

Tool: SWOT Analysis

SWOT Analysis is a planning tool used to evaluate the **Strengths, Weaknesses, Opportunities, and Threats** involved in a **New Product Development** project or in a business venture.



because **innovation** needs **direction**

1. What is a SWOT Analysis?

SWOT is an acronym for:

- **Strengths:** attributes of the product, company or person helpful to achieving the objective.
- **Weaknesses:** attributes of the product, company or person harmful to achieving the objective.
- **Opportunities:** external conditions helpful to achieving the objective.
- **Threats:** external conditions which could do damage to the objective.

Strengths and Weaknesses refer to areas that are internal to your organisation; Opportunities and Threats are external to your organisation. A SWOT Analysis is a useful exercise to perform as a team.

2. Checklist for Strengths and Weaknesses

Each item on the list below could be either a strength or a weakness. Use this list to identify your organisation's key strengths and weaknesses:

- People
- Skills
- Knowledge
- Training
- Organisation structure
- Relationships (Internal/ External)
- Systems/Processes
- Products
- Technology
- Cost
- Value
- Quality
- Operations
- Capacity
- Finance
- Balance Sheet
- Profit and Loss
- Cashflow
- Credentials

3. Checklist for Opportunities and Threats

Likewise, items on the list below could be either an opportunity or a threat for your company.

- Market
- Trends
- PESTLE:
 - Political
 - Economic
 - Sociological
 - Technology
 - Legal
 - Environmental
- Competition
- New entrants
- Demises
- Substitution
- Fashion
- Export/Import
- Sales Practices
- Consumer Protection
- Product Liability
- Regulations
- Ecology
- Energy
- Raw Materials
- Recycling
- Pollution Control
- Currency Trends

4. Analysis

The really useful aspect of a SWOT analysis is that you can then ask the "So what?". This helps to identify what strategy you should adopt, given the situation.

How can you maximise your particular set of strengths and opportunities? e.g. if you have a strong reputation with your existing customer, could you upgrade them? Sell them a new range of products? Use this reputation to branch into associated markets?

Similarly, how can you minimise identified weaknesses or threats? If you have limited access to a new market, could you connect with new partners? Look at a totally new route to market? Consider bundling products?

Output from these sessions can then be used to develop strategy and form the basis for your organisation's activities.

Contact Rowan Norrie now on **01698 389 456**

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