

SWOT Analysis

How to conduct a SWOT Analysis – excerpted from BPlans.com

Conducting a SWOT analysis of your business is a lot more fun than it sounds. It won't take much time, and doing it forces you to think about your business in a whole new way.

As you might have guessed from that last sentence, S.W.O.T. is an acronym that stands for **Strengths, Weaknesses, Opportunities, and Threats**. A SWOT analysis is an organized list of your business's greatest strengths, weaknesses, opportunities, and threats.

The point of a SWOT analysis is to help you develop a strong business strategy by making sure you've considered all of your business's strengths and weaknesses, as well as the opportunities and threats it faces in the marketplace. Existing businesses can use a SWOT Analysis at any time to assess a changing environment and respond proactively. In fact, we recommend conducting a strategy review meeting twice a year that begins with a SWOT Analysis. Do a SWOT Analysis when a shift occurs. If something big is changing in your business, it's time to do a new SWOT report. Maybe you just took on a big client and plan to increase your revenue, or maybe your industry is facing some major shifts. When a noticeable change like this happens, it's always a good idea to reevaluate where your business stands.

Strengths and weaknesses are internal to the company (think: reputation, staff expertise, location). You can change them over time with some work. Opportunities and threats are external (think: suppliers, competitors, prices, changing environment)—they are out there in the market, happening whether you like it or not. You can't change them, but you can use your Strengths and Opportunities to counter Weakness and Threats.

What's next after conducting a SWOT? You can then conduct a TOWS:

A list of strengths, weaknesses, opportunities, and threats makes for a handy business guide, and you'll want to take this exercise one step further to create strategies and plans to improve your business.

The exercise you're about to do is called a TOWS analysis. It helps you make connections between each quadrant of your analysis. You'll work around the square, combining information to create actionable strategies. Here's how:

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

Example of a completed SWOT Analysis

SWOT Analysis for Sedibeng Breweries

Strengths	Weaknesses
<p>Financial position: We have a strong capital base with \$1.8 in retained earnings.</p> <p>Marketing: Aggressive and focused marketing campaign with clear goals and strategies.</p> <p>Management team: Together have wide experience in product and business know-how. Matt worked at Smith Brewery 11 years.</p>	<p>Not tech-savvy: Establishing a reputation on the internet will be challenging.</p> <p>Quick expansion: There are a lot of new hires to train and organizational structures to learn.</p> <p>New: Don't have the reputation or money for big breweries.</p>
Opportunities	Threats
<p>Packaging: New generation of consumers appreciate high-end bottling and labels.</p> <p>Craft beer niche: There is a growing community of craft beers appreciators in Colorado.</p> <p>Government programs: Promotions of and initiatives to support Colorado exports.</p>	<p>Vertical integration: Major breweries are establishing control of supply and distribution channels to corner the market.</p> <p>Price fluctuation: Huge fluctuations in prices of supplies may occur.</p> <p>Competitor market: Competition could develop expensive new marketing campaigns.</p>

SWOT Analysis for Haley's Vintage Hats

Strengths	Weaknesses
<p>Expertise: Founder has 15 years experience selling and creating hats.</p> <p>Low capital requirements: Low overhead to start an Etsy store, and high customer reach.</p> <p>Stock: Founder owns a collection of rare vintage hats to replicate.</p>	<p>Time: Right now it's just the founder doing everything.</p> <p>Marketing: Founder does not have a marketing background.</p>
Opportunities	Threats
<p>Etsy partnership: Co-promote with other Etsy vintage fashion sellers.</p> <p>Interns: Hire an apprentice milliner.</p> <p>Education network: Maximize partnership with alma mater, the Art Institute of Philadelphia.</p>	<p>Server error: Etsy store could crash.</p> <p>Supplier-dependent: Fabric supplier of unique vintage fabric could go out of business/stop supplying.</p> <p>Potential competition: A competitor could knock us off the market.</p>

How to Conduct a SWOT Analysis

Now that you know what a SWOT Analysis looks like, the next step is conducting your own.

To get the most complete, objective results, a SWOT Analysis is best conducted by a group of people with different perspectives and stakes in our company. Management, operations, sales, customer service, and even customers can all contribute valid insight. Moreover, the SWOT Analysis process is an opportunity to bring your team together and encourage participation in our company's resulting strategy.

