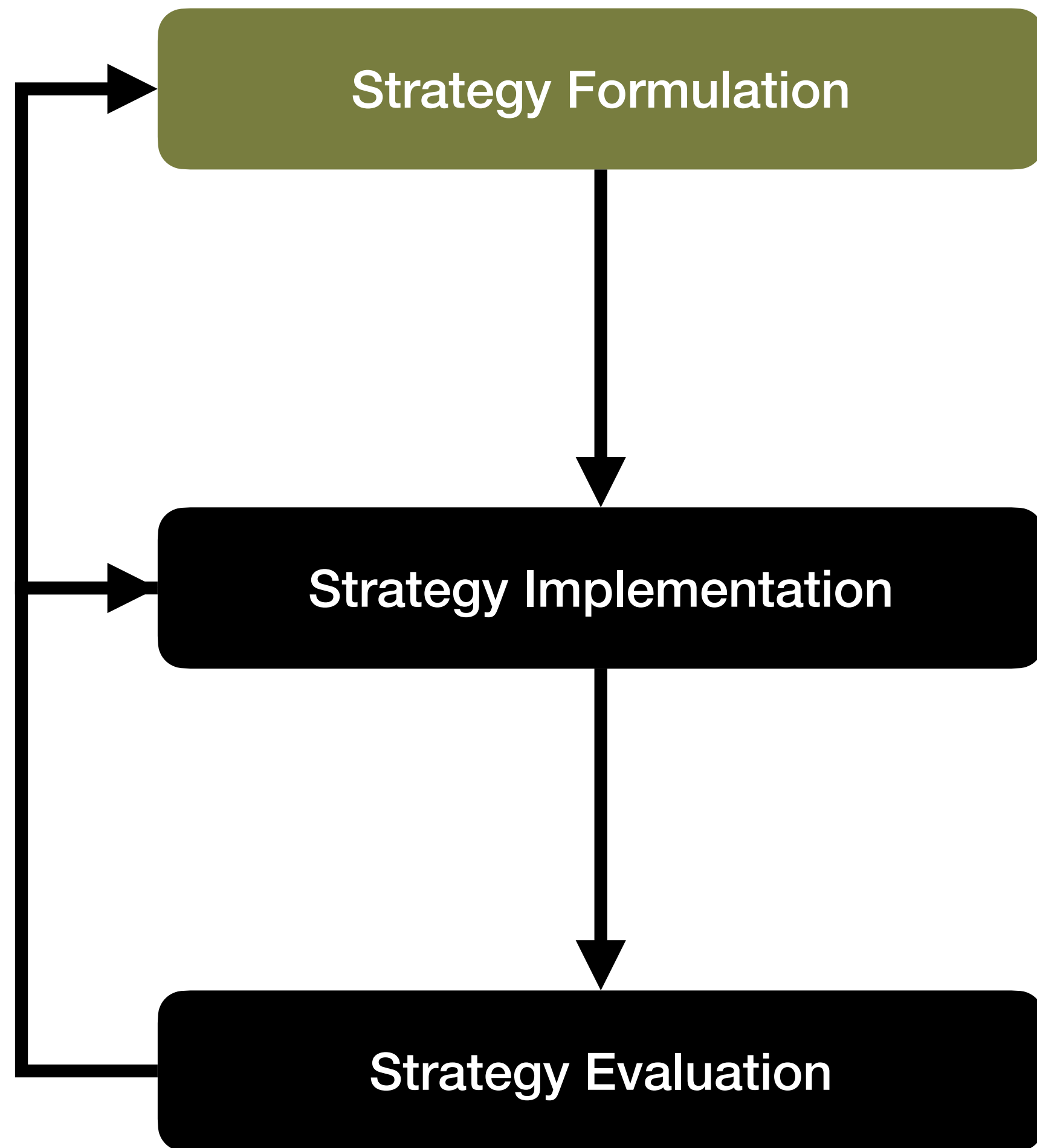
Weakness

Opportunity

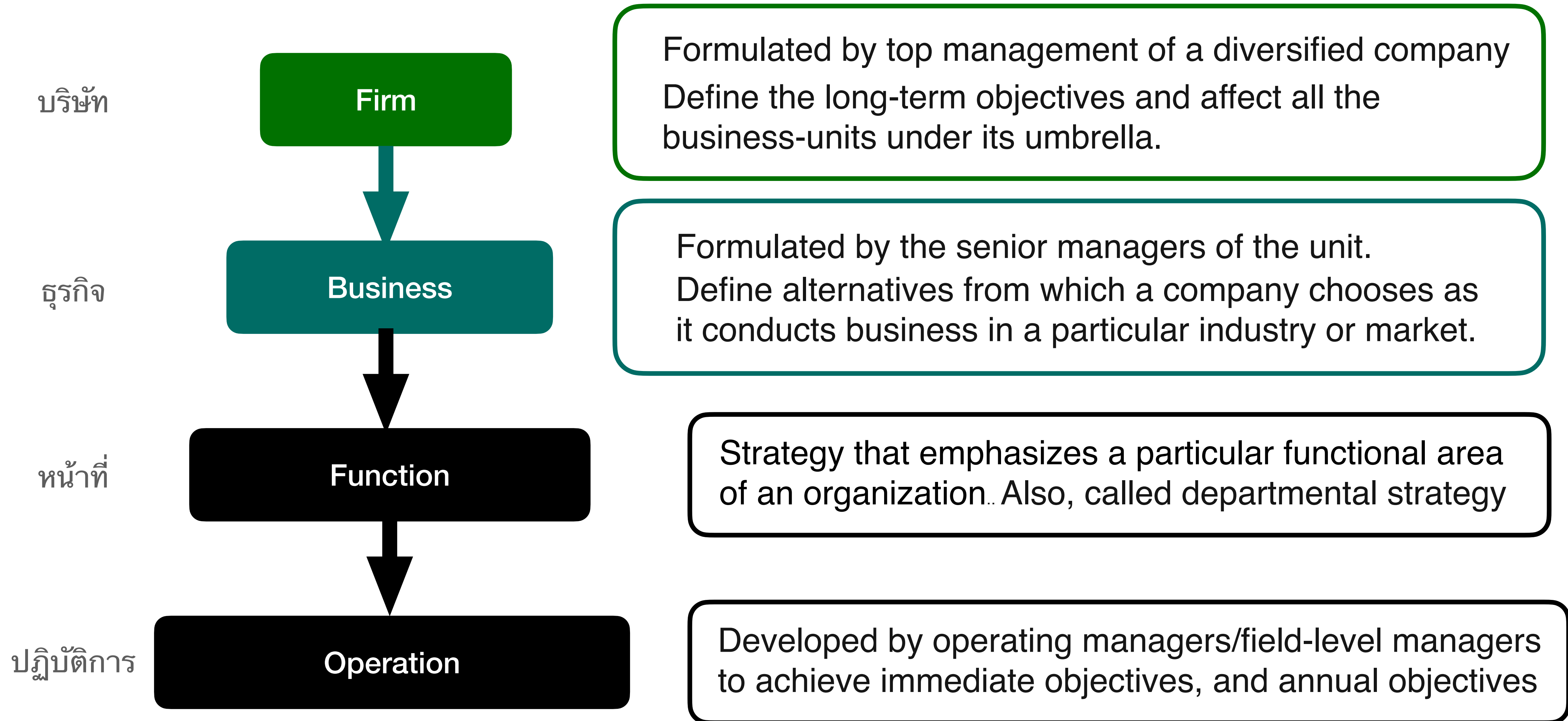
Threat

<p>กลยุทธ์เชิงรุก</p> <p>S - O</p> <p>MAXI-MAXI (Attacking) Strategy</p> <p>Use internal strengths to take advantage of external opportunities</p>	<p>กลยุทธ์เชิงแก้ไข</p> <p>W - O</p> <p>MINI-MAXI Strategy (Build strength for attacking strategy)</p> <p>Take advantage of external opportunities to offset or mitigate internal weaknesses</p>
<p>กลยุทธ์เชิงป้องกัน</p> <p>S - T</p> <p>MAXI-MINI (Defensive) Strategy</p> <p>Use internal strengths to take mitigate or minimize external threats</p>	<p>กลยุทธ์เชิงรับ</p> <p>W - T</p> <p>MINI-MINI Strategy (Build strength for defensive strategy)</p> <p>Strategies and tactics that minimize both internal weaknesses and external threats</p>

STRATEGY PLANNING PROCESS

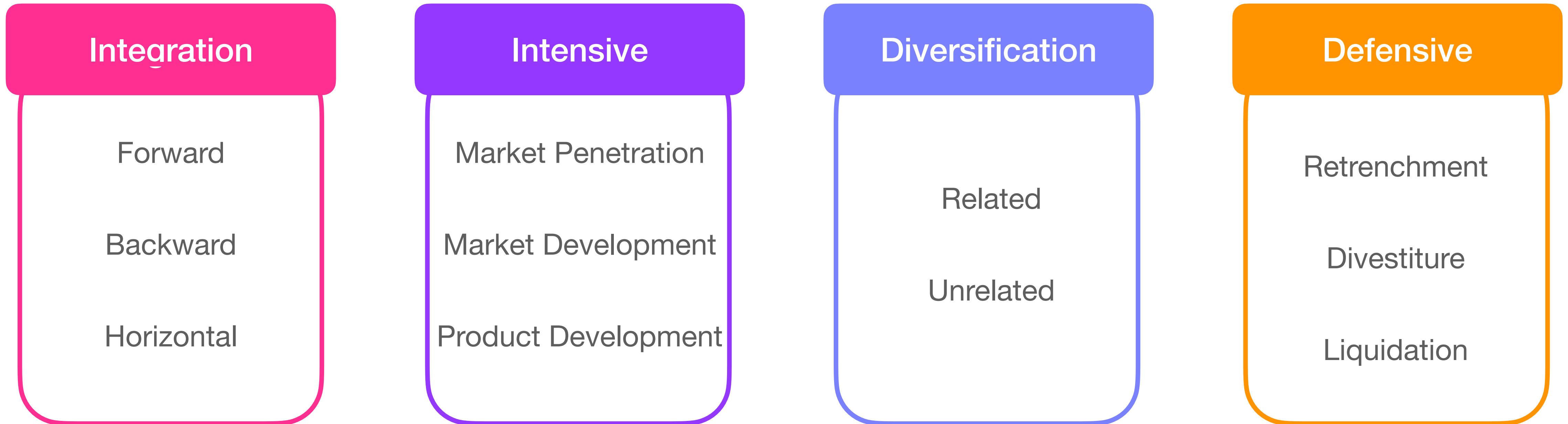


LEVEL OF STRATEGIES



FIRM STRATEGIES

Strategies that satisfy long-term objectives of organization



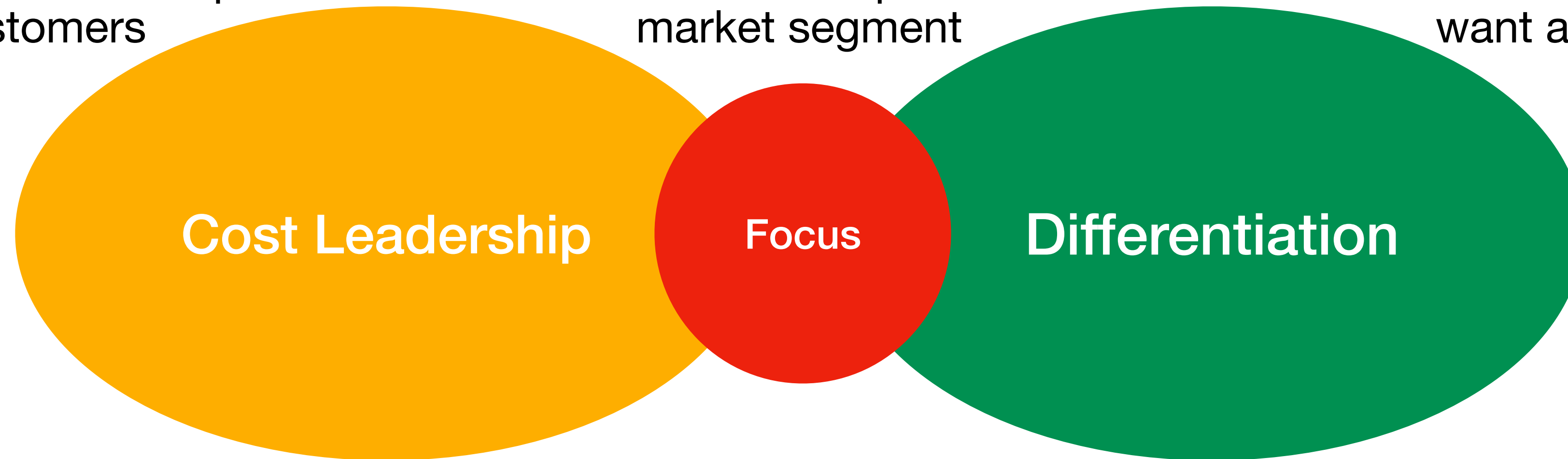
BUSINESS STRATEGIES

Strategies that strengthen a company's competitive position of products or services

