

## SWOT Analysis

### Purpose

A SWOT analysis is a structured tool that can aid a business to develop an awareness of the factors, positive and negative, that may affect strategic planning and decision-making. The analysis identifies internal influences – **strengths** and **weaknesses** – and external influences – **opportunities** and **threats**. A SWOT analysis is a useful tool for organizing information, presenting solutions, identifying roadblocks, and emphasizing opportunities.

### SWOT Framework

Internal	
Strengths	Weaknesses
<p><u>Questions</u></p> <ol style="list-style-type: none"> <li>1. <i>What are your business's strengths?</i></li> <li>2. <i>What do you do better than your competitors?</i></li> <li>3. <i>What unique capabilities and resources does your business offer?</i></li> <li>4. <i>What do others perceive as your strengths?</i></li> </ol> <p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>• Help accomplish business's mission</li> <li>• Tangible or intangible</li> <li>• Organization capabilities</li> <li>• Competitive advantage</li> <li>• Experience and knowledge</li> <li>• Value and quality of products/services</li> <li>• Unique selling points</li> <li>• Financial (e.g., no debt)</li> <li>• Customer goodwill</li> <li>• Brand loyalty</li> <li>• Innovation</li> <li>• Market reach</li> </ul> <p>➤ Strengths are the basis on which business success can be made and sustained.</p>	<p><u>Questions</u></p> <ol style="list-style-type: none"> <li>1. <i>What are your business's weaknesses?</i></li> <li>2. <i>What do your competitors do better than you?</i></li> <li>3. <i>What can be improved given current situation?</i></li> <li>4. <i>What do others perceive as your weakness?</i></li> </ol> <p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>• Prevent accomplishment of business's mission</li> <li>• Factors that do not meet standards set by business</li> <li>• Financial (e.g., high debt, cash flow)</li> <li>• Lack of competitive strength</li> <li>• Gaps in capabilities</li> <li>• High employee turnover</li> <li>• Poor reputation</li> <li>• Low market reach</li> <li>• Known vulnerabilities</li> <li>• Complex decision-making process</li> </ul> <p>➤ Weaknesses are controllable – should work to minimize and eliminate.</p>

<b>External</b>	
<b>Opportunities</b>	<b>Threats</b>
<p><u>Questions</u></p> <ol style="list-style-type: none"> <li>1. <i>What trends or conditions may positively impact your business?</i></li> <li>2. <i>What opportunities are available to you?</i></li> </ol> <p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>• Unfulfilled customer need</li> <li>• Market developments</li> <li>• Industry trends</li> <li>• Innovation / technological developments</li> <li>• Competitors' vulnerabilities</li> <li>• Partnerships</li> </ul> <p>➤ A business can gain competitive advantage by making use of opportunities.</p>	<p><u>Questions</u></p> <ol style="list-style-type: none"> <li>1. <i>What trends or conditions may negatively impact your business?</i></li> <li>2. <i>What are your competitors doing that may impact your business?</i></li> <li>3. <i>Does your business have solid financial support?</i></li> <li>4. <i>What impact do your weaknesses have on the threats to your business?</i></li> </ol> <p><u>Considerations</u></p> <ul style="list-style-type: none"> <li>• Obstacles to be faced</li> <li>• Political or economic factors</li> <li>• Competitors actions</li> <li>• Innovation / technological developments</li> <li>• Loss of resources</li> <li>• Changing customer base</li> </ul> <p>➤ Threats are uncontrollable and can compound vulnerability when they relate to weaknesses.</p>

### Next Steps

Once the SWOT analysis is complete, business owners can use this information to critically assess their business, including:

- How can the business capitalize on its strengths?
- How can the strengths be converted into sales or new contracts?
- How can opportunities be used in these same ways?
- How can opportunities be exploited and converted to revenue?
- How can opportunities be used to obtain meetings and develop new business relationships?
- What can be done to turn weaknesses into strengths?
- What do these weaknesses equate to in terms of revenue, productivity, etc.?
- Can anything be done to reduce external threats?
- Is there potential in any of the threats identified for possible opportunities in the future?
- Do any of the external threats reveal possible partnerships?

This information is important for business owners to consider in goal-setting and strategic planning. Information found in each of the four quadrants of the SWOT analysis should be incorporated into short and long-term goals for the business.

### References

- Business Daily News. [SWOT Analysis: What It Is and When to Use It.](#)
- Management Study Guide. [SWOT Analysis - Definition, Advantages and Limitations.](#)



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