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Strategic analysis for health care organizations: the suitability of the SWOT-analysis

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SUMMARY

Because of the introduction of (regulated) market competition and self-regulation, strategy is becoming an important management field for health care organizations in many European countries. That is why health managers are introducing more and more strategic principles and tools. Especially the SWOT (strengths, weaknesses, opportunities, threats)-analysis seems to be popular. However, hardly any empirical research has been done on the use and suitability of this instrument for the health care sector. In this paper four case studies are presented on the use of the SWOT-analysis in different parts of the health care sector in the Netherlands. By comparing these results with the premises of the SWOT and academic critique, it will be argued that the SWOT in its current form is not suitable as a tool for strategic analysis in health care in many European countries. Based on these findings an alternative SWOT-model is presented, in which expectations and learning of stakeholder are incorporated. Copyright © 2010 John Wiley & Sons, Ltd.

KEY WORDS: SWOT-analysis; strategy; strategic tool; strategic analysis; health management

INTRODUCTION

During the last decade, a restructuring of the health care sector has taken place in many European countries. The influence of governments is diminishing in favor of self-regulation and (regulated) market competition (Dubois *et al*., 2006). For example, within the UK NHS system, incentives are introduced to stimulate competition (Boaden *et al*., 2008). As a consequence, health care organizations face many new challenges. Their future is no longer as certain as it used to be. There is no longer a given direction; they have to choose their own course: what services are they going to deliver to which client group, how do they secure the means, and what do their stakeholders expect of them? Facing these strategic

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questions, managers in health care are introducing strategic tools and methods, which were developed for the private sector, to help them provide the answers (Kramer, 2001). It is unclear whether these methods and tools can and should be used in the health care sector.

For decades, strategy and strategic management has been an important management field in the private sector (Grandy and Mills, 2004). There are many journals and management books in which strategy is seen as the key to successful entrepreneurship (for example Swayne *et al*., 2006; Finley 2000; Johnson and Scholes, 1999; Cummings *et al*., 2003; Stacey, 1996; Grant, 2005; Jauch and Glueck, 1988). Only recently has strategic management caught the attention of managers in the public sector. This development is strongly influenced by advocates of what is called ''New public management''. It is a strong plea to introduce principles and methods from the private sector in the public sector, as they are supposed to boost performance (Desmidt and Heene, 2005; Boaden *et al*., 2008). This view is supported by authors who assume a generic management approach, which states that there are principles relevant for all organizations (Weber 1947; Fayol, 1916), and by those who think the differences between the public and the private sector have disappeared (Boyne and Dahya, 2002; Rainey, 1997). Adversaries can be found among authors who believe that the public sector does have unique characteristics which set it apart from the private sector (Nutt and Backoff, 1993). Although there are no final conclusions, management principles and methods from the private sector are used by public managers more and more.

Illustrative for this development is the growing popularity of the SWOT (strengths, weaknesses, opportunities, threats)-analysis in the health care sector (Kramer, 2001). The SWOT-analysis is a tool developed for strategic analysis. It consists of a confrontation between external developments and internal capabilities. External developments are identified as either opportunities or threats for the organization; internal capabilities are described as strong or weak points of the organization. Based on the confrontation between the two, strategic options or even a new strategic course can be identified for the organization (Johnson and Scholes, 1999). In a study, among health managers in 38 home care organizations, 51 hospitals, and 112 nursing homes in the Netherlands more than 80% reported to use the SWOT-analysis as part of their strategic process (Kramer, 2001). Despite its popularity, little is known about the actual use and effectiveness of the SWOT-analysis. Hence the central question of this article; *is a SWOT-analysis suitable as a tool for strategic analysis in the health care sector*?

To answer this question, first of all the premises on which the SWOT-analysis is based will be identified, together with the methods that can be used to perform a SWOT-analysis. In fact, it will be shown there is no real clarity about how to perform a SWOT-analysis. Also criticism regarding the SWOT will be described.

