**SWOT analysis**

SWOT analysis (or SWOT matrix) is a [strategic planning](https://en.wikipedia.org/wiki/Strategic_planning) technique used to help a person or organization identify strengths, weaknesses, opportunities, and threats related to [business](https://en.wikipedia.org/wiki/Business) competition or project planning.[[1]](https://en.wikipedia.org/wiki/SWOT_analysis#cite_note-1) It is designed for use in the preliminary stages of decision-making processes and can be used as a tool for evaluation of the strategic position of a city or organization.[[2]](https://en.wikipedia.org/wiki/SWOT_analysis#cite_note-2) It is intended to specify the objectives of the business venture or project and identify the internal and external factors that are favorable and unfavorable to achieving those objectives. Users of a SWOT analysis often ask and answer questions to generate meaningful information for each category to make the tool useful and identify their competitive advantage. SWOT has been described as the tried-and-true tool of strategic analysis,[[3]](https://en.wikipedia.org/wiki/SWOT_analysis" \l "cite_note-:0-3) but has also been criticized for its limitations (see [§ Limitations](https://en.wikipedia.org/wiki/SWOT_analysis#Limitations)).

Strengths and weakness are frequently internally-related, while opportunities and threats commonly focus on the external environment. The name is an acronym for the four parameters the technique examines:

Strengths: characteristics of the business or project that give it an advantage over others.

Weaknesses: characteristics of the business that place the business or project at a disadvantage relative to others.

Opportunities: elements in the environment that the business or project could exploit to its advantage.

Threats: elements in the environment that could cause trouble for the business or project.

The degree to which the internal environment of the firm matches with the external environment is expressed by the concept of [strategic fit](https://en.wikipedia.org/wiki/Strategic_fit). Identification of SWOTs is important because they can inform later steps in planning to achieve the objective. First, decision-makers should consider whether the objective is attainable, given the SWOTs. If the objective is not attainable, they must select a different objective and repeat the process.

Some authors credit SWOT to [Albert Humphrey](https://en.wikipedia.org/wiki/Albert_S._Humphrey), who led a convention at the Stanford Research Institute (now [SRI International](https://en.wikipedia.org/wiki/SRI_International)) in the 1960s and 1970s using data from [Fortune 500](https://en.wikipedia.org/wiki/Fortune_500) companies.[[4]](https://en.wikipedia.org/wiki/SWOT_analysis#cite_note-4)[[5]](https://en.wikipedia.org/wiki/SWOT_analysis#cite_note-5) However, Humphrey himself did not claim the creation of SWOT, and the origins remain obscure.

SWOT analysis aims to identify the key internal and external factors seen as important to achieving an objective. SWOT analysis groups key pieces of information into two main categories:

Internal factors: the strengths and weaknesses internal to the organization

External factors: the opportunities and threats presented by the environment external to the organization

Analysis may view the internal factors as strengths or as weaknesses depending upon their effect on the organization's objectives. What may represent strengths with respect to one objective may be weaknesses (distractions, competition) for another objective. The factors may include all of the [4Ps](https://en.wikipedia.org/wiki/Marketing_mix) as well as [personnel](https://en.wikipedia.org/wiki/Personnel), [finance](https://en.wikipedia.org/wiki/Finance), [manufacturing](https://en.wikipedia.org/wiki/Manufacturing) capabilities, and so on.

The external factors may include [macroeconomic](https://en.wikipedia.org/wiki/Macroeconomic) matters, [technological change](https://en.wikipedia.org/wiki/Technological_change), [legislation](https://en.wikipedia.org/wiki/Legislation), and sociocultural changes, as well as changes in the marketplace or in competitive position. The results are often presented in the form of a [matrix](https://en.wikipedia.org/wiki/Table_(information)).

SWOT analysis is just one method of [categorization](https://en.wikipedia.org/wiki/Categorization) and has its own weaknesses. For example, it may tend to persuade its users to compile lists rather than to think about actual important factors in achieving objectives. It also presents the resulting lists uncritically and without clear prioritization so that, for example, weak opportunities may appear to balance strong threats.

It is prudent not to eliminate any candidate SWOT entry too quickly. The importance of individual SWOTs will be revealed by the value of the strategies they generate. A SWOT item that produces valuable strategies is important. A SWOT item that generates no strategies is not important.

