

## How to plan if you don't do SWOT: Without mincing words

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My message on SWOT was met with much agreement, both in private emails and in the posted ELMAR messages. One said that he solved the problem by re-labeling SWOT as "Significant Waste of Time." Some commentators disagreed, but they provided no evidence. Thanks to those who commented. I borrow from them for this summary.

I hate to be accused of mincing words, so here are my conclusions.

Based on evidence to date: **In practice, SWOT is a costly process that leads to poorer decisions.**

1. One of those who favored SWOT says it works in practice. Really? Tim Ambler spent 30 years as a respected practitioner and consultant and said he never found it to have the slightest use.
2. When Hill and Westbrook (1997) examined the use of SWOT by 20 companies in the UK in 1993-94, they concluded that their process was so flawed that it was time for a "product recall."
3. If it really worked, how can one explain the results from the study by Menon et al (1999)?

One advocate asked what to do if you don't do SWOT. Wesley Johnson suggested Kotler's Marketing Audit. I agree that would be an improvement.

It would be even better to borrow from the corporate strategic planning literature: Planners should follow a formal written process to (1) set objectives, (2) generate alternative strategies, (3) evaluate alternative strategies, and (4) monitor results. In addition, (5) commitment should be sought among the stakeholders during each step of this process. This process has advantages over Kotler's audit: it is simpler, more comprehensive, and each step (such as the value of setting explicit quantitative objectives) is supported by empirical evidence.

I describe the 5-step procedure and the evidence in Armstrong (1982). I updated the evidence in Armstrong (1990). This procedure led to better corporate performance in 28 validation studies:

20 favored higher performance with formal planning,  
5 found no difference, and  
3 found formal planning to be detrimental.

This support was obtained despite the fact that the formal planning in the studies typically used only some of the steps, those steps were often poorly implemented, and the conditions were not always ideal for formal planning. An experimental field study by Van de Ven (1980), however,

provided an excellent test of the process against a control group, and formal planning was beneficial. Interestingly, marketing planners seldom use this formal planning process. I challenge you to find a company (or even a business school) that follows all five steps.

If this were the pharmaceutical business where one must show efficacy, it would be illegal to sell SWOT. OK it is not illegal, but what is the proper word? Here I must mince words rather than mention those that might spring to mind such as unethical or unprofessional.

## References

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