

SWOT analysis

For other uses, see [SWOT](#).

A **SWOT analysis** (alternatively **SWOT matrix**) is

- Threats: elements in the environment that could cause trouble for the business or project.

SWOT ANALYSIS



A SWOT analysis, with its four elements in a 2×2 matrix.

a structured **planning** method used to evaluate the **strengths, weaknesses, opportunities and threats** involved in a **project** or in a **business** venture. A SWOT analysis can be carried out for a product, place, industry or person. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. Some authors credit SWOT to **Albert Humphrey**, who led a convention at the Stanford Research Institute (now **SRI International**) in the 1960s and 1970s using data from **Fortune 500** companies.^{[1][2]} However, Humphrey himself does not claim the creation of SWOT, and the origins remain obscure. The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of **strategic fit**.

- Strengths: characteristics of the business or project that give it an advantage over others.
- Weaknesses: characteristics that place the business or project at a disadvantage relative to others.
- Opportunities: elements that the business or project could exploit to its advantage.

Identification of SWOTs is important because they can inform later steps in planning to achieve the objective.

First, the decision makers should consider whether the objective is attainable, given the SWOTs. If the objective is *not* attainable a different objective must be selected and the process repeated.

Users of SWOT analysis need to ask and answer questions that generate meaningful information for each category (strengths, weaknesses, opportunities, and threats) to make the analysis useful and find their competitive advantage.

1 Internal and external factors

So it is said that if you know your enemies and know yourself, you can win a hundred battles without a single loss. If you only know yourself, but not your opponent, you may win or may lose. If you know neither yourself nor your enemy, you will always endanger yourself.

The Art of War by Sun Tzu

SWOT analysis aims to identify the key internal and external factors seen as important to achieving an objective. SWOT analysis groups key pieces of information into two main categories:

1. internal factors – the *strengths* and *weaknesses* internal to the organization
2. external factors – the *opportunities* and *threats* presented by the environment external to the organization

Analysis may view the internal factors as strengths or as weaknesses depending upon their effect on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses (distractions, competition) for another objective. The factors may include all of the 4Ps; as well as **personnel**, **finance**, **manufacturing capabilities**, and so on.

The external factors may include macroeconomic matters, technological change, legislation, and sociocultural

changes, as well as changes in the marketplace or in competitive position. The results are often presented in the form of a **matrix**.

SWOT analysis is just one method of **categorization** and has its own weaknesses. For example, it may tend to persuade its users to compile lists rather than to think about actual important factors in achieving objectives. It also presents the resulting lists uncritically and without clear prioritization so that, for example, weak opportunities may appear to balance strong threats.

It is prudent not to eliminate any candidate SWOT entry too quickly. The importance of individual SWOTs will be revealed by the value of the strategies they generate. A SWOT item that produces valuable strategies is important. A SWOT item that generates no strategies is not important.

2 Use

The usefulness of SWOT analysis is not limited to profit-seeking organizations. SWOT analysis may be used in any decision-making situation when a desired end-state (objective) is defined. Examples include: **non-profit organizations**, governmental units, and individuals. SWOT analysis may also be used in pre-crisis planning and preventive **crisis management**. SWOT analysis may also be used in creating a recommendation during a **viability study/survey**.

2.1 Strategy building

SWOT analysis can be used effectively to build organization or personal strategy. Steps necessary to execute strategy-oriented analysis involve: identification of internal and external factors (using popular 2x2 matrix), selection and evaluation of the most important factors and identification of relations existing between internal and external features.^[3]

For instance: strong relations between strengths and opportunities can suggest good condition of the company and allow using *aggressive* strategy. On the other hand, strong interaction between weaknesses and threats could be analyzed as potential warning and advise for using *defensive* strategy.

2.2 Matching and converting

One way of utilizing SWOT is matching and converting. Matching is used to find competitive advantage by matching the strengths to opportunities. Converting is to apply conversion strategies to convert weaknesses or threats into strengths or opportunities. An example of conversion strategy is to find new markets. If the threats

or weaknesses cannot be converted, a company should try to minimize or avoid them.^[4]

3 Criticism

Some findings from Menon et al. (1999)^[5] and Hill and Westbrook (1997)^[6] have suggested that SWOT may harm performance, and that "no-one subsequently used the outputs within the later stages of the strategy".

