



Analyzing Your Business

By Darrell Morris

In order to run a successful business, you need to have a reliable method in assessing your business, its resources and the environment in which it functions. You need to be able to accurately identify its strengths, weaknesses, opportunities and threats. The formal term for this process is called a SWOT (strengths, weaknesses, opportunities and threats) analysis and it's a useful tool in gaining a better understanding of your business and its position in the marketplace.

The main objectives of a SWOT analysis are to:

- Identify what you do well;
- Recognize areas which need improvement
- Determine whether you are making the most of opportunities around you, and
- Analyze possible threats to your business

The best way to complete a SWOT analysis is to create a blank grid of four columns. Across each column, write a heading for strengths, weaknesses, opportunities and weaknesses. Then, list all relevant factors that fall in each category. Do not be concerned if some factors appear in more than one box. It is not uncommon to see a factor that appears as a threat could also be viewed as a potential opportunity. For example, several new health clubs may open in your area. Yes, this could be a major threat to your business, but it may also prove to be an opportunity as more competitors often boost the number of clients who would come to the area. Some of those clients may see your business and decide to try it as well.

It is important that you be completely honest and realistic when performing your SWOT. What's the point of investing the time in doing the analysis if you plan on creating some vivid tale of the imagination? You may not like to hear or admit to the things you discover, but ultimately you may find this exercise to be extremely helpful to the survival of your business.

Be sure to look at all factors, not just the big stuff. Consider all issues impacting your business carefully no matter how initially insignificant they may seem to you. You are also encouraged to take advantage of other people's perspectives. They can prove to be extremely insightful, particularly if they are not close to your business and can view things objectively.

After you have finished your analysis, be proactive and develop a game plan to build on your strengths using them to their fullest potential. Additionally, determine how you can reduce your weaknesses; understand where your opportunities lie and how you can capitalize on each one presented to you.

SWOT is an important part of developing an overall strategy that can analyze your business, its potential and put you on a path to prosperity. While it is not a major decision making tool and shouldn't be used as such, it is a useful guide for looking at the internal and external forces that impact your business at that particular time. Since a SWOT is not static in the sense that it will change as your business environment changes, using it as part of your ongoing business analysis can prove beneficial.

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