

# **G. RINGGER CONSULTING, INC.**

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*Providing Engineering, Quality System,  
Training, and Airworthiness services  
to the aviation industry*

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# Using SWOT analysis to achieve your SMART<sup>2</sup> Goals™

**ASA 2012 Annual Conference**

Seattle, Washington

# Learning objectives

- Participants will be able to :
  - identify internal and external factors that affect your strengths, weaknesses, opportunities and threats in your business
  - Generate clearly achievable SMART<sup>2</sup> Goals<sup>TM</sup> used to enhance your operations

# Content of the Workshop

- Look at the internal & external factors that impact an aviation distributor's performance;
- Major benefits of using SWOT analysis;
- Create a SWOT analysis using an example;
- Generate SMART<sup>2</sup> Goals<sup>TM</sup> using an example.

# So, what is 'SWOT'

- Is a powerful management tool used to evaluate a company's performance (*when done right!!!*)
- Uses actual performance data and information
- Encompasses both internal and external performance factors

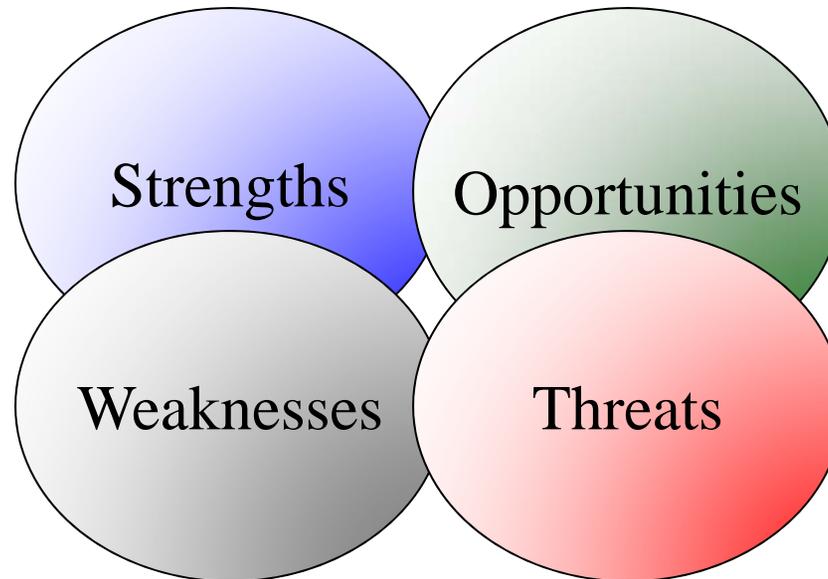
# SWOT description

- Taught by University MBA programs world-wide
  - *Often taught incorrectly!!!*
- Generates information that helps match a company's goals, programs, and capabilities to their business environment
- Used for strategic planning
  - using a cross-functional participatory approach

# SWOT

Factors that affect an organization can usually be classified in two ways

- ***Internal factors***
- ***External factors***



# SWOT: Internal Factors

## Things we can control:

- ***Strengths***

- Positive tangible and intangible attributes, internal to an organization.
- Measurable areas within an organization's control where the organization believes they are strong.

- ***Weaknesses***

- Factors within an organization's control that detract from its ability to attain the core goal.
- Measurable areas within an organization's control where the organization might improve.

# SWOT: External Factors

- ***Things we cannot control but we can impact:***
- ***Opportunities***
  - External attractive factors that represent reasons for an organization to exist and develop.
  - Opportunities in the external environment that could propel the organization to greater success
- ***Threats***
  - External factors, beyond an organization's control that could place the organization's mission or operations at risk.
  - Classified by their “seriousness” and “probability of occurrence” (Risk Factors)

# SWOT as a Strategy...

## to create a plan of action

- What steps can you take to:
  - **Capitalize** on your strengths
  - **Overcome** or minimize your weaknesses
  - **Invest** in your opportunities
  - **Respond** to the threats
- Is used to set goals and objectives, like any other plan

# Major benefits of a SWOT analysis

- Simple
- Flexible
- Easy to integrate into decision making
- Collaborative in its nature
- Drives down costs, and
- Drives up revenues.

