

SWOT Analysis is a strategic planning technique for understanding your **Strengths** and **Weaknesses**, and for identifying both the **Opportunities** open to you and the **Threats** that your organisation will face.

It is intended to specify the objectives of the organisation and identify the internal and external factors that are favourable and unfavourable to achieving those objectives. Users of a SWOT analysis often ask and answer questions to generate meaningful information for each category to make the tool useful and identify their competitive advantage. SWOT has been described as the tried-and-true tool of strategic analysis.

When to use it

The SWOT analysis provides helpful information for matching resources and capabilities to the competitive environment in which the organisation operates. The model can be used as an instrument for devising and selecting strategy, and is equally applicable in any decision-making situation, provided the desired objective as been clearly defines.

Tip!
Strengths and weaknesses are internal to your organisation, while opportunities and threats generally relate to external factors.



Tool:

Strengths: characteristics of the organisation that give it an advantage over others.

Weaknesses: characteristics of the organisation that place it at a disadvantage relative to others.

Opportunities: elements in the environment that the organisation could exploit to its advantage.

Threats: elements in the environment that could cause trouble for the organisation.

Guidance:

Strengths: characteristics of the organisation that give it an advantage over others.

- What advantages does your organisation have?
- What do you do better than anyone else?
- What unique or lowest-cost resources can you draw upon that others can't?
- What do people in your market see as your strengths?
- What factors mean that you "get the sale"?
- What is your organisation's Unique Selling Proposition (USP) ?

Weaknesses: characteristics of the organisation that place it at a disadvantage relative to others.

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

Opportunities: elements in the environment that the organisation could exploit to its advantage.

- What good opportunities can you spot?
 - What interesting trends are you 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, and so on.
 - Local events.

Threats: elements in the environment that could cause trouble for the organisation.

- What obstacles do you face?
- What are your competitors doing?
- Are quality standards or 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 organisation?

Guidance:

	<i>Strengths</i>	<i>Weaknesses</i>
<i>Opportunities</i>	<p>SO Strategies</p> <p>Use strengths to take advantage of opportunities</p>	<p>WO Strategies</p> <p>Take advantage of opportunities by overcoming weaknesses</p>
<i>Threats</i>	<p>ST Strategies</p> <p>Use strengths to avoid threats</p>	<p>WT Strategies</p> <p>Minimise weaknesses and avoid threats</p>