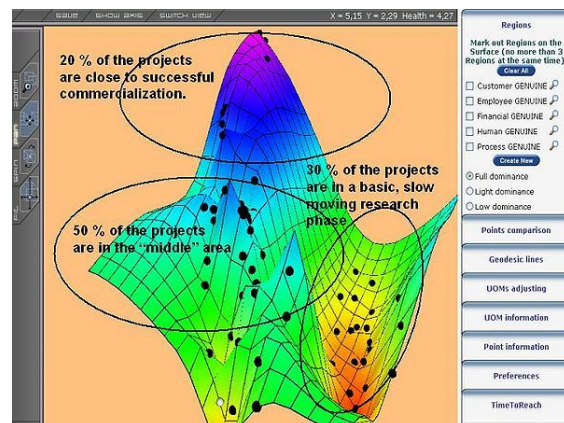
4 SWOT variants

Various complementary analyses to SWOT have been proposed, such as the **Growth-share matrix** and **Porter five forces analysis**.

4.1 TOWS

Heinz Wehrich said that some users found it difficult to translate the results of the SWOT analysis into meaningful actions that could be adopted within the wider corporate strategy. He introduced the TOWS Matrix, a conceptual framework that helps in finding the most efficient actions.^[7]

4.2 SWOT landscape analysis



The SWOT-landscape systematically deploys the relationships between overall objective and underlying SWOT-factors and provides an interactive, query-able 3D landscape.

The SWOT-landscape grabs different managerial situations by visualizing and foreseeing the dynamic performance of comparable objects according to findings by Brendan Kitts, Leif Edvinsson and Tord Beding (2000).^[8]

Changes in relative performance are continually identified. Projects (or other units of measurements) that could be potential risk or opportunity objects are highlighted.

SWOT-landscape also indicates which underlying strength/weakness factors that have had or likely will have highest influence in the context of value in use (for ex. capital value fluctuations).

5 Corporate planning

As part of the development of strategies and plans to enable the organization to achieve its objectives, that organization will use a systematic/rigorous process known as **corporate planning**. SWOT alongside **PEST/PESTLE** can be used as a basis for the analysis of business and environmental factors.^[9]

- **Set objectives** – defining what the organization is going to do
- **Environmental scanning**
 - Internal appraisals of the organization's SWOT, this needs to include an assessment of the present situation as well as a portfolio of products/services and an analysis of the product/service life cycle
- **Analysis of existing strategies**, this should determine relevance from the results of an internal/external appraisal. This may include **gap analysis** which will look at environmental factors
- **Strategic Issues** defined – key factors in the development of a corporate plan which needs to be addressed by the organization
- **Develop** new/revised strategies – revised analysis of strategic issues may mean the objectives need to change
- **Establish** **critical success factors** – the achievement of objectives and strategy implementation
- **Preparation** of operational, resource, projects plans for strategy implementation
- **Monitoring** results – mapping against plans, taking corrective action which may mean amending objectives/strategies.^[10]

5.1 Marketing

Main article: **Marketing management**

In many competitor analyses, marketers build detailed profiles of each competitor in the market, focusing especially on their relative competitive strengths and weaknesses using SWOT analysis. Marketing managers will

examine each competitor's cost structure, sources of profits, resources and competencies, competitive positioning and product differentiation, degree of **vertical integration**, historical responses to industry developments, and other factors.

Marketing management often finds it necessary to invest in research to collect the data required to perform accurate marketing analysis. Accordingly, management often conducts market research (alternately marketing research) to obtain this information. Marketers employ a variety of techniques to conduct market research, but some of the more common include:

- Qualitative marketing research, such as focus groups
- Quantitative marketing research, such as statistical surveys
- Experimental techniques such as test markets
- Observational techniques such as ethnographic (on-site) observation
- Marketing managers may also design and oversee various environmental scanning and competitive intelligence processes to help identify trends and inform the company's marketing analysis.

Below is an example SWOT analysis of a market position of a small management consultancy with specialism in HRM.^[10]

6 SWOT Analysis in community organization

The SWOT analysis has been utilized in community work as a tool to identify positive and negative factors within organizations, communities, and the broader society that promote or inhibit successful implementation of social services and social change efforts.^[11] It is used as a preliminary resource, assessing strengths, weaknesses, opportunities, and threats in a community served by a non-profit or community organization.^[12] This organizing tool is best used in collaboration with community workers and/or community members before developing goals and objectives for a program design or implementing an organizing strategy. The SWOT analysis is a part of the planning for social change process and will not provide a strategic plan if used by itself. After a SWOT analysis is completed a social change organization can turn the SWOT list into a series of recommendations to consider before developing a strategic plan.^[13]

Strengths and Weaknesses: *These are the internal factors within an organization.*

SWOT ANALYSIS		
	Strengths 1. 2. 3. 4.	Weaknesses 1. 2. 3. 4.
Opportunities 1. 2. 3. 4.	Opportunity-Strength strategies <i>Use strengths to take advantage of opportunities</i> 1. 2.	Opportunity-Weakness strategies <i>Overcome weaknesses by taking advantage of opportunities</i> 1. 2.
Threats 1. 2. 3. 4.	Threat-Strength strategies <i>Use strengths to avoid threats</i> 1. 2.	Threat-Weakness Strategies <i>Minimize weaknesses and avoid threats</i> 1. 2.