# The elements of a SWOT analysis

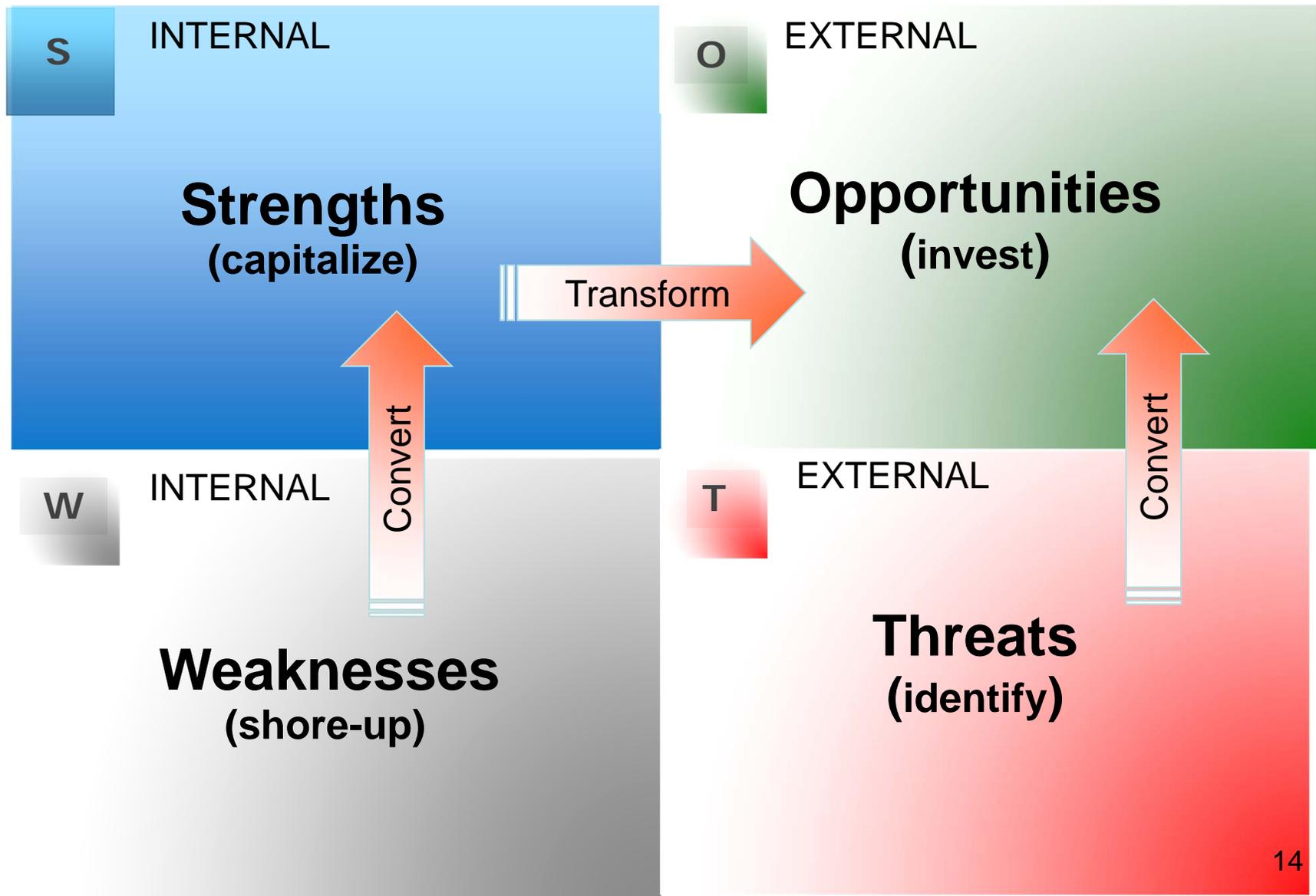
- ***Strengths and weaknesses***
  - Scale and cost economies
  - Size and financial resources
  - Intellectual, legal, and value of reputation
- ***Opportunities and threats***
  - Trends in the competition, technology,
  - socio-cultural environment,
  - Regulatory environment (FAA, ITAR, Hazmat, etc.)

# SWOT-driven planning

The assessment of **strengths** and **weaknesses** should look beyond products, services and resources to examine processes that meet customer & stakeholder needs.

