EXTERNAL ENVIRONMENT: OPPORTUNITIES AND THREATS

A. Societal Environment

1. What general environmental forces are currently affecting both the company and the industries in which it competes? Which ones present current or future threats, or opportunities?

a. Economic  
b. Technological c. Political-legal

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d. Socio-cultural

2. Are these forces different in various regions of the world?

B. Task Environment

1. What forces drive industry competition? Are these forces the same globally, or do they vary from country to country? Rate each force as high, medium, or low.

1. Threat of new entrants
2. Bargaining power of buyers
3. Threat of substitute products or services
4. Bargaining power of suppliers
5. Rivalry among competing firms
6. Relative power of unions, governments, special interest groups, etc.

2. Identify the company’s key competitors within the industry, and briefly describe each company’s competitive position (relative size, revenues, etc.) and likely future moves. You may summarize this data in a table. In what ways is the company stronger or weaker than key competitors, and what are the issues that management must address?

3. What key factors in the immediate environment (i.e., customers, competitors, suppliers, creditors, labor unions, governments, trade associations, interest groups, local communities, and shareholders) are currently affecting the company most? Which are current or future threats, or opportunities?

C. Summary of External Factors (include the EFAS table in the body of your report, not in an appendix)

1. Which of these forces are most important to the company and to the industries in which it competes at the present time?
2. Which of these forces will be most important in the future?

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INTERNAL ENVIRONMENT: STRENGTHS AND WEAKNESSES

A. Corporate Structure

1. How is the company structured at present?

a. Is the decision-making authority centralized around one group or decentralized in many units?

b. Is the company organized on the basis of functions, projects, geography, or some combination of these?

2. Is the present structure consistent with current strategies, as well as with the company's international operations?

3. In what ways does this structure compare with those of similar companies?

B. Competencies and competitive advantage

1. What are the company’s core competencies?
2. Are any of these distinctive competencies (better than the competition)?

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3. What are the company’s competitive advantages? Do they appear to be sustainable, given changing conditions?

1. Analyze the company’s financial statements for the last three to five (3-5) years, and compare them to key competitors and industry averages. Explain how this information relates to current and future strategic initiatives

4. How are competitors reacting to the changing environment? Will they enjoy a relative advantage that may have an impact on this company’s ability to succeed?

C. Finance (include the common-size statements and financial ratios in the body of your report, not in an appendix)

a. Prepare comparative common-size statements for 3-5 years, including balance sheets, income statements, and cash flow statements.

1. Are there any significant differences when statements are calculated as common- size versus reported dollars?
2. Analyze the financial statements, including financial ratio analysis.
3. What trends emerge from the financial analysis?
4. What impact have these trends had on past performance and how might these

trends affect future performance?

2. How well is the company performing financially? Is the company’s financial situation improving or deteriorating?

3. How well does this financial analysis support the company’s current strategy?

D. Summary of Internal Factors (include the IFAS table in the body of your report, not in an appendix)

1. Which of these factors are core competencies?  
2. Which, if any, are distinctive competencies?  
3. Which of these factors are the most important to the company and to the industries in

which it competes at the present time?  
4. Which of these factors might be most important in the future? 5. Which functions or activities are candidates for outsourcing?