



**UNDERGRADUATE DISSERTATION  
DEGREE**

**Strategic Analysis of Swift English School**

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## 0. ABSTRACT

In this study, a model of strategy implemented by a well-known English academy, is analysed to better understand and disclose the reasons behind its successful performance.

The main purpose of the research reported here is to get to know what are the most successful strategic factors that Swift currently has and which of those have helped it to achieve its leading position in the market where it is operating.

In order to analyse its strategy, a variety of different theoretical, analytical and criteria models have been used, such as Abell criteria, Pestel, Michael Porter's 5 forces and Swot Analysis. Data from 4 similar academies have also been collected to compare and better contrast. And last but not least, several meetings with the owner of Swift, have been of great help in obtaining a valuable perspective and insight data.

The results and findings of this study provide support to a defined and well-structured business strategy together with a profound understanding that can guarantee the success of any corporation.



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## 1. INTRODUCTION

Approximately, twenty years ago companies began to highly value those candidates who had a certificate which demonstrated their communication capability in a different language from their mother tongue. And over the years, this demand has increased.

Nowadays, whatever the job position you would like to apply for, you are expected to have at least the “First Certificate in English” or even the “Cambridge English Advanced”. This fact has created a great market opportunity, which has led to a growing existence of language academies in every town and city in Spain.

As a current student of Swift I wonder, what makes one of the most important English academies in Zaragoza so successful? What makes Swift an outstanding academy? What does Swift do to be one of the academies that people first take into account when thinking of an English academy? Why people decide to take their kids or themselves to study English there? This study aims to answer these questions. From an insight view, I wanted to conduct a strategic analysis to find the key points of Swift’s accomplishments.

This study is organised as follows. It is structured in three differentiated sections:

- First block (from section 1 “Introduction” to section 3 “Framework”): introduction of the case and introduction of the company under study.
- Second block (from section 4 “External Analysis” to section 5 “Internal Analysis”): focused on the analysis of the company and its environment.
- Third block (from section 6 “External Analysis Conclusions” to section 7 “Swot Analysis + Proposal Lines of Action”): centered on closing the study with a summary of the main ideas, conclusions and possible future lines of actions.



## 2. SWIFT ENGLISH SCHOOL

On the 4<sup>th</sup> of February of 2011, Swift English School was founded by Gemma O'Reilly Fleming, an Irish woman who by that time had been living in Spain for 11 years. She was a pioneer in identifying such a great market opportunity. Right after she finished her master studies in ESIC, she became the Co-founder of Number 16 School. However, it was not until the end of 2010, when she decided to create her own company, a sole-partnered Limited Liability Company. This is when it all started.

Gemma wanted to offer the opportunity to her students to truly learn English as a language and not as a subject, both in an effective and amusing way. This is how a “Direct Method” was created, called Swift Speaking Solutions; a method where books are closed and students have to answer questions, using vocabulary, learned structures, prepositions and everything in the right order. It is demanding but fun and students get used to the style of the classes quickly, learn to speak fluently, with good pronunciation, intonation and rhythm (SWIFT English School, 2021).

Swift English School’s mission is commitment to providing the best professional Native English Teachers to successfully prepare their students for all the official English language tests they will need for graduation and for their future careers. Its mission is to empower their students with the necessary knowledge to improve their fluency in English, enabling them to develop their linguistic skills effectively in order to communicate in both professional and personal situations with people from all over the world.

Swift English School’s values are commitment to providing excellence in its teaching and guidance of their students towards their goals, in a pleasant ambience where respect and integrity are the primary values of all the staff.

Nowadays, this method of teaching fluency is successfully being combined with specialised Official Exam Preparation, which is what Swift has become best known for, with a renowned pass rate. Swift has two premises, both located in the University area of Zaragoza, which is a very important factor in providing the university students with the required classes they need to certify their B1, B2, C1 and C2 levels.



Swift is mainly centered on offering one main service, education; being its CNAE <sup>1</sup>: 8559 - Other education (SABI, 2021). This industry can be described as the collection of organisations and businesses that provide products and services aimed at enhancing the quality of education in society (Technofunc, 2021).

After a deep examination of its website and several meetings with the founder, I have created the following summary of its services.

On the one hand, we have the best known one, preparation of official English certificates. “Swift English School is the only English language school in Zaragoza recognised by Cambridge as a Special Mention Centre due to our professionalism in preparing students for official exams “(SWIFT English School, 2021).

Swift is also one of a small number of academies in Spain who forms a partnership with Cambridge granted to them for their excellence in teaching and in obtaining good results: Premium Learning Partner, by which Swift is an Official Cambridge learning Partner, which guarantees continuous training for its teachers in order to guarantee excellence in its teaching and in the learning process offered to its students.

As a result of a team formed by highly qualified native teachers, Swift assures all students a marked increase in their level as weeks go by, being able to pass any proposed official English exam, both European and those required for access to Universities and Masters courses in the United States.

Nowadays Swift is the most popular of the official exam centres offering Exam Preparation, with approximately 40% of market share according to Swift English School. The exams preparation offered are:

- Exam Preparation for the Official Language School of Zaragoza: A2, B1, B2 and C1.
- English Exams for University Students: the most demanded official exams by university students are IELTS (International English Language testing System), TOEFL (Test of English as a Foreign Language), CAMBRIDGE (B1, B2, C1 and C2),

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<sup>1</sup> CNAE: Clasificación Nacional de Actividades Económicas. The objective of this classification is to establish a hierarchical set of economic activities that can be used to facilitate the implementation of national statistics that can be differentiated according to the established activities, and to classify statistical units and entities according to the economic activity exercised. (Instituto Nacional de Estadística, 2021)



ILEC (International Legal English Certificate) and ICFE. Swift also offers preparation for: TKT (Teaching Knowledge Test), CELTA (Certificate in English Language Teaching to adults) and DELTA (Diploma in English Language Teaching to Adults).

- Cambridge Zaragoza examinations: KET (Key English Test), PET – B1 (Preliminary English test), FCE – B2 (First Certificate in English), CAE – C1 (Certificate in Advanced English) and CPE – C2 (Certificate of Proficiency in English).
- English Exams for Professionals: ILEC, ICFE, BULATS (Business Language Testing Service), BEC (Business English Certificates) and TOEIC (Tests of English for International Communication).

On the other hand, Swift also offers other services such as conversation classes from A1 to C2, for kids, teenagers, adults and companies, intensive courses, one to one or group classes (both in person and online) and translation services (ranges from simple document translations to specialised ones) (SWIFT English School, 2021).

The former service, the preparation for official exams is the one which gives Swift the highest profitability, as it can be observed in Table 1, meaning a 73% of their total income. This data justifies, why Michael Porter's 5 forces analysis, which is conducted in section 4.2, will be focused on this specific business unit.

| SERVICE                                | ANNUAL AVERAGE REVENUE (in %) |
|--|-------------------------------|
| Preparation courses for official exams | 73%                           |
| Regular classes                        | 25%                           |
| Immersion courses abroad               | 2%                            |
| <b>TOTAL</b>                           | <b>100%</b>                   |

Table 1. Annual average revenues for 2019-2020  
According to Swift English School

\*Preparation courses for official exams are focused on providing the student with an adequate preparation to be able to face any official English exam. Whereas regular classes are focused on those students who want to resume learning the English language or improve their level of English.  
According to Swift English School

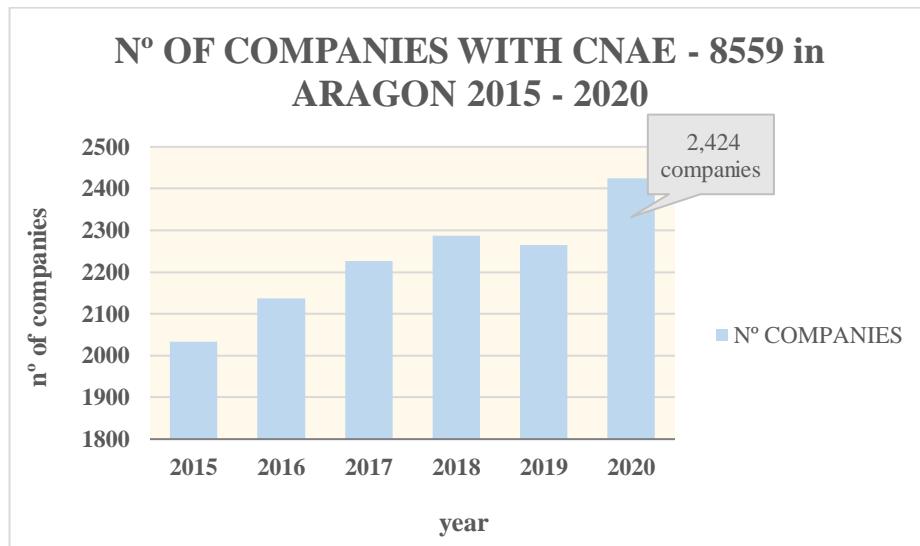
### 3. FRAMEWORK

The intention of this section is to help the reader to understand the scope of operations of the company studied. In order to do that, I will define the industry based on two different criterions, the administrative and management based on the Abell Model.

