

# *TOWS Matrix Analysis: A Strategic Solution to the Sustainability of Farmer Producer Companies (FPCs)*

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## **ABSTRACT**

In present scenario the sustainability and efficient management of Farmer Producer Companies (FPCs) are the biggest challenge to be answered for the promoting agencies. For that one has to frame strategic planning to pave a way forward for working and decision of FPCs. TOWS analysis includes creating a list of threats, opportunistic, weaknesses and strengths. It gives clues for examining ways through that company can convert the advantage in to opportunities and there by minimize threats by exploiting strengths and overcoming weaknesses. Accordingly, the strategies need to be developed identically for every FPC. There is wider scope for direct retailing and quality product with brand names. The FPCs not only provide monetary benefits to the member, but also enhance their confidence in farming.

## **INTRODUCTION**

**W**ith average land holdings of 1.08 hectare (Agri. Census 2015-16) and majority of farmers having less than 1 hectare to cultivate, farmers cannot individually think about investing in modern farm technologies for enhancing farm productivity. Aggregation through FPOs is the only feasible option left for farmers to enjoy

economies of scale to enhance their bargaining power and farm-related value accruals.

Like other companies FPCs should also focus on regularly framing strategic plans for its continuous growth and development. Here, we have opted for TOWS matrix analysis to lay down this way forward pathway to be focused on using present internal and external situations. It is common to suggest that companies should identify their strengths and

weaknesses as well as the opportunities and threats in the external environment; but, what is often overlooked is that combining these factors may require distinct strategic choices. To systematize these choices, the TOWS Matrix has been proposed, where T stands for threats, O for opportunities, W for weakness, and S for strengths. The TOWS model starts with the threats (T in TOWS), because in many situations a company undertake strategic planning as a result of perceived crisis, problem, or threat

**TOWS Matrix**

The TOWS Matrix has been introduced for analyzing the competitive situation of the company or even a nation that leads to the development of four distinct sets of strategic alternatives. The TOWS Matrix is a conceptual framework for a systematic analysis that facilitates matching of the external threats and opportunities with the internal weakness and strength of the organization.

	Internal Strengths (S)	Internal Weaknesses (W)
<b>External Opportunities (O)</b>	SO "Maxi-Maxi Strategy" Strategies that use strengths to maximize opportunities.	WO "Mini-Maxi Strategy" Strategies that minimize weaknesses by taking advantage of opportunities.
<b>External Threats (T)</b>	ST "Maxi-Mini Strategy" Strategies that use strengths to minimize threats.	WT "Mini-Mini Strategy" Strategies that minimize weaknesses and avoid threats.

Fig.1: TOWS Matrix for strategy formulation/ TOWS Worksheet

**TOWS Strategies for Farmer Producer Companies (FPCs)**

**SO Analysis**

**S<sub>1</sub>O<sub>3</sub>:** Direct marketing provides control to FPCs over vertical integration which

if integrated results in increased profit margin.

**S<sub>1</sub>O<sub>4</sub>:** Brand naming the produce with direct selling provides assurance to consumer over quality and standards of product.

**S<sub>2</sub>O<sub>5</sub>:** Economies of scale provides better bargain for contract farming and future trading.

**S<sub>3</sub>O<sub>6</sub>:** FPCs coordinates with many agencies which in turn promote and support FPC formation and working.

**S<sub>6</sub>O<sub>1</sub>:** Participatory approach of FPCs motivates farmers to join it. Therefore, promote FPCs formation and expansion over time and space.

**ST Analysis**

**S<sub>1</sub>T<sub>2</sub>:** Direct marketing exempt commission which gives advantage to FPCs to sell their produce at a lower price compared to their private counterparts with better profits.

**S<sub>5</sub>T<sub>1</sub>:** The well defined organizational structure of FPCs helps in its smooth functioning and long time sustainability.

**S<sub>8</sub>T<sub>2</sub>:** The marketing strategies of FPCs promote maintaining quality, grading of produce, proper packaging, etc which gives it strength against private competition of market.

**WO Analysis**

**W<sub>1</sub>O<sub>9</sub>:** The staff of FPCs should be regularly trained for its structure and function through various organization like MANAGE, EEIs, NAARM, SAUs, KVKs and other promoting agencies

**W<sub>2</sub>O<sub>6</sub>:** FPO promoting agencies always helps the farmers with technical and financial advices to acquaint with proper infrastructure and documentation work

**W<sub>3</sub>O<sub>8</sub>:** The credit guarantee scheme for FPOs and support from financing institutes with easier procedure can help FPCs in availing timely and sufficient credit.

**W<sub>5</sub>O<sub>9</sub>:** Training programmes are organized for farmers to understand their role in FPOs and develop self responsibility towards it.

**W<sub>5</sub>O<sub>2</sub>:** Diversification of produce helps in expansion of market.

**W<sub>5</sub>O<sub>4</sub>:** Raising the quality of single product and providing it a brand name in consumer market can help in building reputation for product and increasing its selling price.

**W<sub>6</sub>O<sub>10</sub>:** Public warehouses and hired cold chain transportation increases place and time utility of produce

#### WT Analysis

**W<sub>1</sub>T<sub>1</sub>:** As soon as the external support of promoting agency is retrieved, the FPCs staffs are not able to manage the functioning due to lack of professional expertise

**W<sub>2</sub>T<sub>2</sub>:** FPCs are not able to compete with private companies in market due to poor infrastructure facilities, limited credit and disaggregated produce.

**W<sub>4</sub>T<sub>3</sub>:** Concentration of power of FPCs in hands of few influential farmers leads to disinterest and futility among member farmers.

#### CONCLUSION

Self -help is the principle FPC. The matrix revealed that the FPOs face many external threats in form the private companies among them lack of risk mitigation procedure, policy changes, influential interference were major. They have many opportunities waiting in form

of huge untapped potential, credit support, trainings, future market, government schemes, value addition, retailing supporting institutions which can be easily availed. The low level of participation, poor infrastructure needed for value addition and processing, lack of professional expertise were their weaknesses need to be overcome for harnessing the opportunities. The strategies in form of vertical integration, quality improvement, marketing in collectivism, developing infrastructure facilities, training for professional expertise, availing new technologies, competing in retail market with benefit direct selling were can provide significant advantage to them. The individual TOWS analysis of FPCs revealed they vary with change in region and produce. They have had great scope in direct retailing of quality product with brand names. The FPCs not only provide its member monetary benefits but also increases their confidence in farming.

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