



## **Putting Business to the SWOT Test**

*By Betsy Gillette, Director of Market Research and Planning, Technology Ventures Corporation*

Market research is an essential part of a business plan and savvy entrepreneurs will subject research data to a SWOT analysis. SWOT is an acronym for strengths, weaknesses, opportunities and threats; a SWOT analysis can help determine where a product or company stands and be a foundation for strategic planning.

### **Start with strengths and weaknesses**

An entrepreneur first should review the market research data and note the most salient information about the market, product category, competition, technology and potential customers. He or she then should assess strengths and weaknesses — the internal qualities that differentiate the company or its product. A startup technology company's strengths, for example, might include its patents, technical team, innovative product or compact size. Patents can keep competitors at bay long enough for a technical team to launch a product — but that's a strength only if the product fulfills customer needs.

Many of the same attributes can be weaknesses — places where the product or company falls short of the market's top performers. Potential weaknesses include the management team, manufacturing costs and lack of clout or name recognition. Even the patent can be a weakness if the company only has domestic patents for products it hopes to sell overseas: Without an international patent, the technology has no protection from global competitors. (And once a domestic patent is published, competitors know what a company is doing and can figure out how to get around a patent.)

Without name recognition, it can be hard for a business to get its product distributed and sold. And manufacturing costs can be higher for a small company than for a larger competitor that can negotiate lower production prices through economies of scale.

### **Next assess opportunities and dangers**

Opportunities and threats are the external factors that can boost or bust a product. Opportunities include an unfulfilled consumer need or growing market. A favorable regulatory environment brings opportunities, as does an improving or growing economy in which companies and consumers have more discretionary income to spend.

Threats include an unfavorable regulatory landscape that creates delays in getting a product to

market or imposes new standards that require a product to be redesigned or retooled. New competitors are an obvious threat, and the rising cost of licensing royalties can also hurt startups.

### **Compare with competition**

Once an entrepreneur knows the company's strengths, weaknesses, opportunities and threats, the same appraisal should be made of competitors. Results should be tabulated in a clear format so it's quickly obvious what sets the entrepreneur's company or product apart from the rest. If this distinctive difference isn't apparent, the product or company strategy needs to be revisited — before time, energy and money are invested going down the wrong path.

Technology Ventures Corporation is holding two *Call for Plans* events to assist entrepreneurs with writing business plans for submission to the 17<sup>th</sup> annual TVC Equity Capital Symposium. The events will be held at the Atomic Museum in Albuquerque on September 29 from 11:30 AM to 1:00 PM and from 4:30 PM to 6:00 PM. Visit <http://www.techventures.org> for more information.

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