

Agenda

Assessing the organization's strengths and weaknesses (SP5)

TOPICS

- “Big Picture” strategic assessment
- Define S.W.O.T tool and use
- Discuss Brown Family Farm's strengths and weaknesses
- Introduce outside-in thinking

Learning Objectives

1. S.W.O.T. ASSESSMENT is a simple tool known to many business people, yet its use can lead to lead to sometimes vague discussions of what should you do with its outputs
2. When combined with a BUSINESS MODEL CANVAS, S.W.O.T. ASSESSMENT can lead to a more focused evaluation – at a Building Block level – of an organization's Business Model

Internal Analysis

- Strengths
- Weaknesses

- Distinctive competencies

Ability to Compete

External Analysis

- Threats
- Opportunities
- PESTEL Analysis

Internal Analysis

- Strengths
- Weaknesses
- Distinctive competencies

Market Attractiveness

External Analysis

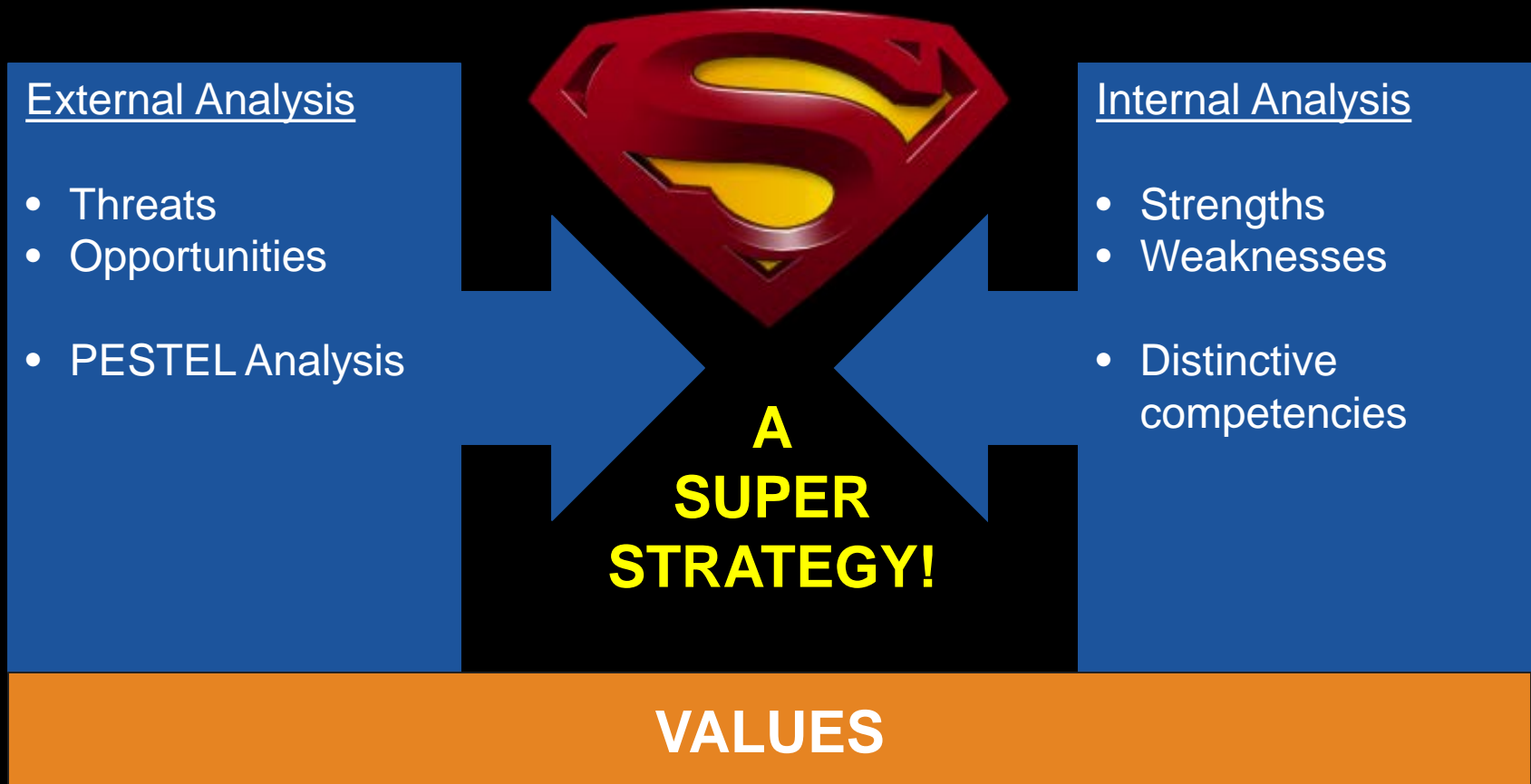
- Threats
- Opportunities
- PESTEL Analysis

