



**Student International
Business Council**

SWOT Analysis Framework

Internal

Strengths: characteristics that give the company an advantage over others	Weaknesses: characteristics that give the company a disadvantage relative to others
Distinctive competence	Lack of strategic direction
Adequate financial resources	Inability to finance strategic changes
Competitive skills	Subpar profitability
Brand reputation	Weak market image
Acknowledged market leader	Poor marketing skills
Well-conceived functional area strategies	Missing key competencies
Economies of scale	Poor track record in strategy implementation
Sustainable competitive advantage	Vulnerability to competitive pressures
Proprietary technology	Lack of R&D investments
Cost advantage	Narrow product line
Product innovation capabilities	Competitive disadvantages
Successful management	Obsolete facilities/technology
	Lack of managerial depth and talent
	Deteriorating competitive position

External

Opportunities: factors that the company can leverage to its advantage	Threats: factors that can place the company's stability at risk
Serve additional customer groups	Likely entry of new competitors
Enter new markets or segments	Rising sales/decreasing costs of substitute products
Expand product line to meet broader range of customer needs	Growing bargaining power of customers or suppliers
Diversify into related products	Growing competitive pressures
Add complementary products	Vulnerability to recession and business cycle
Vertical integration	Slower market growth
Move to better strategic group	Changing consumer needs and tastes
Achieve complacency among rival firms	Adverse demographic changes
Faster market growth	Rising cost of production/decreasing cost of product

Important Note:

Strengths and weaknesses are internal, meaning they are found within the company and are relevant only to that firm. Opportunities and threats are external, meaning they are outside of the company and are therefore industry-wide.

Additional Information:

A great way to start a SWOT analysis is to look at the company's 10K or 10Q. In these two documents, firms often list strengths, business risks & threats, and opportunities. Read current events to gain insight into other factors relevant to the company, and make sure to leverage Mendoza's BIC tools as well.

Example of SWOT Analysis for Monster Energy Drinks:

<p><u>Strengths</u></p> <ul style="list-style-type: none"> - Customer loyalty - Global sales growth - Innovative “alternative” beverages - Effective pricing - Market share 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> - Overreliance on key distributors - High dependency on Monster brand
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> - M&A or buyout possibilities - International expansion - Product innovation - Expansion outside energy drinks 	<p><u>Threats</u></p> <ul style="list-style-type: none"> - Competitive industry - Lawsuits, regulatory issues - New players (e.g. Starbucks) <p style="text-align: right; color: blue;">SIBC Bain Project, Spring 2013</p>