

STEP 14

SWOT your business

What is a SWOT Analysis?

SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. A SWOT analysis allows you to use your strengths and opportunities to your business's best advantage as well as understand what you're lacking and eliminate the threats that would otherwise catch you unawares.

How to do your SWOT Analysis

Assess each of the following parts thoroughly. Then analyse the results. Take your time. Dig deep. This is a powerful final tool that allows you to thoroughly assess your new business.

Here are some questions to help with the assessments:

Strengths:

- What advantages does your business have?
- What do you do better than anyone else?
- What do you have that is unique to your business and that others don't have?
- What qualities set you apart from competitors?
- What internal resources do you have, such as personal skills and strengths and knowledgeable staff?
- What tangible assets do you have such as intellectual property, capital, assets, technologies, etc?
- What do people in your market see as your strengths?

Weaknesses:

- What could you improve in your business?
- What do your competitors do better than you?
- What resources do you lack?
- What knowledge, talent, and skills are you lacking?
- What disadvantages do you have?
- Do you lack a unique selling point or value?

Opportunities:

- What opportunities exist in your market or the environment that you can benefit from?
- What interesting trends are you aware of?
- Are there only a few competitors in your area?
- Is there an emerging need for your product/service?
- What partnerships/connections do you have that provide opportunities?
- Do your competitors have any weaknesses that you could take advantage of?

Threats:

- What obstacles do you face?
- What are your competitors doing that will threaten your business?
- Are there a lot of emerging competitors?
- What situations might threaten your marketing efforts?
- Are there changes in customer needs (trends changing or fads dying, for example)?
- What shifts in consumer behaviour, the economy, or government regulations could reduce your sales?

A SWOT analysis is also invaluable for testing out new ideas once your business is up and running. It allows you to determine whether you have come up with a strong and worthwhile idea or not.

Strengths

Strengths

How I can build on these strengths

Weaknesses

Weaknesses

How I can minimise/compensate for them

Opportunities

Opportunities

How I can seize these opportunities

Threats

Threats

How I can counteract the threats

Adjust your business plan where necessary

Using all the data from your S.W.O.T Analysis, go back through your business plan and address all the weaknesses and threats that you identified, as well as incorporating the solutions that you established. Make sure you address them all, down to the smallest, as opening your doors with weaknesses and threats that you have ignored is asking for trouble.

How will you grow your business in the future?

Think about once your business is off the ground and running successfully – how are you going to grow it? It may seem a bit premature to think about growing the business while you are busy launching it, but it always a worthwhile exercise as it will help guide you once you're up and running. In addition, investors are going to be interested in seeing how you plan to grow your business in the future. After all, their money is on your ability to grow your business.

Here are some ideas to get you thinking –

- add new products
- expand your market

Growing my business in the future

- provide additional services
- attract more customers through more high-level marketing
- sell online
- create a customer loyalty programme
- form strategic partnerships.