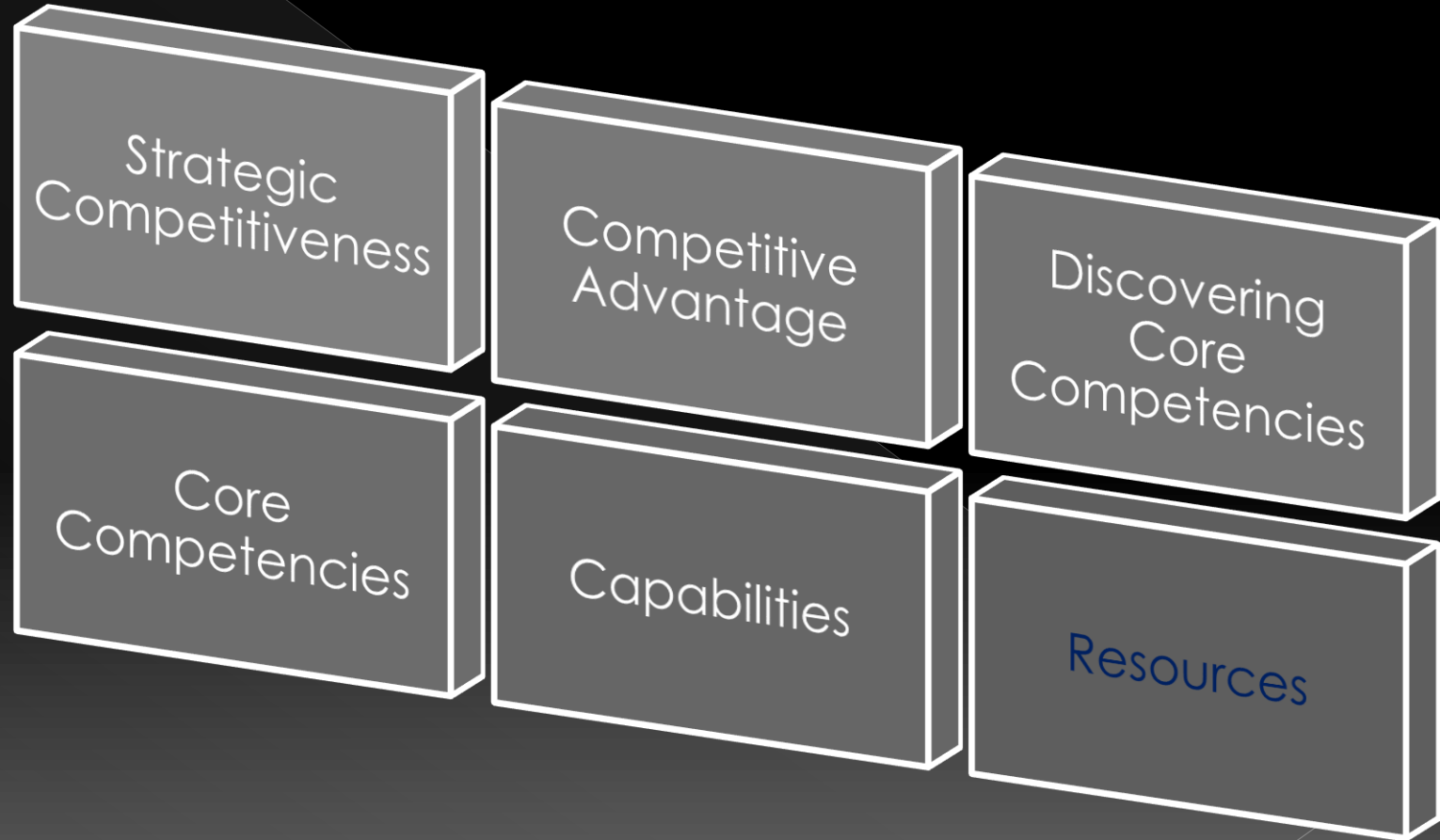


INTERNAL ENVIRONMENT



- ◎ In addition to the external factors Business Strategists must look within the Organisation to find out the Critical Strengths and Weaknesses that are likely to determine if the firm will be able to take advantage of Opportunities while avoiding threats.

- ◎ To find out the internal strength one must focus on the Resources of the Company.
- ◎ A Resource is a Strength if it provides a Company with a competitive advantage.
- ◎ It is something which the firm does or has the potential to do particularly well relative to the abilities of existing or potential Competitors.

- On the other hand a resource is a weakness if it is something which the Corporation does poorly or doesnot have the capacity to do although it's Competitors have that capacity.
- Barney in his VRIO Framework of Analysis proposes 4 Questions to evaluate each firm's Key Resorces.

1. Value- Does it Provide Competitive Advantage?

2. Rareness-Does the Competitors Possess it ?

3. Imitability-Is it Costly for others to imitate ?

4. Is the Firm organised to exploit the resource ?

If the Answer to these questions is YES for a particular resource that resource is considered a strength and distinctive Competence.

SWOT ANALYSIS

- ◉ Take the Case of an Oil Company
- ◉ E.g. Indian Oil, Hindustan Petroleum etc.
- ◉ STRENGTH
- ◉ Strong Balance Sheet
- ◉ WEAKNESS
- ◉ Oil is hard to find and very expensive to excavate

- ◎ OPPORTUNITIES

- ◎ Number of 4 wheelers and 2 wheelers will increase over the years

- ◎ THREATS

- ◎ Oil is being depleted at a Faster Rate
- ◎ Govt.Legislation on Co2 Emission
- ◎ Consumer Lobby