



THE BASICS OF S.W.O.T ANALYSIS FOR COOPERATIVES

What is SWOT?

SWOT, *Strengths, Weakness, Opportunities, and Threats*, is a simple, but powerful business planning tool. It can assist a co-op to concentrate on what makes it strong, position a co-op to reduce threats, and hopefully leverage unseen opportunities.



Developed in the 1970's and popular ever since, SWOT is an extremely useful tool for strategically planning the future. It groups information into lumps so that it can be examined more closely and systematically. The goal is to isolate key issues that will later be re-examined for closer consideration.

For better or worse, SWOT is a mechanism that can deal with complex situations in a quick and dirty way. Cooperative businesses operate in a changing and dynamic world, SWOT is a technique used by managers to quickly make better informed decisions in this environment.

	Positives	Negatives
Internal Factors	Strengths	Weaknesses
External Factors	Opportunities	Threats

When and Why to Use SWOT?

A co-op's Board of Director's job is to build a vision of the present and of the future which helps to inform a co-op's implementation tactics. Ideally the Board is undertaking the planning cycle is an ongoing and annual basis. SWOT is one of many methods used to evaluate what is known and is typically undertaken before formal planning.

A Few Guidelines for Successful Analysis:

- Ensure the concept under examination is clearly understood
- Be realistic about your organization
- Be specific and avoid grey areas
- Keep it short and simple; avoid complexity and over-analysis
- Remember that SWOT is subjective; use as a guide and not a prescription

THE PLANNING CYCLE

1. **Agree to Plan**
2. **Gather Facts:** visioning and research
3. **Evaluate:** mission statement, SWOT, strategic options
4. **Define Plan:** choose direction, set goals, action
5. **Evaluate results**
6. **Repeat**

Taken from USDA's Rural Business Cooperative Services publication, "*Strategic Planning Handbook for Cooperatives*"

It is important to keep in mind that SWOT's greatest assets are also liabilities. SWOT is great in its ease of use and simplicity; but conversely, it can be somewhat trivial, overly linear and is not the best tool for examining complex patterns or chaotic systems.

Following are some examples of each category

Example *Strengths*:

- Specialized marketing expertise

- New, innovative product or service
- Location
- Quality processes and procedures
- Any other aspect of the co-op that adds value to its members

Some diagnostic questions:

- What is done well (in sales, marketing, operations, management)?
- What are the co-ops assets?
- What are the core competencies?
- Where is money being made?
- What is the co-op's experience in?

Example *Weakness*:

- Lack of marketing expertise
- Undifferentiated products or services (i.e. in relation to your competitors)
- Location
- Poor quality goods or services
- Damaged reputation

Some diagnostic questions:

- What is needed (customer service, marketing, accounting, planning)?
- Where resources lacked?
- What can the co-op do better?
- Where is money being lost?

Example *Opportunities*:

- A developing market such as the Internet.
- Mergers, joint ventures or strategic alliances
- Moving into new market segments that offer improved profits
- New international markets
- A market vacated by an ineffective competitor

Some diagnostic questions:

- What new needs of members could the co-op meet?
- Are there any beneficial economic trends?
- What are the emerging political and social opportunities?
- Are there any technological breakthroughs?
- Has the competition missed any niches?

Examples *Threats*:

- New competitor in your home market
- Price wars with competitors
- Competitor has a new, innovative product or service
- Competitors have superior access to channels of distribution
- Taxation is introduced on your product or service

Some diagnostic questions:

- What are the negative economic trends?
- What are the negative political and social trends?
- Where are competitors about to bite?
- Where is the co-op vulnerable?

For more info:

- http://www.mindtools.com/pages/article/newTMC_05.htm
- http://en.wikipedia.org/wiki/SWOT_analysis
- <http://www.coursework4you.co.uk/swot.htm>