

# **SWOT Analysis**

What to look for in sizing up a company's Strengths, Weaknesses, Opportunities and Threats

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## **Potential Internal Strengths**

- Core competencies in key areas
- Adequate financial resources
- Well-thought-of by buyers
- Access to economies of scale
- Insulated (at least somewhat) from strong competitive pressures
- Proprietary technology
- Cost advantages
- Better advertising campaigns
- Product innovation skills
- Proven management
- Ahead of the experience curve
- Better manufacturing capability
- Other

## **Potential Internal Weaknesses**

- No clear strategic direction
- Obsolete facilities
- Sub-par profitability because . . .
- Lack of managerial depth and talent
- Missing some key skills or competencies
- Poor track record in implementing strategy
- Plagued with internal operating problems
- Falling behind in R&D
- Too narrow a product line
- Weak market image
- Weak distribution network
- Below-average marketing skills
- Unable to finance needed changes in strategy
- Higher overall unit costs relative to key competitors
- Other

## **Potential External Opportunities**

- Ability to serve additional customer groups or expand into new markets or segments
- Ways to expand product line to meet broader range of customer needs
- Ability to transfer skills or technological know-how to new products or businesses
- Falling trade barriers in attractive foreign markets
- Integrating forward or backward
- Complacency among rival firms
- Ability to grow rapidly because of strength increases in market demand
- Emerging new technologies

## **Potential External Threats**

- Entry of lower-cost foreign competitors
- Rising sales of substitute products
- Slower market growth
- Adverse shifts in foreign exchange rates and trade policies of foreign governments
- Costly regulatory requirements
- Vulnerability to recession and business cycle
- Growing bargaining power of customers and suppliers
- Changing buyer needs and tastes
- Adverse demographic changes
- Other