



Continuous Improvement Toolkit

World-Class Performance Tools for Business and

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SWOT Analysis

A SWOT analysis is a simple and structured planning tool for reviewing and assessing the position and health of an organization. It is a scan of the internal and external factors to evaluate the strengths, weaknesses, opportunities and threats for any given situation. It provides the knowledge needed to understand the current situation in order to make more effective decisions and develop more successful strategies. It can be helpful for an entire organization, an individual department, a business unit, a project and even in personal development and career progression.



A SWOT analysis is often used to identify and assess the current strategies and directions for a business. It allows to examine the gap between where we are now and where we need to be in the future. It can then be used as a basis to evaluate the business performance over time and to identify potential strategies for future. SWOT analysis can also be used to assess a strategic option, to assess an investment opportunity, to assess a potential partnership, prior the

development of a new strategic plan, prior launching a new product and in preventive crisis management. This analysis is particularly useful during the prioritization process of projects and will help to avoid starting a project that is likely to fail.

A SWOT analysis encourages the strategic thinking and reveals the direction of change within any business environment. It's simplicity encourages the participation without prior knowledge of the technique. By carrying out a SWOT analysis, organizations and change agents can answer the following questions:

- How can we maintain and emphasize our strengths?
- How can we compensate our weaknesses?
- How can we exploit opportunities?
- How can we anticipate future threats to protect ourselves against them or reduce their effects?

Completing a SWOT analysis involves identifying the key internal and external factors that are helping or hindering reaching your goals.

Internal Factors are the strengths and weaknesses internal to the organization which may include: corporate culture and image, leadership and

human resource capabilities, competitive priorities, organization structure and performance systems. **External Factors** are the opportunities and threats presented by the environment external to the organization (or project) and may include: market trends, competitive position, economic conditions, legislations, political, technological and sociocultural considerations.

Strengths <i>Maintain</i>	Weaknesses <i>Remedy</i>
Opportunities <i>Exploit</i>	Threats <i>Counter</i>

Results are often presented in the form of a matrix

Strengths are the internal capabilities that put the business or project at a competitive advantage, while **Weaknesses** are internal deficiencies that may inhibit or limit achieving the goals. **Opportunities** on the other hand are events and elements that the business or project could exploit to its advantage, while **Threats** are unfavorable events and barriers that may have a negative effect on an organization or project.



How to Conduct a SWOT Analysis:

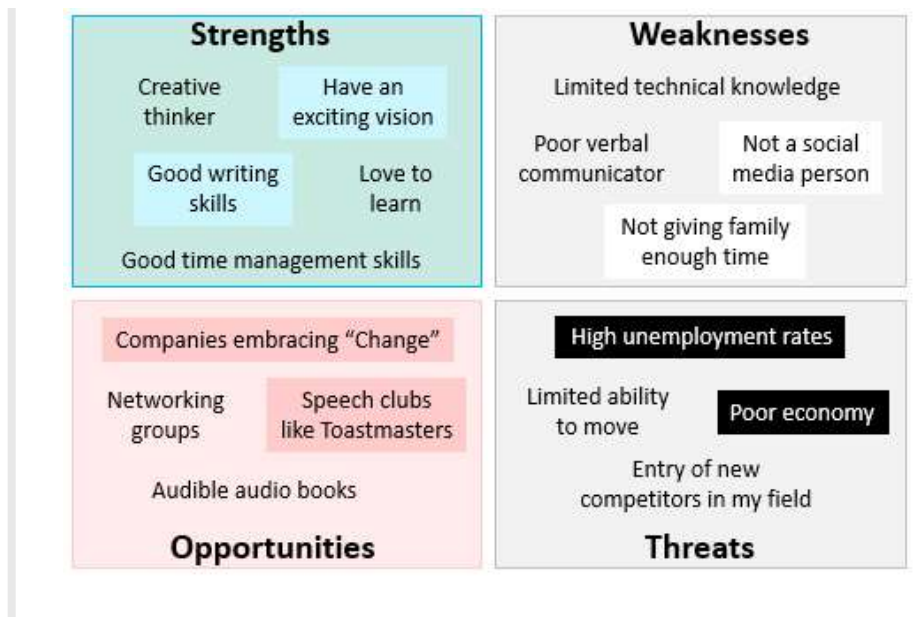
The SWOT analysis is normally led by a facilitator who has considerable experience in the relevant subject. The following steps describe how to conduct a SWOT analysis:

- Prepare the necessary facts and figures before conducting the analysis.
- With your team, clearly explain why it is important to conduct the analysis and how you will do it.
- Hang out four large flipcharts, one to each category (strengths, weaknesses, opportunities, and threats).
- Use brainstorming to log all possible inputs under each category.

- Ask questions to seek meaningful information and encourage everyone to participate.
- Take time to ensure the appropriateness and completeness of the recorded information.
- Once the SWOT analysis is complete, prioritize the findings then record the inputs of each category on one document and in the form of a matrix.
- Present the SWOT matrix to key decision makers and planning teams.
- Develop an action plan to address each of the four categories.

Personal SWOT Analysis:

Although SWOT analysis was originally made for businesses, it can be used with equal success to identify and assess a person's strengths, weaknesses, opportunities and threats. The analysis can help you to better understand many things about yourself. You can then apply personal strategies to turn weaknesses into strength, take advantages of strengths and opportunities and minimize or eliminate weaknesses and threats. The following is an example that uses a SWOT analysis to identify and assess a person's characteristics and capabilities:



Further Information:

- One way of utilizing the SWOT analysis is to convert weaknesses into strengths and threats into opportunities.
- Be objective and self-critical when conducting a SWOT analysis and never make excuses or get defensive. It is normal for any business or human being to have some weaknesses.
- You may need to separate the group into smaller teams to allow individuals to speak up and contribute.
- **PEST Analysis** is often linked to and even used with SWOT analysis. It is a strategic planning tool used to analyze the impact that the political, economical, social, and technological factors might have on a business or a project. It helps to spot the different external factors that may affect your business and are beyond your control. It is often used when conducting a strategic analysis or doing a market research. Information derived from the PEST analysis can identify opportunities and threats in the SWOT analysis.

- **STEEPLED** on the other hand is an alternative of PEST with the legislative, environmental, demographic and ethical factors added to the mix.

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