

The Ultimate Guide to Conducting a SWOT Analysis



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1. What Is a SWOT Analysis?

S.W.O.T. is an acronym that stands for Strengths, Weaknesses, Opportunities, and Threats. A SWOT Analysis is an organized list of your business's greatest strengths, weaknesses, opportunities, and threats.

The purpose of a SWOT Analysis is to help you develop a strong business strategy by making sure you've identified and considered all of your business's strengths and weaknesses, as well as the opportunities and threats it faces in the marketplace

Strengths and weaknesses are internal to the company (think: reputation, patents, location). You can change them over time, but not without some work. Opportunities and threats are external (think: suppliers, competitors, prices)—they are out there in the market, happening whether you like it or not. You can't change them.

1.1 Who Is a SWOT Analysis for?

The great thing about the SWOT planning method is that it doesn't really matter when you do it. Obviously, the sooner the better, but if you're already running a business, that's okay too. In fact, that's a great time to do it, as you'll already know a lot about your business.

Existing businesses can use a SWOT Analysis at any time to assess a changing environment and respond proactively. In fact, we recommend conducting a strategy review meeting at least twice a year that begins with a SWOT Analysis.

New businesses should use a SWOT Analysis as a part of their planning process. There is no "one size fits all" plan for your business, and thinking about your new business in terms of its unique "SWOTs" will put you on the right track from the beginning, and save you from headaches later on.

Who invented the four-square SWOT Analysis?

While there is some debate over who came up with the SWOT Analysis, most research suggests that Stanford professor Albert Humphrey was the father of this process. Humphrey led a research project at Stanford University in the 1960s and 1970s that tried to figure out why corporate planning failed within several big companies. The team started breaking the data into categories, such as opportunities and threats. Eventually, other strategists tweaked Humphrey's categories into the SWOT formula that we know today.

1.2 The Best Time to Conduct a SWOT Analysis

Now you know you have every reason to conduct your SWOT Analysis, the next question to ask is when is the right time to do it? Here's the short answer.

- **At the beginning of the year.** As a new year begins, it's natural to review the past year and look ahead. By conducting an analysis at the beginning of a new year, you'll be ready to make decisions in the coming months.
- **Do an annual check up.** Just like you should visit the doctor annually, your SWOT Analysis should get a check-up at least once a year, too. You'll be amazed how much can change within a year. You might not need to conduct the analysis from top to bottom again, but you should at least set aside a day to review it and make updates.
- **Do a SWOT Analysis when a shift occurs.** If something big is changing in your business, it's time to do a new SWOT report. Maybe you just took on a big client and plan to increase your revenue, or maybe the political support that you once had is shifting. When a noticeable change like this happens, it's always a good idea to re-evaluate where your business stands.
- **A SWOT Analysis is vital for potential businesses.** If you're planning a business, conducting a SWOT Analysis is a great way to check the viability of your idea.

What Is a Strategy Review Meeting?

A strategy review meeting is used to monitor progress and ensure strategic objectives are still on track to meet goals. The purpose of such a meeting is to report on measurements and to identify where problems are occurring and why they're occurring, so that action can be taken to correct them.

2. Example SWOT Analyses

One of the best ways to prepare yourself for conducting a SWOT Analysis is to use example SWOT Analyses for help and inspiration.

Even if you already know what a SWOT Analysis is and what it's used for, it can be tough to translate that information into something you can action. It can also be hard to examine your own business with a critical eye if you're not entirely sure what you should be examining.

Reading an example SWOT Analysis for a business that is either in your industry or based on a comparable business model can help get you started.

All of our SWOT Analysis examples are based on real businesses that we've featured in our gallery of free sample business plans.

You can find additional SWOT Analysis examples in our gallery of free sample business plans on Bplans.com. Typically, a SWOT Analysis will appear in section five of the traditional business plan in the Strategy and Implementation Summary.

The SWOT Analyses below are broken into three parts:

1. First, we give you a quick introduction to the company.
2. Second, we share the SWOT Analysis.
3. Third, we discuss some potential growth strategies for the business based on what's revealed by the SWOT Analysis. This is sometimes referred to as a TOWS analysis. You will learn more about this later.

Let's get started!

2.1 Example SWOT Analysis for a Craft Beer Brewery

Sedibeng Breweries

About the Company

Sedibeng Breweries is a medium-scale brewery located in the growing industrial centre of Selebi Phikwe, Botswana. Their product is traditionally-brewed craft beer, targeted at white collar and working class Botswanans alike. Sedibeng's primary market advantages are their company culture, consistent "quality" branding, traditional brew recipes, and commitment to rural distribution.

SWOT Analysis

See page 7.

