

HOW TO PREPARE A SWOT ANALYSIS

"SWOT" is an acronym for Strengths, Weaknesses, Opportunities and Threats.

A SWOT Analysis (on an organisation or just one aspect of the organisation) is an exercise to examine both from inside and outside the organisation, factors that affect its development.

Strengths and Weaknesses are the internal factors that are determinable by the organisation. Opportunities and Threats are the external factors that are determinable by outside forces such as government legislation and market trends.

The analysis helps the organisation to decide what it can do to build up its strengths and repair its weaknesses, as well as what it might do to explore opportunities and mitigate threats should these occur.

SWOT Analysis

1. What are the Strengths of your organisation? "Strengths" are the positive internal factors in your organisation – these are factors that the organisation can control and change, not those that are outside its power to change such as market trends. What does each Strength "mean" to the organisation. For example, "Excellent customer service" as a Strength may mean that "Loyal customers give us constant repeat business and referral base".

<u>Strengths</u>	<u>Means to organisation</u>

2. What are the Weaknesses of your organisation? "Weaknesses" are the negative internal factors in your organisation – these are factors that the organisation can control and change, not those that are outside its power to change such as upcoming legislation. What does each Weakness "mean" to the organisation. For example, "Poor administration systems" as a Weakness may mean that "We don't have enough facts quickly to make timely decisions".

<u>Weaknesses</u>	<u>Means to organisation</u>

3. What are the Opportunities available to your organisation? “Opportunities” are the positive external factors that do or may affect your organisation – these are factors that the organisation cannot control or change, such as international economic cycles. What does each Opportunity “mean” to the organisation. For example, “Aging population” as an Opportunity may mean that “Target Market for our retirement planning services is increasing”.

<u>Opportunities</u>	<u>Means to organisation</u>

4. What are the Threats influencing your organisation? “Threats” are the negative external factors that do or may affect your organisation – these are factors that the organisation cannot control or change, such as restrictive trade practices. What does each Threat “mean” to the organisation. For example, “Increased government control” as a Threat may mean that “Our product safety standards will be put under legislation”.

<u>Threats</u>	<u>Means to organisation</u>

Strategies to Build Up, Repair, Explore and Mitigate your SWOT's

Having analysed your Strengths, Weaknesses, Opportunities and Threats, we can prioritise them to identify the major ones, and then write up strategies to:-

- Build up major Strengths,
- Repair major Weaknesses,
- Take advantage of major Opportunities, and
- Defend against major Threats.

1. Prioritise your Strengths, Weaknesses, Opportunities and Threats by ranking them from 1 (The most important), 2 for the next most important, 3 for the third most important, and so on.

<u>Strengths, Weaknesses, Opportunities, Threats (from above)</u>	<u>Rank (1= Most Important)</u>

Decide on those you will identify as major Strengths, Weaknesses, Opportunities and Threats – in particular, those that if built up, repaired, taken advantage of or defended against, will achieve the Vision.

Set specific Strategies for each major item– strategies to build up strengths, repair weaknesses, take advantage of opportunities, and defend against threats.

For example if the Sales Team is a strength, a strategy may be to reward the Sales Team appropriately for sales increases beyond target.

If the information system is a weakness, a strategy may be to improve computerised information systems.

If market trends are an opportunity, a strategy may be to explore what new target markets are becoming available.

If restrictive trade practices is a threat, a strategy may be to join trade groups and influence decisions from the inside.

CRITICAL SWOT AND STRATEGIES

<u>Critical Strengths from above</u>	<u>Strategies</u>
<u>Critical Weaknesses from above</u>	<u>Strategies</u>
<u>Critical Opportunities from above</u>	<u>Strategies</u>
<u>Critical Threats from above</u>	<u>Strategies</u>

Review of Your SWOT Strategies

You should review your Organisational Strategies using the SMART model as well as an overall review for alignment to your Vision, Mission and Values.

Review each Organisational Strategy as follows.

Firstly, use the SMART Model,

Specific – Is the statement “Specific”. Does it refer to only one specific issue? Is it worded specifically and not in an ambiguous way?

Measurable – Does the statement contain “Measurable” elements? Is it stated in quantitative terms like how many units, how much, what percentage?

Achievable – Is the statement “Achievable”? It may be challenging but is it based on reality?

Result – Is the statement “Result-Oriented”? Does it talk about a result, rather than an activity to be performed?

Timed – Does the statement provide “Timed” deadlines and appropriate responsibilities?

Secondly, is the achievement of the Strategy a step towards the achievement of a Strategic Objective and so a step towards the Vision, Mission and Values?