



BRIEF

Strengths, Weaknesses, Opportunities, and Threats (SWOT)

By Mark Abbott

Introduction

The goal behind a SWOT analysis is to assist planning by developing a strategic framework based on the organization's Strengths, Weaknesses, Opportunities, and Threats.

The core of any strategic planning process should be the company's [Vision](#)



and long-term goals (Compelling Why and [Compelling and Audacious Goals](#)).



Once the team agrees on those larger objectives, the SWOT complements them by identifying the internal and external factors that will affect the company's ability to accomplish them.

Tool Overview

SWOT analysis starts by assessing the company's Strengths and Weaknesses so that potential Opportunities and Threats can be identified more clearly.

When looking internally, use VRIO: Think of things that are valuable (V), rare (R), costly to imitate (I), and that the company can organize (O) around to capture this value.

Strengths are the qualities that provide value to the company. Is our customer support the best in the business? That's a strength. Are we a low-cost leader? Strength. Does our product perform better than a competitor's? Strength.

Weaknesses are the aspects of the company that reduce value and prevent the company from reaching its full potential. Production running behind? That's a weakness. Poor user reviews online? Weakness.

After this internal review, we start looking at the company's external factors by considering opportunities and threats.

Opportunities are areas of potential expansion or growth. Is there a new industry or product line that appears attractive? Are we considering an acquisition that expands our footprint? Both are clear examples of opportunities.

Threats are external factors that can negatively impact the company or its ability to create value. Has the government imposed tighter regulations or tariffs? That's a threat. Is a new competitor entering the market? Threat.

SWOT plots each component on a two by two (2x2) matrix. Strengths and Weaknesses on top, Opportunities and Threats on the bottom. The purpose of the matrix is tactical – by matching strengths to opportunities or by converting a weakness into a strength, the company can find a competitive advantage. Any threat or weakness that the team cannot convert should be strategically minimized.

Context

At Ninety, we conduct a SWOT analysis during the [Annual Planning Meeting](#). The overall competitive strategy should be a theme running throughout the Annual, so SWOT is perfect for taking a high-altitude perspective.

Strengths and opportunities are the offensive plays. Strong relationships here indicate that the company should use an aggressive strategy.

Weaknesses and threats are defensive. Protecting your gains is the name of the game when it comes to conversations about these items, and the company should be integrating a more defensive approach.

Elements of the SWOT table will likely stand out as topics of discussion. In the Ninety platform, users can easily convert each SWOT element into a Long-Term [Issue](#) or a [To-Do](#). From there, it will either end up as a Rock candidate for next quarter or a topic of discussion during the Annual or a future Quarterly Planning Meeting.

Core Disciplines of a Great SWOT

1. **Don't rest on your laurels.** Strengths need to be considered potential Issues just as weaknesses are. Think "How can we do this better?" or "How can we lean on this more?"
2. **Strengths aren't always good things, just as weaknesses aren't always bad things.** If your company is a low-cost leader (strength) but fighting for margin,

there's a discussion to be had. Weaknesses could be an intentional byproduct of strength or from capitalizing on an opportunity. A team might have difficulty growing revenue (weakness) because their goal is to pursue business in an entirely new sector.

3. **Don't worry about prioritizing each section.** It's more important to establish a wide-angle view of the entire strategic situation than it is to zoom in on any particular section.

Hopefully Helpful Hints

A variety of perspectives is key to the SWOT analysis. Asking everyone to think about your SWOT either before the Annual or during a break-out session helps counter groupthink. Make sure that everyone contributes their thoughts.

Push any conversation to the Long-Term Issues List. This tenet holds during any meeting, but the SWOT is particularly susceptible to conversation. Capture the Issue and any specific conversation points to [Raise, Discuss, and Resolve](#) (RDR) later, and keep things moving. There's a lot of ground to cover during the Annual.

The SWOT can be reviewed anytime during the year by visiting the Vision tool. Capture the changes to your business or industry in real-time or visit to think through strategy on your own time.

Takeaway

The overall purpose of a SWOT table is to assist in developing and assessing strategy. Careful analysis of internal and external factors and how they interact reveals the strategic fit of the company. Understanding strategic fit then allows the team to create a more comprehensive plan to achieve their long-term goals.

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