Offer the lowest price to customers

Interested in specific market segment

Offer some attributes that buyers want at a premium price

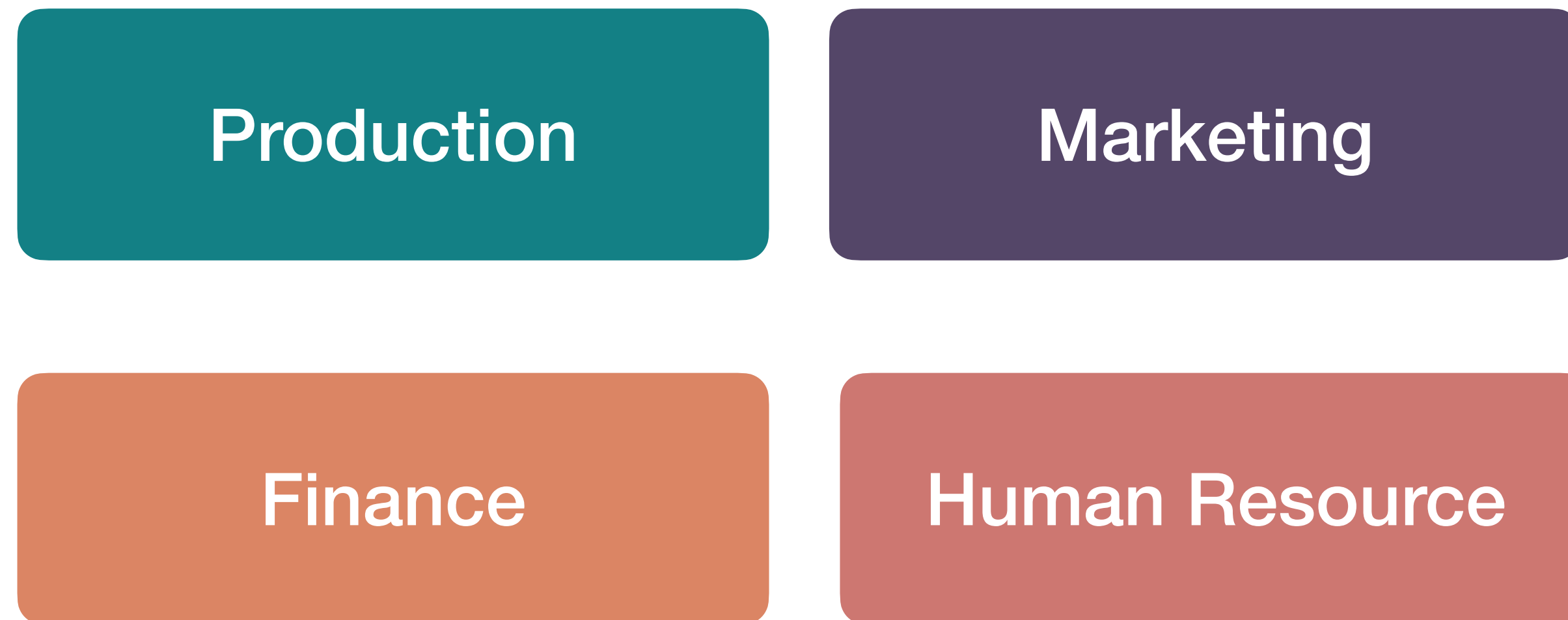


Best - Cost Strategy

Offer substantial differentiation at a relatively low prices

FUNCTIONAL STRATEGIES

Strategies that each department adopts to achieve objective of business unit efficiently



**HOW CAN Strength, Weakness,
Opportunity, and Threat BE DEFINED ?**

UNDERSTAND BUSINESS ENVIRONMENT

General (Macro) Environment

Broad dimensions and forces associated with all organizations

Task (Micro) Environment

Other organizations or groups influence an organizations

Organization Internal Environment

Corporate culture of an organizations

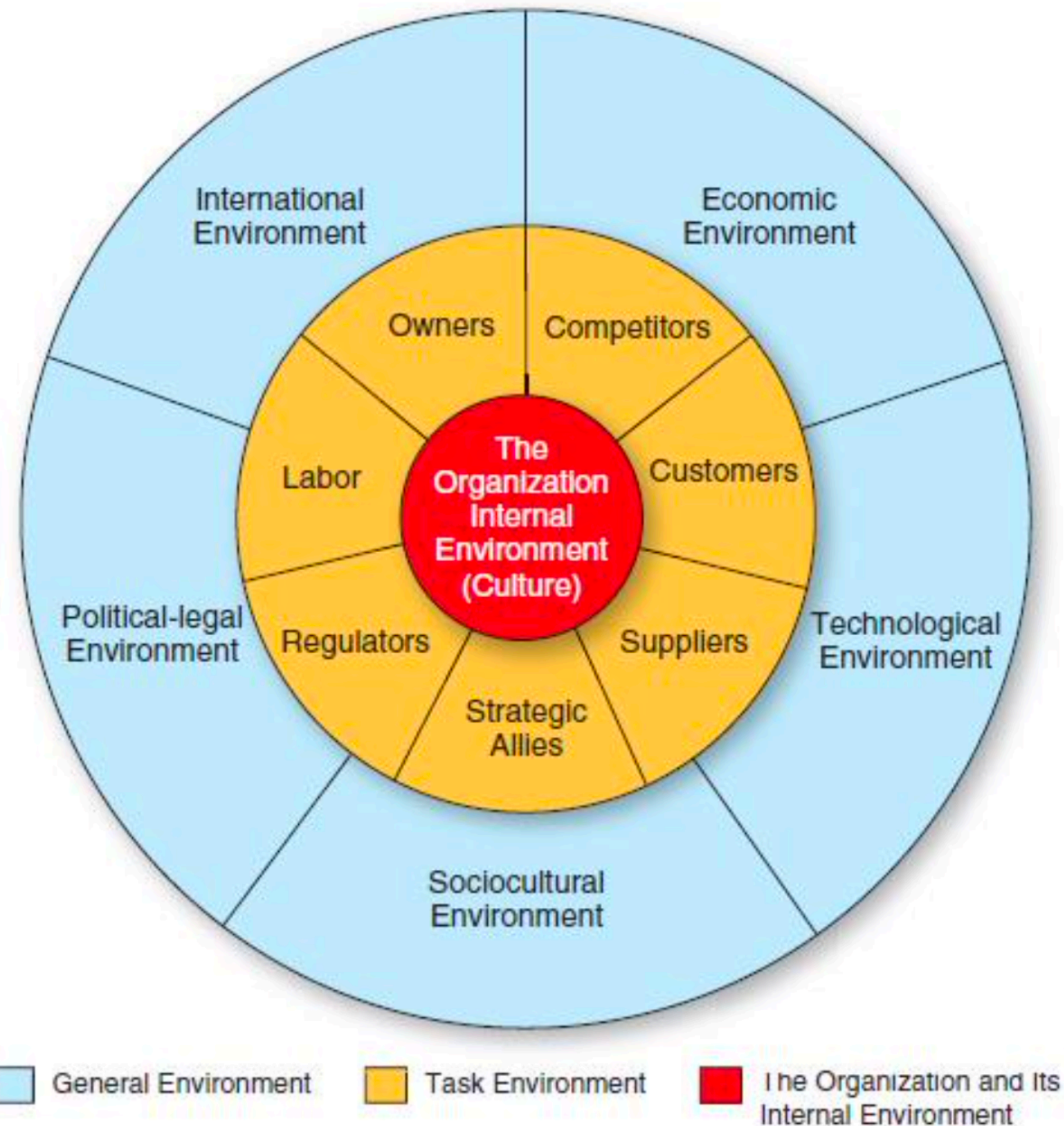
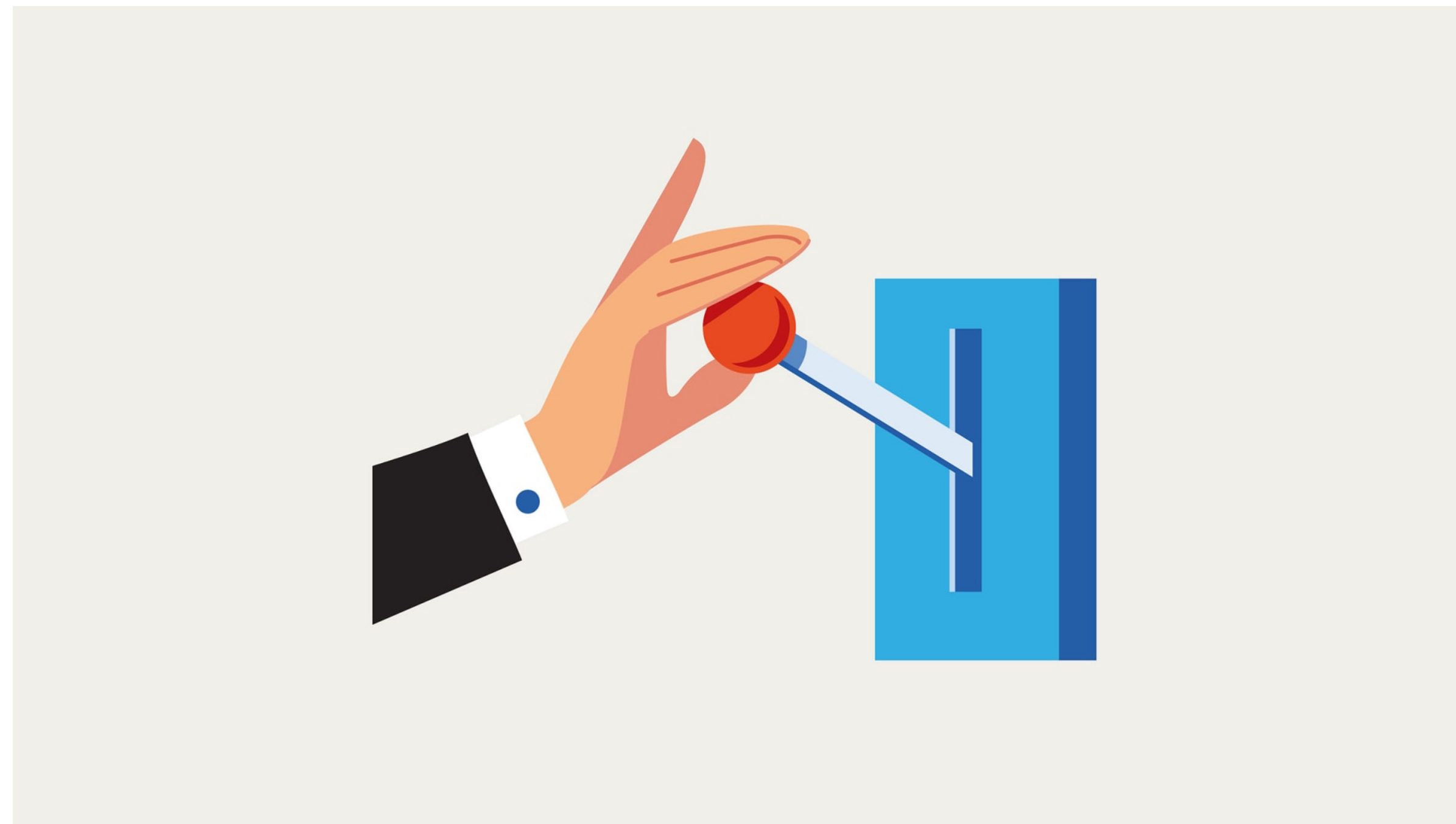


