

SWOT Analysis – Strengths – Weaknesses – Opportunities – Threats

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1. Introduction

A SWOT analysis is a method for describing your business (or your business proposition) in terms of those factors that have an impact.

- **Strengths**
- **Weaknesses**
- **Opportunities**
- **Threats**

Essentially, you nominate the strengths and weaknesses of the business (its internal resources and capabilities), then you identify the opportunities and threats it faces (factors external to the organisation in most cases).

This is an easy, understandable way of identifying key issues and communicating them to others, using a simple four-cell grid.

Strengths	Weaknesses
Opportunities	Threats

The exercise is quite simple, by listing the factors in the relevant boxes. Strengths and Weaknesses are internal factors; the quality (or lack of quality) of your product or the skills (or lack of skills) of your management for example.

Opportunities and Threats are external factors, for instance the development of a whole new market or opportunity or the impact of the competition.

2. Getting Started

It is important to first identify the “scope” of the analysis. There are many potential areas you could be looking at regarding your business. Here are a few examples to get the thinking process started:

- Starting up a new business
- Looking at the existing business from a high level
- Exploring a new or existing product or service line
- Focusing on the human resources and productivity of the organisation
- Targeting the leadership and/or management capabilities
- A particular new opportunity
- Reframing how you look at a particular business problem or challenge (such as increasing productivity or profit)

Once agreed on the scope, you and/or your team can start listing the factors for each section of the grid.

Some individuals and businesses find this process works better when led by an external un-biased facilitator. The reason for this is to assist the SWOT team to not get too bogged down in conversation around the lists, but to focus first on creating the list and then analysing the data later.

If you are doing this exercise without a facilitator, it may be useful to set some structure or even “ground rules” up front. Namely, brainstorm first, and analyse afterward.

The next pages list some questions to help guide you through the process. Of course, please try to also think beyond this list, and even “out of the box” and be creative in your approach.

3. Strengths

Consider the strengths of the company, product, services, and resources through these questions:

- Brainstorm adjectives that characterise your company and of its people, writing them down as quickly as people say them.
- What are you doing well?
- What has been behind any successes to date?
- Why do customers say they enjoy doing business with you?
- What distinct advantages does your company offer?
- What are your capabilities?
- What is your Unique Selling Point(s) – USP's
- What are your resources?
- What are your assets?
- What are the strengths based on your people?
- What experience, knowledge and data do you have?
- What are your financial reserves?
- What are your likely future financial prospects and why do you believe they are strong?
- What marketing strengths do you have, including reach, distribution, brand awareness, etc?
- Where are you innovative?
- How does your location/geography prove a strength?
- What about price, value, quality?
- What are your qualifications, awards, credentials?
- What processes, including technology, are in place which are a strength?
- How does cultural diversity, attitudes and behaviours fit in?
- Are you a values-based organisation and what positive affects does this create?

You may wish to write a series of concise strength statements which summarise your answers to the above questions.

4. Weaknesses

A weakness (or opportunity for development if you'd like a more positive term) is something that seriously impedes a business' effective performance. It could be a limitation or deficiency in resources, skills or capabilities. It's asking the question, "What can be improved?"

It's important to look at this from both an internal and external view.

- What can be improved?
- What are the gaps in the capability?
- What are the gaps in the leadership?
- What are the gaps in the day-to-day management?
- What are the gaps in process?
- What are the gaps in technology?
- What are the gaps in resources and/or their availability?
- Are there any gaps in competitive strength?
- Are there any disadvantages of the proposition?
- Are there any gaps in reputation, presence and reach?
- Are there any gaps financially, and/or in financial management?
- Where are the vulnerabilities?
- What are the timescale and deadline pressures? Are they unrealistic to the current environment? What makes them unrealistic or unachievable?
- Are there any gaps related to vendors, partners, alliances, employees, resources in terms of access, availability and/or performance?
- What are the distractions?
- How reliable is reporting data, or the process in general? Do you have the information you need to effectively manage?
- Are there any gaps in morale and/or commitment?
- Are there any gaps in credibility, qualification, accreditations?
- Is there a succession plan (if yes, a strength, if no, a weakness)?
- Are there any gaps in knowledge and/or skill?
- Are there any gaps in how knowledge is shared?
- Are there any gaps in leveraging cultural diversity?
- Are there any gaps in living to the organisation's values?
- Are there any big "problems" that if left un-addressed would have catastrophic consequences?
- What are your customers saying about you that you're not happy with?
- What does your competition say about themselves compared with you that indicates you have a gap?

