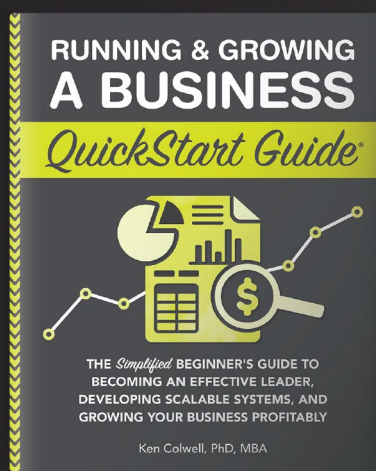

Unlocking Your Business Potential With A SWOT Analysis

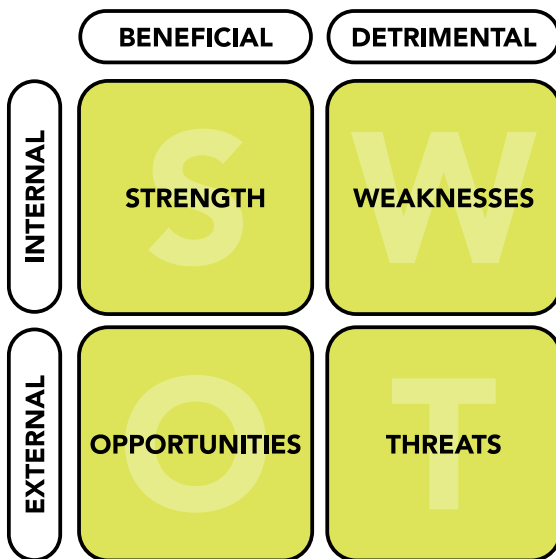
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UNLOCKING YOUR BUSINESS POTENTIAL WITH A SWOT ANALYSIS



SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. It is a structured planning and strategy matrix that helps decision makers identify and understand their business environment and the options available to them. SWOT analyses are common at the beginning of projects, proposals, ventures, or other business endeavors.

They don't have to be, however.

Understanding the interplay between these various aspects is essential for successful decision making at any stage of maturity within an organization.

For a breakdown of how these elements fit together, check out our glossary definition on the topic. For six essential tips on how to get the most out of your SWOT analysis, read on.



The graphic above is a standard SWOT analysis matrix. Business characteristics are grouped by their origin (**internal** or **external**) and their role within the organization (**beneficial** or **detrimental** to goal accomplishment).

1. ALWAYS ASK QUESTIONS.

To uncover the aspects of your business and your market that will inform your SWOT analysis, you have to ask questions. In fact, how are you going to uncover anything at all if you're not asking questions?

The most dangerous thing any decision maker can assume is that they know something because it is simply the way things have always been done. This is true whether you work at a Fortune 500 company or you are your own boss as an energetic entrepreneur. Especially true if you are the latter.

In the context of a SWOT analysis, this means that none of the four quadrants of the matrix can be taken for granted. It has been said that the only constant is change. This has never been truer than in today's modern business landscape.

Don't list something as a strength because "it has always been a strength of ours." Ask the following questions:

- What are our sources of competitive advantage?
- How do we differentiate ourselves from our competitors?
- What is it about our USP that makes it a winning proposition?

These aren't the only questions to ask to uncover your organizational strengths, but the practice of investigating the elements that fill your SWOT matrix will always produce better results than taking strengths, weaknesses, opportunities, and threats for granted.

Always ask questions to produce the best information possible; your SWOT analysis will be material to decision making, and you owe it to yourself and to the success of your organization to get it right.

2. BE HONEST WITH YOUR ANSWERS.

Asking questions is a must when it comes to structured analysis, but unless you are honest with your answers the process will have absolutely no value.

It's easy to discuss the strengths that make your business great. Being honest with yourself and with your team means not inflating or overstating strengths. The information that you produce as a result of your SWOT investigation will be relied upon by decision makers.

Accuracy is key.

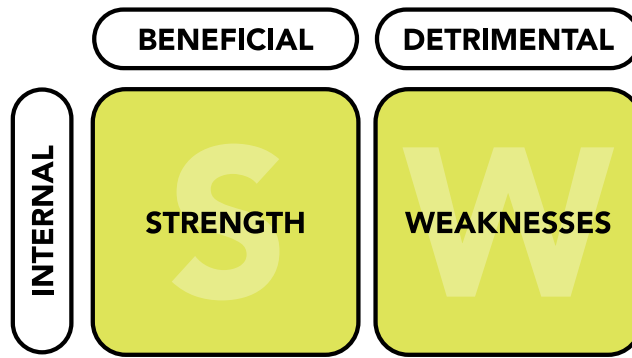
Because this information will be material to the decision-making process, it is crucial that strengths aren't overstated. The best decision is always an informed one, and faulty information will never produce the best decision.

Even more difficult than correctly representing your strengths is discussing your weaknesses candidly. It's not always easy to discuss why something went wrong, or to discuss ongoing issues within an organization.

Not only is it important to correctly evaluate organizational vulnerabilities, but as we'll see later, they can be great sources of opportunity that can be leveraged with a high degree of control.

