

CHAPTER-05

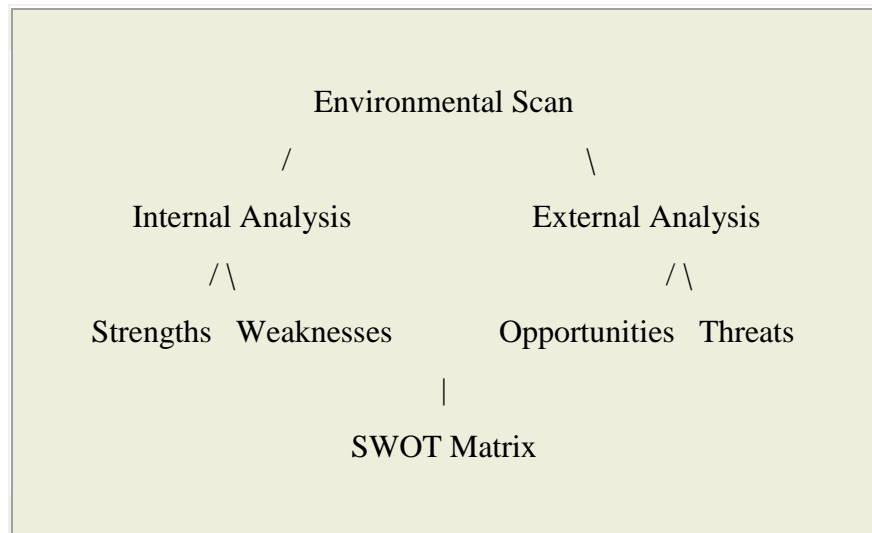
SWOT ANALYSIS

5. SWOT Analysis

A scan of the internal and external environment is an important part of the strategic planning process. Environmental factors internal to the firm usually can be classified as strengths (**S**) or weaknesses (**W**), and those external to the firm can be classified as opportunities (**O**) or threats (**T**). Such an analysis of the strategic environment is referred to as a **SWOT analysis**.

The SWOT analysis provides information that is helpful in matching the firm's resources and capabilities to the competitive environment in which it operates. As such, it is instrumental in strategy formulation and selection. The following diagram shows how a SWOT analysis fits into an environmental scan:

SWOT Analysis Framework



5.1.1. Strengths:

A firm's strengths are its resources and capabilities that can be used as a basis for developing a competitive advantage. Examples of such strengths include:

- Patents
- Strong brand names
- Good reputation among customers
- Cost advantages from proprietary know-how
- Exclusive access to high grade natural resources
- Favorable access to distribution networks

5.1.2. Weaknesses

The absence of certain strengths may be viewed as a weakness. For example, each of the following may be considered weaknesses:

- Lack of patent protection
- A weak brand name
- Poor reputation among customers
- High cost structure
- Lack of access to the best natural resources
- Lack of access to key distribution channels

In some cases, a weakness may be the flip side of strength. Take the case in which a firm has a large amount of manufacturing capacity. While this capacity may be considered a strength that competitors do not share, it also may be considered a weakness if the large investment in manufacturing capacity prevents the firm from reacting quickly to changes in the strategic environment.

5.1.3. Opportunities:

The external environmental analysis may reveal certain new opportunities for profit and growth. Some examples of such opportunities include:

- An unfulfilled customer need

- Arrival of new technologies
- Loosening of regulations
- Removal of international trade barriers

5.1.4. Threats:

Changes in the external environmental also may present threats to the firm. Some examples of such threats include:

- Shifts in consumer tastes away from the firm's products
- Emergence of substitute products
- New regulations
- Increased trade barriers

5.2. SWOT Analysis of the Modern Herbal Group:

The comparative advantage of the Modern Herbal Group is based mainly on its diverse composition of flora. Some of these plants are known to have active ingredients and are being demanded increasingly by local as well as international markets especially for food, health and therapeutic values.

Indeed, Modern has a competitive advantage to develop its own herbal/traditional medicines and pharmaceutical industry because of its rich bio-resources endowment. Several research institutions have undertaken initiatives to collect identify and promote the benefits of some well-known herbal plants amongst others. Currently, little is known on the active ingredients and benefits present in many of the herbal plants found vastly in the State.

