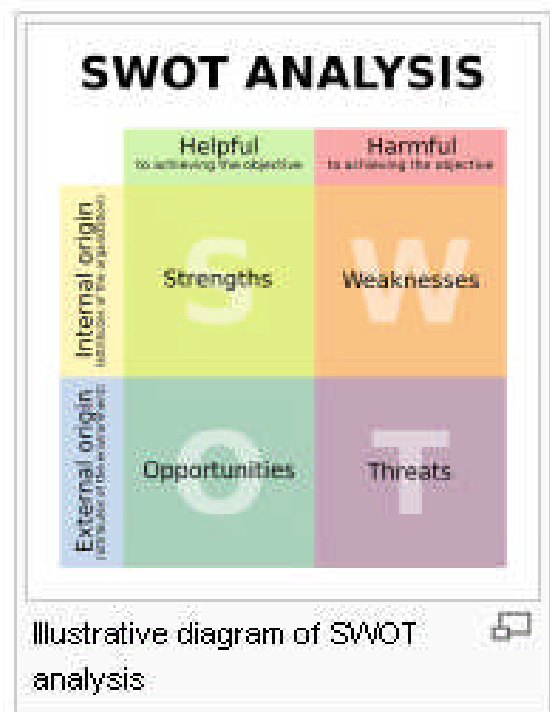


SWOT ANALYSIS

This is a strategic planning technique used to analyze the characteristics of achieving a desired objective. The objective may be to start a new business, introduce a new product, reorganize a company structure or improve some key operation. The four letters, SWOT, stand for:

- Strengths: Attributes of a company that are helpful to achieving an objective.
- Weaknesses: Attributes of a company that are harmful to achieving the objective
- Opportunities: External conditions that are helpful in achieving the objective
- Threats: External conditions which could damage the business's performance



A SWOT analysis is many times done as a group versus as an individual. This way the ideas can be free flowing and feed off other's ideas. The results can be used as inputs to the creative generation of possible strategies by asking each of the following questions many times:

- How can we Use each Strength?
- How can we Stop each Weakness?
- How can we Exploit each Opportunity?
- How can we Defend against each Threat?

A new business may first encounter the SWOT term when compiling their Business Plan. It is an integral feature of Business Plan PRO from Palo Alto Software. This software tool is widely used to develop a business plan, especially for the start-up.

A business may also find that their SCORE counselor may suggest this tool to focus on whether a particular product or strategy is wise. SCORE chapters that offer an advisory team service often use this to force a client to identify their own problems by being the discussion facilitator.

The following section shows an example of portions of the business plan of “Java Net –

An Internet Café” so you can visualize how it may affect your strategy: This is the index of that plan:

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EXERPT FROM THE BUSINESS PLAN
INDEX FOR:
"JAVA NET - INTERNET CAFE"

In the following sections, I will illustrate the Instructions and an Example of each of the SWOT components.

Java Net **STRENGTHS** Business Plan screen for drafting a plan-

Strengths Instructions Examples Hide

Think about the strengths within your business that add value to your service or your [marketing](#) efforts. Strengths describe your positive tangible and intangible attributes. Strengths capture the positive aspects internal to your business that add value or offer you a [competitive advantage](#). This is your opportunity to remind yourself of the value existing within your business.

Additional Detail
You may want to evaluate your strengths by area, such as marketing, finance, manufacturing and your organizational structure. Strengths include the positive attributes of the people involved in the business including their knowledge, background, education, credentials, contacts, reputation or the skills they bring.

Strengths also include tangible [assets](#) such as available capital, equipment, credit, established customers, existing [channels of distribution](#), copyrighted [materials](#), patents, information and processing systems, and other valuable resources within the business.

Java Net Strengths Business Plan screen showing an example of their comments-

Strengths **Java Net Example of comments.** Instructions Examples Hide

Paste Into Topic Previous Example Next Example

From the [JavaNet Internet Cafe sample](#)

1. **Knowledgeable and friendly staff.** We've gone to great lengths at JavaNet to find people with a passion for teaching and sharing their Internet experiences. Our staff is both knowledgeable and eager to please.
2. **State-of-the-art equipment.** Part of the JavaNet experience includes access to state-of-the-art computer equipment. Our customers enjoy beautiful flat-screen displays, fast machines, and high-quality printers.
3. **Up-scale ambiance.** When you walk into JavaNet, you'll feel the technology. High backed mahogany booths with flat-screen monitors inset into the walls provide a cozy hideaway for meetings and small friendly gatherings. Large round tables with displays viewable from above provide a forum for larger gatherings and friendly "how-to" classes on the Internet. Aluminum track lighting and art from local artists sets the mood. Last, but not least, quality cappuccino machines and a glass pastry display case provide enticing refreshments.
4. **Clear vision of the market need.** JavaNet knows what it takes to build an upscale cyber cafe. We know the customers, we know the technology, and we know how to build the service that will bring the two together.