In spite of the popularity of the SWOT-analysis, we were not able to find a single scientific publication on the actual use of the SWOT-analysis in the health care sector. There are a number of publications about the possible use of a SWOT-analysis in the public sector (Swayne *et al*., 2006; Noordegraaf, 2004;

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Mouwen, 2004), but also no empirical studies on the actual use. That is why for this article four case studies were undertaken in different parts of the health care sector on the use of the SWOT-analysis. In the discussion the findings about the assumptions, the methods, and the criticism regarding the SWOT-analysis will be confronted with the results from the case studies to answer the central question.

METHODS

This is an explorative study on the use of the SWOT-analysis in the health care sector. It is a follow-up of an inventory study done at this institute in 2001 on the use of strategic tools in health care organizations in the Netherlands (Kramer, 2001). Although the first study showed that the SWOT-analysis was frequently used, it was not clear *how* the SWOT-analysis was used. That is why four qualitative case studies were undertaken in different health care sub-sectors in the Netherlands: hospital care, care for the mentally ill, care for the handicapped, and care for the elderly. In each sub-sector, a single organization has been selected that, according to the opinion of their secretary of the board of directors, uses the SWOT-analysis as a strategic tool. The organizations have been identified using the personal network of the researchers, so access would be easily granted.

Different research methods were used. First, all relevant documents on strategic management in these organizations were collected and analyzed. Then, key figures involved in the strategic analyses from different parts of the organization were selected by using a snowball method, starting with the secretary of the board of directors. In total 26 respondents were interviewed, each for 1 h, using a half-structured questionnaire. Topics were: the use of the SWOT-analysis in the organization; the methods used for both the internal and the external analyses; the involvement of the respondent; the results of the SWOT-analysis; and the effects on the strategic course of the organization. All interviews were recorded and transcribed. The interviews were analyzed using partly open codes and party codes based on the literature on SWOT-analysis. Data were collected by four junior researchers under supervision of three senior researchers. The quality of the study is ensured by means of peer-review within the research group, member checks, by presenting the results to the respondents and triangulation of several data-sources.

At the start of this study relevant literature has been studied, both the most popular strategic management books (Swayne *et al*., 2006; Finley 2000; Johnson and Scholes, 1999; Cummings *et al*., 2003; Stacey, 1996; Grant, 2005; Jauch and Glueck, 1988) and articles on strategic management and the SWOT-analysis (for example: Dubois *et al*., 2006; Grandy and Mills 2004). Relevant literature has been identified by using the databases: PUBMed and online content. Also all tables of content of all the issues of the last five years of four important scientific journals on management were searched for relevant papers: Strategic Management Journal, Academy of Management Journal, Journal of Management Studies, and British Journal on Management.

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FINDINGS FROM THE LITERATURE ON THE SWOT-ANALYSIS

Premises and critique

The SWOT-analysis can be seen as a typical product of the so-called design school of strategic management (Mintzberg and Quinn, 1992). Central to this design school is a normative approach to management. Management should be as rational as possible and tools and methods are developed to support this. Selznick, Andrews, and Chandler are seen as important representatives of this school of thought. Four premises are characteristic of this school: strategy is leading, organizations are autonomous, organizations have clear demarcations, and an organization is a rational hierarchy. Critics of this school disagree with most of these premises.

Strategy is leading. In the ''design school'', strategy enjoys high prestige. Strategy has been associated with the apex of the organization. In the hierarchy, decision-making strategy is at the top, tactics and operations follow. Also, strategy refers to the long term which is seen as more important than the short term. The superior prestige of strategy becomes manifest in Chandler's famous quote: ''Structure follows strategy'': strategy first, the other elements of organizing second (Chandler, 1962).

Critics question the high prestige of strategy. The critique comes down to the opinion that strategy in their view is only defined as very important, but in reality has no superior influence on organizational outcomes (Grandy and Mills, 2004). Other management fields, like HRM, seem to be of equal importance for performance (Boxall and Purcell, 2003; Paauwe, 2004). Strategy is, therefore, not superior but interdependent with other management areas. Also, strategy is not an exclusive task for top executives anymore. Strategy is a quite common phenomenon at all levels of organizational decision making; for example, heads of departments are often asked to develop strategic plans in close interaction with their personnel.