In Modern, herbal endeavor is presently concentrating on a traditional and small-scale basis particularly to meet local demand. Herbal activity is mainly comprised of collection of plants from the wild by the indigenous people and sold at retailing by the established pharmaceutical shops and medical hall. Thus, at the broader perspective, pertinent issues on herbal company include lack of R & D initiatives, manufacturing facilities, skilled manpower and expertise, inadequate of infrastructure and marketing network, inadequate investment strategies and lacking of public awareness. These issues need to be addressed in order for the industry to thrive competitively within the domestic and international markets.

A SWOT analysis provides the basis of discussion on the strength, weakness, opportunity and threats of the modern herbal group. It assesses the strengths, weaknesses, opportunities and threats in developing the industry. Based on a cursory investigation of the herbal industry, its strengths, weaknesses, opportunities and threats are given below.

5.2.1. Strength of Modern Herbal Group:

- National initiative on promoting herbal plantation under NAP3, recognition by the National Biodiversity Policy;
- Availability of a wide and diverse base of herbal plants;
- Increasing R&D interests and supports for herbal products; and
- Latest government policy to utilize idle land.
- Vast traditional knowledge by local inhabitants on herbal preparation;
- Availability of Good Manufacturing Practice (GMP) factories in Bangladesh; and
- Establishment of many Branches and sales center.
- Acceptance and increasing demand of herbal-based products for health care, pharmaceutical and cosmetics;
- Modern herbal now Produce Pharmaceutical product.
- Our big strength is that our Managing Director Dr. Alamgir Mati is an internationally recognized person and herbal expert.
- Before coming market our all-herbal medicine doing long term research and examine and it has no side affect.
- Our company developed MLM business.

Existing technical and laboratory support from established research institutions in any product.

5.2.2. Weakness of Modern Herbal Group:

- Insufficient supply of local raw materials;
- Unknown exact location of species; and
- Information on soil suitability for herbal plants is currently not available.
- Production efforts concentrated on a small scale industry;
- Lack of capital investments on production facilities;

- Lack of technological base for production; and
- Poor adherence to set quality control measures and standards.
- Absence of clear investment and marketing strategies;
- Inadequate penetration to the overseas market; and
- Inadequate effort to explore e-herbal.
- Insufficient infrastructure facilities; and
- High transportation costs.
- Inadequate skilled manpower;
- Lacking efforts in incorporating technological knowledge with cultural and anecdotal knowledge; and
- Inaccessibility of entrepreneurs to technology know-how.

5.2.3. Opportunities of Modern Herbal Group:

- Diversification of herbal-based products (body care and beauty products, cosmetics, health foods, etc.);
- Domesticating wild plants in nurseries through mass propagation, *in vitro* culture, etc.;
- Establishing herbal plantations at a large scale; and
- Bio-prospecting.
- Development of new and improved products based on herbal plants;
- Development of new and improved processing and packaging to produce higher quality products;
- Setting up of a private-led laboratory for bio-chemical analysis; and
- MHG has high quality machine.
- Government effort to
- Affordable medicines and food supply;

- Investment potentials; and
- Ready market for herbal products.
- Improvement of existing facilities; and
- Development of new infrastructures
- Development of pharmaceutical product.
- Developing supporting industries such as information technology, management and other support and service industries.
- MHG has personal agricultural plant. Their MHG produce various herbal trees.

5.2.4. Threats of Modern Herbal Group

- Destruction of herbal resources due to unsustainable logging activities and agriculture development, etc.;
- Risk of losing potential herbal species through forest fire and illegal logging;
- Commercialization may lead to over-exploitation; and
- Intellectual Property Rights (IPR) issue.
- High overhead and production costs may limit involvement; and
- Absence of private-led laboratory to conduct analysis on pesticides contamination and nutritional values.
- Export barriers;
- Competing herbal products from other countries; and
- Lack of diagnostic treatment by the suppliers.
- Modern Herbal Group introduces only MLM business. Here no one can easily entry.
- Herbal products are very cheap price so treatments are so expensive.
- Now a days many recognized company introduce herbal product and use high technology.
- MHG has many products. It is very difficult to develop every product.