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# How to Conduct a SWOT Analysis (With 6+ Examples)

12-16 minutes

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Woman leading a brainstorming session

Running a business is hard work. With so many different things pulling at your attention, it's easy to get caught up in the minutia at the expense of the big picture.

The only way to make sure your business sticks around for the long haul is to periodically step back and look at things from a broader perspective.

That's where SWOT analysis comes in. A SWOT analysis will push you to look at your ecommerce business's potential. You won't just examine how your company is performing today, you'll investigate how it's going to perform next week, next month, and even next year.

## What Is a SWOT Analysis?

SWOT analysis sounds like some kind of scary [accounting process](#)—it's not. Doing a SWOT analysis doesn't involve addition or subtraction, but it is very helpful.

SWOT stands for:

- **S** - Strengths

- **W** - Weaknesses
- **O** - Opportunities
- **T** - Threats

It's basically the ultimate to-do list. A SWOT analysis forces you to think about the future. You know how your business is doing today, but do you know where it will be tomorrow? This process will help you figure it out and—more importantly—plan for it.

A SWOT analysis lists the good and bad things about your ecommerce business, both from an internal and external viewpoint.

<b>SWOT Factors</b>	<b>Positive</b>	<b>Negative</b>
<b>Internal</b>	Strengths	Weaknesses
<b>External</b>	Opportunities	Threats

Strengths and weaknesses are internal factors, while opportunities and threats are external factors. Internal factors come from within your ecommerce business while external factors come from the larger environment surrounding your business.

Strengths and weaknesses mostly focus on the present, while opportunities and threats mostly focus on the future. What *is* happening versus what *could* happen.

Strengths and weaknesses are under your control. It may be difficult, but you can change them over time. Examples include:

- company culture
- reputation
- customer list
- geography

- staff
- partnerships
- intellectual property
- assets

Conversely, opportunities and threats are typically outside of your control. You can try and plan for them or influence a positive change, but at the end of the day, it's not up to you. Examples include:

- regulation
- suppliers
- competitors
- economy
- market size
- trends
- financing
- weather

What Is SWOT Analysis?

**Bonus:** [Click here to download](#) your free SWOT Analysis Template. Use this free PDF to future-proof your business by identifying your strengths, weaknesses, opportunities, and threats.

## Who Should Do a SWOT Analysis?

In short, everyone (both new and old ecommerce businesses) should do a SWOT analysis.

If you're just starting out or are still in the planning phase, a SWOT

analysis will give you a competitive advantage. Doing it will inform your [break-even analysis](#) and give a more realistic picture of what you're signing up for. Both should be included in a [business plan](#), if you need to seek financing.

Existing businesses should perform a SWOT analysis annually. Think of it as your annual *State of the Business*. Having it will allow you to keep your business running smoothly, anticipate problems, work on necessary changes or improvements, and make smarter decisions throughout the year. Basically—an annual SWOT analysis will keep you from losing touch with your business, customers, and industry.

## How to Do a SWOT Analysis

A SWOT analysis is far from scientific. There's no objective way of measuring how well you do one. It relies on your ability to observe and recall internal and external factors that can impact your business. It's not about making accurate predictions so much as it is about knowing what to plan for.

### Step 1: Gather the Right People

While important business decisions typically need to be made by founders and senior-level employees, there's no such thing as "*too many cooks in the kitchen*" with a SWOT analysis. Having more input, even from people who don't fully understand your business, will only make it stronger.

You may also find that you'll get better buy-in on the strategy decisions that come out of the analysis if you include [your employees](#) in the process. Heck, even your customers can provide

valuable insight.

## Step 2: Host a Brainstorming Session

Once you've assembled your team, host a brainstorming session with everyone involved. You can either list strengths, weaknesses, opportunities, and threats together (better for small teams) or ask participants to create and submit lists individually (better for bigger teams).

Include everything that comes up in each category. Don't worry about how important each observation is at this stage—the idea is to not miss anything. Just write it all down.

## Step 3: Fill the Gaps

Once you've exhausted everyone's ideas and come up with four big lists, it's time to start filling in gaps where additional explanation is needed. This is an opportunity for you and your team to ask questions that will determine how important each item on the list is.

Ask everyone in the group to choose their top three items for each category. Most likely, a pattern will emerge that will show you what to focus on.

Even if it's only you working on the analysis—don't worry! In this case, you are likely involved in all parts of the business and will have good insight into what you need to consider. Crack a bottle of wine or brew a pot of tea, and dig in!

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## 31 SWOT Analysis Questions to Guide You

Whether you're working alone or with a diverse group, getting the brainstorming started can be tough. The following questions are here to help get things moving. I recommend reading through them no matter what to avoid missing important factors.

### Strengths

These are positive, internal factors that affect how your business performs. Although they may be difficult to change, they should be within your control:

- What are we good at?
- What do we do better than anyone else?
- What is our competitive advantage?
- What do we do that no one else does?
- What resources do we have at our disposal?
- What are our ecommerce company's advantages?
- What advantages do our employees have?
- What valuable assets does our company have?
- What do our customers like about our business?

### Weaknesses

These are negative, internal factors that affect how your business performs. Although they may be difficult to change, they should be within your control:

- What are we bad at?

