

Innovation Toolbox – SWOT Analysis

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. It helps you to explore where you stand compared to your competition, and how you should position yourself in your target markets.

Description

SWOT analysis is usually carried out on a 2 x 2 matrix.

- Strengths and weaknesses are internal to your organisation. They are things you can influence.
- Opportunities and threats are external. You can't control them and must adapt to them.
- Strengths and opportunities are positive factors you want to take advantage of.
- Weaknesses and threats are negative factors; to be minimised and avoided.

	Positive	Negative
Internal	Strength	Weakness
External	Opportunity	Threat

Where do you Use the Tool?

SWOT analysis is usually done as a group or team exercise, but you can get individuals to fill in the SWOT template and combine suggestions. It can be done by an individual, but it is always useful to get some other inputs so that your own prejudices don't dominate.

The best places to use SWOT analysis are in understanding **market context** in assessing **need**, and in reviewing your own current **capabilities**.

It is not directly useful in developing your **offer**.

How to Use the Tool

1. Brainstorm factors in each category. There are lists of trigger questions available to help you cover all the key factors that might be important. For example:
 - Strengths:
 - What do you do well?
 - What can you do that others can't?
 - Why do customers choose you?
 - Weaknesses:

- What do you struggle with?
- What can't you do that others can?
- Why do your target customers choose others?
- Opportunities:
 - Are changes in regulation forcing new solutions that you can deliver?
 - Are there changes in lifestyles and consumer preferences you can exploit?
 - Is new technology changing the customer wants and needs?
- Threats:
 - Will new solutions and new market entrants threaten your profit margin?
 - Is your target audience declining or becoming poorer?
 - Is a new default standard being created that you can't deliver?

NB – You need to be honest in your strengths and weaknesses. We tend to overstate our strengths and underestimate or ignore our weaknesses. Every business has weaknesses.

2. Select the factors that are most important for your business.
3. Develop strategies and action plans that respond to your analysis. How are you going to make the most of your strengths and minimise your weaknesses? How can you seize the opportunities, whilst defending against the threats?

Use the 2 x 2 matrix gain to combine the four categories of your analysis:

- Weakness- Opportunity: remove the weakness to access the opportunity
- Weakness – Threat: remove the weakness or change the business target to avoid the threat
- Strength – Opportunity: match strengths to the opportunity to maximise chance of success
- Strength – Threat: confront the threat using your strengths

	Opportunity	Threat
Weakness	Use the opportunities identified to work on your weaknesses	Address weaknesses or change strategy to avoid threat; eg stay away from some customer/application areas
Strength	Match strengths to opportunities to improve chance of success	Innovate new solutions based on your strengths to minimise or avoid threats

Further Information

<https://articles.bplans.com/swot-analysis-identify-your-strengths/>