Internal Analysis

- Strengths
- Weaknesses
- Distinctive competencies

VALUES

Approach to Strategy Development



Internal analysis: S & W

Strengths and Weaknesses

The inward-looking part of “SWOT”

Compile a list of attributes

External Analysis

Threats and Opportunities

The outward-looking part of “SWOT”

Already done via PESTEL Analysis

INTRODUCING OUTSIDE-IN THINKING

Basic model by Larry Keeley

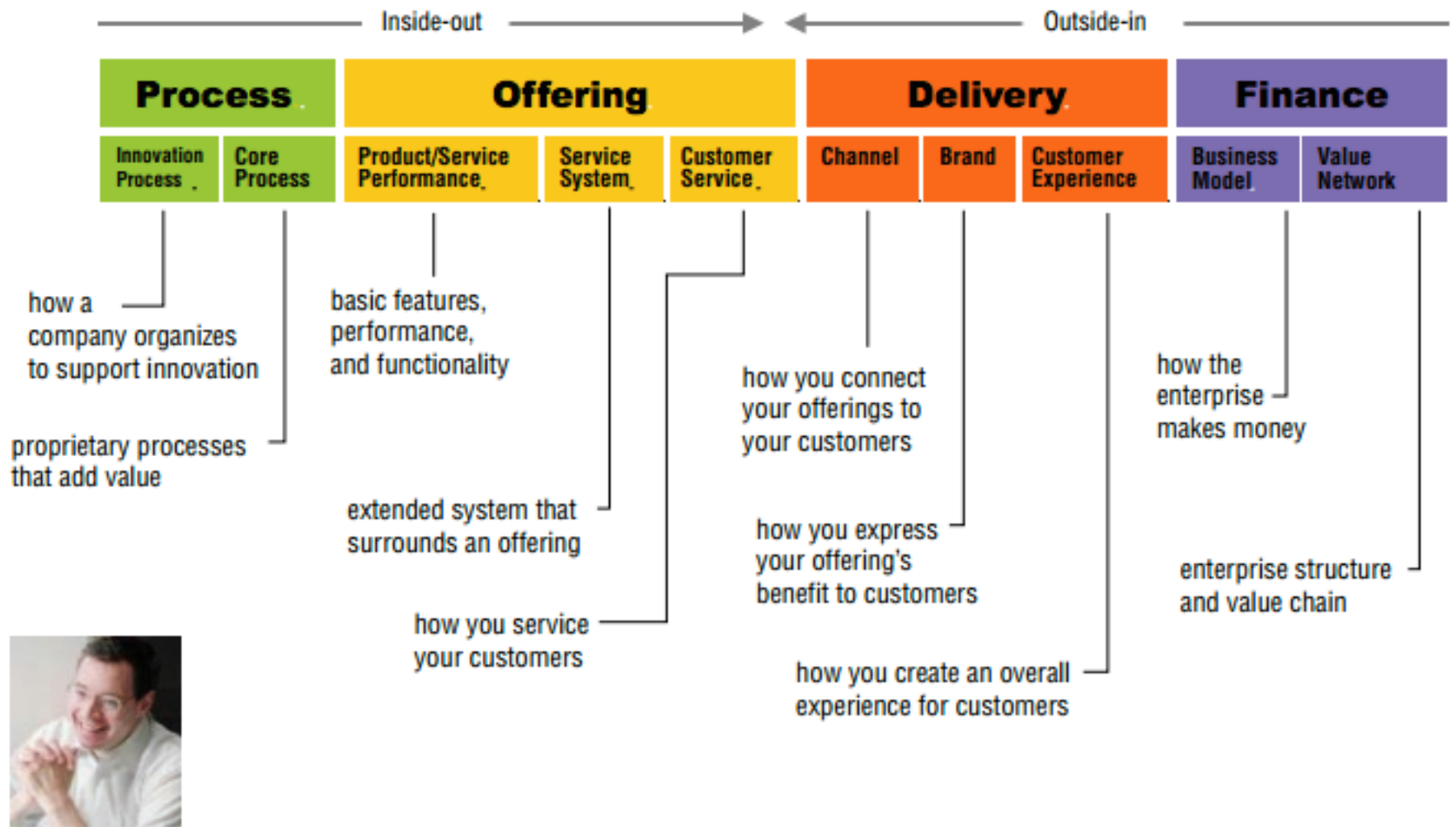


What assets or competencies do we have, and what can we produce with them?

Optimize the Value Chain

This is how we typically think of innovation

What do our customers want, and how can our firm construct new business models, networks, or partnerships to deliver it to them?



"The Ten Types of Innovation", by Larry Keeley/Doblin Inc. (1999)