one example of a SWOT Analysis used in community organizing

SWOT ANALYSIS			
Internal		External	
Strengths	Weaknesses	Opportunities	Threats

A simple SWOT Analysis used in Community Organizing

- Human resources ^[11]
- Finances
- Internal advantages/disadvantages of the Organization ^[11]
- Physical resources ^[11]
- Experiences including what has worked or has not worked in the past

Opportunities and Threats: *These are external factors stemming from community or societal forces.*

- Trends (new research)
- Society’s cultural, political, and economic ideology
- Funding sources ^[11]
- Current events ^[11]

- Societal oppression ^[11]

Although the SWOT analysis was originally designed as an organizational method for business and industries, it has been replicated in various community work as a tool for identifying external and internal support to combat internal and external opposition.^[11] The SWOT analysis is necessary to provide direction to the next stages of the change process.^[14] It has been utilized by community organizers and community members to further social justice in the context of Social Work practice.

6.1 Application in community organization

6.1.1 Elements to consider

Elements to consider in a SWOT analysis include understanding the community that a particular organization is working with. This can be done via public forums, listening campaigns, and informational interviews. Data collection will help inform the community members and workers when developing the SWOT analysis. A needs and assets assessment are tooling that can be used in order to identify the needs and existing resources of the community. When these assessments are done and data has been collected, an analysis of the community can be made which will inform the SWOT analysis.^[11]

6.1.2 Steps for implementation

A SWOT analysis is best developed in a group setting such as a work or community meeting. A facilitator can conduct the meeting by first explaining what a SWOT analysis is as well as identifying the meaning of each term.^[11]

One way of facilitating the development of a SWOT analysis includes developing an example SWOT with the larger group then separating each group into smaller teams to present to the larger group after set amount of time.^[11] This allows for individuals, who may be silenced in a larger group setting, to contribute. Once the allotted time is up, the facilitator may record all the factors of each group onto a large document such as a poster board and then the large group, as a collective, can go work through each threat and weaknesses to explore options that may be used to combat negative forces with the strengths and opportunities present within the organization and community.^[11] A SWOT meeting allows participants to creatively brainstorm, identify obstacles and strategize possibly solutions/way forward to these limitations.

6.1.3 When to use SWOT

The use of a SWOT analysis by a community organization are as follows: to organize information, provide insight into barriers^[15] that may be present while engaging in social change processes, and identify strengths available that can be activated to counteract these barriers.

A SWOT analysis can be used to:

- Explore new solutions to problems ^[11]
- Identify barriers that will limit goals/objectives ^[11]
- Decide on direction that will be most effective ^[11]
- Reveal possibilities and limitations for change^[11]
- To revise plans to best navigate systems, communities, and organizations
- As a brainstorming and recording device as a means of communication^[15]
- To enhance “credibility of interpretation” to be utilized in presentation to leaders or key supporters.^[12]

6.2 Benefits

The SWOT analysis in Social Work practice framework is beneficial because it helps organizations decide whether or not an objective is obtainable and therefore enables organizations to set achievable goals, objectives, and steps to further the social change or community development effort.^[16] It enables organizers to take visions and produce practical and efficient outcomes in order to effect long-lasting change, and it helps organizations gather meaningful information in order to maximize their potential.^[16] Completing a SWOT analysis is a useful process regarding the consideration of key organizational priorities, such as gender and cultural diversity, and fundraising objectives.^[17]

6.3 Limitations

Critiques include the misuse of the SWOT analysis as a technique that can be quickly designed without critical thought leading to a misrepresentation of Strengths, Weaknesses, Opportunities and Threats within an organization’s internal and external surroundings.^[18] Another limitation includes the development of a SWOT analysis simply to defend previously decided goals and objectives. This misuse leads to limitations on brainstorming possibilities and “real” identification of barriers. This misuse also places the organization’s interest above the well being of the community. Further, a SWOT analysis should be developed as a collaborative with a variety of contributions made by participants including community members. The design of a SWOT analysis by one

or two community workers is limiting to the realities of the forces specifically external factors, and devalues the possible contributions of community members.^[15]

7 See also

- Benchmarking
- Strategic planning
- Project planning
- Enterprise planning systems
- Six Forces Model
- VRIO
- Porter’s Four Corners Model
- Programme Evaluation and Review Technique

8 References

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9 External links

- United State Department of Agriculture SWOT Analysis Example

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