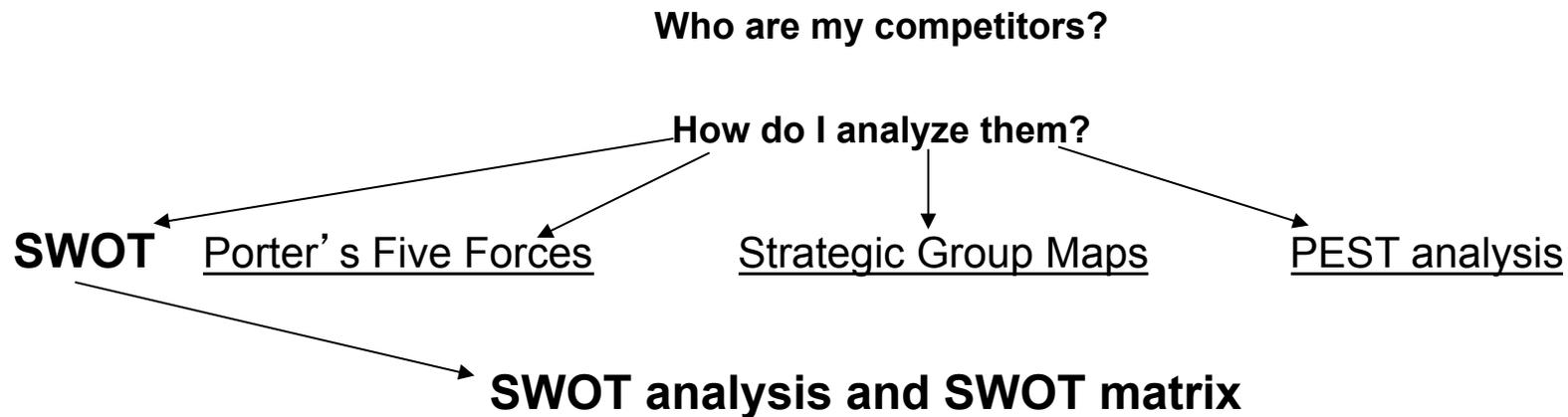




# Conduct your own SWOT analysis

# Competitive Analysis



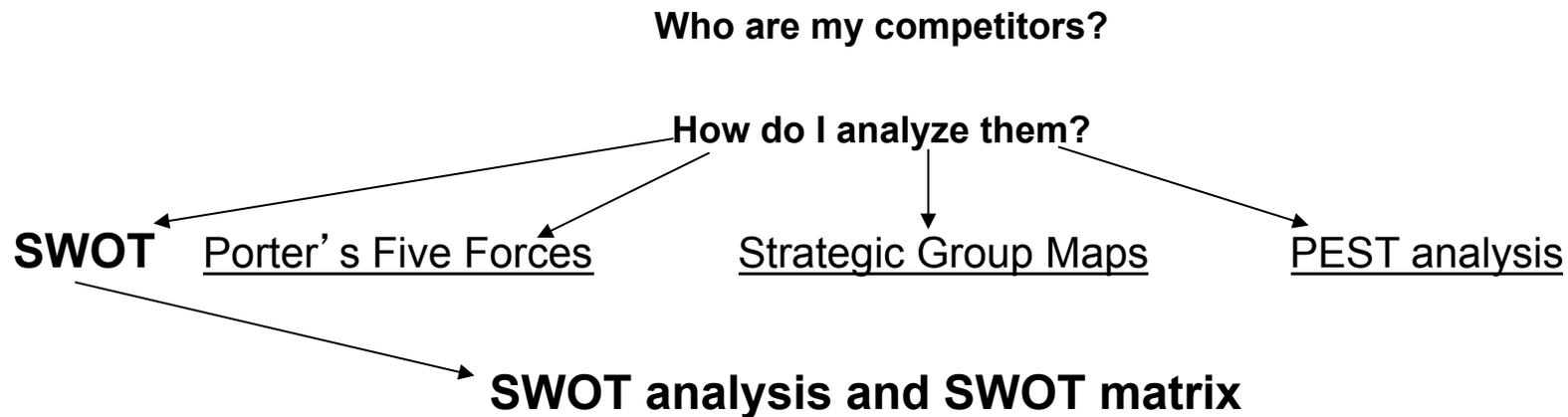
A SWOT analysis helps you match your company's resources and capabilities to threats and opportunities in the competitive environment.