Figure 5. The Ten Types of Innovation

Rental Car Industry: Overview

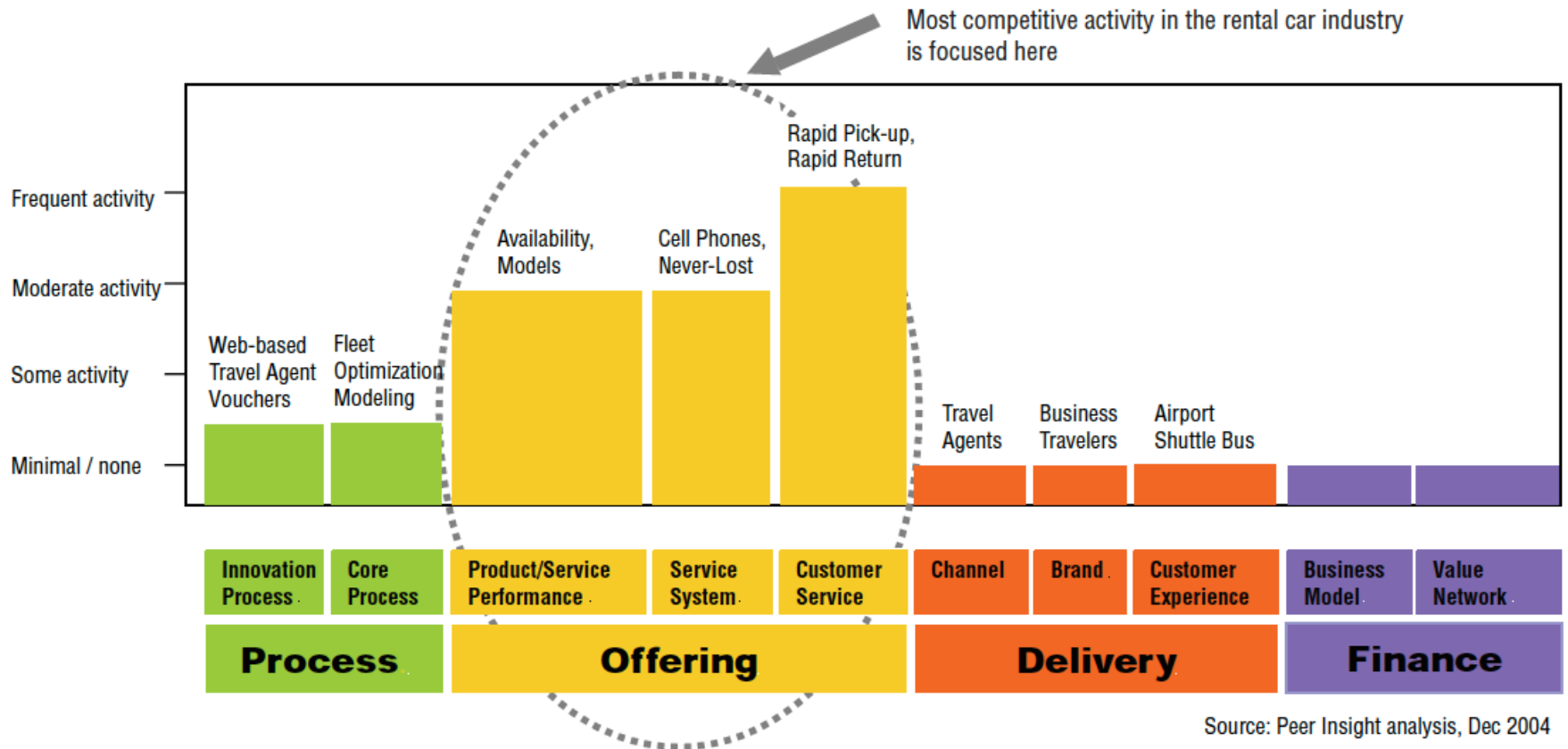
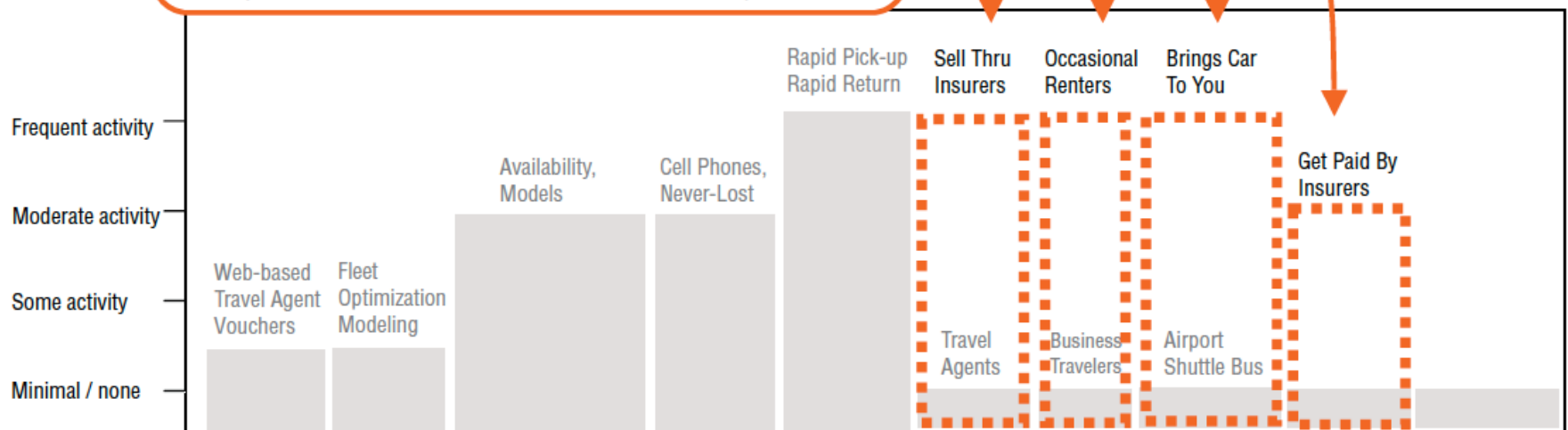


Figure 6. Analysis of Rental Car Industry by The Ten Types of Innovation



- Largest car rental company (\$6.9B vs. \$4.9B for Hertz, \$2.5B for Avis)
- Targets the occasional renter
- Uses the insurance company channel
- Brings the car to the renter; avoids cost structure of airport real estate

