The Success Planning SWOT Analysis

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. SWOT analyses have been used since the **1960's** to create business strategies based on the information from the analysis. Strengths and weaknesses are internal factors, and opportunities and threats are external factors.

Conducting a SWOT analysis is an important step to take before creating any business plan. A SWOT analysis should be measured against competitors and used to determine what needs to be involved in a succession plan.

Identifying Strengths

The strengths of an organization are any internal characteristics that provide a competitive advantage. Strengths that are not easily imitated or matched by competitors are known as core competencies. The strengths of any business or department will vary.

Typical Company Strengths

- Customer loyalty
- Products
- Customer service
- Financial gains
- Employee loyalty
- Research and development

The strengths of an organization need to be nurtured and developed once they are identified.

Identifying Weaknesses

Weaknesses are also internal characteristics of a company. They show advantages that competitors have over you. Weaknesses affect the reputation of the company as well as its financial health. As internal characteristics of an organization, it is possible to address weaknesses. It is essential to identify weaknesses in the organization and find ways to turn them into strengths.

Typical Weaknesses:

- Inefficient customer service
- Poor finances
- Low quality products or services
- High employee turnover
- Disloyal customers
- Bad relationships with vendors

Identifying Opportunities

Opportunities are not internal. External factors account for the opportunities that any company has. While opportunities are not under the control of the organization, these environmental factors need to be evaluated and acted on quickly. Remember that the opportunities that your company have are opportunities for your competitors as well.

Typical Opportunities:

- Growing markets
- Advancement in technology
- Economic stability
- Demographic changes
- Mergers

Identifying Threats

Threats are external factors that influence your company. They can keep you from reaching your goals and need to be addressed in the company's strategic plan. Negative environmental factors need to be addressed so that their impact is minimized.

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Typical Threats

- Price wars
- Buyers markets
- New competitors
- Demographic changes
- Advancement in technology (makes your product obsolete)

Review Questions (Refer to Audio and Video files for correct answers)

1) Which of the following IS NOT one of the typical company strengths?
    a. Products
    b. Customer service
    c. Employee loyalty
    d. Growing markets
2) Which of the following statements IS NOT true?
    a. The strengths of any business or department will vary
    b. The strengths of an organization are any external characteristics that provide a competitive advantage
    c. Strengths that are not easily imitated or matched by competitors are known as core competencies
    d. The strengths of an organization need to be nurtured and developed once they are identified

3) Which of the following IS NOT one of the typical company weaknesses?

    a. High employee turnover

    b. Disloyal customers

    c. Strong competitors

    d. Bad relationship with vendors

4) Which of the following statements is true?

    a. Weaknesses do not affect company’s reputation seriously

    b. Weaknesses show advantages that competitors have over you

    c. It’s often impossible to address the weaknesses

    d. Weaknesses are external characteristics of a company

5) Which of the following IS NOT one of the typical company opportunities?

    a. Economic stability

    b. Demographic changes

    c. Research and development

    d. Mergers

6) Which of the following statements IS NOT true?

    a. Opportunities are not under control of the organization

    b. Opportunities need to be evaluated quickly

    c. Opportunities are an internal factor

    d. Opportunities of your company are also opportunities for the competitors

7) Which of the following IS NOT one of the typical threats?

   a. Poor customer service

   b. Price wars

   c. Demographic changes

   d. Buyers markets

8) Which of the following statements IS NOT true?

   a. Threats are external factors

   b. Threats cannot stop a company from reaching its goals

   c. Threats need to be addressed in the company's strategic plan

   d. Negative environmental factors need to be addressed so that their impact is minimized