

TOWS Strategic Alternatives Matrix

A firm should not necessarily pursue the more lucrative opportunities. Rather, it may have a better chance at developing a competitive advantage by identifying a fit between the firm's strengths and upcoming opportunities. In some cases, the firm can overcome a weakness in order to prepare itself to pursue a compelling opportunity.

To develop strategies that take into account the SWOT profile, a matrix of these factors can be constructed. The SWOT matrix (also known as a **TOWS Matrix**) is shown below:

	External Opportunities (O)	External Threats (T)
Internal Strengths (S)	<p style="text-align: center;">SO</p> <p><i>"Maxi-Maxi" Strategy</i></p> <p>Strategies that use strengths to maximize opportunities.</p>	<p style="text-align: center;">ST</p> <p><i>"Maxi-Mini" Strategy</i></p> <p>Strategies that use strengths to minimize threats.</p>
Internal Weaknesses (W)	<p style="text-align: center;">WO</p> <p><i>"Mini-Maxi" Strategy</i></p> <p>Strategies that minimize weaknesses by taking advantage of opportunities.</p>	<p style="text-align: center;">WT</p> <p><i>"Mini-Mini" Strategy</i></p> <p>Strategies that minimize weaknesses and avoid threats.</p>

- S-O strategies pursue opportunities that are a good fit to the company's strengths.
- W-O strategies overcome weaknesses to pursue opportunities.
- S-T strategies identify ways that the firm can use its strengths to reduce its vulnerability to external threats.
- W-T strategies establish a defensive plan to prevent the firm's weaknesses from making it highly susceptible to external threats.

Strengths and Opportunities (SO) – How can you use your organization’s strengths to take advantage of the opportunities? This is the position any company would like to be in, being able to utilize its strengths to take advantage of opportunities in the market. For example, Volvo, with the technical know-how and its quality and safety image can take advantage of the external demand for environmentally safe cars by an increasingly environmentally aware public. Successful organizations will attempt to get into this situation where they can work from their strengths to take advantage of their opportunities.

Strengths and Threats (ST) – How can you take advantage of your organization’s strengths to avoid real and potential threats? This strategy aims to maximise your organizations strengths while minimizing the latter. As with the example of BMW below, they can use their internal strength of strong R&D and engineering to address the threat of fuel-economy targets.

Weaknesses and Opportunities (WO) – How can you use your organization’s opportunities to overcome the weaknesses you are experiencing? Your company may identify market opportunities in the external environment but have organizational weaknesses which prevent you from taking advantage of market demands. A good example of this might be an organization that have identified opportunities in the market place in relation to ‘ethical’ consumer, however, its own internal operations are not yet up to Corporate Social Responsibility standards and lack the policies and processes required to make its manufacturing processes more ethical. One possible marketing strategy would be to acquire this know-how through cooperation with another organization having competency in this field. Of course, your organization has the choice of doing nothing, leaving the opportunity to competitors.

Weaknesses and Threats (WT) – The aim is here to consider how can you minimize your organization’s weaknesses and avoid threats. An organization faced with external threats and internal weaknesses may be in a difficult situation, and may have to fight for its survival to stay in business. In order to overcome the weaknesses, or allow the threat to diminish over time, the organization might have to consider merging/partnering with another organization, exit certain markets, discontinue certain product lines etc. The WT quadrant represents a more defensive marketing strategy. As a marketing manager you would put this in place to protect your organization from loss, however don’t rely on it to create growth and market success.