

Practitioner information

Introduction

This resource introduces learners to the concept of strategic analysis and how this informs an effective business strategy. It links to the resource **8. Business strategies for enterprise**. Learners consider how the external operating environment is linked to internal factors of product design, resource allocation, manufacturing, and finance, before exploring SWOT and PESTLE tools for analysis, including using the **Strategic analysis for entrepreneurs online interactive tool**.

Topic links

- Enterprise
- Business strategy
- Operating environments
- SWOT and PESTLE analysis

Suggested learning outcomes

Learners will be able to:

- describe the purpose and benefits of strategic analysis for an enterprise and list factors it might research
- understand the role of a SWOT analysis
- understand the role of a PESTLE analysis and what factors it explores.

Why this topic is relevant for engineers

Successful enterprises are effective responses to both customer needs and their wider operating environment. These responses are guided by a strong strategic plan that in turn is informed by rigorous, honest, and actionable analysis of the company's internal factors and external influences. Strategic analysis points the company in the right direction and guides the steps it takes to outperform its competitors and reach its goals.

Delivering the theory: Strategic analysis for enterprise

- Review the meaning of 'strategy' and the need for a sound strategy to be based on the right information (the resource **8. Business strategies for enterprise** provides more detail).
- Discuss the importance of planning ahead, including how this depends on understanding the current situation and how this may change (similar to how a chess player reviews the board and considers different moves their opponent may make).
- Emphasise that people and the processes they follow are at the heart of how an enterprise operates. This highlights the importance of putting people at the heart of the questions asked in any analysis and also the role of personal skills in enterprise and engineering (this links to the resources in the **Personal business and enterprise skills** theme). Discuss what personal skills are needed to plan, implement, and then act on a strategic analysis.
- The answer sheet provides starter ideas for your discussion of the questions.

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- Discuss what forms of research or activity can be used, eg surveys, observations, data recording, online research, interviews, etc, and the benefits of including independent external researchers in the process.

Delivering the theory: SWOT analysis for enterprise

- Review the meaning of the SWOT acronym and establish how it explores both internal and external factors. Discuss or highlight how internal factors are under the enterprise's control, while external factors are outside its direct control (though large companies or industry groups can, for example, influence policy or legislation).
- Another way of considering advantages and disadvantages is to use Dr Edward de Bono's Plus, Minus, Interesting (PMI) approach. Facts or issues that are 'interesting' are those that are not yet known to be an advantage or threat, but which are worth further exploration. Noticing these can open up new directions for innovation.
- Discuss and emphasise the importance of honesty and actionability. The point of strategic analysis is to do something with the results, so its findings or outputs should be specific instructions that can be included in a strategic plan.
- Discuss Toyota's 'Five whys' approach to problem-solving to get to the root of ideas or issues identified by the analysis. Repeatedly asking 'Why?' helps unpack a problem or opportunity down to its root, from where a solution or plan can start.

Delivering the theory: PESTLE analysis for enterprise

- Remind learners that external factors are largely outside an enterprise's control.
- Review each factor and discuss ways in which each one might affect a range of engineering businesses. Learners can suggest other questions to ask about each factor. (The PMI approach is also useful here.)
- Explore how some factors link to or influence others.
- Link the rating system to learners' work on health, safety, and risk assessment.
- Discuss how doing nothing in response to external factors is not an option – staying still allows competitors to surge ahead.

Delivering the case study: Stop, pivot, go, or grow?

This case study uses the **Strategic analysis for entrepreneurs online interactive tool**.

- The case study pdf gives learners background on the company and the range of decisions they can make.
- The interactive uses greatly simplified information. Learners are not expected to have full understanding but make a best guess about the likelihood and impact of each opportunity and threat.
- The interactive tool randomises the information learners are given, leading to a range of outcomes. This highlights how different people may identify different facts in their analysis and in turn draw different conclusions, which learners are then encouraged to consider.