- What do our competitors do better than us?
- What do our customers complain about?
- What disadvantages does our team carry?
- What is holding us back?
- Which resources are we lacking?
- What could we improve?

## **Opportunities**

These are external factors that could affect your business in a positive way. They may be largely out of your control, but you can choose to leverage them:

- What potential regulation changes could help our business?
- Is the market changing in a favorable way?
- Is the current economy going to affect us in a positive way?
- What opportunities have we not pursued yet?
- What new opportunities are becoming available?
- Is our cost of goods going down?
- Is there a way for us to acquire useful resources that we do not already have?

## **Threats**

These are external factors that could affect your business in a negative way. They may be largely out of your control, but you can create a contingency plan to minimize the damage:

- Who are our existing competitors?

- What new entrants to the market could threaten our ecommerce business?
- Is our market size declining?
- Is the industry changing in a way that could negatively impact our business?
- Is our cost of goods increasing?
- Is a supply we rely on becoming scarce?
- Are regulations changing in a way that could hurt our business?
- Is our manufacturer unreliable?

## How to Use Your SWOT Analysis Effectively

As business owners, we're constantly having to prioritize what gets our attention. Tough decisions about resource allocation are unavoidable. No matter how successful you become, you'll always have to pick and choose where to direct your attention. A SWOT analysis helps you determine which areas to focus your energy and resources.

### Step 4: Narrow Your Lists

Start with the lists from your brainstorming session. Now work on narrowing down those lists so they will fit on a single page, arranged in a 2 x 2 matrix (example below). You'll likely narrow your list based on two considerations: how powerful a factor is and how likely a factor is to happen.

For example, relying on one big client for the bulk of your revenue is a powerful weakness: it leaves you in a vulnerable position—even if you're pretty sure they're not going anywhere. Conversely,



even if you're not worried about your rent increasing, you need to plan for an increase if lease negotiations are imminent.

Even after you've created your single-page matrix, keep the unabridged lists around for future reference. You're not going to focus on the rest of the list right now, but being aware of it will ensure you don't miss any important issues, especially as situations change. What is less important now may become critical in the future, and you need to be aware of that possibility. You can always rearrange your list or come back to an item later.

### **Step 5: Create Strategies**

For each of the items on your final list, create a strategy to exploit the advantages and opportunities, and to deal with the weaknesses and threats. These initial strategies don't need to be particularly complex or robust, although you may choose to expand on them later. For now, just create a broad plan of action.

Also, keep in mind that different factors can work together to balance each other out. How can you use your strengths to improve your weaknesses? How can you exploit opportunities to neutralize your threats? Can you leverage your strengths to better take advantage of opportunities? Is there a weakness you need to prioritize in order to prevent a threat?

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### **SWOT Analysis Example**

Here's a sample SWOT analysis for an online tailored shirt business. Although many more factors came up during brainstorming, these were deemed to be the most important.

### **Strengths**

- Locally made shirts mean faster turnaround on orders
- Many repeat customers who promote the business
- Good search engine rankings drive free traffic

### **Weaknesses**

- Pricing on locally made shirts is not competitive
- Higher costs mean fewer fabric options due to inventory costs
- Customers don't like taking their own measurements

### **Opportunities**

- Using technology to simplify the measurement process could increase conversions
- New paid advertising channels such as Instagram and Pinterest could be effective
- Custom made clothing is currently trending

### **Threats**

- Several competitors are currently undercutting prices
- Website is difficult to use on a mobile device even though mobile traffic is increasing
- A strong dollar could drive down international sales

Think about what strategies this business owner could implement to take advantage of this information. Remember, there's no right or wrong answer here.

## **6 SWOT Analysis Example Strategies**

The most important part of a SWOT analysis is how you use the information that comes out of it. Here are six sample scenarios

(with potential decisions) to help you start thinking strategically.

**Scenario 1:** Your lease is nearing the end of its term and you need to renegotiate. Since the neighborhood has gone up in value, you're worried you'll be priced out.

**Strategy:** Start selling online to mitigate some of the risk.

**Scenario 2:** You rely on a raw material that is in high demand and prices are rapidly rising as it becomes more scarce.

**Strategy:** Commit to a five-year contract to guarantee your supply and lock in at a lower price.

**Scenario 3:** You have a surplus of [cash on hand](#).

**Strategy:** Set aside a fixed amount for emergencies and invest the rest in growth.

**Scenario 4:** You have a negative workplace culture and your employees are underperforming.

**Strategy:** Hire a culture consultant to help you turn things around.

**Scenario 5:** Most of your website traffic comes from search engines. If the algorithm changes and your website stops ranking, you could lose a lot of new business. You need to [diversify your traffic](#).

**Strategy:** Start cultivating other traffic sources, such as social media or paid advertising.

**Scenario 6:** Your entire business lives on your laptop and if it was stolen, you'd lose everything.

**Strategy:** Set up a program to automatically back up your files every night.

Working through a SWOT analysis on a regular basis will keep you from losing touch with your business, your team, and your customers. More importantly, it will help you stay successful in a turbulent marketplace.

Once you've had time to digest and think hard about the most important items on your list, flesh out your action plan and get to work!

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