

Strengths

What advantages does your organization have?

What do you do better than anyone else?

What unique or lowest-cost resources can you draw upon that others can't?

What do people in your market see as your strengths?

What factors mean that you "get the sale"?

What is your organization's Unique Selling Proposition (USP)?

Weaknesses

What could you improve?

What should you avoid?

What are people in your market likely to see as weaknesses?

What factors lose you sales?

Again, consider this from an internal and external basis: Do other people seem to perceive weaknesses that you don't see? Are your competitors doing any better than you?

Be realistic!

Opportunities

What good opportunities can you spot?

What interesting trends are you aware of?

Useful opportunities can come from such things as:

Changes in technology and markets on both a broad and narrow scale.

Changes in government policy related to your field.

Changes in social patterns, population profiles, lifestyle changes, and so on.

A useful approach when looking at opportunities is to look at your strengths and ask yourself whether these open up any opportunities. Alternatively, look at your weaknesses and ask yourself whether you could open up opportunities by eliminating them.

Threats

What obstacles do you face?

What are your competitors doing?

Are quality standards or specifications for your job, products or services changing?

Is changing technology threatening your position?

Do you have bad debt or cash-flow problems?

Could any of your weaknesses seriously threaten your business?

When looking at opportunities and threats, PEST Analysis can help to ensure that you don't overlook external factors, such as new government regulations, or technological changes in your industry.

Notes

If you're using SWOT as a serious tool (rather than as a casual "warm up" for strategy formulation), make sure you're rigorous in the way you apply it:

Only accept precise, verifiable statements ("Cost advantage of £10/kg in sourcing raw material x", rather than "Good value for money").

Ruthlessly prune long lists of factors, and prioritise them, so that you spend your time thinking about the most significant factors.

Apply it at the right level – for example, you might need to apply the tool at a product or product-line level, rather than at the much vaguer whole company level

Identifying Strategic Options

SWOT or TOWS analysis helps you get a better understanding of the strategic choices that you face. (Remember that "strategy" is the art of determining how you'll "win" in business and life.) It helps you ask, and answer, the following questions: How do you:

Make the most of your strengths?

Circumvent your weaknesses?

Capitalise on your opportunities?

Manage your threats?

A next step of analysis, usually associated with the externally-focused TOWS Matrix, helps you think about the options that you could pursue. To do this you match external opportunities and threats with your internal strengths and weaknesses.

	Opportunities (external, positive)	Threats (external, negative)
Strengths (internal, positive)	Strength-Opportunity strategies Which of the company's strengths can be used to maximize the opportunities you identified?	Strength-Threats strategies How can you use the company's strengths to minimize the threats you identified?
Weaknesses (internal, negative)	Weakness-Opportunity strategies What action(s) can you take to minimize the company's weaknesses using the opportunities you identified?	Weakness-Threats strategies How can you minimize the company's weaknesses to avoid the threats you identified?

This helps you identify strategic alternatives that address the following additional questions:

Strengths and Opportunities (SO) – How can you use your strengths to take advantage of the opportunities?

Strengths and Threats (ST) – How can you take advantage of your strengths to avoid real and potential threats?

Weaknesses and Opportunities (WO) – How can you use your opportunities to overcome the weaknesses you are experiencing?

Weaknesses and Threats (WT) – How can you minimize your weaknesses and avoid threats?