Potential Strategies for Growth

The "weaknesses" column identifies two important things for Sedibeng Breweries to focus on in the coming year: building and learning how to manage an informational website, and developing an efficient employee onboarding process and training program. Use of the internet is only growing, so ignoring this weakness for too long could have disastrous consequences.

A potential business opportunity for Sedibeng Breweries is a government-subsidized export operation, ideally to target markets in neighboring countries that are very similar to Sedibeng's target markets in Botswana, so that Sedibeng's strong marketing campaign can remain consistent. This is one area in which being a small, local firm could be a major advantage for Sedibeng, but international market research and more information about the government export initiatives are required.

Ready to start your SWOT Analysis? Download our free SWOT Analysis Template here (available as a PDF). <http://www.bplans.com/members/downloads/swot-analysis-template/>

SWOT Analysis for Sedibeng Breweries

Strengths	Weaknesses
<p>Capital stock: We've established and maintained a strong capital base.</p> <p>Marketing: Aggressive and focused marketing campaign with clear goals and strategies.</p> <p>Management team: Together have wide experience in product and business know-how.</p>	<p>Not tech-savvy: Establishing a reputation on the internet will be challenging.</p> <p>Quick expansion: There are a lot of new hires to train and organizational structures to learn.</p> <p>New: Don't have the reputation or money for big breweries.</p>
Opportunities	Threats
<p>Packaging: New generation of consumers appreciate high-end bottling and labels.</p> <p>Craft beer niche: There is a growing community of craft beers appreciators in Botswana.</p> <p>Government programs: Promotions of and initiatives to support Botswana exports.</p>	<p>Vertical integration: Major breweries are establishing control of supply and distribution channels to corner the market.</p> <p>Price fluctuation: Huge fluctuations in prices of supplies may occur.</p> <p>Competitor market: Competition could develop expensive new marketing campaigns.</p>

[Read the complete business plan for Sedibeng Breweries. >>](#)

2.2 Example SWOT Analysis for a Plastics Recycling Center

Replay Plastics

About the Company

Replay Plastics recycles plastic waste into commercially viable products, using environmentally-friendly methods. The company wants to capitalize on one of the recycling industry's highest-growth products—polyethylene terephthalate (PET), which is found in post-consumer beverage and water bottles—by establishing the Western United States' first PET recycling plant. The recycled material from the PET plant will then be channeled into a brand-new Replay Plastics Packaging Division, which will produce extruded sheet plastic to sell to manufacturers.

SWOT Analysis

See page 9.

Potential Strategies for Growth

Replay Plastics needs to investigate its [options for obtaining capital](#). Funding a new venture can take time, and because it's step one of the long road to revenue—they must secure funding before they begin construction, and they must complete construction before they can begin revenue-generating recycling operations and packaging material production—time is of the essence. Luckily, they have already written their business plan, which is often required by prospective lenders and investors.

Replay Plastics may want to consider adding a Research and Development team to investigate new product possibilities, and keep the company's operations well prepared for any changes in state or federal environmental regulations. Government export initiatives are required.

SWOT Analysis for Replay Plastics

Strengths	Weaknesses
<p>Experiences: Our execs have decades of experience with plastics, engineering, and successful startups.</p> <p>Relationships: The company has excellent relationships with firms that collect and distribute PET bottles.</p> <p>Location: There are no other PET recyclers in Western U.S. Area. Suppliers have expressed that they would rather work with a local recycler than continue to export to China.</p>	<p>High startup costs: The very high costs of opening a PET plant will require investments and loans.</p> <p>Construction time: The recycling and extrusion facility must be built before we can begin processing plastic.</p>
Opportunities	Threats
<p>Major facility expansion: The initial PET recycling facility will have a capacity of 46 million pounds, but the current annual stock of recyclable bottle material in California, Oregon, and Washington is more than 200 million pounds.</p> <p>R&D: Potential for other uses of PET-recycling by-product.</p>	<p>Environment protection standards: Whenever the government regulations are updated, we need to develop technically and economically feasible recycling solutions that meet the standards.</p> <p>Material scarcity: Our business model is PET-dependent. If use of PET bottles declines or becomes obsolete, we will lose our supply.</p>

[Read the complete business plan for Replay Plastics. >>](#)

2.3 Example SWOT Analysis for a Medicinal Herb Nursery

Botanical Bounty

About the Company

Botanical Bounty is an Oregon-based perennial farm that grows a variety of botanical, medicinal plants. This family-owned farm has been in existence for two years, initially operating as a hobby for the owners—who have training in plant biology—rather than as a profit-producing business.