FIGURE 4.2 Organizations and their environments.

Before we begin ...

Specify Your Business, Industry, and Main Competitors



Name & Type of Organization	
Product or Service	
Target Customer	
Vision	
Mission	

Name of Competitors	Product or Service

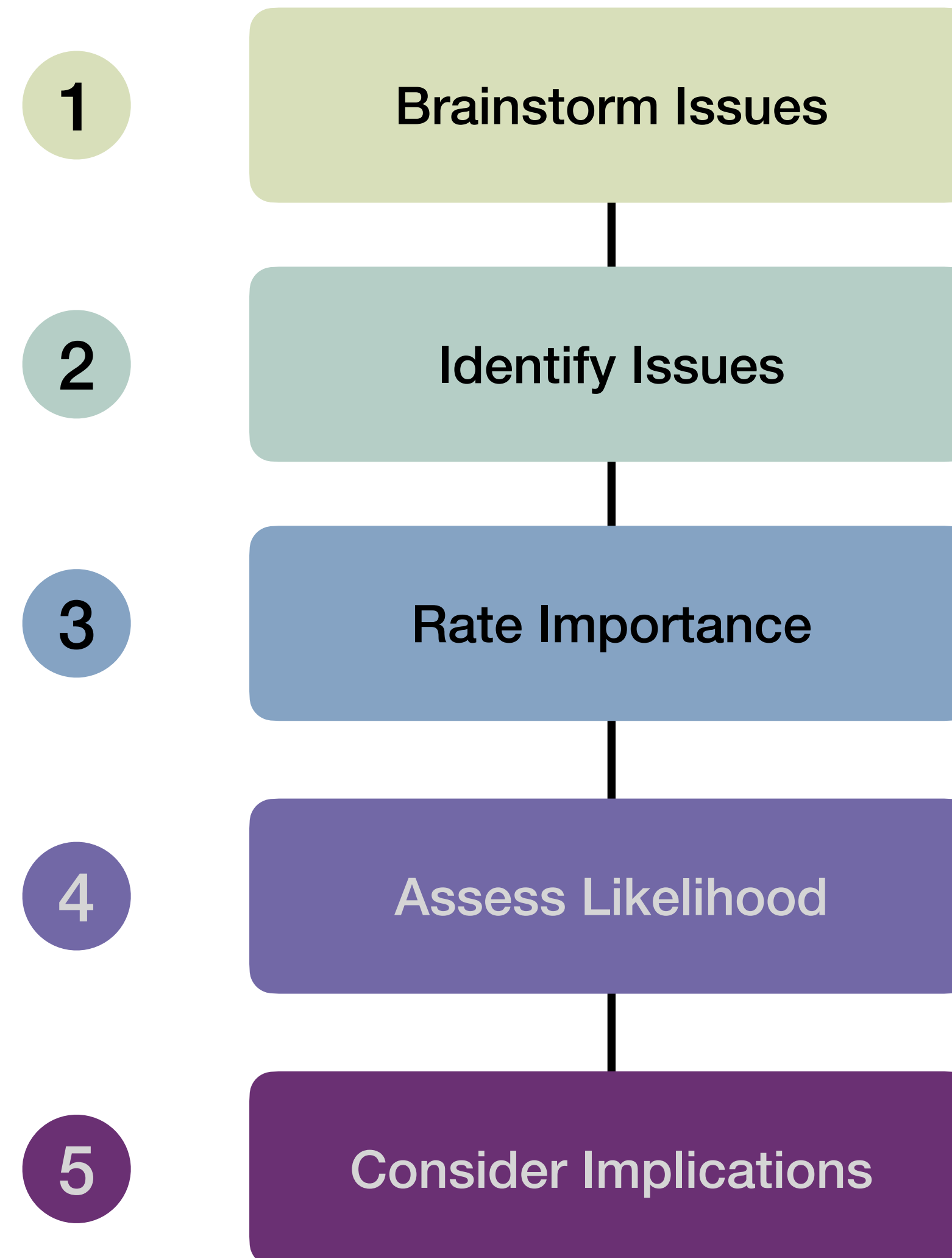
External Environmental Analysis

 PESTEL ANALYSIS

 5 FORCES ANALYSIS

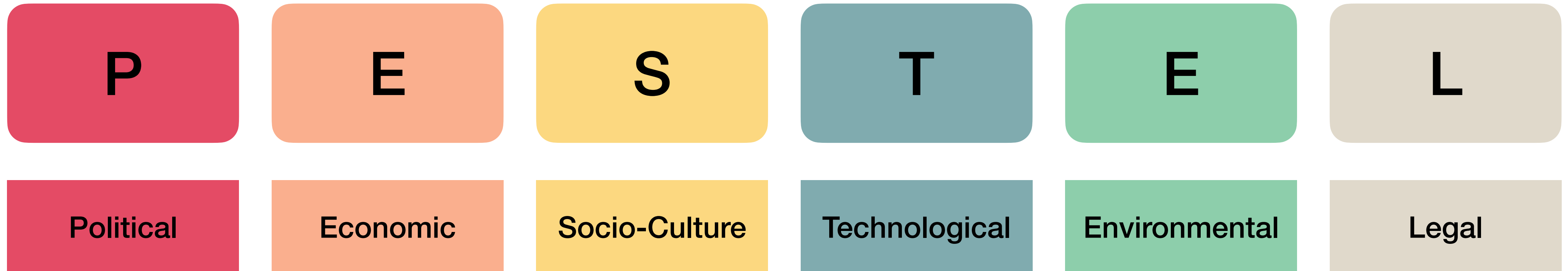
 COMPETITOR ANALYSIS — MAPPING STRATEGIC GROUPS

The General Process



PESTEL ANALYSIS

Tool for Analysis of General Environment



How these factors affect industries and firms within the industries !

P

Political Factors

Government and government policies that may impact on an industry

Factors include:

- Government Stability
- Government Policies

TAX & TARIFFS

TRADE RESTRICTION

FISCAL

IMMIGRATION

E

Economic Factors

Economic condition directly impact on business and its performance

Factors include:

- Growth rate
- Inflation
- Economic cycle
- Unemployment rate
- Disposable income
- Interest rate
- Foreign exchange rate
- Labor cost
- Raw material

S

Socio-Culture Factors

Understand social factors and identifying emerging trends makes business to understand consumer needs and wants

Factors include:

- Demographics i.e. population size, growth rate, structure, family size
- Ethnic, Religious, Culture, Lifestyle and change in lifestyle
- Education levels
- Trends, Attitudes and changes in attitudes

T

Technological Factors

Technological innovation and development affect market and industry

Factors include:

- Manufacturing technology
- Infrastructure technology
- Information technology
- Communication technology

E

Environmental Factors

Scarcity of resources, pollution, and global warming are increasingly be concerned and affect business operation

Factors include:

- Geographical location
- Limited natural resources
- Energy availability and consumption
- Climate change
- Disposal of waste material
- Recycle procedures
- Attitude towards environment
- Environmental regulations

