

Create Business Leverage With An Exceptional SWOT Analysis

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The basic SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis is universally used to identify, analyze and prioritize issues in a business. It can be applied at almost any level of the business as a basis for developing a comprehensive and focused action plan.

However, often the SWOT is a more difficult and less than enjoyable exercise than it can be. Done well, it can be a source of focus, alignment satisfaction, trust and team building, and inspiration toward a prosperous future. With this in mind, I've upgraded the basic SWOT format to facilitate further ease of analysis, action planning and follow-up. I've combined it with the [STP](#) (Situation, Target, Plan) model¹ to facilitate the development of goals and then actions with accountabilities because if there aren't actions and people aren't being held accountable, what's the point? Furthermore I've added a step to classify issues that can be used to create useful visual charts for communication to stakeholders such as boards and investors.

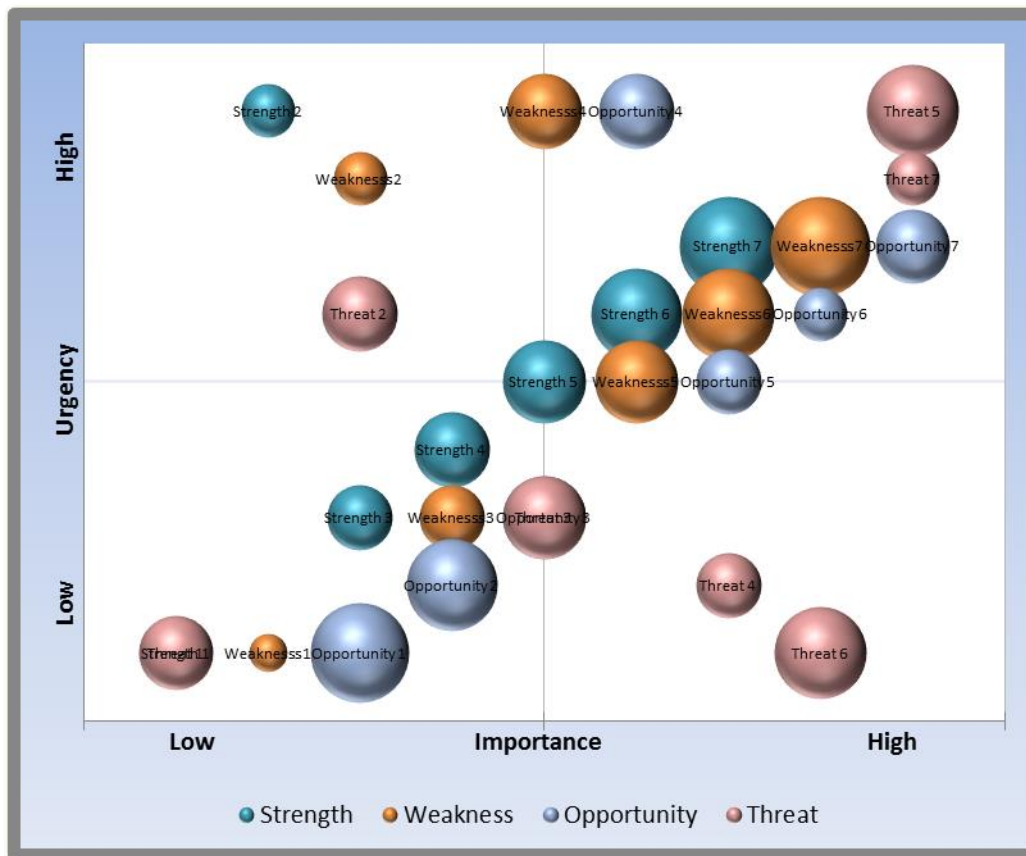
The following example incorporates the table below and is applied at the business level. Remember however, that the SWOT can be applied at any level of the business - a division or department, project or product.

1	2	3	4	5	6	7	8	9	10	11	12
CURRENT SITUATION (ISSUE)	SWOT TYPE (internal strength or weakness or external opportunity or threat) S,W,O or T	Market (size, growth, competition, barriers, substitutes etc.), Value Prop. (Customer experience) or Execution	PRIORITY (A,B,C) based on ability to influence, urgency, and importance	OVERALL PRIORITY	TARGET (SMART Goal))	HINDERING FACTORS	HELPING FACTORS	ACTION PLAN	WHO	WHEN	TRANSFERRED TO S&OP
Strength 1	S	Execution	B	4	Goal 5	What is hindering	What is helping	What	Name	Date	Yes
Strength 2	S	Value Proposition	C	5	Goal 4	What is hindering	What is helping	What	Name	Date	Yes
Weakness 1	W	Execution	B	3	Goal 3	What is hindering	What is helping	What	Name	Date	Yes
Opportunity 1	O	Market	A	1	Goal 1	What is hindering	What is helping	What	Name	Date	Yes
Threat 1	T	Market	A	2	Goal 2	What is hindering	What is helping	What	Name	Date	Yes

SWOT Instructions:

Perform the SWOT by incorporating your knowledge of the market and the business to identify and categorize issues (factors) as strengths, weaknesses, opportunities or threats to the business. The objective is to translate analysis of the internal and external environments of the business into prioritized goals and action plans that will then fulfill the business mission and vision.

