

LOCAL LEARNING LAB

SWOT Analysis Step by Step

SWOT Analysis is a simple but effective tool to evaluate your business's Strengths, Weaknesses, Opportunities and Threats. This step-by-step guide is designed specifically for startups or small businesses with one or two people running the show. It helps you focus on what's important and actionable.

Step 1: Set Aside Time to Focus

1. Schedule a Planning Session:

- Dedicate 1-2 hours to work on your SWOT analysis without distractions.

2. Define Your Goal:

- Identify what you want to achieve (e.g., finding new customers, improving efficiency, or launching a product).
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Step 2: Create a Simple Template

Use a blank sheet of paper, a whiteboard or a document with four sections labeled:

- **Strengths (top-left)**
- **Weaknesses (top-right)**
- **Opportunities (bottom-left)**
- **Threats (bottom-right)**

Example SWOT Grid for a Startup Bakery

Strengths <ul style="list-style-type: none">• Great family recipes• Flexible schedule• Strong word-of-mouth referrals	Weaknesses <ul style="list-style-type: none">• Limited marketing budget• No online presence yet• Limited baking equipment
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Opportunities	Threats
<ul style="list-style-type: none">● High demand for gluten-free products● Local farmers' market for exposure● Social media to attract customers	<ul style="list-style-type: none">● Competition from larger bakeries or franchises● Changes in food safety or health regulations● Rising costs of gluten-free ingredients

Step 3: Identify Your Strengths

Ask yourself: **What does my business do well?**

- **Examples:**
 - Unique product or service idea.
 - Strong personal skills (e.g., customer service, creativity).
 - Loyal early customers or supporters.
 - Low overhead costs because you're small and flexible.

Tip: Be specific. For example, instead of "good customer service," say "customers often compliment our personal touch."

Step 4: Identify Your Weaknesses

Ask yourself: **What are my challenges right now?**

- **Examples:**
 - Limited time or resources (e.g., not enough hands to get everything done).
 - Lack of marketing experience or brand recognition.
 - Reliance on a small number of clients or revenue streams.

Tip: Be honest with yourself—acknowledging weaknesses is the first step to solving them.

Step 5: Identify Opportunities

Ask yourself: **What external factors could help my business grow?**

- **Examples:**
 - A growing trend that matches your product or service.
 - A competitor closing or leaving the market.
 - Free or low-cost tools that can make operations easier (e.g., social media, business grants).

Tip: Pay attention to customer feedback or requests to identify gaps you could fill.

Step 6: Identify Threats

Ask yourself: **What external factors could harm my business?**

- **Examples:**
 - New competitors offering something similar.
 - Rising costs (e.g., materials, rent).
 - Economic downturns that reduce customer spending.

Tip: Keep an eye on industry news and local market conditions.

Step 7: Use Market Research to Enhance Your SWOT Analysis

Having an updated market research report can significantly improve the precision of your SWOT analysis. Market research provides:

- **Local Demographics:** A clearer understanding of the community's needs, preferences and behaviors, helping you identify opportunities and threats based on who your potential customers are.
- **Competitor Insights:** Insights into what competitors are doing right or wrong, allowing you to leverage their strengths as inspiration or avoid their mistakes.
- **Customer Needs:** A clear vision of your target audience's specific needs, enabling you to use them as strengths or identify areas for growth by aligning your product or service accordingly.

Tip: Use market research to back up your SWOT grid with real data, making your action plan more effective and targeted.

Step 8: Prioritize and Take Action

1. Review Your SWOT Grid:

- Look at your strengths and opportunities to find quick wins you can act on right away.

2. Create an Action Plan:

- Focus on your biggest opportunities and how to address critical weaknesses.
 - Set simple, achievable goals with deadlines (e.g., "Post on social media twice a week" or "Research local grants by next Friday").
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Step 9: Revisit Your SWOT Regularly

1. Check Your Progress:

- Review your SWOT analysis every few months to see what's working and what's changed.

2. Adjust as Needed:

- Update your plan as your business grows or as external factors shift.
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By following these steps, even small businesses and startups can effectively evaluate their position and take focused action to grow. A SWOT analysis is a great way to prioritize what matters most without getting overwhelmed.

Final

The information provided in this guide is for general educational purposes only and should not be considered legal, financial, or professional advice. Every business is unique, and we strongly recommend consulting with a qualified professional, such as an accountant, attorney or business advisor, for guidance tailored to your specific situation. For additional support, we encourage you to explore [Local First Arizona's Business Coalition Directory](#) to connect with trusted local experts. You can also reach out to us at info@localfirstaz.com for further resources and assistance.