**SWOT ANALYSIS**

**STEP 1. Identify your strengths**

Categories:

* 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:**

1. What do you do well?
2. What do you do that your competition can’t?
3. Why do customers come to you?

**Financial:**

1. What kind of financial resources do you have?
2. Is your revenue diversified?
3. What kind investments do you have for the future?

**Physical:**

1. What kind of assets do you have?
2. What are the benefits of your company’s space and building?
3. What kind of equipment do you own?

**Intellectual:**

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

**Human resources:**

1. What kind of human resources do you have?
2. Are there vital players in your company’s hierarchy?
3. What kind of programs do you have that improve your business and employees?

**Company workflow:**

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

**Company culture:**

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

**Company reputation:**

1. How does your clientele or community view your company?
2. How did you achieve your reputation?

**Market position:**

1. Does your company have an edge in the marketplace that your competitor doesn’t?
2. What plans do you have in place to improve your market position?

**Growth potential:**

1. What plans do you have for growth?
2. Do you have potential to grow in certain sectors where your competitors don’t?
3. What’s the main reason you’re able to grow?

**STEP 2. Identify your weaknesses**

**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:**

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

**Financial:**

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

**Physical:**

1. Are any of your physical assets creating a problem?
2. What condition is your office in?
3. What condition is your equipment in?

**Intellectual property:**

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

**Human resources:**

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

**Company workflow:**

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

**Company culture:**

1. Are you happy with the company culture that you’ve created? If not, why?

**Company reputation:**

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

**Market position:**

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

**Growth potential:**

1. What plans do you have for growth?
2. Are your competitors growing in ways that you can’t?
3. What keeps your business from growing?

**STEP 3. Identify your opportunities**

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

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

**Questions to ask to find opportunities:**

**Economic trends:**

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

**Market trends:**

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

**Funding changes:**

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

**Political support:**

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

**Government regulations:**

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

**Changing relationships:**

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

**Target audience shift:**

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

**STEP 4. Identify your threats**

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

1. - Economic trends. Examine the economic conditions that impact your business.
2. - Market trends. Think about changing or shrinking market trends.
3. - Funding changes. Donations, grants, or other shifting revenue streams that aren’t within your control.
4. - Political support. If political support is shifting, you’ll want to analyze its impact.
5. - Government regulations. Regulations that are changing that might hurt your business.
6. - Changing relationships. Consider shifting relationships with vendors, partners, or suppliers.
7. - Target audience shift. Your target market might be shrinking, aging, or shifting.

**Questions to ask to find threats:**

**Economic trends:**

1. Is the economy in your area in a recession?
2. Will the economy negatively impact your customers’ ability to make purchases?
3. Are economic shifts happening that impact your target audience?

**Market trends:**

1. How is your market changing?
2. What new trends could hurt your company?
3. Is there more competition in your market that’s pushing you out?

**Funding changes:**

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

**Political support:**

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

**Government regulations:**

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

**Changing relationships:**

1. Are any outside business relationships changing?
2. Is there any turmoil with partners or vendors?

**Target audience shift:**

1. How is your demographic shifting?
2. What threats accompany these changing demographics?
3. Is your audience changing in a way that you can’t accommodate?

TOWS ANALYSIS:

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| --- | --- | --- |
|  | **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 strenghts to minimize the threats you identified? |
| **Weaknesses (internal, negative)** | **Weaknesses- Opportunity strategies**  What action 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? |

Example of TOWS analysis for a company that produces car engines:

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| --- | --- | --- |
|  | **Internal strengths**  -strong research & development and engineering  -strong sales and service network  -efficient production/automation capabilities | **Internal weaknesses**  -heavy reliance on one product  -rising costs in Germany  -no experience with U.S. labor unions if building plant in the U.S. |
| **External opportunities**  -growing affluent market demands more luxurious cars with many options  -attractive offers to build an assembly plant in U.S.  -Chrysler and American Motors need small engines | **S-O strategies:**  1. Develop and produce multiproduct line with many options, in different price classes  2. Build assembly plant using R&D, engineering, production and automation experience  3. Build engines for Chrysler and AMC | **W-O strategies:**  1. Develop compatible models for different price levels  2. to cope with rising costs in Germany, build plants in U.S., hiring U.S. managers with experience in dealing with U.S. labour unions |
| **External threats**  -exchange rate: devaluation of dollar in relation do Deutsche Mark  -competition from Japanese and U.S. automakers  -fuel shortage and price | **S-T strategies:**  1. Reduce effect of exchange rate by building a plant in U.S.  2. Meet competition with advanced design technology  3. Improve fuel consumption trough fuel injection and develop fuel efficient diesel engines | **W-T strategies:**  1. Reduce threat of competition by developing flexible product line  2. engage in joint operation with Chrysler or AMC |