



## The 'SWOT' Business Tool

SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) is a method of assessing a business, its resources, and environment. Undertaking an analysis of this type is a good way to better understand a business and its market. It can also show stakeholders that all of the options open to, or affecting the business at a given time have been thought about and documented in logical manner.

The essence of the SWOT analysis is to discover what you do well; how you could improve; whether you are making the most of the opportunities around you; and whether there are any changes in your market, such as technological or clinical developments, merging disciplines, unreliability of partners etc that may require corresponding changes in your business.

This paper will introduce you to the ideas behind the SWOT analysis, and provide suggestions as to how you might carry out a SWOT analysis of your own.

### **What is the SWOT process?**

The SWOT process focuses on the internal strengths and weaknesses of you, your staff, your products or services, and your business. At the same time, it looks at the external opportunities and threats that may have an impact on your business, such as market and current trends, changes in technology, legislation, and financial issues.

### **What is the best way to complete the analysis?**

The traditional approach to completing SWOT is to produce a blank grid of four columns, one each for strengths, weaknesses, opportunities, and weaknesses and then list relevant factors beneath the appropriate heading. Do not worry if some factors appear in more than one box and remember that a factor that appears to be a threat could also represent a potential opportunity. A rush of competitors into your area could easily represent a major threat to your business.

However, competitors can improve overall awareness in your area, which may be beneficial for your business. Competition also shows there is a need for the product or service that you provide.

### **What is the point of completing a SWOT analysis?**

Completing a SWOT analysis will enable you to pinpoint your core activities and identify what you do well, and why. It will also point you towards where your greatest opportunities lie, and highlight areas where changes need to be made to make the most of your business.



## **Know Your Strengths.**

Take some time to consider what you believe are the strengths of your business. These could be seen in terms of your staff, services, processes, or location. Evaluate what your business does well; it could be your specialist expertise, your flexibility, or your excellent service. It is important to try to evaluate your strengths in terms of how they compare to those of your competitors. For example, if you and your competitors provide the same services, then this cannot be listed as a strength. However, if your staff are more highly trained, and your competitors' staff are more generalised, then you should consider listing your delivery staff's knowledge as a strength. It is very important to be totally honest and realistic. Try to include some personal strengths and characteristics of your staff as individuals, and the management team as individuals. Whatever you do, you must be totally honest and realistic: there is no point creating a useless work of fiction.

## **Recognise Your Weaknesses.**

Try to take an objective look at every aspect of your business. Ask yourself whether your services and services delivery could be improved. Think about how reliable your service is, or whether you always deliver exactly what is needed, when it is needed. Try to identify any area of expertise that is lacking in the business so you can take steps to improve that aspect. For example, you might realise that you need more early intervention staff, or financial help and guidance. Do not forget to think about your business's locations and whether they really suit your purpose and future planned developments. Your main objective during this exercise is to be as honest as you can in listing weaknesses. Do not just make a list of mistakes that have been made, such as an occasion when a patient was not called back promptly. Try to see the broader picture instead and learn from what happened. It may be that your systems or processes could be improved so that patients are contacted at the right time, so work on boosting your systems and making that change happen rather than looking about for someone to blame. It is a good idea to get an outside viewpoint on what your weaknesses are as your own perceptions may not always be in line with reality. You may strongly believe that your years of experience in a sector reflect your business's thorough grounding and knowledge of all of your patients' needs. Your patients, on the other hand, may perceive this wealth of experience as an old-fashioned approach that shows an unwillingness to change and work with new and perhaps better ideas. Be prepared to hear things you may not like, but which, ultimately, may be extremely helpful.

## **Spot the Opportunities.**

The next step is to analyse your opportunities, and this can be tackled in several ways. External opportunities can include the misfortune of competitors who are not performing well, providing you with the opportunity to do better. There may be technological developments that you could benefit from or a new process that improves your service delivery. There may be some legislative changes affecting your clients, offering you an opportunity to provide advice, support, or added services. Changes in demographics may provide the development of a niche market, of which you could take advantage before your competitors, if you are quick enough to take action. Another good idea is to consider your weaknesses more carefully, and work



out ways of addressing the problems, turning them around in order to create an opportunity. If a member of staff leaves, you have an opportunity to re-evaluate duties more efficiently or to recruit a new member of staff who brings additional experience and skills with them.

### **Watch Out for Threats.**

Analysing the threats to your business requires some guesswork, and this is where your analysis can be overly subjective. Some threats are tangible, such as a new competitor moving into your area, but others may be only intuitive guesses that result in nothing. Having said that, it is much better to be vigilant because if potential threat does become a real one, you will be able to react much quicker: you will have considered your options already and hopefully also put some contingency planning into place. Think about the worst things that could realistically happen, such as losing your clients to your major competitor. Listing your threats in your SWOT analysis will provide ways for you to plan to deal with the threats, if they ever actually start to affect your business.

### **Using Your SWOT Analysis.**

After completing your SWOT analysis, it is vital that you learn from the information you have gathered. You should now plan to build on your strengths, using them to their full potential, and also plan to reduce your weaknesses, either by minimising the risk they represent, or making changes to overcome them. Now that you understand where your opportunities lie, make the most of them and aim to capitalise on every opportunity in front of you. Try to turn threats into opportunities. Try to be proactive, and put plans into place to counter any threats as they arise. To help you in planning ahead, you could combine some of the areas you have highlighted in the boxes; for example, if you see an external opportunity of a new market growing, you will be able to check whether your internal strengths will be able to make the most of the opportunity. For example, do you have enough trained staff in place, and can your systems cope with additional patients? If you have a weakness that undermines an opportunity, it provides a good insight as to how you might develop your internal strengths and weaknesses to maximise your opportunities and minimise your threats.

The basic SWOT process is to fill in the four boxes, but the real benefit is to take an overview of everything in each box, in relation to all the other boxes. This comparative analysis will then provide an evaluation that links external and internal forces to help your business prosper going into the future.

### **Common Mistakes**

#### **Focusing just on a few issues.**

Do not just focus on the large, obvious issues, such as a major competitor encroaching on your area of expertise. You need to consider all issues carefully, such as whether your internal systems provide the necessary checks and balances or whether your staffing levels are as they should be to meet your on-going commitments.



### **Completing your SWOT analysis on your own.**

Do not take advantage of other people's contribution when you are completing your SWOT analysis; do not try and do it alone. Other people's perspectives can be very useful, particularly as they may not be as close to the business as you are. This distance can often help them see answers to difficult questions more easily, or just to be more innovative in business development: we all get stuck in a rut at some point.

### **Using your SWOT analysis for the next ten years.**

Do not do a SWOT analysis once and then never repeat the exercise. Your business environment will be constantly changing, so use SWOT on a regular basis as an ongoing business analysis tool.

### **Relying on SWOT to provide all of the answers.**

SWOT will not provide all of the answers you need to assess your business. Instead use SWOT as part of an overall strategy to analyse your business and its potential. SWOT is a useful structured guide, not a major decision-making tool, so do not base major decisions on the SWOT analysis and nothing else.

### **Summary**

SWOT is a useful tool to be used alongside financial metrics, competitive analyses, the Ansoff and Boston Matrices etc. SWOT has the advantage that it is both easy to use and to understand unlike for example many of the financial metrics and ratios.

### **About the author**

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