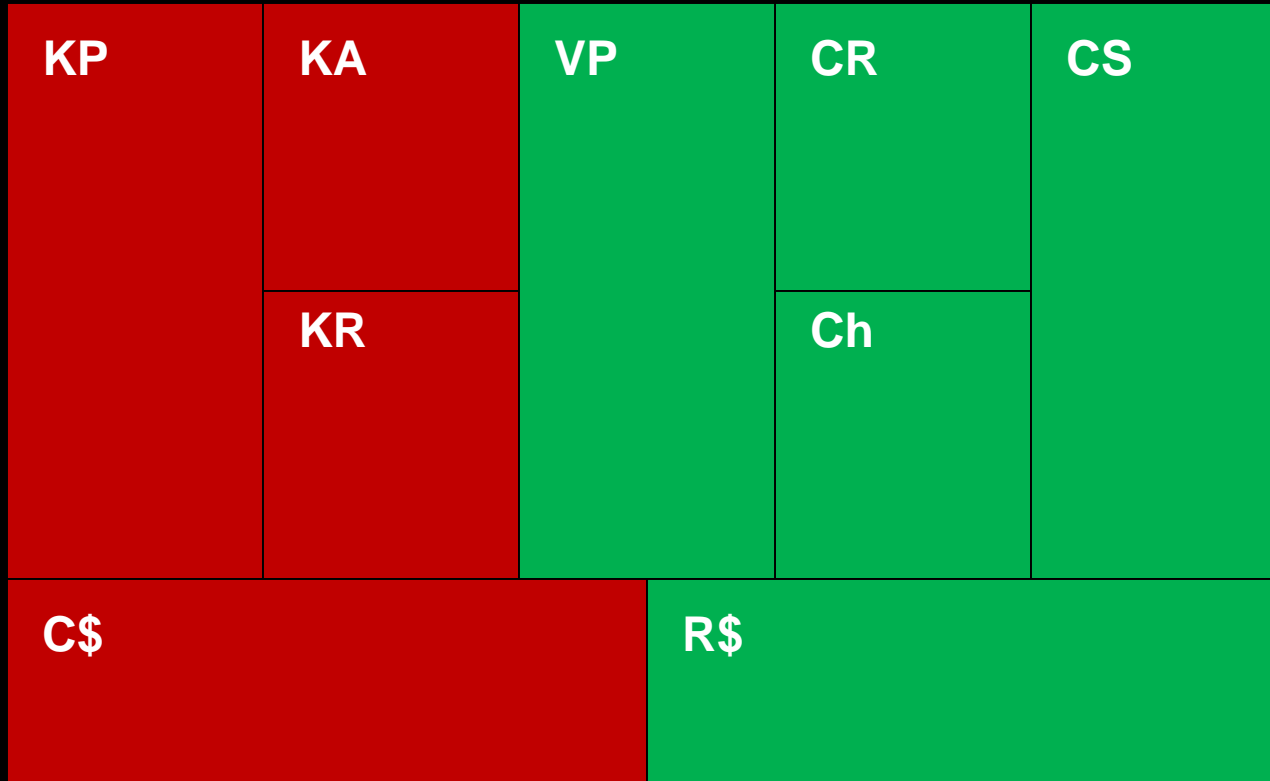


Source: Peer Insight analysis, Dec 2004

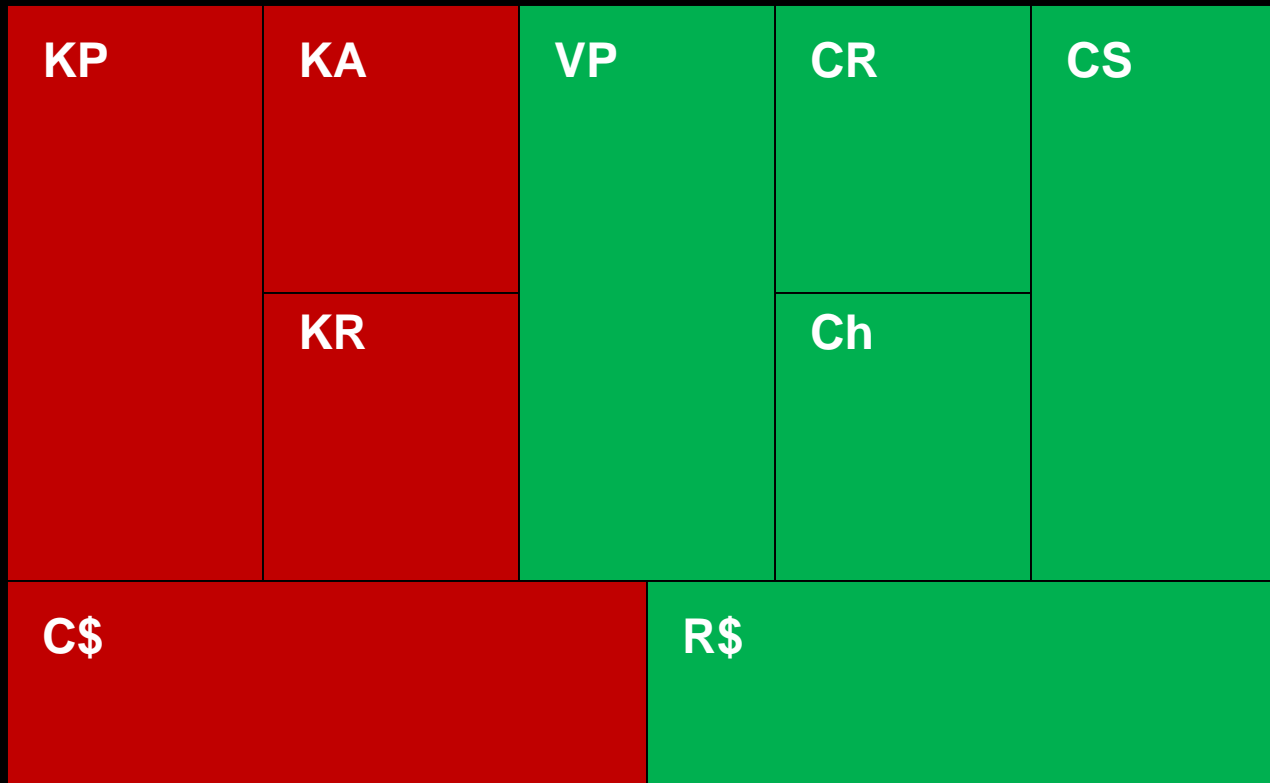
Figure 7. Enterprise Rent-a-Car Use of the The Ten Types of Innovation

EFFICIENCY

VALUE



Which side is uses inside out innovation? Outside in?



Can do a SWOT analysis on each block

KP	KA	VP	CR	CS
	KR		Ch	
C\$			R\$	

S.W.O.T. ASSESSMENT WORKSHEET

Business Objective: _____

	Favorable		Unfavorable	
Internal	<u>Strengths</u>	<u>BB</u>	<u>Weaknesses</u>	<u>BB</u>
External	<u>Opportunities</u>	<u>BB</u>	<u>Threats</u>	<u>BB</u>

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Agenda

Detailed Business Model Assessment (SP6)

TOPICS

- “Teaching an old tool new tricks!” (doing SWOT through a business model canvas lens)
- Building the case for CHANGE!

Learning Objectives

1. Periodic Business Model evaluations are an important management activity that allows organizations to assess the health of its market position and adapt accordingly.
2. Depending on the results of the evaluation, this could trigger incremental improvements or be the basis for major Business Model redesign.