#### 3.1. Administrative criteria

Based on this type of criteria, companies are classified according to CNAE-2009. It is a statistical classification that groups firms that develop a common activity within the same category. This classification has been used in all European countries from the 1<sup>st</sup> of January of 2009.

As mentioned in section 2, Swift's CNAE is 8559 - Other education (teaching of language and speaking skills). In the following graph, it can be observed the evolution of the number of companies located in Aragon with that CNAE.



Graph 1. N° of companies with CNAE - 8559 in Aragón  
Source: own creation according to <https://www.ine.es/consul/serie.do?d=true&s=DIR221365>  
(Instituto Nacional de Estadística, 2021)

Considering the number of companies which are located in Aragón in 2020, 90.682 companies according to <https://www.ine.es/consul/serie.do?d=true&s=DIR27649> (Instituto Nacional de Estadística, 2021), this class approximately represents a 3% of the total.

### 3.2. Management (used of Abell criteria)

As I have previously mentioned in section 2 “Swift English School”, Swift belongs to the education industry. In order to put into context this industry, a general study of the economy of Spain and Aragón, as well as a study of the population of Zaragoza will then be carried out. I will first analyse the number of inhabitants of the population of Zaragoza, as well as its age structure, as these variables will help to define Swift’s target audience.

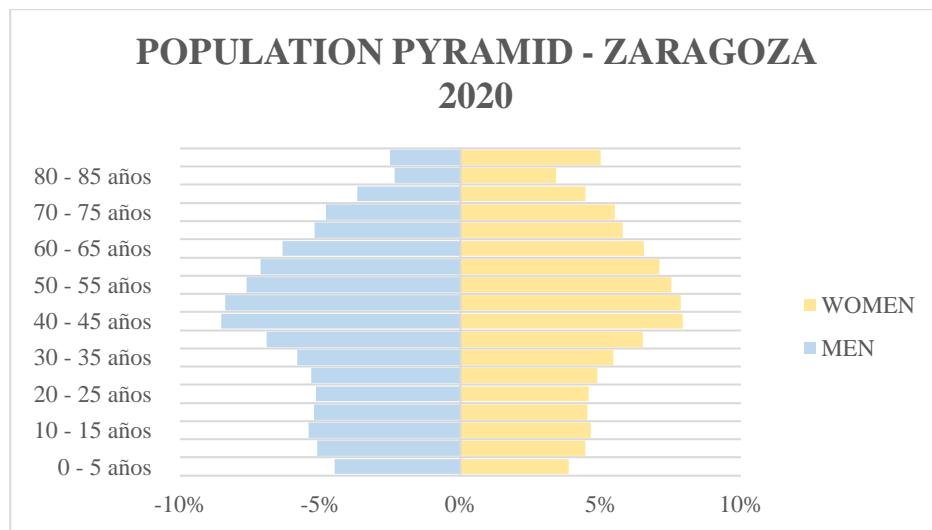
| YEAR | MEN     | WOMEN   | TOTAL   |
|------|---------|---------|---------|
| 2020 | 326,103 | 355,774 | 681,877 |
| 2019 | 322,626 | 352,371 | 674,997 |
| 2018 | 319,177 | 347,703 | 666,880 |
| 2017 | 318,419 | 346,519 | 664,938 |
| 2016 | 317,555 | 343,553 | 661,108 |
| 2015 | 319,795 | 345,158 | 664,953 |

Table 2. Number of inhabitants of Zaragoza

Source: own creation according to <https://www.foro-ciudad.com/zaragoza/zaragoza/habitantes.html#EvolucionTabla>  
(Foro Ciudad, 2021)

As can be seen from the above table, Zaragoza has undergone through an increase in the number of inhabitants in recent years, closing 2020 with 681,877 inhabitants.

Regarding the structure of the population according to age and gender shown in Graph 2, the following information is obtained:



Graph 2. Population pyramid Zaragoza of 2020

Source: own source according to <https://www.foro-ciudad.com/zaragoza/zaragoza/habitantes.html#EvolucionTabla>  
(Foro Ciudad, 2021)



As it will be seen in Figure 1, Swift's target group are children, teenagers, university students, adults etc. Therefore, looking at the above graph, it can be said that Swift focuses on a range of people who is between 14 and 25 years of age, which represents 14'74% of the total population, 681.877 inhabitants.

Now a comparison of Spanish and Aragon's GDP per capita evolution is presented in the following tables:

| YEAR | GDP PER CAPITA | VAR.GDP PER CAPITA (%) |
|------|----------------|------------------------|
| 2020 | 23.690 €       | -10,40%                |
| 2019 | 26.430 €       | 2,60%                  |
| 2018 | 25.770 €       | 3,20%                  |
| 2017 | 24.970 €       | 4,10%                  |
| 2016 | 23.980 €       | 3,30%                  |
| 2015 | 23.220 €       | 1,90%                  |

Table 3. Spanish Annual GDP per Capita

Source: <https://datosmacro.expansion.com/pib/espana-comunidades-autonomas/ragon>  
(Datosmacro, 2021)

| YEAR | GDP PER CAPITA | VAR.GDP PER CAPITA (%) |
|------|----------------|------------------------|
| 2019 | 28.727 €       | 2,60%                  |
| 2018 | 28.007 €       | 3,40%                  |
| 2017 | 27.087 €       | 4,20%                  |
| 2016 | 25.985 €       | 4,50%                  |
| 2015 | 24.874 €       | 2,30%                  |
| 2014 | 24.308 €       | 1,10%                  |

Table 4. Aragon's Annual GDP per Capita

Source: <https://datosmacro.expansion.com/pib/espana-comunidades-autonomas/ragon>  
(Datosmacro, 2021)

“Even worse was the services sector, the hardest hit sector of the economy, which lost 15.6% of its business, the biggest collapse since the National Statistics Institute (INE) began its records in 2000.” ..... “The biggest falls were recorded during the first state of alarm (that of confinement, which coincided with the second quarter) and the losses diminished as the year progressed. In the last quarter of 2020, the year-on-year decline in industrial business was around 4%, while in services it was 12%, weighed down by the second wave of contagions.” (Daniel Lara, 2021).

From the tables 3 and 4, and the data provided by the IAE (Instituto Aragonés de Estadística), it can be concluded that the evolution of GDP per capita<sup>2</sup> in Aragon 2020 runs parallel to the national GDP per capita (Var PIB per capita from 2019 to 2020 is -7'4%) ( Estimación de crecimiento de Aragón, 2021).

From the data presented in tables 3 and 4, from graph 2, and from the two statements written by Daniel Lara, it can be inferred two main statements. Both the Spanish economy and the sector where Swift operates (service sector) are going through a tough situation and Swift's target audience is only 15% of the total population of Zaragoza.

<sup>2</sup> Gross domestic product (GDP) per capita is the standard measure of the value added created through the production of goods and services in a country during a certain period per person.