SWOT analysis can be used in any decision-making situation when a desired end-state (objective) is defined, not just [profit-seeking organizations](https://en.wikipedia.org/wiki/For-profit_corporation). Examples include [non-profit organizations](https://en.wikipedia.org/wiki/Non-profit_organizations), governmental units, and individuals. SWOT analysis may also be used in pre-crisis planning and preventive [crisis management](https://en.wikipedia.org/wiki/Crisis_management). SWOT analysis may also be used in creating a recommendation during a [viability study](https://en.wikipedia.org/wiki/Viability_study)/survey.

Strategy building[[edit](https://en.wikipedia.org/w/index.php?title=SWOT_analysis&action=edit&section=3" \o "Edit section: Strategy building)]

SWOT analysis can be used to build organizational or personal strategy. Steps necessary to execute strategy-oriented analysis involve identification of internal and external factors (using the popular 2x2 matrix), selection and evaluation of the most important factors, and identification of relations existing between internal and external features.[[6]](https://en.wikipedia.org/wiki/SWOT_analysis#cite_note-6)

For instance, strong relations between strengths and opportunities can suggest good conditions in the company and allow using an aggressive strategy. On the other hand, strong interactions between weaknesses and threats could be analyzed as a potential warning and advice for using a defensive strategy.[[7]](https://en.wikipedia.org/wiki/SWOT_analysis#cite_note-7)

Matching and converting[[edit](https://en.wikipedia.org/w/index.php?title=SWOT_analysis&action=edit&section=4" \o "Edit section: Matching and converting)]

One way of using SWOT is matching and converting. Matching is used to find [competitive advantage](https://en.wikipedia.org/wiki/Competitive_advantage) by matching the strengths to opportunities. Another tactic is to convert weaknesses or threats into strengths or opportunities. An example of a conversion strategy is to find new markets. If the threats or weaknesses cannot be converted, a company should try to minimize or avoid them.[[8]](https://en.wikipedia.org/wiki/SWOT_analysis#cite_note-8)

Corporate planning[[edit](https://en.wikipedia.org/w/index.php?title=SWOT_analysis&action=edit&section=5" \o "Edit section: Corporate planning)]

As part of the development of strategies and plans to enable the organization to achieve its objectives, that organization will use a systematic/rigorous process known as [corporate planning](https://en.wikipedia.org/wiki/Corporate_planning). SWOT alongside [PEST](https://en.wikipedia.org/wiki/PEST_analysis)/[PESTLE](https://en.wikipedia.org/wiki/PESTLE) can be used as a basis for the analysis of business and environmental factors.[[9]](https://en.wikipedia.org/wiki/SWOT_analysis#cite_note-9)

Set objectives—defining what the organization is going to do

Environmental scanning

Internal appraisals of the organization's SWOT—this needs to include an assessment of the present situation as well as a portfolio of products/services and an analysis of the product/service lifecycle

Analysis of existing strategies—this should determine relevance from the results of an internal/external appraisal. This may include [gap analysis](https://en.wikipedia.org/wiki/Gap_analysis) of environmental factors

Strategic Issues defined—key factors in the development of a corporate plan that the organization must address

Develop new/revised strategies—revised analysis of strategic issues may mean the objectives need to change

Establish [critical success factors](https://en.wikipedia.org/wiki/Critical_success_factor)—the achievement of objectives and strategy implementation

Preparation of operational, resource, projects plans for strategy implementation

Monitoring all results—mapping against plans, taking corrective action, which may mean amending objectives/strategies

Strengths and weaknesses (internal factors within an organization):[[11]](https://en.wikipedia.org/wiki/SWOT_analysis" \l "cite_note-community_tool_box-11)

Human resources—staff, volunteers, board members, target population

Physical resources—your location, building, equipment

Financial—grants, funding agencies, other sources of income

Activities and processes—programs you run, systems you employ

Past experiences—building blocks for learning and success, your reputation in the community

Opportunities and threats (external factors stemming from community or societal forces):[[11]](https://en.wikipedia.org/wiki/SWOT_analysis#cite_note-community_tool_box-11)

Future trends in your field or the culture

The economy—local, national, or international

Funding sources—foundations, donors, legislatures

Demographics—changes in the age, race, gender, culture of those you serve or in your area

The physical environment —is your building in a growing part of town? Is the bus company cutting routes?

Legislation—do new federal requirements make your job harder...or easier?

Local, national, or international events