

# SWOT Analysis

## What Is a SWOT Analysis?

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats, and so a SWOT analysis is a technique for assessing these four aspects of your business. SWOT Analysis is a tool that can help you to analyze what your company does best now, and to devise a successful strategy for the future. SWOT can also uncover areas of the business that are holding you back, or that your competitors could exploit if you don't protect yourself.

A SWOT analysis examines both internal and external factors – that is, what's going on inside and outside your organization. So some of these factors will be within your control and some will not. In either case, the wisest action you can take in response will become clearer once you've discovered, recorded and analyzed as many factors as you can.

In this article, video and infographic, we explore how to carry out a SWOT analysis, and how to put your findings into action. We also include a worked example and a template to help you get started on a SWOT analysis in your own workplace.

## Why Is SWOT Analysis Important?

SWOT Analysis can help you to challenge risky assumptions and to uncover dangerous blindspots about your organization's performance. If you use it carefully and collaboratively, it can deliver new insights on where your business currently is, and help you to develop exactly the right strategy for any situation.

For example, you may be well aware of some of your organization's strengths, but until you record them alongside weaknesses and threats you might not realize how unreliable those strengths actually are.

Equally, you likely have reasonable concerns about some of your business weaknesses but, by going through the analysis systematically, you could find an opportunity, previously overlooked, that could more than compensate.

## How to Write a SWOT Analysis

SWOT analysis involves making lists – but so much more, too! When you begin to write one list (say, Strengths), the thought process and research that you'll go through will prompt ideas for the other lists (Weaknesses, Opportunities or Threats). And if you compare these lists side by side, you will likely notice connections and contradictions, which you'll want to highlight and explore. You'll find yourself moving back and forth between your lists frequently. So, make the task easier and more effective by arranging your four lists together in one view.

A SWOT matrix is a 2x2 grid, with one square for each of the four aspects of SWOT. (Figure 1 shows what it should look like.) Each section is headed by some questions to get your thinking started.

## Figure 1. A SWOT Analysis Matrix.

### Strengths

What do you do well?

What unique resources can you draw on?

What do others see as your strengths?

### Opportunities

What opportunities are open to you?

What trends could you take advantage of?

How can you turn your strengths into opportunities?

### Weaknesses

What could you improve?

Where do you have fewer resources than others?

What are others likely to see as weaknesses?

### Threats

What threats could harm you?

What is your competition doing?

What threats do your weaknesses expose to you?

## SWOT Analysis Template

When conducting your SWOT analysis, you can either draw your own matrix, or use our free downloadable [template](#).

## How to Do a SWOT Analysis

Avoid relying on your own, partial understanding of your organization. Your assumptions could be wrong. Instead, gather a team of people from a range of functions and levels to build a broad and insightful list of observations.

Then, every time you identify a Strength, Weakness, Opportunity, or Threat, write it down in the relevant part of the SWOT analysis grid for all to see.

Let's look at each area in more detail and consider what fits where, and what questions you could ask as part of your data gathering.

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## Strengths

Strengths are things that your organization does particularly well, or in a way that distinguishes you from your competitors. Think about the advantages your organization has over other organizations. These might be the motivation of your staff, access to certain materials, or a strong set of manufacturing processes. Your strengths are an integral part of your organization, so think about what makes it "tick." What do you do better than anyone else? What values drive your business? What unique or lowest-cost resources can you draw upon that others can't? Identify and analyze your organization's [Unique Selling Proposition](#) (USP), and add this to the Strengths section.

Then turn your perspective around and ask yourself what your competitors might see as your strengths. What factors mean that you get the sale ahead of them? Remember, any aspect of your organization is only a strength if it brings you a clear advantage. For example, if all of your competitors provide high-quality products, then a high-quality production process is not a strength in your market: it's a necessity.

## Weaknesses

Weaknesses, like strengths, are inherent features of your organization, so focus on your people, resources, systems, and procedures. Think about what you could improve, and the sorts of practices you should avoid.