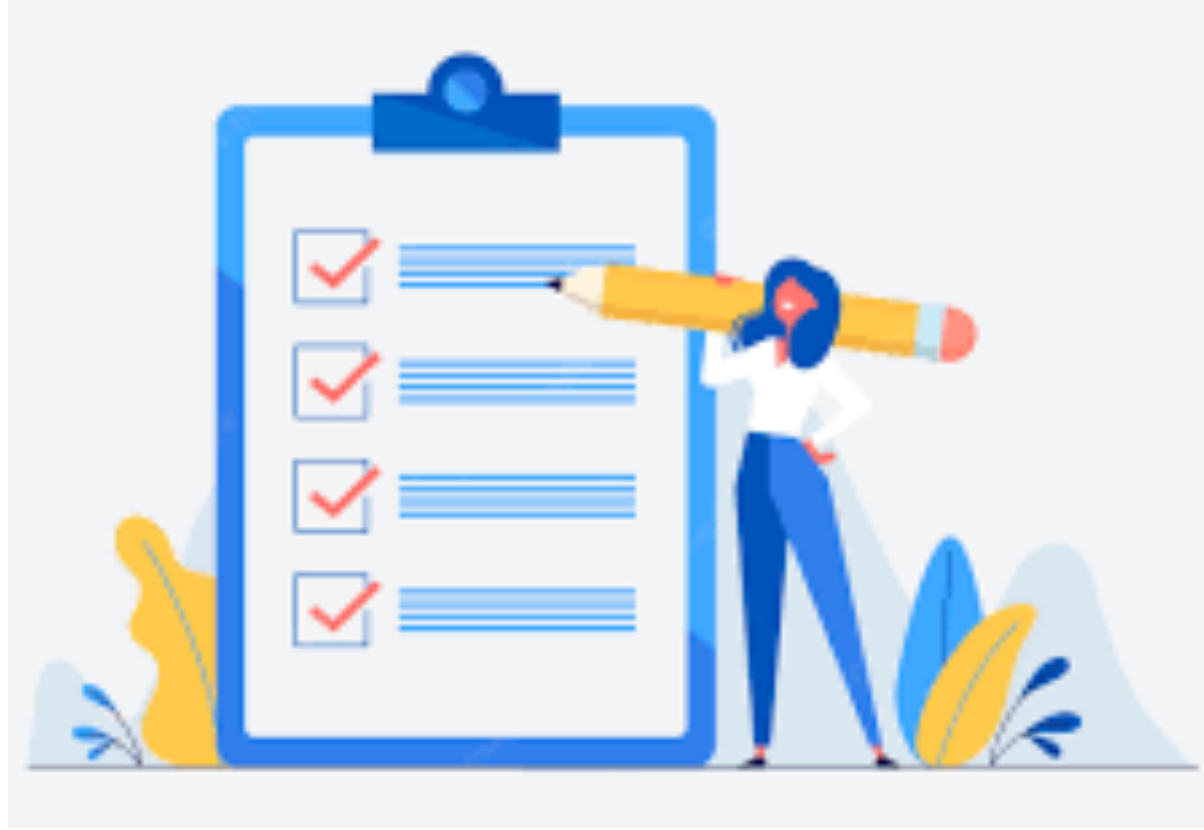
L

Legal Factors

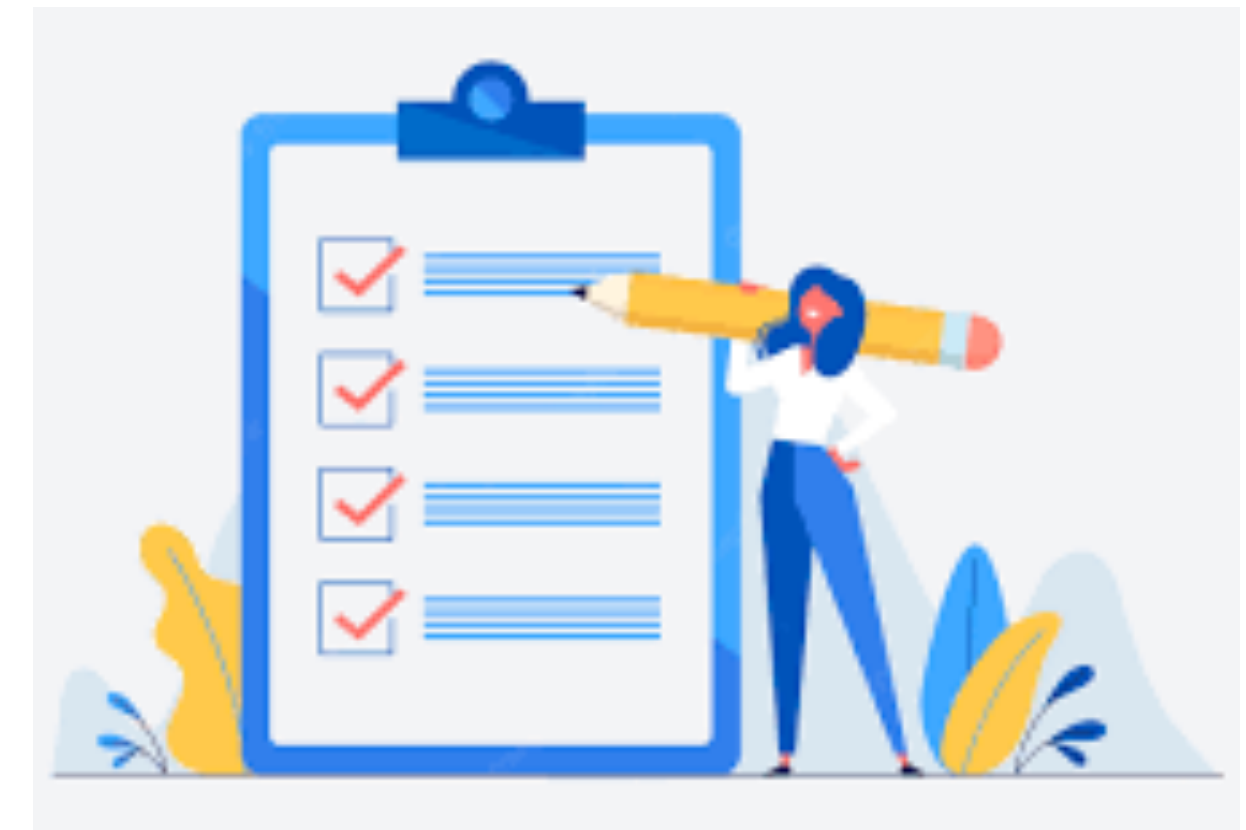
Businesses operate under rules of laws that might be changed

Factors include:

- Employment laws
- Health and safety laws
- Consumer protection
- Discrimination laws
- Antitrust laws
- Copyright, patent
- Industry-specific regulation



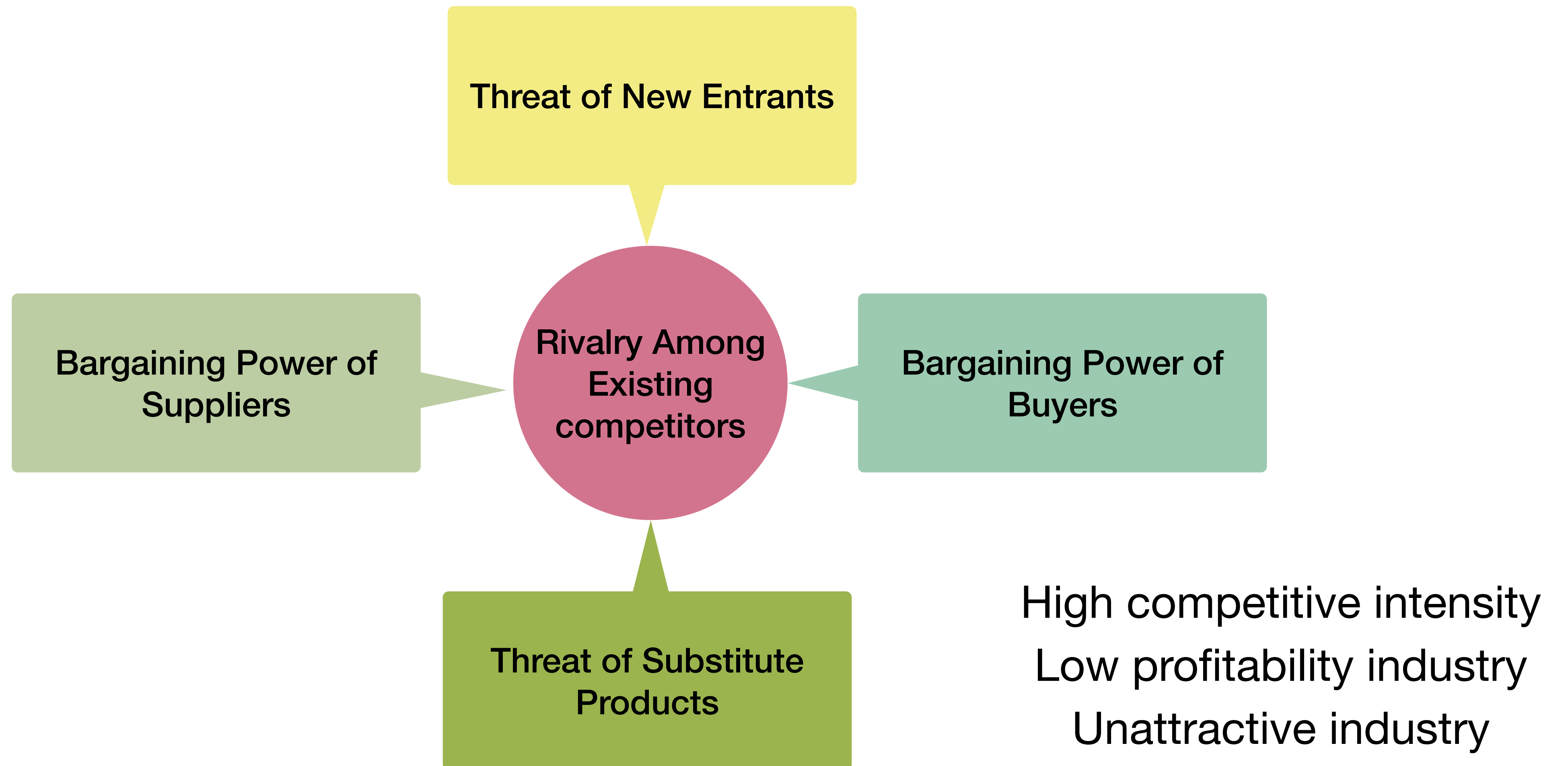
IDENTIFY OPPORTUNITIES & THEATS



Factor	Impact	Significant

5 FORCES ANALYSIS

Tool for Analysis of Competitive Intensity in Industry



Rivalry Among Existing Competitors

A major determinant of competitiveness in the industry

Competitors are firms that produce similar products or services.

High levels of rivalry tend to reduce the profit potential of an industry.

Factors to be considered are:

- Number of competitors
- Diversity of competitors
- Industry concentration
- Industry growth
- Quality differences
- Brand loyalty
- Switching costs
- Barriers to exit

Threat of New Entrants

Competitive intensity depends on an ease of new players entering into the market

Industries with higher barriers to entry are in a safer defensive position than industries with lower barriers.

Factors to be considered are:

- Economy of scale
- Capital requirements
- Cumulative experience
- Access to distribution channels
- Brand royalty
- Switching costs
- Government policies

Threat of Substitute Products

Competitive intensity depends on availability of substitute products in the market

Substitution are offering that differ from goods and services provided by the competitors in an industry but fill similar needs

Factors to be considered are:

- Number of substitute products available
- Buyer propensity to substitution
- Relative price performance of substitute
- Perceived level of product differentiation
- Switching costs

Bargaining Power of Buyers

Bargaining power of buyers will drive the price down or demand higher quality product at lower price

Buyers purchase goods and services that firms produce

Factors to be considered are:

- Number of customers
- Size of each customers orders
- Differences between competitors
- Price sensitivity
- Buyer's ability to substitute
- Buyer's information availability
- Switching costs

