

swot analysis

SWOT analysis method and examples, with free SWOT template

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.

SWOT analysis template

Subject of SWOT analysis: (define the subject of the analysis here)

strengths

- ✍ 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?

weaknesses

- ✍ 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?

- ✍ Price, value, quality?
- ✍ Accreditations, qualifications, certifications?
- ✍ Processes, systems, IT, communications?
- ✍ Cultural, attitudinal, behavioural?
- ✍ Management cover, succession?

- ✍ Effects on core activities, distraction?
- ✍ Reliability of data, plan predictability?
- ✍ Morale, commitment, leadership?
- ✍ Accreditations, etc?
- ✍ Processes and systems, etc?
- ✍ Management cover, succession?

opportunities

- ✍ 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 - surprise, major contracts, etc?
- ✍ Business and product development?
- ✍ Information and research?
- ✍ Partnerships, agencies, distribution?
- ✍ Volumes, production, economies?
- ✍ Seasonal, weather, fashion influences?

threats

- ✍ 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?

[free SWOT analysis template worksheet version in MSWord](#)

swot analysis example

This SWOT analysis example is based on an imaginary situation. The scenario is based on a business-to-business manufacturing company, who historically rely on distributors to take their products to the end user market. The opportunity, and therefore the subject for the SWOT analysis, is for the manufacturer to create a new company of its own to distribute its products direct to certain end-user sectors, which are not being covered or developed by its normal distributors.

Subject of SWOT analysis example: the creation of own distributor company to access new end-user sectors not currently being developed.

strengths

- ✍ End-user sales control and direction.
- ✍ Right products, quality and reliability.
- ✍ Superior product performance vs competitors.
- ✍ Better product life and durability.
- ✍ Spare manufacturing capacity.
- ✍ Some staff have experience of end-user sector.
- ✍ Have customer lists.
- ✍ Direct delivery capability.
- ✍ Product innovations ongoing.
- ✍ Can serve from existing sites.
- ✍ Products have required accreditations.
- ✍ Processes and IT should cope.
- ✍ Management is committed and confident.

weaknesses

- ✍ Customer lists not tested.
- ✍ Some gaps in range for certain sectors.
- ✍ We would be a small player.
- ✍ No direct marketing experience.
- ✍ We cannot supply end-users abroad.
- ✍ Need more sales people.
- ✍ Limited budget.
- ✍ No pilot or trial done yet.
- ✍ Don't have a detailed plan yet.
- ✍ Delivery-staff need training.
- ✍ Customer service staff need training.
- ✍ Processes and systems, etc
- ✍ Management cover insufficient.

opportunities

threats

- ✍ Could develop new products.
- ✍ Local competitors have poor products.
- ✍ Profit margins will be good.
- ✍ End-users respond to new ideas.
- ✍ Could extend to overseas.
- ✍ New specialist applications.
- ✍ Can surprise competitors.
- ✍ Support core business economies.
- ✍ Could seek better supplier deals.

- ✍ Legislation could impact.
- ✍ Environmental effects would favour larger competitors.
- ✍ Existing core business distribution risk.
- ✍ Market demand very seasonal.
- ✍ Retention of key staff critical.
- ✍ Could distract from core business.
- ✍ Possible negative publicity.
- ✍ Vulnerable to reactive attack by major competitors.

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](#).

more on the difference and relationship between PEST and SWOT

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.

the origins of the SWOT analysis model

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.

the seven key research findings

The key findings were never published because it was felt they were too controversial. This is what was found:

