



Environmental Threat Opportunity Profile (ETOP)

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What is ETOP analysis?

ETOP analysis (environmental threat and opportunity profile) is the process by which organizations monitor their relevant environment to identify opportunities and threats affecting their business for the purpose of taking strategic decisions.

Why ETOP is needed?

- Helps organization to identify opportunities and threats
- To consolidate and strengthen organizations position
- Provides the strategists of which sectors have a favorable impact on the organization
- Help organization know where it stands with respect to its environment
- Helps in formulating appropriate strategy
- Helps in formulating SWOT analysis (Strategic weakness, opportunities and threats)

How to prepare an ETOP?

- Dividing the environment into different sectors such as economical, market, social, international, legal, technological, political, ecological, etc.
- Analyzing the impact of each sector on the organization
- Sub-dividing each environmental sector into sub factors
- Impact of each sub-sector on organization in form of a statement

Environmental Factors

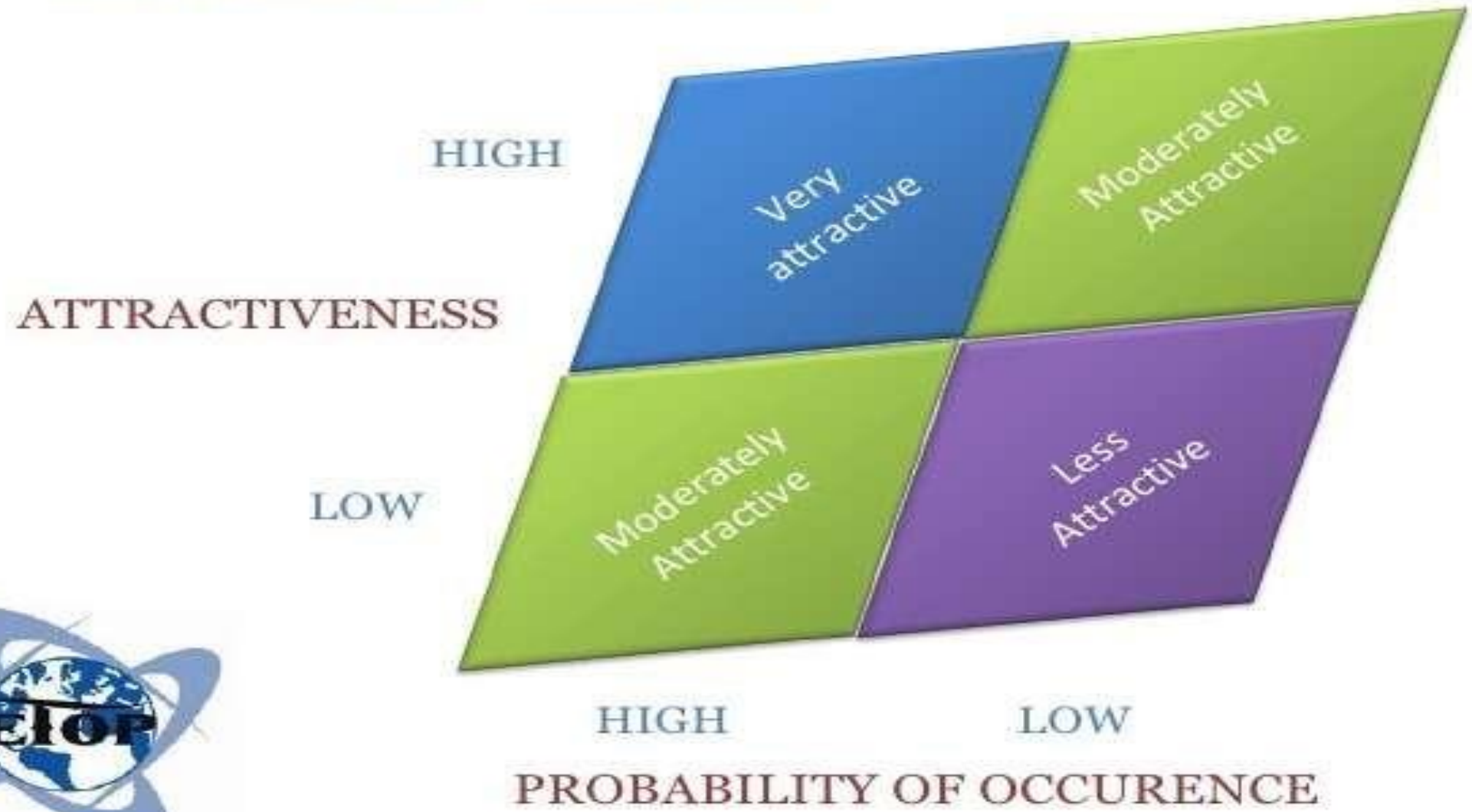
FACTORS	COULD INCLUDE
Political	international trade, taxation policy
Economic	interest rates, exchange rates, national income, inflation, unemployment, Stock Market
Social	ageing population, attitudes to work, income distribution
Technological	innovation, new product development, rate of technological obsolescence
Environmental	global warming, environmental issues
Legal	competition law, health and safety, employment law

ETOP with impact(arrows)

- ↑ - Favorable impact
- ↓ - Unfavorable impact
- - No impact

Environmental Sectors	Nature of Impact	Impact of Each sector
Economic	↓	Economy slowdown; Increase in interest rates
Market	↓	Less growth in demand in domestic market
International	↓	A meager share of export; Threat of Chinese substitution
Political	→	No political impact
Regulatory	↓	Decrease in import duty; Environmental clearance hurdle;
Social	→	No Social Impact as mostly B2B
Supplier	→	No Apparent Impact
Technological	↓	Less advanced technology

OPPURINITY MATRIX



THREAT MATRIX



Example of ETOP Analysis

Lets take the example of the environment analysis of Hindustan Aeronautics Limited (HAL)

Variable	Opportunity	Threat
Economic	Infrastructural development is enhanced. This development includes power supply, transport and internal consumption	Resource constraints.
Technological	Organization's production increases and technology upgrades that helps the organization to grow	
Supplier		Scarcity of resources due to implementation often new technology.
Government	Liberalization of technology import policy.	Applying new rules and policies for the organization
Competitor		To hold the market, organization needs to take the risks based on new ideas to raise the market demand.

Thank you