SWOT Analysis

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Potential Strategies for Growth

Botanical Bounty needs to establish its reputation as a highly-efficient, high-potency medicinal herb grower and one effective and inexpensive way to do that would be to lean on loyal customer testimonials in the company's marketing strategy. Botanical Bounty also needs to establish a strong sales channel with herbal supplement manufacturers. They should invest plenty of energy into building those relationships and establishing Botanical Bounty as a reliable vendor.

SWOT Analysis for Botanical Bounty

Strengths	Weaknesses
<p>Consistent quality: We consistently produce plants with high active botanical percentages.</p> <p>Saleable plants: We produce a high ratio of healthy (saleable) plants.</p> <p>Experience: Co-owners have a strong combination of business development and horticulture experience.</p>	<p>Lack of funding: We will need to borrow \$100,000 in funds for the first year.</p> <p>No reputation yet: We haven't established ourselves as reputable grower in the botanicals market yet.</p>
Opportunities	Threats
<p>Customer loyalty: Customers are looking for an ongoing relationship with one botanicals vendor.</p> <p>Growing market: The market for supplements is huge and growing.</p>	<p>Weather: A poor growing season due to the changes in weather can seriously affect production.</p> <p>Pests: Pests are a threat to our ability to provide healthy plants.</p> <p>Similar-sized farms: Some similar sized farms have been in business longer.</p>

[Read the complete business plan for Botanical Bounty. >>](#)

2.4 Example SWOT Analysis for a Pie Shop and Frozen Pie Distributor

UPer Crust Pies

About the Company

UPer Crust Pies is a specialty meat and fruit pie cafe in Michigan's Upper Peninsula that sells hot, ready-to-go pies and frozen take-home options, as well as an assortment of fresh salads and beverages. The company is planning to open its first location in downtown Yubetchatown, and is very focused on developing a business model that will make it easy to expand quickly and that opens up the possibility of franchising.

SWOT Analysis

See page 13.

Potential Strategies for Growth

UPer Crust Pies needs to investigate its options for obtaining capital. Funding a new business can take time, and the sooner UPer Crust Pies gets started on this process, the better.

Because UPer Crust Pies wants to implement such a specific marketing strategy—targeting working families by emphasizing that their dinner option is both healthy and convenient—the company should develop a marketing plan. A key piece of that marketing plan will be the store's grand opening, and the promotional strategies necessary to get UPer Crust Pies' target market in the door. A strong grand opening will help establish the store's reputation, so it is essential that the UPer Crust Pies team feels ready for its first day. If the management team feels unprepared for the potential large crowds, a “soft” opening (such as an invite-only trial opening that offers free meals in exchange for feedback) may be a smart choice.

SWOT Analysis for UPer Crust Pies

Strengths	Weaknesses
<p>Location: Our first location downtown will draw in visitors and downtown shoppers.</p> <p>Uniqueness: We stand out as a unique alternative to fast food and we offer constantly high-quality food in a distinctive atmosphere.</p> <p>Strong management: We have assembled a team that embraces different disciplines with expertise in all areas of the business.</p>	<p>Lack of capital: All start up funds will come from loans and investors.</p> <p>Lack of reputation: We haven't established ourselves as a reputable meat pie provider yet.</p>
Opportunities	Threats
<p>Area growth: Yubtchatown is growing by 8.5% annually.</p> <p>Working families with children: This is the growing population, both in numbers and in their choice of convenient foods. Two-income families have less time to prepare a meal.</p>	<p>Competition: One competitor sells similar pies, and has loyal customers as well as relationship with businesses that regularly buy from them.</p> <p>Being unprepared for opening numbers: Initial poor service or product quality could discourage customers from returning.</p>

[Read the complete business plan for UPer Crust Pies. >>](#)

2.5 Example SWOT Analysis for a Medical Services Provider

NovOculi

About the Company

NovOculi, Inc. is a startup company that has designed—and plans to develop and market—ophthalmological surgical tools and a unique method of incisionless refractive correction dubbed NICS (Non-Invasive Corneal Sculpting). Current refractive techniques, like LASIK, require destruction of a portion of the protective epithelial layer overlying the cornea of the eye and are accompanied by complications resulting from this loss of protection. NovOculi employs a method involving iontophoresis, an ionic dye, and a wavelength-specific laser to accomplish effective refraction without the troublesome destruction of epithelium.

SWOT Analysis

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Potential Strategies for Growth

NovOculi needs to investigate its [options for obtaining capital](#). Specifically, because NovOculi is seeking equity investments, the company needs to look into [venture capital funding](#) and [angel investments](#).