1. Achieving goals and objectives depends on transforming strengths into capabilities by matching them with **opportunities**
2. **Weaknesses** can be shored-up or converted into **strengths** with strategic investment.
  - **Weaknesses** that cannot be converted become limitations which must be minimized if meaningful to customers or stakeholders (via Risk mitigation)
3. **Threats** are identified and can be converted into **opportunities** with the right resources

# The SWOT Matrix



# Block 2

A typical example for an aviation distributor

# Use the data you already have!

## INTERNAL DATA:

- Customer feedback
- Internal performance metrics (KPIs)
- Employee feedback
  - e.g. current capabilities
  - Resources
  - Processes

## EXTERNAL DATA:

- Financial
- Industry
- Competitive
- Customer feedback

# SWOT Analysis

**S**

## Strengths

**Advantages:**

**Experience:**

**Unique characteristics:**

**Resources:**

**Geographical / location advantage:**

**Competence, capabilities:**

**Quality, reputation:**

**O**

## Opportunities

**Strategic alliances, partnerships:**

**Product development:**

**Import, export:**

**Innovation & technology development:**

**W**

## Weaknesses

**Disadvantages:**

**Gap in experience, knowledge:**

**Financial:**

**Reliability & trust:**

**Loss of key staff:**

**Geographical factors:**

**Quality, reputation:**

**T**

## Threats

**Customer base:**

**Loss of alliances & partners:**

**Price inflation/deflation:**

**Competition:**

**Competitor's new products or innovation:**

# SWOT for a typical aviation distributor

## S Strengths

**Advantages:** Can react quickly to customers needs  
**Experience:** 40+ years  
**Unique characteristics:** Offer exchanges  
**Resources:** In-house inventory; offer ILS listings  
**Geographic / location advantage:** Located in US  
**Competence, capabilities:** strong technical knowledge of product-line  
**Quality, reputation:** Strong reputation of owner; strong QC

## W Weaknesses

### W

**Disadvantages:** Inventory limited to early Gen 737 & 767;  
Majority of sales from just 1 large US airline and 3 MROs.  
**Gap in experience, knowledge:** Knowledge resides in only 2 key employees who are close to retirement.  
**Financial aspects:** Limited funds for new inventory purchases.  
**Reliability and trust:** High RMAs  
**Loss of key staff:** Hard to find affordable new-hires  
**Geographical factors:** Operate out of single US location.  
**Quality, reputation:** Not FAA 00-56 Accredited

## O Opportunities

**Strategic alliances, partnerships:** Form European & Asian partner  
**Product development:** Expand marketing of common inventory between early Gen 737 & New Gen 737 ;  
767-200 & 767-300/-400  
**Import, export:** Match inventory with international demand;  
**Innovation & technology development:** increase social-marketing platforms for better customer interactions

## T Threats

**Customer base:** Large US airline customer plans to retire 737s and replace with Airbus.  
**Loss of alliances and partners:** Major MRO customer in financial difficulty  
**Price inflation/deflation:** Competitor airframe & engine Teardowns are depressing current inventory value  
**Strong competition:** New Competitor startups in US & Europe offering new products and innovation

# SWOT ANALYSIS

Positive factors

## INTERNAL-TO-EXTERNAL



**Strengths**

**Advantages:** Can react quickly to customers' needs



**Opportunities**

**Strategic alliances, partnerships:** Form European & Asian partner

**Strengths**

**Unique characteristics:**  
Offer exchanges

**Competence, capabilities:** strong technical knowledge of product-line



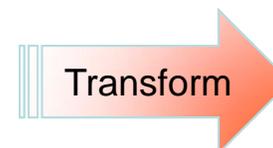
**Opportunities**

**Product development:** Expand marketing of common inventory between early Gen 737 & New Gen 737 ;767-200 &767-300/-400

**Import, export:** Match inventory with international demand;

**Strengths**

**Quality, reputation:** Strong reputation of owner; strong QC



**Opportunities**

**Strategic alliances, partnerships:** Form European & Asian partner

# SWOT ANALYSIS

Negative factors

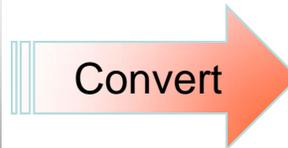


INTERNAL



**Weaknesses**

**Disadvantages:** Inventory is limited to early Gen 737 & 767;  
Majority of sales from just 1 large US airline. & 3 MROs



**New Strength**

**Customer base:** Increase customer base  
**Inventory:** Offer inventory Platforms to new customers

**Weaknesses**

**Gap in experience, knowledge:** Knowledge resides in only 2 key employees who are close to retirement.

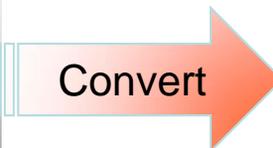


**New Strength**

**Gap in experience, knowledge:** Develop strategy to transfer knowledge to less experienced employees (start a mentor program)