Given that, Swift must always be ready to make rapid changes within its business model, to be able to adapt to the volatile situation all economies are going through, as it counts with a very small margin of the population.

Now, in order to better define Swift's main customers, customer's needs and the main tools that it makes use of, I am applying a management criterion, known as Abell criteria, a three-dimensional schematic. This will help me to better discuss its main competitors and substitutes, depending on the Strategic Business Unit (from now on they will be mentioned as SBU).

Swift's main customers are children, teenagers, adults, school/university teachers and companies, whose main needs are teaching quality, pass official English exams, improve their English skills, learn a new language, resume English studies or experience a full language immersion. In order to satisfy those demands, Swift offers intensive courses and conversational classes either in teams or individually, which are taught by native teachers (who apply Swift's method).

Based on what I have mentioned, the Abell model will have the following appearance:

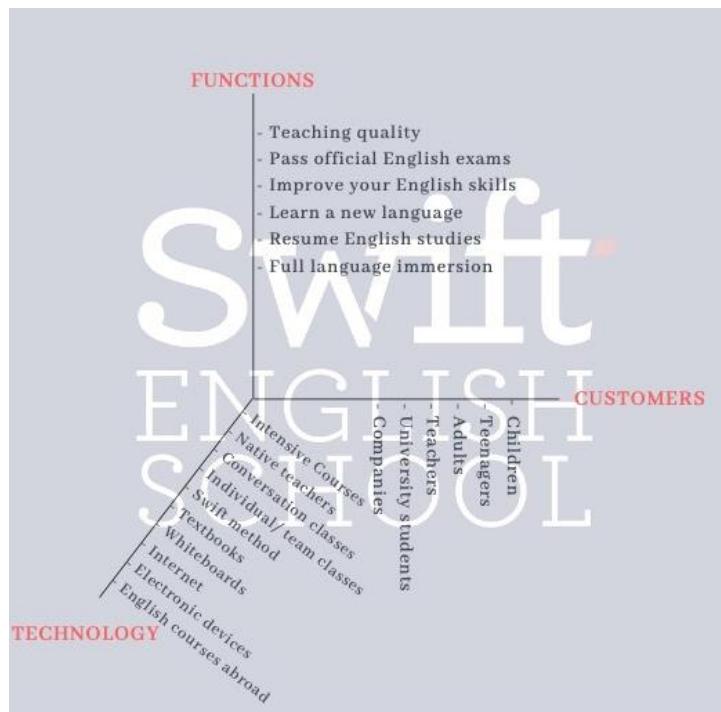


Figure 1. Abell Model

Both competitors and substitutes, will be later on analyse in deep within section 4.2 with the use of Porter's model.



## 4. EXTERNAL ANALYSIS

### 4.1. Analysis of the macroenvironment (PESTEL analysis):

In this section I am applying a strategic business tool, known as PESTEL, in order to be able to evaluate and point out which external factors are relevant for Swift, which might be political, economic, social, technological, environmental or legal. These factors may affect Swift business performance in a positive or negative way. The former will be considered as opportunities and the later as threats.

#### 4.1.1 Political factors

These types of factors refer to anything related to the politics of each country, the world and relation to the country. Some examples might be type of government leadership as it affects the decisions made by the Board of Education, tax laws, policies and tariffs a government levies over a trade.

In Spain, there exists some requirements which anyone must meet in case of opening a new business. For example, **requirements to be self-financing and self-managing**.

These two aspects are related to what involves being a freelance in Spain. Nowadays, it is costly to become one in this country due to the high fiscal policies pressures they suffer (obliged to pay social security even though you have no income at all). Spain is one of the most expensive countries for becoming a freelancer (Swaan, 2021).

The person who decides to start his/her own business, has to face a large amount of costs. They face a large initial outlay in most cases, pay taxes and fees, apart from the payment of the monthly contribution as a self-employed person. In Spain, freelances pay each month around 29% of the basis of quotation that has been chosen (minimum: 932.70€/month or maximum: 3,803.70 €/month). The majority choose the minimum basis; therefore, the monthly fee amounts to 275 €, paying in addition the personal income tax and VAT. While in the United Kingdom, the minimum fee payable is 14, if the monthly income does not exceed 600€, and this increases progressively depending on the income received. Even better conditions exist in Ireland, where there is no monthly or annual registration fee. The amount to be paid is 4% of the tax revenue (gross revenue minus expenses or €500, whichever is higher). They have health care, contributory State pension, maternity benefit, adoption benefit and widow's pension (José Antonio Fernández Navarrete, 2021).



In Spain, there also exist **requirements before opening a business**, it is necessary to have an “Opening License” which is also costly and involves inspections of the premises in order to meet the legal requirements. You also have to deposit in a bank account an amount of money, which will vary according to the share capital required in each case (for a private limited company (S.L) the minimum is 3,000€ and for a public limited company (S.A) the capital may not be less than 60,000 euros (Juan Carlos Vicente, 2021).

Therefore, these factors could be considered as a threat.

The recruitment of British native teachers one of Swift’s greatest preferences (they represent a 70% of Swift’s workforce), because of geographical distance and due to the high population of England compared to smaller countries such as Ireland, Scotland or Wales. Therefore, the unexpected result of the Brexit Referendum, has reduced the possibility of being able to easily contract them (certified native British teachers) as much paperwork will be required. “The exit from the EU entails the possibility of native teachers from the UK being asked to have work permits, which they have not needed until now as citizens of the EU.” (González, 2017). This **unstable British political situation** is a factor which negatively affects Swift, and any other private English school located in Spain, where the majority of their employed teachers are native British. Therefore, it can be considered then as a threat.

#### 4.1.2 Economic factors

Economic factors are those affecting the economy and the condition it is in. Some examples are interest and inflation rates, fiscal policies, wages, price evolution, unemployment rate. The ones I have found which may directly affect Swift are:

Due to **Covid-19 global pandemic**, the rules of the game have completely changed. This situation has left many people unemployed overnight and many others with temporary employments (ERTE contracts). In the fourth quarter of 2020, Spain was one of the countries with the highest unemployment rates in the European Union, 16.2% (Forte, 2021).

In the following graph Spanish unemployment evolution (from 2020 to 2021) can be observed:

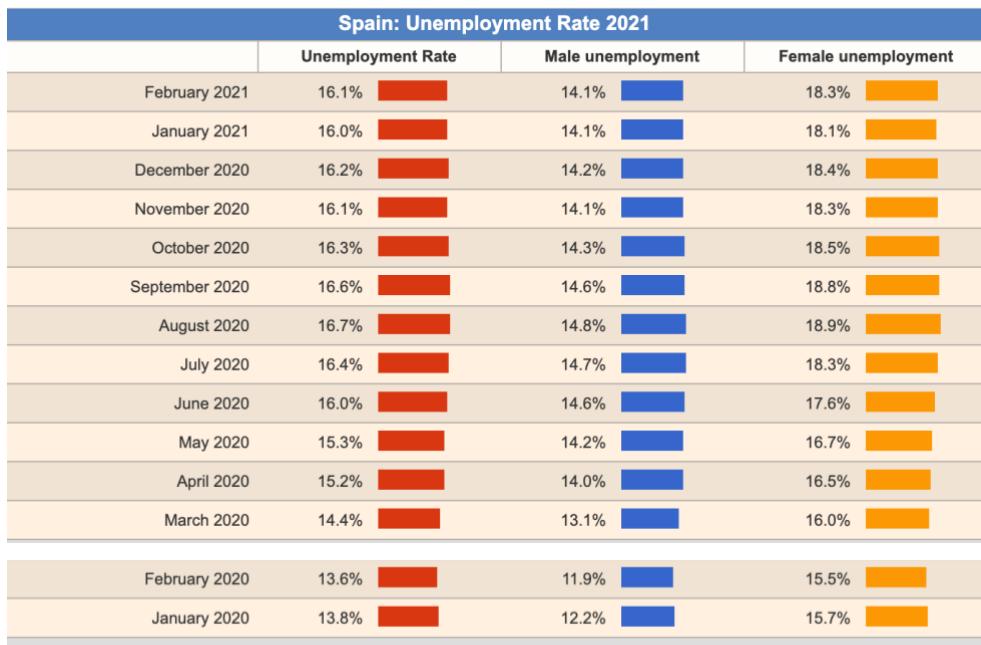


Figure 2. Unemployment rate in Spain 2020-2021

Source: <https://countryeconomy.com/unemployment/spain?sc=LAB->  
(Countryeconomy, 2021)