A weakness that may deter investors is NovOculi's lack of relationship with the medical device distribution community. A great idea is worth nothing if it can't be implemented well, and a key to implementation in this case is a strong sales and distribution channel. NovOculi is going to have to figure out how to build relationships with medical device distributors, whether that means attending expensive industry conferences, leveraging research relationships with institutions like Stanford University, or developing incentives for the distributors.

SWOT Analysis for NovOculi

Strengths	Weaknesses
<p>Patented technology: We have patents on Non-Invasive Corneal Sculpting (NICS) and two novel devices.</p> <p>FDA approval: No need to wait for FDA approval.</p> <p>Principal expertise: Our principals have extensive experience with refractive correction techniques.</p>	<p>Lack of funding: We require equity investments in order to fund the first two years of operation:</p> <p>Lack of strategic relationships: We don't have relationships with the close-knit group of medical device distributors.</p> <p>High costs: The refractive laser required for NICS procedures is expensive and difficult to obtain.</p>
Opportunities	Threats
<p>Untapped market: Only 0.6% of the available market has had laser refractive surgery.</p> <p>Fast growth: The demand for laser refractive surgery has been doubling each year.</p> <p>R&D: Several potential partners, including Stanford University, have expressed strong interest in conducting research with us.</p>	<p>Competition: External visual aids (contacts and eye glasses), LASIK, and non-surgical procedures are strong competitors to the market.</p> <p>Price erosion: The premium we can charge is based on the price of existing surgery options.</p>

[Read the complete business plan for NovOculi. >>](#)

2.5 Example SWOT Analysis for an Etsy Store

Haley's Vintage Hats

About the Company

Haley's Vintage Hats is an online-only business that sells unique and affordable replicas of vintage designer hats. Although the business is new, owner Haley Truit has been a milliner for many years. She operates Haley's Vintage Hats through an Etsy storefront and hopes that it will become successful enough that she can quit her other job and run her dream company full-time.

SWOT Analysis

See page 17.

Potential Strategies for Growth

Haley's Vintage Hats should take full advantage of the opportunities available to it as an Etsy seller; those opportunities are part of what the company is paying Etsy to provide. Partnering with other vintage fashion vendors on Etsy could help Haley address her lack of a marketing background, which she's identified as a major company weakness—she could piggyback on partners' marketing efforts, or learn from a partner who is willing to mentor her.

Haley can also teach herself by exploring free online marketing resources on Etsy, Bplans, and elsewhere. Haley's expertise as a milliner makes her a great candidate for hiring an apprentice, or intern, and developing an apprenticeship program could help the company cheaply expand its production capacity and support the increase in sales that would come with its expanded marketing efforts.

SWOT Analysis for Haley's Vintage Hats

Strengths	Weaknesses
<p>Expertise: Founder has 15 years experience selling and creating hats.</p> <p>Low capital requirements: Low overhead to start an Etsy store, and high customer reach.</p> <p>Stock: Founder owns a collection of rare vintage hats to replicate.</p>	<p>Time: Right now it's just the founder doing everything.</p> <p>Marketing: Founder does not have a marketing background.</p>
Opportunities	Threats
<p>Etsy partnership: Co-promote with other Etsy vintage fashion sellers.</p> <p>Interns: Hire an apprentice milliner.</p> <p>Education network: Maximize partnership with alma mater, the Art Institute of Philadelphia.</p>	<p>Server error: Etsy store could crash.</p> <p>Supplier-dependent: Fabric supplier of unique vintage fabric could go out of business/stop supplying.</p> <p>Potential competition: A competitor could knock us off the market.</p>

[View the complete pitch for Haley's Vintage Hats. >>](#)

3. How to Conduct a SWOT Analysis

Now that you know what a SWOT Analysis looks like, the next step is conducting your own.

To get the most complete, objective results, a SWOT Analysis is best conducted by a group of people with different perspectives and stakes in your company. Management, sales, customer service, and even customers can all contribute valid insight. Moreover, the SWOT Analysis process is an opportunity to bring your team together and encourage their participation in and adherence to your company's resulting strategy.

A SWOT Analysis is typically conducted using a four-square SWOT Analysis template, but you could also just make lists for each category. Use the method that makes it easiest for you to organize and understand the results.

Business planning expert Tim Berry recommends holding a brainstorming session to identify the factors in each of the four categories.

Alternatively, you could ask team members to individually complete a SWOT Analysis and then meet to discuss and compile the results. As you work through each category, don't be too concerned about elaborating on ideas at first; bullet points may be the best way to begin. Just capture the factors you believe are relevant in each of the four areas.

Once you are finished brainstorming, create a final, prioritized version of your SWOT Analysis, listing the factors in each category in order from highest priority at the top to lowest priority at the bottom.