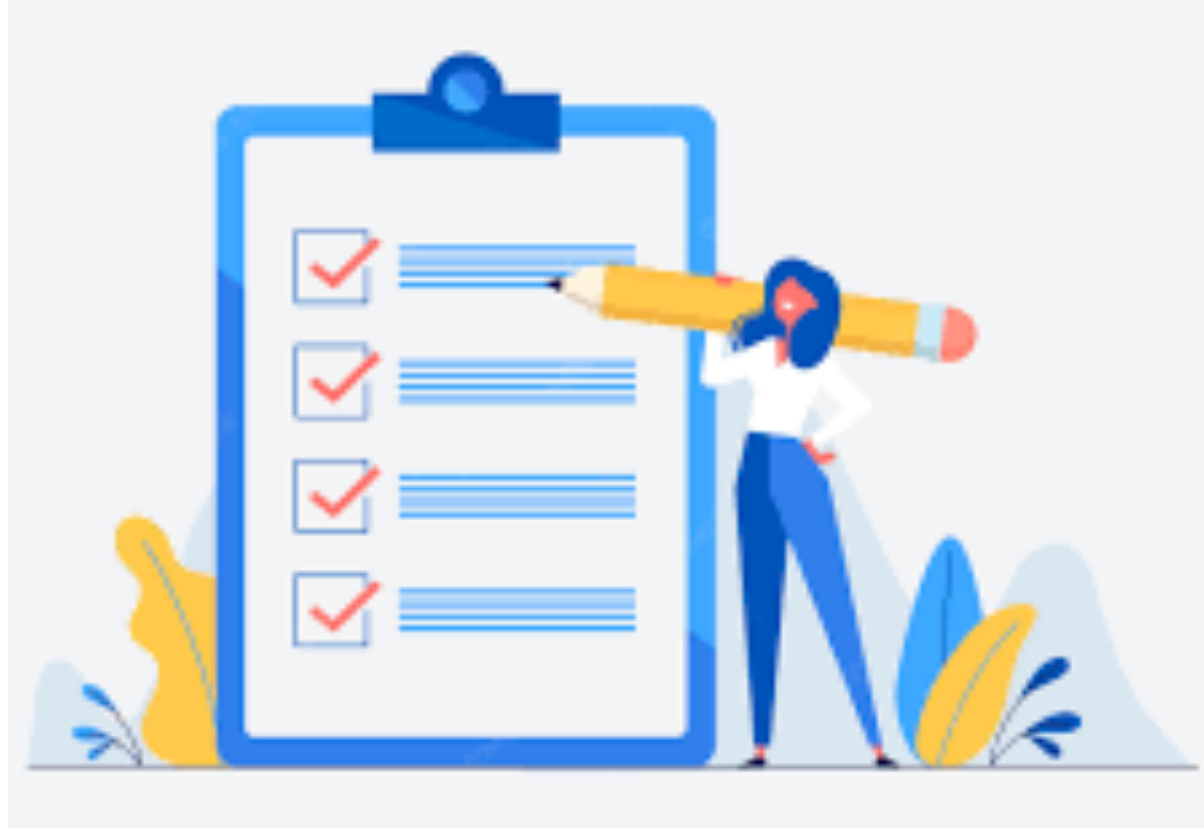
Bargaining Power of Suppliers

Bargaining power of supplier bring up the cost of raw materials

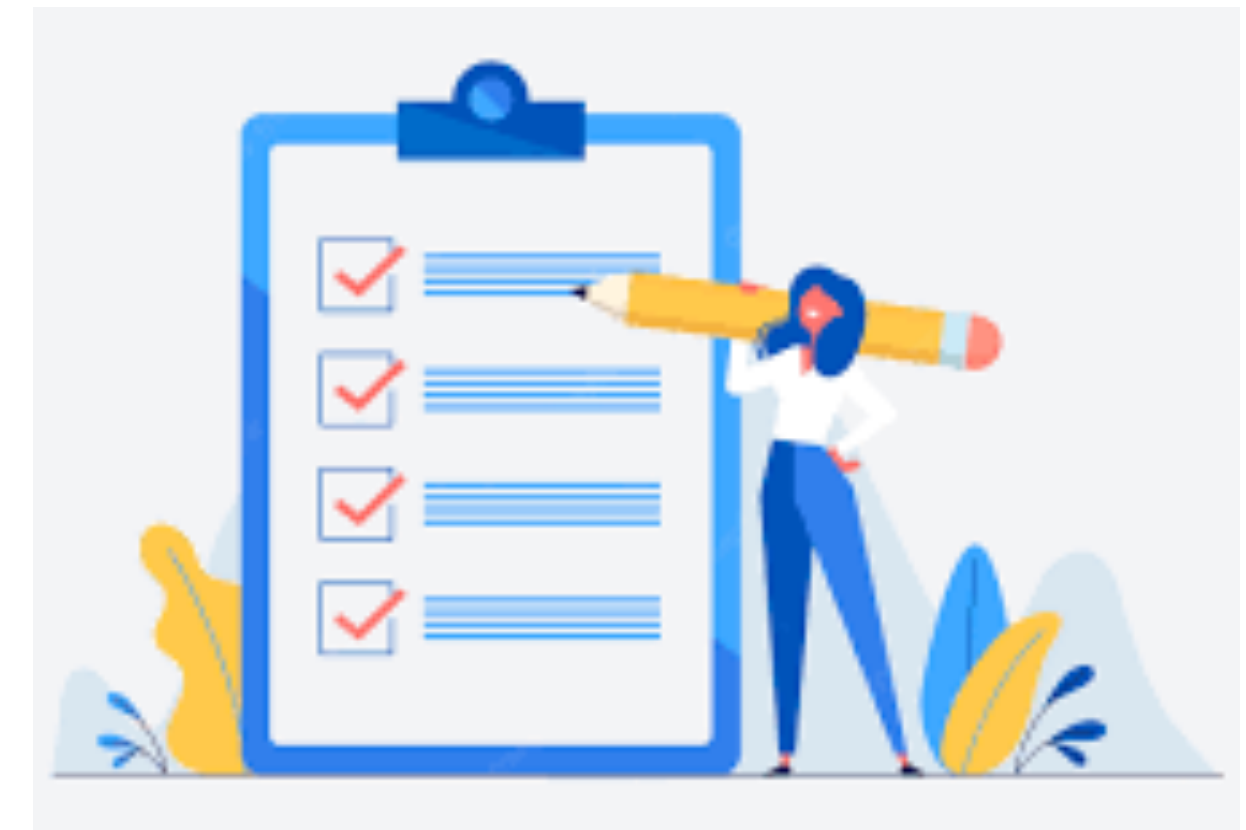
Suppliers provide inputs that firms need to create goods and services

Factors to be considered are:

- Number and size of suppliers
- Iniqueness of each supplier's product
- Focal company's ability to substitute



IDENTIFY OPPORTUNITIES & THEATS



Factor	Impact	Significant

COMPETITOR ANALYSIS

To Understand Competitors' Strategies

Steps:

- Identify the competitors, direct and indirect
- Looking at all aspects of competitors
- Evaluate products provided by competitors. Understand their selling process, pricing strategy, marketing tactics etc.
- Compare to your company's or business's by creating competitor analysis table

COMPETITOR ANALYSIS
HOW TO COMPARE YOUR BUSINESS TO COMPETITORS

BUSINESS	PRODUCTS	PRODUCTION
<ul style="list-style-type: none">• Number/Size/Employees• Experience/years in operation• Location• Capital• Credit availability• Revenue profit, yield• Debt• Quality of management• Expansion strategy• Structural challenges	<ul style="list-style-type: none">• Product/Service range• Prices• Features• Quality• Operation• Product lines• Delivery Range• Flexibility• Degree of innovation	<ul style="list-style-type: none">• Reaction rate• Capacity utilization• Flexibility• Quality of suppliers
STRATEGY	CUSTOMER SERVICE	LOGISTICS
<ul style="list-style-type: none">• Positioning• Development• Speed of innovation• Corporate Culture• Personal policies• Rate of change (restructuring)	<ul style="list-style-type: none">• Accessibility• Reaction time• Reliability• Goodwill• Flexibility• Professionalism and competence• Decision making authority of contact person	<ul style="list-style-type: none">• Delivery quality• Speed of delivery• Capacity (storage, transport etc.)• Punctuality
SALES AND MARKETING		
<ul style="list-style-type: none">• Sales channels (store, direct sales, online shop)• Sales materials• Prominence• Communication channels• Brand value• Pricing strategy• Public Relations• Advertising		

STRATEGY STATE
Business Evaluation Tool
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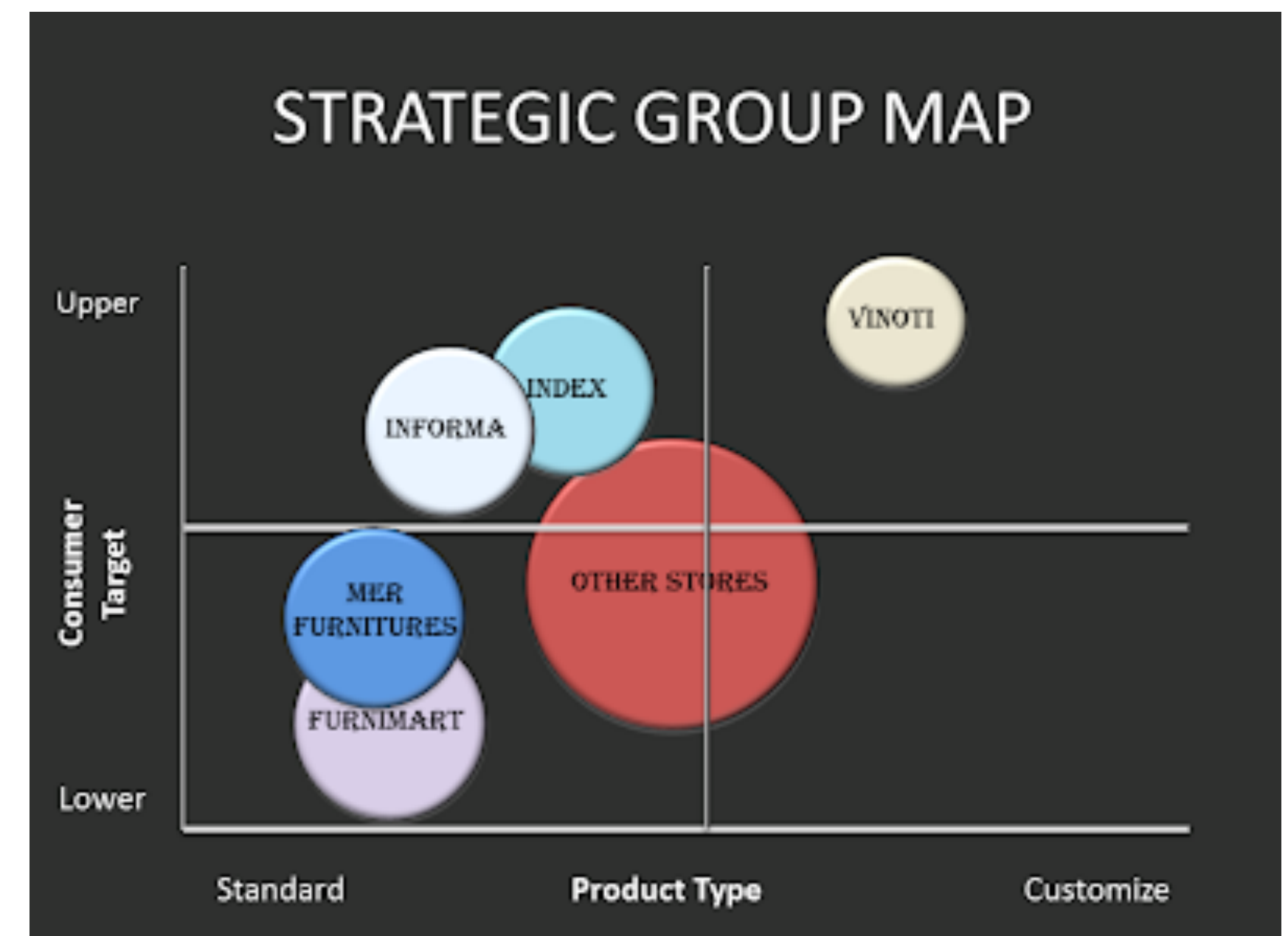
MAPPING STRATEGIC GROUPS

For Identifying Direct Competitors and Gaps

A strategic group consists of a set of industry competitors that have similar characteristics to one another but differ in important ways from members of other groups

Steps in Developing Strategic Group Map

- Selected competitive factors
- Plot the position of each firm on the map based on selected factors
- Determine and circle natural grouping of companies
- Stiffest competition in industry happens within each strategic group



Internal Environmental Analysis



VALUE CHAIN ANALYSIS



VRIO ANALYSIS



McKinsey 7S

VALUE CHAIN ANALYSIS

Tool for Analysis of Business Operation to identify sources of competitive advantage



- Primary Activities involve in creation, sale and transfer of products
- Support Activities refer to activities that support primary activities
- Value = Difference between total revenue and total cost of performing all firm's activities or "Margin"

Systematically examine activities of firm and how they interact with one another and affect each other's cos and performance

Primary Activities



Receiving, storing, and distributing inputs
(Handling of raw materials, warehousing,
and inventory control)



