

Transcript for What is SWOT? Video

In this video we're talking all about SWOT analysis, what it's used for, the various elements and considerations of building a SWOT diagram, and how to get started doing it.

SWOT analysis is a key part of any business and strategic plan. SWOT stands for strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are internal factors and opportunities and threats are external factors. A SWOT diagram analyzes a project or business venture by focusing on each of these factors. It typically consists of four boxes one for each area but the exact shape may vary depending on the design. SWOT diagrams can be especially useful when trying to decide whether or not to embark on a certain venture or strategy by visualizing the pros and cons. By clearly outlining all positives and negatives of a project SWOT analysis makes it easier to decide how to move forward.

First, you want to figure out how to build on the strengths of your organization. A SWOT analysis will help you identify the parts of your business that are doing well. These are your critical success factors, the aspects of your business that are strong and give you a competitive advantage. Recognizing these assets will help you continue on at a high level and you will need to find ways to leverage and build upon these strengths to grow your business.

Next, you'll want to identify ways to improve on your weaknesses. Weaknesses are the factors that put you at a disadvantage to your competitors. Figuring out what these weaknesses are and taking actions to lessen them before they hurt your business is essential. This stage requires a detailed and candid analysis of what is going wrong within your organization.

Now, you'll try to identify the opportunities available for your business. Try to pinpoint openings in the marketplace that you can take advantage of to help your business grow. These opportunities are caused by external factors such as market fluctuations and trends. Always consider your strengths and weaknesses when assessing these opportunities. Not every opportunity is right for your company at the moment, but it may be not too far down the line.

Now, we'll try to figure out how to respond to threats to your business. Market fluctuations, government regulation, or public perception are all external factors that may affect your business in a negative way. By identifying these threats and finding ways to lessen or eliminate them you are clearing the way for smoother sailing. As with opportunities you need to consider your strengths and weaknesses when assessing threats. It's important to note that a strength for one part of your organization might be a weakness for another. For instance, the old fashioned brand image and hundred-year-old history of a company may benefit the farm equipment division but it may not be such a boon for the new tech division. For this reason you may want to perform a different SWOT analysis for each part of your business rather than for the business as a whole. Also, you'll very likely have the same factors listed in more than one of these categories. You can see how a company's weakness, for example, its lack of presence in a market place, could also be a major opportunity going forward.

Here are some things to keep in mind while doing a SWOT analysis. Try to keep your SWOT diagram brief into the point. Include the most pertinent details but don't bog it down with too much explanation within the diagram. You can go into greater detail during meetings or in reports. Be sure to utilize employees from various areas of your company when getting input during your analysis. Consider feedback from your partners and customers as well. A variety of perspectives will result in a more thorough analysis. Keep the core objectives of your company's business plan in mind while performing your SWOT analysis. This will help guide you through seemingly unrelated internal and external factors. Arrange the results of your analysis in order of the most important factors to the least. This will help you prioritize action points going forward. With all that in mind let's look at how you build a SWOT diagram.

First determine the objective. Decide on a key project or strategy to analyze and write it at the top of the page. Next, create a grid. Draw a large square and then divide it into four smaller squares. If you're using a diagramming program, like smart draw, the templates already do this for you, all you have to do is type in the spaces. The boxes of course should be labeled strengths, weaknesses, opportunities, and threats. These are titles so they should be distinguished from the rest of the text using either color or font size. Add the factors that affect the project to the applicable boxes. Factors are typically listed in bullet form. Continue adding, removing, or editing the factors as you go through your process, that's all there is to it.

Now, draw your conclusions by analyzing the finished SWOT diagram. Be sure to note if the positive outcomes outweigh the negative. If they do, it may be a good decision to carry out the objective. If they do not, adjustments may need to be made or certain objectives may need to be abandoned. Be sure to keep your SWAT analysis in an easy-to-access place for future reference and discussion. Some managers may want to keep an ongoing SWAT analysis, updating the diagram on a regular basis, others may prefer to revise the analysis quarterly or yearly. Either way it should not be left stagnant for long.

We hope you've enjoyed learning about SWOT analysis. Thanks for watching.

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