- 1) A business was divided into two parts. The base business plus the development business. This was re-discovered by Dr Peter Senge at MIT in 1998 and published in his book the 5th Dimension. The amount of development business which become operational is equal to or greater than that business on the books within a period of 5 to 7 years. This was a major surprise and urged the need for discovering a better method for planning and managing change.
- 2) Dr Hal Eyring published his findings on 'Distributive Justice' and pointed out that all people measure what they get from their work and divide it by what they give to the work and this ratio is compared to others. If it is not equal then the person first re-perceives and secondly slows down if added demands are not met. (See for interest [Adams Equity Theory](#) and the [Equity Theory Diagram pdf](#))
- 3) The introduction of a corporate planner upset the sense of fair play at senior level, making the job of the corporate planner impossible.
- 4) The gap between what could be done by the organisation and what was actually done was about 35%.
- 5) The senior man will over-supervise the area he comes from. Finance - Finance, Engineering-Engineering etc.
- 6) There are 3 factors which separate excellence from mediocrity:
 - a. Overt attention to purchasing
 - b. Short-term written down departmental plans for improvement
 - c. Continued education of the Senior Executive
- 7) Some form of formal documentation is required to obtain approval for development work. In short we could not solve the problem by stopping planning.

in conclusion

By sorting the SWOT issues into the 6 planning categories one can obtain a system which presents a practical way of assimilating the internal and external information about the business unit, delineating short and long term priorities, and allowing an easy way to build the management team which can achieve the objectives of profit growth.

This approach captures the collective agreement and commitment of those who will ultimately have to do the work of meeting or exceeding the objectives finally set. It permits the team leader to define and develop co-ordinated, goal-directed actions, which underpin the overall agreed objectives between levels of the business hierarchy.

Albert S Humphrey
August 2004

translating SWOT issues into actions under the six categories

Albert Humphrey advocated that the six categories:

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?)

provide a framework by which SWOT issues can be developed into actions and managed using teams.

This can be something of a 'leap', and so the stage warrants further explanation. Translating the SWOT issues into actions, are best sorted into (or if necessary broken down into) the six categories, because in the context of the way that business and organizations work, this makes them more quantifiable and measurable, responsible teams more accountable, and therefore the activities more manageable. The other pivotal part in the process is of course achieving the commitment from the team(s) involved, which is partly explained in the item summarising Humphrey's TAM® model and process.

As far as identifying actions from SWOT issues is concerned, it all very much depends on your reasons and aims for using SWOT, and also your authority/ability to manage others, whom by implication of SWOT's breadth and depth, are likely to be involved in the agreement and

delivery of actions.

Depending on pretext and situation, a SWOT analysis can produce issues which very readily translate into (one of the six) category actions, or a SWOT analysis can produce issues which overlay a number of categories. Or a mixture. Whatever, SWOT essentially tells you what is good and bad about a business or a particular proposition. If it's a business, and the aim is to improve it, then work on translating:

**strengths (maintain, build and leverage),
opportunities (prioritise and optimise),
weaknesses (remedy or exit),
threats (counter)**

into actions (each within one of the six categories) that can be agreed and owned by a team or number of teams.

If the SWOT analysis is being used to assess a proposition, then it could be that the analysis shows that the proposition is too weak (especially if compared with other SWOT's for alternative propositions) to warrant further investment, in which case further action planning, other than exit, is not required.

If the proposition is clearly strong (presumably you will have indicated this using other methods as well), then proceed as for a business, and translate issues into category actions with suitable ownership by team(s).

This is my understanding of Albert Humphrey's theory relating to developing SWOT issues into organizational change actions and accountabilities. (I'm pleased to say that Albert kindly confirmed that this is indeed correct.)

There are other ways of applying SWOT of course, depending on your circumstances and aims, for instance if concentrating on a department rather than a whole business, then it could make sense to revise the six categories to reflect the functional parts of the department, or whatever will enable the issues to be translatable into manageable, accountable and owned aims.

Here is a [summary of Albert Humphrey's impressive TAM® \(Team Action Management\) model](#), developed and used to speed up the process of initiating and controlling organizational change.

See also:

[free SWOT analysis template worksheet version in MSWord](#)

[Porter's Five Forces Competitive Position Model](#)

[PEST and PESTELI Analysis](#)

[Marketing and Planning Templates](#)

and the many other free materials on the [main website](#) if you are not already there.

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