



Strategy

From SWOT to TOWS: Answering a Reader's Strategy Question

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Published on HBR.org / March 27, 2007 / Reprint [H0004F](#)

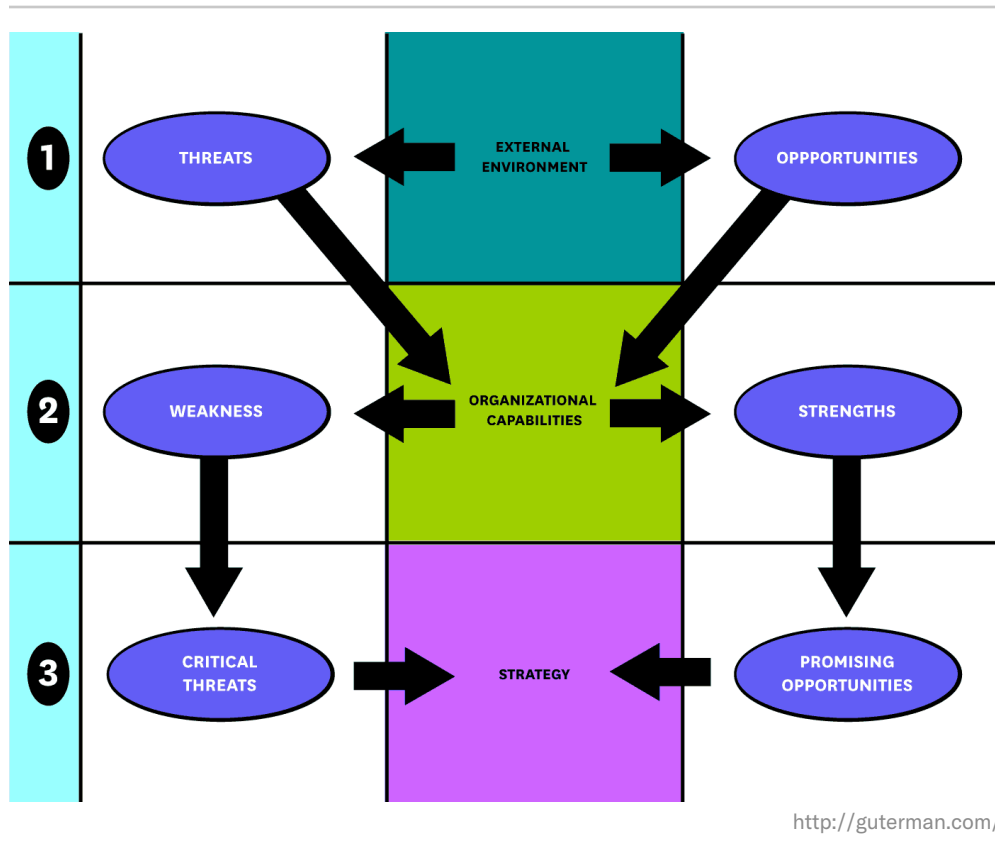
A reader posted a comment asking about a statement I made recently to the effect that SWOT (strengths-weaknesses, opportunities, threats) analysis is seldom done correctly. Given that the tool is so widely employed in strategy-development processes (more than three-fourths of the participants in the executive programs I teach say they use it), I decided to write a post about it.

Let me say at the outset that this is not about whether to employ the tool: It's about how to employ it. In particular, it's about the order in which you should take teams through the four elements of the analysis. I've come to believe that the right sequence is threats and opportunities first and then strengths and weaknesses, and not the reverse; it should be done as TOWS and not as SWOT.

I came to this conclusion after a lot of experience with the tool, and after doing some research into its history. My experience using SWOT had been less than satisfying. Like many consultants, I used the tool in the early stages of team strategy-development processes. But the more I

used it, the more frustrated I got. Why? Because I would introduce the tool, then ask the team to focus on identifying organizational strengths and weaknesses, and end up in abstract, navel-gazing discussions about “what are we good at” and “what are we bad at.”

I decided to experiment with running the process in the reverse order and was amazed at the difference. Teams were able to have focused, productive discussions about what was going on in the external environment, and to rapidly identify emerging threats and opportunities. This provided a solid foundation for talking about weaknesses and strengths. Do we have weaknesses that leave us vulnerable to emerging threats? Do we have (or can we acquire) strengths that enable us to pursue emerging opportunities? As illustrated in the figure below, this yielded insight into critical threats and promising opportunities. These, in turn, were key inputs into the strategy formulation phase of the process.



There is some support for my view in accounts of [the history of the development of the tool](#) (it's a PDF; be sure to scroll down) at the [Stanford Research Institute \(SRI\)](#) during the 1960s. Concerned about the failure of dedicated strategic planning departments to live up to their potential during the '50s, a team of researchers at SRI sought to move responsibility for strategy development back where it belongs – with line executives – and they developed simple tools to support this.

The researchers originally called the tool SOFT (for satisfactory, opportunity, fault and threat). Both SWOT and TOWS appear to have been used as acronyms. But it was SWOT that stuck, and with it the implied – in my opinion wrong – order for doing the process. Perhaps it was hard to imagine doing serious work on your TOWS.

I expect to get some pushback and that's great. Some may even argue that it should be done as a dialectical process of iterating between TO and WS. That's fine in theory, but I've found that it's just not practical to do this in real-world team strategy-making processes. To me it has to be SWOT or TOWS, and I vote TOWS. But I'm open to being convinced.

This article was originally published online on March 27, 2007.



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