3.1 Create Your SWOT Analysis in 5 Steps

3.1.1 Identify Your Strengths

Before you start listing your strengths, let's define the parameters a bit. Strengths are positive internal factors that are within your control. Think of the experience and resources that are available to your business.

Here are a few categories to think about:

- Financial resources. Revenue streams, investments, diversified income, and grants.
- Physical items. Buildings and equipment.
- Intellectual property. Patents, copyrights, and trademarks.
- Human resources. Employees, volunteers, mentors, and so on.
- Key players. Personnel that are vital to your business.
- Employee programs. Any programs that help your employees excel.
- Company workflow. Your work practices and how things get done.
- Company culture. The environment that your company has created.
- Company reputation. How your business has grown its reputation.
- Market position. How your business is poised in the marketplace.
- Growth potential. How your business is positioned for future growth.

Questions to ask to find your company's strengths:

Starter questions:

- What do you do well?
- What do you do that your competition can't?
- Why do customers come to you?

Financial:

- What kind of financial resources do you have?
- Is your revenue diversified?
- What kind investments do you have for the future?

Physical:

- What kind of assets do you have?
- What are the benefits of your company's space and building?
- What kind of equipment do you own?

Intellectual:

- What kind of intellectual property do you have in your business? List trademarks, patents, etc.

Human resources:

- What kind of human resources do you have?
- Are there vital players in your company's hierarchy?
- What kind of programs do you have that improve your business and employees?

Company workflow:

- What kind of processes do you have in place that make your company efficient?

Company culture:

- What kind of working culture has your company created in the workplace?

Company reputation:

- How does your clientele or community view your company?
- How did you achieve your reputation?

Market position:

- Does your company have an edge in the marketplace that your competitor doesn't?
- What plans do you have in place to improve your market position?

Growth potential:

- What plans do you have for growth?
- Do you have potential to grow in certain sectors where your competitors don't?
- What's the main reason you're able to grow?

Tips to list your company's strengths:

1. **Be truthful.** It probably goes without saying, but if you're not truthful during this process, the entire analysis won't be effective.
2. **Allow for feedback.** As you're brainstorming strengths, make sure your employees are comfortable offering their feedback. You may not agree on some strengths, but it's best to talk them through.
3. **Stay focused.** You want to hear many viewpoints, but when you get several people in a room, time can get away from you. Keep the group on task.
4. **Keep your list of strengths handy.** Keep your list in an accessible spot.

3.1.2 Identify Your Weaknesses

Every owner wants to believe his or her business is running smoothly, so this part of the exercise might not be your favorite. However, it's vital information. You need to truthfully access the weaknesses within your business for this analysis to be effective.

Within a SWOT Analysis, weaknesses are internal factors that take away from your business or leave you at a disadvantage. The same categories that applied to your strengths column can be re-applied here.

The categories where you might find weaknesses include:

- Financial resources. This includes revenue streams, investments, diversified income, and grants.
- Physical items. Consider buildings and equipment that you rent or own.
- Intellectual property. Patents, copyrights, and trademarks fall into this area.
- Human resources. Your employees, volunteers, and mentors.
- Key players. Personnel who are vital to your business.
- Employee programs. Any programs that help your employees excel.
- Company workflow. This includes best work practices.
- Company culture. This is the environment that your employees work in.
- Company reputation. How your business has grown its reputation.
- Market position. You'll consider how your business fits in the overall market.
- Growth potential. How your business is positioned for future growth.

Questions to ask to find your company's weaknesses:**Starter questions:**

- In what areas does your company struggle?
- Are there reasons that customers select competitors over you?
- Does something specific stop you from performing at your best?

Financial:

- Are financial resources holding you back? If so, how?
- Does your business get its revenue from one main stream? If so, is diversification a concern?
- Are you preparing for your financial future?

Physical:

- Are any of your physical assets creating a problem?
- What condition is your office in?
- What condition is your equipment in?

Intellectual property:

- Are any of your patents, trademarks, or copyrights in jeopardy?
- Is there any government red tape that's keeping a patent from moving forward?
- Does your company take too long to file for patents, or similar?

Human resources:

- What kind of human resources do you have?
- Are there any departments that are lacking or inefficient?
- Are employee programs in place to improve your business? If so, are they working?

Company workflow:

- What areas could be improved upon when it comes to workflow?

Company culture:

- Are you happy with the company culture that you've created? If not, why?

Company reputation:

- How does the public see your company? Are you happy with that image?

Market position:

- What kind of position does your business hold in the marketplace?

Growth potential:

- What plans do you have for growth?
- Are your competitors growing in ways that you can't?
- What keeps your business from growing?