This unemployment has led many families to being forced to reduce as many “unnecessary” costs (leisure time costs, children’s extra-scholar activities, private language school enrollment...) as possible. Therefore, Swift, as a non-essential service, suffered a great reduction in the number of students (approximately 80% less) and consequently reduction in income, being then unable to pay the 100% of its employees’ wages. Since September 2020 Swift has almost recovered the number of students (approximately 20% less students than before the pandemic) which they had before the lockdown. The number of students is constantly increasing as people in general are becoming more and more accustomed to the new normality which includes, sanatory restrictions, obligatory use of masks and social distancing. However, this factor has been one of the major threats Swift has suffered in the last year. Swift, as in any other business, has been forced to adapt to the Pandemic situation, with strict reduction in forum, health and prevention measures etc. Thanks to the purchase of diverse electronic devices (tablets, laptops, televisions, and individual zoom accounts for all its teachers), Swift has been able to offer to its students the possibility of online classes. Even though, these purchases have involved high costs (around 5,000€ in technology and a monthly cost in zoom licenses of 200€), they have also meant the chance for Swift to reinvent its

business model. However, although this factor (unexpected global pandemic) can be seen as a kind of “threat”, it can be seen more as an opportunity.

Regarding the large number of the **native English teachers** who apply for jobs in Spain, do so on a **temporary basis** and often move on to other cities or countries in their early working careers. This can create a situation for Swift whereby the initial selection and training process can be costly as it need to be constantly repeated with new teachers, more or less on a yearly basis. This turnover represents approximately 30% of the staff on a yearly basis. This high turnover in staff factor can be considered an economic threat.

**Globalisation** is another factor which is affecting to Swift. This international development has increased the need for learning new languages, especially English, nowadays there are 379 million-odd native English speakers and 753 million people who speak it as a second language (Lane, 2019).



Figure 3. The most spoken languages in the world

Source: <https://www.babbel.com/en/magazine/the-10-most-spoken-languages-in-the-world>  
(Lane, 2019)

Therefore, this factor can be considered both as an opportunity and as a threat.

Nowadays, more and more people are obliged to learn English as it is required for an increasing number of job positions and for being accepted at Universities. This increases the growth opportunities for language academies as their target audience is constantly increasing. However, this factor can also be seen as a threat as this increasing need for learning new languages may also increase the possibility of new entrants within the industry as they might notice this market opportunity. This threat will definitely affect the rivalry within the sector



and completely change the game. Prices, current leading positions, level of rivalry will be definitely be affected.

#### 4.1.3 Social/cultural factors

Every country has a unique mindset. Business services and sales might be affected by these various outlooks. For example, lifestyle changes, income allocation, changes in societal values, immigration. For the company under study, I have found the following:

**Covid-19 global pandemic** has influenced people's lifestyles (radical changes) and minds, it has created new forms of doing business and it has created the necessity to reinvent business's models in order to remain operative and maintain their position in the market. The emergence of new learning technologies has meant paying increasing attention to flexible learning and interactive e-learning technologies. Swift, as any business, has been affected by this situation but thanks to its flexibility in its response to this threat, it has been able to successfully adapt to it. This is why this factor now does not need to be considered as one its major threats.

Increasing **emphasis on creating bilingual semi-private schools**. "Biggest threats for language learning today as the common European framework really gain credibility around the world I've seeing an increasing number of institutions and ministries of education setting targets on the common European framework without fully appreciating how long it takes to get to that level – it's threat because we're effectively setting the teachers and the learners up to fail because they won't be able to reach that level by the end of the secondary education" by Mike Mayor Director of Global Scale of English within Pearson English (Mayor, 2019).

This can be considered as an opportunity for private academies such as Swift who are currently working to improve the level of both teachers and students who need a higher level of English in order to keep up with the requirements of the Board of Education in both Primary and Secondary education.

#### 4.1.4 Technological factors

With technological external factors, I am referring to: R&D activity, technology awareness, innovation level etc. In this case current technologies and technological trends are being evaluated based on their effect on business conditions. So, for Swift's case, the most significant technological external factors founded are:



**Technology developments** have been crucial, especially after the appearance of the Global Pandemic we are living. Due to high tech, Swift had been able to adapt to this unexpected and complicated situation without any further difficulties. For example, during the lockdown, face-to-face classes were substituted by online ones, enabling the continuity of the courses without any interruptions. However, the **proliferation of new technologies** has also helped to create false expectations (learner mind-changing). Nowadays, people think that with technologies it would not be necessary to employ that much time, when in reality everyone still need to employ time to master a language (Mayor, 2019). Being this factor then considered as one of the biggest challenge/threats.

Nowadays, anyone can easily collect all the information he/she wants. **Big Data** has been extremely helpful (considered as an opportunity) especially for teachers, as they can now effortlessly collect all the information needed towards personalisation to really immediately identify possible strengths and/or weaknesses of their students (Mayor, 2019).

#### 4.1.5 Legal factors

Legal factors may affect both the internal and external environment of any company. Legal and regulatory environments might affect the policies and procedures of an industry/corporation, and can oversee employment, safety and regulations. The ones which may affect Swift are employment laws, consumer protection, industry specific regulations etc.

The imposition of certain laws regarding contracts, social security and taxes plays an important role in managing a company such as Swift. These rules and regulations mean that Swift needs to contract an external company, to manage all of these legal aspects, to keep up to date with the constantly changing labour rules, high taxes and high social security costs. An example of these rules could be the obligation on behalf of the company to contract their teachers on a permanent basis after two years working in the company. This causes a huge expense on a yearly basis in an industry which has a temporal activity (little work during summer holidays), considering then this **employment laws** as a threat.

#### 4.2. Analysis of the microenvironment (Michael Porter's 5 forces analysis):

This section is aimed at defining Swift's microenvironment. In order to do that, I am making use of Michael Porter's five forces Analysis. That is, to analyse the positive or negative influence the suppliers, customers, competitors, substitutes industries and threats of new entrants that Swift has for its main strategic business unit, the preparation courses for official exams. The reason behind my decision of focusing this analysis on this strategic business unit is because, it is the one that has greater importance for Swift by far, in financial terms, since it is the one that annually generates more revenue (see Table 1) and because it is the service by which this academy is really known for. In the following figure, it can be observed the structure that I am following.

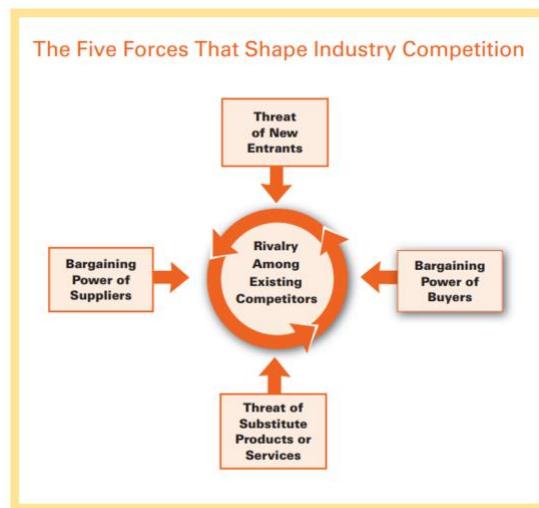


Figure 4. Porter's Five Forces  
Source: class notes from Strategic Management

In this analysis the main force analysed is the level of competition within an industry (rivalry among existing competitors), the other four forces are the bargaining power of suppliers within the industry, the bargaining power of consumers (students) within the industry's marketplace, the threats of new entrants to the marketplace and the threats of consumer opting for substitute products.

