

The SWOT Analysis

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The SWOT analysis has become an increasingly common technique for assessing the position of a healthcare organization within its market. The SWOT analysis involves an examination of the organization, the environment, and the way the organization and environment interact. This is an important tool for strategists and marketers and one that has numerous applications in healthcare. The SWOT analysis can be done for departments within organizations as well as total organizations. Factors within the macro and competitive environments should be included in the SWOT analysis.

The SWOT analysis involves an examination of the *strengths*, *weaknesses*, *opportunities* and *threats* relative to the community or the organization. A strength can be thought of as a resources, a particular skill or a distinctive competence that the organization possesses and that will aid it in achieving its stated objectives. These would include marketing capabilities, management skills, the organization's image, financial resources and any number of other assets. The strategy chosen should be designed to capitalize on the strengths of the organization and focus on leveraging them into a strategic advantage.

A weakness refers to any aspect of the organization that might the achievement of specific objectives. These might include inadequate working capital, poor management skills, a lack of certain services, personnel shortages and any other of a variety of weaknesses. The organization needs to address any identified weaknesses through eliminating the deficiency (e.g., improving outcome indicators), stabilizing the condition (e.g., replacing aging medical staff members with younger counterparts), or minimizing the impact (e.g., damage control of adverse events). To the extent that weaknesses cannot be eliminated, marketing might be used to counter any negative effects.

An opportunity is simply any feature of the external environment which creates conditions which are advantageous to the firm in relation to a particular objective or set of objectives. Opportunities may take a variety of forms, such as gaps in the market, new sources of reimbursement, demographic changes, weaknesses among competitors, and so forth. Organizations should capitalize on opportunities by marshalling resources, reallocating funds, and otherwise focusing effort to take advantage of such situations.

A threat is any environmental development that may present problems and hinder the achievement of organizational objectives. Threats may come in the form of competitive activity, unfavorable demographic changes, anticipated reimbursement changes, etc. Some threats (e.g., reduced Medicare reimbursement) are obviously beyond the control of the organization. However, responses can be developed to most threats, even if the response only involves a marketing initiative to counter the impact. Threats often arise as a result of changing market conditions, managed care developments or the actions of competitors. Threats of these types can usually be addressed through aggressive action of some type.

The SWOT analysis should include input from the quantitative research that is being conducted as well as from the interviews that are administered. Because the strengths, weaknesses, opportunities and threats that are identified will guide further development of the plan, it is important that consensus be reached on these attributes before proceeding with the planning process.

Questions to Pose for the SWOT Analysis

What are the strengths that can be identified with regard to your organization?

How can your organization capitalize on its strengths to meet its goals?

What are the weaknesses that can be identified with regard to your organization?

What are some ways in which existing weaknesses can be addressed?

What opportunities exist that your organization might take advantage of in the current environment?

What would keep your organization from taking advantage of existing opportunities?

What threats to your organization presently exist from any source?

How can threats to your organization be neutralized?