Once again, imagine (or find out) how other people in your market see you. Do they notice weaknesses that you tend to be blind to? Take time to examine how and why your competitors are doing better than you. What are you lacking? Be honest! A SWOT analysis will only be valuable if you gather all the information you need. So, it's best to be realistic now, and face any unpleasant truths as soon as possible.

## Opportunities

Opportunities are openings or chances for something positive to happen, but you'll need to claim them for yourself!

They usually arise from situations outside your organization, and require an eye to what might happen in the future. They might arise as developments in the market you serve, or in the technology you use. Being able to spot and exploit opportunities can make a huge difference to your organization's ability to compete and take the lead in your market.

Think about good opportunities that you can exploit immediately. These don't need to be game-changers: even small advantages can increase your organiza-

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tion's competitiveness. What interesting market trends are you aware of, large or small, which could have an impact?

You should also watch out for changes in government policy related to your field. And changes in social patterns, population profiles, and lifestyles can all throw up interesting opportunities.

## Threats

Threats include anything that can negatively affect your business from the outside, such as supply-chain problems, shifts in market requirements, or a shortage of recruits. It's vital to anticipate threats and to take action against them before you become a victim of them and your growth stalls.

Think about the obstacles you face in getting your product to market and selling. You may notice that quality standards or specifications for your products are changing, and that you'll need to change those products if you're to stay in the lead. Evolving technology is an ever-present threat, as well as an opportunity! Always consider what your competitors are doing, and whether you should be changing your organization's emphasis to meet the challenge. But remember that what they're doing might not be the right thing for you to do. So, avoid copying them without knowing how it will improve your position.

Be sure to explore whether your organization is especially exposed to external challenges. Do you have bad debt or cash-flow problems, for example, that could make you vulnerable to even small changes in your market? This is the kind of threat that can seriously damage your business, so be alert.

### Tip:

Use [PEST Analysis](#) to ensure that you don't overlook threatening external factors. And [PMESII-PT](#) is an especially helpful check in very unfamiliar or uncertain environments.

# Frequently Asked Questions About SWOT Analysis

## 1. Who Invented SWOT Analysis?

Many people attribute SWOT Analysis to Albert S. Humphrey. However, there has been some debate on the originator of the tool, as discussed in the [International Journal of Business Research](#).

## 2. What Does SWOT Analysis Stand For?

SWOT Analysis stands for Strengths, Weaknesses, Opportunities and Threats.

## 3. What Can a SWOT Analysis Be Used For?

SWOT analysis is a useful tool to help you determine your organization's position in the market. You can then use this information to create an informed strategy suited to your needs and capabilities.

## 4. How Do I Write a SWOT Analysis?

To conduct a SWOT analysis, you first need to create a 2x2 matrix grid. Each square is then assigned to one of the four aspects of SWOT. You can either draw this grid yourself or use our [downloadable template](#) to get started.

## 5. How Do SWOT Analysis and the TOWS Matrix compare?

While SWOT analysis puts the emphasis on the internal environment (your strengths and weaknesses), [TOWS](#) forces you to look at your external environment first (your threats and opportunities). In most cases, you'll do a SWOT Analysis first, and follow up with a TOWS Matrix to offer a broader context.

## 6. What Are the Biggest SWOT Analysis Mistakes?

- **Making your lists too long.** Ask yourself if your ideas are feasible as you go along.
- **Being vague.** Be specific to provide more focus for later discussions.
- **Not seeing weaknesses.** Be sure to ask customers and colleagues what they experience in real life.
- **Not thinking ahead.** It's easy to come up with nice ideas without taking them through to their logical conclusion. Always consider their practical impact.

**Being unrealistic.** Don't plan in detail for opportunities that don't exist yet. For example, that export market you've been eyeing may be available at some point, but the trade negotiations to open it up could take years.