Tips to list your company's weaknesses:

1. **Be open-minded.** As your employees suggest weaknesses, remain open-minded. It's likely that an employee will bring up a weakness that you hadn't thought of, or disagree with. When it happens, don't be judgmental.
2. **Be critical of your business.** Now isn't the time for rose-colored glasses, now is the time for pure honesty. Be prepared to look at your business inside and out critically.
3. **Remember, every business has weaknesses.** When you're finished talking about the negative aspects of your business, you might feel a bit deflated. Remember, every business has weaknesses. This exercise is just part of a larger process that will help you better understand your business.
4. **Keep your list of weaknesses handy.** Keep your list in an accessible spot.

3.1.3 Identify Your Opportunities

Opportunities, as you might guess, are factors that can contribute to your growing success. These factors are typically outside of your control, which is why they are considered external factors.

Here are a few categories to consider when looking for business opportunities:

- Economic trends. Look at the economy in your area.
- Market trends. Your target market could be driving new trends that could open doors for your business.
- Funding changes. Donations, grants, or other shifting revenue streams that aren't within your control.
- Political support. Consider changes in political ties.
- Government regulations. Regulations that are changing that might afford you new opportunities.
- Changing relationships. Consider shifting relationships with vendors, partners, or suppliers.
- Target audience shift. Your target market might be expanding, aging, or shifting.

Questions to ask to find opportunities:

To help you brainstorm possible opportunities, we've created a list of questions to help. The questions are broken up by the categories that we just went over. If a question doesn't apply to your business, simply move on to the next.

Economic trends:

- Is the economy in your area looking up?
- Will the economy enable your audience to make more purchases?
- Are economic shifts happening that impact your target audience?

Market trends:

- How is your market changing?
- What new trends could your company take advantage of?
- What kind of timeframe surrounds these new trends? Could it be a long-term opportunity?

Funding changes:

- Do you expect an increase in grant funding or donations this year?
- How will funding changes help your business?

Political support:

- Do you anticipate a shift in political support this year?
- What opportunities could be created with new political partnerships?

Government regulations:

- Are any regulations shifting that could lead to a positive change?

Changing relationships:

- Are there positive changes happening within any of your outside business relationships?
- Are vendors changing or expanding?
- Has your partner decided to move on, creating an opportunity to work with someone new?

Target audience shift:

- How is your demographic shifting?
- What opportunities can you think of that can move with these changing demographics?
- Is your audience expanding? If so, how can you capitalize on this increase?

Tips to list your opportunities:

- Do your research. Finding answers to some of these questions might require some digging. Don't be afraid to make some calls, set up meetings, and do market research to gauge upcoming changes.
- Be creative. To find an opportunity where your competitors are lacking will take skill and creativity. Don't be afraid to think outside the box when you're listing possible opportunities.
- Keep your list of opportunities handy.

3.1.4 Identify Your Threats

A threat to your company is an external factor, something that you can't control, that could negatively impact your business.

You may be thinking, if threats are outside of my control, why should I spend time identifying them? By knowing your threats, you might be able to find a strategy to minimize them, or at least, come up with a plan to handle them in a way that won't shut down your business.

Identifying threats is all about being prepared and taking proactive steps to minimize the hurt.

Coming up with a list of threats can be difficult. These issues don't spring to mind as easily as your strengths, but there are certain categories that most external threats fall into.

You can use these categories to brainstorm possible threats to your business:

- Economic trends. Examine the economic conditions that impact your business.
- Market trends. Think about changing or shrinking market trends.
- Funding changes. Donations, grants, or other shifting revenue streams that aren't within your control.

- Political support. If political support is shifting, you'll want to analyze its impact.
- Government regulations. Regulations that are changing that might hurt your business.
- Changing relationships. Consider shifting relationships with vendors, partners, or suppliers.
- Target audience shift. Your target market might be shrinking, aging, or shifting.

Questions to ask to find threats:

Economic trends:

- Is the economy in your area in a recession?
- Will the economy negatively impact your customers' ability to make purchases?
- Are economic shifts happening that impact your target audience?

Market trends:

- How is your market changing?
- What new trends could hurt your company?
- Is there more competition in your market that's pushing you out?

Funding changes:

- Do you expect a decrease in grant funding or donations this year?
- Will funding changes hurt your business? If so, how?

Political support:

- Do you anticipate a shift in political support this year?
- Is there reason to be concerned over political shifts?
- What does your business stand to lose because of political changes?

Government regulations:

- Are any regulations shifting that could cost more money or hurt production?
- What kind of damage could new regulations have?

Changing relationships:

- Are any outside business relationships changing?
- Is there any turmoil with partners or vendors?