##### 4.2.1 Bargaining power of suppliers

In relation to the bargaining power of suppliers, there exists some indicators that might give an idea on how intense this force can be. When discussing Swift's suppliers, I am referring to



publishers specialized in language learning materials. Due to the high number of publishers which can be found within this industry, it can be inferred that the supplier's structure is low concentrated and that their corresponding market shares are also low.

Swift's major supplier is the Cambridge University Press, the publishing division of the University of Cambridge, one of the world's leading research institutions and winner of 81 Nobel Prizes (Jstor, 2021).



**CAMBRIDGE**  
UNIVERSITY PRESS

Being Cambridge University Press the main and only one learning materials Swift supplier, it can be concluded that the bargaining power of suppliers is a medium-high force in the marketplace for Swift.

Another type of supplier Swift has, is the suppliers of its own services, the teachers. Swift has never found problems in hiring new teachers, it counts with a large list of good reviews from past employees, regarding its hiring policies and terms of contracts. From this, it can be concluded that the bargaining power of this specific suppliers is a relatively weak force in the marketplace for Swift.

#### 4.2.2 Bargaining power of customers

Before analysing the negotiating power of the clients, it should be mentioned that it depends on 3 main aspects, on the volume of customers that the company currently has, on the services (standardised or not) offered and on the exchange costs.

Regarding Swift's consumers as presented in *Figure 1. Abell Model*, it can be inferred that the individual profiles which can be found within the specific SBU under study are teenagers, adults and university teachers, all of them willing to pass an Official Certificate exam for whatever the circumstances they could have.

Swift English School is a well-positioned and considered one of the best academies within the industry where it operates due to its brilliant results. Swift has been for 10 years now, leading with the highest passing rate (85% of its students) (SWIFT English School, 2021). This is the reason behind why hundreds of customers choose its service and are willing to pay a high premium for the quality of its services, regardless of the price.



Nowadays, Swift has around 680 students signed up for preparation courses for official exams, a standardised service that many English academies offer. Even though, the exchange cost for the students is low, quality exchange is higher, as not many academies offer neither the same variety for this type of courses nor the same service quality. From this fact, it can be concluded that the bargaining power of Swift's customers is medium-low.

#### 4.2.2 Rivalry among existing competitors

When discussing about rivalry among the existing competitors, references are made to the rivalry between those English academies, which offer preparation courses for official exam service, that are already performing their activities within the industry.

The greater the number of companies within the industry, the greater the rivalry will be. Therefore, if there exists a high rivalry degree within an industry, it will endanger the profitability of the company, which will be also detrimental for the rest of enterprises operating in it.

The most direct competitors regarding this SBU are Andy Cameron English, Britannia and Sprake School.

Andy Cameron English is one of the English language schools best rated in Zaragoza, it has 5 out of 5 stars in its google reviews. It is the only English language school which offers a flexible payment system (9€/hour), "You pay only if you attend to class" (Andy Cameron English, 2021). This academy is focused on the preparation for Cambridge official exams, leaving discard the possibility to prepare TOEFL and TOEIC exams, which are highly demanded within the academic field, especially in the United States (more than 8,500 universities in 130 countries require this certification) (Era Formación, 2021).

Britannia is an academy specialised in language teaching since 1993. Currently, it has four locals spread all over Zaragoza, enabling the coverage of the most strategic areas of the city and allowing them to reach a greater number of students. Its price per hour is 9'5€. Britannia, like Andy Cameron, is just specialised in the preparation of Cambridge official exams, especially in one of them, the FCE (Britannia, 2021).

Last but not least we have Sprake School, an academy with more than 38 years of experience, located, as Swift, in a strategic area of the Zaragoza, the city centre (two minutes away from Economics and Business Faculty). Sprake School in contrast to the above mentioned, offers a



wider variety of courses for different official exams, Cambridge, Trinity College, ETS (TOELF) and IELTS (Sprake School, 2021) as Swift does. It charges approximately 7'25€ per hour.

Based on what I have just mentioned and with regards to the services that these academies offer and the type of needs they satisfy to their consumers; it can be said that both Andy Cameron and Britannia are considered weak rivals regarding this business unit. This is why there exists a more intense rivalry between Sprake School and Swift, as both offer the possibility of preparing their students for different and varied types of official exams.

| ACADEMY       | PRICE (€)/HOUR <sup>3</sup> |
|---------------|-----------------------------|
| Swift         | 9'16 €                      |
| Andy Cameron  | 9 €                         |
| Britannia     | 9'5 €                       |
| Sprake School | 7'25 €                      |

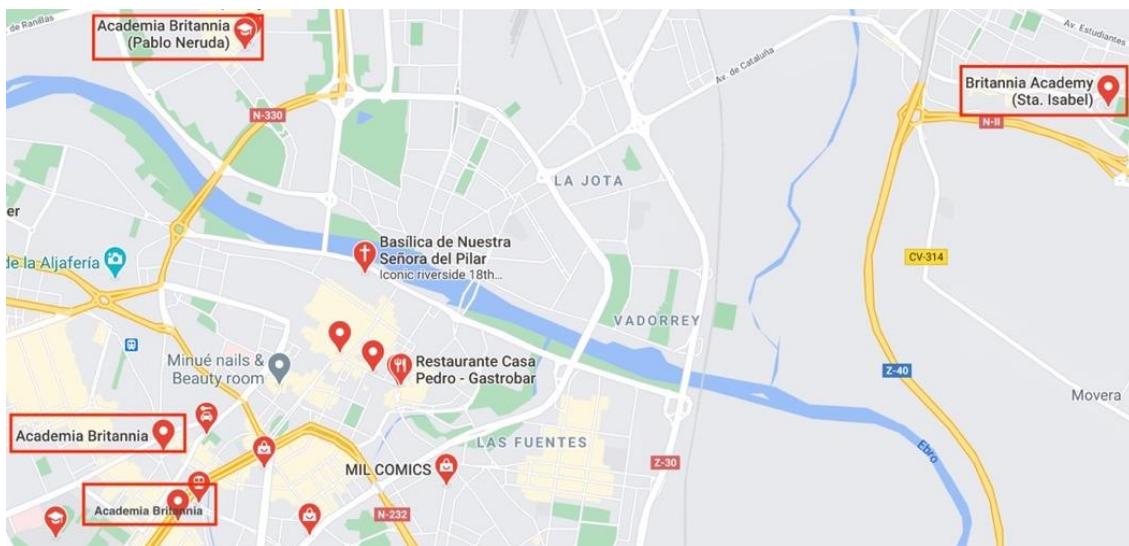
*Table 5. Average price (€) per hour  
Source: own creation*

As it can be observed from the table above, competition with regard to prices is very important, since they all offer products at very similar prices. This fact, which reduces the switching costs for consumers, creates the rivalry among these existing competitors.

However, based on the size of the locals Britannia is the one that could do more competition to Swift, since it has four premises spread across Zaragoza, comparing to the two of Swift.

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<sup>3</sup> Price per hour for group classes.