- (1) Complete the first column in the SWOT table by brainstorming, without judgment or analysis, all major business factors / issues
- (2) Categorize them in the second column as:
 - a. Strengths which are internal to the business and related to your business' value proposition or its ability to execute including resources such as capital, infrastructure and people, intellectual property, [core competencies](#)ⁱⁱ and business advantages in each functional area (operations, finance, marketing, sales, business development, R&D),
 - b. Weaknesses which are also internal to the business,
 - c. Opportunities which are external to the business related to market factors including trends or changes in the industry (technology, economic, government / regulations, environment, social, political), market size, growth, dynamics, competition, currency, political conditions substitutes, barriers, etc.
 - d. Threats which are also external to the business similar to opportunities but from the perspective of vulnerabilities / risks.
 - e. Review and combine similar issues.
 - f. Clarify each factor / issue to ensure they are specific, clear and actionable. Do so by drilling down to the root of each one by asking yourself, "why are these strengths (weaknesses, opportunities, threats)?" ; then ask, "why" again...in fact considering using the "[5 Whys](#) Technique". The "5 Whys" is an iterative question-asking technique used to overcome the tendency to determine the true root problem given that there is a tendency to stop at symptoms. The "5" in the name apparently comes from empirical observation on the number of iterations typically required to resolve the problem. It has its origins in the Toyota Production System, and posits that behind every supposedly technical problem is actually a human problemⁱⁱⁱ.
- (3) In column 3, classify each factor as a Market factor ("M"), Value proposition (i.e. what the customer experiences) factor ("V), or Execution factor ("E"). This classification will be useful when reviewing the issues at the end to evaluate the overall business opportunity and risks. For example, if there are a large number of market related issues over which you have little influence you may reconsider investing further in this business. Or if there are many value proposition issues showing that the investment required to be or remain the leader in the market is large, it could also significantly inform the company's business strategy.
- (4) In Column 4, prioritize each factor based on importance, urgency and ability to influence - in simplistic terms, where would you get the biggest bang for the least amount of effort and money?, assigning an A, B or C for priority. If it helps add 3 additional columns and rank each factor on each of the criteria – importance, urgency and ability to influence separately. I have created an Excel model where I take this data and create a 4 variable bubble chart similar to the one below. Such a chart can be used to visually communicate issues based on importance (x), urgency (y), ability to influence (z - size) and type (color).



- (5) Once all factors material to the business have been identified, in column 5, record the overall priority level for each to the business, again based on its importance, urgency and your ability to influence it.
- (6) For each factor, in order of priority, in column 6 create a goal which should be SMART (Specific, Measurable, Achievable, Realistic and Time bound). [This guideline](#) from the University of Virginia provides some good examples of SMART goal setting.
- (7) For each factor, brainstorm factors that can hinder progress toward the goal and record them in column 7.
- (8) For each factor, brainstorm factors that can help or assist progress toward the goal and record them in column 8. Both hindering and helping factors should be considered in creating an effective action plan in the next step.
- (9) In column 9 create specific and measurable actions assigned to people with deadlines to leverage strengths, to minimize weaknesses, to capitalize on opportunities and remove or avoid threats incorporating the hindering and helping factors from steps 7 and 8.
- (10) Assign actions to specific people – each individual action to only one name so there is no confusion over ownership of the action.
- (11) EVERY action should be assigned a due date by which the action is agreed to be completed.
- (12) It is important that these actions then become part of a weekly or minimum monthly discipline of action and review. Actions should be tracked, reported and managed using a task management / planning system of some kind. One very good planning system that I like and have implemented with clients is [Sales & Operations Planning](#).
- (13) Add any additional columns that may help inform the prioritization process. For example, capital cost, annual operating costs, ROI, payback, expected annual revenue increase etc.

(14) Review the entire list and notice if there appear to be any imbalances in any of the categories – SWOT, MVE or ABC. Perhaps you notice a high number of priority “A” market threats combined with a high number of priority “A” business weaknesses, which then causes you to question the viability of the business. Depending on what the number and severity of challenges you may stop here and ask yourself some questions like the following:

- If we do the above, what is probability that this business will be a viable going concern in 2 years?
- If we do the above what is probability that this business will have the greatest share of the target market?
- Is this is the most appropriate way to invest my capital?

Note, that if you are performing the SWOT with a group then, in step 5 you can prioritize factors in column 5 by providing each team member with stickers and allowing each person to “vote” by sticking up to an agreed amount of stickers beside the factors they feel are most important, urgent and influenceable. Any ties or anomalies can be discussed, which often results in useful clarification of the factor so that everyone has a common understanding of its meaning. Using Flipchart paper is also more flexible and active. You can create a separate sheet for each of the categories – Strengths, Weaknesses, Opportunities and Threats. You can then add additional sheets beside them for each column shown in the table. I’ve often filled the walls and windows of an entire boardroom with flipchart sheets. Note that photos of the participants and flipcharts can be a nice way to document what may be a very pivotal event for later inspiration.

You will be able to find additional practical techniques to create focus and leverage in your business in my upcoming book [eXceptional POWER in business](#). I welcome you to contact me at my email address or phone numbers below if you’d like to know more about how you can get an edge applying the upgraded SWOT to your business.

About Rob Pilz

A senior executive, including former CFO, of public and private companies, I have more than 20 years experience building, optimizing and financing businesses ranging from Fortune 500’s to Delloite’s Technology Fast 50TM. With a talent for bringing out the best in leaders and an expertise in creating leverage, my current passion is building a network of highly conscious leaders generating a virtuous cycle of positive change and wealth. I am constantly looking for ways to improve the odds of business success and have developed a process combining mind, heart and gut to make better faster decisions that I call [Zero Point Decision MakingTM](#). I welcome your questions or comments to my email address at rob@robpilz.com or phone 646-480-0507.

ⁱ L. Fried, *Situation, Target, Proposal (STP)*, Daily Kaizen, June 17, 2007.

ⁱⁱ C.K. Prahalad and Gary Hamel, *The Core Competence of the Corporation*, Harvard Business Review, May 1990.

ⁱⁱⁱ E. Ries, *The Five Whys for Start-Ups*, Harvard Business Review Blog Network, April 30, 2010.