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## From SWOT to TOWS

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SWOT analysis is arguably the most useful and certainly the most misunderstood framework for conducting strategic analysis. I've observed many well-intentioned facilitators attempt to use it and seen them end up with groups that were frustrated, exhausted, or both.

The reason why this happens has to do with how the tool was developed and, critically, how it was named. SWOT – which stands for Strengths, Weaknesses, Opportunities, and Threats – was originally developed by a research team at the Stanford Research Institute (SRI) between 1960 and 1970. They came up with the idea of simultaneously analyzing internal capabilities (strengths and weaknesses) and developments in the external environment (threats and opportunities) in order to identify strategic priorities and develop plans to address them.

Unfortunately the developers decided to name their method SWOT, with the implication that the analysis should be carried out in that order – first internal strengths and weaknesses and then external opportunities and threats. This has created no-end of problems for those who seek to use the methodology to drive strategy discussions in teams. The problem is that a discussion of organizational strengths and weaknesses can very easily become abstract, undirected navel-gazing in the absence of something to anchor the discussion. The result is that groups often flail trying to define their organization's strengths and weaknesses, end up frustrated and exhausted and so give short shrift to critical developments in the external environment.

The correct way to approach the analysis is to start with the environment and then analyze the organization. This is illustrated in the figure below. The first step is to assess the organization's external environment, looking for both emerging threats and potential opportunities. Naturally this assessment must be conducted by people who are grounded in the reality of the organization and knowledgeable about its environment.

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Having identified potential threats and opportunities, the next step is to evaluate them with reference to organizational capabilities. Does the organization have weaknesses that make it particularly vulnerable to specific threats? Does the organization have strengths that would permit it to pursue specific opportunities?

The final step is to translate these assessments into a set of strategic priorities – blunting critical threats and pursuing high-potential opportunities. These are then the inputs to a more extensive strategic planning process.

The confusion that has flowed from naming the method SWOT is so pervasive that a name change is probably in order. The alternative? Call it TOWS, so that people get the right cues about the order in which to conduct the process.



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