

SWOT Analysis

SWOT analysis is a technique which allows an organisation to identify its strengths and weaknesses and consider the opportunities that are available and the threats that it faces.

Consideration of the business' strengths and the opportunities which exist helps an organisation to develop a strategy which it can exploit to maximum advantage.

Identification of the organisation's weaknesses allows it to manage these and minimise their negative impact.

Knowledge of threats to an organisation allows it to prepare strategies for counteracting or eliminating such threats.

INTERNAL

POSITIVE	Strength <ul style="list-style-type: none"> • Innovative products/services • Strong brand position/reputation • Cost advantages • Quality products/service • Staff expertise • Systems and processes • Organisational structure • Effective management 	Weakness <ul style="list-style-type: none"> • Staff resource and skills • Cost and profitability • Product performance • Brand position and range • Infrastructure resource • Pricing • Organisational culture • Geographical location 	NEGATIVE
	Opportunity <ul style="list-style-type: none"> • Changes in consumer taste/fashion • Market factors • Technological advances • Partnerships • Global factors • Cultural factors • Environmental factors • Law • Products/services 	Threat <ul style="list-style-type: none"> • Economic • Lack of financial resources • Bad debt or cash flow problems • Loss of staff expertise • Increasing competition • Political/regulatory factors • Advances in technology • Changing customer tastes 	

EXTERNAL

The factors given in each box are suggestions. Note that Strengths and Opportunities are positive and support the organisation's interests. Threats and Weaknesses undermine the organisation's interests. Opportunities and Threats generally emanate from external sources, whilst Strengths and Weaknesses tend to be internal. Strengths and Weaknesses tend also to relate to the present, whilst Opportunities and Threats tend to relate to the future.

Strengths and Weaknesses should be considered carefully as what may appear as a strength in relation to a specific objective may be a weakness in relation to another objective. Consideration needs to be given to which objective will have the greater effect on the organisation.

Having undertaken a SWOT analysis, it is important to prioritise the factors. Some factors may be more important than others, e.g. a new law requiring an organisation to adopt new practices is usually a high priority as this is dictated by legislation. Changing customer taste/fashion may be a lesser priority, as this may happen over a longer period of time.

Some useful points when considering producing a SWOT analysis:

- Aim to consider the SWOT in relation to a competitor(s). Is the organisation better than or worse than the competitor on specific points?
- Consider the organisation's position now and also where it could be in the future.
- Keep to the key factors and avoid consideration of factors which are 'grey' (i.e. factors which don't clearly sit in one specific quadrant of the above diagram). Keeping it simple will help prioritise the factors which are the most important, or will quickly/readily lead to the desired actions and outcomes.