

# RISK ANALYSIS

	POSITIVE	NEGATIVE
INTERNAL	<u>S</u> STRENGTHS	<u>W</u> WEAKNESSES
EXTERNAL	<u>O</u> OPPORTUNITIES	<u>T</u> THREATS

## SWOT Analysis

### What is a SWOT analysis?

A SWOT analysis is a framework used to identify an organisation's Strengths, Weaknesses, Opportunities and Threats to support strategic planning. Strengths and Weaknesses are internal factors (within your control), while Opportunities and Threats are external factors (outside your control). Strengths are positive attributes, Weaknesses are limitations, Opportunities are factors to use, and Threats are obstacles to manage.

### Why is it helpful?

Through examining these four key factors, organisations can leverage their advantages, address shortcomings and navigate through their external environment. This process helps to guide resource allocation, highlights competitive edges, and reveals areas of improvement enabling organisations to make better decisions and adapt to changing environments.

	Helpful To achieving the objective	Harmful To achieving the objective
Internal origin Attributes of the organisation	<u>S</u> Strength	<u>W</u> Weaknesses
External origin Attributes of the environment	<u>O</u> Opportunities	<u>T</u> Threats

### Internal vs external factors

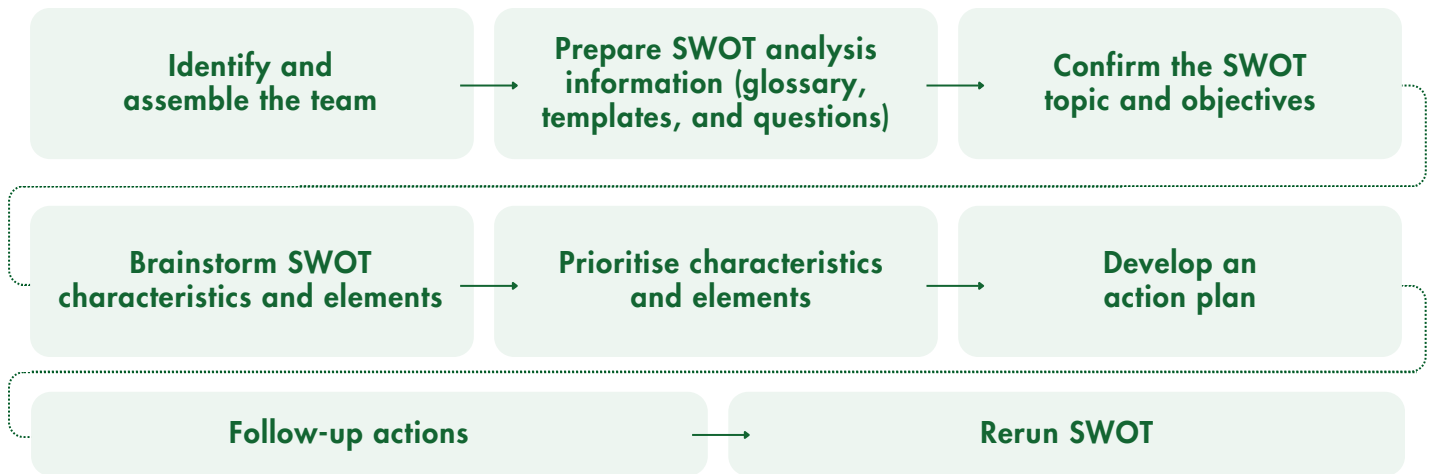
**Strengths:** Internal positive attributes that give a competitive advantage. This includes skills, resources, or anything the organisation does well.

**Opportunities:** External factors that can be leveraged for success. This includes new markets, technological advancements, or changes in consumer behaviour.

**Weaknesses:** Internal limitations or deficiencies that place the organisation at a disadvantage. These are areas where improvement is needed.

**Threats:** External factors that may harm the organisation, such as increased competition, economic downturns or regulatory changes.

# Step by step guide



## Key considerations

### Strengths (internal factors)

- **Competitive advantage:** What do you do well, or better than others in your area of work?
- **Unique resources:** Consider the material and immaterial assets your organisation can draw on, such as equipment, location, finance, reputation, skilled staff/volunteers and community reach.
- **Customer/stakeholder perception:** Consider what your customers, service users or stakeholders see as your strengths, using reviews and feedback to validate internal strengths.
- **Performance/track record:** Think data, satisfaction ratings, user engagement and positive feedback.

### Weaknesses (internal factors)

- **Areas for improvement:** Where could you improve processes, products, or internal systems to accomplish your goals more effectively?
- **Resource gaps:** Do you have fewer resources, skill gaps, or financial limitations compared to your competitors?
- **Inefficiencies:** Identify internal processes that are inefficient or problems like poor cash flow or high staff turnover rates.
- **Honesty is crucial:** Be pragmatic and honest about shortcomings. Acknowledge what isn't working well to address vulnerabilities effectively.

### Opportunities (external factors)

- **Market trends:** Are there emerging needs, new market segments, or sector trends you can take advantage of?
- **Regulatory changes:** Could changes in government policies, legislation, or tax benefits positively impact your organisation?
- **Competitor activity:** Have competitors missed a niche, or are there gaps in their product, services or approach that you can fill?
- **Technological advancements:** Are there new technologies you can adopt to innovate or reach a wider service user base?

### Threats (external factors)

- **Competition:** What are your competitors doing (e.g., new services launched, aggressive advertising) that could harm your market position?
- **Economic & market shifts:** Consider economic downturns, changes in service user behaviour, or rising costs of materials/labour that could pose a risk.
- **Vulnerabilities from weaknesses:** Which threats are you most exposed to because of your existing weaknesses?
- **External disruptions:** Identify potential issues like supply chain problems, natural disasters, or political instability that could disrupt operations.