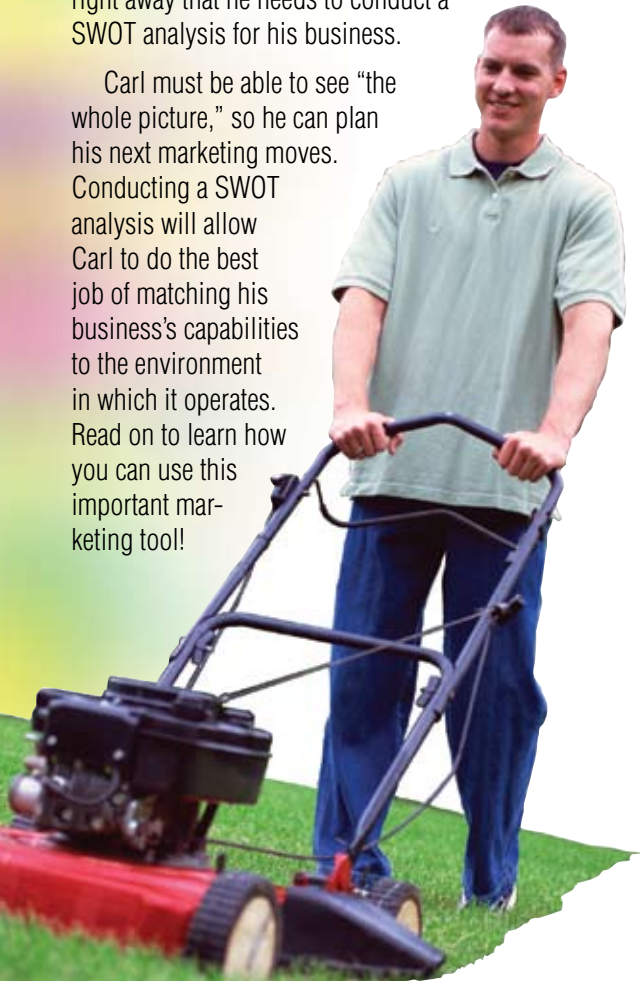


So What

A little over a year ago, Carl started his own lawn-mowing service. Business has been pretty good, considering that Carl is a full-time college student with limited resources. He started out with one mower and one weed whacker. Last summer, he made a list of things he needed to do to grow his business. He decided to buy a new mower and hire a helper. He's been trying to decide if he should try to do a full-time job, but he's not sure. He'd like to do some strategic planning. It's a good thing that Carl was a marketing major—he knows right away that he needs to conduct a SWOT analysis for his business.

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Carl must be able to see “the whole picture,” so he can plan his next marketing moves. Conducting a SWOT analysis will allow Carl to do the best job of matching his business’s capabilities to the environment in which it operates. Read on to learn how you can use this important marketing tool!



Objectives:

- 1 Explain the reasons for conducting a SWOT analysis.
- 2 Demonstrate procedures for conducting a SWOT analysis for use in marketing planning.

Discovering SWOT

What in the World is SWOT?

If you're not familiar with the term “SWOT analysis,” you may be asking yourself, “What in the world does *that* mean?” It sounds like something you do to a pesky fly! Actually, SWOT is an anagram that stands for Strengths, Weaknesses, Opportunities, and Threats. SWOT analysis looks at each of these factors in your business, in an organized fashion. A SWOT analysis is an important part of the strategic-planning process because it helps you to focus on



the key issues that you must pay attention to when formulating your next marketing move. Smart marketers know that the best marketing strategy is one that emphasizes their companies' strengths, minimizes their companies' weaknesses, capitalizes on good opportunities, and avoids external threats. Conducting a SWOT analysis is the first step in the process of formulating that strategy.

Weaknesses

A weakness is any limitation or shortcoming your business has that can keep you from achieving your objectives. Weaknesses are also *internal* organizational factors, which means they are under your control. To discover what your business's weaknesses are, ask yourself and your interviewees the following types of questions:

- What can we improve?
- What resources do we lack?
- Where are we losing money?
- What are our competitors doing better than we are?

Many times, a weakness is the flip side of a strength. For example, a weakness could be a lack of experience or expertise. It could be a bad reputation among the public. It could be poor communication among staff members. Or it could be a

weak brand name. It's important to be realistic when assessing your business's weaknesses. Ignoring them won't make them any less real. It's best to confront and deal with them as soon as possible. Try to avoid being too negative, though. Placing



blame or focusing on problems is unproductive. Instead, look at the SWOT analysis as an honest gauge of where you are right now, a starting point for some great improvements. Also, keep in mind that a weakness is different from a mistake. Every business occasionally commits an error. One mistake does not constitute a weakness, but making the same mistakes over and over is certainly a cause for concern.

Opportunities

An opportunity is any favorable situation in the environment surrounding your business. Opportunities are *external* environmental factors, meaning they are out of your control. Collecting information about the environment surrounding your business is known as **environmental scanning**. It's an important part of SWOT analysis and the strategic-planning process. To discover what opportunities your business has, ask yourself and your interviewees the following types of questions:

- What are the newest technological breakthroughs?
- What new needs of customers can we meet?
- What economic trends are beneficial to us?
- What niches have our competitors missed?

Depending on what type of business you have, an opportunity might be a new software development or an improved mechanical process. Or it could be a corporate merger or the failure of

The Gray Zone

Kristin is in charge of conducting a SWOT analysis for the dog-grooming business where she works. She makes a list of the key contributors she wants to talk to and then begins her interviews. One of her first interviewees is the company's owner. When Kristin asks the owner about his business's strengths, he lists "convenient location" as an asset. The comment sends up red flags in Kristin's mind. She has always considered the shop's location to be a weakness. The street used to be bustling and full



of other businesses, but in recent years, many of the shops have closed up. She's even heard some of the customers talk about how the shop is now far away from the town center. Kristin is worried about the business's future. She's not sure if she should continue to work there or if she should look for another job. She's also worried about the company's owner. She's not sure if she should talk to him about the location or if she should just ignore it. She's also worried about the company's owner. She's not sure if she should talk to him about the location or if she should just ignore it.

tin wants to do the job on the SWOT analysis. She's not sure if she should talk to him about the location or if she should just ignore it. She's also worried about the company's owner. She's not sure if she should talk to him about the location or if she should just ignore it. She's also worried about the company's owner. She's not sure if she should talk to him about the location or if she should just ignore it.

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