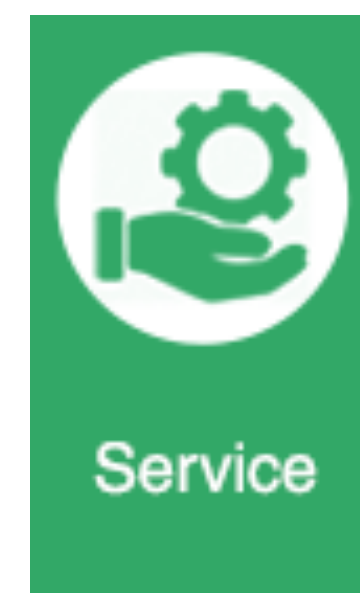
Transform on inputs into the final product form
(Production, assembly, and packaging)



Collecting, storing, and distributing products
to buyers
(Processing of orders, warehousing of
finished goods, and delivery)



Identification of customer needs
and generation of sales
(Advertising, promotion, pricing
strategy and distribution)



Maintain the value of product after sold
(Installation, quality assurance, repair,
maintenance, training, and customer
service)

Support Activities

Procurement

Purchasing inputs i.e. sourcing of raw materials, equipment and labor

Technology Development

Improvement in products and process i.e. research and development, product design, market research, process development

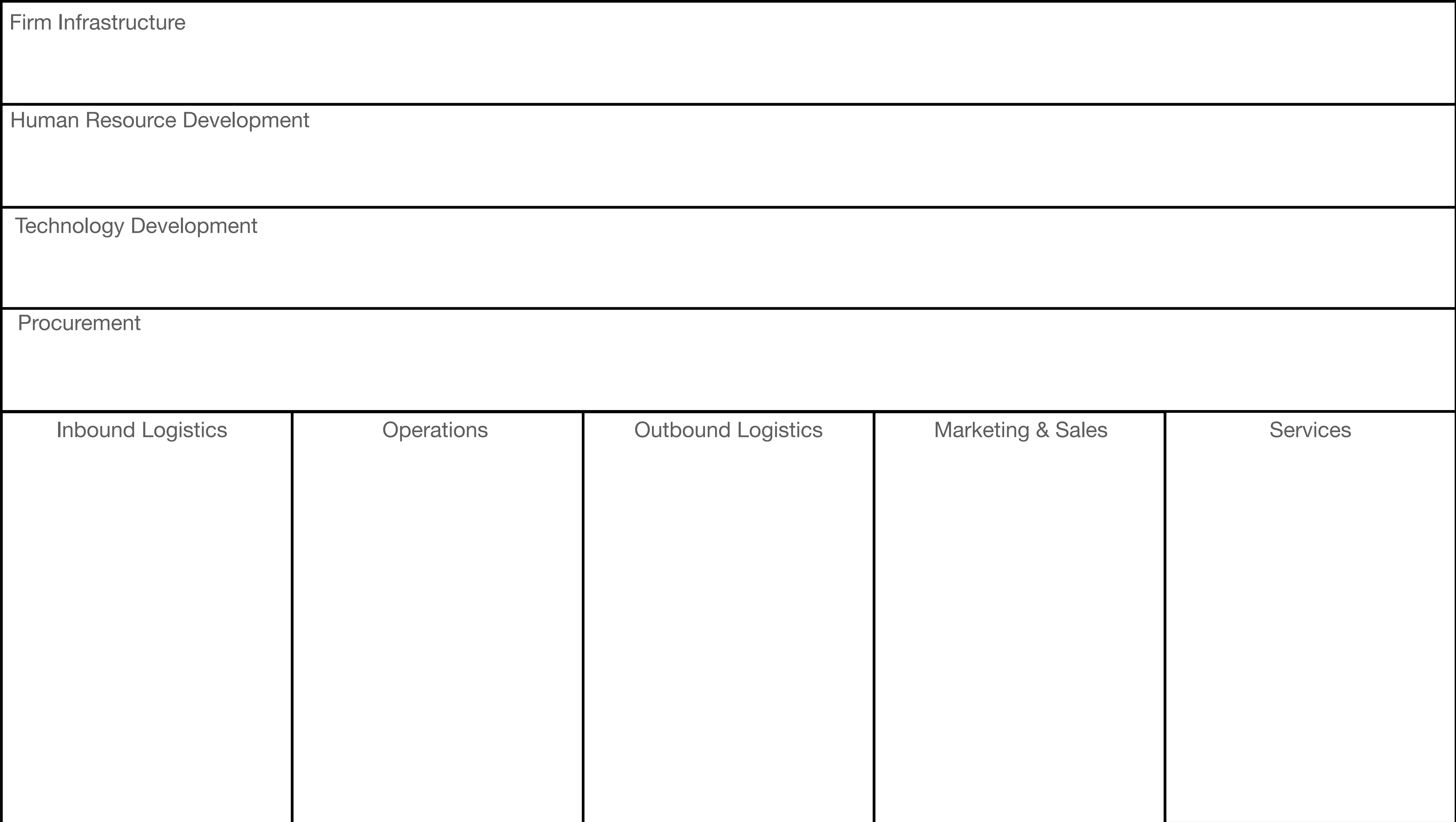
Human Resource Management

Recruiting, Hiring, Training, Professional development, Retention, Employee relation, Compensation

Firm Infrastructure

Organization structure, Management, Legal, Control system, Finance, and Company culture

Value Chain Template



Firm Infrastructure

Human Resource Development

Technology Development

Procurement

Inbound Logistics

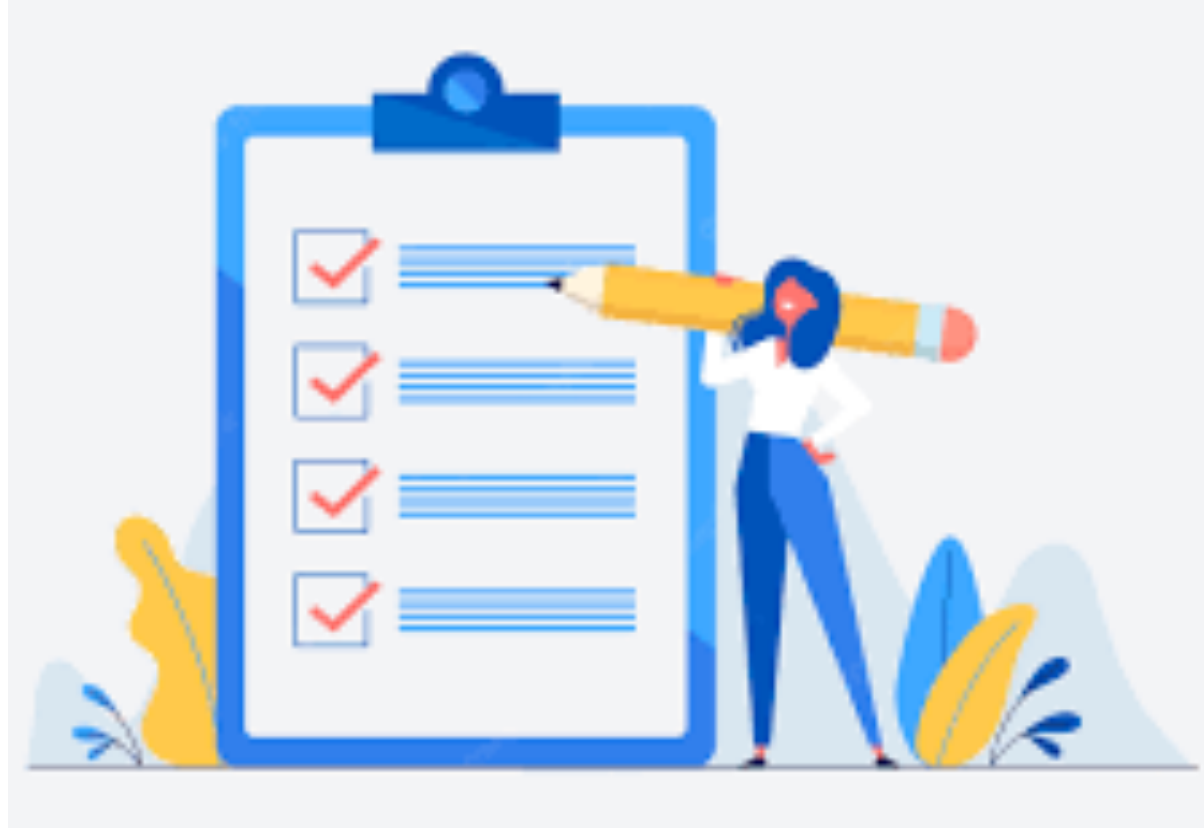
Operations

Outbound Logistics

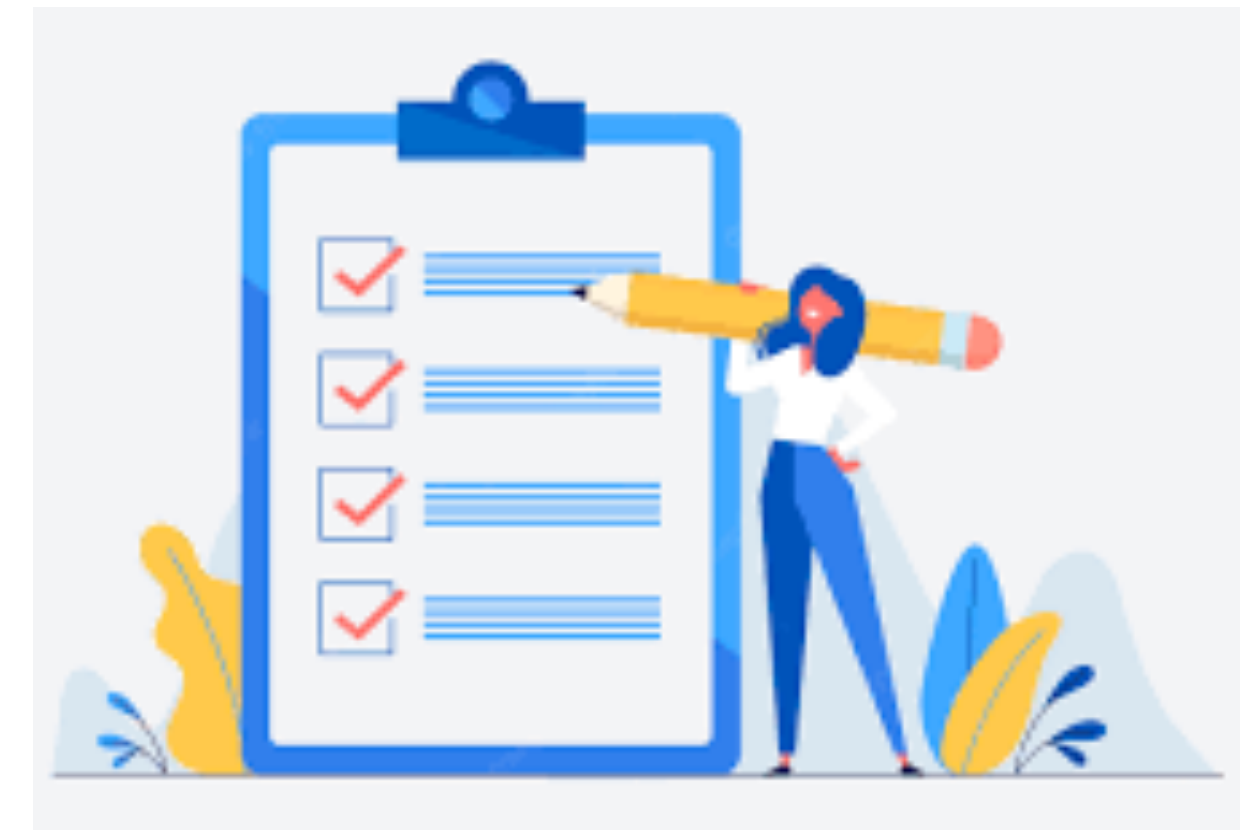
Marketing & Sales

Services

Margin



IDENTIFY STRENGTHS & WEAKNESSES



Strengths

Weaknesses

Strengths	Weaknesses

VRIO FRAMEWORK

Tool for Analysis of Business's Strategic Resources

Strategic resources are valuable, rare, difficult to imitate, and organized to capture value



