



SWOT ANALYSIS

For business it is important to know your surrounding environment from internal and external point of view. Therefore it is important to evaluate environment opportunities in relation to the strengths and weaknesses of the organization's resources, and in relation to the organizational culture.

The SWOT analysis is a useful technique for understanding all sorts of situations in business and organizations. SWOT is acronym for STRENGTHS, WEAKNESSES, OPPORTUNITIES and THREATS.

SWOT analysis can be used for:

- business planning,
- strategic planning,
- outsourcing a service, activity or resource,
- an investment opportunity,
- a method of sales distribution,
- competitor evaluation,
- marketing,
- an investment opportunity
 - product development,
- research reports,
- etc.

SWOT analysis is one very effective tool for the analysis of environmental data and information – for both, *internal* (strengths, weakness) and *external* (opportunities, threats) factors. It helps to minimize the effect of weaknesses in your business, while maximizing your strengths. SWOT analysis can help you gain insights into the past and think of possible solutions to existing or potential problems — either for an existing business or new venture.



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The SWOT analysis template is normally presented as a grid, comprising four sections Strengths, Weaknesses, Opportunities, and Threats:



INTERNAL FACTORS:

Strengths determine the organization's strong points. These are tangible and intangible attributes (internal to an organization). This should be from both: an internal perspective and external customers. It is a distinctive competence when it gives the firm a comparative advantage in the marketplace.



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Strengths

- Advantages of proposition?
- Competitive advantages?
- USP's (unique selling points)?
- Resources, Assets, People?
- Experience, knowledge, data?
- Financial reserves, likely returns?
- Marketing - reach, distribution, awareness?
- Innovative aspects?
- Location and geographical?
- Price, value, quality?
- Accreditations, qualifications, certifications?
- USP's (unique selling points)?
- Processes, systems, IT, communications?
- Cultural, attitudinal, behavioural?
- Management cover, succession?
- Philosophy and values?

Weaknesses

In which areas might the organization improve? It is important to look at this from both internal and external perspective. You should include customer's opinion and opinion from other clue market players. You should not forget what competitors are doing better than we do.



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Weakness

- Disadvantages of proposition?
- Lack of competitive strength?
- Reputation, presence and reach?
- Financials?
- Own known vulnerabilities?
- Timescales, deadlines and pressures?
- Cashflow, start-up cash-drain?
- Continuity, supply chain robustness?
- Effects on core activities, distraction?
- Reliability of data, plan predictability?
- Morale, commitment, leadership?
- Accreditations, etc?
- Processes and systems, etc?
- Management cover, succession?



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EXTERNAL FACTORS:

Opportunities

An opportunity is a major situation in a company's environment and represents the reason for firm to exist and develop. Useful opportunities can come from: changes in competitive or regulatory circumstances, changes in government policy related to your field technological changes, etc. When you look at opportunities is also good to look at your strengths and also weakness and try to find relation between them.

Opportunities

- Market developments?
- Competitors' vulnerabilities?
- Industry or lifestyle trends?
- Technology development and innovation?
- Global influences?
- New markets, vertical, horizontal?
- Niche target markets?
- Geographical, export, import?
- New USP's?
- Tactics: eg, surprise, major contracts?
- Business and product development?
- Information and research?
- Partnerships, agencies, distribution?
- Volumes, production, economies?
- Seasonal, weather, fashion influences?



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Threats are external factors on which the company doesn't have control. No one likes to think about threats, but we still have to face them: the entrance of new competitors, slow market growth, increased bargaining power of key buyers or suppliers, technological changes, etc.

Threats

- Political effects?
- Legislative effects?
- Environmental effects?
- IT developments?
- Competitor intentions - various?
- Market demand?
- New technologies, services, ideas?
- Vital contracts and partners?
- Sustaining internal capabilities?
- Obstacles faced?
- Insurmountable weaknesses?
- Loss of key staff?
- Sustainable financial backing?
- Economy - home, abroad?
- Seasonality, weather effects?



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A successfully conducted SWOT analysis involves identifying the following:

- The things company does particularly well (strengths) or badly (weaknesses) at present.
- The factors that in the future may give the company potential to grow and increase its profits (opportunities) or may make its position weaker (threats).



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