3. A weakness in one Building Block may have consequences for other Building Blocks -- or the entire Model.
4. Good S.W.O.T. evaluations alternate between individual elements (Building Blocks) and overall Business Model integrity (Big Picture).

Team Exercise

Using the S.W.O.T. ASSESSMENT WORKSHEET:

- Determine the **Business Objective**
- Transfer the **external external opportunities and threats** from your PESTEL ANALYSIS WORKSHEET
- From the case, assess the Brown Family Farm's **Internal strengths and weaknesses**

Team Exercise

Using the S.W.O.T. ASSESSMENT WORKSHEET and the BMC:

- Revisit the case to look for outside-in opportunities
- Don't forget to associate these with a Building Block(s)
- Do you see a possible strategy emerging?

**Be prepared to defend
your logic in class**

Team Reports

Discuss your SWOT analysis
of the Brown Family Farm

S.W.O.T. ASSESSMENT WORKSHEET

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BACK UP

PESTEL ANALYSIS WORKSHEET

Forces	Threat or Opportunity	Importance	Urgency	Building Blocks Impacted
Trend 1 (Take from list in SP2)	T or O	1 (Low) – 5 (High)	1 (Low) – 5 (High)	Building Block (KR, KP, KA, etc.)
Trend 2				
Trend 3				
Trend n				
Others?				