5 surprising disadvantages of swot analysis

Business

SWOT analysis is beloved.

It's touted for bringing quick insights. You don't need data (although you should have it). You don't need to hunch over your desk until your shoulders throb and your hand cramps. Any information you uncover may be used immediately to reach your goals. If you so choose.

So, what's not to like?

Well, a few things, actually.

SWOT analysis may be " easy" compared to other types of strategic planning. It's not time-consuming. It's not dependent on experts or location. But it's also not perfect. In fact, it can easily lead you down the wrong path.

See what I mean by reading into the many disadvantages of SWOT analysis.

1. SWOT analysis is only one stage of business planning

Business planning requires several pieces of data, research, and analysis. SWOT analysis is only one of the many components. Depending on your topic, it may be a major contributor to your planning. But relying wholeheartedly on it isn't advised.

You're likely to need more than a SWOT analysis for adequate business planning. You're out to make the most appropriate and intelligent decisions for your business. You want it to grow, be profitable. To achieve that, you'll want as much information as possible. Unfortunately, SWOT analysis only concentrates on four primary functions. So, you're only getting a small percentage of research.

2. A lack of hierarchy leads to problems

You know how SWOT works. It's a study of four categories: Strengths, Weaknesses, Opportunities, and Threats. These four categories are the only points included in the analysis. If it doesn't fit into one of these four, it's shoved to the side.

The problem lies in the lack of hierarchy. Which section needs your attention first? Which one needs it the least? Only you can decide because SWOT analysis doesn't say. Be warned: if deciding wrongly could jeopardize your success in the future.

Let's create a fictional example. You've just completed your SWOT analysis. After assessing the data, you've decided to focus on your strengths first. Your business has a clever, creative angle. You want to explore that strength further so you put your efforts there. It makes the most sense, after all.

…unfortunately, you overlooked a major weakness. Since it wasn't a big deal at the time, you glossed over it. But while you were focusing on strengths, it's been silently snowballing. It's rushing full-speed down a mountain, collecting more snow. Now, it's a massive, hypersonic ball of destruction that can't be stopped.

Now, looking back, focusing on strengths first wasn't the smartest business decision. Although it seemed like it was. Since there isn't a hierarchy of needs in SWOT analysis, you couldn't see where your time was most needed. Now you have to pick up the pieces and move on.

2. A lack of hierarchy leads to problems

3. Too much structure leads to poor decision-making

In SWOT analysis, you're expected to categorize attributes in only one of the four categories. You can't overlap. Meaning, once something is defined as a weakness, it can't ever be placed in the other three categories. A strength is a strength, never a weakness. An opportunity can never be a threat. You get the idea.

Such a black and white approach will lead to problems. Guaranteed. Because the real world doesn't follow strict rules or guidance. A person can be charismatic but also a con artist. A business can have neverending customers, yet still sit in a financial hole. Nothing is ever just one thing. You should think of SWOT analysis similarly.

A weakness can also be an opportunity. A strength can still be a weakness. Maybe it's a threat too. Ignoring these overlaps gives only a one-dimensional approach to business. You can't get the whole picture. Decision making requires knowing every angle of information. Otherwise, you're making a decision, but not an informed decision.

If it's not informed, what's the point?

4. SWOT analysis becomes impossibly subjective without the right information

All strategic business decisions should be based on reliable and relevant information. In most cases, this means using facts and data from reputable sources. SWOT analysis typically goes against this format. Unlike other formal analyses, SWOT doesn't require scholarly information to be

successful. In 10 minutes, you can start and finish your analysis. Or you could dedicate hours to it. Whatever works for you.

Regardless of time, people recommend brainstorming throughout the SWOT analysis process. Unfortunately, doing this makes it more prone to bias. Without formal data, the only thing a person can use is their own opinion. Whether that's true or not affects the integrity of the analysis. Not only that, but the information can also become outdated within a matter of hours.

5. Information overload affects your results

As I said above, most people sit down and brainstorm during their SWOT analysis. No idea is too small or dumb to be added. You can add it as a bullet-list or expand each point until your fingers cramp. Although this can be a selling point for the analysis, it's also a hindrance. Before long, you'll have a ton of information on your hands. And not all of it may be usable.

As you now know, SWOT analysis doesn't tell you where to focus your efforts. It also doesn't have a threshold for information. You'll never know if you have too much or too little. Although that can be a problem, the real issue lies elsewhere. Specifically, you may have too much information for a section that doesn't matter as much as another.

For example: You'll likely stray closer to the threats section if you're planning for risks. Strengths aren't a necessity here. Neither are opportunities. But weaknesses (which can turn into threats) needs focus too. You may run into issues if you spent more time discussing strengths and opportunities than threats and weaknesses. With too little information in the latter sections, your risk planning analysis will be incomplete. Or at least, severely lacking.

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