Organizations are autonomous. The design school sees organizations as autonomous entities. Of course, there are limitations, but organizations are expected to carry out their own strategic analyses, formulate strategic options that are suitable to them, choose the best option, and run the implementation process, all on their own (Andrews, 1971).

Critics stress the interdependence of organizations. Modern authors see organizations as part of a network. Organizations only survive by continuously monitoring the interactions in the network. Different authors even claim that many organizations are networks themselves, namely loosely coupled systems of interdependent units (Klijn and Koppenjan, 1999). In this perspective, organizations are managed by contracts and information and not much by power (Bruijn and Heuvelhof, 1999). An identical critique can be found in the popular perspective of stakeholder management. In this perspective stakeholders play a central part in defining the strategy and goals of the organization; therefore interdependence is the norm, not autonomy (Johnson and Scholes, 1999).

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Organizations have clear demarcations. In the classical perspective of the design school on organizations, there is a clear demarcation between internal and external factors. This makes it possible to analyze internal and external factors separately and to confront the results (Andrews 1971; Quinn 1988). According to the design school, this confrontation is a central part of strategic analysis.

Many authors denounce the separation between the external and the internal factors (Denis *et al*., 2007). The critique even goes back to Katz and Kahn (1966) who developed the concept of the organization as an ''open system''. Authors with a network perspective argue that capabilities and means are often shared in a network (Klijn and Koppenjan, 1999), which makes it difficult to see a clear demarcation between organizations. Other authors state that organizations are very much dependent on stakeholders, who are not always legally part of the organization (Johnson and Scholes, 1999). For example, in many Dutch hospitals medical specialists are not employed by the hospital, they work as independent contractors. Are they part of the organization or of the environment?

The organization as rational hierarchy. The design school stresses the importance of rationality in hierarchical decision making. Managers should control the strategy process and ensure its rationality by using tools and procedures (Quinn, 1988). CEOs should be able to choose the best options for their organization among the alternatives, based on a thorough analysis (Johnson and Scholes, 1999).

Critics point to the limitations of rational decision making in organizations. Often not all the relevant information is available; rational decision making can also be very time consuming and is often not even possible because it is too complex: there are too many intervening variables. In practice not only rationality but also vision and intuition are, therefore, very important in strategic management (Wissema 1996; Barry and Elmes, 1997). Strategic management is in their view also a ''social process'' in which several stakeholders with different interests participate. Strategy can be thought of as an activity that takes place in an arena or, as some say, in a garbage can (Krogt and Vroom, 1988). Furthermore, strategic management is an ongoing process; it emerges and there are no final decisions (Hendry, 2000). That is why these critics point out that a ''bureaucratic'' use of instruments of strategic analysis should be avoided.

Because of these four premises, Mintzberg and Quinn (1992) state that the machine bureaucracy is the archetype which the design school uses for organizations. They think many strategic tools that originate from this school cannot and should not be used in the health care sector, because most health organization are professional bureaucracies not machine bureaucracies.

Procedures for the SWOT-analysis

The SWOT-analysis is mostly described as a set of rules used to confront internal means and capabilities with external developments. Central question is: do we have

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the means and capabilities to withstand threats and exploit opportunities in our environment? In its most basic form it involves the following steps:

(1) Formulate external developments as opportunities or threats;
(2) Formulate internal means and capabilities as strengths or weaknesses;
(3) Confront strengths and weaknesses with opportunities and threats;
(4) Use the results to formulate strategic options (Mandour *et al*., 2005; Kramer, 2001).

It is only on these most basic steps that there seems to be any consensus. There is far less clarity and consensus on the concrete procedures. The popular strategic management books (Swayne *et al*., 2006; Finley, 2000; Johnson and Scholes, 1999; Cummings *et al*., 2003; Stacey, 1996; Grant, 2005; Jauch and Glueck, 1988) and also articles on the SWOT-analysis (for example Pickton and Wright, 1998; Novicevic *et al*., 2004) present very different procedures. Still, two kinds of approaches can be identified: *the regulated SWOT* and *the organic SWOT*.

