



LEADERSHIP HEADQUARTERS

SWOT Analysis.

SWOT Analysis (strengths, weaknesses, opportunities and threats) is a useful technique for understanding your Strengths and Weaknesses, and for identifying both the Opportunities open to you and the Threats you face.

Used in a business context, a SWOT Analysis helps you carve a sustainable niche in your market. Used in a personal context, it helps you develop your career in a way that takes best advantage of your talents, abilities and opportunities.

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. By understanding the weaknesses of your business, you can manage and eliminate threats that would otherwise catch you unawares.

More than this, by looking at yourself 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 SWOT ANALYSIS

Originated by Albert S Humphrey in the 1960s, SWOT Analysis is as useful now as it was then. You can use it in two ways, as a simple icebreaker helping people get together to “kick off” strategy formulation, or in a more sophisticated way as a serious strategy tool.

To help you to carry out a SWOT Analysis, write down answers to the following questions.

Strengths:

- What advantages does your organisation offer over competitors?
- 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)?

Consider your strengths from both an internal perspective, and from the point of view of your customers and people in your market. Also, if you're having any difficulty identifying strengths, try writing down a list of your organisation's characteristics. Some of these will hopefully be strengths! When looking at your strengths, think about them in relation to your competitors. For example, if all of your competitors provide high quality products, then a high quality production process is not a strength in your organisation's market, it's 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 basis: Do other people seem to perceive weaknesses that you don't see? Are your competitors doing any better than you? It's best to be realistic now, and face any unpleasant truths as soon as possible.

Opportunities:

- What good opportunities can you spot for your organisation?
- 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.

Threats

- What obstacles does your organisation 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 business?



With the SWOT analysis, be sure to describe the subject (purpose or question) clearly so you remain focused on the central issue. This is crucial when others are involved in the process. People contributing to the analysis and seeing the finished SWOT analysis must be able to understand the purpose of the SWOT assessment and the arising implications.

EXAMPLE OF USING A SWOT ANALYSIS

A start-up small consultancy business might draw up the following SWOT Analysis:

Strengths:

- We are able to respond very quickly as we have no red tape, and no need for higher management approval.
- We are able to give really good customer care, as the current small amount of work means we have plenty of time to devote to customers.
- Our lead consultant has strong reputation in the market.

- We can change direction quickly if we find that our marketing is not working.
- We have low overheads, so we can offer good value to customers.

Weaknesses:

- Our company has little market presence or reputation.
- We have a small staff, with a shallow skills base in many areas.
- We are vulnerable to vital staff being sick, and leaving.
- Our cash flow will be unreliable in the early stages.

Opportunities:

- Our business sector is expanding, with many future opportunities for success.
- Local government wants to encourage local businesses.
- Our competitors may be slow to adopt new technologies.

Threats:

- Developments in technology may change this market beyond our ability to adapt.
- A small change in the focus of a large competitor might wipe out any market position we achieve.

As a result of their SWOT Analysis, the consultancy may decide to specialise in rapid response, good value services to local businesses and local government.

Marketing would be in selected local publications to get the greatest possible market presence for a set advertising budget, and the consultancy should keep up-to date with changes in technology where possible.

EXERCISE: SWOT ANALYSIS

The purpose of this exercise is to learn about applying the concepts of a SWOT analysis. Identify a project in your workplace and complete the SWOT matrix on an A4 sheet of paper.

DIAGRAM: SWOT ANALYSIS

<p>STRENGTHS:</p> <p>What do you do well? What unique resources can you draw on? What do others see as your strengths?</p>	<p>WEAKNESSES:</p> <p>What could you improve? Where do you have fewer resources than others? What are others likely to see as weaknesses?</p>
<p>OPPORTUNITIES:</p> <p>What good opportunities are open to you? What trends could you take advantage of? How can you turn your strengths into opportunities?</p>	<p>THREATS:</p> <p>What trends could harm you? What is your competition doing? What threats do your weaknesses expose you to?</p>

Yes! Your exceptional SWOT.

This SWOT is about you. Why? The key to success is awareness, mindset and focus. What is SWOT? Well, do you know your strengths and are you bringing them to life? Have you got areas of weakness that are over shadowing your strengths? What opportunities are currently in front of you or that you can make for yourself? What is holding you back – mindset, lack of goals or focus or other threats?

S	STRENGTHS & TALENTS
W	WEAKNESSES (DEVELOPMENT AREAS)
O	OPPORTUNITIES
T	THREATS (WHAT IS HOLDING YOU BACK)

Let's FOCUS on actions and solutions. It is time to think about WHY the your SWOT is important to you. Ask yourself, "what would happen if I did something and what would happen it I didn't?"

S

STRENGTHS & TALENTS

Write down how you can focus on bringing them to life.

W

WEAKNESSES (DEVELOPMENT AREAS)

How can you improve & develop them? Are they really weaknesses - do you have data?

O

OPPORTUNITIES

Write down what choices & opportunities you have)

T

THREATS (WHAT IS HOLDING YOU BACK)

What can you do today & tomorrow to overcome, delete or remove these?