An introduction to the TOWS analysis

So we're all familiar with the SWOT analysis right? If you're not then it's a model to look at the internal (micro) environment; strengths and weaknesses; as well as the external (macro) environment; the organisation's threats and opportunities.

The TOWS (Threats, Opportunities, Weaknesses, Strengths) analysis builds on this tried and tested SWOT model. It allows you to think about strategies around the internal and external areas.

A TOWS analysis should be undertaken at any level of your business, the whole organisation, a department or even a team. Additionally, you can use them to look at processes within your team, a communications campaign or, even undertake one for yourself. This tool is a fantastic way to look at the wider picture and start to develop some strategies.

As with all strategies. it is important that you and your team be specific and avoid areas of unknown. When looking at the external business environment or even other campaigns, it is always use to utilise the PESTLE analysis and a Porter's Five Forces model as these will make the macro-environment analysis easier.

This **should not be the only analysis undertaken**. You should be complementing this with a VRIO analysis, PESTLE analysis, stakeholder mapping and the BCG Matrix, to name a few.

Developing strategies

When you're using a TOWS analysis, you can identify four key areas of strategy. These strategies are formed by combining two sections of the SWOT analysis to create WT, ST, WO and SO.

These four strategic groups enable you to answer or address the following areas:

- **SO** – How can you leverage the strengths you have to maximise benefit/returns from the opportunities in the marketplace?
- **ST** – How can you sustainably leverage the strengths you have to mitigate the threats in the marketplace?
- **WO** – How can you utilise the opportunities within the market to overcome the weaknesses that you have identified?
- **WT** – How can you mitigate threats within the marketplace and reduce the impact of the weakness that you have identified?

Depending on the scale of your TOWS analysis, the strategies identified would have very different impacts. Let's say, for the following examples, you are the Communications Manager on a FMCG Chocolate bar brand heading into a new national campaign.

Maxi-Maxi Strategies (SO)

A few ideas that you could look at here could be that you have a solid and trusted brand within the marketplace, thus you may want to diversify your product range.

This is because you have seen there is a gap in the market for 85% cocoa chocolate. Another strategy is that you have seen that you are achieving economies of scale if you produce one million chocolate bars. This will allow you to hit a lower price point which can't be filled by your competitors.

In these two examples, the business will have leveraged a strong trusted brand as well as the economies scale in your supply chain. This allows you to penetrate a gap in the market as well as take market share from a competitor. Any strategy in this category should be a win-win scenario that leads to growth or leads to a high ROI.

Maxi-Mini Strategies (ST)

So this one's a bit more difficult as you have some threats in your marketplace that you need to overcome. However, because you've outlined your strengths, these should be easy to overcome. So a threat to the market is that your competitor has just launched a new white chocolate easter egg which has taken market share from your milk chocolate products.

However, because you’ve identified that you have a large research and development budget and a strong brand, you’re able to develop a strategy to bring to market not only a white chocolate egg, but also one with raspberry in it. This should sell well and combat your competitor’s threat as your brand loyalty should enable you to sell products.

Mini-Maxi Strategies (WO)

Up to this point you’ve been fine because you’ve been using your strengths to overcome external factors but now you have to combat those internal weaknesses. One of the weaknesses that you identified is that it costs a lot of money to produce and export your chocolate in the UK.

However, you’ve identified there is a producer in France who has a modern factory and access to the EU. You could strategise to acquire this firm for its fixed assets and location to overcome your internal production weakness which should also enhance your economies of scales identified as a strength as you grow.

Mini-Mini Strategies (WT)

This is probably the most difficult one because you have some internal issues as well as a few external problems (annoying I know). Depending on how many of these you've identified, your situation will be very different.

Essentially, the worst case strategy is a closure of the business or potential for merging with another chocolate firm because if the threats are great and you have too many weaknesses, you’re going to struggle to stay competitive in the market.

Hopefully, you’ll have more strategies in the ST, SO and WO areas meaning that you don’t need to focus heavily on the Mini-Mini strategies.