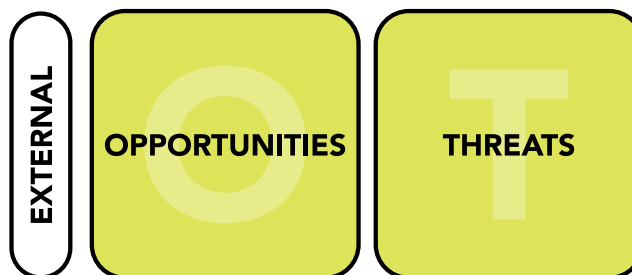
3. FOCUS ON WHAT YOU CAN CONTROL.

A SWOT analysis looks at the broader picture of an organization, but its main goal is to uncover opportunities, or ways for an organization to improve. A standard SWOT matrix is divided horizontally into two categories: internal and external.



The top half (shown above) consists of organizational characteristics that are internal in origin.

Because these characteristics are internal, the organization has a high degree of control over the ways in which these aspects develop.



The bottom half of the SWOT matrix (shown above) concerns business aspects that are external in origin, or outside the control of the organization.

These external events or business aspects are often the result of the actions of competitors, regulatory agencies, or legislators, or acts of God. While these events can have a profound effect on your business, focusing on *what you can control* will often yield more consistent results.

Another note regarding external events: often opportunities and threats are born out of *internal* characteristics of your business. While it may seem like low-hanging fruit, first examining the weaknesses of your business can lead to a long list of opportunities for change that are *completely under your control*.

Reducing or otherwise remedying weaknesses that your business suffers from may open competitive opportunities within the marketplace that, again, are completely within the control of your organization.

If only all opportunities were that easy to leverage.

4. EXPLORE EXTERNAL EVENTS FULLY.

Looking to internal characteristics to help create and leverage opportunities is a good way to get results from what you already have, within a framework that you control. On the other hand, fully exploring events that are external in origin can be a means of uncovering previously undiscovered opportunities.

When brainstorming internal business aspects (strengths and weaknesses), it can be easy to say, "Let's come up with strengths and weaknesses." That is not a bad strategy at all, but when it comes to events that are external to the organization, this kind of pigeonholing can stifle a productive conversation and hamper discovery.

More often than not, external events offer both opportunities and threats. Take a new product launch by a competitor, for example. A competitor's new product launch may pose a direct threat to your operations, but it also presents an opportunity to learn from the product's performance, and it can be indicative of a competitor's strategy within a sector.

Fully exploring an external event before assigning it value as an opportunity or a threat will often yield more informative results than simply assigning an event a value before examining it.

5. DEVELOP A PLAN AND MEASURE PROGRESS.

No one undertakes a SWOT analysis for the fun of it. It is a discrete process with the goal of uncovering opportunities for business improvement.

Furthermore, SWOT activities produce actionable information. This information should be acted on, and like any business undertaking, goals should be set and progress toward goal completion should be measured.

If your SWOT analysis has produced an opportunity that can be leveraged by reducing a weakness that exists within your organization, that's a win-win.

Set a goal, make a plan, and measure progress.

6. CHECK BACK OFTEN.

A SWOT analysis is an effective tool, but often it gets shelved after being used at the outset of a project, venture, or product launch. There is no reason to take such a powerful tool out of the equation. SWOT analyses have applications no matter the maturity of a product, project, or business.

We know that marketplaces are always changing, and as businesses adapt to meet emerging needs or retire outdated solutions, the organizations themselves change as well. This means that new internal characteristics

such as new strengths and weaknesses develop. On the external side, your competitors are also changing, meaning that they present new opportunities and threats.

The lightning fast rate of change in technology, a highly mobile and interconnected globe, and the dynamic modern business landscape all mean that last year's SWOT analysis might not be up to date. By making a habit out of regularly analyzing and diving into your own organization—as well as external events, your competitors, and your market—your business stays current and on the cutting edge.

There are a multitude of tools and processes for staying up to date within your industry, and not all of them are a good fit for every business. If you don't use a SWOT analysis to maintain your market and organizational awareness, that's fine.

The takeaway from a SWOT matrix, however, is that your efforts must take a holistic view and can't just focus on a single aspect of your marketplace. Your market analysis methods must also be simple, easily communicated, and easy to understand. Most of all, they must be honest, and they must consider some of the difficult conversations related to your organization if they are going to be at all successful.

THE BOTTOM LINE

The bottom line when it comes to using a SWOT matrix is that the process should be taken seriously, and it should be executed correctly. Asking questions helps uncover new information and ensures that the information that is being used is accurate. Those questions won't produce results unless they are answered, and answered honestly.

Furthermore, when it comes to acting on the information, focus on what you can control and make a plan. Measure progress, and explore external events fully—they may contain hidden opportunities or threats.

The most important thing to remember about your SWOT analysis is that it is not a one-time activity. Regularly checking the status of your marketplace and business environment is essential to success. Even more important is regularly checking in with your own organization.

- Can you have candid conversations about weaknesses and vulnerabilities?
- Are you confident in your strengths? Are there opportunities that can be leveraged or threats that should be addressed?

These questions are answered by a comprehensive SWOT analysis.