Target audience shift:

- How is your demographic shifting?
- What threats accompany these changing demographics?
- Is your audience changing in a way that you can't accommodate?

Tips to find threats:

- Do market research. As you're looking into possible threats, you'll want to conduct market research to see how your target audience is shifting.
- List every threat you can think of. If you think of a threat, list it. Even if that threat has consequences that won't be felt immediately, it's still better to have it on your radar.
- Threats exist, don't panic. Listing threats may cause some anxiety, but remember that all businesses have threats. It's better to know about threats than it is to turn a blind eye to them.

Once you've listed your threats, your SWOT template should be filled in. You're almost done!

4. What's Next? From SWOT Analysis to Strategies

A list of strengths, weaknesses, opportunities, and threats makes for a handy business guide, but you'll want to take this exercise one step further to create strategies and plans to improve your business.

The exercise you're about to do is called a TOWS analysis. It helps you make connections between each quadrant of your analysis. You'll work around the square, combining information from two quadrants to create actionable strategies. Here's how:

- Strengths–Opportunities. Use your internal strengths to take advantage of opportunities.
- Strengths–Threats. Use your strengths to minimize threats.
- Weaknesses–Opportunities. Improve weaknesses by taking advantage of opportunities.
- Weaknesses–Threats. Work to eliminate weaknesses to avoid threats.

The chart below is a great visual explanation of this exercise.

	Opportunities (external, positive)	Threats (external, negative)
Strengths (internal, positive)	Strengths–Opportunities strategies Which of the company’s strengths can be used to maximize the opportunities you identified?	Strengths–Threats strategies How can you use the company’s strengths to minimize the threats you identified?
Weaknesses (internal, negative)	Weaknesses–Opportunity strategies What action(s) can you take to minimize the company’s weaknesses using the opportunities you identified?	Weaknesses–Threat strategies How can you minimize the company’s weaknesses to avoid the threats you identified?

As you answer these questions, you’ll start to create actionable strategies. For example, if one of your strengths is that you have an experienced grant writer on your team, you should put that person in charge of taking advantage of new federal grant opportunities that are available this year. That’s a strategy that you can implement immediately to improve your business.

You can simply add a few blocks to your SWOT Analysis to get these strategies down on paper. Here’s an example of a completed TOWS analysis from the University of San Francisco, which shows a TOWS analysis for Volkswagen. It shows you what the exercise looks like and gives you an idea of the strategies that can come from this analysis.

	Internal Strengths: <ol style="list-style-type: none"> 1. Strong R&D and engineering 2. Strong sales and service network 3. Efficient production/automation capabilities. 	Internal Weaknesses: <ol style="list-style-type: none"> 1. Heavy reliance on one product (although several less successful models were introduced). 2. Rising costs in Germany. 3. No experience with U.S. labor unions if building plant in the U.S.
External Opportunities: <ol style="list-style-type: none"> 1. Growing affluent market demands more luxurious cars with many options. 2. Attractive offers to build an assembly plant in U.S. 3. Chrysler and American Motors need small engines. 	SO: <ol style="list-style-type: none"> 1. Develop and produce multiproduct line with many options, in different price classes (Dasher, Scirocco, Rabbit, Audi Line) (O1, O2, O3). 2. Build assembly plant using R&D, engineering, and production/automation experience (O2, S1, S3). 3. Build engines for Chrysler and AMC (O3, S3). 	WO: <ol style="list-style-type: none"> 1. Develop compatible models for different price levels (ranging from Rabbit to Audi Line) (O1, W1). 2. To cope with rising costs in Germany, build plants in U.S., hiring U.S. managers with experience in dealing with U.S. labor unions (O2, W2, W3).
External Threats: <ol style="list-style-type: none"> 1. Exchange rate: Devaluation of dollar in relation to Deutsche Mark (DM). 2. Competition from Japanese and U.S. automakers. 3. Fuel shortage and price. 	ST: <ol style="list-style-type: none"> 1. Reduce effect of exchange rate by building a plant in the U.S. (T1, T2, S1, S3). 2. Meet competition with advanced design technology – e.g. Rabbit (T1, T3, S1, S2). 3. Improve fuel consumption through fuel injection and develop fuel efficient diesel engines (T3, S1). 	WT: <ul style="list-style-type: none"> • Overcome weaknesses by making them strengths (move toward OS strategy). <ol style="list-style-type: none"> 1. Reduce threat of competition by developing flexible product line (T2, W1). <ul style="list-style-type: none"> • Possible options <i>not</i> exercised by VW: <ol style="list-style-type: none"> 1. Engage in joint operation with Chrysler or AMC 2. Withdraw from U.S. market.