The regulated SWOT

Different authors think that the SWOT-analysis should be more than listing some relevant external and internal factors. The SWOT-analysis is seen as the final step of the strategic analysis. Other strategic tools should be used to identify the relevant external and internal factors; preferably based on sound quantitative data. Also rules should be developed to ensure a more rigorous SWOT (Nijssen and Lighart, 1999; Finlay, 2000; Pickton and wright, 1998; Ambrosini *et al*., 1998; Kotler, 2000). For example, Johnson and Scholes (1999) introduce a confrontation matrix. In this matrix strong and weak points of the organization are confronted with external threats and opportunities. Scores are attributed so it can be determined which strong points, weak points, opportunities, and threats should be targeted with the new strategy. Finlay (2000) suggests comparing internal capabilities and means with the capabilities and means of the competition. Only by comparing can be judged which means and capacities are strong or weak points.

The organic SWOT

Other authors are less enthusiastic about a regulated SWOT. They fear a bureaucratic use of the instrument with no attention paid to the fact that different parties are involved with different interests, that vision and intuition are important in formulating strategy, and that there are limitations to rational thought in humans (Wissema, 1996; Barry and Elmes, 1997). These authors prefer a more organic SWOT-analysis, with ''open'' rules that can be adjusted to the organizational context. Grant (2005) even prefers not to distinguish between strengths, weaknesses, opportunities, and threats, but only to confront external with internal factors. He thinks these factors are impossible to typify, because many are both a strength or a weakness, an opportunity or a threat, depending on your point of view.

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FOUR CASE STUDIES

In Tables 1a–d (Appendix 1) our findings on the way the SWOT-analysis is used in each case are presented. In spite of the differences in sub-sector and area in which they operate, the similarities between the cases are striking. In all cases the

Table 1a. The use of the SWOT in a general hospital

Characteristics	General hospital located in a city of average size 530 beds (average size) little competition
Strategic tools used	EFQM-model, PEST-analysis, SWOT-analysis
Coordinating the SWOT-analysis	An editorial committee consisting of the secretary of the board of directors, the quality manager, and a staff employee supporting the medical staff.
Internal analysis	As part of an accreditation process an internal analysis needed to be performed using the EFQM-model. The analysis was done in different meetings with the editorial committee, unit managers, the head of planning and control, and a representative of the medical staff. Results were discussed during an internal conference in which all hospital employees could participate. Only during this conference findings were discussed in terms of strong and weak points.
External analysis	The external analysis was done during a discussion meeting in both the board of directors and the board of the medical staff. The categories of the PEST-analysis were used as an organizer for this discussion. During the meeting external developments were discussed in terms of threats and opportunities. Also the focus points for the new strategy were identified. Afterwards the editorial board looked for figures and objective information to ground these findings.
Confrontation	The confrontation between the external and internal analysis was done more implicitly than explicitly. Especially the external analysis was used to identify strategic focus points. During the meetings some findings from the internal analysis were discussed, but not systematically. There was no explicit confrontation between strong and weak points and opportunities and threats. In the strategic document focus points were only grounded using the external analysis. General practioners, patient organizations, lower managers, and a selected group of medical specialists from the hospital were asked to comment on a concept-version of the document.
Remarks	At the start the editorial committee wanted to plan the process of strategic analysis by making explicit and strict use of strategic instruments. But especially medical specialists disagreed and argued that this would inhibit 'free' thinking. In practice the analysis process therefore 'emerged', based on adhoc decisions. According to the secretary, this approach fits the culture of the organization.

