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The “High Thread Count” SWOT: Getting More Value out of a Classic CI Tool

The SWOT—a tool that allows users to focus on the strengths, weaknesses, threats, and opportunities posed by their competitors—has been one of the main competitive analysis tools for many years. Its popularity in the business world—which sets it apart from other academically-inspired business analysis methodologies—stems from several things: it's straightforward in its design and easy to construct; it's handy to use; and the results seem clear and actionable. A crisp template that can be easily applied.

Unfortunately, much of the time, SWOT's deliver far less value than they could, and they end up being an exercise, rather than a real competitive analysis tool. Why? Mostly because not much effort is put into them; as a result, they really don't offer much insight. See if this example sounds familiar. One of the first times I saw the SWOT process in action was while working with a \$3b national technology personnel management company that was engaged in a several week-long strategic planning process. The national headquarters had signed on with one of the big four consulting companies to guide them through the “strat plan” process and I was working in tandem with one of their largest business units on their parts of the assignment.

Naturally, one of their tasks was to complete SWOT's of the competitors in their various business lines. At the offsite where this was undertaken, the group of senior managers gathered around a whiteboard, drew and labeled the familiar quadrants, and then started in populating them. How did this process unfold? Well, somebody offered an opinion as to a competitor's strength and it was written down. This went on for about 45 minutes and the board was filling up. When the team had run out of steam, the whiteboard was captured in notes and voila, a SWOT was created. Time for a break!

The group felt pretty good about the exercise, but what had they actually produced? A highly anecdotal, experiential document that had not been cross-checked or scrutinized, relying on individual opinions, biases, best guesses, and “I don't know...let's put this in there” comments. As a longtime intelligence professional, I was aghast that this collection of unsubstantiated observations and personal views was going to be allowed to pass for collective competitive wisdom and would find its place in the larger strategic planning exercise.

This was only one of many business analysis and planning efforts I witnessed at this 50-year old company that shocked me by its



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shallowness. (The company actually was in the early stages of a decline at the time, and has since fallen further from its once-industry-leading perch, but that's another story.) Part of this reflected what seemed to me to be the senior management team's aversion to rolling up their sleeves to do the hard work required by rigorous business analysis. But, one lesson from the SWOT exercise was how the lack of real rigor so completely undercut the potential value of the tool.

Creating a Higher Thread Count

Now that the likes of Bed, Bath, and Beyond and the higher end resorts have succeeded in identifying and creating value around the concept of "high thread count" bedding, it can also be a useful metaphor for CI tools like a SWOT. What do I mean by this? Well, as any sheet maven will tell you, the higher the thread count in a sheet, the better it will feel to sleep on and the longer it will stand repeated washings. My corollary for CI is that the more vetted the information used in creating a SWOT, the more valuable the insight that can be gleaned from it. Add in further dimensionality to the conclusions developed by a high thread count (HTC) SWOT and you will produce even more actionable insight—the satisfaction from which can be combined with those 1,000-count sheets you just bought to deliver a great night's sleep!

So, what's a "High Thread Count" SWOT?

Well, for one thing, the entries in each quadrant derive from more than single, unsubstantiated, anecdotal inputs. Just because a sales manager who met a key customer last week and heard about a competitor's inability to meet current orders doesn't make it either (1) true, or (2) a conclusive weakness. Could be the customer is over-stating something he heard; could be he's intentionally misleading you about a key competitor; could be he's passing on what he heard correctly, but does not know that the shortage is because the competitor has shifted production priorities to another line that is more profitable and will allow them to cut into your market share in a more dynamic segment. CI professionals know there could be lots of reasons why this information surfaced. Plain and simple, a low thread count SWOT settles for throwing stuff on a whiteboard; a high thread count version requires vetting first. Can this piece of information be corroborated? Does it fit within our collective holdings about this competitor?

Thus, the first essential ingredient to a HTC SWOT is that it be populated by entries that are vetted by several sources and perspectives. Hopefully this includes intelligence from within the targeted competitor, from third parties that deal with it, and from outside experts who monitor the company or industry. It also is the result of a rigorous cross-referencing between the quadrants. Does a vetted entry in the "weakness" box have a direct tie to another entry in the "opportunity" box? If so, why? If not, why not?

Next: Reflecting the Target's Self Perceptions...

The second ingredient in a HTC SWOT is to add a layer on how the targeted company actually *perceives itself* vis-à-vis the multi-party SWOT you have just created on it. Strengths, weaknesses, opportunities, and threats that are not perceived as such by the target take on additional strategic dimensions for other parties. Remember the saying, "he doesn't know his own strength," and how that



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reflects on a mismatch between the real and the potential. After all, a strength that is not fully recognized is likely not being leveraged, and potentially becomes an opportunity for others. A weakness that is not seen for what it is can also be exploited by others. An opportunity that is not recognized is not an opportunity. A threat not seen is potentially an acute vulnerability.

So, looking at the entries in each quadrant, ask the following questions:

--how would the targeted company score itself on these entries? Does the target actually recognize the

Strengths of Competitor	Do they recognize this as a strength?
1	
2	
3	

entry for what it is, or is it missing something? Look for any “disconnects” between your SWOT and how the target might “SWOT” itself. Chances are that the company does perceive itself as others do, but keep in mind, many people don’t fully understand their own strengths and weaknesses...why should organizations be any different?

...And How Well it Is Doing in Leveraging Its Situation

The third ingredient is to add another layer that examines *if* and if so, *how well* the targeted company is trying to address the situation. Again, it’s one thing to accurately perceive one’s strengths, weaknesses, etc. It’s another thing to (1) have a plan to effectively leverage or mitigate them and (2) to be able to execute against that plan.

Strengths of Competitor	Do they recognize this as a strength?	If so, are they leveraging it effectively? If not, why not?
1		
2		
3		

In this phase, ask:

--if the company does, indeed, see itself as the SWOT reflects, what is it doing in response? Does it have an effective strategy for taking full advantage of the “S’s” and “O’s” while mitigating the “W’s” and “T’s”?

--how effectively are these

strategies being leveraged?

Summing Up

Adding these dimensions to the vetted SWOT—the matching of the targeted company’s own perceptions, its ability to create appropriate strategy around them, and its ability to effectively execute against those strategies—may reveal much more insight that will help *you*, in turn, create effective strategies. For example, a SWOT that shows that your main competitor is not only suffering from poor service but does not fully recognize it, is potentially even more vulnerable to competitive response. On the other hand, a competitor that fully recognizes the situation, has an effective strategy in place to



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mitigate it, and has marshaled the appropriate resources has not left much if any of an opening for competitive response. You'd be better off either shifting your efforts elsewhere, or looking hard at your own position with regard to services since your competition may well be planning to turn this weakness into a competitive strength—at your expense!

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