

How to do swot analysis for small businesses

[Business](#)



Are you using SWOT analysis as a small business tool? You definitely should be.

You can use SWOT analysis to position yourself as a leader in your industry. The competition won't know what hit them! But it's important to be thorough, honest, and diligent. Many people tend to focus on the first half of the analysis and forgo the rest.

But doing the whole analysis for your small business will give you an advantage over the competition. It's that powerful.

What is SWOT analysis?

SWOT analysis stands for strengths, weaknesses, opportunities, and threats. You can examine your company from within using strengths and weaknesses. This is the 'easier' part of the analysis.

Examining opportunities and threats require you to examine outside factors and how they relate to your company. It can be a bit trickier because the information isn't readily available.

Successful small businesses need the full picture. SWOT analysis provides that by forcing you to examine your company from all angles. You'll find opportunities to further capitalize on your company's strengths. You'll address weaknesses to eliminate threats that undermine your success.

This is the true power of SWOT analysis. You'll be able to identify the following:

- Your unique selling position

- Where to focus your company to grow
- What competitive advantages you have
- How to find threats and react accordingly

Your SWOT analysis relies on honesty. It's easy to focus on what is working for your company, especially when customers are praising you. But you must also examine what isn't working, like when customers complain or leave bad reviews. It's not fun, but since SWOT analysis strengthens your company from multiple avenues, it's worth it.

The strengths

Examine your company as an outsider, specifically as a customer and the competition. What is it about your small company that pulls consumers towards you? It's clearly something the competition is lacking. That is, without any doubt, a strength at your disposal. You want to examine various strengths from this perspective during this section of the SWOT analysis.

Your Weaknesses

This isn't fun, but it's necessary. What have your customers complained about? Why are they staying with the competition? Has the competition made passive digs at you? There might be merit to what they said. Try to look at your small business objectively here. And if you can't, find someone (like a business analyst or project manager) who can.

The opportunities

External factors influence every business, yours included. You can learn more about this if you do a PEST analysis. It examines political, economic,

social, and technological influences. These influences offer the chance for opportunities. They're there for the taking, but only if you're aware of them.

Your threats

Threats exist in every crevice, such as patents, high production costs, new technological developments, limited resources, pricing, and economic shifts. You'll have to scavenge every aspect of your company, including the external factors, to properly assess for threats. This way you can identify them and create a plan to fight back.

In conclusion...

SWOT analysis is a simplistic and invaluable tool for strategic planning. But it is what you make of it.

If you're thorough and take your time for each section, you can uncover important information to enhance your small business. You have to get the knowledge you uncover and apply it.

Take action against the threats, neutralize weaknesses, and take advantage of the opportunities that present themselves.

Photo by rawpixel. com on Unsplash