VALUABLE resources help improving business's effectiveness and efficiency



RARE resources are held by few or no other competitors



DIFFICULT-TO-IMITATE resources are legally protected or need time to develop



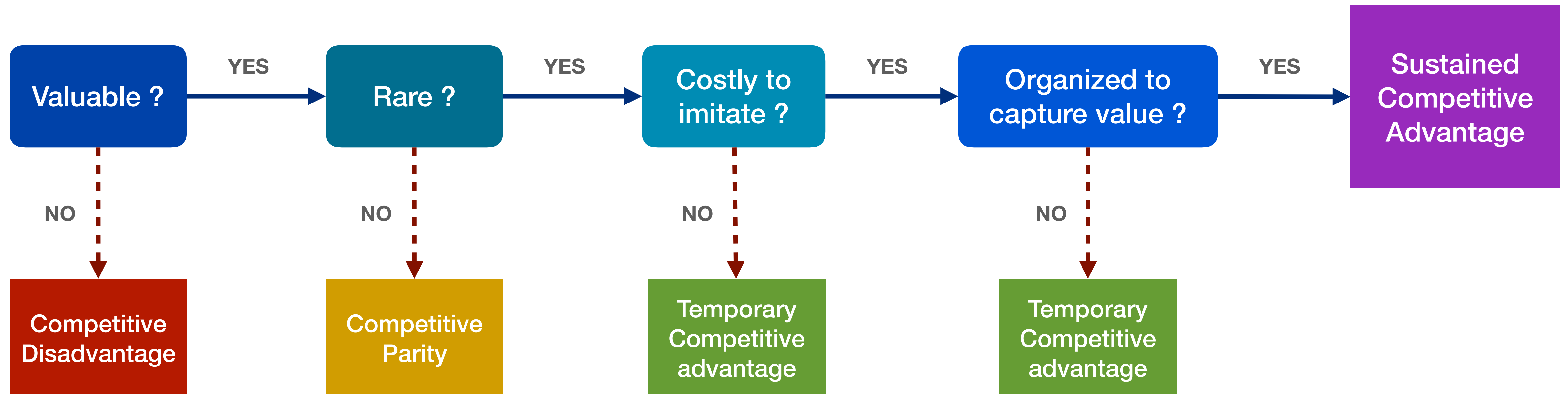
ORGANIZED TO CAPTURE VALUE means having systems, processes and structure to capitalize potential of resources and capabilities of business

VRIO Analytical Framework

Strategic resources are a key factor to create competitive advantage of the firm

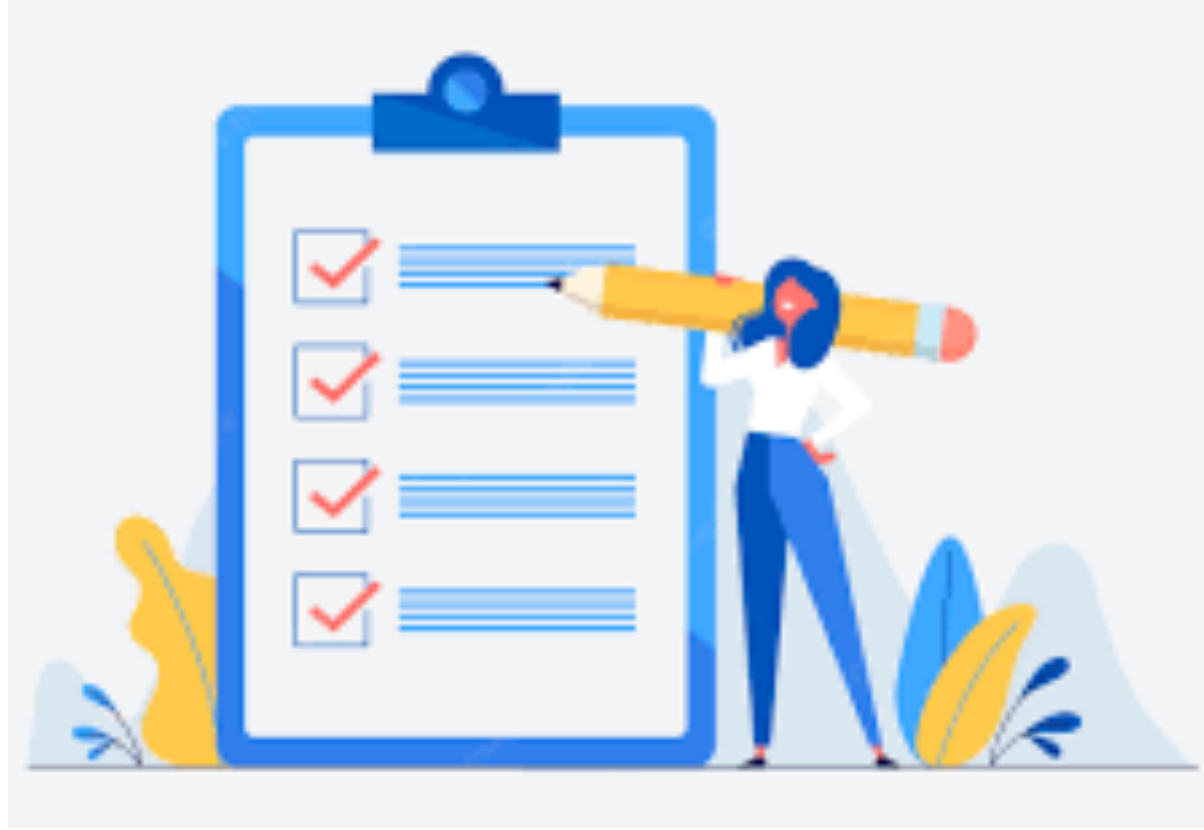
Is the resource or capacity ...

Is the firm ...

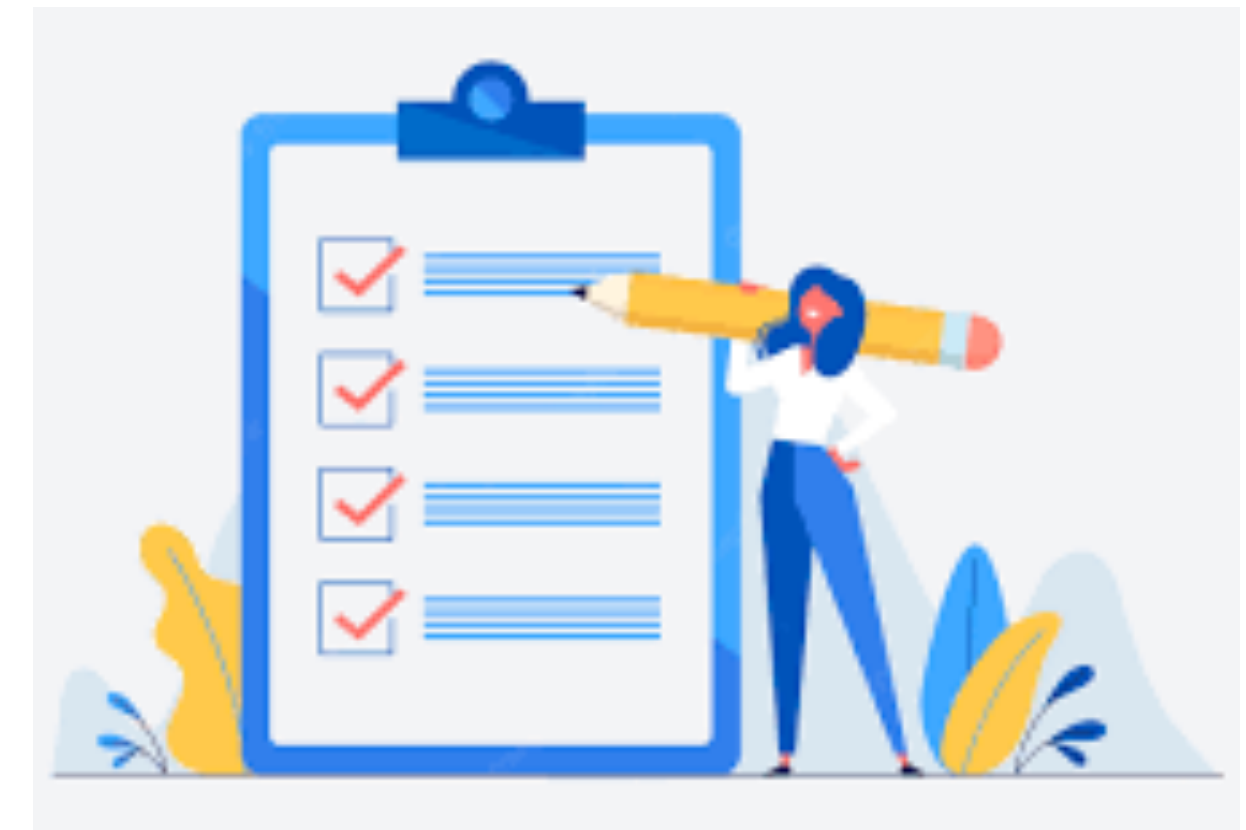


VRIO Analysis Worksheet

Resource or Capacity	Valuable ?	Rare ?	Costly to Imitate ?	Organized to Capture Value ?	Competitive Implication