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Table 1b. The use of the SWOT in a health organization for the elderly

Characteristics	Organization for elderly care with a homecare organization, nursing homes, and homes for the elderly with a regional function A large organizations employing 8000 some competition
Strategic tools used	SWOT-analysis, PEST-analysis
Coordinating the SWOT-analysis	Staff employees
Internal analysis	An internal analysis takes place every 3 years. This analysis is prepared by staff employees who collect management rapports, financial figures, internal research results on patient satisfaction, year plans of the different units, and the results of a benchmark study in which the organization participates every 3 years. This information is summarized and used as input for a discussion and brainstorm session with board members, the head of the unit Personal and Organization, and the unit Planning and Control. During this meeting strong and weak points of the organization are identified.
External analysis	Every year an external analysis is done by staff employees. External information is collected from policy rapports from the ministry of Health and national trend analysis from expert organizations and information from magazines. These findings are categorized using the categories from the PEST-analysis. Information is also gathered concerning competing organizations and possible new entrants on the market. This information is discussed by the board of directors with middle management. For every category of the PEST, a maximum of five relevant developments is identified and defined as either an opportunity or a threat. Based on this analysis, priorities are set.
Confrontation	During the meetings in which the internal analysis takes place, strategic choices are also made. It starts with a discussion on the vision and the mission of the organization. If necessary the mission and vision is reformulated. The mission and vision is the point of departure for the strategy of the organization. Then, strengths, weaknesses, opportunities, and threats are presented and discussed. No formal procedure is used for this confrontation, it happens during the discussion. The final result of the discussion is a list of strategic options
Remarks	Before the meetings, members of the board consult with different stakeholders (ensurers, municipalities, the client counsel). According to different respondents the input from these stakeholders have a lot of influence on the results.

SWOT-analysis is adjusted to fit the characteristics of the organization. Three patterns can be seen in the use of this instrument:

A managed SWOT

In all cases the SWOT-analysis is managed by the support staff, which acts on behalf of the board of directors. The support staff organizes the process and edits the results.

In the hospital the secretary of the board of directors played a central part. For the internal analysis he used the results from a quality analysis which was part of an

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Table 1c. The use of the SWOT in a health institute for the handicapped

Characteristics	Institute for care for the handicapped Nation wide organization with locations in 25 regions. Large national organization with 6200 employees. Competition differs per region
Strategic tools used	SWOT-analysis
Coordinating the SWOT-analysis	Staff employees
Internal external confrontation	Staff employees started with interviewing different stakeholders: clients, parents, and members of the board of directors. They asked explicitly for strong and weak points of the organization. Then staff employees have collected figures and information from rapports on national trends and future policies. Based on these findings a preliminary list of strengths, weaknesses, opportunities, and threats is made. This list is discussed in the board of directors. The result was a first draft of strategic goals. Then workgroups were formed consisting of 50 members from all parts of the organization. Coordinated by staff employees, these workgroups met four times to discuss important strategic issues for the organization and priorities these. The results from these meetings and the board meetings were used by the staff to write a strategic rapport. The strategic rapport was used as a guideline for regional managers. Using this rapport every regional manager had to perform a SWOT-analysis for his own region. Every region could use its own method but it needed to result in a list of strengths, weaknesses, opportunities, and threats. Some managers have asked for some input from lower management, but others have organized brainstorm sessions with many employees.

accreditation process. For the external analysis a small editorial board was formed, managed by the secretary. In the care organization for elderly care, the external and internal analysis was prepared by the support staff as input for a brainstorm session by the board of directors. The results were edited by the staff. Also in the institute for the handicapped the support staff played a major part in preparing the SWOT-analysis, editing the findings, and writing down the results. Finally, in the institute for mental health care the staff did prepare the SWOT-analysis, but team leaders organized their own brainstorm sessions as input. The results were combined and edited by the secretary of the board of directors and presented to senior management.

Stakeholder involvement

In all cases several stakeholders were involved. In three cases network partners were interviewed and asked about their views and wishes as input for the SWOT-analyses. Internal stakeholders were directly involved in the analysis in all cases.