Your Finished Product

When you're finished with the SWOT and TOWS analysis, you'll have an insightful look at your business, that is accompanied by a list of strategies that you can implement to better your business.

Take this list of strategies and start implementing them. If some strategies are long-term plans, break them into steps and put each one on your calendar so you can implement the change over time.

Now that you have this business resource, you'll want to keep it handy. Hang it on your office wall, or keep it on your desktop so you can reference it throughout the year as you make decisions.

Your hard work has paid off. Aside from strategic plans, here are additional benefits from creating a SWOT challenge:

- **Improved focus.** This analysis should put everyone on the same page. It identifies what you should be working toward this year.
- **Conversation starters.** With everyone working on the same goals, managers and employees can continue to build strategies.
- **Identify unknown aspects.** You'll likely discover aspects of your business that you didn't know about. From unknown strengths to hidden threats, uncovering this information will help you move forward.
- **Strategies for success.** Above all else, you walk away with strategies to help your business.

5. The SWOT Analysis Template

Strengths	Weaknesses
Opportunities	Threats

6. Useful Resources

How to conduct a SWOT Analysis

Video with Caroline Cummings

<https://www.youtube.com/watch?v=4aFB9xrkdIU>

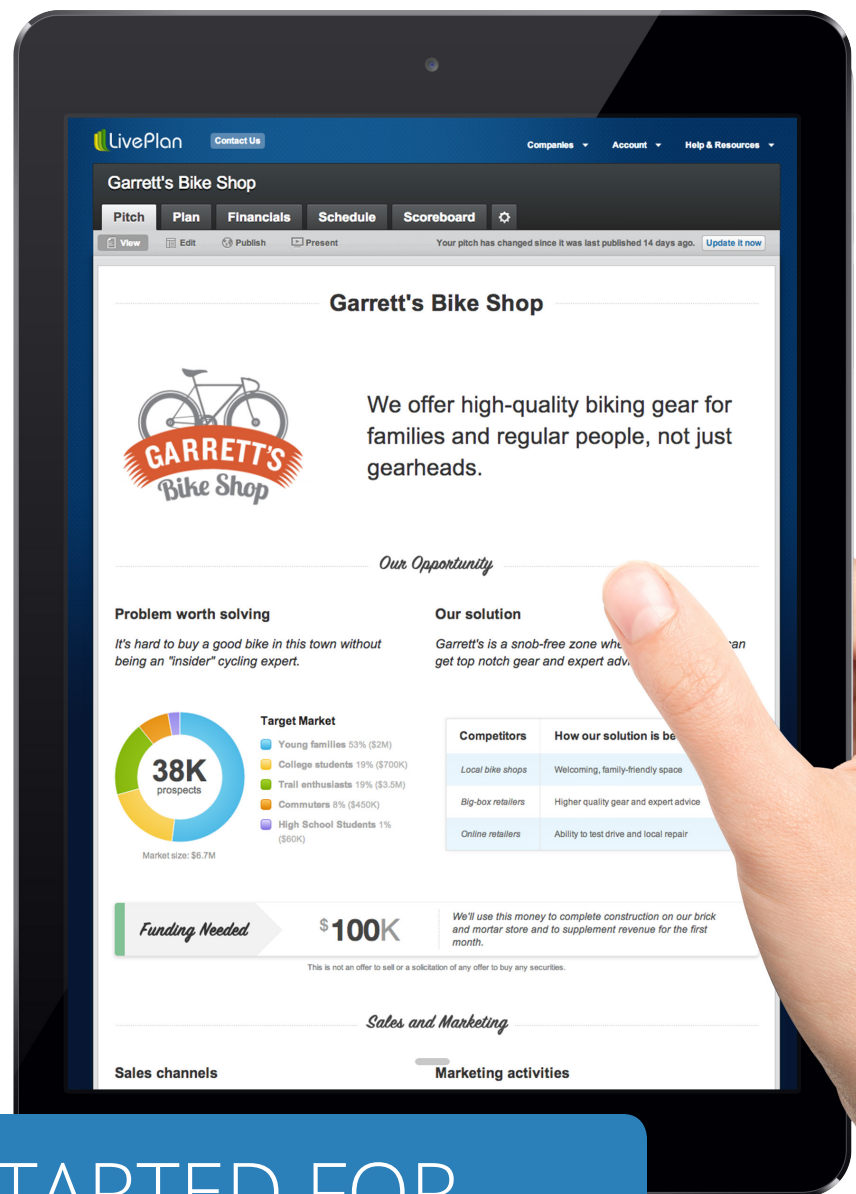
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