

## SWOT Analysis

The SWOT analysis is an extremely useful tool for understanding and decision-making for all sorts of situations in business and organizations. SWOT is an acronym for Strengths, Weaknesses, Opportunities, Threats. Information about the [origins and inventors of SWOT analysis](#) is below. The SWOT analysis headings provide a good framework for reviewing strategy, position and direction of a company or business proposition, **or any other idea**. Completing a SWOT analysis is very simple, and is a good subject for [workshop sessions](#). SWOT analysis also works well in [brainstorming](#) meetings. Use SWOT analysis for business planning, strategic planning, competitor evaluation, marketing, business and product development and research reports. You can also use [SWOT analysis exercises for team building games](#). See also [PEST analysis](#), which measures a business's market and potential according to external factors; Political, Economic, Social and Technological. It is often helpful to complete a PEST analysis prior to a SWOT analysis. See also [Porter's Five Forces model](#), which is used to analyse competitive position.

Here is a [free SWOT analysis template worksheet \(in MSWord\)](#). And the same [free SWOT analysis tool in pdf format](#).

A SWOT analysis measures a business unit, a proposition or idea; a PEST analysis measures a market.

A SWOT analysis is a subjective assessment of data which is organized by the SWOT format into a logical order that helps understanding, presentation, discussion and decision-making. The four dimensions are a useful extension of a basic two heading list of pro's and con's ([free pro's and con's template here](#)).

SWOT analysis can be used for all sorts of decision-making, and the SWOT template enables proactive thinking, rather than relying on habitual or instinctive reactions.

The SWOT analysis template is normally presented as a grid, comprising four sections, one for each of the SWOT headings: Strengths, Weaknesses, Opportunities, and Threats. The free SWOT template below includes sample questions, whose answers are inserted into the relevant section of the SWOT grid. The questions are examples, or discussion points, and obviously can be altered depending on the subject of the SWOT analysis. Note that many of the SWOT questions are also talking points for other headings - use them as you find most helpful, and make up your own to suit the issue being analysed. It is important to clearly identify the subject of a SWOT analysis, because a SWOT analysis is a perspective of one thing, be it a company, a product, a proposition, and idea, a method, or option, etc.

Here are some examples of what a SWOT analysis can be used to assess:

- a company (its position in the market, commercial viability, etc)
- a method of sales distribution
- a product or brand
- a business idea
- a strategic option, such as entering a new market or launching a new product
- a opportunity to make an acquisition
- a potential partnership
- changing a supplier
- outsourcing a service, activity or resource
- an investment opportunity

Be sure to describe the subject for the SWOT analysis clearly so that people contributing to the analysis, and those seeing the finished SWOT analysis, properly understand the purpose of the SWOT assessment and implications.

This remarkable piece of history as to the origins of SWOT analysis was provided by [Albert S Humphrey](#), one of the founding fathers of what we know today as SWOT analysis. I am indebted to him for sharing this fascinating contribution. Albert Humphrey died on 31 October 2005. He was one of the good guys.

SWOT analysis came from the research conducted at Stanford Research Institute from 1960-1970. The background to SWOT stemmed from the need to find out why corporate planning failed. The research was funded by the fortune 500 companies to find out what could be done about this failure. The Research Team were Marion Doshier, Dr Otis Benepe, Albert Humphrey, Robert Stewart, Birger Lie.

It all began with the corporate planning trend, which seemed to appear first at Du Pont in 1949. By 1960 every Fortune 500 company had a 'corporate planning manager' (or equivalent) and 'associations of long range corporate planners' had sprung up in both the USA and the UK.

However a unanimous opinion developed in all of these companies that corporate planning in the shape of long range planning was not working, did not pay off, and was an expensive investment in futility.

It was widely held that managing change and setting realistic objectives which carry the conviction of those responsible was difficult and often resulted in questionable compromises.

The fact remained, despite the corporate and long range planners, that the one and only missing link was how to get the management team agreed and committed to a comprehensive set of action programmes.

To create this link, starting in 1960, Robert F Stewart at SRI in Menlo Park California lead a research team to discover what was going wrong with corporate planning, and then to find some sort of solution, or to create a system for enabling management teams agreed and committed to development work, which today we call 'managing change'.

The research carried on from 1960 through 1969. 1100 companies and organizations were interviewed and a 250-item questionnaire was designed and completed by over 5,000 executives. [Seven key findings](#) lead to the conclusion that in corporations chief executive should be the chief planner and that his immediate functional directors should be the planning team. Dr Otis Benepe defined the 'Chain of Logic' which became the core of system designed to fix the link for obtaining agreement and commitment.

1. Values
2. Appraise
3. Motivation
4. Search
5. Select
6. Programme
7. Act
8. Monitor and repeat steps 1 2 and 3

We discovered that we could not change the values of the team nor set the objectives for the team so we started as the first step by asking the appraisal question ie what's good and bad about the operation. We began the system by asking what is good and bad about the present and the future. What is good in the present is Satisfactory, good in the future is an Opportunity; bad in the present is a Fault and bad in the future is a Threat. This was called the SOFT analysis.