**Weaknesses**

**Geographical factors:** Operate out of single US location.

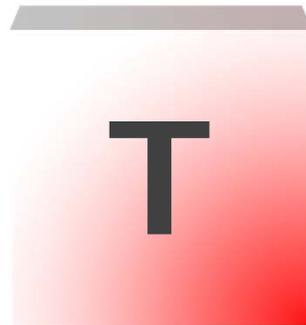


**New Strength**

**Strong competition:** Focus on US market.  
Develop technology to create an international presence

# SWOT ANALYSIS

Positive factors



EXTERNAL



## Threats

**Customer base:** Large US airline customer plans to retire 737s and replace with Airbus.

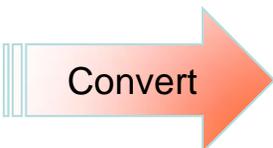


## Opportunities

**Inventory:** Expand inventory  
Platforms to include Airbus

## Threats

**Loss of alliances and partners:** Major MRO customer in financial difficulty



## Opportunities

**Customer base:** Increase customer base  
**Import, export:** Match inventory with other MRO demand;

## Threats

**Strong competition:** New startups in US & Europe



## Opportunities

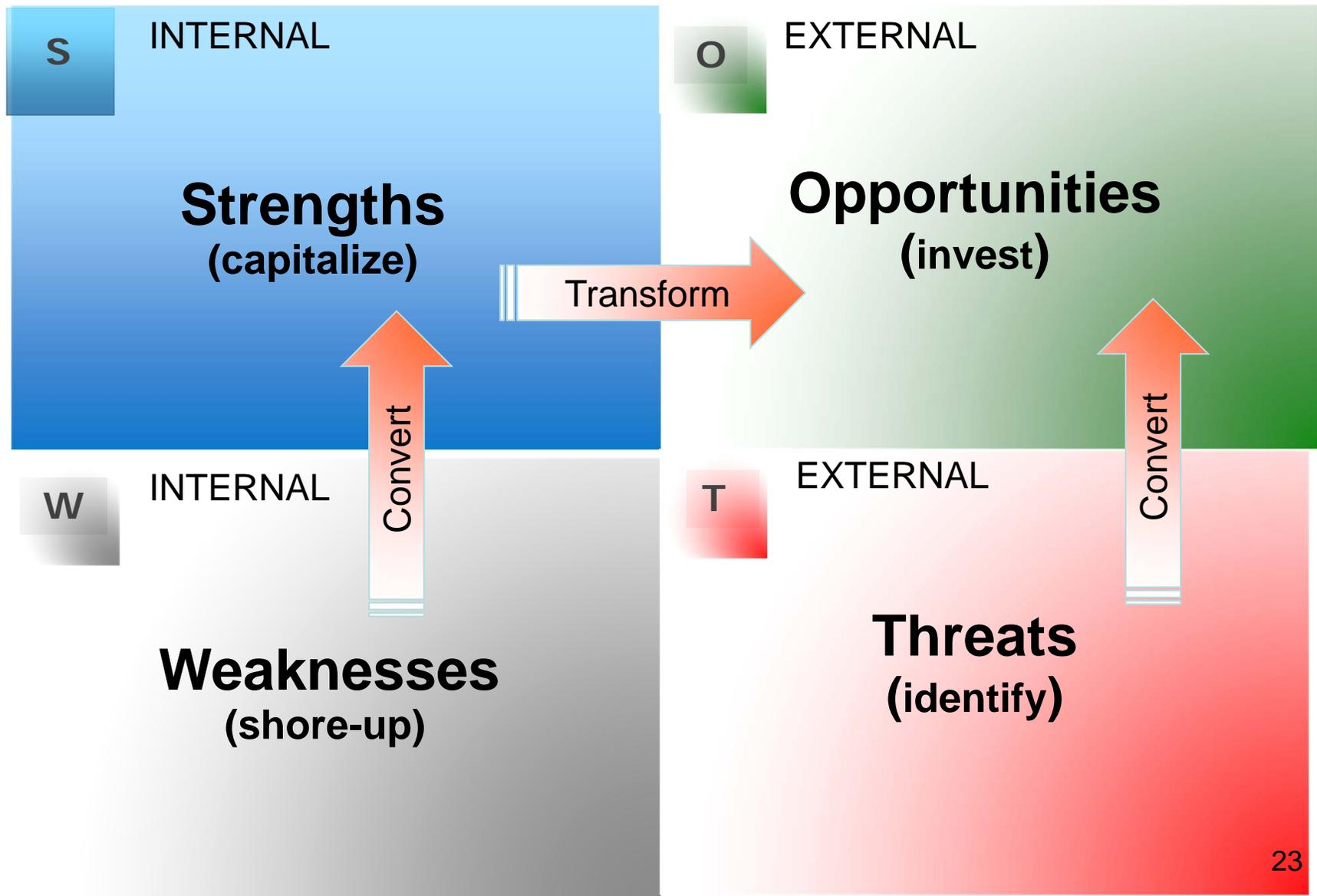
**Strategic alliances, partnerships:**  
Form European & Asian partnerships