*Figure 5. Geographical location of Britannia*

Source: Google maps

However, if you look at the geographic position of each one, it can be seen in Figure 6 that Andy Cameron and Britannia, in terms of proximity, are the ones who would be doing the most competition to Swift

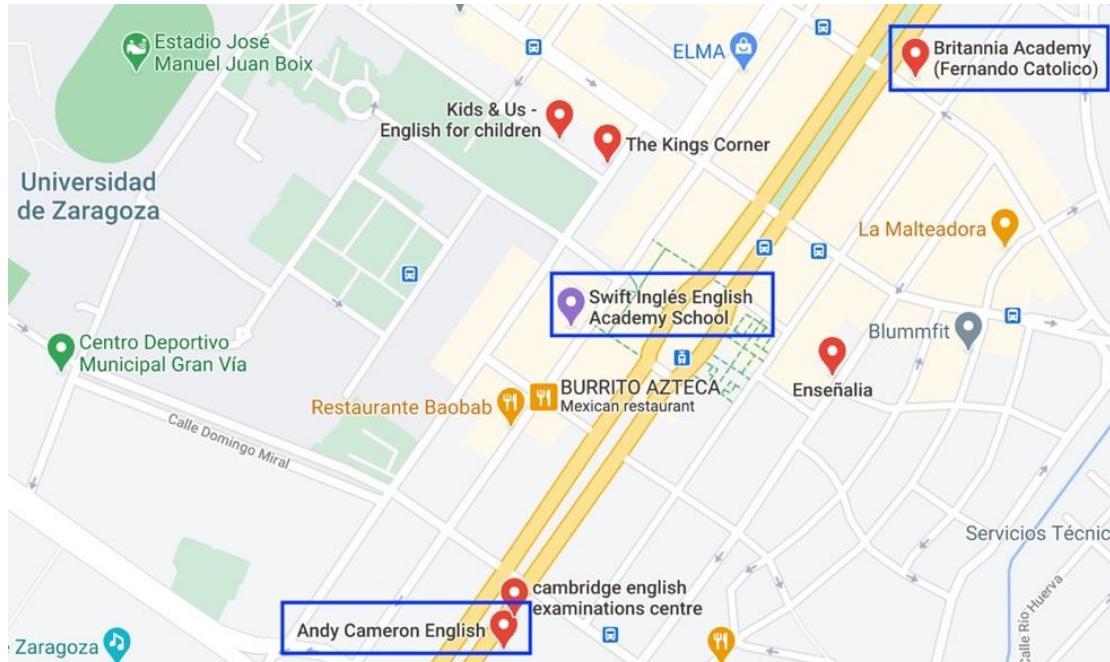


Figure 6. Geographical location of swift, Britannia and Andy Cameron

Source: Google maps

Finally, if we take into account the pace of growth of this industry, it can be observed that every time there is a new language academy, thereby increasing rivalry and reducing the market share of existing ones.



In conclusion, the level of competition among the major academies which directly compete with Swift within the education industry (preparation courses for official exams), can be considered high.

#### 4.2.3 Threat of new entrants

When talking about the threat of new entrants, we refer to the menace that new competitors might generate to current players within an industry. New entrants in an industry bring new capacity and the desire to gain market share. The importance of these threats mainly depends on the facility and/or difficulty that an entrant may face when throwing themselves into the market. With this I am referring to the barriers that exist when entering a certain industry. The higher these barriers are, the smaller the threat for existing businesses. Some examples of barriers might be customer loyalty toward the brand, need of cumulative experience, initial capital requirements etc.

As I have mentioned in Section. 1, there is an increasing demand for the services these type of academies offer. This fact attracts new entrants due to the market opportunities this industry presents.

Regarding the education service, the following barriers could be established. First of all, in relation to the need for cumulative experience, the majority of new entrants are of recent constitution, so none of them are yet consolidated within the market, contrary to the established academies which already have their market positioning and prestige gained. This helps the established companies to be able to transmit confidence to their customers and create long-term relationships, increasing therefore customer loyalty. This is possible as they count with prestige awards, recognised by Cambridge, Oxford...etc. This fact complicates the entrance to new entrants in the market.

From this, it can be concluded that the threat for new entrants is low.



#### 4.2.4 Threat of substitute products

The existence of products outside of the common product boundaries increases the propensity of customers to switch to alternatives. In order to discover these alternatives, every service that satisfies a similar need for customers should be taken into account. This force might also affect an industry's profitability and should therefore be taken into account when evaluating the industry's attractiveness.

English is the most internationally spoken language in the world and the most demanded one by businesses when hiring candidates. Taking this into consideration, we see that speaking English is essential and it will be mastering a third language which will differentiate you from the rest. It has to be born in mind that, the languages to learn will be different, depending on the company and the sector. Some of the most demanded ones in job offers, after English, are German and French followed by Italian and Portuguese. However, due to the opening of new markets that make imports and exports with China continue to increase (Official statistics show that exports grew by 50.1% year-on-year, reaching 395,360 million euros during the first two months of 2021) (El comercio internacional de China se dispara durante el primer bimestre, 2021), makes languages like Chinese, Russian, Arabic or Japanese becoming highly desirable requirements in certain jobs.

This generates a new market opportunity, new academies focused on the teaching of the languages above mentioned, increasing then the threat of substitute services.

## 5. INTERNAL ANALYSIS

### 5.1. Resources and Capabilities

Any organisation, when performing their activities, needs a series of resources and capabilities. These ones can be classified into tangible, intangible and human. In the following figure, it can be observed a more detailed classification.

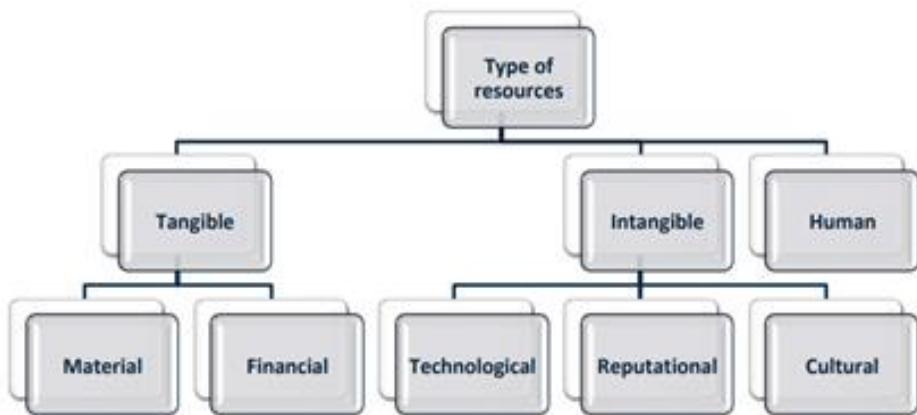


Figure 7. Resources' classification  
Source: class notes from Strategic Management

This section will not differentiate between Swift's three strategic business units, because although the service offered varies, the resources used are practically the same.

Tangible resources are characterised by being easily observed and measured, as they physically exist, through the financial data provided by companies. They are divided into material/physical and financial.

Regarding the company under study, both types of resources can be identified. On the hand, we have **material resources**, which are related to size, location, technical sophistication, premises etc. Therefore, these resources cover the local as a whole and within it, the counter, classrooms, the CEO's office as well as teachers' ones, teaching materials and all furniture, which are necessary to carry out Swift's activity. Table 6 collects Swift's inventory of its two premises.



|   | NUMBER |
|---|--------|
| <b>FURNITURE:</b>                         |        |
| ⇒ Tables                                  | 31     |
| ⇒ Chairs                                  | 91     |
| ⇒ Bins                                    | 16     |
| ⇒ Stereos                                 | 2      |
| ⇒ Water dispenser                         | 1      |
| ⇒ Cupboards                               | 14     |
| ⇒ Shelves                                 | 14     |
| ⇒ Computers                               | 5      |
| ⇒ TVs                                     | 5      |
| ⇒ Boards                                  | 2      |
| ⇒ Plants                                  | 13     |
| ⇒ Photocopiers                            | 1      |
| ⇒ Clocks                                  | 13     |
| <b>BOOKS:</b>                             |        |
| ⇒ A1/kids books                           | 121    |
| ⇒ A2                                      | 49     |
| ⇒ B1                                      | 98     |
| ⇒ B2                                      | 84     |
| ⇒ C1                                      | 57     |
| ⇒ C2                                      | 31     |
| ⇒ Dictionaires                            | 3      |
| <b>OTHER BOOKS:</b>                       |        |
| ⇒ Business                                | 24     |
| ⇒ ILEC                                    | 6      |
| ⇒ IELTS                                   | 17     |
| ⇒ TOEIC                                   | 1      |
| ⇒ BEC                                     | 2      |
| ⇒ TOEFL                                   | 6      |
| ⇒ ESP                                     | 5      |
| <b>LIGHTNING:</b>                         | 68     |
| <b>AIR CONDITIONING (control centre):</b> |        |
| ⇒ Air conditioning ceiling vents          | 7      |
| ⇒ Air conditioning wall vents             | 9      |

Table 6. Swift's inventory  
Source: own source according to Swift English School



On the other hand, we have **financial resources**, which reveals the financial statements of a company and therefore they refer to cash and cash equivalents, accounts receivable, stocks, bank deposits, debt position and capability to generate funds.<sup>4</sup>

Now, looking at intangible resources, which are those that do not physically exist (making more difficult their evaluation and measurement), are mainly based on information and knowledge. It can be distinguished between technological, reputation and culture.

