

SWOT Analysis

'Great minds have purposes, others have wishes.'
Washington Irving

A SWOT analysis is a simple, yet highly effective method for conducting an analysis on a business, product or service. Before you try writing a business or marketing plan, it is highly recommended that you first complete a SWOT analysis.

SWOT stands for:

Strengths
Weaknesses
Opportunities
Threats

When completing a SWOT analysis, the aim is to reflect on all aspects of your business's operations. You may wish to do this exercise alone or include your staff, spouse or business advisor. Whether you choose to do it alone or with others, make sure you allow a solid chunk of time to complete the analysis without being interrupted. A SWOT analysis is a brainstorming exercise and to get the best results I suggest you allow yourself at least thirty minutes, or preferably an hour. This allows your mind to free itself of the multitude of thoughts and minor details of day-to-day living. It takes time to get a flow of ideas going, so be patient and allow yourself time. Once you have allotted sufficient time to focus on this exercise it is time to get started.

Strengths

What are your business's strengths?

- Location
- Attractive shop front
- Operating hours
- Industry experience
- Follow-up service

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SWOT Analysis

The first step is to reflect on what you do really well. What is working for you at the moment? Can you consolidate on any of these strengths and make them an even bigger advantage for your business? Try asking yourself the following questions:

- How are you superior to your competitors?
- Why are your products or services so good?
- What is it that makes your business unique?

Weaknesses

Weaknesses need to be understood so you can compensate or improve them. This is not the time to start beating yourself up for being less than perfect. Everyone has weaknesses. Your first task is to identify anything you think you need to improve. These could include:

- Time management
- Marketing strategy
- Certain products or services
- Cleaning up your work environment
- Follow up procedures

Make a comprehensive list and start reviewing which ones you could start transferring into strengths. If you find it difficult to be objective, ask someone you trust for his or her feedback on your perceived weaknesses.

WARNING: You should only take this step if you can avoid becoming defensive or self-deprecating.

Opportunities

The third stage of the analysis process is to look at the opportunities that your business has available. Where could you start gaining an advantage over your competitors? The more you know about what your competitors are doing, the easier it will be for you to see opportunities to create something different and compelling. Another great way to discover possible opportunities is to ask your current customers. They will often have all the answers if you are brave enough to ask the question.

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- What external factors can you take advantage of?
- Are there current resources that are under-utilised?

There are always opportunities. Take the time to brainstorm a comprehensive list and don't censor your ideas. There will be time to eliminate the most impractical ideas later. For now, just get the ideas down on paper.

Threats

Finally, you need to assess any current or future threats to your business. All potential threats should be brainstormed. It is better to be aware of problems that might arise than to be hit with them out of the blue.

This list could include things like changes in legislation, a multinational competitor opening a store or a lack of product due to importing issues. Whatever the possible threats, list them and assess whether they are real or unlikely.

Are there any threats to your current market share? When all areas have been plotted and identified, you will be in a much better position to plan your future.

Take the time to complete this exercise thoroughly as the benefits are very real.

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Action Step

IN RELATIONSHIP TO YOUR DESIRED POSITION, IDENTIFY:	
Strengths that you have	Weaknesses in your business
Opportunities that you can develop	Threats that you face

Now that you have successfully completed the SWOT analysis, take some time to explore ways to consolidate your strengths, minimise your weaknesses, take advantages of the opportunities and be prepared for the threats.

IDENTIFY STRATEGIC PRIORITIES
Priorities should: <ul style="list-style-type: none">• Consolidate a strength• Use a strength to address an opportunity or threat• Use a strength to minimise a weakness or threat• Convert a weakness to a strength• Convert a threat to an opportunity

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