

How To Conduct A SWOT Analysis



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What Is A SWOT Analysis?

Many people see SWOT as synonymous with strategic planning. In fact, a SWOT analysis is only one of many tools that can be used in your company's strategic planning process. SWOT is short for "Strengths, Weaknesses, Opportunities and Threats".

What Is The Purpose Of A SWOT Analysis?

A SWOT analysis is designed to help a business understand how it relates to its external environment. In other words, to act as a way of seeing if the business is aligned with the world going on around it.

How Do You Conduct A SWOT Analysis?

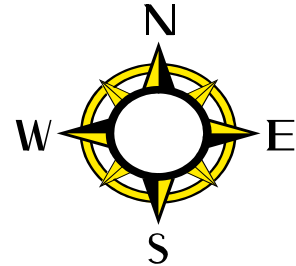
To reap the full benefits of a SWOT analysis it is important to use the tool correctly. The first thing to remember is that the analysis should provide you with information that helps in making decisions. As such, laundry-lists of strengths, weaknesses, opportunities and threats are not unto themselves helpful. It is only when this list has been culled and the potential implications to the business analyzed and discussed that you start to get any really meaningful benefit.

Secondly, it is most beneficial to look at the strengths and weaknesses only with respect to the business; i.e. strengths and weaknesses should be internally focused. In addition, opportunities and threats should only be externally focused; i.e. what are the opportunities and threats outside of the organization.

The key steps in conducting a SWOT analysis include:

1. Brainstorming lists of strengths, weaknesses, opportunities and threats (remembering to keep the focus internal for strengths and weaknesses and external for opportunities and threats).
2. Take the laundry-list of ideas within each category and reduce them to the top 5 to 10 ideas (per category).
3. Review each category separately and discuss each of these ideas and the potential implications to the business.
4. Remember that the idea with SWOT analysis is to gain a better understanding of how your business can relate to its external environment. As such, the next step is to look at the internal strengths and weaknesses of the

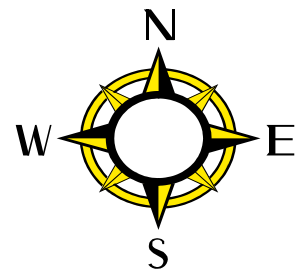
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**Strengths &
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business and see how they relate to the opportunities and threats external to the organization.

5. The final step is to look at the two following areas:
 - Areas that are strengths of the business **and** an opportunity in the external environment. These represent potential areas for growth.
 - Areas that are a weaknesses of the business **and** a threat in the external environment. These represent areas need to be addressed and represent potential areas of vulnerability.

Although this more disciplined approach can be difficult to undertake at first, once mastered it provides considerably more insight and benefit to your business in making decisions about your future.

A Comment About SWOT

Although SWOT analysis is a very commonly used tool it is important to realize that it is also a very basic tool that has significant limitations regarding the depth of insight it can provide. At ABARIS Consulting inc., we generally use SWOT analysis as a fast and easy way to highlight specific issues and to help groups with understanding of specific strategies. Using SWOT as the primary tool in the development of business strategy without further analysis using other analytical tools could result in a less than optimal strategy.

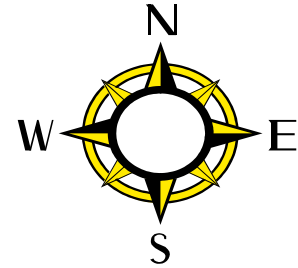
We like frame the use of SWOT in this way. SWOT is to strategy what addition is to accounting. A good basic tool that is often used but unto itself provides little insight or meaningful value.

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To discuss our strategic management process consulting services, please contact Ron Robinson, President ABARIS Consulting Inc. at 519-472-9788 or by e-mail at rrobinson@abarisconsulting.com.

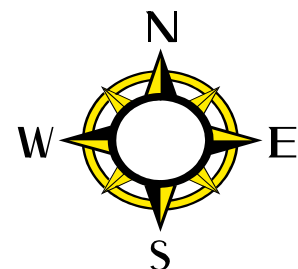
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SWOT is to
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