Team members can individually complete a SWOT Analysis and then meet to discuss, brainstorm and compile the results. As you work through each category, don't be too concerned about elaborating on ideas at first; bullet points may be the best way to begin. Just capture the factors you believe are relevant in each of the four areas.

Once you are finished brainstorming, create a final, prioritized version of your SWOT Analysis, listing the factors in each category in order from highest priority at the top to lowest priority at the bottom.

Steps

Conduct the SWOT in this order:

1. Strengths
2. Weaknesses
3. Threats
4. Opportunities. The reason Opportunities are done last is so you match Threats with an Opportunity. There are Opportunities that probably already exist in the business that could be used to counter a Threat so try to think first what we already have in the quiver.

Tips

1. Be truthful. It probably goes without saying, but if you're not truthful during this process, the entire analysis won't be effective.
2. Allow for feedback. As you're brainstorming, make sure everyone feels comfortable sharing. You may not always agree, but it's best to talk them through.
3. Stay focused. You want to hear many viewpoints, but when you get several people in a room, time can get away from you. Keep the group on task.
4. Be open-minded. It's likely someone will bring up something that you hadn't thought of, or disagree with. When it happens, don't be judgmental.
5. Be critical of your business. Now isn't the time for rose-colored glasses, now is the time for pure honesty. Be prepared to look at your business inside and out critically.
6. Remember, every business has weaknesses. When you're finished talking about the negative aspects of your business, you might feel a bit deflated. Remember, every business has weaknesses. This exercise is just part of a larger process that will help you better understand your business.
7. Threats exist, don't panic. Listing threats may cause some anxiety, but remember that all businesses have threats. It's better to know about threats than it is to turn a blind eye to them.
8. Do your research. Finding answers to some of these questions might require some digging. Don't be afraid to make some calls, set up meetings, and do research to gauge upcoming changes.
9. Be creative. To find an opportunity where your competitors are lacking will take skill and creativity. Don't be afraid to think outside the box when you're listing possible opportunities.
10. Keep your SWOT handy. Keep your list in an accessible spot.

SWOT Analysis

For (state here what department, business line or other you are assessing): _____

IE: Business Line, Department, New Business, etc.

1. Strengths

2. Weaknesses

4. Opportunities

3. Threats

Questions to ask to find your SWOT

Strengths describe the positive attributes, tangible and intangible, of your organization. These are within your control.

- What do you do well?
- What do you do that your competition can't?
- Why do customers come to you?
- What kind of financial resources do you have?
- What are the benefits of your company's space and building?
- Are there vital players in your company's hierarchy?
- What kind of working culture has your company created in the workplace?
- How does your clientele or community view your company?
- How did you achieve your reputation?
- Do you have potential to grow in certain sectors where your competitors don't?

Weaknesses are aspects of your business that detract from the value you offer or place you at a competitive disadvantage

- In what areas does your company struggle?
- Are there reasons that customers select competitors over you?
- Does something specific stop you from performing at your best?
- What condition is your equipment in?
- Are employee programs in place to improve your business? If so, are they working?
- What areas could be improved upon when it comes to workflow?
- Are your competitors growing in ways that you can't?
- What keeps your business from growing?

Opportunities are external attractive factors that represent reasons for your business to exist and prosper.

- Is the economy in your area looking up?

- What new trends could your company take advantage of?
- What kind of timeframe surrounds these new trends? Could it be a long-term opportunity?
- Do you expect an increase in grant funding or financial position this year?
- How will funding changes help your business?
- Do you anticipate a shift in political support this year?
- Are any regulations shifting that could lead to a positive change?
- Are there positive changes happening within any of your outside business relationships?
- Are vendors changing or expanding?
- Has your partner decided to move on, creating an opportunity to work with someone new?
- How is your demographic shifting?
- Is your audience expanding? If so, how can you capitalize on this increase?

Threats are external factors beyond your control that could put your business at risk. You may benefit from contingency plans for them.

- Is the economy in your area in a recession?
- Will the economy negatively impact your customers' ability to make purchases?
- What new trends could hurt your company?
- Is there more competition in your market that's pushing you out?
- Do you anticipate a shift in political support this year?
- Are any regulations shifting that could cost more money or hurt production?
- Are any outside business relationships changing?
- Is there any turmoil with partners or vendors?
- What threats accompany these changing demographics?
- Are your clients and prospects changing in a way that you can't accommodate?