



Strategic development and SWOT analysis at the University of Warwick

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Received 10 January 2002; accepted 9 September 2002

Abstract

SWOT analysis is an established method for assisting the formulation of strategy. An application to strategy formulation and its incorporation into the strategic development process at the University of Warwick is described. The application links SWOT analysis to resource-based planning, illustrates it as an iterative rather than a linear process and embeds it within the overall planning process. Lessons are drawn both for the University and for the strategy formulation process itself.

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Keywords: Strategic planning; SWOT analysis; Resource-based planning; Strategic development

1. Introduction

The University of Warwick was founded in 1965, and in the thirty-five or so years since has established itself as one of the UK's leading universities regularly featuring in the top ten of the various league tables constructed by the media (e.g. The Times), and having a turnover of £160 million. Strategic development at the University of Warwick has a mixture of components including: the development annually of a corporate plan for submission to the Higher Education Funding Council for England (HEFCE); an annual five-year planning process undertaken by the Strategy Committee (a body comprising the principal officers of the University, who form the Steering

Committee, and a number of lay (external) members of the University's governing body, the Council); and the formulation and sometimes adoption of strategic initiatives throughout the year.

In the spring of 2001 the Steering Committee considered that the corporate plan was due for a radical overhaul. However, with a new Vice-Chancellor (chief executive) appointed and due to take up his post in the summer, it was agreed that the Steering Committee would have a strategic awayday which would aim to produce recommendations for future consideration. It was agreed that a SWOT analysis would form the core of the awayday, which would be facilitated by the author who was a member of the Steering Committee due to his role as a Pro-Vice-Chancellor.

The paper first introduces SWOT analysis and its links to contemporary planning methods such

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as resource and competency-based planning. This is followed by a description of an application of SWOT analysis at the University. The SWOT analysis is then set in the context of the University’s strategic development process.

This featured issue of EJOR is concerned with applications of soft OR approaches, with SWOT analysis mentioned in that context. The author has argued elsewhere (Dyson, 2000) that OR has much to offer in the field of strategy support. It must however be inclusive of methods including hard and soft, but also should not confine itself to methods with a traditional OR label. Dyson and O’Brien (1998) in their book on methods and models for strategic development include chapters on the balanced scorecard, visioning, SWOT analysis, resource and competency-based planning, cognitive mapping, scenario planning, system dynamics, capital investment appraisal and real options as examples of this inclusive approach. This application is offered in that spirit.

2. SWOT analysis

SWOT analysis aims to identify the strengths and weaknesses of an organisation and the opportunities and threats in the environment. Having identified these factors strategies are developed which may build on the strengths, eliminate the weaknesses, exploit the opportunities or counter the threats. The strengths and weaknesses are identified by an internal appraisal of the organisation and the opportunities and threats by an external appraisal. The internal appraisal examines all aspects of the organisation covering, for example, personnel, facilities, location, products and services, in order to identify the organisation’s strengths and weaknesses (Fig. 1). The external appraisal scans the political, economic, social, technological and competitive environment with a view to identifying opportunities and threats. A variation of SWOT analysis is the TOWS matrix (Fig. 2). In the TOWS matrix the various factors are identified and these are then paired e.g. an opportunity with a strength, with the intention of stimulating a new strategic initiative.

- Employees
- Brands, products, capabilities
- Innovative capability
- Customer relationships
- Facilities and infrastructure
- Efficiency, effectiveness and flexibility
- Size, location, accommodation

Fig. 1. Internal appraisal, strengths and weaknesses.

	Strengths	Weaknesses
Opportunities	SO strategies	WO
Threats	ST	WT

Fig. 2. The TOWS matrix.

An early example of the TOWS matrix is shown in Fig. 3, adapted from an account by Heinz Wehrich (1982). Volkswagen (VW) undertook this strategic exercise in the early 1970s. At that time they were concerned that the high labour costs in Germany and the strong mark were making it difficult to export to the US, the largest market for cars in the world. The analysis, provided by the TOWS matrix, suggested that VW should build cars in the US as all pairings pointed in that direction. For example the production strengths coupled with the threat of the high mark suggest building in the US rather than exporting from Germany. In fact this strategy was adopted but initially failed, as the company never overcame a key weakness, their lack of US production ex-

	Strengths: R&D Quality production Sales and support	Weaknesses: One products High costs in Germany No US experience
Opportunities: Incentives to invest Small engines	Build cars in US Supply engines to US producers	Build in US Diversify product range
Threats: High mark Japanese competition	Build in US Improve cost effectiveness	Build in US Diversify product Withdrawn from US

Fig. 3. A TOWS matrix for VW.

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