**TOWS MATRIX:**

* TOWS is an acronym for threats, opportunities, weaknesses and strengths. It extends a SWOT analysis. TOWS examines a company's external opportunities and threats and compares them to the firm's strengths and weaknesses. This analysis forms the basis to develop TOWS strategies and to form actionable tactics.
* Strategies that enable competitive advantage, external opportunities match well with internal strengths, allows for competitive advantage to be built and maintained.
* Mitigation Strategies, firm possesses internal strengths that facilitates neutralization of external threats, may lead to temporary advantage if competitors are impacted by environmental threats.
* Acquisition/Development Strategies, situation where strategies are formulated to acquire or develop new resources/capabilities to take advantage of external opportunities
* Consolidation/Exit Strategies, if firms can’t find ways to convert weaknesses to strengths via acquisition/development, exit from market is recommended.



**How do you complete a TOWS Matrix?**

**Here's how:**

1. Strengths–Opportunities. Use your internal strengths to take advantage of opportunities.
2. Strengths-Threats. Use your strengths to minimize threats.
3. Weaknesses-Opportunities. Improve weaknesses by taking advantage of opportunities.
4. Weaknesses-Threats. Work to eliminate weaknesses to avoid threats.

**What is the role of tows?**

TOWS may have similar roots. TOWS is a tool for strategy generation and selection; SWOT analysis is a tool for audit and analysis. One would use a SWOT at the beginning of the planning process, and a TOWS later as you decide upon ways forward. There is a trade-off between internal and external factors.

**Feasibility Analysis:**

A *feasibility analysis* is the process of determining whether an entrepreneur’s idea is a viable foundation for creating a successful business.

Its purpose is to determine whether a business idea is worth pursuing. A feasibility study answers the question, “Should we proceed with this business idea?”

It serve as a filter, screening out ideas that lack the potential for building a successful business, before an entrepreneur commits the necessary resources to develop and test a business model or to build a business plan. A feasibility study primarily is an investigative tool. It is designed to give an entrepreneur a picture of the market and the sales and profit potential of a particular business idea.

**Elements of Feasibility Analysis:**

There are three elements of feasibility analysis

1. Industry and market feasibility
2. Product and service feasibility
3. Financial feasibility
4. **Industry and Market Feasibility:**

The focus in this phase is two-fold:

(1) To determine how attractive an industry is overall as a “home” for a new business.

(2) To evaluate possible niches a small business can occupy profitably.

When examining an industry, an entrepreneur should examine both the macro environment that can have an impact across many industries and the specific competitive environment of the industry of interest.

Five forces interact with one another to determine the setting in which companies compete and hence the attractiveness of the industry:

(1) The rivalry among competing firms,

(2) The bargaining power of suppliers,

(3) The bargaining power of buyers,

(4) The threat of new entrants,

(5) The threat of substitute products or services.

**Factors Affecting the Strength of Rivalry**

The strongest of the five forces in most industries is the rivalry that exists among the businesses competing in a particular market. The rivalry among the competitors is high if:

* Slow growth in product demand
* Low switching cost
* Competitors are numerous and of almost same size

**Factors Affecting the Threats of Entry**

The larger the pool of potential new entrants to an industry, the greater is the threat to existing companies in it.

* Entry ease/barriers
* Buyers demand is increasing rapidly
* Large pool of potential entrants

**Factors Affecting Supplier Power**

The greater the leverage suppliers of key raw materials or components have, the less attractive is the industry. Supplier power is high if:

* Supplies are in limited supply
* No substitute available
* High Switching Costs

**Factors Affecting Competition from Substitute Products**

Substitute products or services can turn an entire industry on its head.

* Good substitutes are readily available
* Substitutes have better performance features
* Buyers have low cost of Switching

**Factors Affecting the Bargaining Power of Buyers**

Buyers also have the potential to exert significant power over businesses, making it less attractive. When the number of customers is small and the cost of switching to competitors products is low, buyers’ influence on companies is high. Buyer power is high if:

* Industry Products are standardized
* Low Switching cost
* Buyers are well informed about to quality and prices
* Low number of buyers
1. **Product and service feasibility:**

A product or service feasibility analysis determines the degree to which a product or service idea appeals to potential customers and identifies the resources necessary to produce the product or provide the service.

**Primary research** involves collecting data firsthand and analyzing it. Primary research tools include customer surveys, focus groups, construction of prototypes, in-home trials, and “windshield” research.

**Secondary research** involves gatheringdata that has already been compiled and is available, often at a reasonable cost or sometimeseven free.

**Business Prototypes**

* Entrepreneurs test their business models on a small scale before committing serious resources to launch a business that might not work.
* Recognizes that a business idea is a hypothesis that needs to be tested before taking it full scale.

**FOCUS GROUPS**

A focus group involves enlisting a small number of potential customers (usually 8 to 12) to give you feedback on specific issues about your product or service.

In Delphi technique, you ask for the opinion of experts about certain product and service.

**CUSTOMER SURVEYS AND QUESTIONNAIRES**

Word your questions carefully so that you do not bias the results, and use a simple ranking system. Test your survey for problems on a small number of people before putting it to use. Web surveys are inexpensive, easy to conduct, and provide feedback fast.

**Prototypes**

An effective way to gauge the viability of a product is to build a prototype of it. A prototype is an original, functional model of a new product that entrepreneurs can put into the hands of potential customers so that they can see it, test it, and use it.

**In-home trial**

A market research techniquethat involves sendingresearchers into customers’homes to observe themas they use a company’sproduct or service.

1. **Financial Feasibility Analysis:**
* Capital requirements – must have an estimate of how much start-up capital is required to launch the business.
* Estimated earnings – forecasted income statements.
* Return on investment – combining the previous two estimates to determine how much investors can expect their investments to return.