You may wish to write a series of concise strength statements which summarise your answers to the above questions.

5. Opportunities

Where are the openings and opportunities for your business, team or even down to the individual situation or person? In most cases, this conversation typically starts with looking at marketing issues.

- What is the current market landscape?
- What is the competition doing that you're not?
- What markets haven't been targeted yet?
- Are there any gaps in the market that are ideal for you to address?
- What are the competitor's vulnerabilities?
- Are there any industry or lifestyle trends you could be tapping into if you increased your awareness and knowledge?
- Are there any technology developments, solutions and innovations you could be exploring?
- Is there a niche market out there for you?
- Can you leverage off of geographical, export or import opportunities?
- Are there any new Unique Selling Points (USP's) you haven't considered before? Or even if you have before but didn't pursue them, is now the right time?
- Are there any major client, vendor, partner, alliance opportunities that you could be targeting AND following through with right now? If not now, when?
- Are there any new products or services you could be offering?
- What difference or impact would it make if you packaged some of your products or services?
- What difference or impact would it make if you unbundled some of your products or services and offered them independently?
- What new information and/or research is available and how could you use it?
- What other influences do you need to be considering at the moment? Anything from volume, production, economies, seasonal, environmental, social?

You may wish to write a series of concise strength statements which summarise your answers to the above questions.

6. Threats

Threats are key impediments to the business' current or desired position. What are the more obvious obstacles in your way, both actual and potential?

This is also a time to look at your worse-case scenarios, weighing threats against opportunities to question and consider how possible damage and/or risks can be overcome, bypassed or restricted.

- Are there any political influences / effects?
- Are there any legislative influences / effects?
- Are there any economic influences / effects?
- Are there any environmental influences / effects?
- How about the health of key stakeholders?
- How about the reliability of information technology and other systems?
- Is there only one person who knows how to do a critical task?
- What are your competitor's intentions, particularly regarding your business? Could any of them cause damage to you?
- Are there any market demands, or changing needs that could negatively affect you?
- Are your vital contracts and partners secured, or is there a risk they could leave? If there is a risk, do you understand what's behind it?
- What would the impact be if you lost key staff?
- What major obstacles exist?
- Is there financial sustainability?

You may wish to write a series of concise strength statements which summarise your answers to the above questions.

7. Using the SWOT data

There is little point beyond raising awareness, for carrying out a SWOT analysis if you don't do anything with the data that comes from it.

- For each category, you can sort the items you've listed by relative importance.
- You may then want to resort them in terms of reality, or in other words, those items you have evidence for versus those which you think may simply be a perception.
- Finally, trim the list to no more than five or six items for each category, prioritising them while eliminating duplicates and closely-related items. Your summary statements here can link a number of things together.

The aim of a SWOT analysis is to identify the critical issues in any situation and to organise them in a way that enables you to come up with a sound strategic approach. The outcome may also allow you to:

- Build on strengths
- Minimise weaknesses
- Seize opportunities
- Counter threats

This leads to further questions:

- How can strengths be used to take advantage of opportunities?
- How can strengths be used to avoid or defuse threats?
- How can weaknesses be overcome to take advantage of opportunities?
- How can weaknesses be overcome to counteract or minimise threats?

Finally, the most important step is **TAKE ACTION!**

Create a strategic plan, assign people to tasks and hold them accountable to dates and measures. Lead the team to achieve the necessary and desired outcomes. There has to be more action than talk, otherwise the next time you do a SWOT you'll potentially be listing "lack of follow-through" as a weakness.

8. Get Coached

If there's any part of this process you feel is outside your current skill or capability level, including how to strategically plan the actions to take, you may wish to consider engaging a business coach to assist.

Acknowledgements

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