

SWOT



Strength, Weakness, Opportunity, Threat

419 The Parkway # 224, Greer SC 29650
864 641 8131 – info@chvgroup.com

SWOT analysis is a straightforward model that analyzes an organization's strengths, weaknesses, opportunities and treats to create the foundation of a marketing strategy. To do so, it considers what an organization can and cannot do as well as any potential favorable or unfavorable conditions related to the company's products or services.

Importance of SWOT Analysis in Developing Strategy

Often viewed as a key step related to planning, SWOT analysis is deceptively simple despite the immense value it delivers. The system combines information from the environmental analysis and separates it into two components: internal issues (strengths and weaknesses) and external issues (opportunities and threats).

This level of analysis enables an organization to determine whether there are factors present that will aid in the achievement of specific objectives (due to an existing strength or opportunity) or if there are obstacles that must be overcome before the desired outcome can be realized (due to weaknesses or threats).

What is SWOT analysis?

As mentioned above, the process of SWOT analysis evaluates your company's strengths, weaknesses, opportunities and potential threats to provide competitive insight into the potential and critical issues that impact the overall success of the business. Further, the primary goal of a SWOT analysis is to identify and assign all significant factors that could positively or negatively impact success to one of the four categories, providing an objective and in-depth look at your business.

Highly useful for developing and confirming your organizational goals, each of the four categories provides specific insights that can be used to cultivate a successful strategy, including:

Strengths - Positive attributes internal to your organization and within your control. Strengths often encompass resources, competitive advantages, the positive aspects of those within your workforce and the aspects related to your business that you do particularly well, focusing on all the internal components that add value or offer you a competitive advantage.

Weaknesses - Factors that are within your control yet detract from your ability to obtain or maintain a competitive edge such as limited expertise, lack of resources, limited access to skills or technology, substandard services or poor physical location. Weaknesses encapsulate the negative internal aspects to your business that diminish the overall value your products or services provide. This category can be extremely helpful in providing an organizational assessment, provided you focus on an accurate identification of your company's weaknesses.

Opportunities - Summary of the external factors that represent the motivation for your business to exist and prosper within the marketplace. These factors include the specific opportunities existing within your market that provide a benefit, including market growth,

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lifestyle changes, resolution of current problems or the basic ability to offer more value in relation to your competitors to promote an increase in demand for your products or services. One element to be aware of is timing. For example, are the opportunities you're catering to ongoing or is there a limited window of opportunity?

Threats - External factors beyond the control of your organization that have the potential to place your strategy, or the entire business, at risk. The primary and ever-present threat is competition. However, other threats can include unsustainable price increases by suppliers, increased government regulation, economic downturns, negative press coverage, shifts in consumer behavior or the introduction of "leap-frog" technology that leaves your products or services obsolete. Though these forces are external and therefore beyond your control, SWOT analysis may also aid in the creation of a contingency plan that will enable you to quickly and effectively address these issues should they arise.

Turning SWOT Analysis into a Strategic Plan

Once you've established specific values related to your business offerings within the four quadrants of SWOT analysis, you can develop a strategic plan based on the information you've learned. For example, once you've identified your inherent strengths, you can leverage them to pursue the opportunities best suited to your organization, effectively reducing potential vulnerability related to threats. In the same way, by identifying your organization's weaknesses about external threats, you can devise a plan that will enable you to eliminate or minimize them while improving defensive strategies related to your offerings.

It's important to remember that SWOT analysis can be influenced (and often quite strongly) by those who perform the analysis. So, it's a good idea to have an outside business consultant review the results to provide the most objective plan.

EXTERNAL TREATS / OPPORTUNITIES INTERNAL STRENGTH / WEAKNESS	STRENGTH – S LIST STRENGTHS	WEAKNESS – W LIST WEAKNESS
OPPORTUNITIES - O LIST OPPORTUNITIES	SO – STRATEGIES USE STRENGTH TO TAKE ADVANTAGE OF OPPORTUNITIES	WO – STRATEGIES OVERCOME WEAKNESS BY TAKING ADVANTAGE OF OPPORTUNITIES
THREATS – T LIST THREATS	ST – STRATEGIES USE STRENGTH TO AVOID THREATS	WT – STRATEGIES MINIMIZE WEAKNESS AND AVOID THREATS