# Block 3

## SMART<sup>2</sup> Goal Setting

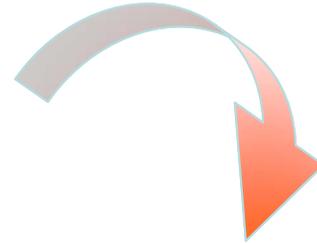
(From analyzing to implementing)

# The SWOT Matrix

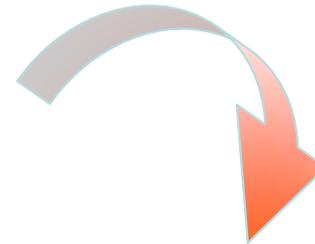


# So, now what do we do with the SWOT?

- Create a list of ideas...



...that can be prioritized into...



...a list of SMART<sup>2</sup> goals.

# What are SMART<sup>2</sup> Goals?

## Managed

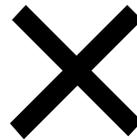
**S:** Specific

**M:** Measurable

**A:** Assignable

**R:** Responsible

**T:** Timely



## Inspiring

**S:** Strong (bold)

**M:** Motivating

**A:** Actionable

**R:** Realistic

**T:** Tangible

# Goals = Action Plans

The key word here is “action”.

Use verbs to describe what you are trying to change.

Examples:

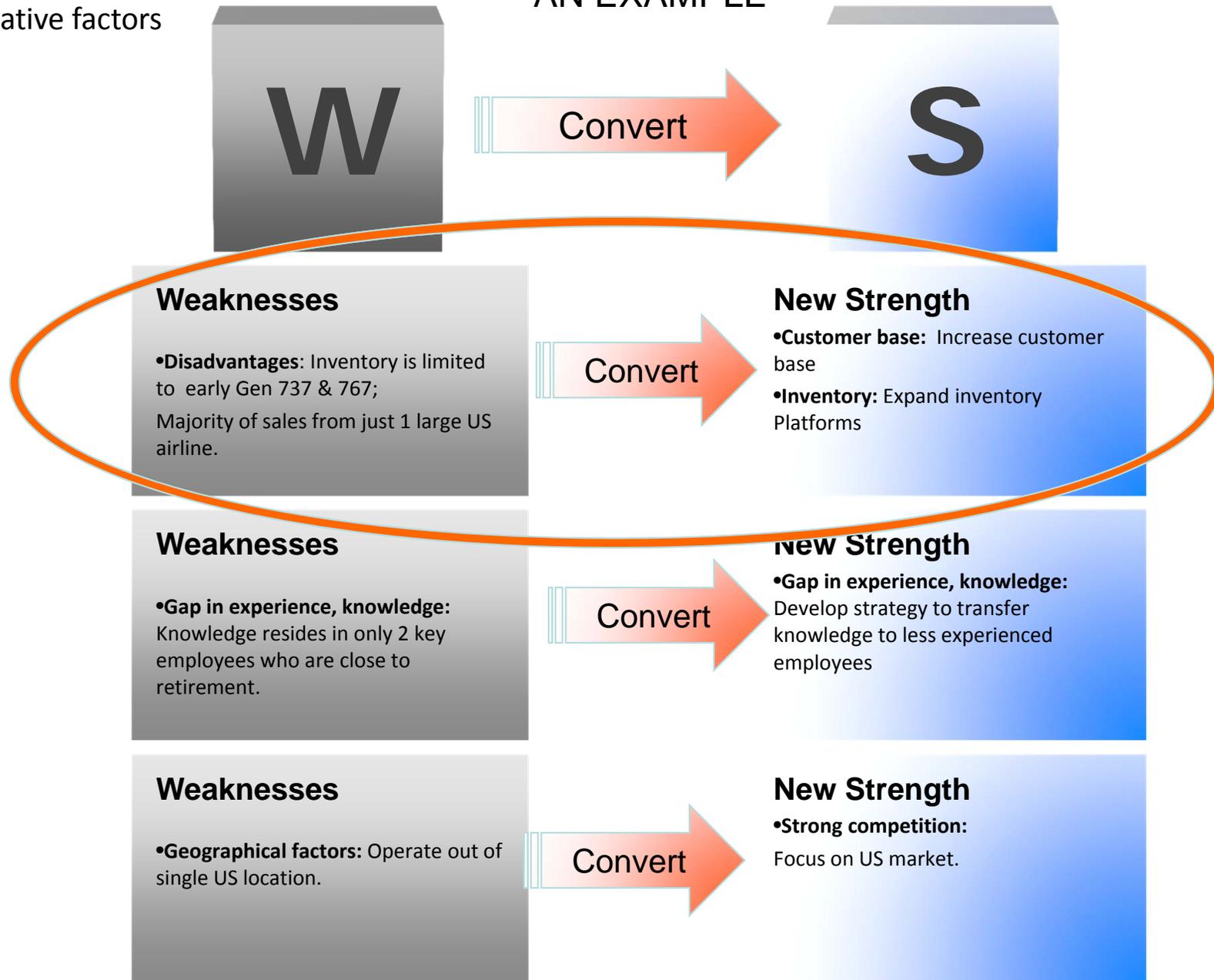
“increase” – strong vs. “maintain” – weak

