

SWOT Analysis

SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis is one method to assess a community's competitive advantage. A community's competitive position is determined by a combination of internal and external factors. Internal factors are local factors that are generally subject to influence or change. External factors are generally beyond local control but impact the local economy. It is not just sufficient to identify strengths or opportunities, but to probe further to determine the attributes that underlie a local strength or opportunity.

Internal forces are inherent characteristics of the community that local action may or may not be able to influence. Internal forces are usually defined in terms of strengths and weaknesses. The best way to determine whether a factor is a strength or a weakness is by comparison with other cities and counties. Comparisons with other areas provide a benchmark of progress

Strengths (the community can promote): are assets or factors that give a community its competitive advantage and make the area an attractive place to be. Strengths could include close **geographic proximity to universities, research parks, or key transportation facilities; competitive wage rates, skilled workforce, high quality of life, tourism, natural resources, dominance in a particular sector, business or service etc.**

Weaknesses (the community acknowledges or fixes): are factors that are obstacles or constraints to economic development. Weaknesses can take on several forms; they can be social, physical, financial, regulatory, operational, and so forth. In the case of businesses, weaknesses are factors of local economy that makes it difficult for a business to develop, operate profitably, or grow. Examples include **limited access to capital, a poorly skilled labor force, inadequate infrastructure, high crime, low level of social capital, .** Some weaknesses can be corrected; others cannot be, at least in the short run.

Neutral: those factors that are neither strengths nor weaknesses or do not apply. Nevertheless, these factors may be critical to the overall economic plan. Example: **tax incentives** that is similar to other areas.

External forces are those factors that are outside or external to the economy, are generally outside of the influence of the local actors, and have an impact on the local economy. Examples of external factors include: Regulatory (state and federal) changes, actions of other governmental bodies, export/import trends, industrial sector shifts, social and political changes, demographic trends and technological changes.

Opportunities (the community can prepare for): Opportunities are conditions that are external to the community that make it easier or possible to develop competitive advantages. That includes **structural changes in the economy, demographic changes in the community, technological changes, changes in surrounding communities** and so forth.

Threats (the community mitigates, if at all possible): Threats are unfavorable trends or developments external to the community that lead to a loss or decline in a community's competitive advantage or economy in general.

Source: *Economic Development Strategic Planning*, International Economic Development Council, Washington D.C., January 2006.

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