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SWOC analysis is a strategic planning method used to research external and internal factors which affect company success and growth. Firms use SWOC analysis to determine the strengths, weaknesses, opportunities, and challenges of their firm, products, and competition.

How to use SWOC analysis

When beginning a SWOC analysis of a product or firm, you must go through each section individually. Starting with... Strengths Strengths are features which benefit the company, such as product sales.

For example, sales of Product X is growing 3% each month. But Product Z is seeing a 3% monthly decline. In this case, Product X, which brings in more revenue, is where the firm should focus their efforts to continue profit growth. The next step is noticing weaknesses. Weaknesses cause a company to struggle. For example, if you've decided to target a younger audience but your packaging is still dedicated to senior citizens, the new consumer base will struggle to connect to the product. This will show in reports, and cause an internal struggle within the company.

Challenges are similar to threats but have the chance of being overcome. Threats have the potential to damage a firm, but challenges often already exist and need to be handled appropriately. This step is crucial. If you've already examined the strengths, weaknesses, and opportunities but skip assessing challenges, you may be on the path to failure.

Challenges can greatly undermine any progress you've made, so by ignoring this step, you've opened yourself up to potential failure.

When to use SWOC analysis:

Use SWOC analysis whenever you have a business idea. Whether it's starting a brand new business, a product, or a product upgrade. You can do SWOC analysis annually, quarterly, or monthly; it depends on what product or idea you're using SWOC analysis for. But if you choose to do SWOC analysis, remember it's a great cost-effective way to reduce challenges and deter failure of a business venture or product. Opportunities refer to favorable external factors that could give an organization a competitive advantage.

For example, if a country cuts tariffs, a car manufacturer can export its cars into a new market, increasing sales and market share. A SWOT or SWOC analysis is a tool that assists organizations in identifying their strengths, weaknesses, opportunities, and threats or challenges. ... Strengths and weaknesses are viewed as being internal to the organization conducting the SWOT while opportunities and threats/challenges are external to the organization.