When this was presented to Urick and Orr in 1964 at the Seminar in Long Range Planning at the Dolder Grand in Zurich Switzerland they changed the F to a W and called it SWOT Analysis.

SWOT was then promoted in Britain by Urick and Orr as an exercise in and of itself. As such it has no benefit. What was necessary was the sorting of the issues into the programme planning categories of:

1. **Product** (what are we selling?)
2. **Process** (how are we selling it?)
3. **Customer** (to whom are we selling it?)
4. **Distribution** (how does it reach them?)
5. **Finance** (what are the prices, costs and investments?)
6. **Administration** (and how do we manage all this?)

The second step then becomes 'what shall the team do' about the issues in each of these categories. The planning process was then designed through trial and error and resulted finally in a 17 step process beginning with SOFT/SWOT with each issue recorded separately on a single page called a planning issue.

The first prototype was tested and published in 1966 based on the work done at 'Erie Technological Corp' in Erie Pa. In 1970 the prototype was brought to the UK, under the sponsorship of W H Smith & Sons plc, and completed by 1973. The operational programme was used to merge the CWS milling and baking operations with those of J W French Ltd.

The process has been used successfully ever since. By 2004, now, this system has been fully developed, and proven to cope with today's problems of setting and agreeing realistic annual objectives without depending on outside consultants or expensive staff resources.

See also the [free PEST analysis template and method](#), which measures a business according to external factors; Political, Economic, Social and Technological. It is often helpful to complete a PEST analysis prior to competing a SWOT analysis.

See also [Porter's Five Forces model](#).

PEST is useful before SWOT - not generally vice-versa - PEST definitely helps to identify SWOT factors. There is overlap between PEST and SWOT, in that similar factors would appear in each. That said, PEST and SWOT are certainly two different perspectives:

PEST assesses a market, including competitors, from the standpoint of a particular proposition or a business.

SWOT is an assessment of a business or a proposition, whether your own or a competitor's.

Strategic planning is not a precise science - no tool is mandatory - it's a matter of pragmatic choice as to what helps best to identify and explain the issues.

PEST becomes more useful and relevant the larger and more complex the business or proposition, but even for a very small local businesses a PEST analysis can still throw up one or two very significant issues that might otherwise be missed.

The four quadrants in PEST vary in significance depending on the type of business, eg., social factors are more obviously relevant to consumer businesses or a B2B business close to the consumer-end of the supply chain, whereas political factors are more obviously relevant to a global munitions supplier or aerosol propellant manufacturer.

All businesses benefit from a SWOT analysis, and all businesses benefit from completing a SWOT analysis of their main competitors, which interestingly can then provide some feed back into the economic aspects of the PEST analysis.

## SWOT Analysis Template

State what you are assessing here \_\_\_\_\_

(This particular example is for a new business opportunity. Many criteria can apply to more than one quadrant. Identify criteria appropriate to your own SWOT situation.)

### criteria examples

Advantages of proposition?  
Capabilities?  
Competitive advantages?  
USP's (unique selling points)?  
Resources, Assets, People?  
Experience, knowledge, data?  
Financial reserves, likely returns?  
Marketing - reach, distribution, awareness?  
Innovative aspects?  
Location and geographical?  
Price, value, quality?  
Accreditations, qualifications, certifications?  
Processes, systems, IT, communications?  
Cultural, attitudinal, behavioural?  
Management cover, succession?  
Philosophy and values?

### strengths

### weaknesses

### criteria examples

Disadvantages of proposition?  
Gaps in capabilities?  
Lack of competitive strength?  
Reputation, presence and reach?  
Financials?  
Own known vulnerabilities?  
Timescales, deadlines and pressures?  
Cashflow, start-up cash-drain?  
Continuity, supply chain robustness?  
Effects on core activities, distraction?  
Reliability of data, plan predictability?  
Morale, commitment, leadership?  
Accreditations, etc?  
Processes and systems, etc?  
Management cover, succession?

### criteria examples

Market developments?  
Competitors' vulnerabilities?  
Industry or lifestyle trends?  
Technology development and innovation?  
Global influences?  
New markets, vertical, horizontal?  
Niche target markets?  
Geographical, export, import?  
New USP's?  
Tactics: eg, surprise, major contracts?  
Business and product development?  
Information and research?  
Partnerships, agencies, distribution?  
Volumes, production, economies?  
Seasonal, weather, fashion influences?

### opportunities

### threats

### criteria examples

Political effects?  
Legislative effects?  
Environmental effects?  
IT developments?  
Competitor intentions - various?  
Market demand?  
New technologies, services, ideas?  
Vital contracts and partners?  
Sustaining internal capabilities?  
Obstacles faced?  
Insurmountable weaknesses?  
Loss of key staff?  
Sustainable financial backing?  
Economy - home, abroad?  
Seasonality, weather effects?