“capture” – strong vs. “improve” - weak

# SWOT ANALYSIS

Negative factors

## AN EXAMPLE



## Example of an Un-SMART Goal:

*“Increase customer base by end-of year”*

### Managed ?

S: Specific ✗

M: Measurable ✗

A: Assignable ✗

R: Responsible ✗

T: Timely ✗

### Inspiring ?

S: Strong (bold) ✗

M: Motivating ✗

A: Actionable ✗

R: Realistic ✗

T: Tangible ✗

## SMART<sup>2</sup> Goal:

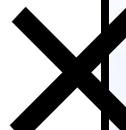
*“Marketing to add 2 new airline & MRO customers as repeat customers by 2<sup>nd</sup> Qtr. 2013. Progress to be reported to VP Marketing on a quarterly basis.”*

### Managed

S: Specific ✓  
M: Measurable ✓  
A: Assignable ✓  
R: Responsible ✓  
T: Timely ✓

### Inspiring

S: Strong (bold) ✓  
M: Motivating ✓  
A: Actionable ✓  
R: Realistic ✓  
T: Tangible ✓



# Now, let's break this down further...

Add 2 new repeat  
airline & MRO  
customers

- **Marketing:** ID US customers that align with your inventory
- **Top Management:** to provide budget

Review current MRO  
sales to ID key NHA  
usage by airlines

- **Sales Dept:** Create Push-lists for key inventory
- **Marketing:** ID major US airlines, MROs, & possible distributor partnerships that align with inventory

Schedule Sales visits  
to new customers

- **TM:** Provide budget for sales visits
- **Sales:** Visit new potential US airline and MRO customers

Attend 2 new trade  
conferences in 2012

- **TM:** Provide budget for conference visits
- **Sales:** Attend ASA & MRO Conferences in 2012

# Block 4

Summing up!

# Stay focused

It is a HUGE mistake to complete just one generic SWOT analysis for the entire organization

- Segment your business
- Stay away from averaging
- Keep your SWOTs short and simple.
- Avoid complexity and use actual data
- Set SMART<sup>2</sup> Goals

# Summing up!

- Identified major benefits of using SWOT;
- Looked at internal & external factors that impact an aviation distributor's performance;
- Created a SWOT analysis for an aviation distributor
- Generated SMART<sup>2</sup> Goals<sup>TM</sup> using the SWOT example.

# Point of Caution

- SWOT analysis can be very subjective.
- Two people rarely come up with the same final version of a SWOT.
- Use it as a guide and not as a prescription.
- SWOT is a means to an end and is not an end.
- Achieving your goals is your objective.
- Be SMART<sup>2</sup> when turning your goals into action-plans!

Questions?

Thanks for attending!

and remember...

*“To stop learning.... is to stop living.”*

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