IDENTIFY STRENGTHS & WEAKNESSES



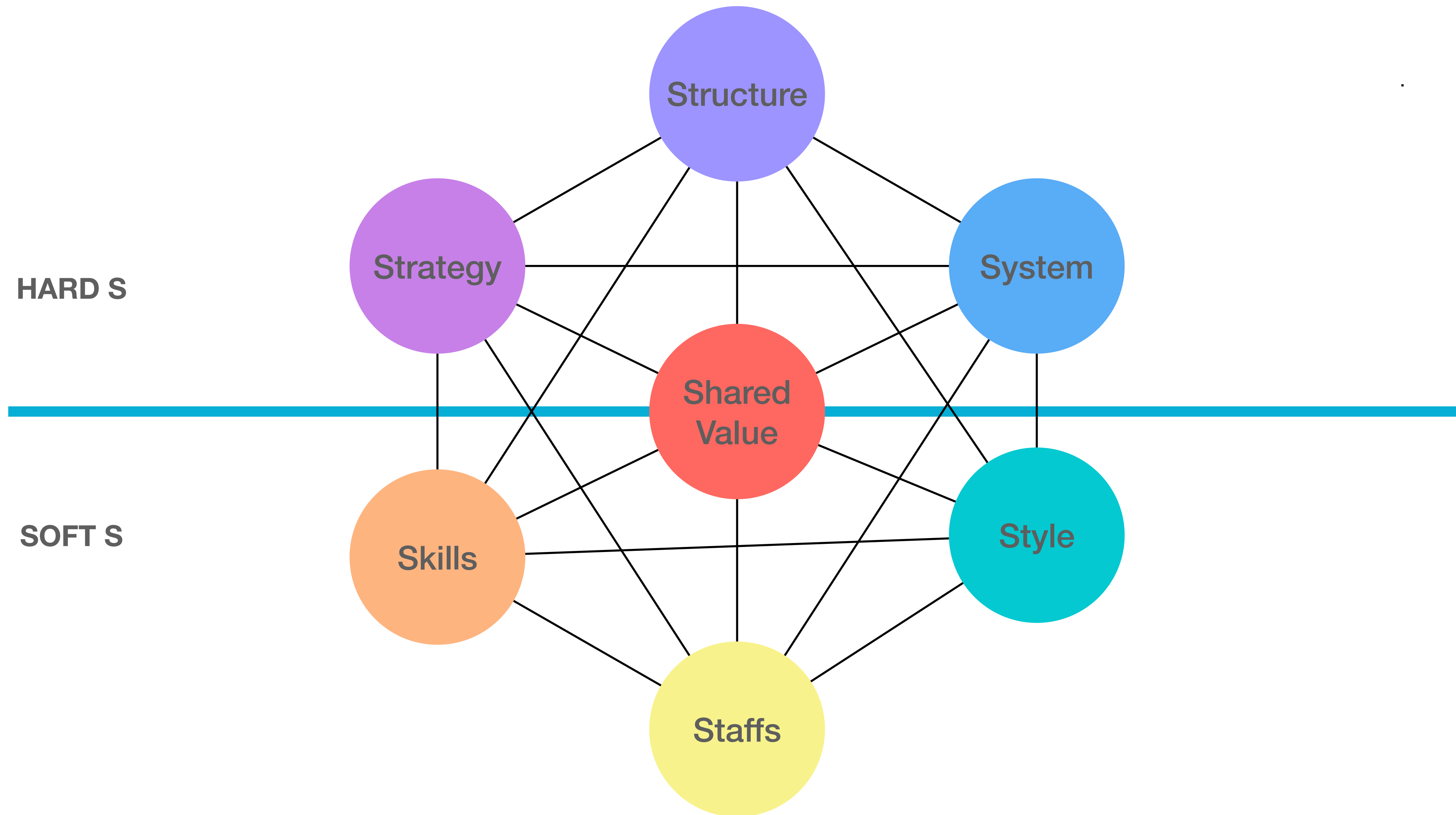
Strengths

Weaknesses

Strengths	Weaknesses

McKinsey 7s FRAMEWORK

Tool for Analysis of Organizational Design



STRATEGY

A plan developed by a firm to achieve sustained competitive advantage and successfully compete in the market

A well-crafted strategy is aligned with the other six elements and is reinforced by a strong vision, mission, and values.



- What is our strategy?
- How do we intend to achieve our objectives?
- How do we deal with competitive pressure?
- How are changes in customer demands dealt with?
- How is strategy adjusted for environmental issues?

STRUCTURE

A clear chain of command in an organization to avoid chaos and confusion



- How is the company/team divided?
- What is the hierarchy?
- How do the various departments coordinate activities?
- How do the team members organize and align themselves?
- Is decision-making centralized or decentralized?
- Where are the lines of communication? Explicit or implicit?

SYSTEMS

Processes and procedures employed to complete a business's routine activities



- What are the main systems that run the organization?
- Where are the controls and how are they monitored and evaluated?
- What internal rules and processes does the team use to keep on track?

STYLE

How top-level manager decides and interact



- How participative is the management/leadership style?
- How effective is that leadership?
- Do employees/team members tend to be competitive or cooperative?
- Are there real teams functioning within the organization or are they just nominal groups?

STAFF

How each employee develops and grows



- What positions or specializations are represented within the team?
- What positions need to be filled?
- How many employees will be needed?
- How are they recruited, trained, motivated and rewarded?
- Are there gaps in required competencies?

SKILLS

Abilities of employees to complete tasks



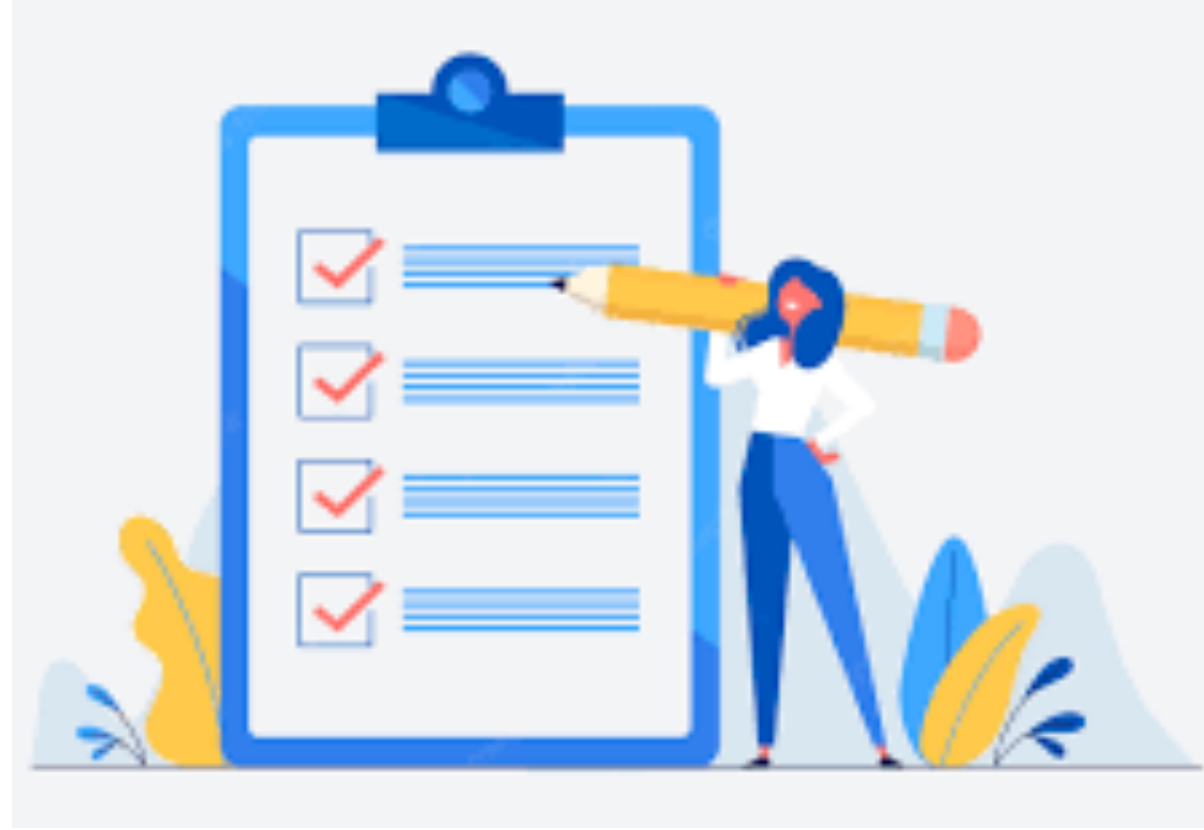
- What are the strongest skills represented within the company/team?
- Are there any skills gaps?
- What is the company/team known for doing well?
- Do the current employees/team members have the ability to do the job?
- How are skills monitored and assessed?

SHARED VALUES

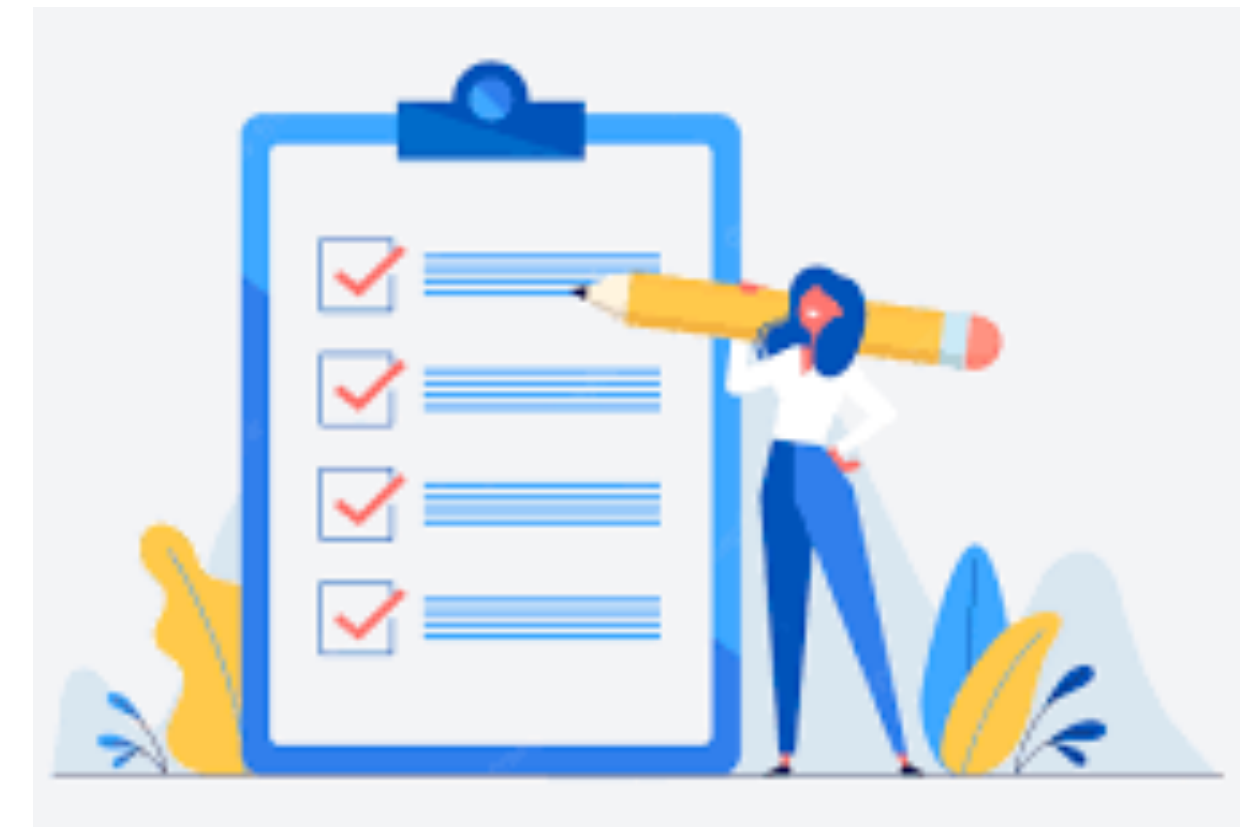
Norms and standards that guide employee behavior and company actions



- What are your organization's core values?
- What is its corporate/team culture like?
- How strong are the values?
- What are the fundamental values that the company/team was built on?



IDENTIFY STRENGTHS & WEAKNESSES



Strengths

Weaknesses

Strengths	Weaknesses



SUMMARIZE SWOT !

List 3 - 5 most important items of

- ★ Strengths
- ★ Weaknesses
- ★ Opportunities
- ★ Threats

Strength

Weakness

Opportunity

Threat

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FORMULATE STRATEGIES USING TOWS MATRIX



FIRM - LEVEL STRATEGIES

	STRENGTHS:	WEAKNESSES:
OPPORTUNITIES:		
THREATS:		

BUSINESS - LEVEL STRATEGIES

	STRENGTHS:	WEAKNESSES:
OPPORTUNITIES:		
THREATS:		



Time to Present !

THANK YOU