

FACTS SHEET – November 1999

SWOT ANALYSIS

A SWOT Analysis is something that is simple and can be done on a regular basis. Essentially it is a review of your business. You all at the areas of the business, both those you have internal control over and those external effects that you need to be cognisant of. Simply it is:

Internal Review:

Strengths of your business

Weaknesses of your business

External Review:

Opportunities that may be available

Threats that may possibly arise or may have arisen

Summary of the SWOT Process

- o Begin by conducting an audit of the internal strengths and weaknesses of your business.
- o Then review the external opportunities and threats that may affect your business. These may be economic, technological, political and environmental.
- o You just want to note the bullet points – if you want to elaborate you can do so later.
- o Capture the salient points, those which have a material effect on your business.
- o The primary aim of your SWOT analysis is to gain an objective understanding of how your business operates in the context of the wider community. You want to identify the problems and reveal the potentialities.
- o Once your problems and potentialities are known you then have the ability to develop strategies to grow your business. A SWOT analysis is great in assisting you to understand where your business is placed and as the base on which you can construct your Business Plan.

Strengths

Ask yourself what do you do well? What resources do you have? What advantages do you have over your competition? These are all areas of your business that you have control over. By listing these strengths you may uncover items that you didn't even know you had. Or you may reveal the

ability to improve on some of these strengths. Alternatively you may find some strengths which are of minor importance which really don't need much attention.

Break up your business into the areas of Operations, Marketing, Finance and Staffing. And if you need to, sub-divide each of these areas. In each of these areas or sub-areas attribute as many strengths that you can quickly think of. Ask your managers, your family, your friends, your staff, and your customers what they think about your business.

What strengths would you like to have?

What are the strengths of your business that contribute to, or are, your competitive advantage?

What are the intrinsic or core values of your business?

Weaknesses

Ask yourself what are the weaknesses of your business? What resources do you lack? What advantages that your competition has over you? What are your problems? These are all areas of your business that you have control over. By listing these weaknesses you may uncover items that you didn't even know you had. Or you may reveal problems that are easy to mend and yet yield tremendous advantages by doing so. Alternatively you may find some weaknesses which are of minor importance which really don't need much attention.

Again, break up your business into the areas of Operations, Marketing, Finance and Staffing. And if you need to, sub-divide each of these areas. In each of these areas or sub-areas find as many weaknesses that you can quickly think of. Ask your managers, your family, your friends, your staff, and your customers what they think about your business.

What are the problems you would like to overcome?

What is holding your business back?

What are the limitations in your business that restricts your competitive advantage?

Opportunities

Ask yourself what opportunities exist in your market or the environment from which you hope to benefit? These external factors are those that help you to identify the reasons you are in business. Why you provide the products and services you do. Why you participate in certain markets. By reviewing your opportunities you hope to broaden your outlook and to reveal areas of opportunities yet to be explored.

Opportunities may be the result of economic, technological, political and environmental changes. They may be associated with current situations concerning your ability to cater to your markets or the ability to offer better value for your services.

Note that opportunities are factors, changes or pressures external to your business. If you list one which is internal then re-list it as a Strength.

What opportunities do you have?

Are there any new products or technological changes that may provide benefits to your customers?

Are there any markets for your current products that you haven't yet explored?

Threats

Ask yourself what threats exist in your market or the environment to your business? These external factors are those that are beyond your control. They can put your business itself at risk. By analysing these you hope to understand what can happen to your business so that you can start to determine what contingency plans you may need to put into place. By listing these threats you are allowing the ability for you to get your worst fears on paper for fresh analysis. Ask your families and friends what they think.

Threats may be the result of economic, technological, political and environmental changes. They may be associated with current situations concerning your ability to cater to your markets or the ability to offer better value for your services.

Examples of a threat are: the possibility of new competition opening up against you; adverse media coverage; shifting consumer behaviours; and changing technologies making obsolete your main product lines.

Note that threats are factors, changes or pressures external to your business. If you list one which is internal then re-list it as a weakness.

What are the worst threats to your business?

Does the possibility exist for a strong competitor to open up against you?

Are there any innovations in your industry that you may not be able to compete against or use?

Are there any possible governmental changes being discussed in the press that may adversely affect your business?

Important: The information contained in this Facts Sheet is not advice. Many of the comments in this Facts Sheet are general in nature and anyone intending to apply the information to practical

circumstances should seek professional advice to independently verify their interpretation and the information's applicability to their particular circumstances. Also please note that changes to legislation may occur quickly.

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