

Module 5: Internal Scanning

An introduction to the two core diagnostic frameworks that decode competitive dominance from the inside out.

Part 1: SWOT Analysis

The Foundational Diagnostic Map — bridging internal capability with market forces.

Part 2: VRIO Framework

The Deep-Dive Resource Test — a strict 4-step gauntlet for long-term market leadership.

C-AE24 STRATEGIC BUSINESS ANALYSIS

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SWOT: The Foundational Diagnostic Map



Academic Origins

Developed at the Stanford Research Institute to diagnose and resolve massive corporate strategic planning failures.



Bridging Realities

Integrates an organization's internal capacity directly with external competitive market dynamics.



Evidence-Based

Rejects subjective lists. Demands hard business metrics and data validation to prove actual strengths.

SWOT: Internal vs. External Factors

Factor	Core Domain Elements	Strategic Action	Evidence Foundation
Strengths — Internal	Proprietary capabilities, assets, talent pool	Capitalize & exploit aggressively	Data proof (retention, margin power)
Weaknesses — Internal	Critical capability gaps, resource limitations	Systematically address & mitigate	Objective corporate diagnostic audits
Opportunities — External	Emerging trends, market cracks, regulations	Structure plans to capture value	Market intelligence & macro foresight
Threats — External	Aggressive rivals, economic shifts, tech shocks	Develop robust contingency barriers	Scenario planning & dynamic risk scanning

SWOT to Action: The TOWS Matrix

SWOT observations convert directly into strategic battle plans through three core action modes:

SO Strategies

Aggressive Offense: Harness distinctive internal strengths to maximize capture of massive market opportunities. Positioned at the apex of growth.

ST Strategies

Defensive Leverage: Deploy fortified internal strengths to systematically neutralize or buffer against outer market threats.

WO & WT Plans

Refocus & Survival: Correct critical vulnerabilities to seize upcoming trends (WO), or build survival plans to avoid fatal disruptions (WT).

VRIO: The Resource-Based View

Strategist **Jay Barney** developed VRIO, the Resource-Based View (RBV) of strategy. It argues that sustained advantage comes from **unique internal resources**, not just industry position.

Resources face a **4-step diagnostic gauntlet** to test their power for lasting market advantage—well beyond SWOT's broad scan.

The 4-Step VRIO Resource Gauntlet



Value

Does the resource help the company exploit market opportunities or neutralize external macro threats?



Rarity

Is the asset uniquely possessed by your firm, or are rivals easily acquiring the exact same resource?



