**SWOT Elements Tutorial**

**What is SWOT Analysis? A SWOT Analysis is a list of your business's top strengths, weaknesses, opportunities, and threats.**

|  |  |  |  |
| --- | --- | --- | --- |
| **S** | **Strengths** | **Internal to the organization** | **What does the organization do well?** |
| **W** | **Weaknesses** | **Internal to the organization** | **What does the organization do poorly?**  |
| **O** | **Opportunities** | **External to the organization** | **Forces within the dimension of the General Environment.**  |
| **T** | **Threats** | **External to the organization** | **Forces within the dimension of the General Environment.**  |

**Strengths and Weaknesses**

**Strengths and Weaknesses, as their names imply, are internal characteristics of an organization—things that your company does well or poorly. Think of your workplace or another organization. Can you name things that the firm does well? These are factors over which managers have complete control, so they are considered *internal strengths*.**

***Examples of Strengths:***

* **Strong brand name or company reputation**
* **Cost advantages over rivals**
* **Product innovation capabilities**
* **Good customer service capabilities**

**An internal strength can be considered a distinctive competence when the organization and only a few of its competitors possess that internal strength. When the strength is difficult to imitate by the organization's competitors, then that distinctive competence creates a sustainable competitive advantage for the organization that possesses the distinctive competence. Therefore, distinctive competencies are of great value to an organization and one that organizations strive to possess and protect.**

**On the other hand, weaknesses are things that you don't do well. It is tough to conduct an honest account of weaknesses from inside an organization. Realistic assessment will probably be damaging to one department or another.**

***Examples of Weaknesses:***

* **The organization has outdated product features.**
* **Poor supplier relationships, an understaffed marketing department**
* **High employee turnover**
* **Low R & D expenditures compared to industry averages**

**Opportunities and Threats**

**Opportunities and Threats are external environmental forces that have an effect on an organization. They stem from the dimensions in the General Environment (Political/Legal, Sociocultural, International, Economic, and Technological). An opportunity that is occurring in the general environment, if exploited by the organization, will help the organization achieve a competitive advantage over its competitors. On the other hand, a threat that is occurring in the general environment has the potential to impede an organization's competitive standing within its industry.**

***Examples of Opportunities*:**

* **Expanding into new geographic markets (either national or international expansion)**
	+ **This opportunity would stem from forces from within the economic and international dimensions.**
* **Falling trade barriers in attractive foreign markets**
	+ **This opportunity would stem from forces within the political/legal and international dimensions.**
* **Advances in technological know-how to create new product lines**
	+ **This opportunity would stem from a force within the technological dimension.**
* **Changing an existing product or service or creating a new product or service to meet a broader range of consumer needs**
	+ **This opportunity would stem from forces within the sociocultural dimension.**

***Examples of Threats*:**

* **A slowdown in the market growth within the market in which the organization competes within**
	+ **This threat would stem from a force from within the economic dimension.**
* **A shift in the consumers’ tastes and preferences away from the product or service being offered in the industry**
	+ **This threat would stem from a force from within the sociocultural dimension.**
* **A foreign government creating restrictive trade policies**
	+ **This threat would stem from forces from within the political/legal and international dimensions.**
* **A competitor has created a new cheaper, better technological advance that enables them to sell a similar product at a lower cost**
	+ **This threat would stem from a force from within the technological dimension.**