SWOT Analysis

SWOT analysis (**strengths**, **weaknesses**, **opportunities** and **threats**) is used to evaluate a company's competitive position and to develop strategic planning. It assesses internal and external factors, as well as current and future potential.

- SWOT analysis is a strategic planning technique that provides assessment tools.
- Identifying core strengths, weaknesses, opportunities and threats leads to fact-based analysis, fresh perspectives, and new ideas.
- A SWOT analysis pulls information from internal sources (strengths or weaknesses of the specific company) as well as external forces that may have uncontrollable impacts on decisions (opportunities and threats).
- SWOT analysis works best when diverse groups or voices within an organization are free to provide realistic data points rather than prescribed messaging.
- The findings of a SWOT analysis are often synthesized to support a single objective or decision that a company is facing.

The benefits of a SWOT analysis include the following:

- It makes complex problems more manageable.
- It can be applied to almost every business question.
- It leverages different data sources.
- It might not be very expensive to do.

Strengths

Strengths describe what an organization excels at and what separates it from the competition: a strong brand, loyal customer base, a strong balance sheet, unique technology, and so on.

1. What is our competitive advantage?
2. What resources do we have?
3. What products are performing well?
4. What are we doing well?
5. What is our strongest asset?

Weaknesses

Weaknesses stop an organization from performing at its optimum level. They are areas where the business needs to improve to remain competitive: a weak brand, higher-than-average turnover, high levels of debt, an inadequate supply chain, or lack of capital.

1. Where can we improve?
2. What products are underperforming?
3. Where are we lacking resources?
4. What are our detractors?
5. What are our lowest-performing product lines?

Opportunities

Opportunities refer to favorable external factors that could give an organization a competitive advantage. For example, if a country cuts tariffs, a car manufacturer can export its cars into a new market, increasing sales and market share.

1. What new technology can we use?
2. Can we expand our operations?
3. What new segments can we test?
4. What trends are evident in the marketplace?
5. What demographics are we not targeting?

Threats

Threats refer to factors that have the potential to harm an organization. For example, a drought is a threat to a wheat-producing company, as it may destroy or reduce the crop yield. Other common threats include things like rising costs for materials, increasing competition and short labor supply.

1. What regulations are changing?
2. What are competitors doing?
3. How are consumer trends changing?
4. How many competitors exist, and what is their market share?
5. Are there new regulations that potentially could harm our operations or products?

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