

SWOT Analysis: Everything you need to know

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Definition

SWOT is an acronym for:

- Strengths,
- Weaknesses,
- Opportunities, and
- Threats

The [SWOT analysis](#) is a framework for assessing a company's competitive position and developing strategic projects. Internal and external variables, as well as present and future possibilities, are all evaluated.

This allows companies to take a realistic, fact-based, data-driven look at their initiatives or industry's strengths and weaknesses. The organization must maintain the study's accuracy by avoiding preconceived notions or grey zones and instead concentrating on real-world scenarios. It should be used as a suggestion rather than a prescription by businesses.

Importance

You'll have a robust approach for prioritizing the tasks you need to accomplish to expand your business if you take the time to complete a SWOT analysis.

You may believe you already know all you need to succeed, but a SWOT analysis will compel you to look at your company in fresh ways and from new perspectives. You'll examine your strengths and limitations, as well as how you can use them to capitalize on the possibilities and dangers in your market.

Best Practice

The founders and leaders must be intimately involved in a SWOT analysis to be effective; this isn't a job that can be handed off to someone else.

Company leaders, however, should not perform the task on their own. To get the most significant outcomes, bring together a group of people with various viewpoints on the organization. Choose individuals representing different parts of your business, such as sales, customer service, marketing, and product development. At the table, everyone should have a place to sit.

When performing a SWOT analysis, innovative organizations even seek outside their internal ranks for advice from consumers to add their distinctive voice to the mix.

You may still perform a SWOT analysis if you're beginning or running a firm on your own. Obtain other perspectives from friends familiar with your industry, your accountant, or even vendors and suppliers. The trick is to have a variety of viewpoints.

Existing firms may use SWOT analysis to analyze their present condition and develop a plan for moving forward. But keep in mind that things are constantly changing, so you'll need to rethink your approach every six to twelve months, starting with a new SWOT analysis.

A SWOT analysis is a crucial element of the business planning process for startups, and it will assist you in codifying a strategy so that you can get off on the proper foot and know where you want to go.

Elements of the SWOT analysis

Analysts depict a SWOT analysis as a square divided into four quadrants, each dedicated to a different aspect of SWOT. This visual representation provides a quick snapshot of the company's current position. Even if not all of the points under a given heading are equally important, they should all provide critical insights into the balance of opportunities and threats, benefits and drawbacks, and so on.

- **Strengths**

Strengths are aspects of the business that develop its competitive advantages. A strong brand, a loyal customer base, a strong balance sheet, unique technology, and so on are examples of strengths.

- **Weaknesses**

Weaknesses prevent an organization from reaching its full potential. A weak brand, higher-than-average turnover, high levels of debt, an inadequate supply chain, or a lack of capital are examples of spaces where the company needs to improve to stay competitive.

- **Opportunities**

External variables that may provide a competitive superiority to a company are referred to as opportunities. If a government lowers tariffs, a car manufacturer, for example, can export its vehicles to a new market, boosting sales and market share.

- **Threats**

Threats are variables that have the potential to cause damage to a company. A drought, for example, poses a risk to a wheat-producing firm since it might destroy or diminish crop production. Other typical challenges include growing material costs, increased competition, and a limited labor supply.

Implementation:

As previously said, you should assemble a team of people to work on a SWOT analysis. It doesn't have to be an all-day retreat, though, and more than enough time should be one or two hours.

1. Get the appropriate people together

Make a list of people from various sections of your organization and ensure that each department and team is represented. Different groups inside your organization will have completely different viewpoints, which will be essential to the success of your SWOT study.

2. Make a mental note of your thoughts and scribble them on the wall

There are excellent and incorrect ways to do a SWOT analysis, just as there are right and wrong ways to conduct brainstorming meetings. First, I recommend handing everyone a pad of sticky notes and having them develop ideas on their own, and this avoids groupthink and guarantees that everyone's opinion is heard.

Place all sticky notes on the wall and arrange related ideas together after five to ten minutes of quiet brainstorming. If someone else's proposal stimulates a new notion, let anyone make additional remarks at this point.

3. Put the concepts in order of importance

After you've categorized all of your ideas, it's time to rate them. I prefer a voting system where everyone is given five or ten "votes" to distribute how they see fit. This part of the activity can be done with different colored sticky dots.

You should have a prioritized list of suggestions based on the voting process. Naturally, the list is now open to debate and discussion, and someone in the room should make the final decision on priority. The CEO is generally in charge of this, although it might be someone else in corporate strategy.

You should repeat this procedure of producing ideas for each of your SWOT analysis' four quadrants.

Questions to ponder while you do your research

When creating your SWOT analysis, here are some questions you may ask your team. These questions can aid in the explanation of each subject as well as stimulate creative thinking.

Strengths

Your company's strengths are internal, beneficial characteristics, and these are things that you have power over.

1. What are the most successful business processes?
2. What are the strengths of your teams? What tangible assets do you have, such as customers,

equipment, technology, cash, and patents? (i.e., knowledge, education, network, skills, and reputation)

3. What are your competitive advantages over your competitors?

Weaknesses

Weaknesses are flaws that take away from your strengths, and these are areas where you may need to improve to stay competitive.

1. Is there anything your company needs to be competitive?
2. What business procedures do you think might be improved?
3. Do you require any tangible assets, such as money or equipment, for your business?
4. Do you have any vacancies on your team?
5. Is your current location conducive to your success?

Opportunities

External variables in your company environment that are likely to contribute to your success are known as opportunities.

1. Is your market expanding, and are there any patterns that suggest consumers may want to buy more of what you're selling?
2. Are there any forthcoming events that your firm might take advantage of to help it grow?
3. Are there any forthcoming regulatory changes that might have a beneficial influence on your business?
4. Do your consumers think highly of you now that your company is up and running?

Threats

External variables over which you have no control are referred to as threats. You might wish to consider developing contingency plans for coping with them if they arise.

1. Do you foresee any prospective competitors entering your market?
2. Will your suppliers always be able to provide you with the raw materials you require at the rates you want?
3. Is it possible that technological advancements in the future may alter the way you do business?
4. Is customer behavior shifting in a way that might harm your company?
5. Are there any market trends that you think might become a problem?

Template

Strengths	Weaknesses
What is our specialty?	What can we improve?
Opportunities	Threats

How can we take advantage of market conditions? What could market conditions be detrimental to our business?

Examples

The following are some top companies' SWOT analyses:

- [Amazon SWOT Analysis and Company Analysis](#)
- [Apple SWOT Analysis and Company Analysis](#)
- [Dell SWOT Analysis and Company Analysis](#)
- [Google SWOT Analysis and Company Analysis](#)
- [Microsoft SWOT Analysis and Company Analysis](#)

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