In the institute for the handicapped, the support staff started the procedures by doing 50 interviews with clients, parents, and members of the board of commissioners. The first draft of the SWOT-analysis was discussed in different

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Table 1d. the use of the SWOT in an institute for mental health care

Characteristics	Institute for mental health care in a large city. Average size organization with 2100 clients, hardily any competition
Strategic tools used	SWOT-analysis, PEST-analysis
Coordinating the SWOT-analysis	Staff employees
Internal external confrontation	At first, an internal and external analysis was done by the staff employees. For the internal analysis, minutes and notes from the work committee, the client committee, and the national health inspection were used. For the external analysis, figures and information from rapports on national trends and future policies were collected. The results were categorized using the PEST. Then, 150 employees, board of directors, middle and lower management, were asked to participate in strategy workgroups organized by sub-sector. Prior to the meetings, many lower managers had organized brainstorm sessions with employees to identify strengths, weaknesses, opportunities, and threats. During the meetings both lower managers and staff employees presented their findings. The results were compared, discussed, and edited. The staff employees collected the results from the different meetings and presented a summary to the board of directors. Finally, the results were discussed in a meeting with the board of directors, the secretary of the board, divisional managers and unit managers. The opportunities and threats were identified that have a major impact on the organization. Also is discussed how strengths can be used to profit from opportunities and counter threats. At the end strategic goals were formulated.

groups consisting of representatives from all parts of the organization. The results were used to formulate goals as input for the strategic plan for the coming years.

In the hospital the procedures started with the development of a discussion paper. Independently, both the board of directors and representatives of the medical staff performed an internal and external analysis. The results were combined in the discussion paper by an editorial board. The paper was discussed with representatives from the general practitioners, the regional patient organization, with other hospital physicians, and with lower management.

Foregoing the SWOT-analysis in the organization for elderly care, members of the board of directors had contacted different stakeholders, insurers, municipalities, and client organizations, to hear their views and opinions.

Finally, in the institute for mental health care, 150 employees from all parts of the organization were involved in work groups to deliver input for the SWOT-analysis. No network partners were consulted. According to board members and support staff, this was a major weakness of their SWOT-analysis. In the future network partners will be consulted prior to the SWOT-analysis.

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According to most respondents, an important goal of the SWOT-analysis is organizing support among stakeholders. Some even claimed this was the only goal, because the SWOT-analysis only confirmed what they already knew.

No regulated SWOT

In all cases a more ''organic'' SWOT-analysis was performed. Only some quantitative data were used concerning demographics and epidemiology. No market research was done. In three cases a PEST-analysis[1] was used to support the external analysis and one applies the EFQM-model[2] as a tool. Only one organization used some information about competitors, from a benchmark, to identify strengths and weaknesses. In all cases external and internal factors were mostly identified based on personal experiences, opinions, and intuition.

In none of the cases a confrontation matrix was used. In the hospital, this was an explicit choice because as the secretary of the board of directors said ''doctors do not like to think in boxes''. Although they planned to perform a SWOT-analysis, they finally decided not to make a distinction between strengths, weaknesses, opportunities, and threats, but only to confront external with internal factors during a discussion in the board of directors. In the other cases the confrontation took place during a brainstorm session with different representatives about the focus of the new strategy.

It seems the SWOT-analysis is used more as an ''organizer'' to stimulate thought and discussion than as a set of rules to optimize rationality in strategic analysis.

CONCLUSIONS AND DISCUSSION

Is the SWOT-analysis suitable as a tool for strategic analysis in the health care sector? is the central question for this article. To answer this question we need to look at the results of the case studies and confront these with the premises, methods, and criticism regarding the SWOT-analysis.

In our cases, the SWOT-analysis is certainly not used as a flat, bureaucratic instrument, as some critics fear. It is an organic SWOT-analysis. It is organized as a ''social process'', with the involvement of important stakeholders, both from different parts of the organization and from network partners. These stakeholders participate in meetings with few formal procedures: brainstorm sessions. The analysis is mostly based on opinions and intuition. It is more about rallying support among stakeholders than about optimizing rationality. Although there are no strict procedures for performing the SWOT-analysis, the process is clearly managed. Top management decides when steps are taken and who participates. Their support staff then edits the content and they make the final strategic choices.

[1]The PEST-analysis is an instrument used to identify relevant external developments. PEST stands for political, economic, social, and technological developments.
[2]The EFQM model is used as a tool for internal analysis. The model focuses on different arrears of the organization namely leadership, processes, and performance.

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But strategic management in these health organizations is clearly not a unilateral decision process.

