

# Swot analysis for new business planning

[Business](#)



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\n[[toc title="Table of Contents"](#)]\n

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1. [Organization With SWOT And Strengths](#) \n \t
2. [And The Weaknesses](#) \n \t
3. [New Businesses Require Opportunities](#) \n

\n[/toc]\n \n

You probably heard about SWOT analysis, that strategic tool used to identify Strengths, Weaknesses, Opportunities, and Threats for products, ventures, or businesses.

With SWOT, companies can dive deep into their offerings and figure out the most effective way to plan, position, and execute processes or ideas. The information unlocked through the analysis is essential for all types of new business planning.

We plan because starting a business is hectic. It's overwhelming. And incredibly stressful. You'll find yourself working more than you sleep, but at the same time, feel like you're not making any headway.

You could be, but in the wrong direction. SWOT analysis keeps businesses on the right track. And the best part is, anyone can do SWOT whenever they like. It doesn't require any fancy tools (unless you're into that).

## **Organization With SWOT And Strengths**

New businesses are popping up every hour. We can thank the internet for that. More and more entrepreneurs are appearing because it's much easier to develop a (digital) product and market it across the world. But it also

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means competition is high. Standing out as a business hasn't ever been more complicated than right now.

For any business to succeed, a connection with others must be built. The company needs to offer something others can't (or at least, better than others can). People stand out with slogans, mission statements, business names, the type of people they help, where they help, how they offer products... the list goes on. But that can also make it even more confusing for businesses to decide what to choose.

But that's why we have SWOT. Before offering a product or service, companies must position themselves. If no one knows the company exists, is it successful? Typically, no. SWOT can help identify what it is about a business that'll attract people. This is identified as the Strengths.

Consider these strengths.

#### Vision

- Who does the company help?
- Why do they help them?
- How can they help people better than anyone else?
- What is it that only the company can offer someone?

This can be a point of view or even an experience. Not every strength has to be tangible. Think about luxury brands. Buy a watch not just because it looks good. But because it makes them feel great. They look and feel wealthy, like they're high up the social ladder.

#### Story

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Every customer loves a good story. Let's make one up.

A company knits tiny sweaters for abandoned kittens. Okay, but what else?

The sweaters help these little kittens, abandoned by their mother, survive.

Without the sweater, they won't outlast the frigid cold temperatures close to Christmas. When you purchase this sweater, it gives tiny kittens a fighting chance to survive the holidays. Only then can they be adopted into their forever homes.

That's cute. People love kittens, they love the idea of teeny-tiny sweaters on equally tiny kittens, and customers can help them survive by purchasing. It's heartwarming. The customer also becomes the hero. It can make the company offering the product stand out with ease.

Customer

Who does the company help? If they help women, that's incredibly generic. Are they single mothers? Or freshly graduated from high school? Are they over 50 or under? Do they live in a certain part of the world? What's their specific problem?

The more niche the customer, the easier it can be for new businesses to position themselves. But only if it makes sense to what they're offering.

## **And The Weaknesses**

Did you know you can examine the above for weaknesses – or the W in SWOT – like strengths? Take the kitty sweater story/mission statement. Look at it with the eye of a critical customer. Would customers really care about

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helping defenseless kittens? What would prevent them from caring? What about people who decide they can knit these sweaters themselves – should they be convinced to buy from the company anyway?

The thing about weaknesses is that anyone can bring them up. But new companies should aim to be the first. Why? Because if the company understands their weaknesses before others realize they exist, companies have a better chance at fixing the problems or addressing them when brought up. It puts the company in the driver seat, able to control the communication and line of thinking.

## **New Businesses Require Opportunities**

Opportunities are the third section of SWOT analysis. It can be incredibly crucial for new businesses to identify potential opportunities. It only takes one to take that step towards success.

Opportunities are everywhere. Many companies create their own. They pair up with other companies to promote limited-time products. Sometimes they'll promote each other (and products) through marketing or in-person events. But it's not always about a big display or requiring cash flow.

We see new companies create opportunities with guerilla campaigns. Businesses with small marketing budgets do something “big” to grab attention. It often costs little but can put a company at the top of their customers' mind. Additionally, companies also use user-generated content (UGC). This is where customers are able to use products and showcase results or reviews online (popular on social media platforms like Instagram or Snapchat).

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## An Example of UGC

Makeup brands capitalize on this method often. They'll offer a product, create a hashtag, and encourage customers to share makeup looks, tutorials, and reviews of the product. The customer includes the hashtag in their post and the company takes snapshots to show off. It builds social proof; people enjoy and use the product regularly. And it doesn't cost the company much at all.

Make a list of the type of opportunities a new company can use. It can be in-person, a focus on networking, or something the company themselves can create like hashtags mixed with customer input.

## The Threats That Could End It All

A weakness is a tiny hole in a plan. But a threat (the T in SWOT) is always lurking, ready to rip those holes wide open and destroy new businesses before they even launch. The competition is a common threat, as is changing laws, regulations, or the state of the economy. It can be bad reviews or press. It can even be the customers themselves.

Knowing what outside influences could lead to the demise of a new business is the best way to prepare. A PESTLE analysis will be extremely beneficial since it examines how political, economic, social (customer), technological, legal, and environmental factors will affect the company. These factors can't be changed easily, making them an endless threat if not factored into the business plan.

New businesses must identify critical threats before any new launch. Think of it this way: What is the one thing that could happen that'll completely ruin our new business? Right it down. Decide how to deal with it. Then start thinking about the smaller threats.

If you identify threats ahead of time, you have plenty of time to create a plan of action if Dooms Day arrives.

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