

YALIENTREPRENEURS

Strengths,
Weaknesses,
Opportunities, and
Threats **(SWOT)**
TOOLKIT



YALI.STATE.GOV/ENTREPRENEURS



U.S. Department of State



INTRODUCTION:

The acronym **SWOT** stands for **strengths, weaknesses, opportunities, and threats**. A SWOT analysis for small business is a powerful but simple process. It gives businesses a clear view of their current position and helps them understand how to be more successful. A SWOT analysis includes both internal and external factors. Internal factors (strengths and weaknesses) are those that businesses can control or change. External factors (opportunities and threats in the wider economy) are those that lie outside of a business's control.

With this toolkit, you will be better able to manage the aspects of your business that are within your control to plan for the factors that are outside of your control. To start analyzing your business, familiarize yourself with the definitions of SWOT below.

Strengths: Advantageous (both tangible and intangible) characteristics of the organization. Strengths enable the organization to leverage opportunities, bolster weaknesses, or mitigate threats.

Weaknesses: Internal characteristics that detract from the organization's value or limit its ability to achieve its goals and objectives. Weaknesses may represent vulnerabilities to threats or areas with potential for improvement.

Opportunities: Characteristics within the internal or external environment that may be leveraged to increase or improve the organization's relative position within the environment.

Threats: External actors or environmental factors beyond the organization's control that can place it at risk or inhibit the achievement of goals and objectives.

Reflect on your business

Using the definitions above and keeping your business goals in mind, evaluate your business's strengths and weaknesses. Then, think of opportunities for business growth and external factors that might hinder your business (such as a financial downturn, business interruption, health emergencies, and more). Complete the box below by filling in at least **four** bullet points for each category.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none">• <i>(Ex. A strong network of suppliers)</i>	<ul style="list-style-type: none">• <i>(Ex. Lack of capital investment in product)</i>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none">• <i>(Ex. Outsource labor to another local entrepreneur)</i>	<ul style="list-style-type: none">• <i>(Ex. Lots of competitors in sector)</i>

Sources: Academy of Entrepreneurship Journal and MEST Africa ¹

Planning for future events

Another vital exercise for your business is predicting the consequences of a disruption in business and gathering information to develop a recovery strategy. This analysis is called **business impact analysis** (BIA). Conducting a BIA will help you to develop the right strategy to recover from a potential loss, easing the loss, and preventing future loss to your business.

Your BIA should include the impact that a disruption can cause your business — both financial and operational — and allow you to create adaptive processes. Examples of impacts to consider in your BIA are: lost sales and income, delayed sales, increased expenses, contractual penalties or loss of contractual bonuses, customer dissatisfaction, or delaying new business plans.

Below, you will find aspects to consider when filling out your BIA questionnaire. Read these over first and then fill out the BIA. Use the BIA as a tool to survey your company. Ask yourself what the potential impacts are for your business if a business function or process is interrupted. At the end of the exercise, you should be able to identify the critical business processes and resources needed for the business to continue to function.

Aspects to consider when filling out your BIA: (customize for your business)

<p>Timing: Identify the point in time when interruption would have greater impact (e.g., season, end of month/quarter, etc.)</p> <p>Duration: Identify the duration of the interruption or point in time when the operational and/or financial impact(s) will occur: • < 1 hour • >1 hour • < 8 hours • > 8 hours • <24 hours • > 24 hours • < 72 hours • > 72 hours • > 1 week • > 1 month</p>	<p>Operational Impacts: • Lost sales and income • Negative cash flow resulting from delayed sales or income • Increased expenses (e.g., overtime labor, outsourcing, expediting costs, etc.) • Regulatory fines • Contractual penalties or loss of contractual bonuses • Customer dissatisfaction or defection • Delay executing business plan or strategic initiative</p>	<p>Financial Impact: Quantify operational impacts in financial terms.</p>
---	---	--

¹ Source: Ready.gov

Now that you've reflected on your business's strengths, weaknesses, opportunities, and threats, and considered the impact of a potential interruption or loss to a business function or process, you can create a contingency plan that incorporates your SWOT analysis and the BIA.

Create a plan and processes that allow your business to react to potential threats. Below is the framework that you will use to create a contingency plan for your business.

Business Impact Analysis	Recovery Strategies	Plan Development	Testing & Exercises
<ul style="list-style-type: none"> • Develop questionnaire • Complete the BIA • Review the BIA • Conduct follow-up interviews to validate information and fill in any information gaps 	<ul style="list-style-type: none"> • Identify and document resource requirements based on the BIA • Conduct gap analysis to determine recovery requirements and current capabilities • Explore recovery strategy options • Select recovery strategies • Implement strategies 	<ul style="list-style-type: none"> • Develop plan framework • Organize recovery teams • Write business continuity and IT disaster recovery procedures • Document manual workarounds • Assemble plan and validate 	<ul style="list-style-type: none"> • Develop testing, exercise, and maintenance requirements • Conduct training for business continuity team • Conduct orientation exercises • Conduct testing and document test results • Update business continuity plan to incorporate lessons learned from testing exercises

¹ Source: Ready.gov

What's next?

Now that you have conducted a SWOT analysis, learned how your business will be affected by external factors, and used the business contingency framework for how to future-proof your business, read on for more ways that you can bolster your business.

- A great business has a great team. Make sure that you have chosen the right employees to help your business grow and adapt. Learn more about how to build a successful and effective team by reading the [YALI Network blogs](#).
- Add to your entrepreneurial knowledge by taking a [YALI Network course](#). From effective communication to growing your enterprise, there's something for every entrepreneur to add to their collection.

For more information and resources, please visit the [YALIEntrepreneurs](#) page.