



## How to use a SWOT analysis to help with your Strategic Planning

SWOT is a planning tool used to understand the Strengths, Weaknesses, Opportunities and Threats involved in a project, idea or business opportunity. It can help analyze the value of a project or opportunity by identifying the internal and external factors that are helpful or harmful. SWOT is best carried out by a cross-functional team of people. If you don't have a broad representation in your company, ask professional friends and representatives of your target market to help.

SWOT analysis is more effective if you first determine a specific objective. Your objective might be to increase sales of a new product, at a strategically lower price, to be 20% of your gross sales for the year. Once you have a specific objective, assess your strengths, weaknesses, opportunities and threats as they relate to that objective.

	POSITIVE/ HELPFUL to achieving the goal	NEGATIVE/ HARMFUL to achieving the goal
INTERNAL <i>factors of the company</i>	<b>Strengths</b> Things that are good now - maintain them, build on them and use as leverage.	<b>Weaknesses</b> Things that are bad now - remedy, change or stop them.
EXTERNAL <i>factors of the environment in which the company operates</i>	<b>Opportunities</b> Things that are good for the future - prioritize them, capture them, build on them and optimize.	<b>Threats</b> Things that are bad for the future - put in plans to manage them or counter them.

A diagram of a SWOT analysis is usually a box with two rows and two columns that create four squares. The two squares at the top are for strengths and weaknesses (your company's internal conditions). Opportunities and threats (external factors) are listed on the bottom row. The left column (strengths and opportunities) contains positive, helpful factors; the right column (weaknesses and threats) contains harmful factors.

Begin by determining and listing your internal strengths and weaknesses.

**Strengths** - The attributes of your company that will be helpful in achieving your objective. These are positive tangible and intangible attributes, internal to a company. They are within the company's control.

**Weaknesses** - Harmful factors that may prevent you from achieving your objective. These are factors that are within a

company's control that detract from its ability to achieve the desired objective. These are areas that a company may want to improve.

When thinking of your strengths and weaknesses, think of marketing (product, price, place, promotion, positioning), personnel, manufacturing, finances, customer base, technology, infrastructure, etc. Your strengths might be an excellent salesperson, a high quality product or a solid infrastructure to deliver. Weaknesses may be a small advertising budget or no marketing staff.

Next, factor in external conditions in the bottom row.

**Opportunities** - Conditions that may help you to achieve your objective. These are positive external factors that represent the reason for a company to exist and grow. What opportunities exist in the environment which will help propel the company? Prioritize them by their time frames.

**Threats** - Harmful and potentially disastrous factors to achieving your objective. These are external factors, beyond a company's control, which could place the company at risk. The company may benefit by having contingency plans to address them if they should occur. Classify them by their seriousness and probability of occurrence.

External conditions include technological changes, social factors, legislation, economic factors, the marketplace and your competition. Your opportunities may be that one competitor has closed or your product is environmentally friendly (and your competitor's is not). Threats may be that overall industry sales are down or your competitor has a lower priced product with more benefits.

SWOT analysis can help you to determine whether your objective is attainable. If not, refine your objective and re-test. After your analysis shows you have an attainable goal, you and your SWOT team should then review your SWOT matrix to create an action plan to address each of the four areas:

- Strengths - need to be maintained, built upon or leveraged.
- Weaknesses - need to be remedied, changed or stopped.
- Opportunities - need to be prioritized, captured, built on and optimized.
- Threats - need to be countered or minimized and managed.

SWOT is a great tool to analyze your most pressing business objectives. Done properly, SWOT will give you the big picture of the most important factors that influence success, as well as a plan of action.