

# **St. Croix Entrepreneur's Group – April 17, 2008**

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## **SWOT ANALYSIS and MARKETING PLANS**

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## Introduction to SWOT analysis

### 1. What is SWOT?

S – Strengths  
W – Weaknesses  
O – Opportunities  
T – Threats

Must do for where you are RIGHT NOW – don't think future

### 2. Relative, relative, relative to your competitors

Means if you and your competition all have 99% up time for your product then you are no better than them - you are keeping up with the market (or your competitors are keeping up with you !). While It may be excellent and critical to have this, you will not list it as a strength in the end even though you use this in your advertising

We are looking for things that put you above the rest.

### 3. INTERNAL AND EXTERNAL

Strengths and weaknesses 100% under your control

Vs

Opportunities and threats - under your influence but not your control. These are important to remember. If you highlight a weakness that you believe you wish to mitigate, it will be under your direct control as to whether that will happen or not.

## STRENGTHS

The main pointers here are :

- Be positive !
- Relate to your competitors
- Remember these are just from internal analysis – all of these are under your direct control and talk about your company ONLY
- get lots of input from your peers and bosses (and friends, customers etc) don't try to do this on your own

OK, so if you are positive you should be able to think about 6-8 strengths for your organisation. Answers the question, what are you good at ? Always, always think about your competitors and your customers. You must be doing something right to be in business (or want to start a business). You will also see in your sales figures what products are doing well.

## IMPORTANCE

Not all strengths have equal weight so you'll need to score the strengths you have defined on the impact they make in the market place like this.

Strength 1 Impact rating 6 out of 10  
(where 10 is VERY important to be successful in the market place)  
etc...

Rank them against your competitors

Now that you have your list of strengths ranked, do the same for your competition. You should have 2 columns, one for your ranking and one for the competition.

Remember, it is really no use listing a strength in your SWOT if everyone in the market place has it as you are just keeping up with market demand (sorry to deflate you there !)

So produce a grid like  
Strength 1

- a) your company score out of 10
- b) Your nearest competitor score out of 10
- c) divide (a) by (b)

The score is your rating of how well you and your competitor rank for this Strength

Sort them

Sort by importance and ignore any that have a competitor rating of less than 1

You will find some strengths have disappeared because your competitors are far better than you

**BUT NOW YOU WILL HAVE YOUR REAL STRENGTHS**

## **WEAKNESSES**

It is normally a lot easier to develop your weaknesses as most people can think of things that they don't get right or need improving or your customers have told you. Again, you have total control over weaknesses.

These may be areas where your competitors will likely have the lead over you and put you at a disadvantage.

It is the reverse analysis from the strengths analysis.

The four main pointers here are :

1. Be realistic – at this stage in your planning don't worry too much about what you are finding as a weakness as your plans will overcome these but you must find your weaknesses before your competitors do
2. Relate to your competitors
3. Remember these are just from internal analysis – all of these are under your direct control and talk about your company ONLY
4. Get lots of input from your peers and bosses (and friends,

customers etc) don't try to do this on your own

You should be able to think about 8-10 weaknesses for your organization. Should answer the question, what are you not so good at ?

Always , always think about your competitors and your customers. Think of areas your customers complain about, that your competitors are better than you or your staff say about the company.

You will also see from your sales figures where you are not performing so well.

How important are they ?

Not all weaknesses have equal weight so you'll need to score the Weaknesses you have defined on the impact they make in the market place. Assign a rating 6 out of 10 where 10 is very important in the market place etc. Rank them against your competitors.

Now you have your list of weaknesses ranked you will need to see how they are relative to the competition. If everyone in the marketplace has the same weakness it will be up to you to decide whether you want to lead the market and make a weakness into a strength.

For example, your marketplace may be renowned for poor customer service (everyone is poor) – if you believe this has a big impact on the market place (from your work in the previous section) you may decide to invest in this area - we'll discuss what to do with your SWOT in the next session in May.

So produce a grid like this:

Weakness 1

- a) your company score out of 10
- b) Your nearest competitor score out of 10
- c) divide (a) by (b)

The score is your rating of how well you and your competitor rank for this Weakness

Sort them

Now sort by importance. Unlike strengths we keep them all here as it will be up to you what you want to do with them.

## **Opportunities**

You should now have analysed your internal position in that you will have identified your own strengths and weaknesses.

At this stage you should not think about what you are going to do with this analysis. You still need to analyse opportunities and threats.

As you will have only finite resources available you will not be able to undertake everything you want to do - so we will be prioritizing these in our next session.

Analyzing opportunities is pure external analysis and you should not be looking at your own company when you think about this part of the analysis,

These are areas where you will want to exploit, e.g.

- new products to your current customers
- your current products to new customer groups
- your current products to your current customers

but NOT new products to new customers

Let's take these three above in turn

1: New products to your current customers.

You should know what your customers needs are. If you do not then ask them, either through questionnaires, customer comment forms, general research or via your website.

This is where you will upsell - so if you are offering a bed and breakfast - could you also sell your customers day trips in the surrounding area?

You will only find out either via your current customers or from customers in the general market. See what your competitors offer to the type of customers you service - are there other products that they sell that you could also sell at all ?

2: Your current products to new customer groups

You know your products really well and you know why your customers buy these from you today. Are there other customer groups you could also sell these to?

This will be by studying demographics. Are there other customers that have a different geographic location than those today or a different age group or a different need?.

3: Current products to you current customers

Do you just sell one of your products to your customer and then they disappear? Everyone has an opportunity to keep a customer for life; to keep selling current products and keep coming back. If you only sell one product to your customer; find out why they don't buy. Ask them.

You may also use a 2D analysis approach, e.g. speed on one axis, quality on the other. Plot your company and the competition. Is there a quadrant that represents opportunity? For example you may find that the quadrant for both speed and quality is empty. Is this an opportunity for a premium price offering?

## Threats

Discuss the threats that you may have against your business.

This is the final part of the SWOT analysis and these are important and you need to be aware of them. You may actually decide not to do anything

about them but nevertheless, you should be aware of them.

As with opportunities these are areas completely outside of your control and are therefore external to your business and this is where you should undertake analysis to find them.

Look at the trends in any data you have. Particularly look at your best selling and most profitable products. Remember that your competitors may also undertake this type of analysis and will want a slice of your success.

- \_ Are your products easy to replicate by someone else?
- \_ Are the barriers to entry into the market place low?
- \_ Are your unique selling propositions still strong enough?

How could your competitors hurt you - where are they strong?  
Also look at regulatory issues. Even regulations that could come into force in the future - what is the government talking about ?

List the threats and then rank them for

- a) Probability of happening
- b) Impact to your business

Find your top 5 from this list. Try the following format for May meeting.

Internal	External
Strengths	Opportunities
Weaknesses	Threats

The marketing plan component of SWOT analysis will be a continuation session at our May meeting. If you missed April and need help to catch-up, please call 651-433-1776 for assistance.

To be continued May 22, 2008

Gammelgarden in Scandia – 8 a.m.

4/17/08

klweinberg

Internal

External