SWOT analysis can be very subjective, but adding weighting and criteria to each factor increases the validity of the analysis. Also completing the SWOT matrix can help you pick the best strategy to implement.

	Strengths	Weaknesses
Opportunities	Strength- Opportunity strategies	Weakness- Opportunity strategies
Threats	Strength-Threat strategies	Weakness- Threat strategies



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## Why use SWOT analysis?

Methodically and honestly assessing your company's **strengths** and **weaknesses** as well as the **opportunities** and **threats** it faces gives you a rare opportunity for objective analysis. The SWOT technique:

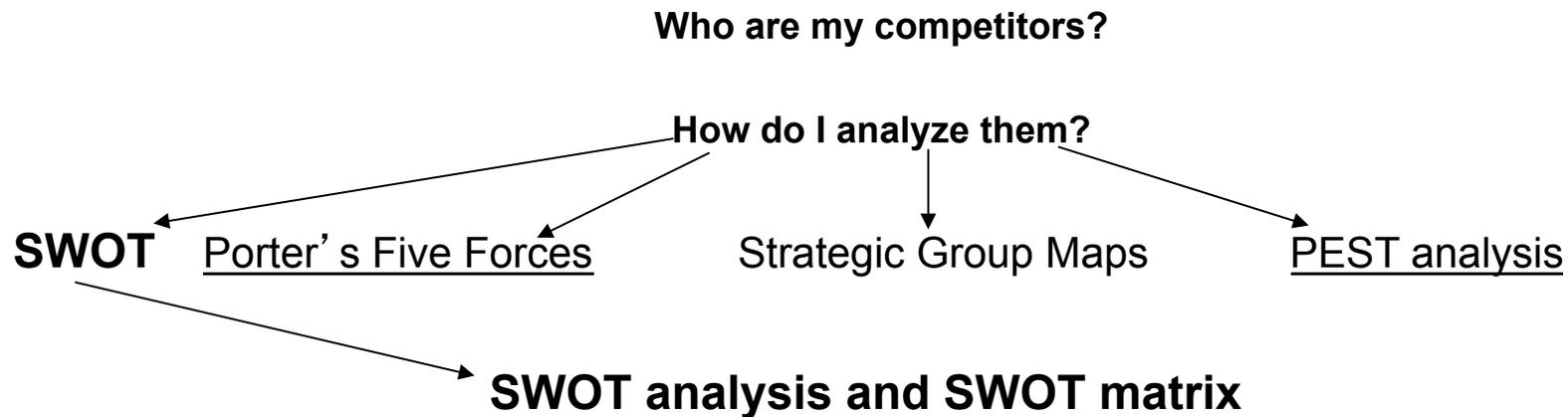
- is easy to use
- combines quantitative and qualitative analysis
- encourages interdepartmental collaboration

To make sure your analysis is put to good use, include these before and after steps in your analysis process:

- Set an objective for the analysis
- Set aside adequate time for research and information-gathering
- Evaluate the results of your analysis against your original objective

This competitive analysis tool guides you through the SWOT technique and will help you create your own analysis that can help you set a strategic plan or present new ideas to your team.

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# Conducting a SWOT analysis

There are eight steps required to complete a SWOT analysis and create a SWOT matrix (also known as a TOWS matrix).

1. List external opportunities
2. List external threats.
3. List internal strengths.
4. List internal weaknesses.
5. Match internal strengths with external opportunities and list the resulting Strengths-Opportunities strategies in the matrix chart.
6. Match internal weaknesses with external opportunities and list the resulting Weaknesses-Opportunities strategies.
7. Match internal strengths with external threats and list the resulting Strengths-Threats Strategies.
8. Match internal weaknesses with external threats and record the resulting Weaknesses-Threats Strategies.

## **Pixar Animation Studios**

To illustrate the SWOT analysis technique, we've used Pixar of *Finding Nemo* fame as a sample case. As you learn about SWOT analysis, you'll see what results Pixar might have if it used the same technique.