These findings can be explained by the fact that health care organizations increasingly operate in networks. Therefore, most premises of the design school, out of which the SWOT-analysis originates, do not hold for the health care sector. Through specialization, the sector has become more and more fragmentized. Clients, therefore, often need help from care givers from different organizations (Wijngaarden, 2006). Network development is also stimulated by the increase in the number of elderly people and patients with chronic conditions, which necessitates cooperation between health care, welfare, and housing. Because of this integration of care, or chain care as it is called, it becomes more difficult to make a clear distinction between internal and external factors. Resources and means are increasingly shared in networks. Health care organizations are ''open systems''. Also as Glouberman and Mintzberg point out health organizations are no machine bureaucracies but organizations in which professionals are important stakeholders and have a lot of influence (2001). So, unilateral decision making is not an option. It can even be said that health organizations are professional network organizations.

That is why in our cases managers and support staff have molded the SWOT-analysis to fit the characteristics of their organizations. The SWOT-analysis has become ''embedded'' in the sector by involving different stakeholder in the process to create support for strategic choices. The SWOT has become an organizer to stimulate and structure discussions. But in this process the SWOT has lost its grounding. The results of the analysis are hardly surprising for the support staff and the board of directors. The analysis is shallow and does not offer any eye-openers or a critical perspective on the organization. If, as Wissema (1996) says, strategy is formed through a combination of rationality, social processes and intuition, this version of a SWOT-analysis lacks rationality. If this is the way the SWOT-analysis is used, it does not seem to be suitable as a tool for strategic analysis in health care, because it is mostly used as a strategy, not to perform an analysis.

Advocates of ''New Public management'' stimulate the use of management principles and methods from the private sector in the public sector (Boaden *et al*., 2008). This analysis shows that simply copying strategic tools from the private sector, or adapting them a little, and then using them in health care is not a good idea. Several strategic tools are originally developed for rational hierarchies and not for professional network organizations, as many organizations are in health care. If these tools are used, they first need to be rethought and possibly restructured.

Although this article is based only on four case studies in one country, we think the conclusions are relevant for other care organizations in the Netherlands but also in other European countries, and probably in other countries as well. The reason is that the characteristics of our cases that influence the results are not unique. Most health organizations in Europe are transforming into professional network organization and are influenced by many stakeholders (Dubois *et al*., 2006).

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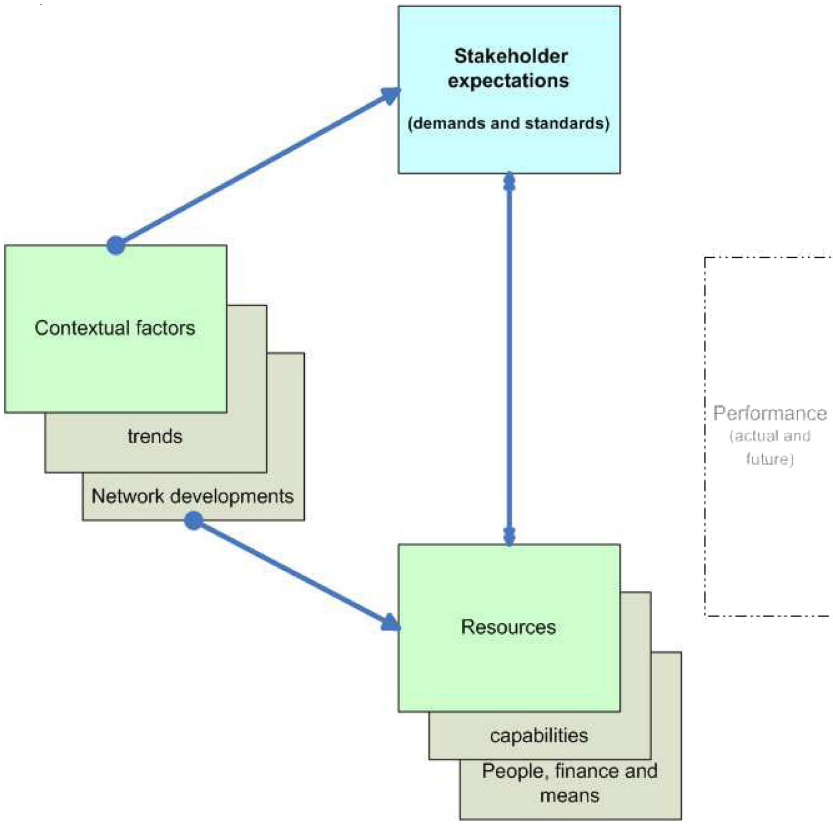
The revised SWOT-analysis