Imitability

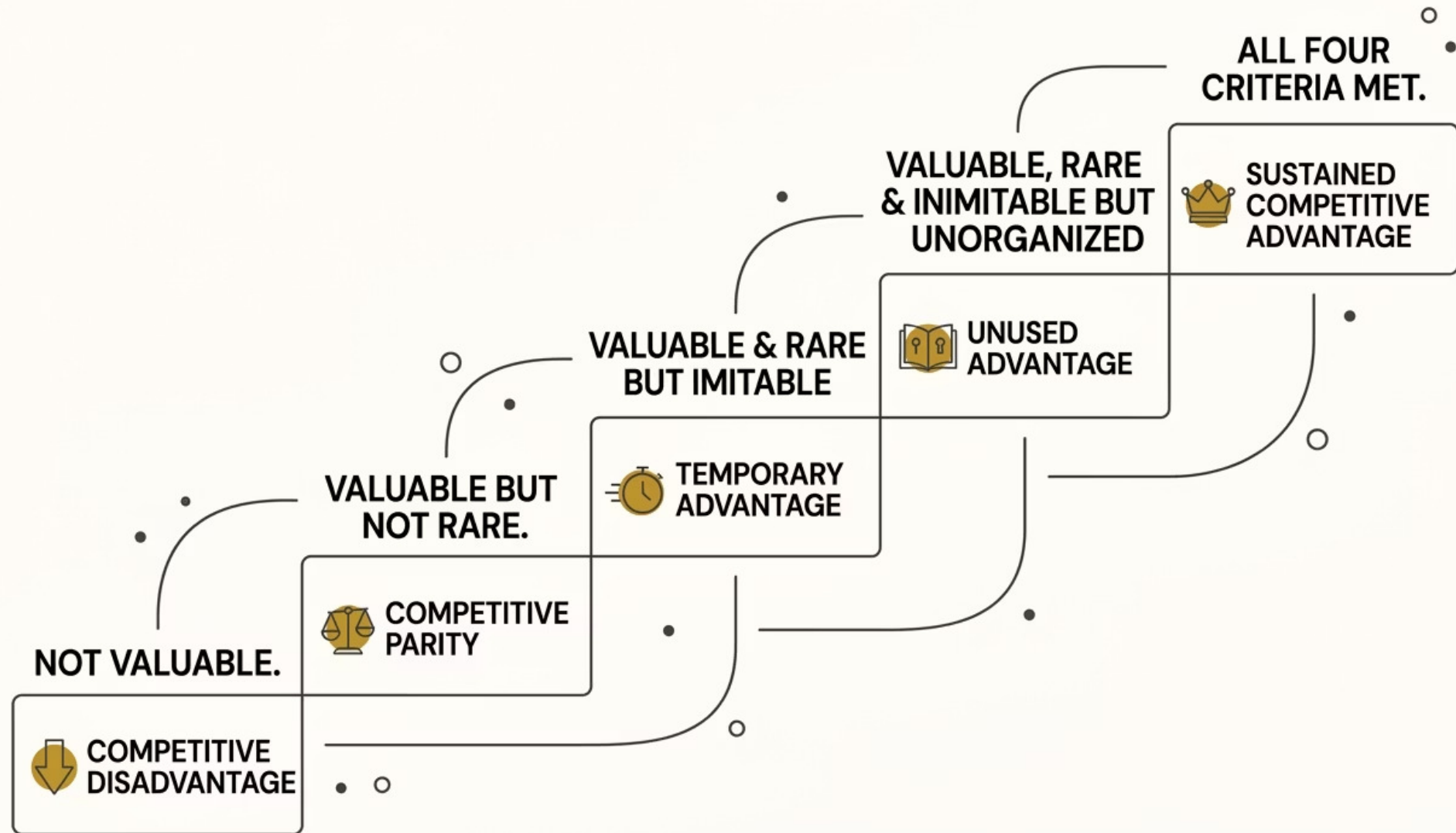
Is the resource expensive, historically unique, or socially complex to duplicate?



Organization

Is the firm structurally aligned and ready to capture the full strategic potential of the resource?

VRIO Outcomes: What Each Result Means



Each step up the VRIO ladder represents a deeper, more defensible competitive position — only resources passing all four tests deliver **sustained competitive advantage**.

SWOT & VRIO: Strategic Teammates

The Wide-Lens Camera (SWOT)

SWOT gives a panoramic view of the strategic landscape — mapping what the organization controls internally against the forces shaping its external environment. It surfaces directional choices and frames the strategic conversation.

The Microscope (VRIO)

VRIO drills beneath the surface to stress-test individual resources with precision. It determines whether a capability identified in SWOT is truly defensible — or easily replicated by competitors over time.

Decoding Competitive Success

By synthesizing SWOT's strategic breadth with VRIO's resource depth, you learn to see past mere corporate aspiration. This combined approach decodes the exact internal mechanics behind icons like **Apple**, **Jollibee**, and **Grab**.

2 Integrated Toolkits
SWOT + VRIO
working in tandem
for complete strategic
intelligence.

Inside-Out Thinking
Understand how
market-dominating
systems are built,
stress-tested, and
defended from
within.

Real-World Application
Apply frameworks to actual industry leaders to
decode their competitive machinery.



Module 5: Ready to Scan?

Let's scan from the inside out!

What part of looking inside an organization's operations excites you the most: finding its hidden strengths or uncovering vulnerabilities rivals might exploit?

01

Map the Landscape

Apply SWOT to identify strengths, weaknesses, opportunities, and threats.

02

Test the Resources

Run key assets through the VRIO 4-step diagnostic gauntlet.

03

Build the Advantage

Synthesize both frameworks into a sustained competitive strategy.