At this point in the process, you'll have a significant list of potential strategies. You'll need to weigh the impact of the various factors in your analysis and select the most feasible strategy to implement. Ideally, you'll select a SO strategy, but often you'll need to implement one of the other three types of strategies to overcome a weakness or address a threat before being in a position to implement a S-O strategy.



# Assessing your strengths

The first two elements of your analysis focus on internal capabilities. **Strengths** can come from many sources, including your team members, your product line, your bank account, your production process, your patents, or your market share. List your strengths in these and any other relevant categories.

## Products

- 
- 
- 
- 

## People

- 
- 
- 
- 

## Performance

- 
- 
- 
- 

## **Pixar' s strengths**

**Excellent use of technology**

**Strong brand**

**Talented team**

**Great track record**



# Assessing your weaknesses

Focus on the root causes of long-standing problems, not individual mistakes or failures. List your **weaknesses** in these and any other relevant areas:

## Products

- 
- 
- 
- 
- 

## People

- 
- 
- 
- 

## Performance

- 
- 
- 

### **Pixar's weaknesses**

**Product line is narrowly defined**

**Production time is long**

**Digital piracy can cut into profits**



# Assessing your opportunities

This part of your analysis reviews external forces, including socioeconomic, political, environmental and demographic changes that could effect your company. Consider these questions when reviewing your **opportunities**.

## Products

- 
- 
- 
- 

## People

- 
- 
- 
- 

## Performance

- 
- 
- 
- 

### **Pixar' s opportunities**

**Develop online products  
to build on existing  
technology strengths**

**Continue to use  
technology strength to  
develop and sell  
animation software**

**Develop games to build  
on strengths of  
characters**

# Assessing your threats



**Threats** can be hard to define, so this portion of the analysis can be the most difficult and the most illuminating, both in terms of pointing out what needs to be done, and in putting problems into perspective.

## Products

- 
- 
- 
- 

## People

- 
- 
- 
- 

## Performance

- 
- 
- 
- 

### **Pixar' s threats**

**Digital piracy may threaten profits**

**One product failure could be a serious set back**

**Other film companies may target the animated film market**



## Use the SWOT Matrix to pick a strategy

At this point in the analysis, you should have a list of strengths, weaknesses, threats and opportunities. To develop strategies based on this list, use the SWOT matrix. This matrix lists all the information you've gathered to this point and helps you to match up internal strengths and weaknesses with external threats and opportunities and develop a plan for addressing the strongest forces.

### Four strategy types from the SWOT Matrix

**S-O** strategies pursue opportunities that match the company's strengths. These are the best strategies to employ, but many firms are not in a position to do so. Companies will generally pursue one or several of the other three strategies first to be able to apply S-O strategies.

**W-O** strategies overcome weaknesses to pursue opportunities.

**S-T** strategies identify ways that the firm can use its strengths to reduce its vulnerability to external threats.

**W-T** strategies establish a defensive plan to prevent the firm's weaknesses from making it susceptible to external threats.

# SWOT Matrix



	<b>Strengths</b> List 4-5 internal strengths here	<b>Weaknesses</b> List 4-5 internal weaknesses here
<b>Opportunities</b> List 4-5 external opportunities here	S-O strategies	W-O strategies
<b>Threats</b> List 4-5 external threats here	S-T strategies	W-T strategies



## Examples of each strategy type

### **Strength-Opportunity Strategies**

- Expand globally
- Increase sales staff
- Increase advertising
- Develop new products
- Diversify

### **Weakness-Opportunity Strategies**

- Joint venture
- Acquire competitor
- Expand nationally
- Backward integration
- Forward integration

### **Strength-Threat Strategies**

- Diversify
- Acquire competitor
- Liquidate
- Expand locally
- Re-engineer

### **Weakness-Threat Strategies**

- Divest
- Increase promotion
- Retrench
- Restructure
- Downsize



## Learn more about SWOT analysis

Use these BNET and other online resources to improve your understanding of how to use this technique.

### **SWOT Analysis**

This article explains SWOT analysis and details the changes that SWOT analysis could make in a company's competitive, socio-cultural, political and legal strategies.

### **SWOT Analysis**

This short article explains how to conduct a SWOT analysis and includes some of the technique's limitations.

### **Analyzing Your Business's Strengths, Weaknesses, Opportunities, and Threats**

This document explains how to build a matrix and includes several examples.

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