Java Net **WEAKNESSES** Business Plan screen for drafting a plan-

Weaknesses Instructions Examples Hide

Note the weaknesses within your business. Weaknesses are factors that detract from your ability to have a competitive edge. Weaknesses might include lack of expertise, limited resources, lack of access to skills or technology, inferior service offerings, or the poor location of your business. These are factors that are under your control, but for a variety of reasons, are in need of improvement to effectively accomplish your objectives.

Additional Detail
Weaknesses capture the negative aspects internal to your business that detract from the value you offer or place you at a competitive disadvantage. These are areas you need to enhance in order to compete with your best competitor. The more accurately you identify your weaknesses, the more valuable the SWOT will be for your assessment.

Java Net Weaknesses Business Plan screen showing an example of their comments-

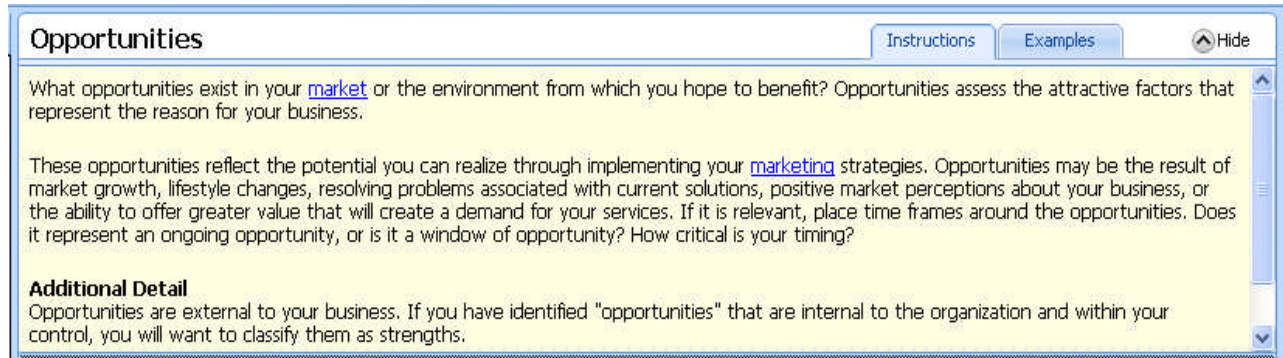
Weaknesses Instructions Examples Hide

Paste Into Topic Previous Example Next Example

From the [JavaNet Internet Cafe sample](#)

1. **A dependence on quickly changing technology.** JavaNet is a place for people to experience the technology of the Internet. The technology that is the Internet changes rapidly. Product lifecycles are measured in weeks, not months. JavaNet needs to keep up with the technology because a lot of the JavaNet experience is technology.
2. **Cost factor associated with keeping state-of-the-art hardware.** Keeping up with the technology of the Internet is an expensive undertaking. JavaNet needs to balance technology needs with the other needs of the business. One aspect of the business can't be sacrificed for the other.

Java Net **OPPORTUNITIES** Business Plan screen for drafting a plan-



Opportunities Instructions Examples Hide

What opportunities exist in your [market](#) or the environment from which you hope to benefit? Opportunities assess the attractive factors that represent the reason for your business.

These opportunities reflect the potential you can realize through implementing your [marketing](#) strategies. Opportunities may be the result of market growth, lifestyle changes, resolving problems associated with current solutions, positive market perceptions about your business, or the ability to offer greater value that will create a demand for your services. If it is relevant, place time frames around the opportunities. Does it represent an ongoing opportunity, or is it a window of opportunity? How critical is your timing?

Additional Detail
Opportunities are external to your business. If you have identified "opportunities" that are internal to the organization and within your control, you will want to classify them as strengths.

Java Net Opportunities Business Plan screen showing an example of these comments-



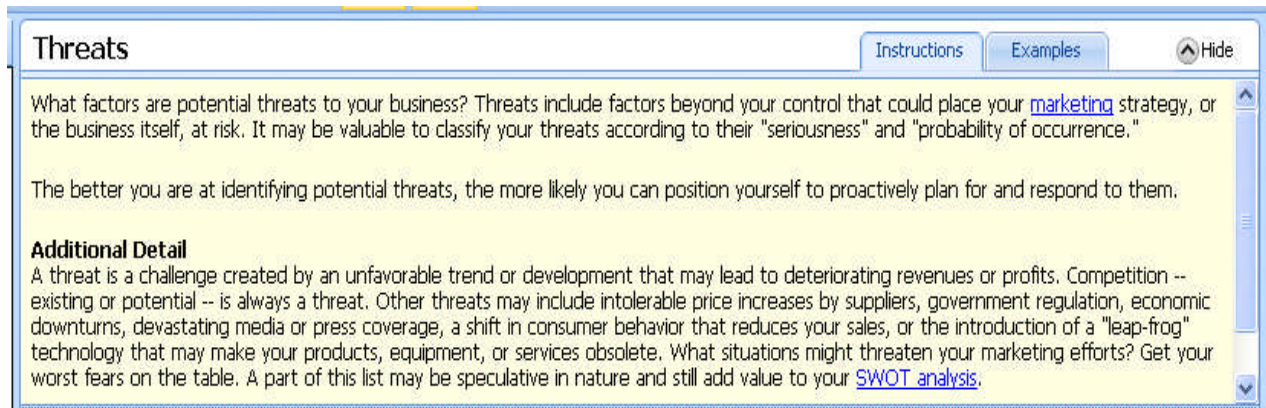
Opportunities Instructions Examples Hide

