

SWOT Analysis - *an introduction*

SWOT Analysis is a powerful technique for understanding your Strengths and Weaknesses, and for looking at the Opportunities and Threats you face.

- **Discover New Opportunities.**
- **Manage and Eliminate Threats.**

Used in a business context, it helps you carve a sustainable niche in your market.

Ideally it is one step in a process which helps you to

1. appreciate the strengths of a situation, and you may then decide to build on these;
2. define the weaknesses, which you might choose to minimise;
3. make the most of the opportunities that present themselves, and
4. recognise the possible threats and treat them in a planned and organised way.

SWOT analyses are not ends in themselves but a step before some action planning.

Business SWOT Analysis:

What makes SWOT particularly powerful is that, with a little thought, it can help you uncover opportunities that you are well placed to exploit. And by understanding the weaknesses of your business, you can manage and eliminate threats that would otherwise catch you unaware.

More than this, by looking at you company and your competitors using the SWOT framework, you can start to craft a strategy that helps you distinguish yourself from your competitors, so that you can compete successfully in your market.

How to use the tool:

To carry out a SWOT Analysis, answer the following questions:

Strengths:

- What advantages does your company have?
- What do you do better than anyone else?
- What unique resources do you have access to?
- What do people in your market see as your strengths?
- What factors mean that you "get the sale"?

Consider this from an internal perspective, and from the point of view of your customers.

- **Be realistic:**

In looking at your strengths, think about them in relation to your competitors - for example, if all your competitors provide high quality products, then a high quality production process is not a strength in the market, it is a necessity.

Weaknesses:

- What could you improve?
- What should you avoid?
- What are people in your market likely to see as weaknesses?
- What factors lose you sales?

Again, consider this from an internal and external view. Do other people seem to perceive weaknesses that you do not see? Are your competitors doing any better than you? It is best to be realistic now, and face any unpleasant truths as soon as possible.

Opportunities:

- Where are the good opportunities facing you?
- What are the interesting trends you are aware of?

Useful opportunities can come from such things as:

- Changes in technology and markets on both a broad and narrow scale
- Changes in government policy related to your field
- Changes in social patterns, population profiles, lifestyle changes, etc.
- Local events

A useful approach for looking at opportunities is to look at your strengths and ask yourself whether these open up any opportunities.

Alternatively, look at your weaknesses and ask yourself whether you could create opportunities by eliminating them.

Threats:

- What obstacles do you face?
- What is your competition doing that you should be worried about?
- Are the required specifications for your job, products or services changing?
- Is changing technology threatening your position?
- Do you have bad debt or cash-flow problems?
- Could any of your weaknesses seriously threaten your business?

Carrying out this analysis will often be illuminating - both in terms of pointing out what needs to be done, and in putting problems into perspective.

SWOT analyses usually benefit from discussion, get other people's perspectives.

Remember to be realistic and focused on what really happens.

If you're using the SWOT analysis as a serious tool, make sure you're ruthless in the way you apply it:

- **Only accept precise, verifiable statements.**
- **Ruthlessly prune long lists, and prioritize items, only working on the most significant factors.**
- **Make sure that options generated are carried through to later stages in the formation process.**
- **Apply it in the right area's of the company, rather than trying to implement at a company level.**

Strengths and **weaknesses** are often internal to your organization. **Opportunities** and **threats** often relate to external factors.

You can also apply SWOT Analysis to your competitors.

As you do this, you'll start to see how and where you should compete against them.