**Technological resources**, include the technologies and know-how available for the company to provide its services. It can be said that this company has a medium-high technological level, especially after Covid-19 pandemic. Swift counts with 10 tablets and 6 laptops, a well-developed website and 12 zoom licenses. Also, as mentioned in Section 2, Swift has a special method to teach classes, known as Swift Speaking Solutions (a method where books are closed and students have to answer questions, using vocabulary, learned structures, prepositions and everything in the right order), it enables students to get used to the style of the classes quickly, learn to speak fluently, with good pronunciation, intonation and rhythm.

On the other hand, **reputation** refers to the prestige of the firm perceived by its consumers and suppliers. From day one Swift has tried to satisfy its students' needs (in terms of results and teaching quality) and it could be said that over the years it has far surpassed their expectations. Today it counts with 4.3 stars in google reviews and with 10 years of experience, being one of the leading English academies in Zaragoza in terms of passing rate.

Another aspect that should be mentioned is how Swift has been able to meet with the health standards required during this health crisis, making people feeling safe when they attend to the classes.

Over the years, Swift has made several partnerships with various well-known companies, such as Cambridge University Press, the University of Zaragoza and several secondary schools, which has helped it to make itself even more visible to future possible clients. In addition, it has recently made a partnership with Sociedad Deportiva El Tiro de Pichón.

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<sup>4</sup> Due to the lack of updated data, I have not been able to conduct a proper analysis of the actual situation of the company.



Last but not least, we have **culture**, an intangible resource which refers to the values and beliefs that are shared by the organisation and they persist over time. As mentioned in Section 2, Swift is committed to providing excellence in its teaching and guidance of their students towards their goals, in a pleasant ambience where respect and integrity are the primary values of all the staff.

**Human resources** refer to people's knowledge, training, experience, capabilities, motivation, adaptability, reasoning, and decision-making skills that they can offer to the company. As mentioned before, Swift offers high native teaching quality to its students. All teachers hired by Gemma are native, who must have a teaching certification and at least some years of teaching experience. For this reason, it could be said that the qualification of the teachers together with the performance of the administration department and continuous improvements of the activity, contribute together to a high satisfaction of its student's needs.

Regarding the capabilities, which refer to managerial skills aim at directing company's resources as a whole, the following can be highlighted.

**Capability to positioned as leader within the sector.** As I have mentioned several times, Swift enjoys a leading position within the market, which would not have been possible without its brand equity. Brand equity helps a company to sustain its market leading position and customer base. It comes from trust and perfect customer experiences. Swift has always remained leader in terms of customer focus and an example for others to imitate. It is known for its "obsession" with strong customer relationship, which has helped Swift to build a strong equity. The result is: high level of popularity and students as well as easy recall.

**Loyalty capability.** Due to consistent focus on quality and customer convenience, Swift has been able to build a large customer base and strong customer loyalty. Swift has a large number of loyal customers, who have mad used of several services.

**Capability to adapt to new forms of advertising.** Marketing is a key source of competitive advantage for any brand that apart from driving sales also helps the brand achieve a distinct and differentiated identity. Over the years, apart from building a distinct image for itself and a great reputation as a high-quality English academy, Swift has been able to successfully catch on with the trending forms of promotion and advertisement.

These are some of Swift English School resources and dynamic capabilities, which will later on (in section 5.2) be analysed. This will allow us to know if they provide a competitive advantage to the academy or not.

To conclude this section, it is important to emphasise that resources are not productive by themselves, as it is necessary to have the existence of skills that combine them and thus generate value for the company activity.

## 5.2. VRIO Analysis

Through this analysis, any company can identify which of the resources and capabilities used by Swift may help it to achieve a sustainable competitive advantage. A firm is able to achieve such competitive advantage when it is capable of executing a strategy that cannot be developed or duplicated by its rivals. In order to know if those resources/capabilities are able to generate a sustainable competitive advantage, the VRIO analysis evaluates four conditions that should be satisfied by the resources: Valuable (V), Rare (R), costly to Imitate (I), and Organized to capture value (O).

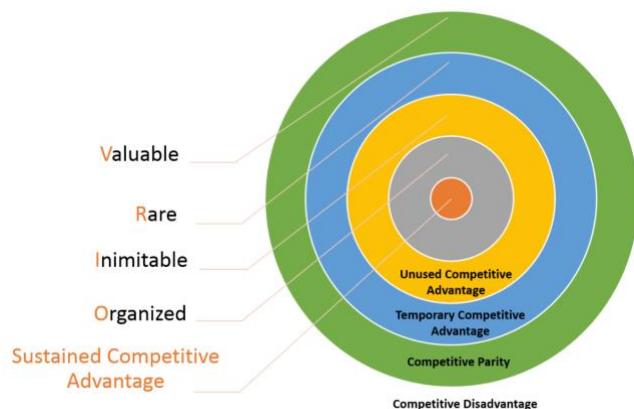


Figure 8. VRIO analysis' variables  
Source: <https://www.clearpointstrategy.com/vrio-framework/>  
(Rachel Smith, 2018)

In order to know if Swift's resources are valuable, the following questions should be given a thought, Does Swift offer a resource that adds value for customers? Is Swift able to exploit an opportunity or neutralize competition with an internal capability? Within the material resources, it is worth highlighting its **location**, given that it is located in a strategic point of the city, at the exit of the university area and close to several schools. Another resource that needs to be mentioned is Swift's **reputation**, as it gives too much importance to constantly improve



its customers' perception of its services, trying to meet their needs in the best possible way. This resource is complemented by the wealth of experience it has gained during this last 10 years.

Looking now at rare resources, we should think about which of the Swift valuable resources are hard to find yet in demand for the rest of its competitors? Regarding the resources above mentioned, it can be stated that within the technological resources, **Swift's teaching method** is a valuable and rare method which no other English academy applies to their teaching strategy as it is based on internal knowledge which no one from the outside of the company has access to.

When talking about inimitable resources, we should ask ourselves if our organization's resources are expensive to duplicate and if it is difficult to find an equivalent substitute to compete with your offerings? The "own way" Swift has to be able to provide a good education service to its customers, which is similar or even a better service than those offered in this market, gives it a competitive advantage and thus a distinctive strength and competence. And here, it should again be mentioned Swift's teaching method, as it is based on core competences that just Swift has.

Last but not least, we have the organisational structure. Does Swift have organised management systems, processes, structures, and culture to capitalize on resources and capabilities, enabling it to take advantage of a sustainable competitive advantage?

Swift counts with ten years of experiences and a high trained and qualified workforce (administration, teaching and marketing department) that is capable of capturing value from its resources and capabilities, enabling Swift to successfully satisfy its students' needs.

With regards to Swift's capabilities, in the following table it can be observed which of them, based on a VRIO analysis, generate a sustainable competitive advantage to Swift.



| Resource/Capability                                  | Valuable | Rare | Inimitable | Organized | Type of competitive Advantage? |
|--|----------|------|------------|-----------|--------------------------------|
| Location   | YES      | NO   | NO         | YES       | Competitive Parity             |
| Reputation   | YES      | YES  | YES        | YES       | Competitive Advantage          |
| Swift's teaching method                              | YES      | YES  | YES        | YES       | Competitive Advantage          |
| Capability to positioned as leader within the sector | YES      | YES  | YES        | YES       | Competitive Advantage          |
| Strong customer loyalty capability                   | YES      | YES  | YES        | YES       | Competitive Advantage          |
| Capability to adapt to new forms of advertising      | YES      | NO   | NO         | YES       | Competitive Parity             |

Figure 9. VRIO Analysis – Resources and Capabilities

Source: own creation

According to all this, we can conclude that not all Swift's capabilities generate a sustainable competitive advantage (a long-term competitive advantage achieved by the use of resources and capabilities which are valuable, rare, difficult to imitate, and the company has capacity and organisation enough to capture that value) as not all of them satisfy the four necessary conditions established by the VRIO model.