To be suitable for the health care sector the SWOT-analysis has to be rethought and restructured by incorporating the characteristics of the sector but keeping the possibility for rational analysis by also using empirical data. In this final part of the article we like to present an alternative model, based on the foregoing analysis. We think a SWOT-analysis for the health care sector should be founded on three pillars: stakeholder expectations, resources, and contextual developments (see Model 1).

Model 1 Model for the revised SWOT-analysis



First of all, *expectations of stakeholders* (demands and standards) should play a central part in a strategic analysis, because they are very important for the survival of care organizations. Health managers need to know what the expectations of their stakeholders are now and (if possible) in the future, and prioritize these depending on the importance of specific stakeholders for their survival. Some stakeholders' expectations will focus on operational characteristics of the organization, other expectations will be aimed at the performance of the organization. Strategic instruments like a stakeholder-analysis, a competition-analysis, and/or consumer research can be used to identify these expectations.

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Second, the strategic question that needs to be answered is: can the organization deploy the *resources* (people, means, finance, and capabilities) to honor these (prioritized) stakeholder expectations; now and in the future? To identify which resources are necessary to fulfill expectations, the experiences of the own organization are relevant, but it is also important to look at other organizations: competitors or ''best practices'' and even organizations in other sectors. To identify which resources are available, it should be realized that these can be found not only in the organization itself, but also in its network. The more empirical data becomes available on the effective use and availability of these resources, the more rational and compelling the analysis will be.

Third, because strategy involves the future, *contextual factors* need also be involved in the analysis. Important contextual factors are those that may influence stakeholder expectations and/or the resources that are available. These contextual factors might be developments in the network; for example further integration of the network which makes it easier to share resources. Also trends in the wider context (the region, the sector, the country, etcetera) are relevant contextual factors; for example economic growth which will influence the budget available for health care. Additional tools, such as the PESTEL-analysis[3], should be used to help identify these trends and rationalize the analysis of contextual factors. However, the influence of contextual factors will often be uncertain, because it is not always predictable how they will develop and also what their influence will be on stakeholder expectations and availability of resources. That is why in a dynamic context it is important to keep on monitoring these contextual factors.

A strategic analysis in health care should in our opinion involve a confrontation between stakeholder expectations, resources, and developments of contextual factors. Based on this confrontation it is much clearer to identify what are strengths, weaknesses, opportunities, and threats. The availability of necessary resources can be assessed as strengths or weaknesses. Stakeholder expectations (now and in the future) and contextual developments can be assessed as opportunities or threats. But it should be realized that the differences between strengths and weaknesses and between opportunities and threats remain somewhat arbitrary in the complex and dynamic context of the health care sector. More important is to know which stakeholder expectations and which resources and contextual developments are important and should therefore be monitored. The next step is to identify relevant strategies. All three pillars of the model can be the focus points for strategic actions. The organization can focus on stakeholders to influence expectations or even decide to focus on new stakeholders by offering new products and services. It can focus on securing and acquiring resources. It can also try to influence contextual factors.

With this model we think we have made the SWOT suitable for the health care sector. It is based on the notion that organizations in health care are primarily professional network organizations and not bureaucratic hierarchies. That is why stakeholder expectations are the focal point. Also in this model there is no strict distinction between external and internal as is the reality in networks. It incorporates

[3]The PESTEL is the extended version of the PEST-analysis (footnote 1); E stands for Ecological factors; L for developments in Law.

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the fact that strategy is based on social processes and intuition but also on rational analysis. Finally, it acknowledges that strategic management is not only about rational planning but much more about learning how resources, stakeholder expectations, and contextual factors interact.

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