- **Relying on SWOT Analysis alone.** SWOT Analysis is valuable. But when you use it alongside other planning tools (SOAR, TOWS or PEST), the results will be more vigorous.

## How to Use a SWOT Analysis

Use a SWOT Analysis to assess your organization's current position **before** you decide on any new strategy. Find out what's working well, and what's not so good. Ask yourself where you want to go, how you might get there – and what might get in your way.

Once you've examined all four aspects of SWOT, you'll want to build on your strengths, boost your weaker areas, head off any threats, and exploit every opportunity. In fact, you'll likely be faced with a long list of potential actions. But before you go ahead, be sure to develop your ideas further. Look for potential connections **between** the quadrants of your matrix. For example, could you use some of your strengths to open up further opportunities? And, would even more opportunities become available by eliminating some of your weaknesses? Finally, it's time to ruthlessly prune and prioritize your ideas, so that you can focus time and money on the most significant and impactful ones. Refine each point to make your comparisons clearer. For example, only accept precise, verifiable statements such as, "Cost advantage of \$30/ton in sourcing raw material x," rather than, "Better value for money."

Remember to apply your learnings at the right level in your organization. For example, at a product or product-line level, rather than at the much vaguer whole-company level. And use your SWOT analysis alongside other strategy tools (for example, [Core Competencies Analysis](#)), so that you get a comprehensive picture of the situation you're dealing with.

[Download transcript](#)

## A SWOT Analysis Example

Imagine this scenario: a small start-up consultancy wants a clear picture of its current situation, to decide on a future strategy for growth. The team gathers, and draws up the SWOT Analysis shown in Figure 2.

### Figure 2. A Completed SWOT Analysis.

## Strengths

What do you do well?

What unique resources can you draw on?

What do others see as your strengths? What are others likely to see as weaknesses?

- 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 a 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

What could you improve?

Where do you have fewer resources than others?

What are others likely to see as 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 or leaving.
- Our cash flow will be unreliable in the early stages.

## Opportunities

What opportunities are open to you?

What trends could you take advantage of?

How can you turn your strengths into 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

What threats could harm you?

What is your competition doing?

What threats do your weaknesses expose to you?

- 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 the team's analysis, it's clear that the consultancy's main strengths lie in its agility, technical expertise, and low overheads. These allow it to offer excellent customer service to a relatively small client base.

The company's weaknesses are also to do with its size. It will need to invest in training, to improve the skills base of the small staff. It'll also need to focus on retention, so it doesn't lose key team members.

There are opportunities in offering rapid-response, good-value services to local businesses and to local government organizations. The company can likely be first to market with new products and services, given that its competitors are slow adopters.

The threats require the consultancy to keep up-to-date with changes in technology. It also needs to keep a close eye on its largest competitors, given its vulnerability to large-scale changes in its market. To counteract this, the business needs to focus its marketing on selected industry websites, to get the greatest possible market presence on a small advertising budget.

## Note:

It's also possible to carry out a [Personal SWOT Analysis](#). This can be useful for developing your career in ways that take best advantage of your talents, abilities and opportunities.

# SWOT Analysis Infographic

See SWOT Analysis represented in our [infographic](#):

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## Key Points

SWOT Analysis helps you to identify your organization's Strengths, Weaknesses, Opportunities, and Threats.

It guides you to build on what you do well, address what you're lacking, seize new openings, and minimize risks.

Apply a SWOT Analysis to assess your organization's position **before** you decide on any new strategy.

Use a SWOT matrix to prompt your research and to record your ideas. Avoid making huge lists of suggestions. Be as specific as you can, and be honest about your weaknesses.

Be realistic and rigorous. Prune and prioritize your ideas, to focus time and money on the most significant and impactful actions and solutions.

Complement your use of SWOT with other tools.

Collaborate with a team of people from across the business. This will help to uncover a more accurate and honest picture.

Find out what's working well, and what's not so good. Ask yourself where you want to go, how you might get there – and what might get in your way.

[Download Template Worksheet](#)