Paste Into Topic Previous Example Next Example

From the [JavaNet Internet Cafe sample](#)

1. **Growing population of daily Internet users.** The importance of the Internet almost equals that of the telephone. As the population of daily Internet users increases, so will the need for the services JavaNet offers.
2. **Social bonds fostered by the new Internet communities.** The Internet is bringing people from across the world together unlike any other communication medium. JavaNet will capitalize on this social trend by providing a place for smaller and local Internet communities to meet in person. JavaNet will grow some of these communities on its own by establishing chat areas and community programs. These programs will be designed to build customer loyalty.

Java Net **THREATS** Business Plan screen for drafting a plan-



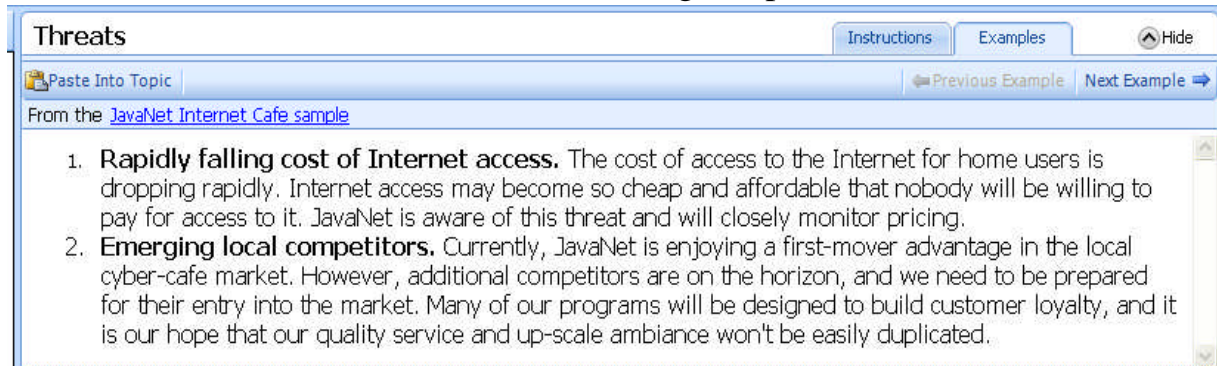
Threats Instructions Examples Hide

What factors are potential threats to your business? Threats include factors beyond your control that could place your [marketing](#) strategy, or the business itself, at risk. It may be valuable to classify your threats according to their "seriousness" and "probability of occurrence."

The better you are at identifying potential threats, the more likely you can position yourself to proactively plan for and respond to them.

Additional Detail
A threat is a challenge created by an unfavorable trend or development that may lead to deteriorating revenues or profits. Competition -- existing or potential -- is always a threat. Other threats may include intolerable price increases by suppliers, government regulation, economic downturns, devastating media or press coverage, a shift in consumer behavior that reduces your sales, or the introduction of a "leap-frog" technology that may make your products, equipment, or services obsolete. What situations might threaten your marketing efforts? Get your worst fears on the table. A part of this list may be speculative in nature and still add value to your [SWOT analysis](#).

Java Net Threats Business Plan screen showing sample of these comments-



Threats Instructions Examples Hide

Paste Into Topic Previous Example Next Example

From the [JavaNet Internet Cafe sample](#)

1. **Rapidly falling cost of Internet access.** The cost of access to the Internet for home users is dropping rapidly. Internet access may become so cheap and affordable that nobody will be willing to pay for access to it. JavaNet is aware of this threat and will closely monitor pricing.
2. **Emerging local competitors.** Currently, JavaNet is enjoying a first-mover advantage in the local cyber-cafe market. However, additional competitors are on the horizon, and we need to be prepared for their entry into the market. Many of our programs will be designed to build customer loyalty, and it is our hope that our quality service and up-scale ambiance won't be easily duplicated.

Key SWOT Questions

STRENGTHS

- What do we do exceptionally well?
- What advantages do we have?
- What valuable assets and resources do we have?
- What do members/customers identify as our strengths?



WEAKNESSES

- What could we do better?
- What are we criticized for or receive complaints about?
- Where are we vulnerable?

OPPORTUNITIES

- What opportunities do we know about, but have not addressed?
- Are there emerging trends on which we can capitalize?



THREATS

- Are weaknesses likely to make us critically vulnerable?
- What external roadblocks exist that block our progress?
- Is there significant change coming in our members' sector?
- Are economic conditions affecting our financial viability?

END