

# INTERNAL ANALYSIS

DEVELOP + ENHANCE STRENGTHS | REDUCE + RESOLVE WEAKNESSES

*Strategic*  
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During times of strategic planning, it's important to not only assess the external factors that impact your company but your internal environment. As part of performing a SWOT Analysis, an internal analysis allows you to either discover or confirm your core competencies.



**WHEN PERFORMING AN INTERNAL ANALYSIS, THERE ARE TWO VARIABLES THAT MUST BE ADDRESSED:**



These variables could be comprised of several internal environmental factors such as:



# CASE STUDY

Al Danto, entrepreneurship professor at Rice University, sees great value in performing a SWOT Analysis. Before he launched Universal Worker Inc. (UWI), he performed a SWOT Analysis that carried him through the seven-year venture (1999-2007).

Danto started UWI because he saw great demand in the market for nurses. There was a severe shortage of nurses in the United States throughout the late 1990s. The solution came about when his partner saw an opportunity to essentially import nurses from the Philippines. Danto's partner was from the Philippines, had his Ph.D in both the Philippines and the United States, and was willing to train nurses in the Philippines to American standards. Danto's partner became a conduit between the Philippines and the United States nursing programs.

Their goal was to provide a solution to the severe shortage of nurses. Before they began executing, they put together a SWOT Analysis. By having this in their back pocket, UWI was standing on a firm foundation. This analysis allowed them to look at everything, determine if the benefits outweighed the risks, craft their marketing messages, and gave them the wherewithal to address problem areas quickly and smoothly.

It's correct to assume that there are some major strengths, weaknesses, opportunities, and threats associated with executing an operation of this magnitude. For the purposes of performing the first half of a SWOT Analysis, we'll focus on the strengths and weaknesses that UWI identified.

BEFORE UWI WAS  
ESTABLISHED,  
**AL DANTO**  
PERFORMED



ANALYSIS



THOUSANDS OF  
TRAINED FILIPINO  
NURSES...



...IMPORTED TO THE U.S. TO  
PATCH SHORTAGE OF NURSES

# STRENGTHS

A company's strengths can be found in capital, skill, knowledge, resources, or capabilities that can meet the needs of customers better than competitors. Strengths are considered as core competencies. Core competencies are linked to the customer; only if you're able to acquire and retain customers due to a certain strength can it be considered a core competency.

**[For Example:** a company performs an internal analysis and identifies that its ability to patent every invention is a core competency. Other companies in that industry struggle to patent their intellectual property.]

## STRENGTHS AT UNIVERSAL WORKERS INC. (UWI):

### SOME OF THE STRENGTHS IDENTIFIED IN THE SWOT ANALYSIS INCLUDE:

- Company led by an experienced entrepreneurial partner with a solid and established business reputation
- Two partners possessing doctorates in nursing and positive reputations within the field
- Technological expertise provided by a partner with prior experience in the recruiting field
- Partners offer multicultural expertise within targeted labor markets
- The company is entering the market at the early stages of the nursing shortage
- Partners together offer a well-rounded compliment of business, technology and industrial expertise

# ASK QUESTIONS

## ASK KEY MANAGEMENT AND KEY EMPLOYEES THE FOLLOWING QUESTIONS:

- What does your company do best?
- What assets, intellectual property, people, and other resources that you have? Consider your assets.
- What are your company's capabilities or functions?
- How well are you able to serve your customer?
- Is your accounting staff able to do more without feeling overwhelmed?
- Has your accounting staff experienced low turnover?

**FOCUS ON YOUR STRENGTHS.**

# WEAKNESSES

Weaknesses are limitations of your resources and capabilities. They can increase a company's risk of failure. They could be found in stages of developing or implementing new strategies within your organization. Tie your weaknesses to customer requirements.

## WEAKNESSES AT UNIVERSAL WORKERS INC. (UWI):

### SOME OF THE WEAKNESSES IDENTIFIED IN THE SWOT ANALYSIS INCLUDE:

- Limited amount of time over which UWI has to affect its strategy
- The learning curve of a web-based start up for the partners
- High dependency on each partner
- The uncertainty of the Internet as a proven distribution channel

# ASK QUESTIONS

## ASK KEY MANAGEMENT AND KEY EMPLOYEES THE FOLLOWING QUESTIONS:

- What are some constraints that prevent the company from serving the customer successfully?
- What assets, intellectual property, people, and other resources are you missing?
- What are your company's uncertainties?
- How well are you able to serve your customer?
- Is your accounting staff being stretched too thin? How do you know?
- Has your accounting staff experienced high turnover?
- Is your accounting staff so busy producing reports and financials that no analysis is being done?
- Is it always a challenge to meet payroll?
- Do you currently have a lot of old, unmovable inventory?
- Are you unable to secure additional capital due to your firm's high debt level (i.e. debt/equity ratio)?
- Are your sales overly-dependent on a single or a small number of customers?
- Do your financial records indicate net income margin of less than 3%?

**RESOLVE YOUR WEAKNESSES.**

# EVALUATION OF CASE STUDY

Analyzing strengths and weaknesses is a necessary part of performing a SWOT Analysis. The Internal Analysis performed on UWI found that the management team is one of the most valuable assets the company has. With the venture starting in the late 1990s, the Internet proved to be the biggest hurdle, but because they entered the market early with the right team, they were able to succeed.

By identifying their strengths and weaknesses, UWI was able to take advantage of them throughout the duration of the venture. It created a strong foundation for Al Danto and his team. The key is to not only perform a SWOT Analysis but to continue to refer to it over time to be able to take calculated risks... Such as selling your company at the right time.



TO COMPLETE AN A SWOT ANALYSIS, DOWNLOAD THE [EXTERNAL ANALYSIS](#) TOOL.  
USE BOTH YOUR INTERNAL ANALYSIS AND EXTERNAL ANALYSIS TO COMPLETE THE SWOT ANALYSIS .

Click the button below to download an interactive tool that  
will help you start to implement the Internal Analysis.

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