SWOT (Strength / Weaknesses / Opportunities / Threats)

Problem
How to assess a project or organization?

Difficulty
Easy to use

- A **SWOT** analysis is a structured strategic method to evaluate an organization or a project.
- SWOT documents the anticipated **S**trengths, **W**eaknesses, **O**pportunities, and **T**hreats.

Course of action →

SWOT Analysis

Improved decision making →

	Help you	Hurt you
Internal	S Strengths	W Weaknesses
External	O Opportunities	T Threats

1. Clearly specify the desired end state or objective.
2. Identify the internal and external factors that are favorable and unfavorable to achieve that objective. For each SWOT element, address a set of "standard" questions:
- **Strengths**: *What do you do very well, compared to others? What resources do you have? Is your brand strong?*
- **Weaknesses**: *What do your rivals do better than you do? What processes and activities need improvement? What do you do poorly?*
- **Opportunities**: *Are there new ways to create your products? Where are your strengths valued? Are there new markets? Are your competitors' customers unhappy?*
- **Threats** *Will technology change the need for your product? Can customers use alternative products? Are customers needs changing? What are your competitors doing?*

SWOT – Example – Fast Food Chain

A SWOT analysis for a large well-known regional US-only fast food chain might be as follows:

Strengths (help, internal)
- Competitive pricing.
- Excellent economies of scale.
- Large installed base.
- Widely recognized brand.

Weaknesses (hurt, internal)
- High employee turnover.
- Increasing consumer concern about healthiness of food.
- Menu changes slowly.
- Quality control varies due to franchised operations.

Opportunities (help, external)
- Add healthier items to menu.
- Appeal to neglected consumers (e.g., gluten-free offerings).
- Expand business to other regions and/or other countries.
- Increase social activities to reinforce brand.

Threats (hurt, external)
- Competitors from other countries may enter US market
- Customers are becoming more health-conscious.
- Other US fast-food chains are also changing their offerings.

SWOT – Notes

Slide 1

1. A SWOT analysis is best performed by a team composed of members with experience in many different disciplines.
2. The web contains many different lists of "standard" questions to be addressed for each of {S, W, O, T}.
3. While A SWOT addresses a course of action, a **PEST (**Political / Economical / Social / Technological) **analysis** addresses a market
4. SWOT analysis is similar to SOAR analysis.
5. **Rules for a successful SWOT analysis:**
   A. Be realistic about the strengths and weaknesses of any proposition.
   B. A SWOT should distinguish between where your organization is today, and where it could be in the future.
   C. SWOT should always be specific. Avoid grey areas.
   D. Always apply SWOT in relation to your competition; i.e.. better than or worse than your competition.
   E. Keep the SWOT short and simple. Avoid complexity and over-analysis.
   F. A SWOT is subjective.

Slide 2

1. Every state has regional fast food: Alabama has "Jack's", …, Wyoming has "Taco John's"
2. A full SWOT analysis would include more than the few items shown in the example for each of {S, W, O, T}.
3. The SWOT shown here is only notional and missing many details, a proper SWOT uses precise, verifiable statements. For example "Cost advantage of US$10/ton in sourcing raw material x" is much better than "Good value for money".