## 6. EXTERNAL ANALYSIS CONCLUSIONS:

### 6.1. Competitive strategy

A competitive strategy details the goal-directed actions managers take in their quest for competitive advantages when competing in a single product/service market.

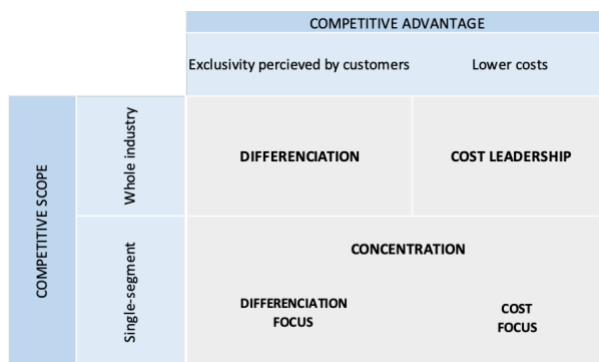


Figure 10. Competitive strategies

Source: own creation

Regarding the above figure, it can be identified two different ways of achieving a competitive advantage, through a cost leadership or differentiation strategy, which can be applied to a single segment of the market (concentration) or to the whole market.

The source of competitive advantage of Swift is “Exclusivity perceived by customers” for the service offered and the competitive scope is a single segment. This is why, it can be stated that Swift clearly follows a differentiation strategy for a specific segment (teenagers, adults and university teachers, all of them willing to pass an Official Certificate exam).<sup>5</sup> This means that, although Swift offers services that might be considered similar to the rival's ones, its services have certain attributes that make customers perceive them as unique and exclusive and therefore be willing to pay a higher price for them. Through this strategy, Swift seeks to achieve greater market power, giving it the possibility in the future to raise its prices without being worried about its possible demand reduction.

From the very beginning since Swift's creation, the message transmitted to its students has been the opportunity to attend to exclusive high native quality teaching courses, which will assure you to pass any official exam.

<sup>5</sup> In order to determine the strategy employed by Swift, I am taking as reference the same strategic business unit as in Section 4.2 (preparation courses for official exams). Therefore, it has to be taken into account that Swift might be applying other competitive strategies for other different SBU.



However, no matter what, Swift has to bear in mind that, there could be a change in consumers' demands, therefore when this happens, it must adapt its strategy to the changing preferences of its customers if it does not want to reduce its turnover.

## 7. SWOT and CAME Analysis + Proposal lines of action:

The swot analysis is a framework used to evaluate a company's competitive position and to develop strategic planning. As the name suggests an analysis of the strengths and weaknesses that the company has, and of the opportunities and threats found within the environment where it operates and which therefore are out of its control, will be conducted in this section, in order to have an overall clear assessment to be able to make strategic decisions. Whereas CAME (correct, adapt, maintain and explore) analysis is a supplementary methodology to the SWOT analysis, which provides guidelines to act on the aspects found in the situation diagnoses obtained previously from the SWOT matrix (Figure 11).

|               | Strengths  | Weaknesses  |
|---------------|--|---|
| Opportunities | How can managers use their strengths to take advantage of opportunities? | How can managers overcome weaknesses that impede firms taking advantage of opportunities? |
| Threats       | How can managers use strengths to reduce the impact of threats?          | How can managers overcome weaknesses that cause threats to become reality?                |

Figure 11. SWOT questions  
Source: class notes from Strategic Management

If we pay attention to the **strengths**, it can be found the following. On the one hand, we have brand identity. As mentioned in Section 5.2, it is one of the Swift's capabilities which generates it a sustainable competitive advantage, which comes from trust and perfect customer experiences. This is also linked to its cumulative experience. From the beginning Swift has tried to improve every possible aspect (organisation of classes timetables in order to avoid any overlapping situation, teaching methodology, furniture layout etc.) in order to get closer to "perfection", to be able to better satisfy its students' needs and to be able to adapt to any changes within the environment, both internal and external.



Another strength that needs to be mentioned is related to its owner, a native Irish woman. This can be considered as a strength as she has much more contacts with both English and Irish native people, facilitating therefore the recruiting process and ensuring high teaching quality.

With reference to **weaknesses**, it should be highlighted Swift's marketing. Even though Swift takes advantage from word-of-mouth marketing, this is not enough especially nowadays where social media has been gaining much importance within the digital marketing world. Swift should take a look to Number 16 School marketing strategy, a strong campaign focused mainly on social media, such as Instagram and Facebook. This is an excellent way to increase your visibility, generating therefore more probabilities to grow your customer base.

Regarding to the **opportunities** offered by the market, which have to be taken into account by Swift, we have the following. The most important one is the actual barriers to enter to this market, as it reduces the threat of new entrants and therefore Swift's market share is not affected. Besides, taking into account the actual size of Swift (it counts with two premises) and the growth opportunities within the market, it would be advisable for Swift to think about another area of Zaragoza where it could open new premises in order to increase its coverage rate and to become more popular.

Another opportunity offered by the market which Swift could take advantage of is social media. Thanks to it, Swift can easily attract new potential customers through a cheaper marketing and make others to get to know it.

At the same time, some **threats** are affecting Swift. The major one is, as for the majority of businesses, the actual Covid-19 pandemic. This health crisis has created the need for tight restrictions in terms of limited capacity, safety distances, timing and mobility restrictions, reducing therefore the number of students signed, the allowed number of students per class, the number of classes taught per day etc.

Another threat has to do with a seasonal demand. Swift, as an English academy has higher demand during the academic year than it has during summer. Therefore, Swift (Gemma) tends to struggle a bit more during the summer season as it still has to pay for social security taxes (freelance) when it is generating lower income, compare to the rest of the year.

Therefore, the SWOT analysis conducted for Swift will be as the one presented below.



|               | STRENGTHS  | WEAKNESSES   |
|---------------|--|--|
| OPPORTUNITIES | Swift makes use of its <b>cumulative experience</b> which positions it at an advantage over its competitors and new entrants when taking advantage of any opportunities the market has to offer. | Generate more activity within its social websites by <b>hiring a specialist</b> in digital marketing in order to catch on with cutting-edge marketing. |
| THREATS       | Swift's <b>flexibility</b> and <b>adaptability</b> enables it to possible changes occurring within the service sector.   | In order to not become its promoting activity obsolete, Swift should create a stronger campaign <b>focused on digital marketing</b> .                  |

Figure 12. Swift's SWOT analysis

Source: own creation

In order to proposed additional recommendations and future lines of actions, based on the SWOT analysis previously conducted, a CAME must be conducted.

| CORRECT   | ADAPT  |
|---|--|
| Make weaknesses <b>disappear</b> .<br>To do this, we must take measures so that they cease to exist, or so that they no longer affect us negatively.                    | <b>Prevent threats from becoming weaknesses.</b><br>Measures must be taken to respond to each of weakness (prevent a risk from happening, reduce its impact, act to make it disappear...). |
| MAINTAIN  | EXPLORE  |
| Take steps to <b>avoid losing</b> our strengths.<br>The aim is to maintain our strengths and strengthen them so that they remain a competitive advantage in the future. | <b>Create</b> strategies and action plans.<br>Turn opportunities into future strengths.  |

Figure 13. CAME analysis

Source: own creation accoring to <https://www.pdcahome.com/8391/analisis-came/> (Jorge Jimeno Bernal, 2016)



Given the amount of cumulative experience Swift counts with, it should be able to adapt to the new forms of cutting-edge marketing, digital marketing. By this I mean the possibility of generating more activity and content on social websites, such as on its Instagram and Facebook accounts. In order to do this, Swift could hire a digital marketing specialist, whose responsibility will be focused in increasing the number of visits to the website, as well as its social networks, thus generating greater visibility on the network, that it is among its target market.

Also, this cumulative experience might help Swift to take advantage from growth opportunities, since it has much more insight information with regard to the market, student demands, strategic areas of the city, rivals and competition prices.

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