

### Introduction

A SWOT analysis is a strategic planning tool created by Albert Humphrey to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or business venture. It involves specifying the objective and then identifying the internal and external factors that are favorable and unfavorable to achieve that objective:

Credits: <http://www.nwlink.com/~donclark/leader/SWOT.html>

### SWOT Analysis

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** – Internal Strengths & Weaknesses

■ **External factors** – External Opportunities & Threats

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; as well as personnel, finance, manufacturing capabilities, ..., etc.

### Using SWOT

#### Strategy building

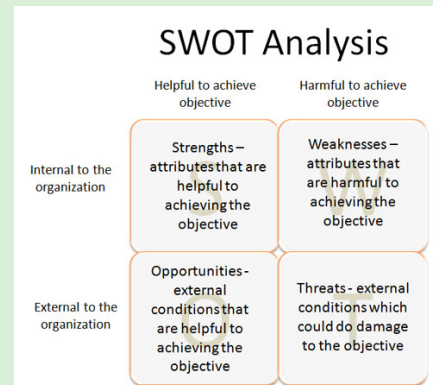
SWOT analysis can be used effectively to build organization or personal strategy. Steps necessary to execute strategy-oriented analysis involve: identification of internal and external factors (using popular 2x2 matrix), selection and evaluation of the most important factors and identification of relations existing between internal and external features.

For instance: strong relations between strengths and opportunities can suggest good condition of the company and allow using aggressive strategy. On the other hand strong interaction between weaknesses and threats could be analyzed as potential warning and advise for using defensive strategy.

#### Matching and converting

One way of utilizing SWOT is matching and converting. Matching is used to find competitive advantage by matching the strengths to opportunities. Converting is to apply conversion strategies to convert weaknesses or threats into strengths or opportunities. An example of conversion strategy is to find new markets. If the threats or weaknesses cannot be converted, a company should try to minimize or avoid them.

### SWOT Analysis: 4 Factors



■ **Helpful - Strengths and Opportunities**

■ **Harmful - Weaknesses and Threats**

■ **Internal - Strengths & Weaknesses internal to the organization**

■ **External - Opportunities & Threats external to the organization**

### SWOT Matrix

SWOT Matrix		
	Strengths	Weaknesses
Opportunities	Can rapidly pursue opportunities	Overcome weaknesses with strengths in order to pursue opportunities
Threats	Can pursue opportunities once the gaps are bridged	Create a defense

The SWOT analysis is used to match strengths to opportunities and convert weaknesses or threats into strengths or opportunities:



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