

# How your business could fall without proper swot analysis

[Business](#)



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3, 200 high-growth, web, and mobile startups were studied during a 3-year period.

92 percent of them failed [1].

And 74 percent of those failed was a result of premature scaling, brought on by a lack of an effective business model.

Terrifying? Yes. But with the use of proper SWOT analysis – assessing the strengths, weaknesses, opportunities and threats of businesses – you'll develop knowledge about your startup to keep it from being labelled a failure [2].

## Strengths

The strengths of your startup need to be analyzed. Checking what's working (and working well) is key. Note increased revenue, profits, and customer satisfaction. These are all strengths. Or focus on your USP (unique selling point) to start.

But for the best chances of progress, examine the strengths of existing successful businesses in your market.

For example:

- What's leading these businesses to success?
- What positive things are their customers (and reviews) saying?
- Why are customers saying it?
- What makes them enticing?

- Why are customers choosing successful business A over successful business B (assuming there's additional competition in the market)?

We said “ assuming” there, but that was a trick. While researching strengths of your competition you need to know exactly what makes them the choice above others. Don't assume you have competition – know there are – including who, for how long, and why.

### Weaknesses

Anticipating weakness in a business can make or break a startup. This works in two ways: knowing the weaknesses of your own startup enables you:

- To recognize weakness
- Address the problems and
- Work towards correcting it effectively

But when examining other businesses, see what they lack so you can pick up the slack.

This is customer problem-solving. You're noting which needs the competition is ignoring. Then determine how your startup can become the customer's hero. If you can spot the weaknesses of other business, you can use it to build success for your own. You just have to analyze.

### Opportunities

Opportunity is an external factor but it's not necessarily out of your control.

For your startup, this could include researching on-the-rise trends and creating a new successful product based on the research.

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The good news is you can find opportunities in weakness. Wherever the competition is struggling you can fill that need. You already know what their audience are crying for; it just needs to be developed. Keep in mind, startups need 2-3 times longer to validate their marketing strategy than most founders expect [3].

But most importantly, research your market with eyes and ears open for opportunity. Notice when you can create opportunity too, like an improved product for desperate consumers.

### Threats

While business threats are not always in your control, they can (and should be) anticipated. You can even predict developing competition based on your startup's weaknesses.

- What's not working well?
- What's not solving your customer's problems?
- Why isn't it?

Answer these questions because developing competition will be examining you for an opportunity to create strengths from your weaknesses.

This is the ebb and flow of startup business. And while threats can be worrisome, such as increased taxes or government policies, they may also be an opportunity.

SWOT analysis is a painless approach to ensuring your startup begins on the right foot. By periodically examining the strengths, weaknesses,

opportunities and threats of your startup, you'll have the appropriate information to implement a successful business model from the idea phase to launch day and forward.

Image: alphaspirit/Shutterstock. com

[1] [https://s3.amazonaws.com/startupcompass-public/StartupGenomeReport2\\_Why\\_Startups\\_Fail\\_v2.pdf](https://s3.amazonaws.com/startupcompass-public/StartupGenomeReport2_Why_Startups_Fail_v2.pdf)

[2] [http://boss.blogs.nytimes.com/2009/07/15/failure-is-a-constant-in-entrepreneurship/?\\_r=0](http://boss.blogs.nytimes.com/2009/07/15/failure-is-a-constant-in-entrepreneurship/?_r=0)

[3] <http://blog.compass.co/discover-the-patterns-of-successful-internet/>

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